

**VESTEL ELEKTRONİK SANAYİ VE TİCARET  
ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015  
TOGETHER WITH INDEPENDENT AUDITOR'S LIMITED  
REVIEW REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH**

**Report on review of interim financial information**

To the Board of Directors of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi

*Introduction*

1. We have reviewed the accompanying condensed consolidated statement of financial position of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries (collectively referred to as the "Group") as at 30 June 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

*Scope of review*

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information 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 Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi is not prepared, in all material respects, in accordance with TAS 34.

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

Talar Gül, SMMM  
Partner

Istanbul, 11 August 2015

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY – 30 JUNE 2015**

---

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
<b>CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS .....</b>	<b>1-3</b>
<b>CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME .....</b>	<b>4-5</b>
<b>CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY .....</b>	<b>6</b>
<b>CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS .....</b>	<b>7-8</b>
<b>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015</b>	
NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS .....	9-10
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS .....	10-29
NOTE 3 INTERESTS IN OTHER ENTITIES .....	30-31
NOTE 4 SEGMENT REPORTING .....	32-33
NOTE 5 CASH AND CASH EQUIVALENTS .....	34
NOTE 6 FINANCIAL ASSETS .....	34-35
NOTE 7 FINANCIAL LIABILITIES .....	35-37
NOTE 8 RELATED PARTY DISCLOSURES .....	38-40
NOTE 9 TRADE RECEIVABLES AND PAYABLES .....	41-42
NOTE 10 OTHER RECEIVABLES .....	42-43
NOTE 11 INVENTORIES .....	43-44
NOTE 12 PREPAID EXPENSES .....	44
NOTE 13 PROPERTY, PLANT AND EQUIPMENT .....	45-47
NOTE 14 INTANGIBLE ASSETS .....	48-49
NOTE 15 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	50-52
NOTE 16 COMMITMENTS .....	52
NOTE 17 EMPLOYEE BENEFITS .....	53-54
NOTE 18 EXPENSES BY NATURE .....	54
NOTE 19 OTHER ASSETS AND LIABILITIES .....	55
NOTE 20 CAPITAL, RESERVES AND OTHER EQUITY ITEMS .....	55-58
NOTE 21 SALES .....	59
NOTE 22 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES .....	59-60
NOTE 23 FINANCIAL EXPENSES AND FINANCIAL INCOME .....	60
NOTE 24 TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) .....	61-64
NOTE 25 (LOSS) / EARNINGS PER SHARE .....	65
NOTE 26 DERIVATIVE INSTRUMENTS .....	65
NOTE 27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT .....	65-69
NOTE 28 SUBSEQUENT EVENTS .....	69

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF**  
**30 JUNE 2015 AND 31 DECEMBER 2014**

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

	Notes	Reviewed 30 June 2015	Audited 31 December 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	714.386	618.673
Derivative financial instruments	26	61.413	99.300
Trade receivables		1.982.840	1.931.883
Related parties	8	61.471	54.449
Other parties	9	1.921.369	1.877.434
Other receivables		340.886	377.605
Related parties	8	71.996	177.098
Other parties	10	268.890	200.507
Inventories	11	2.330.916	1.722.930
Prepaid expenses	12	60.968	89.490
Current income tax assets		5.410	5.180
Other current assets	19	32.035	21.532
<b>Total current assets</b>		<b>5.528.854</b>	<b>4.866.593</b>
<b>Non-current assets</b>			
Financial investments	6	5.650	6.577
Trade receivables		152.061	118.358
Other parties	9	152.061	118.358
Other receivables		884.030	420.990
Related parties	8	867.991	404.455
Other parties	10	16.039	16.535
Prepaid expenses	12	9.354	8.726
Property, plant and equipment	13	1.387.214	1.365.087
Intangible assets		511.174	482.229
Goodwill		197.793	197.793
Other intangible assets	14	313.381	284.436
Other non-current assets	19	11.664	13.566
Deferred tax asset	24	53.521	39.219
<b>Total non-current assets</b>		<b>3.014.668</b>	<b>2.454.752</b>
<b>TOTAL ASSETS</b>		<b>8.543.522</b>	<b>7.321.345</b>

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF**  
**30 JUNE 2015 AND 31 DECEMBER 2014**

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

	Notes	Reviewed 30 June 2015	Audited 31 December 2014
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short term financial liabilities	7	982.089	325.436
Short term portion of long term financial liabilities	7	1.116.382	125.889
Trade payables		3.958.401	3.720.176
Related parties	8	5.578	5.064
Other parties	9	3.952.823	3.715.112
Liabilities for employee benefits	17	53.378	60.840
Other payables		4.362	1.672
Other parties		4.362	1.672
Derivative financial instruments	26	104.522	32.391
Current income tax liabilities	24	13.467	4.224
Short term provisions		156.073	140.877
Other short term provisions	15	156.073	140.877
Other current liabilities	19	180.784	164.124
<b>Total current liabilities</b>		<b>6.569.458</b>	<b>4.575.629</b>
<b>Non-current liabilities</b>			
Long term financial liabilities	7	504.139	1.198.207
Trade payables		7.262	-
Other parties		7.262	-
Other payables		1.462	1.338
Other parties		1.462	1.338
Long term provisions		108.740	97.183
Provision for employee benefits	17	81.628	73.768
Other long term provisions	15	27.112	23.415
Derivative financial instruments	26	-	23.121
Other non-current liabilities		332	332
Deferred tax liability	24	36.892	54.886
<b>Total non-current liabilities</b>		<b>658.827</b>	<b>1.375.067</b>
<b>TOTAL LIABILITIES</b>		<b>7.228.285</b>	<b>5.950.696</b>

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF**  
**30 JUNE 2015 AND 31 DECEMBER 2014**

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

	Notes	Reviewed 30 June 2015	Audited 31 December 2014
<b>EQUITY</b>			
Paid in capital	20	335.456	335.456
Adjustments to share capital	20	688.315	688.315
Share premium	20	103.165	103.078
Other comprehensive income/expense not to be reclassified to profit or loss		406.100	411.851
Revaluation gain/loss		406.100	411.851
- Revaluation of tangible fixed assets	20	430.321	435.434
- Actuarial gain/loss arising from defined benefit plans		(24.221)	(23.583)
Other comprehensive income/expense to be reclassified to profit or loss		(22.856)	(3.691)
Foreign currency translation differences		(21.727)	(40.450)
Cash flow hedges		(2.629)	34.523
Financial assets revaluation fund	20	1.500	2.236
Restricted reserves	20	28.314	28.314
Accumulated deficit	20	(231.200)	(334.583)
Net (loss) /profit for the period		(32.455)	97.376
<b>Non-controlling interest</b>		<b>40.398</b>	<b>44.533</b>
<b>Total equity</b>		<b>1.315.237</b>	<b>1.370.649</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8.543.522</b>	<b>7.321.345</b>

Consolidated financial statements for the period 1 January - 30 June 2015, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 11 August 2015.

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM**  
**PERIODS 1 JANUARY - 30 JUNE 2015 AND 2014**

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

	Notes	Reviewed 1 January - 30 June 2015	Reviewed 1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Revenue	21	3.737.856	3.622.151	1.930.055	1.924.787
Cost of sales	21	(2.873.124)	(2.833.753)	(1.460.525)	(1.520.762)
<b>Gross profit</b>		<b>864.732</b>	<b>788.398</b>	<b>469.530</b>	<b>404.025</b>
Marketing, selling and distribution expenses		(449.373)	(382.785)	(250.102)	(200.299)
General administrative expenses		(93.846)	(88.437)	(50.575)	(46.888)
Research and development expenses		(64.502)	(48.857)	(37.499)	(26.787)
Other operating income	22	255.768	76.507	123.016	10.345
Other operating expense	22	(403.846)	(119.213)	(112.514)	(24.666)
<b>Operating profit</b>		<b>108.933</b>	<b>225.613</b>	<b>141.856</b>	<b>115.730</b>
Financial income	23	601.931	134.656	277.343	41.295
Financial expense	23	(750.828)	(210.567)	(383.390)	(73.564)
<b>(Loss) / profit before tax</b>		<b>(39.964)</b>	<b>149.702</b>	<b>35.809</b>	<b>83.461</b>
Current tax expense	24	(14.023)	(15.290)	(12.736)	(7.037)
Deferred tax benefit / (expense)	24	24.644	(4.580)	21.701	1.966
<b>Net (loss) / income for the period</b>		<b>(29.343)</b>	<b>129.832</b>	<b>44.774</b>	<b>78.390</b>
<b>Attributable to:</b>					
Non-controlling interests		3.112	4.652	3.065	2.005
Equity holders of the parent		(32.455)	125.180	41.709	76.385
<b>Net (loss) / income for the period</b>		<b>(29.343)</b>	<b>129.832</b>	<b>44.774</b>	<b>78.390</b>
<b>(Loss) / earnings per 100 shares with a Kr 1 of face value (TL)</b>	25	<b>(0,10)</b>	<b>0,37</b>	<b>0,12</b>	<b>0,23</b>

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM**  
**PERIODS 1 JANUARY - 30 JUNE 2015 AND 2014**

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

	Reviewed 1 January - 30 June 2015	Reviewed 1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
<b>Other comprehensive (loss) / income</b>				
<b>Items not to be reclassified to profit or loss</b>	<b>(638)</b>	<b>(1.721)</b>	<b>(638)</b>	<b>(1.721)</b>
Actuarial gain/ loss arising from defined benefit plans	(797)	(2.151)	(797)	(2.151)
Tax effect of other comprehensive income not to be reclassified to profit or loss	159	430	159	430
Deferred tax income / loss	159	430	159	430
<b>Items to be reclassified to profit or loss</b>	<b>(19.165)</b>	<b>2.287</b>	<b>(51.053)</b>	<b>5.310</b>
Currency translation differences	18.723	(12.259)	9.049	(914)
Fair value increase / decrease on available for sale financial assets	(920)	(100)	(180)	(20)
Cash flow hedges	(46.440)	18.282	(74.947)	7.800
Tax effect of other comprehensive income/ expense to be reclassified to profit or loss	9.472	(3.636)	15.025	(1.556)
Deferred tax income / loss	9.472	(3.636)	15.025	(1.556)
<b>Other comprehensive (loss)/ income</b>	<b>(19.803)</b>	<b>566</b>	<b>(51.691)</b>	<b>3.589</b>
<b>Total comprehensive (loss)</b>	<b>(49.146)</b>	<b>130.398</b>	<b>(6.917)</b>	<b>81.979</b>
<b>Attributable to:</b>				
Non-controlling interests	1.954	4.777	1.313	2.070
Equity holders of the parent	(51.100)	125.621	(8.230)	79.909

