

ARÇELİK ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2008
TOGETHER WITH AUDITOR'S REVIEW REPORT**

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2008

CONTENTS	PAGE
CONDENSED CONSOLIDATED BALANCE SHEETS	1-2
CONDENSED CONSOLIDATED INCOME STATEMENTS	3
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	6-40
NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS.....	6-7
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS.....	8-10
NOTE 3 BUSINESS COMBINATIONS.....	11-12
NOTE 4 INTEREST IN JOINT VENTURES	13
NOTE 5 SEGMENT REPORTING.....	13-16
NOTE 6 CASH AND CASH EQUIVALENTS.....	16
NOTE 7 FINANCIAL LIABILITIES.....	17-18
NOTE 8 TRADE RECEIVABLES AND PAYABLES.....	18-19
NOTE 9 INVENTORIES	20
NOTE 10 FINANCIAL ASSETS	20-21
NOTE 11 ASSOCIATES.....	22
NOTE 12 INVESTMENT PROPERTY	23
NOTE 13 PROPERTY, PLANT AND EQUIPMENT	24-25
NOTE 14 INTANGIBLE ASSETS	26
NOTE 15 GOODWILL	26
NOTE 16 TAX ASSETS AND LIABILITIES	27-28
NOTE 17 PROVISIONS.....	29
NOTE 18 OTHER ASSETS AND LIABILITIES	29-30
NOTE 19 SHAREHOLDERS' EQUITY	30-33
NOTE 20 OTHER INCOME AND EXPENSES.....	33
NOTE 21 FINANCIAL INCOME AND EXPENSES.....	34
NOTE 22 CONTINGENT ASSETS AND LIABILITIES.....	34
NOTE 23 EARNINGS PER SHARE	35
NOTE 24 RELATED PARTY TRANSACTIONS.....	35-37
NOTE 25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	37-40
NOTE 26 SUPPLEMENTARY CASH FLOW INFORMATION	40
NOTE 27 SUBSEQUENT EVENTS.....	40

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2008 AND 31 DECEMBER 2007

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

	Notes	30 June 2008	31 December 2007
ASSETS			
Current assets			
Cash and cash equivalents	6	193.353	302.492
Trade receivables	8	2.820.828	2.442.566
Inventories	9	1.232.823	1.105.872
Other current assets	18	280.158	289.795
Total current assets		4.527.162	4.140.725
Non-current assets			
Trade receivables	8	17.064	18.144
Financial assets	10	725.286	813.852
Associates	11	129.661	111.129
Investment property	12	7.924	3.463
Property, plant and equipment	13	1.221.864	1.206.050
Intangible assets	14	361.101	176.247
Goodwill	15	13.466	3.377
Deferred tax assets	16	59.320	53.812
Total non-current assets		2.535.686	2.386.074
Total assets		7.062.848	6.526.799

These condensed interim consolidated financial statements as at and for the period ended 30 June 2008 have been approved for issue by the Board of Directors on 8 August 2008 and signed on its behalf by Fatih Kemal Ebiçlioğlu, Finance and Accounting Assistant General Manager and by Ali Tayyar, Accounting Director.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

AT 30 JUNE 2008 AND 31 DECEMBER 2007

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

	Notes	30 June 2008	31 December 2007
<i>Restated</i>			
LIABILITIES			
Current liabilities			
Financial liabilities	7	2.210.733	2.076.459
Other payables		115.703	95.447
Trade payables	8	821.687	660.740
Current income tax liabilities	16	12.233	4.741
Provisions	17	199.226	187.430
Other current liabilities	18	193.292	132.337
Total current liabilities		3.552.874	3.157.154
Non-current liabilities			
Financial liabilities	7	1.029.155	995.872
Trade payables	8	61.202	60.038
Provisions for employee benefits		60.580	56.155
Deferred tax liabilities	16	79.754	54.494
Provisions	17	59.464	52.258
Other non-current liabilities	18	18.306	5.098
Total non-current liabilities		1.308.461	1.223.915
Total liabilities		4.861.335	4.381.069
Shareholders' Equity			
Share capital	19	399.960	399.960
Adjustment to share capital	19	468.811	468.811
Share premium		96	96
Revaluation fund	19	390.927	440.749
Translation reserve		18.093	(16.585)
Restricted reserves	19	157.713	142.973
Prior years' income		560.561	523.684
Net income for the period		134.911	157.765
Attributable to			
Equity holders of the parent		2.131.072	2.117.453
Minority interest		70.441	28.277
Total shareholders' equity		2.201.513	2.145.730
Total liabilities and shareholders' equity		7.062.848	6.526.799

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX - MONTH PERIODS ENDED 30 JUNE

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

	Notes	1 January - 30 June 2008	<i>Restated</i> 1 January - 30 June 2007	1 April - 30 June 2008	<i>Restated</i> 1 April - 30 June 2007
Net sales		3.338.316	3.412.601	1.803.003	1.776.926
Cost of sales		(2.395.440)	(2.495.606)	(1.251.501)	(1.335.467)
Gross profit		942.876	916.995	551.502	441.459
Selling and marketing expenses		(504.655)	(464.100)	(290.820)	(254.122)
General administrative expenses		(161.155)	(152.347)	(85.064)	(79.850)
Research and development expenses		(22.185)	(15.005)	(10.933)	(4.407)
Other income	20	16.873	24.293	2.863	12.700
Other expenses	20	(14.026)	(23.886)	(10.524)	(17.990)
Operating profit		257.728	285.950	157.024	97.790
Income from associates	11	18.532	9.912	9.415	5.507
Financial income	21	412.339	184.163	152.293	99.757
Financial expenses	21	(544.820)	(342.565)	(232.147)	(159.349)
Income before tax		143.779	137.460	86.585	43.705
Income tax expense					
- Taxes on income	16	(33.295)	(38.890)	(23.737)	(17.478)
- Deferred tax income	16	14.490	7.747	9.935	1.845
Net income		124.974	106.317	72.783	28.072
Attributable to:					
Minority interest		(9.937)	(1.185)	(6.795)	536
Equity holders of the parent		134.911	107.502	79.578	27.536
Earnings per share (TRY)	23	0,34	0,27	0,20	0,07

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH - PERIODS ENDED 30 JUNE 2008 AND 2007

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

	Share capital	Adjustment to share capital	Share premium	Revaluation funds	Translation differences	Restricted reserves	Prior years' income	Net income	Minority interest	Total shareholders' equity
Balances at 1 January 2007	399.960	468.811	96	330.845	15.421	107.492	456.875	324.147	32.890	2.136.537
Transfers	-	-	-	-	-	-	324.147	(324.147)	-	-
Dividends paid	-	-	-	-	-	35.481	(235.461)	-	-	(199.980)
Financial assets fair value gain	-	-	-	78.905	-	-	-	-	-	78.905
Translation differences	-	-	-	-	(3.450)	-	-	-	(384)	(3.834)
Net income	-	-	-	-	-	-	-	107.502	(1.185)	106.317
Balances at 30 June 2007	399.960	468.811	96	409.750	11.971	142.973	545.561	107.502	31.321	2.117.945
Balances at 1 January 2008	399.960	468.811	96	440.749	(16.585)	142.973	523.684	157.765	28.277	2.145.730
Capital increase	-	-	-	-	-	-	-	-	33.184	33.184
Transfers	-	-	-	-	-	-	157.765	(157.765)	-	-
Dividends paid	-	-	-	-	-	14.740	(114.730)	-	(170)	(100.160)
Financial assets fair value loss	-	-	-	(88.937)	-	-	-	-	-	(88.937)
Non-current assets revaluation funds										
- Acquisition	-	-	-	40.965	-	-	-	-	12.452	53.417
- Amortisation effect	-	-	-	(70)	-	-	91	-	(21)	-
- Deferred tax effect	-	-	-	18	-	-	-	-	5	23
Translation differences	-	-	-	(1.798)	34.573	-	-	-	507	33.282
Transactions with minority interests	-	-	-	-	105	-	(6.249)	-	6.144	-
Net income	-	-	-	-	-	-	-	134.911	(9.937)	124.974
Balances at 30 June 2008	399.960	468.811	96	390.927	18.093	157.713	560.561	134.911	70.441	2.201.513

