

**VESTEL ELEKTRONİK SANAYİ VE
TİCARET ANONİM ŞİRKETİ
CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS AT
30 JUNE 2009 TOGETHER WITH
AUDITOR'S REVIEW REPORT**

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying statement of condensed interim consolidated financial position of Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiaries listed under note 1 as of 30 June 2009, and the related condensed interim consolidated statements of income, comprehensive income, condensed interim changes in equity and condensed interim cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

EREN Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Member Firm of Grant Thornton International

Aykut Halit
Partner

İstanbul, 04 September 2009

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
STATEMENT OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL POSITION
AT 30.06.2009 AND 31.12.2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

Assets	Note	30.06.2009	31.12.2008
Current assets			
Cash and cash equivalents	7	236.352	343.148
Financial assets held for trading	10	88.495	--
Trade receivables			
-Related parties	18	12.856	13.931
-Third parties		1.114.906	1.134.135
Inventories		904.170	786.513
Other assets			
-Related parties	18	3.767	3.058
-Third parties		160.435	192.348
Total current assets		2.520.981	2.473.133
Non-current assets			
Trade receivables		1.357	1.349
Financial assets available-for-sale	10	1.500	794
Property, plant and equipment	8	964.973	1.016.997
Intangible assets	9	351.242	349.872
Other assets		22.876	23.790
Deferred tax asset		72.542	65.818
Total non-current assets		1.414.490	1.458.620
Total assets		3.935.471	3.931.753

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
STATEMENT OF CONDENSED
INTERIM CONSOLIDATED FINANCIAL POSITION
AT 30.06.2009 AND 31.12.2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

Liabilities and equity	Note	30.06.2009	31.12.2008
Current liabilities			
Borrowings			
- Bank borrowings	11	421.872	305.971
- Finance lease liabilities		1.092	923
Trade payables			
-Related parties	18	2.411	5.120
-Third parties		1.659.855	1.990.067
Taxation on income		13.257	587
Provisions	12	116.841	99.753
Other liabilities		149.543	108.626
Total current liabilities		2.364.871	2.511.047
Non-current liabilities			
Borrowings			
- Bank borrowings	11	393.008	405.362
- Finance lease liabilities		1.469	1.538
Trade payables		6.873	1.351
Employee termination benefits		17.644	17.883
Provisions	12	13.046	12.617
Other liabilities		7.738	63
Deferred tax liability		52.576	62.409
Total non-current liabilities		492.354	501.223
Equity			
Equity attributable to owners of the parent:			
Share capital	13	753.218	593.218
Translation reserve		8.234	17.695
General reserves		168.494	172.196
Equity attributable to owners of the parent		929.946	783.109
Minority interest		148.300	136.374
Total equity		1.078.246	919.483
Commitments and contingencies	14		
Total liabilities and equity		3.935.471	3.931.753

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTH PERIODS ENDED 30.06.2009 AND 2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

	Note	01.01.- 30.06.2009	01.01.- 30.06.2008	01.04.- 30.06.2009	01.04.- 30.06.2008
Revenue		1.920.733	2.121.432	1.061.699	1.102.015
Cost of sales		(1.500.100)	(1.705.444)	(815.989)	(961.983)
Gross profit		420.633	415.988	245.710	140.032
Warranty expenses		(22.440)	(21.920)	(9.979)	(7.340)
Research expenses		(22.607)	(11.961)	(9.487)	(6.791)
Selling expenses		(119.999)	(196.191)	(35.321)	(89.046)
General and administrative expenses		(86.119)	(86.355)	(49.668)	(52.845)
Other income		27.523	23.871	7.454	13.008
Other expense		(12.012)	(12.075)	(2.015)	(8.881)
Operating profit		184.979	111.357	146.694	(11.863)
Financing income	16	341.981	488.346	127.588	124.951
Financing expense	16	(520.490)	(665.366)	(159.955)	(60.293)
Profit / (loss) before taxation		6.470	(65.663)	114.327	52.795
Taxation charge					
Current		(15.703)	(13.535)	(12.548)	(8.687)
Deferred		18.324	4.340	12.600	(352)
Taxation on income		2.621	(9.195)	52	(9.039)
Net profit for the period		9.091	(74.858)	114.379	43.756
Net profit (loss) attributable to:					
Equity holders of the Company		1.180	(83.430)	109.287	35.477
Minority interest		7.911	8.572	5.092	8.279
		9.091	(74.858)	114.379	43.756
Basic and fully diluted earnings per share (TL, full)	5	0,00	(0,00)	0,00	0,00

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
CONDENSED INTERIM CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIODS ENDED 30.06.2009 AND 2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

Note	01.01.- 30.06.2009	01.01.- 30.06.2008	01.04.- 30.06.2009	01.04.- 30.06.2008
Profit (loss) for the period	9.091	(74.858)	114.379	43.756
Available-for-sale financial assets	707	145	720	305
Translation difference	(9.448)	299	(19.780)	(9.603)
Other comprehensive income (expense)	(8.741)	444	(19.060)	(9.298)
Total comprehensive income (expense) for the period	350	(74.414)	95.319	34.458
Net profit (loss) attributable to:				
Equity holders of the Company	(7.574)	(82.739)	90.014	26.247
Minority interest	7.924	8.325	5.305	8.211
	350	(74.414)	95.319	34.458

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
CONDENSED INTERIM CONSOLIDATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIODS ENDED 30.06.2009 AND 2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

