

ARÇELİK ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2009
TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2009

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**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 2009 AND 31 DECEMBER 2008**

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

| | Notes | 30 June 2009 | 31 December 2008 |
|---------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 491,513 | 415,586 |
| Financial investments | 6 | 1,000 | 26,039 |
| Trade receivables | 8 | 2,511,331 | 2,575,499 |
| Inventories | 9 | 1,022,652 | 1,303,931 |
| Other current assets | 15 | 97,757 | 103,172 |
| Total current assets | | 4,124,253 | 4,424,227 |
| Non-current assets | | | |
| Trade receivables | 8 | 7,466 | 9,060 |
| Financial investments | 6 | 325,816 | 543,443 |
| Associates | 10 | 129,333 | 123,602 |
| Investment property | | 8,811 | 8,788 |
| Property, plant and equipment | 11 | 1,225,189 | 1,272,333 |
| Intangible assets | 12 | 424,465 | 402,215 |
| Goodwill | | 10,274 | 10,255 |
| Deferred tax assets | 20 | 59,468 | 65,878 |
| Total non-current assets | | 2,190,822 | 2,435,574 |
| Total assets | | 6,315,075 | 6,859,801 |

These condensed interim consolidated financial statements as at and for the period ended 30 June 2009 have been approved for issue by the Board of Directors on 30 July 2009 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 condensed 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 2009 AND 31 DECEMBER 2008**

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

| | Notes | 30 June 2009 | 31 December 2008 |
|--|-------|------------------|------------------|
| LIABILITIES | | | |
| Current liabilities | | | |
| Financial liabilities | 7 | 1,359,917 | 1,914,505 |
| Other financial liabilities | | 460 | 5,533 |
| Trade payables | 8 | 734,721 | 635,899 |
| Other payables | | 91,144 | 83,835 |
| Current income tax liabilities | 20 | 11,010 | 4,063 |
| Provisions | 14 | 202,059 | 198,294 |
| Other current liabilities | 15 | 208,071 | 149,499 |
| Total current liabilities | | 2,607,382 | 2,991,628 |
| Non-current liabilities | | | |
| Financial liabilities | 7 | 1,055,157 | 1,576,603 |
| Trade payables | 8 | 71,185 | 72,955 |
| Provisions for employment termination benefits | | 66,987 | 60,217 |
| Deferred tax liabilities | 20 | 43,046 | 91,471 |
| Provisions | 14 | 41,003 | 53,197 |
| Other non-current liabilities | 15 | 8,673 | 12,401 |
| Total non-current liabilities | | 1,286,051 | 1,866,844 |
| Total liabilities | | 3,893,433 | 4,858,472 |
| Equity | | | |
| Paid-in capital | 16 | 675,728 | 399,960 |
| Adjustment to share capital | 16 | 468,811 | 468,811 |
| Share premium | | 889 | 96 |
| Revaluation fund | 16 | 207,563 | 287,902 |
| Translation reserve | | 31,948 | 40,800 |
| Restricted reserves | 16 | 157,784 | 157,784 |
| Additional contribution to shareholders' equity related to the merger | 16 | 18,547 | - |
| Accumulated profits | | 573,480 | 542,917 |
| Net income for the period | | 257,624 | 39,794 |
| Attributable to | | | |
| Equity holders of the parent | | 2,392,374 | 1,938,064 |
| Minority interest | | 29,268 | 63,265 |
| Total equity | | 2,421,642 | 2,001,329 |
| Total liabilities and equity | | 6,315,075 | 6,859,801 |

Commitments, contingent assets and liabilities 13

The accompanying notes form an integral part of these condensed 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 Turkish Lira ("TRY") unless otherwise indicated.)

| | Notes | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|--------------------------------------|--------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Net sales | | 3,052,040 | 3,338,316 | 1,734,060 | 1,803,003 |
| Cost of sales | | (2,141,698) | (2,395,440) | (1,159,009) | (1,251,501) |
| Gross profit | | 910,342 | 942,876 | 575,051 | 551,502 |
| Selling and marketing expenses | | (490,065) | (504,655) | (277,268) | (290,820) |
| General administrative expenses | | (161,961) | (161,155) | (87,039) | (85,064) |
| Research and development expenses | | (19,467) | (22,185) | (7,613) | (10,933) |
| Other income | 17 | 144,353 | 16,873 | 17,233 | 2,863 |
| Other expenses | | (16,121) | (14,026) | (7,928) | (10,524) |
| Operating profit | | 367,081 | 257,728 | 212,436 | 157,024 |
| Income from associates | 10 | 5,731 | 18,532 | 4,614 | 9,415 |
| Financial income | 18 | 294,902 | 412,339 | 134,109 | 152,293 |
| Financial expenses | 19 | (436,855) | (544,820) | (165,199) | (232,147) |
| Income before tax | | 230,859 | 143,779 | 185,960 | 86,585 |
| Income tax expense | | | | | |
| - Taxes on income | 20 | (11,969) | (33,295) | (8,631) | (23,737) |
| - Deferred tax income | 20 | 38,764 | 14,490 | 29,029 | 9,935 |
| Net income | | 257,654 | 124,974 | 206,358 | 72,783 |
| Attributable to: | | | | | |
| Minority interest | | 30 | (9,937) | 2,173 | (6,795) |
| Equity holders of the parent | | 257,624 | 134,911 | 204,185 | 79,578 |
| Earnings per share (Kr) | 21 | 0.551 | 0.317 | 0.480 | 0.187 |