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX - MONTH PERIODS ENDED 30 JUNE

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

	Notes	30 June 2008	30 June 2007
Operating activities:			
Income before tax		143.779	137.460
<i>Adjustments to reconcile net cash provided from operating activities to income before taxes:</i>			
Changes in provisions	26	144.277	71.885
Depreciation and amortisation	5	82.394	76.391
Interest income	21	(8.586)	(10.591)
Interest expenses	21	211.987	163.428
Income from associates (net)	11	(18.532)	(9.912)
Income from sales of tangible and intangible assets (net)		1.344	4.426
Loss from sales of financial assets		-	1.234
		556.663	434.321
Changes in operating assets and liabilities (net)	26	(380.761)	(401.468)
Corporate taxes paid	16	(23.923)	(29.726)
Cash flows from operating activities		151.979	3.127
Investing activities:			
Cash provided from sales of tangible and intangible assets		2.654	3.994
Acquisition of tangible and intangible assets	5	(97.096)	(130.724)
Cash outflow due to acquisition of subsidiaries	3	(55.246)	-
Cash provided from sales of financial assets		-	1.598
Translation differences (net)		7.709	3.498
Cash flows from investing activities		(141.979)	(121.634)
Financing activities:			
Dividends paid	24	(100.160)	(199.980)
Interest paid		(198.870)	(141.535)
Interest received	21	8.586	10.591
Capital increase		33.184	-
Decrease/(increase) in financial assets (net)	11	(5.015)	1.558
Increase in bank borrowings (net)	7	143.136	372.632
Cash flows from financing activities		(119.139)	43.266
Net decrease in cash and cash equivalents		(109.139)	(75.241)
Cash and cash equivalents at the beginning of the period		302.492	288.796
Cash and cash equivalents at the end of the period		193.353	213.555

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008**

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Arçelik Anonim Şirketi (a Turkish corporation - “Arçelik” or “the Company”) and its subsidiaries and associates (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates twelve manufacturing plants in Turkey, Romania, Russia and China. The Company is a member of the Koç Group of companies, which holds a majority stake in the Company.

The Company’s head office is located at:

Karaağaç Caddesi No: 2-6
Sütlüce 34445 Beyoğlu
İstanbul / Turkey

The Company is registered with the Capital Markets Board (“CMB”) and its shares have been quoted on the Istanbul Stock Exchange (“ISE”) since 1986. At 30 June 2008, the publicly quoted shares are 21,29% of the total shares. At 30 June 2008, the principal shareholders and their respective shareholdings in the Company are as follows (Note 19):

	%
Koç Holding A.Ş.	39,14
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	14,68
Koç Family	9,81
Burla Ticaret ve Yatırım A.Ş.	7,66
Koç Holding Emekli ve Yardım Sandığı Vakfı	4,50
Other	24,21
	100,00

The number of employees of the Group as at the period end is 18.649 (31 December 2007: 17.333).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008**

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

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

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Core Business</u>	<u>Nature of business</u>
Arcelitalia SRL ("Arcelitalia")	Italy	Sales	Consumer durables/Electronics
Archin Limited ("Archin")	Hong Kong, China	Sales	Consumer durables/Electronics
ArcticPro SRL ("ArcticPro")	Romania	Service	Consumer durables
Ardutch B.V. ("Ardutch")	Netherlands	Investment	Holding
Bekodutch B.V. ("Bekodutch")	Netherlands	Investment	Holding
Beko Cesko ("Beko Cesko")	Czech Republic	Sales	Consumer durables/Electronics
Beko Deutschland GmbH ("Beko Deutschland")	Germany	Sales	Consumer durables/Electronics
Beko Electronics España S.L. ("Beko Espana")	Spain	Sales	Consumer durables/Electronics
Beko Elektronik Llc ("Beko Elektronik Russia") (1)	Russia	Production/Sales	Electronics
Beko France S.A. (Beko France")	France	Sales	Consumer durables/Electronics
Beko Llc. ("Beko Russia")	Russia	Production/Sales	Consumer durables/Electronics
Beko Magyarorszag K.F.T. ("Beko Magyarorszag")	Hungary	Sales	Consumer durables/Electronics
Beko Plc. ("Beko UK")	U.K.	Sales	Consumer durables/Electronics
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Sales	Consumer durables/Electronics
Beko S.A. ("Beko Polska")	Poland	Sales	Consumer durables/Electronics
Beko S.A. Czech Republic ("Beko Czech")	Czech Republic	Sales	Consumer durables/Electronics
Beko S.A. Hungary ("Beko Hungary")	Hungary	Sales	Consumer durables/Electronics
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Sales	Consumer durables/Electronics
Blomberg Vertriebsgesellschaft GmbH ("Blomberg Vertrieb") (2)	Germany	Sales	Consumer durables/Electronics
Blomberg Werke GmbH ("Blomberg Werke") (2)	Germany	Production	Consumer durables/Electronics
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Production	Consumer durables/Electronics
Elektra Bregenz AG ("Elektra Bregenz")	Austria	Sales	Consumer durables/Electronics
Fusion Digital Technology Ltd. ("Fusion Digital") (2)	U.K.	Technology	Electronics
Grundig Elektronik A.Ş. ("Grundig Elektronik") (3)	Turkey	Production/Sales	Electronics
Grundig Multimedia B.V. ("Grundig Multimedia") (4)	Netherlands	Investment	Holding
Grundig AG ("Grundig Switzerland") (4)	Sweden	Sales	Electronics
Grundig Benelux B.V. ("Grundig Benelux") (4)	Netherlands	Sales	Electronics
Grundig Ceska Republika S.r.o ("Grundig Ceska") (4)	Czech Republic	Sales	Electronics
Grundig Danmark A/S ("Grundig Denmark") (4)	Denmark	Sales	Electronics
Grundig España S.A. ("Grundig Espana") (4)	Spain	Sales	Electronics
Grundig Intermedia Ges.m.b.H ("Grundig Austria") (4)	Austria	Sales	Electronics
Grundig Intermedia GmbH ("Grundig Intermedia") (4)	Germany	Sales	Electronics
Grundig Intermedia Trgovina, d.o.o. ("Grundig Slovenia") (4)	Slovenia	Sales	Electronics
Grundig Italiana S.p.A. ("Grundig Italy") (4)	Italy	Sales	Electronics
Grundig Magyarország Kft. ("Grundig Hungary") (4)	Hungary	Sales	Electronics
Grundig Norge AS ("Grundig Norway") (4)	Norway	Sales	Electronics
Grundig OY ("Grundig Finland ") (4)	Finland	Sales	Electronics
Grundig Polska Sp. z o.o. ("Grundig Polska") (4)	Poland	Sales	Electronics
Grundig Portuguesa, Lda ("Grundig Portugal") (4)	Portugal	Sales	Electronics
Grundig Slovakia s.r.o ("Grunding Slovakia") (4)	Slovakia	Sales	Electronics
Grundig Svenska AB. ("Grundig Sweden") (4)	Sweden	Sales	Electronics
Grundig S.A.S. ("Grundig France") (4)	France	Sales	Electronics
Raupach Wollert GmbH ("Raupach")	Germany	Investment	Holding
SC Arctic SA ("Arctic")	Romania	Production/Sales	Consumer durables/Electronics

(1) The production of CRT televisions has been ceased.