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



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS**  
**1 JANUARY - 30 JUNE 2015 AND 2014**

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

	Other comprehensive loss not to be reclassified to profit or loss										Accumulated deficit / Retained Earnings			
	Paid in capital	Adjustments to share capital	Share premium	Fixed assets revaluation fund	Shareholder benefits	Actuarial loss on employee benefits	Currency translation differences	Financial assets revaluation fund	Cash flow hedge fund	Restricted reserves	Accumulated deficit	Net Profit / (loss) for the period	Equity holders of the parent	Non-controlling interests
<b>Balances at 1 January 2014</b>	335.456	688.315	95.566	443.773	(1.360)	24.237	364	(12.960)	28.314	(239.297)	(99.721)	1.262.687	82.503	1.345.190
Transfer to accumulated deficit	-	-	-	-	-	-	-	-	-	(99.721)	99.721	-	-	-
Depreciation transfer - net	-	-	-	(9.130)	-	-	-	-	-	9.130	-	-	-	-
Total comprehensive (loss) / income	-	-	-	-	(1.688)	(12.259)	(80)	14.468	-	-	125.180	125.621	4.777	130.398
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(1.594)	(1.594)
Transactions with non-controlling interests	-	-	7.250	7.758	(13)	-	-	(259)	-	-	(8.745)	5.991	(42.444)	(36.453)
<b>Balances at 30 June 2014</b>	<b>335.456</b>	<b>688.315</b>	<b>102.816</b>	<b>442.401</b>	<b>(3.061)</b>	<b>11.978</b>	<b>284</b>	<b>1.249</b>	<b>28.314</b>	<b>(338.633)</b>	<b>125.180</b>	<b>1.394.299</b>	<b>43.242</b>	<b>1.437.541</b>
<b>Balances at 1 January 2015</b>	<b>335.456</b>	<b>688.315</b>	<b>103.078</b>	<b>435.434</b>	<b>(23.583)</b>	<b>(40.450)</b>	<b>2.236</b>	<b>34.523</b>	<b>28.314</b>	<b>(334.583)</b>	<b>97.376</b>	<b>1.326.116</b>	<b>44.533</b>	<b>1.370.649</b>
Transfer to accumulated deficit	-	-	-	(5.200)	-	-	-	-	-	97.376	(97.376)	-	-	-
Depreciation transfer - net	-	-	-	-	(630)	18.723	(736)	(36.002)	-	5.200	-	(51.100)	1.954	(49.146)
Total comprehensive (loss) / income	-	-	-	-	-	-	-	-	-	-	(32.455)	-	(5.639)	(5.639)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	87	87	(8)	-	-	(1.150)	-	-	807	(177)	(450)	(627)
<b>Balances at 30 June 2015</b>	<b>335.456</b>	<b>688.315</b>	<b>103.165</b>	<b>430.321</b>	<b>(24.221)</b>	<b>(21.727)</b>	<b>1.500</b>	<b>(2.629)</b>	<b>28.314</b>	<b>(231.200)</b>	<b>(32.455)</b>	<b>1.274.839</b>	<b>40.398</b>	<b>1.315.237</b>

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS**  
**1 JANUARY - 30 JUNE 2015 AND 2014**

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

	Notes	Reviewed 1 January - 30 June 2015	Reviewed 1 January - 30 June 2014
<b>Operating activities:</b>			
<b>Profit / (loss) before tax</b>		<b>(39.964)</b>	<b>149.702</b>
<b>Adjustments to reconcile net cash provided from operating activities to profit / (loss) before taxes:</b>			
- Depreciation and amortization	13	148.889	131.904
- Goodwill impairment		-	4.416
- Changes in other provisions		18.893	3.458
- Provision for employment termination benefits	17	12.951	3.159
- Provision for impairment on inventories	11	2.647	10.398
- Provision for doubtful receivables	9	10.115	30.683
- Interest expense	23	131.806	72.459
- Interest income	23	(41.904)	(17.963)
- (Gain) / loss from sales of tangible and intangible assets		(848)	(1.765)
- Derivative financial instruments (income) / expense accrual		40.457	(7.420)
- Unrealized foreign exchange differences		40.189	10.502
Change in blocked cash and cash equivalents	5	(509)	(9.649)
<b>Changes in working capital:</b>			
(Increase) / decrease in trade receivables		(94.775)	(211.963)
(Increase) / decrease in inventories		(611.624)	(236.295)
(Increase) / decrease in other receivables and other current assets		(46.906)	(35.129)
(Increase) / decrease in other non-current assets		2.398	(1.147)
Increase / (decrease) in trade payables		245.487	233.190
Increase / (decrease) in other payables and other liabilities		12.012	84.600
<b>Cash flows from operating activities</b>			
Employment termination benefits paid	17	(5.888)	(4.961)
Current income tax paid	24	(4.316)	(9.527)
<b>Net cash (used in) / provided by operating activities</b>		<b>(180.890)</b>	<b>198.652</b>

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS**  
**1 JANUARY - 30 JUNE 2015 AND 2014**

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

<b>Investing activities:</b>	<b>Notes</b>	<b>Reviewed 1 January - 30 June 2015</b>	<b>Reviewed 1 January - 30 June 2014</b>
Acquisition of tangible assets	13	(120.136)	(113.213)
Cash provided from sales of tangible and intangible assets		2.441	4.552
Acquisition of intangible assets	14	(60.106)	(46.523)
Transactions with non-controlling interests		(627)	(36.453)
<b>Net cash used in investing activities</b>		<b>(178.428)</b>	<b>(191.637)</b>
<b>Financing activities:</b>			
Proceeds from bank borrowings		1.451.716	828.619
Repayment of bank borrowings		(567.212)	(424.270)
Dividends paid		(5.639)	(1.594)
Increase in other receivables from related parties		(358.434)	(155.354)
Interest paid		(103.421)	(59.432)
Interest received		41.904	17.963
<b>Net cash provided by financing activities</b>		<b>458.914</b>	<b>205.932</b>
<b>Net increase / (decrease) in cash and cash equivalents before foreign currency translation differences</b>		<b>99.596</b>	<b>212.947</b>
Effect of currency translation differences on cash and cash equivalents		(4.392)	(13.848)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>95.204</b>	<b>199.099</b>
<b>Cash and cash equivalents at the beginning of the period</b>	5	<b>565.751</b>	<b>307.690</b>
<b>Cash and cash equivalents at the end of the period</b>	5	<b>660.955</b>	<b>506.789</b>

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 1 – GROUP’S ORGANISATION AND NATURE OF OPERATIONS**

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 Levent 199, Büyükdere Caddesi No: 199, 34394 Şişli / Istanbul. 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.

Vestel Elektronik, is registered to Capital Market Board (“CMB”) and its shares have been quoted to Borsa Istanbul (“BİST”) since 1990 (note 20). As of 30 June 2015, 35,59 % of the Company’s shares are publicly traded.

As of 30 June 2015 the number of personnel employed at Group is 15.339 (31 December 2014: 15.877).

The Company’s subsidiaries and associates are as follows:

<b>Subsidiaries</b>	<b>Country</b>	<b>Nature of operations</b>
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	Production
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	Sales
Vestel Ticaret A.Ş.	Turkey	Sales
Vestel CIS Ltd.	Russia	Production/ Sales
Vestel Iberia SL	Spain	Sales
Vestel France SA	France	Sales
Vestel Holland BV	Holland	Sales
Vestel Germany GmbH	Germany	Sales
Cabot Communications Ltd.	UK	Software
Vestel Benelux BV	Holland	Sales
Vestel UK Ltd.	UK	Sales
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	Consultancy
Vestel Trade Ltd.	Russia	Sales
OY Vestel Scandinavia AB	Finland	Sales
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Production/ Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Poland sp. z.o.o.	Poland	Sales

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 1 – GROUP’S ORGANISATION AND NATURE OF OPERATIONS (Cont’d)**

<b>Investments accounted for using equity method</b>	<b>Country</b>	<b>Nature of operations</b>
Vestel Savunma Sanayi A.Ş.	Turkey	Production/ Sales
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	Software

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

**2.1.1 Statement of compliance**

The accompanying 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, 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 2015 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 financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed.

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

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 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.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

Consolidated subsidiaries operating in foreign countries have prepared their 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 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/IFRS.

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, TAS 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.

**2.1.2 Currency used**

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.

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.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

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

<b>Period end:</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
Turkish Lira / EUR	0,3353	0,3545
Turkish Lira / GBP	0,2375	0,2781
Turkish Lira / RUB	20,781	24,851
	<b>1 January -</b>	<b>1 January -</b>
<b>Average:</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
Turkish Lira / EUR	0,3499	0,3371
Turkish Lira / GBP	0,2568	0,2775
Turkish Lira / RUB	22,450	16,262

**2.1.3 Basis of consolidation**

The 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 statements of comprehensive income and the consolidated statements of changes in shareholders’ equity.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF 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 disclosed in note 3.

Financial assets in which the Group has direct or indirect voting rights equal to or above 50% 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.

**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 statements of comprehensive income in regards with the Group’s share.

The Group ceases to account the associate using the equity method if it loses 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 2015 and 31 December 2014, carrying value of those investment in associates accounted for by equity method is resulted as nil in the consolidated balance sheets.

The Group’s voting rights and effective ownership rates in Vestel Savunma and Aydın Yazılım are 35% and 21% respectively (31 December 2014: 35%, 21%).