	Share capital	Translation reserve	General reserves	Total attributable to owners of parent	Minority interest	Total equity
Balance at 01.01.2008	576.862	23.724	600.980	1.201.566	142.788	1.344.354
Change in minority interest	--	--	--	--	(144)	(144)
Dividends paid	--	--	--	--	(14.095)	(14.095)
Transactions with owners	576.862	23.724	600.980	1.201.566	128.549	1.330.115
Net income (loss) for the period	--	--	(83.430)	(83.430)	8.572	(74.858)
Other comprehensive income:						
Translation differences	--	546	--	546	(247)	299
Change in fair value of financial investments	--	--	145	145	--	145
Total comprehensive income for the period	--	546	(83.285)	(82.739)	8.325	(74.414)
Balance at 30.06.2008	576.862	24.270	517.695	1.118.827	136.874	1.255.701
Balance at 01.01.2009	593.218	17.695	172.196	783.109	136.374	919.483
Cash increase in share capital	160.000	--	--	160.000	--	160.000
Change in minority interest	--	--	(5.589)	(5.589)	5.589	--
Dividends paid	--	--	--	--	(1.587)	(1.587)
Transactions with owners	753.218	17.695	166.607	937.520	140.376	1.077.896
Net income for the period	--	--	1.180	1.180	7.911	9.091
Other comprehensive income:						
Translation differences	--	(9.461)	--	(9.461)	13	(9.448)
Change in fair value of financial investments	--	--	707	707	--	707
Total comprehensive income for the period	--	(9.461)	1.887	(7.574)	7.924	350
Balance at 30.06.2009	753.218	8.234	168.494	929.946	148.300	1.078.246

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
CONDENSED INTERIM
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX MONTH PERIODS ENDED 30.06.2009 AND 2008

(All amounts in thousands Turkish Lira ("TL") unless indicated otherwise.)

	Note	01.01.- 30.06.2009	01.01.- 30.06.2008
Profit (loss) before taxation		6.470	(65.663)
Adjustment to reconcile loss before taxation to net cash provided from operating activities:	17	161.428	151.717
Operating profit before changes in working capital		167.898	86.054
Changes in operating assets and liabilities	17	(352.178)	149.052
Taxes paid		(6.008)	(15.653)
Net cash provided by (used in) operating activities		(190.288)	219.453
Cash flows from investing activities			
Change in held for trading investments		(91.806)	(63.674)
Purchases of property, plant and equipment		(33.050)	(56.731)
Purchases of intangible assets		(22.480)	(28.047)
Proceeds from sale of property, plant and equipment		5.158	1.433
Net cash used in investing activities		(142.178)	(147.019)
Cash flows from financing activities			
Cash increase in share capital		160.000	--
Proceeds from borrowings		563.403	366.886
Repayment of borrowings		(477.175)	(357.845)
Interest received		13.825	18.785
Interest paid		(39.349)	(24.636)
Dividends paid		(1.587)	(14.095)
Net cash provided by (used in) financing activities		219.117	(10.905)
Translation differences		(2.174)	(12.370)
Net increase (decrease) in cash and cash equivalents		(115.523)	49.159
Cash and cash equivalents at beginning of year		342.951	512.130
Cash and cash equivalents at end of period		227.428	561.289

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

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30.06.2009

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

1. ORGANISATION AND NATURE OF ACTIVITIES

Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi (the “Company” or “Vestel Elektronik”) was founded in March 1983 under the name of Ferguson Elektronik Sanayi ve Ticaret A.Ş. under the Turkish Commercial Code and was registered in İstanbul, Turkey. The name was changed to Star Elektronik Sanayi ve Ticaret A.Ş. during the same year. In April 1984 Polly Peck Group acquired the Company and changed its name to Vestel Elektronik Sanayi ve Ticaret Anonim Şirketi which has been its current name. In 1990 18% of the Company’s shares were issued to the public at the İstanbul Stock Exchange. The Company has been operating under the Foreign Capital regulations in Turkey since July 1985. In 1991 Polly Peck Group transferred all of its shares to one of its subsidiaries named Collar Holding BV based in the Netherlands and in the same year, following the collapse of the Polly Peck Group, the Company was placed in administration. In November 1994 Ahmet Nazif Zorlu acquired the Company from the administrator of the Polly Peck Group by buying the entire share capital of Collar Holding BV which at the time held 82% of the Company’s issued share capital.

The registered office address of the Company is located at Ambarlı, Petrol Ofisi Dolum Tesisleri Yolu, Zorlu Plaza, Avcılar / İstanbul- Turkey

The consolidated financial statements for the year ended 30 June 2009 (including comparatives) were approved by the board of directors on 28.08.2009.

For the purpose of the consolidated financial statements, the Company and its consolidated subsidiaries are referred to as the “Group”.

Nature of activities of the Group

The Group is organized into three product divisions given below;

A. Television production:

Vestel Elektronik Sanayi ve Ticaret A.Ş.

The Company is mainly engaged in the production of colour televisions. The Company’s production facilities are located in Manisa industrial site (Aegean Region, Turkey). As of the balance sheet date, production capacity for colour televisions was 11.000.000 (2008: 14.000.000) units per year respectively.