(2) Liquidation in process.

(3) Business title of Beko Elektronik A.Ş. was changed as Grundig Elektronik A.Ş. by the decision of the General Assembly.

(4) As a result of the acquisition in 2008, the related companies became subsidiaries (Note 3).

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting principles published by the CMB, namely "CMB Financial Reporting Standards". CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

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

In accordance with the Communiqué No: XI-29, 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 CMB Financial Reporting Standards.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008**

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

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

Financial statements of foreign Subsidiaries and Joint Ventures

Financial statements of Subsidiaries and Joint Ventures operating in foreign countries are prepared according to the legislation of the country in which they operate and adjusted to the CMB Financial Reporting Standards to reflect the proper presentation and content. Foreign Subsidiaries and Joint Ventures' assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "translation differences" under the shareholders' equity.

Comparatives and adjustment of prior periods' financial statements

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

The prior periods' financial statements have been restated in order to conform to the presentation of the current period consolidated financial statements prepared within the framework of Communiqué No: XI-29 and related promulgations to it as issued by CMB.

2.2 Restatement and Errors in the Accounting Policies and Estimates

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting the current and future periods is recognised in the current and future periods.

2.3 Summary of Significant Accounting Policies

The condensed interim consolidated financial statements of the Group for the period ended 30 June 2008 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2007. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2007.

Group accounting

The condensed interim consolidated financial statements, which have been prepared in accordance with the principles disclosed in the annual consolidated financial statements for the year ended 31 December 2007, include the accounts of Arçelik and its Subsidiaries.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008**

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

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

As a result of the acquisition of Grundig Multimedia (Note 3) in 2008, the following joint-ventures became subsidiaries as at 31 March 2008. Moreover, the pre-emptive rights not used in relation with the capital increase of Grundig Elektronik on 22 January 2008, were purchased by Arçelik. As a consequence of the aforementioned acquisition and capital increase, the ownership interests and economic interests of the Group in the related subsidiaries have been changed as below.

	30 June 2008		31 December 2007	
	Ownership interest (%)	Economic interest (%)	Ownership interest (%)	Economic interest (%)
Grundig Elektronik	76,69	76,69	72,46	72,46
Grundig Multimedia	100,00	76,69	50,00	36,23
Grundig Austria	100,00	76,69	50,00	36,23
Grundig Benelux	100,00	76,69	50,00	36,23
Grundig Czech Republic	100,00	76,69	50,00	36,23
Grundig Denmark	100,00	76,69	50,00	36,23
Grundig Espana	100,00	76,69	50,00	36,23
Grundig Finland	100,00	76,69	50,00	36,23
Grundig France	100,00	76,69	50,00	36,23
Grundig Intermedia	100,00	76,69	50,00	36,23
Grundig Italy	100,00	76,69	50,00	36,23
Grundig Hungary	100,00	76,69	50,00	36,23
Grundig Norway	100,00	76,69	50,00	36,23
Grundig Portugal	100,00	76,69	50,00	36,23
Grundig Polska	100,00	76,69	50,00	36,23
Grundig Slovakia	100,00	76,69	50,00	36,23
Grundig Sweden	100,00	76,69	50,00	36,23
Grundig Switzerland	100,00	76,69	50,00	36,23

In the period between 1 January - 30 June 2008, there has been no change in the ownership interests and economic interests of the Group except for the subsidiaries mentioned above.

2.4 Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 3 - BUSINESS COMBINATIONS

Business combinations in 2008

The Group acquired 50% shares of Grundig Multimedia B.V., a Joint Venture of the Group, from Alba Europe Ltd, its Joint Venture partner on 31 March 2008. Thus, the shares of Grundig Elektronik in Grundig Multimedia B.V. increased to 100%.

The details of the net assets acquired and the goodwill are as follows:

Acquisition cost - cash ⁽¹⁾	70.547
Costs directly attributable to the combination	302
Liabilities attributable to the combination ⁽²⁾	13.595
<hr/>	
Total acquisition cost	84.444
Net assets acquired	(73.891)
<hr/>	
Goodwill (Note 15)	10.553

- (1) The portion of the purchase consideration amounting to EUR35.000.000 paid in cash during the share transfer.
- (2) The portion of the purchase consideration was determined as certain percentages of revenues earned under Grundig brand in United Kingdom and Ireland between the years 2008-2012 and will be paid in five years installments. The percentages are 4% for the years 2008-2010 (the consideration will not exceed EUR2.000.000 for the year 2008 and EUR3.000.000 for the years 2009 and 2010, per annum) and 2% for the years 2011 and 2012.

The details of identifiable assets and liabilities arising from the acquisition are as follows:

	Carrying value	Fair value
Cash and cash equivalents	15.603	15.603
Trade receivables	91.869	91.869
Due from related parties	223	223
Inventories	60.509	60.509
Other current assets	4.208	4.208
Financial assets	36	36
Investment property (Note 12)	4.170	4.170
Property, plant and equipment (Note 13)	1.047	1.047
Intangible assets (Note 14)	22.600	94.301
Other non-current assets	432	432
Financial liabilities	(11.304)	(11.304)
Trade payables	(9.952)	(9.952)
Due to related parties	(103.794)	(103.794)
Deferred tax liabilities (Note 16)	(3.328)	(21.612)
Other liabilities	(51.845)	(51.845)
<hr/>		
Net assets acquired (50%)	20.474	73.891

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

The details of cash outflow on acquisition are as follows:

Acquisition cost - cash	70.547
Costs directly attributable to the combination	302
Cash and cash equivalents - acquired	(15.603)
Cash outflow on acquisition (net)	55.246

Business combinations in 2007

Regarding the growth strategy and plans related to the investment in China, the Group signed a share transfer agreement on 28 July 2007 regarding the purchase of all shares of Changzhou Casa-Shinco Electrical Appliances Co. Ltd. Following the agreement sign-off, legal procedures in China have been completed; Ardutch has taken over the shares and the company's business title has been changed and registered as Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China").

The details of the net assets acquired and the goodwill concerning Beko China are as follows:

Total acquisition cost (*)	12.576
Net assets acquired	(10.987)
Goodwill	1.589

(*) Costs directly attributable to the business combination were included.