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

**2.2 Comparatives**

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 consolidated financial statements.

Foreign exchange income from other receivables amounting to 14.594 thousand TL, which were disclosed as other expense from operating activities in the Group’s consolidated statement of comprehensive income as of 30 June 2014 are reclassified as financial income.

**2.3 Restatement and errors in the accounting estimates**

Major changes in accounting policies are applied retrospectively and any major accounting errors that have been detected are corrected and the financial statements of the previous period are restated. Changes in accounting policies resulting from the initial implementation of a new standard, if any, are implemented retrospectively or prospectively in accordance with the transition provisions. If the changes in accounting estimates only apply to one period, then they are applied in the current period in which the change occurred; if the changes also apply to future periods, they are applied in both the period of change and in the future periods, prospectively.

**2.4. Amendments in International Financial Reporting Standards**

- a) **Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group:**
- **IFRS 9 “Financial instruments – classification and measurement”**, Effective for annual periods beginning on or after 1 January 2018. This standard will replace IAS 39. The amendments include changes in the classification and measurement of financial assets and liabilities and introduces an “expected credit-loss” model for the measurement of the impairment of financial assets.
  - **IFRS 11 (amendments), “Joint Arrangements”**, is effective for annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

- **TAS 16 and TAS 38 (amendments), “Tangible Assets”, “Intangible Assets”,** is effective for annual periods beginning on or after 1 January 2016. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- **TFRS 14, “Regulatory deferral accounts”,** is effective for annual periods beginning on or after 1 January 2016. ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS.
- **TFRS 15, “Revenue from contracts with customers”,** is effective for annual periods beginning on or after 1 January 2017. the International Accounting Standards Board (IASB) and the US national standard-setter, the Financial Accounting Standards Board (FASB), initiated a joint project to clarify the principles for recognising revenue and to develop a common revenue standard for IFRS and US GAAP. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new model employs an asset and liability approach, rather than current revenue guidance focuses on an ‘earnings process’.
- **TFRS 10, “Consolidated financial statements” and TAS 28 “Investments in associates and joint ventures”,** is effective for annual periods beginning on or after 1 January 2016. Ammendments related to the treatment of the sales or the contribution of assets from an investor to its associate or joint venture clarify the inconsistencies in requirements of TFRS 10 and TAS 28. This ammnedment require full recognition in the investor’s financial statements of gain and losses arising on the sales or the contribution of assets that constitute a business; require partial recognition of gain and losses where the assets do not constitute a business, i.e. gain and loss is recognized only to the extent of the unrelated investor’s interest in that associate or joint venture.

Ammendments to these standarts also clarify issues that have arisen in th context of applying the consolidation exception for investment entities.

- **TAS 1, “Presentation of financial statements”,** is effective for annual periods beginning on or after 1 January 2016, adress perceived impediments to preparers exercising their judgements in presenting their financial reports .

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

- **Annual improvements 2014 cycle**, are effective for annual periods beginning on or after 1 January 2016. Makes amendments to the following standards:
  - TFRS 5, "Non-current assets held for sale and discontinued operations", changes in methods of disposal
  - TFRS 7, "Financial instruments: Disclosure", servicing contracts; applicability of the amendments per TFRS 1
  - TMS 19, "Employee benefits" changes related to discount ratios
  - TMS 34, "Interim financial reporting" changes related to disclosure of information.

The Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and interpretations will not have a significant effect on the consolidated financial statements of the Group.

- b) Other new standards, amendments and interpretations issued and effective as of 1 January 2015 have not been presented since they are not relevant to the operations of the Group or have insignificant impact on the financial statements.**

**2.5. Summary of significant accounting policies**

**2.5.1 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where necessary, contract revenue is recognized in proportion to stage of completion of a fixed fee contract.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

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

Service sales and other sales:

Service income and other income are recorded using accrual accounting assumptions about the fair value of the amount that is obtained or that can be obtained in the event that the service is rendered or items relating to the income are realised or risks and benefits are transferred and it is possible for the economic benefits relating to the transactions to flow into the Company.

Interest income:

Interest income is accrued in the relevant period at the effective interest rate, which reduces the remaining principal balance and the estimated cash inflow, to be obtained from the relevant financial asset throughout its life, and the book value of the asset.

Sales are recorded at the amount that remains after estimated discounts and returns are deducted from the price determined in the sales agreements during the sales. Customers have the right to return products in consistency with the market practice. Previous experiences are used for the estimation of discounts and returns. Discounts are determined by taking the performed yearly sales into consideration.

**2.5.2 Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory. Group uses moving weighted average method for costing.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

**2.5.3 Property, plant and equipment**

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2013 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

Property, plant and equipment except for land, land improvements and buildings acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortization and impairment losses, if any.

Any revaluation increase arising on the revaluation of such land, land improvements and buildings is credited in equity to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, land improvements and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued land improvements and buildings is charged to profit or loss.

Each period, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and the depreciation based on the asset’s original cost is transferred from revaluation reserves to the retained earnings.

Land is not depreciated. Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate. On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Subsequent costs such as repairs and maintenance or part replacement of plant and equipment are included in the asset’s carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company. All other costs are charged to the statements of comprehensive income during the financial period in which they are incurred.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

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

**2.5.4 Intangible assets**

**a) 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) are recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

**b) Rights and other intangible assets**

Rights and other intangible assets consist acquired computer software, computer software development costs and other identifiable rights. Rights and other intangible assets are recognized at their acquisition costs and are amortized on a straight line basis over their expected useful lives which are less than five years.

**c) Goodwill**

Goodwill arising on acquisition is the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities recognized. Within the scope of TFRS 3 "Business Combinations", beginning from 1 January 2005 the Group has stopped amortizing goodwill. Goodwill recognized on acquisitions before 31 December 2004 was being amortized until 31 December 2004 on a straight line basis over their useful lives not to exceed twenty years.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

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

Goodwill is tested for impairment annually or more frequently when there is an indication of impairment. Goodwill arising on acquisitions measured at cost less any impairment losses.

Impairment losses calculated on goodwill cannot be reversed in the statement of income even if the impairment ceases to exist in the following periods. Goodwill is linked to cash generating units during the impairment test.

**2.5.5 Financial instruments**

**a) Financial assets**

The Group classifies its financial assets into the following specified categories: financial assets as at fair value through profit or loss, loans and receivables and available for sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets as at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified in this category. Loans and receivables (trade and other receivables, bank deposits, cash and others) are measured at amortized cost using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, except for cases when the recognition of interest would be immaterial.

Available for sale financial assets

Available for sale financial assets are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

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

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value can't be reliably measured.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets carried at amortized cost, if the amount of a past impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the impairment is reversed through profit or loss. However, the carrying amount should not be increased to an amount that exceeds what the amortized cost would have been at the date of the reversal had the impairment not been recognized.

For financial assets carried at cost, if there is objective evidence of impairment, the amount of the impairment loss is measured as the difference between carrying amount and the present value of estimated future cash flows discounted at the current rate of return for a similar financial asset. Once an impairment loss has been recognized on a financial asset recognized at cost, it is not permitted to recognize a reversal.



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

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

For available for sale financial assets, a significant or prolonged decline in the fair value of the assets below its cost is considered as an objective indicator of impairment. Cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is removed from equity and recognized in profit or loss shall be the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

**b) Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method is calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

**c) Derivative financial instruments and hedge accounting:**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values of derivatives are carried as assets when positive and as liabilities when negative. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Derivative financial instruments held for trading

Group’s held for trading derivative financial instruments consist of forward foreign currency purchase and sale contracts. Such derivative financial instruments providing effective protection against the risk for the Group economically and due to meeting the conditions for hedge accounting usually, they are accounted as derivative financial instruments held for trading in financial statements. The fair value changes of these derivative instruments are recognized in consolidated income statement as financial income / expense.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity within cash flow hedge reserves. . The gain or loss relating to the ineffective portion is recognized immediately in the statement of income within finance income/ expense. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place or portion related to the accrued interest). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized, in the statement of comprehensive income within finance income/ expense. The Group has evaluated its forward contracts and recognized certain contracts as hedging derivative instruments since they have been carrying necessary hedging conditions regarding to TAS 39.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

**2.5.6 Foreign currency transactions**

Transactions in foreign currencies during the period are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are translated to TL at the rates prevailing on the balance sheet date. Exchange differences on foreign currency denominated monetary assets and liabilities are recognized in profit or loss in the period in which they arise except for the effective portion of the foreign currency hedge of net investments in foreign operations. on-monetary items which are denominated in foreign currency and measured with historical costs are translated using the exchange rates at the dates of initial transactions.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period. Exchange differences arising are recognized in other comprehensive income and in equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

**2.5.7 Provisions, contingent assets and liabilities**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company are not included in the consolidated financial statements and treated as contingent assets or liabilities.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

**2.5.8 Warranty and assembly expenses provision**

Warranty expenses include repair and maintenance expenses of products sold and labor and material costs of authorized services for products under the scope of warranty terms without any charge to the customers. Based on estimations using past statistical information, warranty expense provision is recognized for the products sold with warranty terms in the period, for possible repair and maintenance expenses to be incurred during the warranty period.

Based on estimations using past statistical information, assembly expenses provision is recognized for products sold during the period but not yet installed in the sites of the end customers, against the cost of free of charge installments.

**2.5.9 Related parties**

Shareholders, key management personnel and board members, their close family members and companies controlled, jointly controlled or significantly influenced by them and Zorlu Holding Group companies are considered and referred to as related parties.

**2.5.10 Taxation on income**

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items directly recognized in equity. In that case, tax is recognized in shareholders’ equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**2.5.11 Employee benefits**

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Employment termination benefits are considered as being part of defined retirement benefit plan as per TAS 19. All actuarial gains and losses are recognized in consolidated statements of income.

The effects of the significant forecasts used in employment termination benefits provision calculations have been recognised as actuarial gains and losses and they have been explained in the relevant note.

**2.5.12 Government grants**

Government grants, including non-monetary grants at fair value, are recognized in consolidated financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received.