The accompanying notes form an integral part of these condensed 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 COMPREHENSIVE
INCOME FOR THE SIX - MONTH PERIODS ENDED 30 JUNE**

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

| | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|--|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Profit for the period | 257,654 | 124,974 | 206,358 | 72,783 |
| Other comprehensive income/ (loss): | | | | |
| Fair value gains/losses on non-current assets (net) | 196 | 53,440 | 95 | 23 |
| Fair value gains/losses on financial assets (net) | 30,752 | (88,937) | 30,752 | (88,837) |
| Translation differences | (8,384) | 33,282 | (14,882) | (14,401) |
| Reclassification adjustments: | | | | |
| Financial assets valuation fund (net) | (110,486) | - | (110,486) | - |
| Other comprehensive income/ (loss) (after tax) | (87,922) | (2,215) | (94,521) | (103,215) |
| Total comprehensive income/(loss) | 169,732 | 122,759 | 111,837 | (30,432) |
| Distribution of total comprehensive income/(loss) | | | | |
| Minority interest | 531 | 3,006 | 816 | (2,572) |
| Equity holders of the parent | 169,201 | 119,753 | 111,021 | (27,860) |

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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**

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

| | Paid-in capital | Adjustment to share capital | Share premium | Revaluation fund | Translation reserves | Restricted reserves | Contribution to shareholders' equity related to merger | Accumulated profits | Net income for the period | Minority interests | Total equity |
|---|--------------------|-----------------------------------|------------------|---------------------|-------------------------|------------------------|---|------------------------|------------------------------------|-----------------------|------------------|
| 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) |
| Transactions with minority interests | - | - | - | - | - | - | - | (6,144) | - | 6,144 | - |
| Total comprehensive income | - | - | - | (49,822) | 34,573 | - | - | 91 | 134,911 | 3,006 | 122,759 |
| Balances at 30 June 2008 | 399,960 | 468,811 | 96 | 390,927 | 17,988 | 157,713 | - | 560,666 | 134,911 | 70,441 | 2,201,513 |
| Balances at 1 January 2009 | 399,960 | 468,811 | 96 | 287,902 | 40,800 | 157,784 | - | 542,917 | 39,794 | 63,265 | 2,001,329 |
| Capital increase | 249,975 | - | - | - | - | - | - | - | - | - | 249,975 |
| Transfers | 9,999 | - | - | - | - | - | - | 29,795 | (39,794) | - | - |
| Transfer from minority interest to shareholder's equity due to merger with the subsidiary | - | - | - | - | - | - | 34,341 | - | - | (34,341) | - |
| Increase in share capital due to merger with the subsidiary | 15,794 | - | - | - | - | - | (15,794) | - | - | - | - |
| Increase in share premium | - | - | 793 | - | - | - | - | - | - | - | 793 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (187) | (187) |
| Total comprehensive income | - | - | - | (80,339) | (8,852) | - | - | 768 | 257,624 | 531 | 169,732 |
| Balances at 30 June 2009 | 675,728 | 468,811 | 889 | 207,563 | 31,948 | 157,784 | 18,547 | 573,480 | 257,624 | 29,268 | 2,421,642 |

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
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ARÇELİK ANONİM ŞİRKETİ