The fair values of assets and liabilities arising from the acquisition are as follows:

Cash and cash equivalents	4.699
Inventories	3.824
Property, plant and equipment	16.531
Intangible assets	1.575
Trade and other receivables	6.293
Financial liabilities	(4.294)
Trade and other payables	(17.641)
Net assets acquired (100%)	10.987
Acquisition cost - cash	12.576
Cash and cash equivalents - acquired	(4.699)
Cash outflow on acquisition (net)	7.877

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 4 - INTEREST IN JOINT VENTURES

Aggregate amounts of assets, liabilities and net income of the Joint Ventures which are proportionately consolidated to these consolidated financial statements, are as follows before consolidation adjustments:

	31 December 2007		
Current assets			172.969
Non-current assets			23.968
Total assets			196.937
Current liabilities			171.347
Non-current liabilities			71.096
Total liabilities			242.443
	1 January - 31 March 2008	1 January - 30 June 2007	1 April - 30 June 2007
Net sales	73.515	112.830	52.726
Gross operating profit	16.039	17.889	10.520
Net operating loss	(2.058)	(17.359)	(4.955)
Net loss	(4.177)	(19.334)	(7.163)

Grundig Multimedia became a subsidiary as a result of the Group's acquisition of 50% shares of the company on 31 March 2008.

NOTE 5 - SEGMENT REPORTING

Primary reporting format - industrial segment

The Group's industrial segments are white goods and consumer electronics.

a) Segment revenues (net)

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
White goods	2.069.048	2.133.414	1.143.264	1.122.480
Consumer electronics	691.657	662.554	350.135	317.886
Other	577.611	616.633	309.604	336.560
Total	3.338.316	3.412.601	1.803.003	1.776.926

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 5 - SEGMENT REPORTING (Continued)

b) Gross profit

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
White goods	701.255	724.183	403.215	348.246
Consumer electronics	147.593	94.615	99.531	45.870
Other	94.028	98.197	48.756	47.343
Total	942.876	916.995	551.502	441.459

c) Segment assets

	30 June 2008	31 December 2007
White goods	4.419.122	4.260.294
Consumer electronics	1.720.843	1.355.590
Other	670.210	554.611
Total	6.810.175	6.170.495

Unallocated

Cash and cash equivalents	193.353	302.492
Deferred tax assets	59.320	53.812

Consolidated total assets

7.062.848

6.526.799

d) Segment liabilities

	30 June 2008	31 December 2007
White goods	1.081.083	788.245
Consumer electronics	255.036	332.743
Other	87.685	61.134
Total	1.423.804	1.182.122

Unallocated:

Financial liabilities	3.239.888	3.072.331
Deferred tax liabilities	79.754	54.494
Other	117.889	72.122

Consolidated total liabilities

4.861.335

4.381.069

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 5 - SEGMENT REPORTING (Continued)

e) Segment capital expenditures, depreciation and amortisation

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Capital expenditures				
White goods	80.050	112.477	39.344	84.747
Consumer electronics	16.406	16.098	7.823	12.652
Other	640	2.152	337	1.891
	97.096	130.727	47.504	99.290

Depreciation and amortisation

White goods	58.356	54.656	27.778	26.337
Consumer electronics	20.690	18.189	10.247	8.950
Other	3.348	3.546	1.414	1.819
	82.394	76.391	39.439	37.106

Secondary reporting format - geographical segment

The Group's geographical segments are Turkey and Europe.

Segment revenues

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Turkey	1.703.306	1.876.902	961.008	973.285
Europe	1.263.779	1.221.223	636.807	635.702
Other	371.231	314.476	205.188	167.939
Total	3.338.316	3.412.601	1.803.003	1.776.926

Segment assets

	30 June 2008	31 December 2007
Turkey	5.419.459	5.116.707
Europe	1.292.446	1.083.347
Other	350.943	326.745
	7.062.848	6.526.799

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 5 - SEGMENT REPORTING (Continued)

Segment capital expenditures

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Turkey	89.163	104.425	42.712	77.745
Europe	4.756	14.881	2.700	14.369
Other (*)	3.177	11.421	2.092	7.176
Total	97.096	130.727	47.504	99.290

(*) Consists of capital expenditures in Russia and China.

Segment revenue from external customers by geographical area is reported based on the geographical location of its customers. The total carrying amount of segment assets is reported based on the location of assets.

NOTE 6 - CASH AND CASH EQUIVALENTS

	30 June 2008	31 December 2007
Cash in hand	303	215
Cash at banks		
- Demand deposits	49.455	99.695
- Time deposits	96.394	146.410
Cheques and notes	46.588	51.871
Other	613	4.301
	193.353	302.492

The maturities of cash and cash equivalents are as follows:

	30 June 2008	31 December 2007
Up to 30 days	175.277	290.617
30 - 90 days	10.627	11.875
90 - 365 days	7.449	-
	193.353	302.492

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

	30 June 2008	31 December 2007
USD	5,13	5,35
EUR	4,06	4,16
RON	8,50	5,64
GBP	5,04	-

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 7 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

	30 June 2008	31 December 2007
Short-term bank borrowings	1.267.583	1.300.864
Short-term portion of long-term bank borrowings	943.043	775.510
Other	107	85
	2.210.733	2.076.459

Short-term bank borrowings

TRY loans	1.078.581	1.090.709
Foreign currency loans	141.857	150.553
Eximbank loans	47.145	59.602
	1.267.583	1.300.864

The effective interest rates (%) of short-term bank borrowings are as follows :

	30 June 2008	31 December 2007
TRY loans	17,08	17,77
Foreign currency loans	6,18	6,22

b) Long-term financial liabilities

	30 June 2008	31 December 2007
Long-term bank borrowings	1.029.073	995.816
Other	82	56
	1.029.155	995.872

As of 30 June 2008, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate (%)	Original currency	TRY amount
TRY	17,00	1.150.128.007	1.150.128
EUR	5,80	306.123.727	589.931
USD	7,60	173.368.503	212.215
RUB	7,57	380.000.000	19.842
			1.972.116
Less: Current maturities			(943.043)
			1.029.073

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

As of 31 December 2007, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate (%)	Original currency	TRY amount
TRY	16,34	996.339.605	996.340
EUR	5,46	272.788.953	466.521
USD	7,05	177.411.321	206.664
GBP	7,03	35.238.486	81.961
RUB	8,11	416.852.411	19.840
			1.771.326
Less: Current maturities			(775.510)
			995.816

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

	30 June 2008	31 December 2007
2009	384.651	456.813
2010	396.342	290.565
2011	185.080	176.123
2012 and over	63.000	72.315
	1.029.073	995.816

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	30 June 2008	31 December 2007
Trade receivables	1.419.296	929.273
Notes receivables	1.248.287	1.364.577
Cheques receivables	178.269	85.705
Due from related parties (Note 24)	118.033	169.971
Doubtful receivables	80.100	71.959
	3.043.985	2.621.485
Less: Provision for doubtful receivables	(75.537)	(66.520)
Less: Unearned credit finance income	(147.620)	(112.399)
Short-term trade receivables (net)	2.820.828	2.442.566

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movements in the provision for doubtful receivables are as follows:

	30 June 2008	30 June 2007
Balance at the beginning of the period	66.520	69.122
Current year additions	2.664	2.151
Acquisitions	3.019	-
Recoveries of doubtful receivables	(650)	(4.321)
Translation differences	3.984	-
Balance at the end of the period	75.537	66.952

The aging schedule of the impaired doubtful receivables is as follows:

	30 June 2008	31 December 2007
0-3 months	1.427	-
3-6 months	13.338	12.095
6 months and over	60.772	54.425
	75.537	66.520

Long-term trade receivables	30 June 2008	31 December 2007
Trade receivables	17.064	18.144
	17.064	18.144