Incentives for research and development activities are recognized in consolidated financial statements when they are authorized by the related institutions.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

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

**2.5.13 Earnings per share**

Earnings per share disclosed in the consolidated statement of income is determined by dividing consolidated net income attributable to equity holder of the parent by the weighted average number of such shares outstanding during the year concerned.

**2.5.14 Statement of cash flows**

In the consolidated statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Group's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

**2.5.15 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.

The Group management evaluates the operational results at industrial and geographical level. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses.

Group's operations are reported under three industrial segments:

- Television and electronic devices
- White goods
- Other

Group's operations are reported under three geographical segments:

- Turkey
- Europe
- Other

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

**2.5.16 Offsetting**

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net if the nature of the transaction or the event qualify for offsetting.

**2.5.17 Events after the balance sheet date**

Events after the balance sheet date, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

**2.6. Critical accounting estimates and judgments**

Preparation of 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 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 28).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)**

ii. Revaluation of land, buildings and land improvements:

Land, land improvements and buildings are stated at fair value, based on valuations performed at 31 December 2013 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. (note 13).

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach and based on the following valuation techniques and assumptions:

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

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.

As of initial recognition and as of balance sheet date, the Group performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, accordance with the TAS 36 “Impairment of Assets”, and no impairment indicator is identified.



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 3 – INTERESTS IN OTHER ENTITIES**

**Subsidiaries:**

As of 30 June 2015 and 31 December 2014 the Group’s major subsidiaries are as follows:

<b>Consolidated subsidiaries</b>	<b>30 June 2015</b>		<b>31 December 2014</b>	
	<b>Voting rights</b>	<b>Effective ownership</b>	<b>Voting rights</b>	<b>Effective ownership</b>
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	94,6	94,6	94,5	94,5
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	99,4	99,4
Vestel Ticaret A.Ş.	100	100	100	100
Vestel CIS Ltd.	100	100	100	100
Vestel Iberia SL	100	100	100	100
Vestel France SA	99,9	99,9	99,9	99,9
Vestel Holland BV	100	100	100	100
Vestel Germany GmbH	100	100	100	100
Cabot Communications Ltd.	90,8	90,8	90,8	90,8
Vestel Benelux BV	100	100	100	100
Vestel UK Ltd.	100	100	100	100
Vestek Elektronik Araştırma Geliştirme A.Ş.	100	100	94	94
Vestel Trade Ltd.	100	100	100	100
OY Vestel Scandinavia AB	100	100	100	100
Intertechnika LLC	99,9	99,9	99,9	99,9
Vestel Poland sp. z.o.o.	100	100	-	-

Financial information of Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. which is not wholly owned by the Group and has significant non-controlling interests is as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Accumulated non-controlling interests	38.396	42.532
Comprehensive income attributable to non-controlling interests	1.954	7.582

The financial statements of the subsidiary is adjusted to include the effects of revaluation of land, buildings and land improvements in accordance with the Group’s accounting policies applied in preparation of the consolidated financial statements.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 3 – INTERESTS IN OTHER ENTITIES (Cont'd)**

**Condensed balance sheet:**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Current assets	1.298.973	1.145.538
Non-current assets	526.493	532.426
Current liabilities	(925.559)	(650.434)
Non-current liabilities	(200.866)	(257.575)
<b>Net assets</b>	<b>699.041</b>	<b>769.955</b>

**Condensed statement of comprehensive income:**

	<b>1 January - 30 June 2015</b>	<b>1 January - 30 June 2014</b>
Net sales	1.098.353	1.119.352
Income / (loss) before tax	61.802	91.413
Tax benefit / (expense)	(6.381)	(13.092)
Net income / (loss) for the period	55.421	78.321
Total comprehensive income	33.911	80.513

**Condensed statement of cash flows:**

**Operating activities:**

Changes in working capital	(106.316)	(122.534)
Current income tax paid	(3.230)	(7.320)
<b>Net cash provided by operating activities</b>	<b>27.914</b>	<b>4.816</b>

**Investing activities:**

Acquisition of tangible and intangible assets	(43.087)	(36.339)
<b>Net cash used in investing activities</b>	<b>(42.248)</b>	<b>(34.899)</b>

**Financing activities:**

Proceeds from bank borrowings	118.172	29.570
Repayment of bank borrowings	(56.159)	(48.721)
Other payables to related parties	8.200	61.852
<b>Net cash (used in) / provided by financing activities</b>	<b>(39.772)</b>	<b>13.465</b>

Cash and cash equivalents at the beginning of the period	163.089	18.040
Cash and cash equivalents at the end of the period	108.983	1.422

Other financial information of Group's subsidiaries are not presented on the grounds of materiality.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 4 - 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 strategic 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.

**Industrial segments:**

	<b>Television and electronic devices</b>	<b>White goods</b>	<b>Other</b>	<b>Total</b>
<b>1 January -30 June 2015</b>				
Revenue	2.312.933	1.424.923	-	3.737.856
Cost of sales	(1.817.325)	(1.055.799)	-	(2.873.124)
<b>Gross profit</b>	<b>495.608</b>	<b>369.124</b>	<b>-</b>	<b>864.732</b>
<b>Depreciation and amortization</b>	<b>92.513</b>	<b>56.244</b>	<b>132</b>	<b>148.889</b>
<b>1 January -30 June 2014</b>				
Revenue	2.277.268	1.343.076	1.807	3.622.151
Cost of sales	(1.788.038)	(1.039.822)	(5.893)	(2.833.753)
<b>Gross profit</b>	<b>489.230</b>	<b>303.254</b>	<b>(4.086)</b>	<b>788.398</b>
<b>Depreciation and amortization</b>	<b>79.753</b>	<b>48.699</b>	<b>3.452</b>	<b>131.904</b>
<b>1 April -30 June 2015</b>				
Revenue	1.131.074	798.981	-	1.930.055
Cost of sales	(875.073)	(585.452)	-	(1.460.525)
<b>Gross profit</b>	<b>256.001</b>	<b>213.529</b>	<b>-</b>	<b>469.530</b>
<b>Depreciation and amortization</b>	<b>47.124</b>	<b>28.978</b>	<b>66</b>	<b>76.168</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 4 - SEGMENT REPORTING (Cont'd)**

	<b>Television and electronic devices</b>	<b>White goods</b>	<b>Other</b>	<b>Total</b>
<b>1 April -30 June 2014</b>				
Revenue	1.193.964	729.292	1.531	1.924.787
Cost of sales	(949.688)	(567.898)	(3.176)	(1.520.762)
Gross profit	244.276	161.394	(1.645)	404.025
Depreciation and amortization	39.701	24.570	3.385	67.656

**Capital expenditure**

	<b>Television and Electronical devices</b>	<b>White goods</b>	<b>Other</b>	<b>Total</b>
1 January -30 June 2015	132.606	47.385	251	180.242
1 January -30 June 2014	118.465	41.083	188	159.736

**Geographical segments:**

	<b>1 January - 30 June 2015</b>	<b>1 January - 30 June 2014</b>	<b>1 April - 30 June 2015</b>	<b>1 April - 30 June 2014</b>
<b>Segment revenue</b>				
Turkey	1.388.534	1.074.757	681.040	592.900
Europe	2.323.902	2.408.715	1.235.445	1.257.714
Other	261.525	307.778	142.104	161.723
Gross segment sales	3.973.961	3.791.250	2.058.589	2.012.337
Discounts (-)	(236.105)	(169.099)	(128.534)	(87.550)
<b>Net sales</b>	<b>3.737.856</b>	<b>3.622.151</b>	<b>1.930.055</b>	<b>1.924.787</b>

The amount of export for the period 1 January -30 June 2015 is 2.585.427 thousand TL (1 January -30 June 2014: 2.716.493 thousand TL). Export sales are denominated in EUR, USD and other currencies as 57,1%, 42,7% and 0,2% of total exports respectively. (1 January -30 June 2014: 52,5% EUR, 46,4% USD, 1,4% other).

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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 5- CASH AND CASH EQUIVALENTS**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Cash	738	544
Bank deposits		
- Demand deposits	476.601	383.110
- Time deposits	136.643	123.405
Cheques and notes	42.521	30.687
Other	4.452	28.005
Blocked deposits	53.431	52.922
<b>Cash and cash equivalents</b>	<b>714.386</b>	<b>618.673</b>

**Effective interest rates**

	<b>30 June 2015</b>	<b>31 December 2014</b>
EUR	-	0,59%
TL	10,38%	9,63%
USD	1,81%	0,72%

**NOTE 6 - FINANCIAL ASSETS**

	Country	Ownership		Amount	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b>Financial assets available for sale:</b>					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< %1	< %1	3.507	4.425
Tursoft A.Ş.	Turkey	7%	7%	11	11
Zorlu Endüstriyel Enerji A.Ş.	Turkey	1%	1%	51	51
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	11	11
				<b>3.580</b>	<b>4.498</b>

The Group's publicly traded available for sale financial asset Zorlu Enerji Elektrik Üretim A.Ş.'s fair value decrease of 918 TL (31 December 2014: 2.340 TL fair value increase) is recognized in consolidated shareholders' equity considering 182 TL of deferred tax (31 December 2014: 468 TL).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 6 – FINANCIAL ASSETS (Cont'd)**

	Country	Ownership		Amount	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b>Non-consolidated subsidiaries :</b>					
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	1.776	1.776
Vestel Poland sp. z.o.o. (*)	Poland	100%	100%	-	9
Vestel Elektronika SRL	Romania	100%	100%	1.778	1.778
Vestel Central Asia	Kazakhstan	100%	100%	8.989	8.989
Vestel Electronics Shanghai Trading Co. Ltd	China	100%	100%	288	288
Uts-United Technical Services, S.R.O	Slovakia	100%	100%	6	6
				<b>12.837</b>	<b>12.846</b>
<b>Impairment of subsidiaries (-)</b>					
Vestel Elektronika SRL				(1.778)	(1.778)
Vestel Central Asia				(8.989)	(8.989)
				<b>2.070</b>	<b>2.079</b>

(\*) Consolidated in 30 June 2015 financial statements.