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

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

| | Notes | 30 June 2009 | 30 June 2008 |
|---|-------|--------------------|------------------|
| Operating activities | | | |
| Income before tax | | 230,859 | 143,779 |
| <i>Adjustments to reconcile net cash provided from operating activities to income before taxes:</i> | | | |
| Changes in provisions | 24 | 85,284 | 144,277 |
| Depreciation and amortisation | | 89,279 | 81,245 |
| Interest income | 18 | (15,928) | (8,586) |
| Interest expenses | 19 | 202,885 | 211,987 |
| Income from associates (net) | 10 | (5,731) | (18,532) |
| Gain from sales of tangible and intangible assets (net) | | 635 | 1,344 |
| Gain from sales of financial assets | | (116,302) | - |
| | | 470,981 | 555,514 |
| Changes in operating assets and liabilities (net) | 24 | 444,682 | (380,761) |
| Corporate taxes paid | 20 | (4,877) | (23,923) |
| Cash flows from operating activities | | 910,786 | 150,830 |
| Investing activities: | | | |
| Cash provided from sales of tangible and intangible assets | | 2,664 | 2,654 |
| Acquisition of tangible and intangible assets | | (78,643) | (95,947) |
| Cash outflow due to acquisition of subsidiaries | 3 | - | (55,246) |
| Cash provided from sales of financial assets | | 250,000 | - |
| Translation differences (net) | | 3,530 | 7,709 |
| Cash flows from investing activities | | 177,551 | (140,830) |
| Financing activities: | | | |
| Increase/(decrease) in bank borrowings (net) | | (1,046,672) | 143,136 |
| Interest paid | | (232,247) | (198,870) |
| Dividends paid | 22 | (187) | (100,160) |
| Interest received | | 15,928 | 8,586 |
| Capital increase | | 249,975 | - |
| Share premiums received | | 793 | - |
| Increase/(decrease) in financial assets (net) | | - | (5,015) |
| Capital increase-minority share | | - | 33,184 |
| Cash flows from financing activities | | (1,012,410) | (119,139) |
| Net increase/(decrease) in cash and cash equivalents | | 75,927 | (109,139) |
| Cash and cash equivalents at 1 January | | 415,586 | 302,492 |
| Cash and cash equivalents at 30 June | | 491,513 | 193,353 |

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
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ARÇELİK ANONİM ŞİRKETİ

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

(Amounts expressed in thousands of 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”), 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 eleven 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
Istanbul / 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 2009, the publicly quoted shares are 22.35% of the total shares. At 30 June 2009, the principal shareholders and their respective shareholdings in the Company are as follows (Note 16):

| | % |
|---|---------------|
| Koç Holding A.Ş. | 40.51 |
| Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş. | 12.05 |
| Koç Family | 9.58 |
| Burla Ticaret ve Yatırım A.Ş. | 7.48 |
| Koç Holding Emekli ve Yardım Sandığı Vakfı | 5.14 |
| Other | 25.24 |
| | 100.00 |

The average number of employees of the Group as of 30 June 2009 is 16,644 (31 December 2008: 18,605).

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX - MONTH PERIODS ENDED 30 JUNE**

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

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

| Subsidiaries | Country of incorporation | Core Business | Nature of business |
|--|---------------------------------|----------------------|-------------------------------|
| Archin Limited (“Archin”) | Hong Kong, China | Sales | Consumer durables/Electronics |
| ArcticPro SRL (“ArcticPro”) | Romania | Service | Consumer durables |
| Arducth B.V. (“Arducth”) | 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 Italy SRL (“Beko Italy”) | Italy | 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”) | UK | 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/Sales | Consumer durables/Electronics |
| Elektra Bregenz AG (“Elektra Bregenz”) | Austria | Sales | Consumer durables/Electronics |
| Fusion Digital Technology Ltd. (“Fusion Digital”) (2) | UK | Technology | Electronics |
| Grundig Multimedia B.V. (“Grundig Multimedia”) | Netherlands | Investment | Holding |
| Grundig AG (“Grundig Switzerland”) | Sweden | Sales | Electronics |
| Grundig Benelux B.V. (“Grundig Benelux”) | Netherlands | Sales | Electronics |
| Grundig Ceska Republika S.r.o (“Grundig Ceska”) | Czech Republic | Sales | Electronics |
| Grundig Danmark A/S (“Grundig Denmark”) | Denmark | Sales | Electronics |
| Grundig España S.A. (“Grundig Espana”) | Spain | Sales | Electronics |
| Grundig Intermedia Ges.m.b.H (“Grundig Austria”) | Austria | Sales | Electronics |
| Grundig Intermedia GmbH (“Grundig Intermedia”) | Germany | Sales | Electronics |
| Grundig Italiana S.p.A. (“Grundig Italy”) | Italy | Sales | Electronics |
| Grundig Magyarorszag Kft. (“Grundig Hungary”) | Hungary | Sales | Electronics |
| Grundig Norge AS (“Grundig Norway”) | Norway | Sales | Electronics |
| Grundig OY (“Grundig Finland ”) | Finland | Sales | Electronics |
| Grundig Polska Sp. Z o.o. (“Grundig Polska”) | Poland | Sales | Electronics |
| Grundig Portuguesa, Lda (“Grundig Portugal”) | Portugal | Sales | Electronics |
| Grundig Slovakia s.r.o (“Grunding Slovakia”) | Slovakia | Sales | Electronics |
| Grundig Svenska AB. (“Grundig Sweden”) | Sweden | Sales | Electronics |
| Grundig S.A.S. (“Grundig France”) | 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.

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ARÇELİK ANONİM ŞİRKETİ

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

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

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

| Associates | Country of incorporation | Core Business | Nature of business |
|--|---------------------------------|----------------------|-----------------------------|
| 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 |

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED 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 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 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.