Short-term trade payables	30 June 2008	31 December 2007
Trade payables	510.543	554.260
Due to related parties (Note 24)	324.324	113.189
Unearned credit finance charges	(13.180)	(6.709)
	821.687	660.740

Long-term trade payables	30 June 2008	31 December 2007
Due to related parties (Note 24)	61.202	60.038
	61.202	60.038

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 9 - INVENTORIES

	30 June 2008	31 December 2007
Raw materials and supplies	516.458	524.474
Work in progress	44.297	45.321
Finished goods	300.109	242.963
Merchandise	419.558	338.885
	1.280.422	1.151.643
Less: Provision for impairment on inventories	(47.599)	(45.771)
	1.232.823	1.105.872

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

	30 June 2008	31 December 2007
Raw materials and supplies	14.827	15.393
Finished goods	12.199	14.504
Merchandise	20.573	15.874
	47.599	45.771

Movements in the provision for impairment on inventories are as follows:

	30 June 2008	30 June 2007
Balance at the beginning of the period	45.771	42.251
Current year additions (Note 20)	4.172	9.239
Acquisitions	6.336	-
Realised due to sales of inventory	(9.701)	(19.919)
Translation differences	1.021	(328)
Balance at the end of the period	47.599	31.243

NOTE 10 - FINANCIAL ASSETS

	30 June 2008	31 December 2007
Available-for-sale investments	617.997	711.585
Held-to-maturity investments	104.015	99.000
Financial assets excluded from the scope of consolidation	3.274	3.267
	725.286	813.852

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 10 - FINANCIAL ASSETS (Continued)

a) Available-for-sale investments

	<u>30 June 2008</u>		<u>31 December 2007</u>	
	%	TRY	%	TRY
Koç Finansal Hizmetler A.Ş.	7,66	597.425	7,66	695.847
Entek Elektrik Üretimi San. ve Tic. A.Ş.	6,86	17.140	6,86	12.340
Ultra Kablolulu TV ve Telekomünikasyon San. Tic. A.Ş.	7,50	1.901	7,50	1.901
Tat Konserve Sanayii A.Ş.	0,34	1.433	0,34	1.429
Other	-	98	-	68
		617.997		711.585
		30 June 2008		30 June 2007
Balance at the beginning of the period		711.585		595.724
Fair value gains / (losses)		(93.618)		83.235
Acquisitions		30		-
Balance at the end of the period		617.997		678.959

The unrealised gains (net) arising from changes in the fair value of the investments amounting to TRY370.328, net off deferred tax effect amounting to TRY18.516, are recognised in consolidated shareholders' equity under the "financial assets fair value reserve" at 30 June 2008. (31 December 2007: TRY463.946).

b) Held-to-maturity investments

	<u>30 June 2008</u>	<u>31 December 2007</u>
Time deposits (USD)	104.015	99.000
	104.015	99.000

As of 30 June 2008, the effective interest rate of time deposits 7,75% (31 December 2007: 7,59%).

c) Financial assets excluded from the scope of consolidation

	<u>30 June 2008</u>		<u>31 December 2007</u>	
	%	TRY	%	TRY
Beko Shanghai	100,00	3.259	100,00	3.259
ArticPro SRL	100,00	2	100,00	2
Grundig Intermedia Trgovina, d.o.o., Ljubljana	100,00	13	50,00	6
		3.274		3.267

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 11 - ASSOCIATES

	<u>30 June 2008</u>		<u>31 December 2007</u>	
	%	TRY	%	TRY
Koç Tüketici Finansmanı A.Ş.	47,00	66.609	47,00	57.876
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	45,00	56.005	45,00	46.737
Ram Dış Ticaret A.Ş.	33,50	4.873	33,50	4.581
Tamı Pazarlama ve İletişim Hizmetleri A.Ş.	32,00	2.174	32,00	1.935
		129.661		111.129

	30 June 2008	30 June 2007
Balance at the beginning of the period	111.129	102.872
Income from associates	18.532	9.912
Dividends received from associates	-	(3.320)
Disposals	-	(2.389)
Translation differences	-	(268)
Balance at the end of the period	129.661	106.807

Income from associates

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Koç Tüketici Finansmanı A.Ş.	8.733	4.672	2.557	3.002
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	9.269	3.813	6.428	1.921
Ram Dış Ticaret A.Ş.	292	851	163	360
Ram Pacific Ltd.	-	906	-	355
Tamı Pazarlama ve İletişim Hizmetleri A.Ş.	238	(330)	267	(131)
	18.532	9.912	9.415	5.507

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 12 - INVESTMENT PROPERTY

	2008	2007
As of 1 January		
Cost	4.808	4.052
Accumulated depreciation	(1.345)	(1.266)
Net book value	3.463	2.786
Net book value at the beginning of the period	3.463	2.786
Acquisitions	4.170	-
Transfers	-	(2.633)
Translation differences	317	(140)
Current period depreciation	(26)	(13)
Net book value at the end of the period	7.924	-
As of 30 June		
Cost	9.379	-
Accumulated depreciation	(1.455)	-
Net book value	7.924	-

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2008	Acquisitions	Additions	Disposals	Transfers	Translation differences	30 June 2008
Cost							
Land	16.225	-	91	-	-	393	16.709
Land improvement	27.378	-	76	-	-	36	27.490
Buildings	489.767	31	678	(746)	17.875	13.185	520.790
Machinery and equipment	2.328.562	1.115	26.375	(24.377)	6.949	21.140	2.359.764
Motor vehicles, furniture and fixtures	196.136	1.205	5.034	(2.912)	73	3.535	203.071
Leasehold improvements	34.544	-	109	-	-	94	34.747
Construction in progress	25.843	96	36.227	(16)	(24.897)	1.548	38.801
	3.118.455	2.447	68.590	(28.051)	-	39.931	3.201.372
Accumulated Depreciation							
Land improvement	(13.120)	-	(501)	-	-	-	(13.621)
Buildings	(143.132)	(96)	(6.577)	147	-	(2.071)	(151.729)
Machinery and equipment	(1.587.864)	(466)	(60.037)	21.161	-	(8.791)	(1.635.997)
Motor vehicles, furniture and fixtures	(147.099)	(838)	(6.787)	2.718	-	(2.408)	(154.414)
Leasehold improvements	(21.190)	-	(2.540)	27	-	(44)	(23.747)
	(1.912.405)	(1.400)	(76.442)	24.053	-	(13.314)	(1.979.508)
Net book value	1.206.050						1.221.864

There is no mortgage on property, plant and equipment at 30 June 2008.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2007	Additions	Disposals	Transfers	Translation differences	30 June 2007
Cost						
Land	15.319	1.075	-	-	72	16.466
Land improvement	32.614	148	(339)	-	(19)	32.404
Buildings	456.850	70	(2.553)	19	(4.389)	449.997
Machinery and equipment	2.305.001	41.844	(40.315)	13.097	(494)	2.319.133
Motor vehicles, furniture and fixtures	204.385	4.684	(7.930)	777	(140)	201.776
Leasehold improvements	33.831	72	-	-	(94)	33.809
Construction in progress	10.035	57.199	(314)	(13.893)	116	53.143
	3.058.035	105.092	(51.451)	-	(4.948)	3.106.728
Accumulated Depreciation						
Land improvement	(12.705)	(590)	-	-	-	(13.295)
Buildings	(137.036)	(5.130)	1.800	-	(371)	(140.737)
Machinery and equipment	(1.626.703)	(59.346)	38.314	-	(1.598)	(1.649.333)
Motor vehicles, furniture and fixtures	(157.010)	(5.731)	7.671	-	2	(155.068)
Leasehold improvements	(15.766)	(2.973)	-	-	36	(18.703)
	(1.949.220)	(73.770)	47.785	-	(1.931)	(1.977.136)
Net book value	1.108.815					1.129.592

