VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2016 (TOGETHER WITH INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT)

(ORIGINALLY ISSUED IN TURKISH)

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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 2016 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, 5 August 2016

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

	Footnotes	Reviewed 30 June 2016	Audited 31 December 2015
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	776.641	728.219
Trade Receivables		2.866.853	2.767.366
Trade Recevables Due From Related Parties	8	29.017	27.997
Trade Recevables Due From Unrelated Parties	9	2.837.836	2.739.369
Other Receivables		262.644	369.541
Other Recevables Due From Related Parties	8	28.242	31.098
Other Recevables Due From Unrelated Parties	10	234.402	338.443
Derivative Financial Assets		117.731	74.303
Derivative Financial Assets Held for Trading	27	75.366	36.707
Derivative Financial Assets Held for Hedging	27	42.365	37.596
Inventories	11	1.833.275	2.203.005
Prepayments		53.868	52.712
Prepayments to Unrelated Parties	12	53.868	52.712
Current Tax Assets		3.729	24.885
Other Current Assets		51.314	27.714
Other Current Assets Due From Unrelated Parties	18	51.314	27.714
TOTAL CURRENT ASSETS		**5.966.055**	**6.247.745**

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 2016 AND 31 DECEMBER 2015

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

	Footnotes	Reviewed 30 June 2016	Audited ecember 2015
NON-CURRENT ASSETS			
Financial Investments		10.679	7.639
Financial Assets Available-for-Sale	6	10.679	7.639
Trade Receivables		213.763	140.183
Trade Recevables Due From Unrelated Parties	9	213.763	140.183
Other Receivables		961.681	798.465
Other Recevables Due From Related Parties	8	944.681	781.743
Other Recevables Due From Unrelated Parties	10	17.000	16.722
Property, Plant and Equipments		1.515.536	1.528.666
Land and Premises	13	224.162	223.359
Land Improvements	13	58.215	58.609
Buildings	13	628.392	624.996
Machinery and Equipments	13	484.249	497.388
Vehicles	13	967	1.420
Fixtures and Fittings	13	85.997	90.176
Leasehold Improvements	13	25.164	27.044
Construction in Progress	13	8.386	5.670
Other Property, Plant and Equipment	13	4	4
Intangible Assets and Goodwill		567.343	542.762
Goodwill		197.793	197.793
Other Rights	14	21.122	21.407
Capitalized Development Costs	14	310.742	294.405
Other Intangible Assets	14	37.686	29.157
Prepayments		17.798	7.540
Prepayments to Unrelated Parties	12	17.798	7.540
Deferred Tax Asset	25	52.985	51.725
Other Non-current Assets	18	9.047	11.224
Other Non-Current Assets Due From Unrelated Parties		9.047	11.224
TOTAL NON-CURRENT ASSETS		**3.348.832**	**3.088.204**
TOTAL ASSETS		**9.314.887**	**9.335.949**

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 2016 AND 31 DECEMBER 2015

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

	Footnotes	Reviewed 30 June 2016	Audited 31 December 2015
LIABILITIES			
CURRENT LIABILITIES			
Current Borrowings		1.159.626	356.880
Current Borrowings From Unrelated Parties		1.159.626	356.880
Bank Loans	7	1.159.626	356.880
Current Portion of Non-current Borrowings		1.417.654	384.106
Current Portion of Non-current Borrowings from Unrelated Parties		1.417.654	384.106
Bank Loans	7	1.417.654	384.106
Trade Payables		3.483.536	4.536.791
Trade Payables to Related Parties	8	7.542	4.567
Trade Payables to Unrelated Parties	9	3.475.994	4.532.224
Employee Benefit Obligations	17	61.415	67.006
Other Payables		6.047	8.135
Other Payables to Unrelated Parties		6.047	8.135
Derivative Financial Liabilities		64.639	61.275
Derivative Financial Liabilities Held for trading	27	62.061	60.931
Derivative Financial Liabilities Held for Hedging	27	2.578	344
Current Tax Liabilities, Current	25	7.235	1.799
Current Provisions		219.920	205.438
Other Current Provisions	15	219.920	205.438
Other Current Liabilities		362.783	235.984
Other Current Liabilities to Unrelated Parties	18	362.783	235.984
		6.782.855	**5.857.414**

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 2016 AND 31 DECEMBER 2015

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

	Footnotes	Reviewed 30 June 2016	Audited 31 December 2015
NON-CURRENT LIABILITIES			
Long Term Borrowings		578.004	1.720.198
Long Term Borrowings From Unrelated Parties		578.004	1.720.198
Bank Loans	7	578.004	1.720.198
Other Payables		-	1.558
Other Payables to Unrelated parties		-	1.558
Non-current Provisions		110.423	101.459
Non-current Provisions for Employee Benefits	17	70.181	68.311
Other Non-current Provisions	15	40.242	33.148
Deferred Tax Liabilities	25	73.282	81.512
TOTAL NON-CURRENT LIABILITIES		**761.709**	**1.904.727**
TOTAL LIABILITIES		**7.544.564**	**7.762.141**

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2016 AND 31 DECEMBER 2015

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

	Footnotes	Reviewed 30 June 2016	Audited 31 December 2015
EQUITY			
Equity attributable to owners of parent		**1.717.182**	**1.524.537**
Issued Capital	19	335.456	335.456
Inflation Adjustments on Capital	19	688.315	688.315
Share Premium (Discount)	19	103.165	103.165
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		556.487	563.302
Gains (Losses) on Revaluation and Remeasurement		556.487	563.302
Increases (Decreases) on Revaluation of Property, Plant and Equipment	19	568.341	574.004
Gains (Losses) on Remeasurements of Defined Benefit Plans		(11.854)	(10.702)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		(8.970)	(26.378)
Exchange Differences on Translation		(36.472)	(47.686)
Gains (Losses) on Hedge		25.258	19.256
Gains (Losses) on Cash Flow Hedges		25.258	19.256
Gains (Losses) on Revaluation and Reclassification		2.244	2.052
Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets	19	2.244	2.052
Restricted Reserves Appropriated From Profits		28.314	28.314
Legal Reserves	19	28.314	28.314
Prior Years' Profits or Losses	19	(161.974)	(227.257)
Current Period Net Profit Or Loss		176.389	59.620
Non-controlling Interests		53.141	49.271
TOTAL EQUITY		**1.770.323**	**1.573.808**
TOTAL LIABILITIES AND EQUITY		**9.314.887**	**9.335.949**

Consolidated financial statements for the period 1 January – 30 June 2016, were approved by the Board of Directors of Vestel Elektronik Sanayi ve Ticaret A.Ş. on 5 August 2016.