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ARÇELİK ANONİM ŞİRKETİ

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

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

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

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 and 9 January 2009 including the compulsory disclosures. Accordingly, necessary reclassifications have been made in the comparative financial statements.

Arçelik maintains its books of account and prepare its statutory financial statements (“Statutory Financial Statements”) in TRY in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These condensed interim consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. These condensed interim consolidated financial statements have been prepared by taking into consideration the historical costs except for the financial investments which are accounted for at their fair values.

Changes in International Financial Reporting Standards (IFRS)

a) Standards, amendments and interpretations, effective in 2009 and adopted by the Group

- IAS 1, “Presentation of financial statements” comprehensive changes related with the statement of comprehensive income in equity
- IAS 23 (Revised), “Borrowing costs” comprehensive changes related with preventing the immediately expensing of the borrowing costs
- IFRS 8, “Operating segments”

b) Standards, amendments and interpretations, effective in 2009 but not relevant to the Group’s condensed interim consolidated financial statements

i) Effective from 1 January 2009

- IAS 32, “Financial instruments: Presentation” - Puttable financial instruments and obligations arising on liquidation
- IAS 39, “Financial instruments: Recognition and measurement” changes related with the items that could be subject to hedge accounting
- IFRS 1 (Revised) “First time adoption of IFRS”
- IFRS 2 (Revised), “Share based payments”
- IFRIC 15 “Agreements for construction of real estates ”
- IFRIC 13, “Customer loyalty programmes”
- IAS 31 (Revised), “Interests in joint ventures ”

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

ii) Effective from 1 July 2009

- IAS 27 (Revised), “Consolidated and separate financial statements”
- IFRS 3 (Revised), “Business combinations”
- IFRS 5 (Revised), “Non-current Assets Held for Sale and Discontinued Operations”

It is expected that the application of the standards and the interpretations above will not have a significant effect on the condensed interim consolidated financial statements of the Group.

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The condensed interim consolidated financial statements are presented in TRY, which is the functional currency of Arçelik and the presentation currency of the Group.

Financial statements of foreign subsidiaries

Financial statements of subsidiaries 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’ 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 translation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the “translation reserves” under the shareholders’ equity.

Consolidation Principles

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 2008, include the accounts of Arçelik and its Subsidiaries.

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

As of 30 June 2009 there has been no change in ownership interests and effective interests of the Subsidiaries, which are included in the scope of consolidation, since 31 December 2008 except for the companies mentioned below

| | <u>30 June 2009</u> | | <u>31 December 2008</u> | |
|----------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| | <u>Ownership interest</u> | <u>Economic interest</u> | <u>Ownership interest</u> | <u>Economic interest</u> |
| Grundig Elektronik (1) | - | - | 83.03 | 83.03 |
| Grundig Multimedia (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Austria (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Benelux (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Czech Republic (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Denmark (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Espana (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Finland (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig France (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Intermedia (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Italy (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Hungary (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Norway (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Portugal (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Polska (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Slovakia (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Sweden (1) | 100.00 | 100.00 | 100.00 | 83.03 |
| Grundig Switzerland (1) | 100.00 | 100.00 | 100.00 | 83.03 |

(1) As discussed in Note 3 Grundig Elektronik merged with Arçelik. With the dissolution of Grundig Elektronik as of 30 June 2009, ownership interests and economic interest in the related subsidiaries have been changed as above.

Going Concern

Group prepared condensed interim consolidated financial statements in accordance with the going concern assumption.

Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realise the assets and settle the liabilities simultaneously.

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

Comparatives and Restatement of Prior Periods’ Financial Statements

The condensed interim 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.

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 periods 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 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 2009 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 2008. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2008.

2.4 Critical Accounting Estimates and Judgements

The preparation of condensed interim consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results.

**2.5 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.

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NOTE 3 - BUSINESS COMBINATIONS

As of 30 June 2009 Grundig Elektronik A.Ş., a subsidiary of the Group, which was operating in production, sales, exportation and importation of television, computer, cash register and miscellaneous consumer electronics, merged with Arçelik A.Ş., the parent company of the Group.

On 27 May 2009 the Company management obtained authorisation from the CMB to execute the transactions to merge Grundig Elektronik into the Company through the transfer of all its assets and liabilities to the Company in accordance with the related articles of Turkish Commercial Code, Corporate Tax Laws and CMB Legislation based on the financial statements as of 31 December 2008 prepared in accordance with CMB Financial Reporting Standards. As a result of the merger decision taken at the Extraordinary General Assembly meeting held on 29 June 2009, Grundig Elektronik was dissolved on 30 June 2009 and, at the same date, the merger of Arçelik and Grundig Elektronik was realised.