B. Refrigerator, air conditioning units, washing machines and cookers

Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş. (“Vestel White”)

Vestel White started working actively in 1999 and has been engaged in the production of refrigerators, room air conditioning units, washing machines and cookers. Vestel White’s production facilities are located in Manisa industrial site (Aegean Region, Turkey). As of the balance sheet date, production capacity for refrigerators, room air conditioning units, washing machines, cooker and dishwasher unit was 3.200.000, 600.000, 2.200.000, 1.250.000 and 500.000 (2008: 3.700.000, 600.000, 2.700.000, 1.250.000 and 500.000) units per year respectively.

Vestel CIS

During 2005, Vestel CIS commenced construction of white goods production facilities and started production by end of 2005.

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30.06.2009

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

C. Digital Devices

Vestel Komünikasyon Sanayi ve Ticaret A.Ş. (“Vestel Kom”)

Vestel Kom is engaged in the production of electronic devices. Vestel Kom’s production facilities are primarily located in İzmir Aegean free zone industrial site.

Vestel Dijital Üretim Sanayi A.Ş. (“Vestel Dijital”)

Vestel Dijital is engaged in the production of electronic devices. Vestel Dijital’s production facilities are located in Manisa industrial site. As of the balance sheet date, production capacity for digital devices, computer and panel was 4.000.000 (2008: 11.260.000) units per year.

Vestel Elektronik has always exercised effective control over the management of each of the companies included in the group consolidation.

Consolidated company	Location	31.12.2009		31.12.2008	
		Ownership interest	Economic interest	Ownership interest	Economic interest
Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.	Turkey	72,6	72,6	72,6	72,6
Vestel Komünikasyon Sanayi ve Ticaret A.Ş.	Turkey	99,4	99,3	99,4	99,3
Vestel Dış Ticaret A.Ş.	Turkey	99,7	99,7	99,7	99,7
Vestel Dayanıklı Tüketim Malları Pazarlama A.Ş.	Turkey	100,0	100,0	100,0	100,0
Vestel CIS Ltd.	Russia	100,0	100,0	100,0	100,0
Deksar Multimedya ve Telekomünikasyon A.Ş.	Turkey	99,9	99,9	99,9	99,9
Vestel Savunma Sanayi A.Ş.	Turkey	30,0	29,9	30,0	29,9
Aydın Yazılım Elektronik ve Sanayi A.Ş.	Turkey	60,0	18,0	60,0	18,0
Vestel Iberia SL	Spain	100,0	99,7	100,0	99,7
Vestel France SA	France	99,9	99,5	99,9	99,5
Vestel Italy SRL	Italy	100,0	99,7	100,0	99,7
Vestel Holland BV	Holland	100,0	99,7	100,0	99,7
Vestel Germany GmbH	Germany	100,0	99,7	100,0	99,7
Cabot Communications Ltd.	UK	90,8	90,9	90,8	90,9
Vestel Benelux BV	Holland	100,0	99,7	51,0	50,8
Vestel UK Ltd.	UK	100,0	99,7	100,0	99,7
Cabot İzmir Donanım Sanayi ve Ticaret A.Ş.	Turkey	58,0	52,7	58,0	52,7
Vestel Dijital Üretim Sanayi A.Ş.	Turkey	99,8	99,3	99,8	99,3
Electronics Outlet SRL	Italy	100,0	99,7	100,0	99,7
Vestek Elektronik Araştırma Geliştirme A.Ş.	Turkey	94,0	94,0	94,0	94,0
Vestel Trade Ltd.	Russia	100,0	100,0	100,0	100,0
Birim Bilgi Teknolojileri Ticaret A.Ş.	Turkey	45,0	45,0	45,0	45,0
OY Vestel Scandinavia AB	Finland	100,0	99,7	100,0	99,7
Deksarnet Telekomünikasyon A.Ş.	Turkey	99,9	99,9	99,9	99,9
Intertechnika LLC	Russia	99,9	99,9	99,9	99,9

Vestel Savunma Sanayi A.Ş., Aydın Yazılım Elektronik Sanayi ve Ticaret A.Ş. and Birim Bilgi Teknolojileri Ticaret A.Ş. with group shares of respectively 29,9%, 18% and 45% are consolidated because they are under the effective control and management of the Group.

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30.06.2009

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Basis of preparations

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as developed and published by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost convention, other than financial assets which are stated at fair value.

The Company, which is quoted at the İstanbul Stock Exchange, maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code, accounting policies prescribed by the Turkish Capital Markets Board and tax legislation and since 1994 has adopted the Uniform Chart of Accounts issued by the Ministry of Finance (collectively “Turkish Practices”). Its subsidiaries which are incorporated in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the regulations of the countries in which they operate. The financial statements of overseas subsidiaries are converted into Turkish Lira (TL) by closing rate method. The consolidated financial statements have been prepared from statutory financial statements of the Company and its subsidiaries and presented in Turkish Lira (TL) with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. Such adjustments mainly comprise deferred taxation, employee termination benefits, fixed assets and borrowing costs, receivables, interest expense accruals on bank loans.

The entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, “Interim Financial Reporting”. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with International Financial Reporting Standards.

2.2 Measurement currency and reporting currency

According to the law numbered 5083 related to the currency of Republic of Turkey and the decision of the Council of Ministers dated 04.04.2007 numbered 2007/11963 the expression of “new” has been cancelled on New Turkish Lira and New Kurush effective from 01.01.2009. After this conversion 1 New Turkish Lira is held equal to 1 Turkish Lira and 1 New Kurush is held equal to 1 Kurush (Kr). All laws, legislations, administrative and legal transactions, court decisions, commercial papers and all kind of documents referencing New Turkish Lira will be considered in Turkish Lira with the conversion rate mentioned above. Beginning from 01.01.2009, in the presentation of financial statements New Turkish Lira has been replaced by Turkish Lira. In the attached financial statements, this conversion has been made retrospectively for convenience purposes.