**NOTE 7 – FINANCIAL LIABILITIES**

	30 June 2015	31 December 2014
<b>Short term financial liabilities</b>		
Short term bank loans	982.089	325.436
Short term portion of long term bank loans	1.116.382	125.889
	<b>2.098.471</b>	<b>451.325</b>
<b>Long term financial liabilities</b>		
Long term bank loans	504.139	1.198.207
	<b>504.139</b>	<b>1.198.207</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 7 – FINANCIAL LIABILITIES (Cont'd)**

Details of the Group's short term financial liabilities are given below:

Currency	30 June 2015			31 December 2014		
	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	-	-	-	2,38%	25.214	58.468
- EUR	0,99%	20.329	60.626	1,42%	8.495	23.963
- TL	10,42%	921.463	921.463	10,21%	243.005	243.005
			<b>982.089</b>			<b>325.436</b>

Details of the Group's long term financial liabilities are given below:

Currency	30 June 2015			31 December 2014		
	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	3,77%	64.778	174.013	3,96%	13.559	31.442
- EUR	2,87%	14.426	43.021	2,96%	5.096	14.375
- TL	11,24%	899.348	899.348	12,32%	80.072	80.072
<b>Short term portion</b>			<b>1.116.382</b>			<b>125.889</b>
- USD	4,05%	62.964	169.141	3,73%	68.536	158.927
- EUR	3,42%	89.454	266.770	3,53%	52.056	146.834
- TL	15,05%	68.228	68.228	12,02%	892.446	892.446
<b>Long term portion</b>			<b>504.139</b>			<b>1.198.207</b>
			<b>1.620.521</b>			<b>1.324.096</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 7 – FINANCIAL LIABILITIES (Cont'd)**

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

	<b>30 June 2015</b>	<b>31 December 2014</b>
One to two years	217.454	1.051.734
Two to three years	208.856	54.767
Three to four years	40.176	38.534
Four years and over	37.653	53.172
	<b>504.139</b>	<b>1.198.207</b>

Total amount of Group's floating bank loans is 420.600 thousand TL (31 December 2014: 289.529 thousand TL).

The analysis of Group's borrowings in terms of periods remaining to contractual re-pricing dates is as follows:

	<b>30 June 2015</b>	<b>31 December 2014</b>
6 months or less	420.600	289.529
	<b>420.600</b>	<b>289.529</b>

Guarantees given for the bank loans obtained are presented in note 15.



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 8 – RELATED PARTY DISCLOSURES**

**a) Short term trade receivables from related parties**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Vestel Central Asia	26.079	21.399
UTS- United Technical Services, Spol S.R.O.	10.924	8.821
Vestel Elektronica S.R.L.	20.115	17.936
Other related parties	4.367	6.317
	<b>61.485</b>	<b>54.473</b>
Unearned interest on receivables (-)	(14)	(24)
	<b>61.471</b>	<b>54.449</b>

**b) Short term trade payables to related parties**

	<b>30 June 2015</b>	<b>31 December 2014</b>
ABH Turizm Temsilcilik ve Ticaret A.Ş.	2.260	1.841
Other related parties	3.335	3.232
	<b>5.595</b>	<b>5.073</b>
Unearned interest on payables (-)	(17)	(9)
	<b>5.578</b>	<b>5.064</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 8 - RELATED PARTY DISCLOSURES (Cont'd)**

**c) Other short term receivables from related parties**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Zorlu Holding A.Ş.	61.251	167.822
Z.F.S Financial Services Ireland	10.745	9.276
	<b>71.996</b>	<b>177.098</b>

**d) Other long term receivables from related parties**

Z.F.S Financial Services Ireland	53.319	46.026
Zorlu Holding A.Ş.	814.672	358.429
	<b>867.991</b>	<b>404.455</b>

As of 30 June 2015 and 31 December 2014 the annual average effective interest rate of other receivables from Z.F.S Financial Services Ireland and Zorlu Holding denominated in USD is between 5% - 7,5%.

**e) Transactions with related parties**

	<b>1 January - 30 June 2015</b>	<b>1 January - 30 June 2014</b>	<b>1 April - 30 June 2015</b>	<b>1 April - 30 June 2014</b>
<b>Sales</b>				
UTS- United Technical Services, Spol S.R.O.	3.799	5.452	1.801	2.140
Zorlu Yapı Yatırım A.Ş.	830	847	105	472
Vestel Electronica S.R.L.	2.768	2.472	1.024	1.991
Other related parties	6.718	2.690	4.669	1.107
	<b>14.115</b>	<b>11.461</b>	<b>7.599</b>	<b>5.710</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)**

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
<b>Operating expenses</b>				
ABH Turizm Temsilcilik ve Ticaret A.Ş.	10.616	9.321	5.709	4.449
Other related parties	11.742	12.522	6.316	6.781
	<b>22.358</b>	<b>21.843</b>	<b>12.025</b>	<b>11.230</b>
<b>Other income from operating activities</b>				
Other related parties	5.873	114	2.183	(944)
	<b>5.873</b>	<b>114</b>	<b>2.183</b>	<b>(944)</b>
<b>Other operating expense</b>				
Other related parties	8.420	1.984	(3.197)	238
	<b>8.420</b>	<b>1.984</b>	<b>(3.197)</b>	<b>238</b>
<b>Financial income</b>				
Z.F.S Financial Services Ireland	15.305	3.903	591	93
Zorlu Holding A.Ş.	157.599	20.500	54.359	15.070
	<b>172.904</b>	<b>24.403</b>	<b>54.950</b>	<b>15.163</b>

f) Guarantees received from and given to related parties are disclosed in note 15.

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

Compensation paid to key management for the six months period ended 30 June 2015 is 17.446 thousand TL (1 January -30 June 2014: 12.838 thousand TL).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 9 – TRADE RECEIVABLES AND PAYABLES**

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>Short term trade receivables</b>		
Trade receivables		
- Related parties (note 8)	61.485	54.473
- Other parties	1.579.557	1.496.004
Cheques and notes receivables	382.786	418.944
Other	72.465	69.161
	<b>2.096.293</b>	<b>2.038.582</b>
Unearned interest expense (-)		
- Related parties (note 8)	(14)	(24)
- Other parties	(14.262)	(17.613)
Allowance for doubtful receivables (-)	(99.177)	(89.062)
<b>Total short term trade receivables</b>	<b>1.982.840</b>	<b>1.931.883</b>
<b>Long term trade receivables</b>		
Receivables from other parties	114.640	97.452
Cheques and notes receivables	42.715	23.995
Unearned interest expense (-)	(5.294)	(3.089)
<b>Total long term trade receivables</b>	<b>152.061</b>	<b>118.358</b>

The Group provides allowance for doubtful receivables based on historical experience. As of the balance sheet dates, movements of allowance for doubtful receivables is as follows:

	<b>1 January - 30 June 2015</b>	<b>1 January - 30 June 2014</b>
<b>Opening balance, 01 January</b>	<b>89.062</b>	<b>68.079</b>
Current year additions	12.672	34.397
Provisions no longer required	-	(3.540)
Currency translation differences	(2.557)	(174)
<b>Balance at 30 June</b>	<b>99.177</b>	<b>98.762</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 9 – TRADE RECEIVABLES AND PAYABLES (Cont'd)**

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>Short term trade payables</b>		
Trade payables		
- Related parties (note 8)	5.595	5.073
- Other parties	3.956.178	3.714.117
Notes payables		
- Other parties	1.055	4.766
Other	39	69
	<b>3.962.867</b>	<b>3.724.025</b>
Unearned interest income (-)		
- Related parties (note 8)	(17)	(9)
- Other parties	(4.449)	(3.840)
<b>Total short term trade payables</b>	<b>3.958.401</b>	<b>3.720.176</b>

**NOTE 10 – OTHER RECEIVABLES**

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>Short term other receivables</b>		
VAT receivable	233.259	170.470
Receivables from related parties (note 8)	71.996	177.098
Deposits and guarantees given	24.949	27.719
Other	100.058	91.694
	<b>430.262</b>	<b>466.981</b>
Allowance for doubtful receivables (-)	(89.376)	(89.376)
	<b>340.886</b>	<b>377.605</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 10 – OTHER RECEIVABLES (Cont'd)**

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>Long term other receivables</b>		
Deposits and guarantees given	16.039	15.197
Receivables from related parties (note 8)	867.991	404.455
Other	8.278	9.616
	<b>892.308</b>	<b>429.268</b>
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	<b>884.030</b>	<b>420.990</b>

**NOTE 11 – INVENTORIES**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Raw materials	1.239.679	875.075
Work in process	256.888	100.486
Finished goods	752.543	689.531
Merchandise	105.164	73.083
Other	3.728	8.203
	<b>2.358.002</b>	<b>1.746.378</b>
Provision for impairment on inventories (-)	(27.086)	(23.448)
	<b>2.330.916</b>	<b>1.722.930</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM**  
**PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 11 – INVENTORIES (Cont'd)**

Cost of the inventory included in the consolidated statement of comprehensive income in the period 1 January – 30 June 2015 is 2.535.332 thousand TL (2014: 2.507.180 thousand TL)

As of 30 June 2015 the Group does not have inventories pledged as security for liabilities (31 December 2014: None).