The pre-merger issued capital of Arçelik, which was TRY659,934, increased to TRY675,728 with an increase of TRY15,794 as a result of the merger. This increased capital, registered as of 30 June 2009, was covered by restricting the rights of current Arçelik shareholders to buy new shares and by the equity capital acquired from Grundig Elektronik. The exchange transactions carried out through a share swap of 0.1947 Arçelik shares for each Grundig Elektronik share began on 10 July 2009; Grundig Elektronik was delisted from the İstanbul Stock Exchange as of the same date. Arçelik shareholders and related shares are shown in Note 16.

As of 30 June 2009, the minority interest transferred amounting to TRY34,341 comprises paid-in capital of TRY81,119, share premium of TRY95, restricted reserves of TRY8,693, revaluation fund of TRY9,098, adjustment to share capital of TRY55,340, translation differences of TRY1,757, previous years losses of TRY115,362 and current year loss of TRY6,399. TRY15,794 of the aforementioned minority interest has been transferred to the paid-in capital and the remaining amount of TRY18,547 has been classified as “Contribution to shareholders’ equity related to the merger” under equity.

Business combinations in 2008

Grundig Elektronik, a Subsidiary of 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%.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

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

| | |
|---|--------------|
| Cash paid ⁽¹⁾ | 70,547 |
| Costs directly attributable to the acquisition | 302 |
| Liabilities attributable to the acquisition ⁽²⁾ | 13,595 |
| <hr/> | |
| Total purchase consideration | 84,444 |
| Fair value of net assets acquired | (73,891) |
| <hr/> | |
| Goodwill at acquisition date | 10,553 |
| Effect of the change in contingent liabilities attributable to acquisition ⁽³⁾ | (4,332) |
| Foreign exchange translation differences | 674 |
| <hr/> | |
| Goodwill | 6,895 |

- (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 which was determined as certain percentages of revenues earned under Grundig brand in United Kingdom and Ireland between the years 2008 and 2012 and will be paid in five years instalments. 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 per annum for the years 2009 and 2010) and 2% for the years 2011 and 2012.
- (3) The royalty income forecasts from the sales in United Kingdom and Ireland under Grundig brand, which are used for determination of the contingent liability at the acquisition date were revised in accordance with the actual sales realised in 2008. Decrease in the contingent liability resulted from the change in royalty income forecasts are adjusted reciprocally with goodwill in compliance with IFRS 3.

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 | 4,170 | 4,170 |
| Property, plant and equipment | 1,047 | 1,047 |
| Intangible assets | 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 | (3,328) | (21,612) |
| Other liabilities | (51,845) | (51,845) |
| <hr/> | | |
| Net assets acquired (50%) | 20,474 | 73,891 |

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

The details of cash outflow on acquisition are as follows:

| | |
|--|---------------|
| Cash paid | 70,547 |
| Costs directly attributable to the acquisition | 302 |
| Cash and cash equivalents - acquired | (15,603) |
| Cash outflow on acquisition (net) | 55,246 |

NOTE 4 - SEGMENT REPORTING

The reportable segments of Arçelik have been organised by management into white goods and consumer electronics. The products included in white goods are washing machines, dryers, dish washers, refrigerators, ovens, cookers and air conditioners with similar features to these products in the white goods segment and the services provided for these products. Although each of the products mentioned above in the white goods segment constitutes a separate operational segment, they have been reported together since these products have similar economic characteristics and the quality of the products together with the quality of the production process, consumer types and transportation methods have similar features. The consumer goods reportable segment includes LCD televisions, televisions, computers, cash registers and the services provided to consumers for these products. Other sales include the revenues from all home appliances, furniture and kitchen gadgets except products included in white goods and consumer goods.

Accounting policies applied by each operational segment of Arçelik are the same as those are applied in Arçelik’s condensed interim consolidated financial statements prepared in accordance with CMB Financial Reporting Standards.

Arçelik’s reportable segments are strategic business units that present various products and services. Each of these segments is administrated separately due to the necessity of different technologies and marketing strategies.

Gross profits have been taken into consideration for evaluation of the performance of the operational segments. Information about the operational segments is as follows:

- a) Operational segments which have been prepared in accordance with the reportable segments as of 30 June 2009 are as follows:

| | White goods | Consumer electronics | Other | Total |
|----------------------------------|--------------------|-----------------------------|--------------|--------------|
| Total segment revenue | 1,971,060 | 594,968 | 486,012 | 3,052,040 |
| Gross profit | 699,789 | 129,422 | 81,131 | 910,342 |
| Depreciation and amortisation | 64,221 | 22,737 | 3,736 | 90,694 |
| Capital expenditures | 63,870 | 15,302 | 886 | 80,058 |
| Income/(expense) from associates | 4,587 | - | 1,144 | 5,731 |

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NOTE 4 - SEGMENT REPORTING (Continued)