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIODS 30 JUNE 2016 AND 2015

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

	Footnotes	Reviewed 1 January - 30 June 2016	Reviewed 1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
PROFIT OR LOSS					
Revenue	20	4.647.720	3.737.856	2.399.670	1.930.055
Cost of Sales	20	(3.614.504)	(2.873.124)	(1.864.257)	(1.460.525)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		**1.033.216**	**864.732**	**535.413**	**469.530**
GROSS PROFIT (LOSS)		**1.033.216**	**864.732**	**535.413**	**469.530**
General Administrative Expenses	22	(101.525)	(93.846)	(53.806)	(50.575)
Marketing Expenses	22	(573.348)	(449.373)	(322.908)	(250.102)
Research and Development Expense	22	(69.048)	(64.502)	(38.388)	(37.499)
Other Income from Operating Activities	23	221.486	255.768	39.292	123.016
Other Expenses from Operating Activities	23	(188.929)	(403.846)	(88.801)	(112.514)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**321.852**	**108.933**	**70.802**	**141.856**
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**321.852**	**108.933**	**70.802**	**141.856**
Finance Income	24	326.085	601.931	224.793	277.343
Finance Costs	24	(456.472)	(750.828)	(221.760)	(383.390)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**191.465**	**(39.964)**	**73.835**	**35.809**
Tax (Expense) Income, Continuing Operations		(4.466)	10.621	2.009	8.965
Current Period Tax (Expense) Income	25	(15.153)	(14.023)	(8.734)	(12.736)
Deferred Tax (Expense) Income	25	10.687	24.644	10.743	21.701
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**186.999**	**(29.343)**	**75.844**	**44.774**
PROFIT (LOSS)		**186.999**	**(29.343)**	**75.844**	**44.774**
Profit (loss), attributable to					
Non-controlling Interests		10.610	3.112	6.981	3.065
Owners of Parent		176.389	(32.455)	68.863	41.709

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 30 JUNE 2016 AND 2015

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

	Footnotes	Reviewed 1 January - 30 June 2016	Reviewed 1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income that will not be Reclassified		(1.166)	(638)	(126)	(638)
Gains (Losses) on Remeasurements of Defined Benefit Plans		(1.457)	(797)	(157)	(797)
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		291	159	31	159
Taxes Relating to Remeasurements of Defined Benefit Plans		291	159	31	159
Other Comprehensive Income That Will Be Reclassified to		17.724	(19.165)	39.204	(51.053)
Exchange Differences on Translation		11.214	18.723	5.514	9.049
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		240	(920)	240	(180)
Gains (losses) on Remeasuring Available-for-sale Financial Assets		240	(920)	240	(180)
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		7.897	(46.440)	41.872	(74.947)
Gains (Losses) on Cash Flow Hedges		7.897	(46.440)	41.872	(74.947)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to		(1.627)	9.472	(8.422)	15.025
Taxes Relating to Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		(48)	184	(48)	36
Taxes Relating to Cash Flow Hedges		(1.579)	9.288	(8.374)	14.989
OTHER COMPREHENSIVE INCOME (LOSS)		**16.558**	**(19.803)**	**39.078**	**(51.691)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**203.557**	**(49.146)**	**114.922**	**(6.917)**
Total Comprehensive Income Attributable to					
Non-controlling Interests		10.912	1.954	7.600	1.313
Owners of Parent		192.645	(51.100)	107.322	(8.230)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS
1 JANUARY - 30 JUNE 2016 AND 2015

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

	Footnotes	Issued Capital	Inflation Adjustments on Capital	Share Premiums or Discounts	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Gains (Losses) on Remeasurements of Defined Benefit Plans	Gains (Losses) Revaluations and Remeasurements	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss	Exchange Differences on Translation	Cash Flow Hedges	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets	Change in Value of Time Value of Options	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss	Restricted Reserves Appropriated From Profits	Prior Years' Profits or Losses	Net Profit or Loss	Retained Earnings	Equity attributable to owners of parent	Non-controlling interests	Equity
Previous Period																					
1 January - 30 June 2015																					
Equity at Beginning of Period		335.456	688.315	103.078	435.434	(23.583)	411.851	411.851	(40.450)	34.523	34.523	2.236	2.236	(3.691)	28.314	(334.583)	97.376	(237.207)	1.326.116	44.533	1.370.649
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	97.376	(97.376)	-	-	-	-
Total Comprehensive Income (Loss)		-	-	-	(5.200)	(630)	(5.830)	(5.830)	18.723	(36.002)	(36.002)	(736)	(736)	(18.015)	-	5.200	(32.455)	(27.255)	(51.100)	1.954	(49.146)
Profit (Loss)		-	-	-	(5.200)	-	(5.200)	(5.200)	-	-	-	-	-	-	-	5.200	(32.455)	(27.255)	(32.455)	-	(32.455)
Other Comprehensive Income (Loss)		-	-	-	-	(630)	(630)	(630)	18.723	(36.002)	(36.002)	(736)	(736)	(18.015)	-	-	-	-	(18.645)	1.954	(16.691)
Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5.639)	(5.639)
Transactions with noncontrolling shareholders		-	-	87	87	(8)	79	79	-	(1.150)	(1.150)	-	-	(1.150)	-	807	-	807	(177)	(450)	(627)
Equity at End of Period		335.456	688.315	103.165	430.321	(24.221)	406.100	406.100	(21.727)	(2.629)	(2.629)	1.500	1.500	(22.856)	28.314	(231.200)	(32.455)	(263.655)	1.274.839	40.398	1.315.237
Current Period																					
1 January - 30 June 2016																					
Equity at Beginning of Period		335.456	688.315	103.165	574.004	(10.702)	563.302	563.302	(47.686)	19.256	19.256	2.052	2.052	(26.378)	28.314	(227.257)	59.620	(167.637)	1.524.537	49.271	1.573.808
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	59.620	(59.620)	-	-	-	-
Total Comprehensive Income (Loss)		-	-	-	(5.663)	(1.152)	(6.815)	(6.815)	11.214	6.002	6.002	192	192	17.408	-	5.663	176.389	182.052	192.645	10.912	203.557
Profit (Loss)		-	-	-	(5.663)	-	(5.663)	(5.663)	-	-	-	-	-	-	-	5.663	176.389	182.052	176.389	10.610	186.999
Other Comprehensive Income (Loss)		-	-	-	-	(1.152)	(1.152)	(1.152)	11.214	6.002	6.002	192	192	17.408	-	-	-	-	16.256	302	16.558
Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.042)	(7.042)
Equity at End of Period		335.456	688.315	103.165	568.341	(11.854)	556.487	556.487	(36.472)	25.258	25.258	2.244	2.244	(8.970)	28.314	(161.974)	176.389	14.415	1.717.182	53.141	1.770.323