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

	<b>30 June 2015</b>	<b>31 December 2014</b>
Raw materials	11.636	7.811
Finished goods and merchandise	15.450	15.637
	<b>27.086</b>	<b>23.448</b>

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

	<b>1 January - 30 June 2015</b>	<b>1 January - 30 June 2014</b>
<b>Opening balance, 1 January</b>	<b>23.448</b>	<b>15.597</b>
Current year additions	13.658	14.907
Realised due to sale of inventory	(11.011)	(4.509)
Currency translation differences	991	(52)
<b>Balance at 30 June</b>	<b>27.086</b>	<b>25.943</b>

**NOTE 12 – PREPAID EXPENSES**

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>Prepaid expenses in current assets</b>		
Order advances given	33.267	68.316
Prepaid expenses	22.922	19.133
Business advances given	4.779	2.041
	<b>60.968</b>	<b>89.490</b>
<b>Prepaid expenses in non-current assets</b>		
Advances given for fixed asset purchases	4.642	7.513
Prepaid expenses	4.712	1.213
	<b>9.354</b>	<b>8.726</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

	1 January 2015	Additions	Disposals	Currency translation differences	Transfers	30 June 2015
<b>Cost or revaluation</b>						
Land	159.209	-	-	2.285	(1.183)	160.311
Land improvements	45.223	51	-	1.603	-	46.877
Buildings	547.039	2.329	(31)	20.693	860	570.890
Leasehold improvements	125.302	1.915	-	72	-	127.289
Plant and machinery	1.578.525	86.402	(22.932)	12.378	2.538	1.656.911
Motor vehicles	5.414	9	(40)	69	-	5.452
Furniture and fixtures	263.043	16.814	(330)	932	558	281.017
Other tangible assets	849	-	-	-	-	849
Construction in progress	2.872	12.616	-	-	(6.014)	9.474
	<b>2.727.476</b>	<b>120.136</b>	<b>(23.333)</b>	<b>38.032</b>	<b>(3.241)</b>	<b>2.859.070</b>
<b>Accumulated depreciation</b>						
Land improvements	10.908	1.446	-	404	-	12.758
Buildings	7.420	8.820	(4)	4.136	(398)	19.974
Leasehold improvements	95.362	3.837	-	30	13	99.242
Plant and machinery	1.065.558	89.910	(21.528)	8.239	-	1.142.179
Motor vehicles	3.196	459	(40)	64	-	3.679
Furniture and fixtures	179.100	13.571	(216)	724	-	193.179
Other tangible assets	845	-	-	-	-	845
	<b>1.362.389</b>	<b>118.043</b>	<b>(21.788)</b>	<b>13.597</b>	<b>(385)</b>	<b>1.471.856</b>
<b>Net book value</b>	<b>1.365.087</b>					<b>1.387.214</b>



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	1 January 2014	Additions	Disposals	Currency translation differences	Transfers	30 June 2014
<b>Cost</b>						
Land	163.994	-	-	(1.582)	-	162.412
Land improvements	49.190	87	(4)	(638)	177	48.812
Buildings	588.433	9.909	(17)	(7.823)	766	591.268
Leasehold improvements	120.237	1.763	-	(18)	-	121.982
Plant and machinery	1.401.366	79.051	(13.737)	(2.927)	28.356	1.492.109
Motor vehicles	4.938	15	(121)	(20)	736	5.548
Furniture and fixtures	224.021	13.237	(718)	(185)	72	236.427
Other tangible assets	849	-	-	-	-	849
Construction in progress	25.813	9.151	(4)	-	(30.107)	4.853
	<b>2.578.841</b>	<b>113.213</b>	<b>(14.601)</b>	<b>(13.193)</b>	<b>-</b>	<b>2.664.260</b>
<b>Accumulated depreciation</b>						
Land improvements	-	5.976	(2)	(59)	-	5.915
Buildings	-	9.669	(13)	(766)	-	8.890
Leasehold improvements	88.439	3.358	-	(6)	-	91.791
Plant and machinery	948.759	78.853	(12.249)	(1.608)	-	1.013.755
Motor vehicles	2.533	480	(103)	(16)	-	2.894
Furniture and fixtures	161.767	10.566	(525)	(146)	-	171.662
Other tangible assets	844	1	-	-	-	845
	<b>1.202.342</b>	<b>108.903</b>	<b>(12.892)</b>	<b>(2.601)</b>	<b>-</b>	<b>1.295.752</b>
<b>Net book value</b>	<b>1.376.499</b>					<b>1.368.508</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Cont’d)**

Additions to property, plant and equipment in the period 1 January – 30 June 2015 mainly consist of machinery and equipment investments made to television and electronic devices factory, first and second refrigerator, washing machine, cooker and dishwasher factories.

As of 30 June 2015 the Group does not have property, plant and equipment pledged (31 December 2014: None).

Useful lives of property, plant and equipment is as follows:

	<u>Useful life</u>
Land improvements	5 - 35 years
Buildings	25 - 50 years
Leasehold improvements	3 - 10 years
Plant and machinery	2 - 25 years
Motor vehicles	5 - 10 years
Furniture and fixtures	5 - 14 years

Allocation of current year depreciation and amortization expenses is as follows:

	<b>1 January - 30 June 2015</b>	<b>1 January - 31 December 2014</b>
Cost of sales	92.155	88.813
Research and development expenses	35.978	26.299
Marketing, selling and distribution expenses	12.537	10.060
General administrative expenses	6.694	6.062
Other operating expense (idle capacity depreciation expense)	1.525	670
	<b>148.889</b>	<b>131.904</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 14 – INTANGIBLE ASSETS**

	1 January 2015	Additions	Disposals	Currency translation differences	Transfers	30 June 2015
<b>Cost</b>						
Rights	60.431	893	-	120	(39)	61.405
Development cost	454.389	52.058	(61)	-	-	506.386
Other intangible assets	75.223	7.155	-	39	1.064	83.481
	<b>590.043</b>	<b>60.106</b>	<b>(61)</b>	<b>159</b>	<b>1.025</b>	<b>651.272</b>
<b>Accumulated amortization</b>						
Rights	37.280	1.487	(13)	117	-	38.871
Development cost	213.481	26.681	-	-	-	240.162
Other intangible assets	54.846	3.985	-	27	-	58.858
	<b>305.607</b>	<b>32.153</b>	<b>(13)</b>	<b>144</b>	<b>-</b>	<b>337.891</b>
<b>Net book value</b>	<b>284.436</b>					<b>313.381</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 14 – INTANGIBLE ASSETS (Cont'd)**

	1 January 2014	Additions	Disposals	Currency translation differences	Transfers	30 June 2014
<b>Cost</b>						
Rights	56.896	1.440	-	(33)	-	58.303
Development cost	358.959	42.326	(1.078)	-	-	400.207
Other intangible assets	67.470	2.757	-	(12)	-	70.215
	<b>483.325</b>	<b>46.523</b>	<b>(1.078)</b>	<b>(45)</b>	<b>-</b>	<b>528.725</b>
<b>Accumulated amortization</b>						
Rights	34.603	1.355	-	(32)	-	35.926
Development cost	170.660	19.681	-	-	-	190.341
Other intangible assets	47.196	3.803	-	(7)	-	50.992
	<b>252.459</b>	<b>24.839</b>	<b>-</b>	<b>(39)</b>	<b>-</b>	<b>277.259</b>
<b>Net book value</b>	<b>230.866</b>					<b>251.466</b>

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.

Useful lives of intangible assets is as follows:

	<u>Useful life</u>
Rights	2 - 15 years
Development cost	2 - 10 years
Other intangible assets	2 - 15 years

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**a) Provisions**

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>Short term provisions</b>		
Warranty and assembly provision	96.035	84.775
Other provisions	45.119	45.300
Provision for lawsuit risks	14.919	10.802
	<b>156.073</b>	<b>140.877</b>
<b>Long term provisions</b>		
Warranty and assembly provision	<b>27.112</b>	<b>23.415</b>

As of 30 June 2015 and 2014 movements of warranty and assembly provisions are as follows:

	<b>1 January - 30 June 2015</b>	<b>1 January - 30 June 2014</b>
<b>Opening balance, 1 January</b>	<b>108.190</b>	<b>103.498</b>
Current year additions	109.806	86.694
Provisions no longer required	(94.849)	(79.416)
<b>Balance at 30 June</b>	<b>123.147</b>	<b>110.776</b>

**b) Waste Electrical and Electronic Equipment Directive**

Legal regulation prepared in conformity with European Union Waste Electrical and Electronic Equipment Directive ("WEEE") has been effective in Turkey since 2012. The Directive set collection, recycling and recovery targets for all types of electrical and electronic goods upon manufacturers. Since the regulation is not yet in practice as of 30 June 2015, it will not have a significant impact on the consolidated financial statements of the Group as of 30 June 2015.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**

**c) Guarantees received by the Group**

**Guarantee letters, collaterals, cheques and notes received**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Guarantee letters	233.282	194.876
Cheques and notes	48.834	47.050
Collaterals and pledges	832.558	746.463
	<b>1.114.674</b>	<b>988.389</b>

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. and Vestel Ticaret A.Ş., has given collaterals to various banks on behalf of the Company for its forward contracts and bans utilized.

**d) Collaterals, pledges and mortgages ("CPM's") given by the Group**

<b>CPM's given by the Group</b>	<b>USD</b>	<b>EUR</b>	<b>TL</b>	<b>TL Equivalent</b>
	<b>('000)</b>	<b>('000)</b>		
<b>30 June 2015</b>				
A. CPM's given on behalf of its own legal entity	4.175	38.692	69.874	196.477
B. CPM's given on behalf of fully consolidated subsidiaries (*)	2.291.464	335.741	2.897.432	10.054.239
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	96.730	-	104.200	364.046
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.	96.730	-	104.200	364.046
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
<b>Total</b>	<b>2.392.369</b>	<b>374.433</b>	<b>3.071.506</b>	<b>10.614.762</b>

(\*) 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 bans utilized.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**

CPM's given by the Group	USD ( '000)	EUR ( '000)	TL	TL Equivalent
<b>31 December 2014</b>				
A. CPM's given on behalf of its own legal entity	1.686	39.395	63.535	178.566
B. CPM's given on behalf of fully consolidated subsidiaries	2.244.072	377.458	2.588.217	8.856.691
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	84.920	-	132.103	329.024
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.	84.920	-	132.103	329.024
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
<b>Total</b>	<b>2.330.678</b>	<b>416.853</b>	<b>2.783.855</b>	<b>9.364.281</b>

The Group has blocked deposit of 52.300 thousand TL in favor of its subsidiary (31 December 2014: 52.300 thousand TL). As of 30 June 2015 proportion of other CPM's given by the Group to its equity is 28% (31 December 2014: 24%).