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30.06.2009

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

(a) New standards, amendments and interpretations effective in January 2009:

- IFRIC 9 “Reassessment of embedded derivatives”
- IFRIC 13, “Customer loyalty programmes”
- IFRIC 14, “IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”
- IFRIC 15, “Agreements for construction of real estates”
- IFRIC 16, “Hedges of a net investment in a foreign operation”
- IAS 1 (Revised), “Presentation of financial statements”
- IAS 8 “Accounting policies, changes in accounting estimates and errors”
- IAS 10 “Events after the reporting period”
- IAS 16 “Property, plant and equipment”
- IAS 18 “Revenue”
- IAS 19 (Revised), “Employee benefits”
- IAS 20 “Accounting for government grants and disclosure of government assistance”
- IAS 23 (Amendment), “Borrowing costs”, Capitalisation of Borrowing Costs
- IAS 27 (Revised), “Consolidated and separate financial statements”
- IAS 28 (Amendment), “Investments in associates”
- IAS 29 “Financial reporting in hyperinflationary economies”
- IAS 31 (Amendment), “Interests in joint ventures”
- IAS 32 “Financial instruments: Presentation”, Puttable financial instruments and obligation arising on liquidation
- IAS 34 “Interim financial reporting”
- IAS 36 (Amendment), “Impairment of assets”
- IAS 38 (Amendment), “Intangible assets”
- IAS 39 (Amendment), “Financial instruments: Recognition and measurement”
- IAS 40 “Investment property”
- IAS 41 (Revised) “Agriculture”
- IFRS 1 (Amendment), “First time adoption of IFRS”
- IFRS 2 (Amendment), “Share-based payment”
- IFRS 5 (Amendment), “Non-current assets held-for-sale and discontinued operations”
- IFRS 7 (Amendment), “Financial instruments: Disclosure”
- IFRS 8 “Operating segments”

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30.06.2009

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

(b) Interpretations effective in July 2009 but not early adopted by the Company:

- IAS 27 (Revised), “Consolidated and separate financial statements”
- IAS 28 (Amendment), “Investments in associates”
- IAS 31 (Amendment), “Interests in joint ventures”
- IAS 39 (Amendment), “Financial instruments: Recognition and measurement”
- IFRS 3 “Business combinations”
- IFRS 1 (Amendment), “First time adoption of IFRS”
- IFRS 5 (Amendment), “Non-current assets held-for-sale and discontinued operations”
- IFRIC 17 “Distributions of non-cash assets to owners”
- IFRIC 18 “Transfers of assets from customers”

(c) Amendments in IFRSs

- IFRS 2, “Share-based payment”
- IFRS 5, “Non-current assets held-for-sale and discontinued operations”
- IFRS 8, “Operating segments”
- IAS 1 (Revised), “Presentation of financial statements”
- IAS 7, “Statement of cash flows”
- IAS 17, “Leases”
- IAS 18, “Revenue”
- IAS 36 (Amendment), “Impairment of assets”
- IAS 38 (Amendment), “Intangible assets”
- IAS 39 (Amendment), “Financial instruments: Recognition and measurement”
- IFRIC 9 “Reassessment of embedded derivatives”
- IFRIC 16, “Hedges of a net investment in a foreign operation”

Management of the Company anticipates that all of the pronouncements detailed in (a), (b) and (c) above will be adopted in the Company’s accounting policy for the first period beginning after the effective date of the pronouncement. Management of the Company has decided that these new standards and interpretations have been issued but are not expected to have a material impact on the Company’s financial statements.

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30.06.2009

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial information for the period ended 30 June 2009 has been prepared in accordance with IAS 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRS.

New accounting policies about financial assets held for trading which has began in 2009 is as follows:

Financial assets held for trading

Financial assets held for trading are either acquired for generating a profit from short-term fluctuations in price or dealers’ margin, or included in a portfolio in which a pattern of short-term profit making exists.

Financial assets at fair value through profit or loss are initially recognised at cost and are subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in the consolidated income statement.

4. SEASONALITY

White goods segment produces washing machines, dishwashers, refrigerators , air conditioning units and cookers. Of white goods sales 55% are generated by washing machines, cookers and dishwashers which are not affected by seasonal fluctuations. However refrigerators and air conditioning units which have cooling characteristics and generate 45% of white goods sales on yearly basis are seasonally affected; during the summer months may exceed the sales in winter months by 2 to 3 times.

LCD television is the main product of the television segment and electronic appliances segment. Of the total annual sales of LCD television 35% to 40% is realised during the last quarter of the year.

5. EARNINGS PER SHARE

	01.01.- 30.06.2009	01.01.- 30.06.2008	01.04.- 30.06.2009	01.04.- 30.06.2008
Net profit attributable to shareholders	9.091	(74.858)	114.379	43.756
Weighted average number of ordinary shares in issue('000)	23.645.075	17.545.628	23.645.075	17.545.628
Basic and fully diluted earnings per share (TL, full)	0,00	(0,00)	0,00	0,00

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6. SEGMENT INFORMATION

The Group is currently organized into two major production divisions. The basis on which the Group reports its primary segment information is as follows:

Television and electronic devices: Produced by Vestel Elektronik Sanayi ve Ticaret A.Ş. (Manisa/Turkey).
Produced by Vestel Komünikasyon Sanayi ve Ticaret A.Ş. (Izmir/Turkey).
Produced by Vestel Dijital Üretim Sanayi A.Ş.. (Manisa/Turkey).