- b) Operational segments which have been prepared in accordance with the reportable segments as of 30 June 2008 are as follows:

| | White goods | Consumer electronics | Other | Total |
|----------------------------------|------------------------|---------------------------------|--------------|--------------|
| Total segment revenue | 2,069,048 | 691,657 | 577,611 | 3,338,316 |
| Gross profit | 701,255 | 147,593 | 94,028 | 942,876 |
| Depreciation and amortisation | 58,356 | 20,690 | 3,348 | 82,394 |
| Capital expenditures | 80,050 | 16,406 | 640 | 97,096 |
| Income/(expense) from associates | 9,269 | - | 9,263 | 18,532 |

- c) Operational segments which have been prepared in accordance with the reportable segments for the period between 1 April - 30 June 2009 are as follows:

| | White goods | Consumer electronics | Other | Total |
|----------------------------------|------------------------|---------------------------------|--------------|--------------|
| Total segment revenue | 1,162,003 | 309,011 | 263,046 | 1,734,060 |
| Gross profit | 449,676 | 77,575 | 47,800 | 575,051 |
| Depreciation and amortisation | 32,140 | 11,413 | 1,860 | 45,413 |
| Capital expenditures | 39,198 | 8,936 | 540 | 48,674 |
| Income/(expense) from associates | 3,715 | - | 899 | 4,614 |

- d) Industrial segments which have been prepared in accordance with the reportable segments for the period between 1 April - 30 June 2008 are as follows:

| | White Goods | Consumer electronics | Other | Total |
|---------------------------------|------------------------|---------------------------------|--------------|--------------|
| Total segment revenue | 1,143,264 | 350,135 | 309,604 | 1,803,003 |
| Gross profit | 403,214 | 99,531 | 48,757 | 551,502 |
| Depreciation and amortisation | 27,778 | 10,247 | 1,414 | 39,439 |
| Capital expenditures | 39,344 | 7,823 | 337 | 47,504 |
| Income/(expense)from associates | 6,427 | - | 2,988 | 9,415 |

- e) Operating segment information as of 30 June 2009 are shown below:

| | White Goods | Consumer electronics | Other | Total |
|---|------------------------|---------------------------------|--------------|--------------|
| Total assets (Except for cash and cash equivalents and deferred tax assets) | 3,842,646 | 1,388,363 | 533,085 | 5,764,094 |
| Total liabilities (*) | 879,357 | 388,416 | 82,659 | 1,350,432 |

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NOTE 4 - SEGMENT REPORTING (Continued)

Operating segment information as of 31 December 2008 are shown below:

| | White Goods | Consumer electronics | Other | Total |
|---|--------------------|-----------------------------|--------------|--------------|
| Total assets (Except for cash and cash equivalents and deferred tax assets) | 4,172,281 | 1,536,153 | 669,903 | 6,378,337 |
| Total liabilities (*) | 751,412 | 389,698 | 72,411 | 1,213,521 |

(*) Financial liabilities, deferred tax liabilities, derivative financial instruments, other taxes and legal deductions are excluded.

f) Sales revenue that are grouped geographically as of 30 June are shown below,

| 30 June 2009 | Turkey | Europe | Other | Total |
|----------------------------------|---------------|---------------|--------------|--------------|
| Total segment revenue (*) | 1,532,053 | 1,167,772 | 352,215 | 3,052,040 |
| Income/(expense) from associates | 5,731 | - | - | 5,731 |
| 30 June 2008 | Turkey | Europe | Other | Total |
| Total segment revenue (*) | 1,703,306 | 1,263,779 | 371,231 | 3,338,316 |
| Income/(expense) from associates | 18,532 | - | - | 18,532 |

Sales revenue that are grouped geographically as of 1 April - 30 June are shown below,

| 1 April -30 June 2009 | Turkey | Europe | Other | Total |
|----------------------------------|---------------|---------------|--------------|--------------|
| Total segment revenue (*) | 950,721 | 610,161 | 173,178 | 1,734,060 |
| Income/(expense) from associates | 4,614 | - | - | 4,614 |
| 1 April -30 June 2008 | Turkey | Europe | Other | Total |
| Total segment revenue (*) | 961,008 | 636,807 | 205,188 | 1,803,003 |
| Income/(expense) from associates | 9,415 | - | - | 9,415 |

(*) All revenues obtained from third party.