**NOTE 16 – COMMITMENTS**

As of the balance sheet date the Group has committed to realize exports amounting to 689.717 thousand USD (31 December 2014: 742.736 thousand USD) due to the export and investment incentive certificates obtained.

As of 30 June 2015 the Group has forward foreign currency purchase contract that amounts to 1.316.650 thousand USD, 159.173 thousand EUR, 500 thousand GBP and 1.043.893 thousand TL against forward foreign currency sales contract that amounts to 296.164 thousand USD, 815.574 thousand EUR, 12.458 thousand GBP, 1.591 CHF, 532.417 RUB and 1.742.428 thousand TL (31 December 2014 : 1.148.196 thousand USD, 140.204 thousand EUR, 4.232 thousand CHF, 804 thousand RUB, 2.791 thousand GBP and 332.461 thousand TL against forward foreign currency sales contract that amounts to 286.643 thousand USD, 518.100 thousand EUR, 804 thousand RUB, 4.232 thousand CHF, 20.172 thousand GBP and 1.135.338 thousand TL).

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 17 – EMPLOYEE BENEFITS**

**Liabilities for employee benefits:**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Due to personnel	37.220	45.679
Social security payables	16.158	15.161
	<b>53.378</b>	<b>60.840</b>

**Long term provisions for employee benefits:**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Provision for employment termination benefits	<b>81.628</b>	<b>73.768</b>

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 3.541,37 TL/year as of 30 June 2015 (31 December 2014: 3.438,22 TL/year).

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

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 of 30 June 2015, 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 2015 provision is calculated based on real discount rate of 2,26% (31 December 2014: 2,26%) assuming 6% annual inflation rate and 8,40% discount rate.



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 17 – EMPLOYEE BENEFITS (Cont'd)**

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

	1 January - 30 June 2015	1 January - 30 June 2014
<b>Balance at 1 January</b>	<b>73.768</b>	<b>40.262</b>
Increase during the year	11.462	1.693
Payments during the year	(5.888)	(4.961)
Actuarial (gain) /loss	797	2.151
Interest expense	1.489	1.466
<b>Balance at 30 June</b>	<b>81.628</b>	<b>40.611</b>

**NOTE 18 – EXPENSES BY NATURE**

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Raw materials, supplies and finished goods	2.786.789	2.609.072	1.587.370	1.392.131
Changes in finished goods, work in process, trade goods	(251.495)	(101.892)	(302.683)	(22.397)
Personnel expenses	290.450	250.844	152.013	129.582
Depreciation and amortization	147.364	131.234	74.975	67.321
Warranty and assembly expenses	109.806	86.694	63.409	50.365
Transportation expenses	88.578	80.385	50.218	43.119
Advertising expenses	45.612	37.767	25.100	25.554
Other	263.741	259.728	148.299	109.061
	<b>3.480.845</b>	<b>3.353.832</b>	<b>1.798.701</b>	<b>1.794.736</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 19 – OTHER ASSETS AND LIABILITIES**

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>Other current assets</b>		
VAT carried forward	23.785	17.664
Other	8.250	3.868
	<b>32.035</b>	<b>21.532</b>
<b>Other non - current assets</b>		
Assets held for sale	11.664	13.566
	<b>11.664</b>	<b>13.566</b>

	<b>30 June 2015</b>	<b>31 December 2014</b>
<b>Other current liabilities</b>		
Advances received	127.732	99.965
Taxes and dues payable	24.439	30.379
Other	28.613	33.780
	<b>180.784</b>	<b>164.124</b>

**NOTE 20 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

**a) Paid in capital**

	<b>30 June 2015</b>	<b>31 December 2014</b>
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

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 20 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**

As of 30 June 2015 and 31 December 2014 the shareholding structures are as follows:

	Shareholding %		Amount	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Zorlu Holding A.Ş.	64,41%	64,41%	216.054	216.054
Shares held by public				
Other shareholders	22,46%	22,46%	75.355	75.355
Zorlu Holding A.Ş.	13,13%	13,13%	44.047	44.047
	<b>100%</b>	<b>100%</b>	<b>335.456</b>	<b>335.456</b>

**b) Adjustment 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 2015	31 December 2014
Adjustments to share capital	<b>688.315</b>	<b>688.315</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 20 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**

**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.

	<b>30 June 2015</b>	<b>31 December 2014</b>
Share premium	<b>103.165</b>	<b>103.078</b>

**d) 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	<b>28.314</b>	<b>28.314</b>
----------------	---------------	---------------

**e) Revaluation reserve**

Fair value gains on financial assets	1.500	2236
Revaluation of property, plant and equipment	430.321	435.434
	<b>431.821</b>	<b>437.670</b>

**f) Accumulated deficit**

Extraordinary reserves	415.036	415.036
Previous year's loss	(765.954)	(869.337)
Other inflation adjustment of share capital	119.718	119.718
	<b>(231.200)</b>	<b>(334.583)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

---

**NOTE 20 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)**

**g) Dividend distribution**

For quoted companies dividends are distributed in accordance with the Communiqué Serial II:-19.1 on "Principals Regarding Distribution of Interim Dividends" issued by the CMB effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additionally, dividend can be distributed in fixed or variable installments and dividend advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside; no decision can be taken to set aside other reserves, to transfer reserves to the subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

On the other hand, in accordance with the Articles of Association of the Company, the net period income is allocated after deducting the accumulated losses from the previous years, if any, as follows:

- a) As per Article 519 of the Turkish Commercial Code, 5% is allocated to a general legal reserve.
- b) A dividend is allocated from the remaining amount, at the rate determined by the General Assembly over an amount to be found after the addition of a donation, which is made in line with the Turkish Commercial Code and Capital Market Legislation.
- c) After the deductions above, the General Assembly has the right to decide how to allocate the dividend to members of the board of directors and officers, employees and workers, foundations established with various purposes, and similar persons and corporations.
- d) After the amounts stated in paragraph (a), (b) and (c) are deducted from the net period profit, the General Assembly is authorised to allocate the remaining amount as a second dividend or to allocate the remaining amount to its own reserve as per Article 521 of the Turkish Commercial Code.
- e) One tenth of the amount obtained after a dividend of 5% of the paid in capital and other legal reserve are deducted from the amount that is agreed to be allocated to the shareholders and other persons participating to the profit is added to the general legal reserve as per paragraph (c) of the second clause of article 519 of the Turkish Commercial Code.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 21 – SALES**

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Domestic sales	1.388.534	1.074.757	681.040	592.900
Overseas sales	2.585.427	2.716.493	1.377.549	1.419.437
<b>Gross sales</b>	<b>3.973.961</b>	<b>3.791.250</b>	<b>2.058.589</b>	<b>2.012.337</b>
Sales discounts (-)	(236.105)	(169.099)	(128.534)	(87.550)
<b>Net sales</b>	<b>3.737.856</b>	<b>3.622.151</b>	<b>1.930.055</b>	<b>1.924.787</b>
Cost of sales	(2.873.124)	(2.833.753)	(1.460.525)	(1.520.762)
<b>Gross profit</b>	<b>864.732</b>	<b>788.398</b>	<b>469.530</b>	<b>404.025</b>

**NOTE 22 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES**

**a) Other income from operating activities:**

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Credit finance gains arising from trading activities	52.878	45.976	16.070	16.353
Foreign exchange gains arising from trading activities	171.820	2.686	92.066	(18.069)
Reversals of provisions	141	1.273	141	(179)
Other income	30.929	26.572	14.739	12.240
	<b>255.768</b>	<b>76.507</b>	<b>123.016</b>	<b>10.345</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 22 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES (Cont'd)**

**b) Other expense from operating activities:**

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Debit finance charges arising from trading activities	32.236	31.517	16.424	10.230
Foreign exchange expenses arising from trading activities	324.974	15.233	76.912	(26.620)
Provision expenses	16.784	41.132	2.803	34.086
Other expenses	29.852	31.331	16.375	6.970
	<b>403.846</b>	<b>119.213</b>	<b>112.514</b>	<b>24.666</b>

**NOTE 23 – FINANCIAL EXPENSE AND FINANCIAL INCOME**

**a) Financial expense:**

	1 January - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2015	1 April - 30 June 2014
Foreign exchange losses	242.755	41.176	71.447	(17.438)
Losses on derivative financial instruments	374.731	95.124	232.649	54.419
Interest and commission expense	131.806	72.459	78.371	35.690
Other finance expenses	1.536	1.808	923	893
	<b>750.828</b>	<b>210.567</b>	<b>383.390</b>	<b>73.564</b>

**b) Financial income:**

Foreign exchange gains	176.481	39.272	35.804	1.443
Gains on derivative financial instruments	383.546	77.421	201.996	25.028
Interest income	41.904	17.963	39.543	14.824
	<b>601.931</b>	<b>134.656</b>	<b>277.343</b>	<b>41.295</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Corporation and income taxes	13.559	25.386
Prepaid taxes (-)	(92)	(21.162)
<b>Current income tax liabilities - net</b>	<b>13.467</b>	<b>4.224</b>
Deferred tax liabilities	(36.892)	(54.886)
Deferred tax assets	53.521	39.219

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.

In Turkey, advance tax returns are filed on a quarterly basis at the rate of %20, until the 14th 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.



**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**

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% (2014: 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 occur 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 consolidated financial statements.