White goods : Produced by Vestel Beyaz Eşya Sanayi ve Ticaret A.Ş.(Manisa/Turkey).
Produced by Vestel CIS (Vladimir Region/Russia)

The segment results for the period ended 30.06.2009 are as follows:

	Television and electronic devices	White goods	Other	Total
Revenue	1.198.163	664.661	57.909	1.920.733
Cost of sales	(914.690)	(536.064)	(49.346)	(1.500.100)
Gross profit	283.473	128.597	8.563	420.633

Other segment items included in the income statement:

Depreciation	42.438	28.315	7.424	78.177
Amortisation	10.201	4.478	5.647	20.326
	52.639	32.793	13.071	98.503

The segment results for the period ended 30.06.2008 are as follows:

Revenue	1.257.568	809.696	54.168	2.121.432
Cost of sales	(1.042.770)	(612.442)	(50.232)	(1.705.444)
Gross profit	214.798	197.254	3.936	415.988

Other segment items included in the income statement:

Depreciation	46.178	25.562	4.872	76.612
Amortisation	6.359	2.574	2.868	11.801
	52.537	28.136	7.740	88.413

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The segment assets and liabilities as of the balance sheet dates and capital expenditure for the year then ended are as follows:

	Television and electronic devices	White goods	Other	Total
30.06.2009				
Trade receivables	882.475	201.337	45.307	1.129.119
Inventories	544.134	354.095	5.941	904.170
Property, plant and equipment	489.455	467.047	8.471	964.973
Intangible assets	153.517	178.350	19.375	351.242
Unallocated assets				585.967
Total assets				3.935.471
Trade payables	1.335.676	326.953	6.510	1.669.139
Unallocated liabilities				1.188.086
Total liabilities				2.857.225
01.01.-30.06.2009				
Capital expenditure	33.595	13.457	8.478	55.530
31.12.2008				
Trade receivables	910.342	203.857	35.216	1.149.415
Inventories	435.464	345.881	5.168	786.513
Property, plant and equipment	495.053	512.189	9.755	1.016.997
Intangible assets	153.499	179.823	16.550	349.872
Unallocated assets				628.956
Total assets				3.931.753
Trade payables	1.498.926	363.554	134.058	1.996.538
Unallocated liabilities				1.015.732
Total liabilities				3.012.270
01.01.-30.06.2008				
Capital expenditure	46.147	29.172	9.459	84.778

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Segment assets and liabilities are reconciled to entity assets and liabilities as follows:

	30.06.2009		31.12.2008	
	Assets	Liabilities	Assets	Liabilities
Cash and cash equivalents	236.352	--	343.148	--
Financial assets held for trading	88.495	--	--	--
Deferred tax	72.542	52.576	65.818	62.409
Other assets	187.078	--	219.196	--
Financial assets available-for-sale	1.500	--	794	--
Current tax	--	13.257	--	587
Current borrowings	--	422.964	--	306.894
Non-current borrowings	--	394.477	--	406.900
Employee termination benefits	--	17.644	--	17.883
Provisions	--	129.887	--	112.370
Other liabilities	--	157.281	--	108.689
	585.967	1.188.086	628.956	1.015.732

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Geographical segments:

Segment assets			30.06.2009	31.12.2008
Turkey			2.824.900	2.601.381
Europe			885.105	981.371
Russia			225.466	349.001
			3.935.471	3.931.753
Revenue	01.01.- 30.06.2009	01.01.- 30.06.2008	01.04.- 30.06.2009	01.04.- 30.06.2008
Turkey	550.462	629.934	333.560	336.484
Europe	1.291.528	1.428.623	669.332	724.150
Rest of the world	154.611	139.419	96.738	74.651
			1.996.601	2.197.976
Sales discounts (-)	(75.868)	(76.544)	(37.931)	(33.270)
			1.920.733	2.121.432
			1.061.699	1.102.015
Capital expenditure on property plant and equipment and intangible assets				
Turkey	52.444	82.572	23.532	46.888
Europe	1.418	663	1.043	28
Russia	1.668	1.543	1.587	1.538
			55.530	84.778
			26.162	48.454
Depreciation and amortisation charge				
Turkey	91.641	84.544	39.070	44.638
Europe	2.292	682	1.902	276
Russia	4.570	3.187	2.083	1.549
			98.503	88.413
			43.055	46.463

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7. CASH AND CASH EQUIVALENTS

	30.06.2009	31.12.2008
Cash at bank and in hand	80.031	158.403
Time deposits	149.568	181.843
Other	6.753	2.902
Cash and cash equivalents	236.352	343.148
Bank overdrafts (-)	(8.924)	(197)
Cash and cash equivalents presented in cash flow statement	227.428	342.951

Time deposit accounts mature in July 2009 (31.12.2008: January 2009).

8. PROPERTY, PLANT AND EQUIPMENT

The amount of property, plant and equipment purchased during the six month period ended 30.06.2009 amounts to TL 33.050 (30.06. 2008 – TL 56.731).

The cost of property, plant and equipment sold during the six month period ended 30.06.2009 amounts to TL 3.301 (30.06.2008 – TL 15.831).