Assets which are grouped geographically as of 30 June 2009 ve 31 December 2008 are shown below:

| 30 June 2009 | Turkey | Europe | Other | Total |
|--|---------------|---------------|--------------|--------------|
| Total assets(Except for cash and cash equivalents and deferred tax assets) | 4,383,704 | 1,067,942 | 312,448 | 5,764,094 |

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NOTE 4 - SEGMENT REPORTING (Continued)

| 31 December 2008 | Turkey | Europe | Other | Total |
|---|---------------|---------------|--------------|--------------|
| Total assets (Except for cash and cash equivalents and deferred tax assets) | 4,995,575 | 1,040,511 | 342,251 | 6,378,337 |

g) Reconciliation between reportable segment assets and liabilities and total assets and liabilities are as follows

| | 30 June 2009 | 31 December 2008 |
|--------------------------------|---------------------|-------------------------|
| Reportable Segment Assets | 5,764,094 | 6,378,337 |
| Unallocated: | | |
| Cash and cash equivalents | 491,513 | 415,586 |
| Deferred tax assets | 59,468 | 65,878 |
| Total Assets | 6,315,075 | 6,859,801 |
| Reportable Segment Liabilities | 1,350,432 | 1,213,521 |
| Unallocated: | | |
| Financial liabilities | 2,415,534 | 3,496,641 |
| Deferred tax liabilities | 43,046 | 91,471 |
| Other | 84,421 | 56,839 |
| Total Liabilities | 3,893,433 | 4,858,472 |

NOTE 5 - CASH AND CASH EQUIVALENTS

| | 30 June 2009 | 31 December 2008 |
|-------------------|---------------------|-------------------------|
| Cash in hand | 248 | 287 |
| Cash at banks | | |
| - Demand deposits | 38,883 | 42,296 |
| - Time deposits | 416,822 | 329,067 |
| Cheques and notes | 34,595 | 42,490 |
| Other | 965 | 1,446 |
| | 491,513 | 415,586 |

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NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

The maturities of cash and cash equivalents are as follows:

| | 30 June 2009 | 31 December 2008 |
|---------------|---------------------|-------------------------|
| Up to 30 days | 432,417 | 328,016 |
| 30-90 days | 58,993 | 87,570 |
| 90-365 days | 103 | - |
| | 491,513 | 415,586 |

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

| | | |
|-----|-------|-------|
| TRY | 13.24 | - |
| USD | - | 7.39 |
| EUR | 1.34 | 3.55 |
| RON | 8.08 | 11.06 |
| GBP | 0.12 | 1.29 |

NOTE 6 - FINANCIAL INVESTMENTS

Current financial investments

Derivative financial instruments

| | 30 June 2009 | | | 31 December 2008 | | |
|---------------------------------------|---------------------------|-----------------------------|------------------|---------------------------|-----------------------------|------------------|
| | Contract value | Fair value Asset | Liability | Contract value | Fair value Asset | Liability |
| Foreign currency forward contracts | 115,413 | 1,000 | - | 351,286 | 26,039 | - |
| | | 1,000 | - | | 26,039 | - |

Non-current financial investments

| | 30 June 2009 | 31 December 2008 |
|---|---------------------|-------------------------|
| Available-for-sale investments | 322,555 | 540,182 |
| Financial assets excluded from the scope of consolidation | 3,261 | 3,261 |
| | 325,816 | 543,443 |

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

a) Available-for-sale investments:

| | <u>30 June 2009</u> | | <u>31 December 2008</u> | |
|--|---------------------|----------------|-------------------------|----------------|
| | % | TRY | % | TRY |
| Koç Finansal Hizmetler A.Ş. | 3.98 | 302,696 | 7.66 | 520,832 |
| Entek Elektrik Üretimi A.Ş. | 6.86 | 16,797 | 6.86 | 16,797 |
| Ultra Kablolı TV ve Telekomünikasyon San. Tic. A.Ş. | 7.50 | 1,901 | 7.50 | 1,901 |
| Tat Konserve Sanayii A.Ş. | 0.34 | 1,063 | 0.34 | 554 |
| Other | | 98 | | 98 |
| | | 322,555 | | 540,182 |

| | 30 June 2009 | 30 June 2008 |
|---|---------------------|---------------------|
| Balance at the beginning of the period | 540,182 | 711,585 |
| Fair value gains/(losses) | 32,371 | (93,618) |
| Disposal of available for sale investment - fair value reserve | (116,302) | - |
| Disposal of available for sale investment - fair value reserve deferred tax effect | 5,816 | - |
| Disposal of available for sale investment - carrying value | (139,512) | - |
| Increase in shares due to business combination | - | 23 |
| Acquisitions | - | 7 |
| Balance at the end of the period | 322,555 | 617,997 |

The unrealised gain (net) arising from changes in the fair value of the investments amounting to TRY170,287, net of deferred tax effect amounting to TRY8,515, are recognised in condensed interim consolidated shareholders’ equity under the “financial assets fair value reserve” at 30 June 2009 (31 December 2008: TRY254,217).