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 2016 AND 2015
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Reviewed 1 January - 30 June 2016	Reviewed 1 January - 30 June 2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**(205.863)**	**(180.890)**
Profit (Loss)		186.999	(29.343)
Profit (Loss) from Continuing Operations		186.999	(29.343)
Adjustments to Reconcile Profit (Loss)		**250.519**	**352.065**
Adjustments for depreciation and amortisation expense	13	157.353	148.889
Adjustments for Impairment Loss (Reversal of Impairment		(10.255)	12.762
Adjustments for Impairement Loss (Reversal of Impairment Loss) of Receivables		(11.950)	10.115
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	11	1.695	2.647
Adjustments for provisions		24.987	31.844
Adjustments for (Reversal of) Provisions Related with Employee Benefits	17	3.411	12.951
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	15	815	4.117
Adjustments for (Reversal of) Warranty Provisions	15	18.548	14.957
Adjustments for (Reversal of) Other Provisions		2.213	(181)
Adjustments for Interest (Income) Expenses		110.685	89.902
Adjustments for Interest Income	24	(52.465)	(41.904)
Adjustments for Interest Expense	24	163.150	131.806
Adjustments for unrealised foreign exchange losses		(2.614)	40.189
Adjustments for fair value losses (gains)		(32.167)	40.457
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(32.167)	40.457
Adjustments for Tax (Income) Expenses		4.466	(10.621)
Adjustments for losses (gains) on disposal of non-current assets		(1.268)	(848)
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		(1.268)	(848)
Other adjustments to reconcile profit (loss)	5	(668)	(509)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY - 30 JUNE 2016 AND 2015
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Reviewed 1 January - 30 June 2016	Reviewed 1 January - 30 June 2015
Changes in Working Capital		**(655.664)**	**(493.408)**
Decrease (Increase) in Financial Investments		(3.040)	-
Adjustments for decrease (increase) in trade accounts receivable		(161.117)	(94.775)
Decrease (Increase) in Trade Accounts Receivables from		(1.020)	(7.022)
Decrease (Increase) in Trade Accounts Receivables from		(160.097)	(87.753)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		103.763	(68.613)
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations		103.763	(68.613)
Adjustments for decrease (increase) in inventories		367.228	(611.624)
Decrease (Increase) in Prepaid Expenses		(26.538)	32.210
Adjustments for increase (decrease) in trade accounts payable		(1.053.255)	245.487
Increase (Decrease) in Trade Accounts Payables to Related Parties		2.975	514
Increase (Decrease) in Trade Accounts Payables to Related Parties		(1.056.230)	244.973
Increase (Decrease) in Employee Benefit Liabilities		(5.591)	(7.462)
Adjustments for increase (decrease) in other operating payables		(3.646)	2.814
Increase (Decrease) in Other Operating Payables to Unrelated Parties		(3.646)	2.814
Other Adjustments for Other Increase (Decrease) in Working Capital		126.532	8.555
Decrease (Increase) in Other Assets Related with Operations		(267)	(8.105)
Increase (Decrease) in Other Payables Related with Operations		126.799	16.660
Cash Flows from (used in) Operations		**(218.146)**	**(170.686)**
Payments Related with Provisions for Employee Benefits	17	(2.841)	(5.888)
Income taxes refund (paid)	25	15.124	(4.316)

VESTEL ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS
1 JANUARY - 30 JUNE 2016 AND 2015
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Footnotes	Reviewed 1 January - 30 June 2016	Reviewed 1 January - 30 June 2015
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(313.608)**	**(536.862)**
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		-	(627)
Proceeds from sales of property, plant, equipment and intangible assets		2.526	2.441
Proceeds from sales of property, plant and equipment		2.526	2.441
Purchase of Property, Plant, Equipment and Intangible Assets		(156.052)	(180.242)
Purchase of property, plant and equipment	13	(90.205)	(120.136)
Purchase of intangible assets	14	(65.847)	(60.106)
Cash advances and loans made to other parties		(160.082)	(358.434)
Cash Advances and Loans Made to Related Parties	8	(160.082)	(358.434)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**578.987**	**817.348**
Proceeds from borrowings		1.184.436	1.451.716
Proceeds from Loans		1.184.436	1.451.716
Repayments of borrowings		(523.908)	(567.212)
Loan Repayments		(523.908)	(567.212)
Dividends Paid		(7.042)	(5.639)
Interest paid		(126.964)	(103.421)
Interest Received		52.465	41.904
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE		**59.516**	**99.596**
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(11.762)	(4.392)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**47.754**	**95.204**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	675.290	565.751
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**723.044**	**660.955**

(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. As of 30 June 2016, 35,59 % of the Company's shares are publicly traded.

As of 30 June 2016 the number of personnel employed at Group is 16.152 (31 December 2015: 15.690).

The Company's subsidiaries and associates are as follows:

Subsidiaries	Country	Nature of operations
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	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	Software
Vestel Trade Ltd.	Russia	Sales
OY Vestel Scandinavia AB	Finland	Sales
Intertechnika LLC	Russia	Service
Vestel Central Asia LLP	Kazakhstan	Sales
Vestel Ventures Ar-ge A.Ş.	Turkey	Service
Vestel Poland sp. z.o.o.	Poland	Sales

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

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

Investments accounted for using equity method	Country	Nature of operations
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 2016 in accordance with ("TAS") 34 "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. 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.

The Group's condensed interim consolidated financial statements do not include all disclosure and notes that should be included at year and 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.

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/TFRS.

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.

(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:

Period end:	30 June 2016	31 December 2015
Turkish Lira / EUR	0,3121	0,3147
Turkish Lira / GBP	0,2585	0,2325
Turkish Lira / RUB	22,302	25,246

Average:	1 January - 30 June 2016	1 January - 30 June 2015
Turkish Lira / EUR	0,3071	0,3499
Turkish Lira / GBP	0,2394	0,2568
Turkish Lira / RUB	24,116	22,450

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.

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 is 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 2016 and 31 December 2015, 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 2015: 35%, 21%).

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.

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) New standards, amendments and interpretations issued and effective as of 30 June 2016 and are adopted by the Group:

- **TFRS 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.

- **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.

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

- **TAS 27, "Separate financial statements"** on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- **TFRS 10, "Consolidated financial statements" and TAS 28, "Investments in associates and joint ventures"**, effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- **TAS 1, "Presentation of financial statements"** on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, the aim of the amendment is to improve presentation and disclosure in financial reports

- **Annual improvements 2014:** Effective for annual periods beginning on or after 1 January 2016. Annual Improvements amend the following 4 standards

  - TFRS 5, 'Non-current assets held for sale and discontinued operations', changes in sales method
  - TFRS 7, 'Financial Instruments: Disclosures', with respect to TFRS 1, changes in labor contracts
  - TAS 19, 'Employee benefits', changes in discount rates
  - TAS 34, 'Interim financial reporting', changes in explanation of information

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

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

- **TFRS 15, "Revenue from contracts with customers"**, is effective for annual periods beginning on or after 1 July 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 9, "Financial instruments – classification and measurement"**, is effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- **TFRS 7, "Statement of cash flows"**, is effective from annual periods beginning on or after 1 January 2017. The improvements are part of the Board's Disclosure Initiative. The amendments require companies to provide information about changes in their financing liabilities and come as a response to requests from investors for information that helps them better understand changes in a company's debt. The amendments will help to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).

- **TFRS 12, "Income taxes"**, is effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.

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.

c) Other new standards, amendments and interpretations issued and effective as of 1 January 2016 have not been presented since they are not relevant to the operations of the Group or have insignificant impact on the financial statements.

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

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.

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.

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

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 2015 by professional independent valuer Çelen Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

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.

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

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.

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. Intangible assets 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 of 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.

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.

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.

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.

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.

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.

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.

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.

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

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. <u>Income Taxes:</u>

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 25).

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 2015 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.

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

NOTE 3 – INTERESTS IN OTHER ENTITIES

Subsidiaries:

As of 30 June 2016 and 31 December 2015 the Group's major subsidiaries are as follows:

	30 June 2016		31 December 2015	
Consolidated subsidiaries	**Voting rights**	**Effective ownership**	**Voting rights**	**Effective ownership**
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	94,6	94,6	94,6	94,6
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	100	100	100	100
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	100	100	100	100
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	100	100
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 Central Asia LLP	100	100	100	100
Vestel Poland sp. z.o.o.	100	100	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:

	30 June 2016	31 December 2015
Accumulated non-controlling interests	50.457	46.785
Comprehensive income attributable to non-controlling interests	10.912	11.170

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.