As of 30 June 2007, there were mortgages amounting to TRY89.137 on property, plant and equipment. These mortgages were released on 31 July 2007 due to the repayment of the IFC loan.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 14 - INTANGIBLE ASSETS

	2008	2007
As of 1 January		
Cost	231.150	178.058
Accumulated amortisation	(54.903)	(51.177)
Net book value	176.247	126.881
Net book value at the beginning of the period	176.247	126.881
Acquisitions (Note 3) (*)	94.301	-
Fair value differences (*)	71.701	-
Additions	28.506	25.632
Disposals	-	(3)
Translation differences	(3.728)	(1.585)
Current period amortisation	(5.926)	(2.608)
Net book value at the end of the period	361.101	148.317
As of 30 June		
Cost	421.189	201.715
Accumulated amortisation	(60.088)	(53.398)
Net book value	361.101	148.317
	30 June 2008	30 June 2007
Brands and rights	279.941	118.238
Development costs	74.474	24.477
Other	6.686	5.602
Total	361.101	148.317

(*) As a result of the Grundig acquisition (the 50%) realised in 2004, the corresponding 50% of intangible assets had been accounted for. According to the Grundig acquisition realised in 2008 (the other 50%), all the intangible assets with the net book value amounting to TRY45.200 have been accounted for with their total fair value determined as TRY188.604 (Grundig brand: TRY173.446, trademark licences: TRY13.061, other: TRY2.095) in accordance with IFRS 3. Consequently, the portion related to the acquisition in 2008 (50%: TRY94.301) has been accounted for as the acquisition, and the difference between the portion related to the acquisition realised in 2004 (50%: TRY94.301) and the net book value (50%: TRY22.600) has been accounted for as fair value gain (TRY71.701).

NOTE 15 - GOODWILL

	2008	2007
Net book value at the beginning of the period - 1 January	3.377	1.788
Acquisitions (Note 3)	10.553	-
Translation differences	(464)	-
Net book value at the end of the period - 30 June	13.466	1.788

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 16 - TAX ASSETS AND LIABILITIES

	30 June 2008	31 December 2007
Corporation and income taxes	31.415	41.293
Less: prepaid tax	(19.182)	(36.552)
Taxes payable (net)	12.233	4.741
Deferred tax assets	59.320	53.812
Deferred tax liabilities	(79.754)	(54.494)
Deferred tax liabilities (net)	(20.434)	(682)

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

The corporation tax rate is 20% in Turkey. Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and allowances.

The taxes on income reflected to the interim consolidated income statements for the six - month periods ended 30 June are summarised as follows:

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Taxes on income				
- Current period tax expense	(33.295)	(38.890)	(23.737)	(17.478)
- Deferred tax income	14.490	7.747	9.935	1.845
Taxes on income (net)	(18.805)	(31.143)	(13.802)	(15.633)

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 16 - TAX ASSETS AND LIABILITIES (Continued)

Deferred taxes calculated using the principal tax rates of the tax authorities of each country that the Group operates in as of 30 June 2008 are as follows:

Germany	39,62 %	Spain	30,00 %
Austria	25,00 %	Italy	37,25 %
Czech Republic	21,00 %	Hungary	16,00 %
China	25,00 %	Poland	19,00 %
France	33,33 %	Romania	16,00 %
Netherlands	25,50 %	Russia	20,00 %
United Kingdom	28,00 %	Slovakia	19,00 %

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities provided as of 30 June 2008 and 31 December 2007 using principal tax rates are as follows:

	Cumulative temporary differences		Deferred Tax assets/(liabilities)	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Property, plant and equipment and intangible assets	642.381	427.903	(118.352)	(81.962)
Available-for-sale investments	370.328	463.946	(18.516)	(23.197)
Unused tax credits	(207.458)	(198.643)	41.547	39.714
Provision for warranty and assembly	(162.406)	(160.747)	32.477	31.993
Provision for employment termination benefits	(59.480)	(55.118)	11.882	11.010
Unearned credit finance income	(42.829)	(14.962)	8.525	3.020
Provision for doubtful receivables	(41.785)	(39.704)	8.357	7.941
Provision for impairment on inventories	(24.077)	(29.906)	4.815	5.981
Accrual for licenses expenses	(11.284)	(8.313)	2.257	1.663
Accrual for export sales expenses	(10.425)	(10.331)	2.085	2.066
Other	(19.277)	3.100	4.489	1.089
Deferred tax assets / (liabilities) (net)			(20.434)	(682)
			30 June 2008	30 June 2007
Balance at the beginning of the period			(682)	23.771
Acquisitions (Note 3)			(21.612)	-
Charged to the income statement			14.490	7.747
Charged to the shareholders' equity			(13.580)	(4.159)
Translation differences			950	784
Balance at the end of the period			(20.434)	28.143

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 17 - PROVISIONS

Short-term provisions	30 June 2008	31 December 2007
Warranty provision	93.352	110.704
Assembly provision	47.013	35.418
Provision for cost and expenses	12.377	5.030
Transportation provision	10.119	9.962
Other	36.365	26.316
	199.226	187.430
Long-term provisions	30 June 2008	31 December 2007
Warranty provision	58.182	52.258
Other	1.282	-
	59.464	52.258

NOTE 18 - OTHER ASSETS AND LIABILITIES

Other current assets	30 June 2008	31 December 2007
Order advances given	189.385	190.854
Prepaid expenses	39.530	7.811
Taxes and funds deductible	16.196	14.674
VAT and PCT receivables (*)	14.082	36.722
Other order advances	4.652	1.832
Income accruals	4.550	6.128
Assets held for sale	1.994	1.813
Prepaid taxes and funds	1.567	22.566
Other	8.202	7.395
	280.158	289.795

(*) VAT: Value Added Tax, PCT:Private Consumption Tax

Other current liabilities	30 June 2008	31 December 2007
Accrual for customer premiums	64.635	4.101
Accrual for sales and marketing expenses	57.695	15.991
Advances received	22.942	67.559
Accrual for bonuses and premiums	13.534	1.631
Accrual for export sales expenses	10.425	28.782
Accrual for licenses expenses	11.284	8.376
Accrual for advertising expenses	9.263	2.704
Other	3.514	3.193
	193.292	132.337

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 18 - OTHER ASSETS AND LIABILITIES (Continued)

Other non-current liabilities	30 June 2008	31 December 2007
Liabilities attributable to the acquisition	12.998	-
Other	5.308	5.098
	18.306	5.098

NOTE 19 - SHAREHOLDERS' EQUITY

Share Capital

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Ykr1. Registered and issued share capital of the Company is as follows:

	30 June 2008	31 December 2007
Limit on registered share capital	1.500.000	500.000
Issued share capital in nominal value	399.960	399.960

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

The shareholding structures of the Company are as follows:

<u>Shareholders</u>	<u>30 June 2008</u>		<u>31 December 2007</u>	
	Share %	Amount	Share %	Amount
Koç Holding A.Ş.	39,14	156.546	39,14	156.546
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	14,68	58.709	14,68	58.709
Koç Family	9,81	39.252	9,81	39.252
Burla Ticaret ve Yatırım A.Ş.	7,66	30.649	7,66	30.649
Koç Holding Emekli ve Yardım Sandığı Vakfı	4,50	17.982	4,50	17.982
Other	24,21	96.822	24,21	96.822
Paid-in share capital	100,00	399.960	100,00	399.960
Adjustment to share capital (*)		468.811		468.811
Total share capital		868.771		868.771

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 19 - SHAREHOLDERS' EQUITY (Continued)

Revaluation Funds

Increases of carrying amounts as a result of revaluations recognised directly in the equity are followed in the headings below.