Leased assets included in the table above comprise plant and machinery amounting to TL 18.548 (31.12.2008: TL 21.394) net of accumulated depreciation. Leased assets are pledged as security for the related finance lease obligations.

9. INTANGIBLE ASSETS

The amount of intangible assets purchased during the six month period ended 30.06.2009 amounts to TL 22.480 (30.06. 2008 – TL 28.047).

The cost of intangible assets sold during the six month period ended 30.06.2009 amounts to TL 1.253.

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10. FINANCIAL ASSETS

				30.06.2009	31.12.2008
<hr/>					
Financial assets available-for-trading				88.495	--
<hr/>					
Financial assets Available-for-sale					
Unconsolidated investments				35	35
Other investments				1.465	759
				1.500	794
<hr/>					
Entity	Country	Share %		Amount	
		30.06.2009	31.12.2008	30.06.2009	31.12.2008
Vestpro Electronics SA	Romania	52%	52%	301	301
Vestel USA Inc.	USA	100%	100%	233	233
Vestel Elektronika S.R.L.	Romania	100%	100%	19	19
Vestel India	India	100%	100%	10	10
Uts-United Technical Services, S.R.O	Slovakia	60%	60%	6	6
				569	569
Allowance for diminution in value (-)					
Vestpro Electronics SA				(301)	(301)
Vestel USA Inc.				(233)	(233)
				35	35
<hr/>					
Other investments					
Zorlu Enerji Elektrik Üretim A.Ş.	Turkey	Less than 1%	Less than 1%	1.390	684
Tursoft A.Ş.	Turkey	7%	7%	13	13
Zorlu Endüstriyel Enerji A.Ş.	Turkey	1%	1%	50	50
İzmir Teknoloji Geliştirme A.Ş.	Turkey	5%	5%	12	12
				1.465	759
<hr/>					

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11. BORROWINGS

	Current		Non-current	
	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
30.06.2009				
Turkish Lira bank loans		41.508		--
Foreign currency bank loans				
-USD ('000)	176.464	270.007	218.579	334.448
-EUR ('000)	51.403	110.357	27.277	58.560
		421.872		393.008
31.12.2008				
Turkish Lira bank loans		1.967	--	--
Foreign currency bank loans				
-USD ('000)	106.834	161.565	220.467	333.413
-EUR ('000)	66.535	142.439	33.608	71.949
		305.971		405.362

Summary maturity schedule of total borrowings is given below:

	30.06.2009	31.12.2008
Due in one year	421.872	305.971
One to two years	163.088	61.184
Two to three years	213.649	31.192
Three to four years	5.940	299.288
Four to five years	4.762	5.111
Over five years	5.569	8.587
	814.880	711.333

Letters of guarantee and notes amounting to TL 41.034 (EUR 5.750 thousand and USD 18.750 thousand) have been given as collateral for Turkish Eximbank and other credits (31.12.2008: TL 32.893 (EUR 15.365 thousand)).

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12. PROVISION FOR EXPENSES

	30.06.2009	31.12.2008
Current		
Warranty provision	61.614	56.018
Expense accruals	27.467	43.735
Provision for forward exchange contracts	27.760	--
	116.841	99.753
Non-current		
Warranty provision	13.046	12.617

Movement of provisions is as follows:

	Warranty provision	Expense accruals	Provision for forward exchange contracts	Total
Opening balance, 01.01.2009	68.635	43.735	--	112.370
Additions	44.999	27.467	27.760	100.226
Disposals	(38.974)	(43.735)	--	(82.709)
Closing balance, 30.06.2009	74.660	27.467	27.760	129.887

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13. SHARE CAPITAL

The authorised share capital of the Company comprised 44.000.000.000 shares of par value Kr 1 each at 30.06.2009 and 31.12.2008.

As of 30.06.2009 the issued and paid up share capital of the Company comprised 33.545.627.500 shares (2008: 17.545.627.500) of par value Kr 1 each.

As a result of raising the share capital of the Company from TL 175.456 to TL 335.456 the newly issued shares with total nominal value of TL 160.000 have been purchased by Collar Holding B.V. at a price of TL 1. - for each share of nominal value TL 1 - through restricting the pre-emption rights of existing shareholders. The purchase was made on 20.04.2009 and was brokered through Deniz Yatırım Menkul Değerler A.Ş..

The Group’s new capital structure is as follows:

	As of 31.12.2008		Cash	As of 30.06.2009	
	before share capital increase			after share capital Increase	
	Shareholding %	Shareholding amount	increase	Shareholding %	Shareholding amount
Collar Holding B.V.	51,62%	90.566	160.000	74,69%	250.566
Other shareholders	48,38%	84.890	--	25,31%	84.890
	100,00%	175.456	160.000	100,00%	335.456
Inflation adjustment of share capital		417.762			417.762
		593.218			753.218

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14. COMMITMENTS AND CONTINGENCIES

	30.06.2009	31.12.2008
Contingent assets		
Guarantees received	65.328	111.601
Security bond obtained from suppliers	31.691	33.456
Mortgaged and guarantees received	697.946	698.233
Contingent liabilities		
Postponed VAT and Special Consumption Tax on export sales	113.501	67.890
Export commitments	356.198	713.996
Letters of guarantee for Turkish Eximbank credits	74.111	29.992
Letters of guarantee for customs and state authorities	38.251	42.179
Other letters of guarantee given	167.457	154.075
Guarantees given for the Group companies	1.041.377	1.048.606
Guarantees given for credits	23.438	2.408

a) Included among the court cases started by the group are receivables totalling TL 24.746 and tax claim of TL 1.027 which have been provided for in full. In addition a provision of TL 3.702 has been set aside in respect of court cases opened against the group.