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

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

Condensed balance sheet:

	30 June 2016	31 December 2015
Current assets	1.555.639	1.318.016
Non-current assets	601.502	587.096
Current liabilities	(1.024.054)	(765.123)
Non-current liabilities	(195.219)	(270.374)
Net assets	**937.868**	**869.615**

Condensed statement of comprehensive income:

	1 January - 30 June 2016	1 January - 30 June 2015
Net sales	1.429.548	1.098.353
Income / (loss) before tax	200.453	61.802
Tax benefit / (expense)	(6.949)	(6.381)
Net income / (loss) for the period	193.504	55.421
Total comprehensive income	10.912	33.911

Condensed statement of cash flows:

Operating activities:		
Changes in working capital	(170.291)	(106.316)
Net cash provided by operating activities	**88.232**	**33.463**
Investing activities:		
Net cash used in investing activities	**(151.532)**	**(42.248)**
Financing activities:		
Proceeds from bank borrowings	253.477	118.172
Repayment of bank borrowings	(135.721)	(56.159)
Other payables to related parties	(130.877)	(104.825)
Net cash (used in) / provided by financing activities	**(8.536)**	**(39.772)**
Cash and cash equivalents at the beginning of the period	88.665	163.089
Cash and cash equivalents at the end of the period	22.362	108.983

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

(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 strategical decisions.

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

Industrial segments:

	Television and electronic devices	White goods	Other	Total
1 January -30 June 2016				
Revenue	2.851.262	1.796.458	-	4.647.720
Cost of sales	(2.272.671)	(1.341.833)	-	(3.614.504)
Gross profit	578.591	454.625	-	1.033.216
Depreciation and amortization	104.416	52.875	62	157.353
1 January -30 June 2015				
Revenue	2.312.933	1.424.923	-	3.737.856
Cost of sales	(1.817.325)	(1.055.799)	-	(2.873.124)
Gross profit	495.608	369.124	-	864.732
Depreciation and amortization	92.513	56.244	132	148.889
1 April -30 June 2016				
Revenue	1.416.415	983.255	-	2.399.670
Cost of sales	(1.130.537)	(733.720)	-	(1.864.257)
Gross profit	285.878	249.535	-	535.413
Depreciation and amortization	53.481	26.402	4	79.887
1 April -30 June 2015				
Revenue	1.146.219	783.836	-	1.930.055
Cost of sales	(873.736)	(586.789)	-	(1.460.525)
Gross profit	272.483	197.047	-	469.530
Depreciation and amortization	47.124	28.978	66	76.168

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

NOTE 4 - SEGMENT REPORTING (Cont'd)

Capital expenditure

	Television and Electronical devices	White goods	Other	Total
1 January -30 June 2016	94.840	61.212	-	156.052
1 January -30 June 2015	132.606	47.385	251	180.242

Geographical segments:

Segment revenue	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Turkey	1.788.641	1.388.534	917.142	681.040
Europe	2.942.653	2.323.902	1.542.907	1.235.445
Other	283.569	261.525	146.150	142.104
Gross segment sales	5.014.863	3.973.961	2.606.199	2.058.589
Discounts (-)	(367.143)	(236.105)	(206.529)	(128.534)
Net sales	**4.647.720**	**3.737.856**	**2.399.670**	**1.930.055**

The amount of export for the period 1 January - 30 June 2016 is 3.226.222 thousand TL (1 January – 30 June 2015: 2.585427 thousand TL). Export sales are denominated in EUR, USD and other currencies as 65,6%, 30,2% and 4,2% of total exports respectively. (1 January -30 June 2015: 57,1% EUR, 42,7% USD, 0,2% 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.

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

NOTE 5– CASH AND CASH EQUIVALENTS

	30 June 2016	31 December 2015
Cash	879	964
Bank deposits		
- Demand deposits	255.786	331.496
- Time deposits	405.488	285.118
Cheques and notes	34.808	34.113
Other	26.083	23.599
Blocked deposits	53.597	52.929
Cash and cash equivalents	**776.641**	**728.219**

Effective interest rates

	30 June 2016	31 December 2015
TL	12,00%	12,07%
USD	-	0,75%

As of 30 June 2016 and 2015 the Group's time deposits have an average maturity of less than 3 months.

NOTE 6 – FINANCIAL ASSETS

		Ownership		Amount	
	Country	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Financial assets available for sale:					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	< %1	< %1	5.736	5.496
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
				5.809	5.569

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

NOTE 6 – FINANCIAL ASSETS (Cont'd)

		Ownership		Amount	
Non-consolidated subsidiaries :	**Country**	**30 June 2016**	**31 December 2015**	**30 June 2016**	**31 December 2015**
Vestel Ventures Ar-ge A.Ş.	Turkey	100%	100%	4.576	1.776
Vestel Elektronica SRL	Romania	100%	100%	1.778	1.778
Vestel Electronics Shanghai Trading Co. Ltd	China	100%	100%	288	288
Uts-United Technical Services, S.R.O	Slovakia	100%	100%	6	6
				6.648	**3.848**
Impairment of subsidiaries (-)					
Vestel Elektronica SRL				(1.778)	(1.778)
				4.870	**2.070**

NOTE 7 – FINANCIAL LIABILITIES

	30 June 2016	31 December 2015
Short term financial liabilities		
Short term bank loans	1.159.626	356.880
Short term portion of long term bank loans	1.417.654	384.106
	2.577.280	**740.986**
Long term financial liabilities		
Long term bank loans	578.004	1.720.198
	578.004	**1.720.198**

(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:

	30 June 2016			31 December 2015		
Currency	Weighted average of effective interest	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- EUR	3,82%	34.434	110.341	0,00%	-	-
- TL	13,65%	1.049.285	1.049.285	14,06%	356.880	356.880
			1.159.626			356.880

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

	30 June 2016			31 December 2015		
Currency	Weighted average of effective interest	Original currency	TL Equivalent	Weighted average of effective interest rates per annum	Original currency	TL Equivalent
- USD	4,36%	28.502	82.472	4,26%	27.595	80.234
- EUR	4,02%	88.963	285.074	3,59%	24.001	76.265
- TL	15,77%	1.050.108	1.050.108	14,39%	227.607	227.607
Short term portion			1.417.654			384.106
- USD	4,48%	84.020	243.121	4,03%	89.148	259.206
- EUR	3,24%	83.188	266.568	3,66%	152.447	484.415
- TL	15,16%	68.315	68.315	15,80%	976.577	976.577
Long term portion			578.004			1.720.198
			1.995.658			2.104.304

(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:

	30 June 2016	31 December 2015
One to two years	365.417	1.339.391
Two to three years	88.703	219.035
Three to four years	82.649	84.176
Four years and over	41.235	77.596
	578.004	1.720.198

Total amount of Group's floating bank loans is 544.502 thousand TL (31 December 2015: 499.777 thousand TL).

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

	30 June 2016	31 December 2015
6 months or less	544.502	499.777
	544.502	499.777

Fair values of short term bank borrowings are considered to approximate their carrying values due to immateriality of discounting. Fair values are determined using average effective annual interest rates. Long term bank borrowings are stated at amortized cost using effective interest rate method and their fair values are considered to approximate their carrying values since loans usually have a re-pricing period of six months.