As of 1 January - 30 June 2015 and 2014 tax benefit in the consolidated statement of income is as follows:

	<b>1 January - 30 June 2015</b>	<b>1 January - 30 June 2014</b>
Current period tax expense	(14.023)	(15.290)
Deferred tax benefit	24.644	(4.580)
<b>Total tax (expense) / benefit</b>	<b>10.621</b>	<b>(19.870)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED 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 2014:%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 2015	31 December 2014	30 June 2015	31 December 2014
<b>Deferred tax assets</b>				
Employment termination benefits	(81.628)	(73.768)	16.326	13.471
Warranty provision	(79.005)	(63.980)	15.801	12.796
Provision for doubtful receivables	(163.055)	(163.670)	32.611	32.734
Unearned interest expense	(18.010)	(25.050)	3.602	5.010
Provision for impairment on inventories	(16.030)	(13.465)	3.206	2.693
Derivative financial instruments	(55.975)	(40.735)	11.195	8.147
Carryforward tax losses	(122.425)	(60.564)	24.485	12.113
Other	(99.860)	(86.815)	19.972	17.363
			<b>127.198</b>	<b>104.327</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 24 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)**

	Cumulative temporary differences		Deferred tax	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b>Deferred tax liabilities</b>				
Income accruals of derivative transactions	13.760	83.670	(2.752)	(16.734)
Useful life and valuation differences on property, plant and equipment and intangible assets	82.965	92.140	(16.593)	(18.428)
Revaluation of tangible fixed assets	520.677	527.284	(83.982)	(83.012)
Other	36.210	9.100	(7.242)	(1.820)
			<b>(110.569)</b>	<b>(119.994)</b>
<b>Deferred tax assets / (liabilities) - net</b>			<b>16.629</b>	<b>(15.667)</b>

	30 June 2015	31 December 2014
Subsidiaries with net deferred tax liabilities	(36.892)	(54.886)
Subsidiaries with net deferred tax assets	53.521	39.219

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

	1 January - 30 June 2015	1 January - 30 June 2014
<b>Opening balance, 1 January</b>	<b>(15.667)</b>	<b>(18.862)</b>
Tax benefit recognized in income statement	24.644	(4.580)
Recognized in shareholders' equity	9.631	(3.206)
Currency translation differences	(1.979)	3.672
<b>Deferred tax (liabilities) / assets at the end of the period, net</b>	<b>16.629</b>	<b>(22.976)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 25 – (LOSS) / EARNINGS PER SHARE**

	1 January - 30 June 2015	1 January - 30 June 2014	1 January - 30 June 2015	1 January - 30 June 2014
Net (loss) / income attributable to equity holders of the parent	(32.455)	125.180	41.709	76.385
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
	<b>(0,10)</b>	<b>0,37</b>	<b>0,12</b>	<b>0,23</b>

**NOTE 26 – DERIVATIVE INSTRUMENTS**

	30 June 2015		31 December 2014	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
<b>Held for trading</b>				
Forward foreign currency transactions	3.733.991	(48.125)	2.343.096	(15.618)
Foreign currency swap contracts	140.000	(34.528)	140.000	(23.121)
<b>Cash flow hedge</b>				
Forward foreign currency transactions	1.323.609	39.544	1.067.361	82.527
	<b>5.197.600</b>	<b>(43.109)</b>	<b>3.550.457</b>	<b>43.788</b>

**NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Foreign currency risk:**

The Group is exposed to exchange rate risk due to its foreign currency denominated transactions. The main principle of foreign currency risk management is to maintain foreign exchange position at the level that minimizes the impact of foreign exchange fluctuations.

Derivative instruments are used in foreign currency risk management where necessary. In this respect the Group mainly prefers using foreign exchange forward contracts.

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

<b>30 June 2015</b>	<b>USD</b>	<b>EUR</b>	<b>Other (TL Equivalent)</b>	<b>TL Equivalent</b>
1. Trade receivables	534.571	296.461	61.197	2.381.321
2a. Monetary financial assets (including cash and cash equivalents)	144.796	6.064	5.068	412.118
2b. Non-monetary financial assets	-	-	-	-
3. Other	26.985	146	1.676	74.601
<b>4. Current assets (1+2+3)</b>	<b>706.352</b>	<b>302.671</b>	<b>67.941</b>	<b>2.868.040</b>
5. Trade receivables	30.501	-	-	81.935
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	323.195	58	-	868.372
<b>8. Non-current assets (5+6+7)</b>	<b>353.696</b>	<b>58</b>	<b>-</b>	<b>950.307</b>
<b>9. Total assets (4+8)</b>	<b>1.060.048</b>	<b>302.729</b>	<b>67.941</b>	<b>3.818.347</b>
10. Trade payables	1.371.296	68.790	7.544	3.896.402
11. Financial liabilities	64.778	34.755	-	277.660
12a. Other monetary liabilities	-	-	508	508
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>1.436.074</b>	<b>103.545</b>	<b>8.052</b>	<b>4.174.570</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	62.964	89.454	-	435.911
16a. Other monetary liabilities	-	490	-	1.461
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>62.964</b>	<b>89.944</b>	<b>-</b>	<b>437.372</b>
<b>18. Total liabilities (13+17)</b>	<b>1.499.038</b>	<b>193.489</b>	<b>8.052</b>	<b>4.611.942</b>
<b>19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)</b>	<b>1.020.486</b>	<b>(654.401)</b>	<b>(80.526)</b>	<b>709.251</b>
19a. Hedged total assets	1.316.650	159.173	2.105	4.013.708
19b. Hedged total liabilities	(296.164)	(813.574)	(82.631)	(3.304.457)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>581.496</b>	<b>(545.161)</b>	<b>(20.637)</b>	<b>(84.344)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(789.170)</b>	<b>109.036</b>	<b>58.213</b>	<b>(1.736.568)</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43.109)</b>
23. Export	390.772	464.957	3.768	2.585.427
24. Import	848.583	92.754	626	2.439.118

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

<b>31 December 2014</b>	<b>USD</b>	<b>EUR</b>	<b>Other (TL Equivalent)</b>	<b>TL Equivalent</b>
1. Trade receivables	498.610	274.198	107.976	2.037.633
2a. Monetary financial assets (including cash and cash equivalents)	101.159	923	6.238	243.419
2b. Non-monetary financial assets	-	-	-	-
3. Other	80.554	-	1.874	188.671
<b>4. Current assets (1+2+3)</b>	<b>680.323</b>	<b>275.121</b>	<b>116.088</b>	<b>2.469.723</b>
5. Trade receivables	29.553	-	-	68.530
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	174.492	491	-	406.014
<b>8. Non-current assets (5+6+7)</b>	<b>204.045</b>	<b>491</b>	<b>-</b>	<b>474.544</b>
<b>9. Total assets (4+8)</b>	<b>884.368</b>	<b>275.612</b>	<b>116.088</b>	<b>2.944.267</b>
10. Trade payables	1.458.191	79.049	8.135	3.612.508
11. Financial liabilities	38.773	13.592	-	128.248
12a. Other monetary liabilities	1	-	190	192
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>1.496.965</b>	<b>92.641</b>	<b>8.325</b>	<b>3.740.948</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	68.536	52.056	-	305.761
16a. Other monetary liabilities	-	474	-	1.337
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>68.536</b>	<b>52.530</b>	<b>-</b>	<b>307.098</b>
<b>18. Total liabilities (13+17)</b>	<b>1.565.500</b>	<b>145.171</b>	<b>8.325</b>	<b>4.048.046</b>
<b>19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)</b>	<b>861.553</b>	<b>(377.896)</b>	<b>(64.640)</b>	<b>867.284</b>
19a. Hedged total assets	1.148.196	140.204	17.807	3.075.832
19b. Hedged total liabilities	(286.643)	(518.100)	(82.447)	(2.208.548)
<b>20. Net foreign currency asset/ (liability) position (9-18+19)</b>	<b>180.421</b>	<b>(247.455)</b>	<b>43.123</b>	<b>(236.495)</b>
<b>21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(936.178)</b>	<b>129.950</b>	<b>105.889</b>	<b>(1.698.464)</b>
<b>22. Fair value of financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43.788</b>
23. Export	1.209.127	910.422	50.252	5.786.675
24. Import	1.793.450	196.487	1.150	4.495.950

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

As of 30 June 2015 and 31 December 2014 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
<b>30 June 2015</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(211.995)	211.995	(211.995)	211.995
Secured portion from USD risk (-)	187.846	(187.846)	273.592	(273.592)
<b>USD net effect</b>	<b>(24.149)</b>	<b>24.149</b>	<b>61.597</b>	<b>(61.597)</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	32.517	(32.517)	32.517	(32.517)
Secured portion from EUR risk (-)	(114.568)	114.568	(199.129)	199.129
<b>EUR net effect</b>	<b>(82.051)</b>	<b>82.051</b>	<b>(166.612)</b>	<b>166.612</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability	5.821	(5.821)	5.821	(5.821)
Secured portion from other currency risk (-)	(3.116)	3.116	(3.116)	3.116
<b>Other currency net effect</b>	<b>2.705</b>	<b>(2.705)</b>	<b>2.705</b>	<b>(2.705)</b>

**VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

**NOTE 27 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)**

	Gain / Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
<b>31 December 2014</b>				
<b>+/- 10% fluctuation of USD rate:</b>				
USD net asset / liability	(217.090)	217.090	(217.090)	217.090
Secured portion from USD risk (-)	52.215	(52.215)	122.079	(122.079)
<b>USD net effect</b>	<b>(164.875)</b>	<b>164.875</b>	<b>(95.011)</b>	<b>95.011</b>
<b>+/- 10% fluctuation of EUR rate:</b>				
EUR net asset / liability	36.655	(36.655)	36.655	(36.655)
Secured portion from EUR risk (-)	(41.749)	41.749	(107.136)	107.136
<b>EUR net effect</b>	<b>(5.094)</b>	<b>5.094</b>	<b>(70.481)</b>	<b>70.481</b>
<b>+/- 10% fluctuation of other currency rates:</b>				
Other currencies net asset / liability	10.589	(10.589)	10.589	(10.589)
Secured portion from other currency risk (-)	225	(225)	225	(225)
<b>Other currency net effect</b>	<b>10.814</b>	<b>(10.814)</b>	<b>10.814</b>	<b>(10.814)</b>

**NOTE 28 – SUBSEQUENT EVENTS**

Turkish Competition Authority has initiated a probe into some companies operating in the consumer electronics sector including our 100% owned subsidiary, Vestel Ticaret A.Ş. to determine whether or not the Article 4 of the Act no. 4054 has been violated. A probe does not necessarily mean that our Company will be charged with a fine. We currently pursue the necessary actions within the legislative framework concerning the said investigation. Further developments will be shared with the public.