	30 June 2008	31 December 2007
Financial assets fair value reserve (net)	351.812	440.749
Non-current assets fair value reserve (net) (*)	39.115	-
Total revaluation funds (net)	390.927	440.749

(*) Consists of the differences (net-off minority interests and deferred tax) between the carrying value and the fair value of the intangible assets (e.g. brand) revalued in accordance with IFRS 3 as a result of the Grundig Multimedia acquisition.

The movements in the revaluation funds are presented in the consolidated statements of changes in shareholders' equity.

Restricted Reserves

Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Under Turkish Commercial Code, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. In addition, according to Exemption for Sale of Participation Shares and Property, a 75% portion of corporations' profits arising from such sales are not withdrawn within 5 years and are followed in special reserves.

The details of these restricted reserves are as follows:

	30 June 2008	31 December 2007
Legal reserves	157.660	142.920
Special reserves	53	53
Total	157.713	142.973

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 19 - SHAREHOLDERS' EQUITY (Continued)

Prior Years' Income

In accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount that has not been utilised in dividend distribution or capital increase yet, shall be classified under "Prior years' income".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Accordingly, "Prior years' income" is restated as follows:

As of 31 December 2007 - as previously reported	175.147
Extraordinary reserves	114.192
Inflation adjustment to shareholders' equity	234.345
As of 1 January 2008 - restated	523.684

Dividend Distribution

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

Based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ARÇELİK ANONİM ŞİRKETİ

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008**

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

NOTE 19 - SHAREHOLDERS' EQUITY (Continued)

The profits of subsidiaries, joint ventures and associates, that are included in the consolidated financial statements of the parent, are not considered in the calculation of distributable profits within the context of CMB Financial Reporting Standards, if the decision on profit distribution has not been taken in the general assemblies of the related subsidiaries, joint ventures and associates.

In accordance with the decision of Capital Markets Board on 8 January 2008 no 4/138 the minimum profit distribution ratio shall be applied as 20% (31 December 2007: 20%) in relation to publicly-listed joint stock partnerships as of 1 January 2008. Accordingly, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the shareholders as bonus shares or that the distribution can be partly made in cash and partly through bonus shares. It has been further enabled that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount. Nevertheless, with regard to the joint stock partnerships, which have increased its capital without performing a dividend distribution as to the previous period and which separates its shares as "new" and "old", it has been made obligatory for those partnerships, which will distribute dividend out of its 2007 profits, to distribute the initial dividend amount in cash.

NOTE 20 - OTHER INCOME AND EXPENSES

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Other income				
Income from claims and grants	7.818	10.930	1.375	9.846
Reversal of provisions	4.029	6.347	696	1.012
License income	1.595	1.054	618	455
Other	3.431	5.962	174	1.387
	16.873	24.293	2.863	12.700
Other expenses				
Provision expense for impairment on inventories	4.172	9.239	2.345	6.564
Loss from sale of property, plant and equipment	1.344	4.426	2.921	5.269
Provision expense for doubtful receivables	2.664	2.151	1.281	1.851
Restructuring expenses	-	2.730	-	2.730
Loss from sale of investment	-	1.234	-	1.234
Other	5.846	4.106	3.977	342
	14.026	23.886	10.524	17.990

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 21 - FINANCIAL INCOME AND EXPENSES

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Financial income				
Foreign exchange gains	266.034	75.353	54.878	46.961
Credit finance income	128.966	91.510	85.679	45.126
Interest income	8.586	10.591	3.868	5.439
Foreign currency forward income	6.869	4.388	6.869	424
Other	1.884	2.321	999	1.807
	412.339	184.163	152.293	99.757
Financial expenses				
Foreign exchange losses	255.100	81.743	76.127	52.274
Interest expense	211.987	163.428	107.049	84.208
Credit finance charges	60.176	74.816	38.680	9.878
Cash discounts expenses	12.556	9.545	6.596	5.038
Foreign currency forward expense	2.409	11.336	1.368	7.041
Other	2.592	1.697	2.327	910
	544.820	342.565	232.147	159.349
Financial expenses (net)	(132.481)	(158.402)	(79.854)	(59.592)

NOTE 22 - CONTINGENT ASSETS AND LIABILITIES

Guarantees and commitments given are as follows:

	30 June 2008	31 December 2007
Collateral obtained	1.593.074	1.643.473
Other guarantees given	146.062	76.075
Guarantee letters given to customs for imports	52.844	59.186
Standby letters of credit	-	36.931
Guarantee letters given to Eximbank for import loans	62.575	70.070
Guarantee letters given	10.590	11.544
Operational lease commitments	1.475	2.988
Pledges given	3.519	1.453
Other guarantees	578	4.668

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 23 - EARNINGS PER SHARE

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Net income attributable to the equity holders of the parent	134.911	107.502	79.578	27.536
Weighted average number of ordinary shares with nominal value TRY1 each	399.960	399.960	399.960	399.960
Earnings per share (TRY)	0,34	0,27	0,20	0,07

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related party balances

a) Due from related parties	30 June 2008	31 December 2007
Grundig Multimedia B.V.	-	92.317
Ram Dış Ticaret A.Ş.	65.228	47.503
Akpa Dayanıklı Tüketim Mal. San. Tic. Ltd. Şti.	36.175	25.609
Other	16.630	4.542
	118.033	169.971

b) Due to related parties	30 June 2008	31 December 2007
<u>Short-term</u>		
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	222.931	22.824
Ram Dış Ticaret A.Ş.	68.231	45.792
Zer Merkezi Hizmetler ve Ticaret A.Ş.	17.088	26.599
Koç Faktoring Hizmetleri A.Ş.	-	1.477
Other	16.074	16.497
	324.324	113.189

<u>Long-term</u>		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	61.065	60.038

c) Deposits	30 June 2008	31 December 2007
Yapı ve Kredi Bankası A.Ş.	2.695	71.114

d) Bank borrowings	30 June 2008	31 December 2007
Yapı ve Kredi Bankası A.Ş.	347.230	213.520