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 2016

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

NOTE 8 – RELATED PARTY DISCLOSURES

a) Short term trade receivables from related parties

	30 June 2016	31 December 2015
UTS- United Technical Services, Spol S.R.O.	11.864	9.025
Vestel Elektronica S.R.L.	9.912	12.226
Other related parties	7.294	6.823
	29.070	28.074
Unearned interest on receivables (-)	(53)	(77)
	29.017	**27.997**

b) Short term trade payables to related parties

	30 June 2016	31 December 2015
ABH Turizm Temsilcilik ve Ticaret A.Ş.	1.503	1.487
Other related parties	6.068	3.099
	7.571	4.586
Unearned interest on payables (-)	(29)	(19)
	7.542	**4.567**

(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

	30 June 2016	31 December 2015
Zorlu Holding A.Ş.	768	9.925
Z.F.S Financial Services Ireland	11.574	12.173
Vestel Savunma Sanayi A.Ş.	15.900	9.000
	28.242	31.098

d) Other long term receivables from related parties

	30 June 2016	31 December 2015
Z.F.S Financial Services Ireland	45.871	46.093
Zorlu Holding A.Ş.	898.810	735.650
	944.681	781.743

As of 30 June 2016 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% - 6% (31 December 2015: 5% - 6%).

e) Transactions with related parties

	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Sales				
UTS- United Technical Services, Spol S.R.O.	6.026	3.799	2.775	1.801
Zorlu Yapı Yatırım A.Ş	1.505	830	813	105
Vestel Electronica S.R.L.	7.152	2.768	5.942	1.024
Other related parties	5.002	6.718	3.417	4.669
	19.685	14.115	12.947	7.599

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

NOTE 8 – RELATED PARTY DISCLOSURES (Cont'd)

	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Operating expenses				
ABH Turizm Temsilcilik ve Ticaret A.Ş.	15.258	10.616	6.141	5.709
Other related parties	16.627	11.742	7.703	6.316
	31.885	**22.358**	**13.844**	**12.025**
Other income from operating activities				
Other related parties	1.040	5.873	423	2.183
	1.040	**5.873**	**423**	**2.183**
Other operating expense				
Other related parties	119	276	58	153
	119	**276**	**58**	**153**
Financial income				
Z.F.S Financial Services Ireland	1.452	15.305	(171)	591
Zorlu Holding A.Ş.	33.224	157.599	17.531	54.359
	34.676	**172.904**	**17.360**	**54.950**
Financial expense				
Z.F.S Financial Services Ireland	-	4.932	(2.385)	(2.383)
Zorlu Holding A.Ş.	15.447	3.212	(9.968)	(1.225)
	15.447	**8.144**	**(12.353)**	**(3.608)**
Dividend paid				
Other related parties	7.042	5.639	7.042	5.639
	7.042	**5.639**	**7.042**	**5.639**

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 three months period ended 30 June 2016 is 17.715 thousand TL (1 January -30 June 2015: 17.446 thousand TL).

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

NOTE 9 – TRADE RECEIVABLES AND PAYABLES

	30 June 2016	31 December 2015
Short term trade receivables		
Trade receivables		
- Related parties (note 8)	29.070	28.074
- Other parties	2.362.727	2.348.116
Cheques and notes receivables	533.987	447.126
Other	61.832	73.897
	2.987.616	2.897.213
Unearned interest expense (-)		
- Related parties (note 8)	(53)	(77)
- Other parties	(29.496)	(26.887)
Allowance for doubtful receivables (-)	(91.214)	(102.883)
Total short term trade receivables	**2.866.853**	**2.767.366**
Long term trade receivables		
Receivables from other parties	115.296	112.190
Cheques and notes receivables	109.648	32.691
Unearned interest expense (-)	(11.181)	(4.698)
Total long term trade receivables	**213.763**	**140.183**

The Group provides allowance for doubtful receivables based on historical experience.

	1 January - 30 June 2016	1 January - 30 June 2015
Opening balance, 01 January	102.883	89.062
Current year additions	9.041	12.672
Doubtful receivables written-off	(20.991)	-
Currency translation differences	281	(2.557)
Balance at 30 June	**91.214**	**99.177**

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

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

	30 June 2016	31 December 2015
Short term trade payables		
Trade payables		
- Related parties (note 8)	7.571	4.586
- Other parties	3.479.839	4.535.334
Notes payables		
- Other parties	782	1.961
Other	27	55
	3.488.219	4.541.936
Unearned interest income (-)		
- Related parties (note 8)	(29)	(19)
- Other parties	(4.654)	(5.126)
Total short term trade payables	3.483.536	4.536.791

NOTE 10 – OTHER RECEIVABLES

	30 June 2016	31 December 2015
Short term other receivables		
VAT receivable	194.324	300.236
Receivables from related parties (note 8)	28.242	31.098
Deposits and guarantees given	33.221	32.101
Other	96.233	95.482
	352.020	458.917
Allowance for doubtful receivables (-)	(89.376)	(89.376)
	262.644	369.541

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

NOTE 10 – OTHER RECEIVABLES (Cont'd)

	30 June 2016	31 December 2015
Long term other receivables		
Deposits and guarantees given	16.970	16.692
Receivables from related parties (note 8)	944.681	781.743
Other	8.308	8.308
	969.959	806.743
Allowance for doubtful receivables (-)	(8.278)	(8.278)
	961.681	**798.465**

The Group provides allowance for doubtful receivables.

NOTE 11 – INVENTORIES

	30 June 2016	31 December 2015
Raw materials	749.203	950.509
Work in process	127.540	213.177
Finished goods	840.886	946.071
Merchandise	134.969	109.825
Other	1.117	1.361
	1.853.715	2.220.943
Provision for impairment on inventories (-)	(20.440)	(17.938)
	1.833.275	**2.203.005**

(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 2016 is 3.134.941 thousand TL (2015: 2.535.294 thousand TL)

As of 30 June 2016 the Group does not have inventories pledged as security for liabilities (31 December 2015: None).

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

	30 June 2016	31 December 2015
Raw materials	9.252	8.851
Finished goods and merchandise	11.188	9.087
	20.440	**17.938**

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

	1 January - 30 June 2016	1 January - 30 June 2015
Opening balance, 1 January	**17.938**	**23.448**
Current year additions	10.782	13.658
Realised due to sale of inventory	(9.087)	(11.011)
Currency translation differences	807	991
Balance at 30 June	**20.440**	**27.086**

NOTE 12 – PREPAID EXPENSES

	30 June 2016	31 December 2015
Prepaid expenses in current assets		
Order advances given	15.715	17.537
Prepaid expenses	36.522	34.377
Business advances given	1.631	798
	53.868	**52.712**
Prepaid expenses in non-current assets		
Advances given for fixed asset purchases	16.064	6.371
Prepaid expenses	1.734	1.169
	17.798	**7.540**

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

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2016	Additions	Disposals	Currency translation differences	Transfers	30 June 2016
Cost or revaluation						
Land	223.359	-	-	803	-	224.162
Land improvements	58.609	13	-	978	-	59.600
Buildings	624.996	2.320	-	12.388	960	640.664
Leasehold improvements	130.534	2.793	(90)	13	-	133.250
Plant and machinery	1.699.568	66.838	(1.180)	7.373	3.626	1.776.225
Motor vehicles	5.516	23	(95)	31	-	5.475
Furniture and fixtures	297.112	10.802	(784)	350	114	307.594
Other tangible assets	849	-	-	-	-	849
Construction in progress	5.670	7.416	-	-	(4.700)	8.386
	3.046.213	**90.205**	**(2.149)**	**21.936**	**-**	**3.156.205**
Accumulated depreciation						
Land improvements	-	1.196	-	189	-	1.385
Buildings	-	9.871	-	2.401	-	12.272
Leasehold improvements	103.490	4.650	(60)	6	-	108.086
Plant and machinery	1.202.180	85.849	(1.057)	5.004	-	1.291.976
Motor vehicles	4.096	450	(69)	31	-	4.508
Furniture and fixtures	206.936	15.022	(665)	304	-	221.597
Other tangible assets	845	-	-	-	-	845
	1.517.547	**117.038**	**(1.851)**	**7.935**	**-**	**1.640.669**
Net book value	**1.528.666**					**1.515.536**

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

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

	1 January 2015	Additions	Disposals	Currency translation	Transfers	30 June 2015
Cost						
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
	2.727.476	120.136	(23.333)	38.032	(3.241)	2.859.070
Accumulated depreciation						
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
	1.362.389	118.043	(21.788)	13.597	(385)	1.471.856
Net book value	1.365.087					1.387.214

(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 2016 mainly consist of machinery and equipment investments made to television and electronic devices factory, first and second refrigerator, and washing machine, cooker and dishwasher factories.