b) A lawsuit has been initiated against the Group by a company engaged in the production of household appliances in respect of a patent certificate for a minor component used in refrigerators. The Group has initiated a counter lawsuit with a claim to cancel the patent certificate from the related registry and invalidity of the same. The lawsuit is still pending and at the stage of expert evaluation. No amount has been provided in respect of this lawsuit.

c) Total obligation of the Group related to operational lease agreements amounted to TL 7.107 (31.12.2008: TL 2.351) per year.

d) As of 30.06.2009, the Group has entered in a forward exchange contracts amounting to USD 391.098 thousand and EUR 1.599 thousand (31.12.2008: EUR 6.400 thousand and USD 236.726 thousand) on a fixed amount GBP 15.400 thousand and EUR 176.109 thousand (31.12.2008: GBP 12.671 thousand and EUR 156.580 thousand).

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15. NATURE OF EXPENSES

Nature of expenses consists of cost of sales, warranty, research, selling, general and administrative expenses.

	01.01.- 30.06.2009	01.01.- 30.06.2008	01.04.- 30.06.2009	01.04.- 30.06.2008
Direct materials and merchandises expenses	1.377.224	1.409.363	820.608	716.259
Changes in semi-finished goods and finished goods	(84.631)	44.339	(114.834)	91.893
Employee and sub-contracted personnel cost	125.618	181.079	63.063	106.800
Depreciation and amortization	94.124	88.413	41.043	46.463
Freight and freight insurance	27.721	46.918	12.008	27.108
Warranty, installation and service cost	39.587	61.920	17.063	29.340
Advertising expenses	14.123	15.020	7.691	7.966
Sales commission expenses	24.090	41.783	6.032	16.203
Office expenses	10.789	14.666	4.327	9.354
Licence and royalty expenses	14.025	15.218	8.167	7.606
Outsourcing expenses	8.184	5.934	3.026	3.179
Energy expenses	10.871	9.625	6.290	4.780
Rent expenses	8.814	9.819	5.596	3.171
Consulting expenses	5.919	5.819	3.642	3.202
Insurance expenses	7.506	4.220	4.983	2.696
Doubtful debts provision expense	6.971	3.518	(2.755)	(1.341)
Repair and maintenance expenses	3.873	3.861	2.473	1.777
Other expenses	56.457	60.356	32.021	41.549
	1.751.265	2.021.871	920.444	1.118.005

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16. FINANCING INCOME AND FINANCING EXPENSE

	01.01.- 30.06.2009	01.01.- 30.06.2008	01.04.- 30.06.2009	01.04.- 30.06.2008
Foreign exchange gain	292.054	449.173	134.479	115.869
Fair value gains on forward exchange contracts	1.690	--	(13.339)	--
Bank and other interest income	21.236	18.785	5.442	10.676
Unearned interest on payables	27.001	20.388	1.006	(1.594)
Financing income	341.981	488.346	127.588	124.951
Foreign exchange loss	359.803	563.958	66.281	21.681
Fair value losses on forward exchange contracts	35.828	--	35.828	--
Fair value losses on financial assets held for trading	3.311	--	3.311	--
Bank loans interest expense	47.619	35.869	23.400	15.905
Letters of credit expenses	28.710	27.972	19.864	15.293
Finance lease interest expense	422	40	318	23
Factoring expenses	7.077	3.886	4.006	2.401
Bank commission expenses	4.857	3.640	2.658	1.915
Unearned interest on receivables	24.503	26.285	625	1.374
Other	8.360	3.716	3.664	1.701
Financing expense	520.490	665.366	159.955	60.293

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17. SUPPLEMENTARY CASH FLOW INFORMATION

	01.01.- 30.06.2009	01.01.- 30.06.2008
Adjustment to reconcile income before tax to net cash provided from operating activities:		
Depreciation of property, plant and equipment	78.177	76.612
Amortisation of intangible assets	20.326	11.801
Profit on sale of property, plant and equipment	(3.384)	(652)
Loss on sale of property, plant and equipment	447	475
Provision for employee termination benefits	4.928	6.241
Provision for held for trading	3.311	--
Provision for doubtful receivables	6.971	2.433
Interest expense	48.041	35.869
Interest income	(13.825)	(18.785)
Warranty provision	6.025	5.297
Unearned interest on receivables	(7.773)	5.219
Unearned interest on payables	27	195
Provision for diminution in value of inventories	6.665	1.899
Provision for expense accruals	11.492	25.113
	161.428	151.717
Depreciation and amortization expense charged to:		
Cost of sales	66.084	65.891
Selling, general and administrative expenses	28.040	22.522
Other expense	4.379	--
	98.503	88.413
Changes in operating assets and liabilities:		
Trade receivables	21.098	118.715
Inventories	(124.322)	101.184
Other assets	35.048	17.751
Trade payables	(327.426)	(55.113)
Other liabilities	43.424	(33.485)
	(352.178)	149.052

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18. RELATED PARTY DISCLOSURE

These comprised the following:

a) The significant balances with related parties at year end are shown below:

Related party	Trade receivables	Other assets	Trade payables
2009			
Zorpet Petrogaz, Petrol, Gaz ve Petrokimya A.Ş. (*)	--	--	304
Teds International (**)	--	327	--
L-3 Communications Investments (**)	1.280	--	1.667
Vestel Elektronica S.R.L.	2.355	382	197
UTS-United Technical Services, Spol.S.R.O	5.611	--	--
Vkom-Birim-Dataset Joint Venture	1.699	1.067	--
Other related parties	3.010	1.991	974
	13.955	3.767	3.142
Unearned interest on receivables	(1.099)	--	(731)
	12.856	3.767	2.411
2008			
Zorpet Petrogaz, Petrol, Gaz ve Petrokimya A.Ş. (*)	--	--	366
Teds International (**)	--	327	--
L-3 Communications Investments (**)	666	--	1.628
Vestel Elektronica S.R.L.	4.800	--	--
UTS-United Technical Services, Spol.S.R.O	4.068	--	--
Vkom-Birim-Dataset Joint Venture (***)	1.314	1.926	--
Other related parties	3.083	805	3.126
	13.931	3.058	5.120

* Zorpet Petrogaz, Petrol, Gaz ve Petrokimya A.Ş. and “other related parties” are companies controlled by Zorlu Holding A.Ş..

** Teds International and L-3 Communications Investments are third party minority shareholders in subsidiary companies of the Group.

*** Vkom-Birim-Dataset Joint Venture was established for National Health Project by Birim Bilgi İşlem, Dataset and Vestel Kom.

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b) Sales to and operating expenses from related parties are summarized below:

	01.01.- 30.06.2009	01.01.- 30.06.2008	01.04.- 30.06.2009	01.04.- 30.06.2008
Sales				
Zorpet Petrogaz, Petrol, Gaz ve Petrokimya A.Ş.	17	198	17	187
Vestel Elektronica S.R.L.	185	3.865	70	3.865
UTS- United Technical Services, Spol S.R.O.	4.822	4.625	2.747	4.625
L-3 Communications Investments	112	5.012	112	5.012
Other	1.610	390	1.575	177
	6.746	14.090	4.521	13.866
Operating expense				
Deniz Destek Oto Alım Satım Kiralama Temizlik Hizmetleri ve İnşaat A.Ş.	423	21	161	11
Other	827	801	641	500
	1.250	822	802	511

Deniz Destek Oto Alım Satım Kiralama Temizlik Hizmetleri ve İnşaat A.Ş. is a company controlled by the majority shareholder of Vestel Elektronik.

For the six month period ended 30.06.2009, key personnel salaries and other short term benefits amounted to 5.604 TL (30.06.2008: 6.619 TL).

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19. FOREIGN CURRENCY POSITION

The net currency position of the Group as of the balance sheet dates are shown below:

	USD	EUR	Other currencies TL equivalent	TL equivalent
30.06.2009				
Cash and cash equivalents	46.403	58.085	10.438	206.142
Financial assets held for trading	57.836	--	--	88.495
Trade receivables	201.741	214.794	53.922	823.747
Inventories	69.389	68.598	54.631	308.076
Other receivables	3.040	9.326	52	24.725
Total foreign currency assets	378.409	350.803	119.043	1.451.185
Current bank borrowings	176.464	51.403	--	380.365
Current finance lease liabilities	413	41	--	720
Non-current bank borrowings	218.579	27.277	--	393.009
Non-current finance lease liabilities	567	51	--	977
Trade payables	737.277	150.027	13.409	1.463.610
Other liabilities	17.079	9.368	48	46.293
Total foreign currency liabilities	1.150.379	238.167	13.457	2.284.974
Net foreign currency position	(771.970)	112.636	105.586	(833.789)
Derivatives				
Assets	391.098	1.599	--	601.852
Liabilities	--	(176.109)	(38.919)	(417.007)
	(380.872)	(61.874)	66.667	(648.944)

VESTEL ELEKTRONİK SANAYİ VE TİCARET A.Ş.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30.06.2009

(All amounts in thousands of Turkish Lira (“TL”) unless indicated otherwise.)

	USD	EUR	Other currencies TL equivalent	TL equivalent
31.12.2008				
Cash and cash equivalents	136.867	50.195	8.585	323.026
Trade receivables	185.725	183.230	18.790	691.921
Inventories	32.137	16.180	381	83.620
Other receivables	3.423	10.442	256	27.787
Total foreign currency assets	358.152	260.047	28.012	1.126.354
Current bank borrowings	106.834	66.535	--	304.004
Current finance lease liabilities	396	43	--	692
Non-current bank borrowings	220.467	33.608	--	405.362
Non-current finance lease liabilities	777	--	--	1.175
Trade payables	1.074.708	106.419	11.926	1.865.029
Advance received	4.123	2.644	--	11.895
Other liabilities	22.210	7.686	78	50.120
Total foreign currency liabilities	1.429.515	216.935	12.004	2.638.277
Net foreign currency position	(1.071.363)	43.112	16.008	(1.511.923)
Derivatives				
Assets	236.726	6.400	--	371.702
Liabilities	--	(156.580)	(12.671)	(347.877)
	(834.637)	(107.068)	3.337	(1.488.098)

On basis of the above an increase of 1% in the foreign exchange rates against the Turkish Lira as of 30.06.2009 will amount to a loss of TL 8.338 (2008: TL 15.119) and a decrease will amount to profit of the same amount.