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Transactions with related parties

a) Sales of goods and services

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Ram Dış Ticaret A.Ş.	93.612	85.570	54.426	51.121
Akpa Dayanıklı Tüketim	46.160	57.114	27.478	28.465
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	8.429	8.121	4.699	4.444
Grundig Multimedia B.V.	-	35.587	-	8.732
Other	25.587	24.606	17.573	15.411
	173.788	210.998	104.176	108.173

b) Purchases of goods and services

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	224.682	232.664	159.244	156.570
Ram Dış Ticaret A.Ş.	106.643	67.946	62.937	605
Zer Merkezi Hizmetler ve Ticaret A.Ş.	58.133	37.610	32.862	20.400
Koç Allianz Sigorta A.Ş.	16.767	14.256	4.104	423
Palmira Turizm Ticaret A.Ş.	6.418	6.948	2.993	3.589
Setur Servis Turistik A.Ş.	5.044	3.305	3.688	2.018
Ram Pacific Ltd. (*)	-	109.402	-	70.031
Türk Demir Döküm Fabrikaları A.Ş. (*)	-	21.058	-	9.096
Other	31.161	26.475	15.399	14.429
	448.848	519.664	281.227	277.161

(*) The control / significant influence of Koç Group on the companies ceased following the sale of shares in 2007, therefore these companies are not considered as related parties.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

c) Key management compensation

Total compensation provided to key management personnel by the Company during the period ended 30 June 2008 amounts to TRY10.885 (30 June 2007: TRY8.741).

d) Other transactions

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Dividends paid	100.160	199.980	100.160	199.980
Dividends received	-	3.320	-	3.320
Interest expense	18.861	1.165	9.225	73
Interest income	1.047	932	1.516	86

NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Foreign currency position

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

	30 June 2008	31 December 2007
Assets	1.657.402	1.887.383
Liabilities	(1.447.875)	(1.730.987)
Net balance sheet position	209.527	156.396
Off-balance sheet derivative instruments net position	83.371	(199)
Net foreign currency position	292.898	156.197

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

TRY equivalents of assets and liabilities denominated in foreign currency at 30 June 2008 are as follows:

	EUR	USD	GBP	RON	RUB	Other	Total
Current assets							
Cash and cash equivalents	76.161	8.894	21.413	8.968	894	26.504	142.834
Trade receivables	400.309	153.311	114.686	48.823	58.727	76.950	852.806
Inventories	215.095	36.555	51.490	64.206	70.596	8.331	446.273
Other current assets	32.916	53.230	6.871	314	9.759	2.633	105.723
Non-current assets							
Trade receivables	-	-	-	-	-	-	-
Financial assets	-	104.015	-	-	-	-	104.015
Deferred tax assets	2.294	-	273	-	1.415	1.769	5.751
Total assets	726.775	356.005	194.733	122.311	141.391	116.187	1.657.402
Current liabilities							
Financial liabilities	294.188	157.372	-	-	34.211	-	485.771
Trade payables	10.128	73.771	29.288	21.295	8.277	6.632	149.391
Current income tax liabilities	444	-	-	1.273	-	1.096	2.813
Provisions	88.824	9.744	31.869	7.841	4.375	21.954	164.607
Other current payables and liabilities	21.356	3.053	-	-	780	496	25.685
Non-current liabilities							
Financial liabilities	375.910	82.320	-	-	19.842	-	478.072
Trade payables	-	61.202	-	-	-	-	61.202
Provisions	21.113	-	116	8.117	-	1.299	30.645
Deferred tax liabilities	41.084	-	152	4.121	325	-	45.682
Other non-current liabilities	-	-	-	4.007	-	-	4.007
Total liabilities	853.047	387.462	61.425	46.654	67.810	31.477	1.447.875
Net balance sheet position	(126.272)	(31.457)	133.308	75.657	73.581	84.710	209.527
Off-balance sheet derivative instruments net position	93.644	36.764	(36.438)	-	-	(10.599)	83.371
Net foreign currency position	(32.628)	5.307	96.870	75.657	73.581	74.111	292.898
Hedge ratio of foreign currency position	74%	117%	27%	-	-	13%	

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

TRY equivalents of assets and liabilities denominated in foreign currency at 31 December 2007 are as follows:

	EUR	USD	GBP	RON	RUB	Other	Total
Current assets							
Cash and cash equivalents	167.304	16.487	30.014	11.123	5.783	17.668	248.379
Trade receivables	466.408	375.722	94.086	54.495	56.613	69.174	1.116.498
Inventories	161.525	55.223	63.801	45.751	53.743	21.340	401.383
Other current assets	9.173	2	327	474	7.350	2.580	19.906
Non-current assets							
Trade receivables	-	-	-	-	-	-	-
Financial assets	-	99.000	-	-	-	-	99.000
Deferred tax assets	-	-	261	-	1.189	767	2.217
Total assets	804.410	546.434	188.489	111.843	124.678	111.529	1.887.383
Current liabilities							
Financial liabilities	39.612	165.843	81.987	-	1.690	32.666	321.798
Trade payables	194.238	374.098	11.606	15.829	12.300	16.318	624.389
Current income tax liabilities	1.464	-	1.848	1.441	-	-	4.753
Provisions	35.996	-	23.005	5.834	883	728	66.446
Other current payables and liabilities	39.986	13.296	14.735	3.005	569	15.424	87.015
Non-current liabilities							
Financial liabilities	438.581	147.085	-	-	18.107	43	603.816
Trade payables	-	-	695	-	-	-	695
Provisions	1.036	-	-	340	-	10	1.386
Deferred tax liabilities	1.597	-	177	3.766	-	354	5.894
Other non-current liabilities	3.453	-	-	10.755	-	587	14.795
Total liabilities	755.963	700.322	134.053	40.970	33.549	66.130	1.730.987
Net balance sheet position	48.447	(153.888)	54.436	70.873	91.129	45.399	156.396
Off-balance sheet derivative instruments net position	(60.769)	72.399	-	-	-	(11.829)	(199)
Net foreign currency position	(12.322)	(81.489)	54.436	70.873	91.129	33.570	156.197
Hedge ratio of foreign currency position	125%	47%	-	-	-	26%	

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2008

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

NOTE 25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Import and export information

	1 January - 30 June 2008	1 January - 30 June 2007	1 April - 30 June 2008	1 April - 30 June 2007
Imports	901.768	914.520	431.951	473.666
Exports	1.326.652	1.266.903	703.800	653.069

NOTE 26 - SUPPLEMENTARY CASH FLOW INFORMATION

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

"Changes in reserves and provisions" and "Changes in operating assets and liabilities" shown in the consolidated statements of cash flows are as follows:

	30 June 2008	30 June 2007
Changes in reserves and provisions		
Assembly and transportation provision	11.752	17.178
Warranty provision	(11.428)	(24.725)
Provision for employment termination benefits	4.425	1.892
Accrual for bonuses and premiums	11.903	8.130
Accrual for customer premiums	60.534	57.954
Accrual for sales and marketing expenses	32.610	24.633
Provision for impairment on inventories	24.578	(11.008)
Provision for doubtful receivables	9.903	(2.169)
	144.277	71.885
Changes in operating assets and liabilities		
Trade receivables	(294.993)	(215.269)
Inventories	(91.020)	(87.415)
Other assets and liabilities	(43.113)	(23.832)
Trade payables	48.365	(70.813)
	(380.761)	(397.329)

NOTE 27 - SUBSEQUENT EVENTS

In the Board of Director's meeting held on 31 July 2008, it has been decided that Aka Gündüz Özdemir, the General Manager of Arçelik A.Ş. and the President of Koç Holding A.Ş. Durable Goods Group, will only carry out the presidency of the Koç Holding A.Ş. Durable Goods Group beginning from 25 August 2008. Levent Çakıroğlu has been nominated as the new general manager of Arçelik A.Ş. as of 25 August 2008.

.....