As of 30 June 2016 the Group does not have property, plant and equipment pledged (2015: None).

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

	Useful life
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:

	1 January - 30 June 2016	1 January - 30 June 2015
Cost of sales	90.154	92.155
Research and development expenses	43.802	35.978
Marketing, selling and distribution expenses	14.112	12.537
General administrative expenses	7.519	6.694
Other operating expense (idle capacity depreciation expense)	1.766	1.525
	157.353	**148.889**

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

NOTE 14 – INTANGIBLE ASSETS

	1 January 2016	Additions	Disposals	Currency translation differences	Transfers	30 June 2016
Cost						
Rights	61.858	1.224	(100)	20	-	63.002
Development cost	566.290	54.314	(907)	-	-	619.697
Other intangible assets	91.227	10.309	-	14	-	101.550
	719.375	**65.847**	**(1.007)**	**34**	**-**	**784.249**
Accumulated amortization						
Rights	40.451	1.456	(47)	20	-	41.880
Development cost	271.885	37.070	-	-	-	308.955
Other intangible assets	62.070	1.789	-	5	-	63.864
	374.406	**40.315**	**(47)**	**25**	**-**	**414.699**
Net book value	**344.969**					**369.550**

	1 January 2015	Additions	Disposals	Currency translation differences	Transfers	30 June 2015
Cost						
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
	590.043	**60.106**	**(61)**	**159**	**1.025**	**651.272**
Accumulated amortization						
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
	305.607	**32.153**	**(13)**	**144**	**-**	**337.891**
Net book value	**284.436**					**313.381**

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

NOTE 14 – INTANGIBLE ASSETS (Cont'd)

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 are as follows:

	Useful life
Rights	2 - 15 years
Development cost	2 - 10 years
Other intangible assets	2 - 15 years

NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	30 June 2016	31 December 2015
Short term provisions		
Warranty and assembly provision	124.184	112.730
Other provisions	69.025	66.812
Provision for lawsuit risks	26.711	25.896
	219.920	**205.438**
Long term provisions		
Warranty and assembly provision	**40.242**	**33.148**

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

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

As of 30 June 2016 and 2015 movements of warranty and assembly provisions are as follows:

	1 January - 30 June 2016	1 January - 30 June 2015
Opening balance, 1 January	**145.878**	**108.190**
Current year additions	142.821	109.806
Provisions no longer required	(124.273)	(94.849)
Balance at 30 June	**164.426**	**123.147**

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. The regulation will not have a significant impact on the consolidated financial statements of the Group as of 30 June 2016.

c) Guarantees received by the Group

Guarantee letters, collaterals, cheques and notes received

	30 June 2016	31 December 2015
Guarantee letters	291.915	250.396
Cheques and notes	89.706	76.039
Collaterals and pledges	977.326	865.728
	1.358.947	**1.192.163**

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 loans utilized.

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

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

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

CPM's given by the Group	USD ('000)	EUR ('000)	TL	TL Equivalent
30 June 2016				
A. CPM's given on behalf of its own legal entity	3.937	24.849	130.594	221.612
B. CPM's given on behalf of fully consolidated subsidiaries (*)	2.274.417	327.957	2.500.754	10.132.912
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	40.801	-	34.533	152.595
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.	40.801	-	34.533	152.595
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**2.319.155**	**352.806**	**2.665.881**	**10.507.119**

(*) 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

(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
31 December 2015				
A. CPM's given on behalf of its own legal entity	7.694	36.399	71.314	209.347
B. CPM's given on behalf of fully consolidated subsidiaries	2.262.988	349.206	2.461.378	10.150.879
C. CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	72.691	-	91.954	303.310
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.	72.691	-	91.954	303.310
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C.	-	-	-	-
Total	**2.343.373**	**385.605**	**2.624.646**	**10.663.536**

The Group has blocked deposit of 52.300 thousand TL in favor of its subsidiary (31 December 2015: 52.300 thousand TL). As of 30 June 2016 proportion of other CPM's given by the Group to its equity is 9% (31 December 2015: 19%).

NOTE 16 – COMMITMENTS

As of the balance sheet date the Group has committed to realize exports amounting to 940.139 thousand USD (31 December 2015: 749.894 thousand USD) due to the export and investment incentive certificates obtained.

As of 30 June 2016 the Group has forward foreign currency purchase contract that amounts to 1.876.846 thousand USD, 177.337 thousand EUR, 152.006 thousand GBP, 2.483 thousand CHF, 3.502 thousand RON, 15.211 thousand PLN and 318.983 thousand TL against forward foreign currency sales contract that amounts to 374.583 thousand USD, 847.346 thousand EUR, 161.696 thousand GBP, 2.913 thousand CHF, 615.000 thousand RUB, 3.501 thousand RON, 20.366 thousand PLN and 2.398.766 thousand TL (31 December 2015: 822.012 thousand USD, 326.894 thousand EUR, 11.614 thousand GBP, 1.620 thousand CHF and 856.846 thousand TL against forward foreign currency sales contract that amounts to 566.810 thousand USD, 567.557 thousand EUR, 39.097 thousand GBP, 2.297 thousand CHF, 9.930 thousand RUB, 3.193 thousand RON, 5.573 thousand PLN and 600.614 thousand TL).

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

NOTE 17 – EMPLOYEE BENEFITS

Liabilities for employee benefits:

	30 June 2016	31 December 2015
Due to personnel	42.342	48.015
Social security payables	19.073	18.991
	61.415	**67.006**

Long term provisions for employee benefits:

	30 June 2016	31 December 2015
Provision for employment termination benefits	**70.181**	**68.311**

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 4.092,53 TL/year as of 30 June 2016 (31 December 2015: 3.828,37 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 2016, 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 2016 provision is calculated based on real discount rate of %4,48 (31 December 2015: 4,48%) assuming 6% annual inflation rate and 10,75% discount rate.

(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 2016	1 January - 30 June 2015
Balance at 1 January	**68.311**	**73.768**
Increase during the year	1.699	11.462
Payments during the year	(2.841)	(5.888)
Actuarial (gain) /loss	1.300	797
Interest expense	1.712	1.489
Balance at 30 June	**70.181**	**81.628**

NOTE 18 – OTHER ASSETS AND LIABILITIES

	30 June 2016	31 December 2015
Other current assets		
VAT carried forward	34.535	16.597
Other	16.779	11.117
	51.314	**27.714**
Other non - current assets		
Assets held for sale	9.047	11.224
	9.047	**11.224**
Other current liabilities		
Advances received	192.579	134.081
Taxes and dues payable	96.317	46.637
Other	73.887	55.266
	362.783	**235.984**

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

NOTE 19 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in capital

	30 June 2016	31 December 2015
Shares of par value Kr 1 each		
Limit on registered share capital	1.000.000	1.000.000
Issued share capital	335.456	335.456

As of 30 June 2016 and 31 December 2015 the shareholding structures are as follows:

	Shareholding %		Amount	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
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
	100%	100%	335.456	335.456

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 2016	31 December 2015
Adjustments to share capital	688.315	688.315

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

NOTE 19 – 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.

	30 June 2016	31 December 2015
Share premium	**103.165**	**103.165**

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	**28.314**	**28.314**

e) Revaluation reserve

Fair value gains on financial assets	2.244	2052
Revaluation of property, plant and equipment	568.341	574.004
	570.585	**576.056**

f) Accumulated deficit

Extraordinary reserves	415.036	415.036
Previous year's loss	(696.728)	(762.011)
Other inflation adjustment of share capital	119.718	119.718
	(161.974)	**(227.257)**

NOTE 19 – 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.

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

NOTE 20 – SALES

	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Domestic sales	1.788.641	1.388.534	917.142	681.040
Overseas sales	3.226.222	2.585.427	1.689.057	1.377.549
Gross sales	**5.014.863**	**3.973.961**	**2.606.199**	**2.058.589**
Sales discounts (-)	(367.143)	(236.105)	(206.529)	(128.534)
Net sales	**4.647.720**	**3.737.856**	**2.399.670**	**1.930.055**
Cost of sales	(3.614.504)	(2.873.124)	(1.864.257)	(1.460.525)
Gross profit	**1.033.216**	**864.732**	**535.413**	**469.530**

NOTE 21 – EXPENSES BY NATURE

	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Raw materials, supplies and finished goods	2.969.263	2.786.789	1.631.364	1.587.370
Changes in finished goods, work in process, trade goods	165.678	(251.495)	(43.543)	(302.683)
Personnel expenses	371.029	290.450	192.483	152.013
Depreciation and amortization	155.587	147.364	78.453	74.975
Warranty and assembly expenses	142.821	109.806	87.881	63.409
Transportation expenses	96.332	88.578	48.151	50.218
Advertising expenses	35.405	45.612	19.791	25.100
Other	422.310	263.741	264.779	148.299
	4.358.425	3.480.845	2.279.359	1.798.701

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

NOTE 22 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) General administrative expenses:

	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Personnel expenses	41.384	36.338	18.428	15.626
Depreciation and amortization	7.519	6.694	3.848	3.405
Other	52.622	50.814	31.530	31.544
	101.525	93.846	53.806	50.575

b) Marketing expenses:

	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Personnel expenses	86.100	68.273	49.142	37.075
Depreciation and amortization	14.112	12.537	7.137	6.414
Other	473.136	368.563	266.629	206.613
	573.348	449.373	322.908	250.102

c) Research and development expenses:

	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Personnel expenses	11.647	14.755	5.373	9.504
Depreciation and amortization	43.802	35.978	22.117	18.749
Other	13.599	13.769	10.898	9.246
	69.048	64.502	38.388	37.499

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

NOTE 23 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Credit finance gains arising from trading activities	57.669	52.878	29.736	16.070
Foreign exchange gains arising from trading activities	124.266	171.820	(13.025)	92.066
Reversals of provisions	4.817	141	3.285	141
Other income	34.734	30.929	19.296	14.739
	221.486	255.768	39.292	123.016

b) Other expense from operating activities:

	1 January - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2016	1 April - 30 June 2015
Debit finance charges arising from trading activities	62.327	32.236	31.381	16.424
Foreign exchange expenses arising from trading activities	86.233	324.974	36.399	76.912
Provision expenses	13.313	16.784	6.945	2.803
Other expenses	27.056	29.852	14.076	16.375
	188.929	403.846	88.801	112.514

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

NOTE 24 – FINANCIAL EXPENSE AND FINANCIAL INCOME

a) Financial expense:

	1 January - 30 June 2016	1 January - 30 June 2015	1 January - 30 June 2016	1 January - 30 June 2015
Foreign exchange gains	46.986	176.481	27.909	35.804
Gains on derivative financial instruments	226.634	383.546	168.413	201.996
Interest income	52.465	41.904	28.471	39.543
	326.085	601.931	224.793	277.343

b) Financial income:

Foreign exchange losses	68.210	242.755	19.421	71.447
Losses on derivative financial instruments	223.897	374.731	112.990	232.649
Interest and commision expense	163.150	131.806	88.679	78.371
Other finance expenses	1.215	1.536	670	923
	456.472	750.828	221.760	383.390

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

NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 June 2016	31 December 2015
Corporation and income taxes	11.468	13.861
Prepaid taxes (-)	(7.962)	(36.947)
Current income tax liabilities - net	**3.506**	**(23.086)**
Deferred tax liabilities	(73.282)	(81.512)
Deferred tax assets	52.985	51.725

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.

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

NOTE 25 – 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% (2015: 20%). Under the Russian Federation taxation system, tax losses can be carried forward to be offset against future taxable income for up to ten years. There are no restrictions on the amounts subject to net off. On the other hand, tax, currency and customs legislations are subject to various interpretations and changes which can occurs frequently in Russian Federation. Management's interpretation for such legislation, which is applied to the Company's operations and activities, can be interpreted by regional and federal authorities in different ways. The events of the recent past in Russian Federation, shows that risk could be possible on approval of operations and activities, which approved in the past may not be approved in the future as a result of reviews by the tax authorities on legislation. According to a review by the tax inspection authorities, without exceptional circumstances, tax inspection covers three years prior to the final inspection. Under certain circumstances, such views may cover longer periods.

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

As of 1 January - 30 June 2016 and 2015 tax benefit in the consolidated statement of income is as follows:

	1 January - 30 June 2016	1 January - 30 June 2015
Current period tax expense	(15.153)	(14.023)
Deferred tax benefit	10.687	24.644
Total tax (expense) / benefit	**(4.466)**	**10.621**

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

NOTE 25 – 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 2015:%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 2016	31 December 2015	30 June 2016	31 December 2015
Deferred tax assets				
Employment termination benefits	(67.353)	(66.678)	13.471	13.336
Warranty provision	(107.105)	(91.090)	21.421	18.218
Provision for doubtful receivables	(142.085)	(157.975)	28.417	31.595
Unearned interest expense	(42.105)	(29.070)	8.421	5.814
Provision for impairment on inventories	(9.245)	(7.930)	1.849	1.586
Derivative financial instruments	-	(51.570)	-	10.314
Carryforward tax losses	(61.385)	(84.765)	12.277	16.953
Other	(120.775)	(101.010)	24.155	20.202
			110.011	**118.018**
Deferred tax liabilites				
Income accruals of derivative transactions	53.092	63.310	(10.610)	(12.662)
Useful life and valuation differences on property, plant and equipment and intangible assets	67.835	83.240	(13.567)	(16.648)
Revaluation of tangible fixed assets	684.717	691.875	(105.015)	(106.446)
Other	5.580	60.245	(1.116)	(12.049)
			(130.308)	**(147.805)**
Deferred tax assets / (liabilites) - net			**(20.297)**	**(29.787)**

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

NOTE 25 – TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

	30 June 2016	31 December 2015
Subsidiares with net deferred tax liabilities	(73.282)	(81.512)
Subsidiares with net deferred tax assets	52.985	51.725

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

	1 January - 30 June 2016	1 January - 30 June 2015
Opening balance, 1 January	**(29.787)**	**(15.667)**
Tax benefit recognized in income statement	10.687	24.644
Recognized in shareholders' equity	(1.336)	9.631
Currency translation differences	139	(1.979)
Deferred tax (liabilities) / assets at the end of the period, net	**(20.297)**	**16.629**

NOTE 26 – EARNINGS / (LOSS) PER SHARE

	1 January - 30 June 2016	1 January - 30 June 2015
Net (loss) / income attributable to equity holders of the parent	176.389	(32.455)
Weighted number of ordinary shares with a Kr 1 of face value (thousand shares)	33.546.000	33.546.000
	0,53	**(0,10)**

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

NOTE 27 – DERIVATIVE INSTRUMENTS

	30 June 2016		31 December 2015	
	Contract amount	Fair Value Assets / (Liabilities)	Contract amount	Fair Value Assets / (Liabilities)
<u>Derivative financial assets:</u>				
Held for trading				
Forward foreign currency transactions	2.071.879	75.366	1.873.939	36.707
Cash flow hedge				
Forward foreign currency transactions	1.686.036	42.365	1.365.068	37.596
<u>Derivative financial liabilities:</u>				
Held for trading				
Forward foreign currency transactions	2.834.099	(62.061)	999.840	(11.367)
Cross foreign currency swap transactions	-	-	90.000	(49.564)
Cash flow hedge				
Forward foreign currency transactions	334.974	(2.578)	101.487	(344)
	6.926.988	**53.092**	**4.430.334**	**13.028**

NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) 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.

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

NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

30 June 2016	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	191.642	324.049	131.859	1.724.777
2a. Monetary financial assets (including cash and cash equivalents)	34.777	8.563	12.491	140.561
2b. Non-monetary financial assets	-	-	-	-
3. Other	5.055	-	1.943	16.570
4. Current assets (1+2+3)	**231.474**	**332.612**	**146.293**	**1.881.908**
5. Trade receivables	28.799	-	-	83.333
6a. Monetary financial assets	326.567	-	-	944.954
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	57	-	183
8. Non-current assets (5+6+7)	**355.366**	**57**	**-**	**1.028.470**
9. Total assets (4+8)	**586.840**	**332.669**	**146.293**	**2.910.378**
10. Trade payables	1.071.689	76.722	13.380	3.360.267
11. Financial liabilities	28.502	123.398	-	477.887
12a. Other monetary liabilities	-	-	11.993	11.993
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**1.100.191**	**200.120**	**25.373**	**3.850.147**
14. Trade payables	-	-	-	-
15. Financial liabilities	84.020	83.188	-	509.689
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**84.020**	**83.188**	**-**	**509.689**
18. Total liabilities (13+17)	**1.184.211**	**283.308**	**25.373**	**4.359.836**
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	**1.502.263**	**(670.009)**	**(70.049)**	**2.129.922**
19a. Hedged total assets	1.876.846	177.337	608.925	6.608.025
19b. Hedged total liabilities	(374.583)	(847.346)	(678.974)	(4.478.103)
20. Net foreign currency asset/ (liability) position (9-18+19)	**904.892**	**(620.648)**	**50.871**	**680.464**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(602.426)**	**49.304**	**118.977**	**(1.466.211)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**53.092**
23. Export	293.767	572.276	119.390	3.226.222
24. Import	629.696	91.845	780	2.137.298

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

NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

31 December 2015	USD	EUR	Other (TL Equivalent)	TL Equivalent
1. Trade receivables	304.014	371.904	141.381	2.207.094
2a. Monetary financial assets (including cash and cash equivalents)	62.421	1.517	22.258	208.574
2b. Non-monetary financial assets	-	-	-	-
3. Other	7.625	68	1.094	23.481
4. Current assets (1+2+3)	**374.060**	**373.489**	**164.733**	**2.439.149**
5. Trade receivables	27.896	-	-	81.110
6a. Monetary financial assets	268.950	-	-	782.183
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	58	-	-
8. Non-current assets (5+6+7)	**296.846**	**58**	**-**	**863.293**
9. Total assets (4+8)	**670.906**	**373.547**	**164.733**	**3.302.442**
10. Trade payables	1.394.498	68.737	16.362	4.289.423
11. Financial liabilities	27.595	24.001	-	156.499
12a. Other monetary liabilities	3	-	739	748
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	**1.422.096**	**92.738**	**17.101**	**4.446.670**
14. Trade payables	-	-	-	-
15. Financial liabilities	89.148	152.447	-	743.621
16a. Other monetary liabilities	-	490	-	1.557
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	**89.148**	**152.937**	**-**	**745.178**
18. Total liabilities (13+17)	**1.511.243**	**245.675**	**17.101**	**5.191.848**
19. Off-balance sheet derivative instruments net asset / (liability) position (19a+19b)	**255.202**	**(240.663)**	**(126.945)**	**(149.651)**
19a. Hedged total assets	822.012	326.894	54.692	3.483.512
19b. Hedged total liabilities	(566.810)	(567.557)	(181.637)	(3.633.163)
20. Net foreign currency asset/ (liability) position (9-18+19)	**(585.135)**	**(112.791)**	**20.687**	**(2.039.057)**
21. Net foreign currency monetary asset/ (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(847.962)**	**127.746**	**146.538**	**(1.912.887)**
22. Fair value of financial instruments used in foreign currency hedging	**-**	**-**	**-**	**13.028**
23. Export	967.941	1.065.707	92.509	6.372.317
24. Import	1.764.449	192.145	1.087	5.380.363

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

NOTE 28 – FINANCIAL INTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

As of 30 June 2016 and 31 December 2015 sensitivity analysis of foreign exchange rates is presented in below tables. Secured portions include impact of off-balance sheet derivative instruments.

	Gain / Loss		Equity	
30 June 2016	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(174.318)	174.318	(174.318)	174.318
Secured portion from USD risk (-)	261.148	(261.148)	401.702	(401.702)
USD net effect	**86.830**	**(86.830)**	**227.384**	**(227.384)**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	15.799	(15.799)	15.799	(15.799)
Secured portion from EUR risk (-)	(80.356)	80.356	(214.945)	214.945
EUR net effect	**(64.557)**	**64.557**	**(199.146)**	**199.146**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	11.898	(11.898)	11.898	(11.898)
Secured portion from other currency risk (-)	(8.628)	8.628	(8.628)	8.628
Other currency net effect	**3.270**	**(3.270)**	**3.270**	**(3.270)**

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

NOTE 28 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

	Gain / Loss		Equity	
31 December 2015	**Foreign exchange appreciation**	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
+/- 10% fluctuation of USD rate:				
USD net asset / liability	(246.554)	246.554	(246.554)	246.554
Secured portion from USD risk (-)	(10.924)	10.924	78.237	(78.237)
USD net effect	**(257.478)**	**257.478**	**(168.317)**	**168.317**
+/- 10% fluctuation of EUR rate:				
EUR net asset / liability	40.593	(40.593)	40.593	(40.593)
Secured portion from EUR risk (-)	(519)	519	(81.399)	81.399
EUR net effect	**40.074**	**(40.074)**	**(40.806)**	**40.806**
+/- 10% fluctuation of other currency rates:				
Other currencies net asset / liability	14.654	(14.654)	14.654	(14.654)
Secured portion from other currency risk (-)	(11.188)	11.188	(11.188)	11.188
Other currency net effect	**3.466**	**(3.466)**	**3.466**	**(3.466)**