Since the shares of Yapı ve Kredi Bankası are traded in İstanbul Stock Exchange, the fair value of Koç Finansal Hizmetler, the majority shareholder of Yapı ve Kredi Bankası (81.80%) and the unlisted available-for-sale investment of the Group, has been determined by using the existing market value of Yapı ve Kredi Bankası and the aforementioned calculation has been supported by the income method. Furthermore, the fair value of Entek Elektrik Üretimi A.Ş., another unlisted available-for-sale investment of the Group, has been determined by using the income method.

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

b) Financial assets excluded from the scope of consolidation

| | 30 June 2009 | | 31 December 2008 | |
|---------------|---------------------|--------------|-------------------------|--------------|
| | % | TRY | % | TRY |
| Beko Shanghai | 100.00 | 3,259 | 100.00 | 3,259 |
| ArticPro SRL | 100.00 | 2 | 100.00 | 2 |
| | | 3,261 | | 3,261 |

NOTE 7 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

| | 30 June 2009 | 31 December 2008 |
|---|---------------------|-------------------------|
| Short-term bank borrowings | 166,838 | 1,006,793 |
| Short-term portion of long-term bank borrowings | 1,192,477 | 907,389 |
| Other | 602 | 323 |
| | 1,359,917 | 1,914,505 |

Short-term bank borrowings

| | | |
|------------------------|----------------|------------------|
| TRY loans | 39,770 | 798,227 |
| Foreign currency loans | 103,314 | 152,727 |
| Eximbank loans | 23,754 | 55,839 |
| | 166,838 | 1,006,793 |

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

| | 30 June 2009 | 31 December 2008 |
|------------------------|---------------------|-------------------------|
| TRY loans | 11.46 | 22.66 |
| Foreign currency loans | 3.83 | 6.76 |

b) Long-term financial liabilities

| | 30 June 2009 | 31 December 2008 |
|---------------------------|---------------------|-------------------------|
| Long-term bank borrowings | 1,054,635 | 1,576,303 |
| Other | 522 | 300 |
| | 1,055,157 | 1,576,603 |

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

As of 30 June 2009, the details of the long-term bank borrowings are as follows:

| Currency | Effective interest rate (%) | Original currency | TRY |
|--------------------------|--|------------------------------|------------------|
| TRY | 12.22 | 1,396,274,106 | 1,396,274 |
| EUR | 2.79 | 377,961,049 | 811,445 |
| USD | 5.97 | 25,000,000 | 39,393 |
| | | | 2,247,112 |
| Less: Current maturities | | | (1,192,477) |
| | | | 1,054,635 |

As of 31 December 2008, the details of the long-term bank borrowings are as follows:

| Currency | Effective interest rate (%) | Original currency | TRY |
|--------------------------|--|------------------------------|------------------|
| TRY | 19.56 | 1,346,093,255 | 1,346,093 |
| EUR | 6.01 | 420,894,563 | 901,051 |
| USD | 6.98 | 156,415,663 | 236,548 |
| | | | 2,483,692 |
| Less: Current maturities | | | (907,389) |
| | | | 1,576,303 |

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

| | 30 June 2009 | 31 December 2008 |
|------|---------------------|-------------------------|
| 2010 | 867,855 | 1,305,634 |
| 2011 | 150,999 | 198,195 |
| 2012 | 35,781 | 72,474 |
| | 1,054,635 | 1,576,303 |

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

As of 30 June, the analysis of borrowings in terms of periods remaining to contractual repricing dates is as follows:

| | 30 June 2009 | 31 December 2008 |
|----------------|---------------------|-------------------------|
| Up to 6 months | 2,350,909 | 2,735,505 |
| 6 - 12 months | 63,041 | 108,124 |
| 1 - 3 years | - | 573,884 |
| 3 - 5 years | - | 72,972 |
| | 2,413,950 | 3,490,485 |

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

| Short-term trade receivables | 30 June 2009 | 31 December 2008 |
|---|---------------------|-------------------------|
| Trade receivables | 1,538,329 | 1,438,111 |
| Notes receivables | 975,875 | 1,179,681 |
| Cheques receivables | 137,793 | 116,086 |
| Due from related parties (Note 22) | 50,602 | 51,575 |
| | 2,702,599 | 2,785,453 |
| Less: Provision for doubtful receivables | (97,331) | (94,625) |
| Less: Unearned credit finance income | (93,937) | (115,329) |
| Short-term trade receivables (net) | 2,511,331 | 2,575,499 |

Movements in the provision for doubtful receivables are as follows:

| | 30 June 2009 | 30 June 2008 |
|--|---------------------|---------------------|
| Balance at the begining of the period | 94,625 | 66,520 |
| Current year additions | 5,119 | 2,664 |
| Acquisitions | - | 3,019 |
| Collection of doubtful receivables | (3,584) | (650) |
| Translation differences | 1,171 | 3,984 |
| Balance at the end of the period | 97,331 | 75,537 |

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

| | 30 June 2009 | 31 December 2008 |
|-------------------|---------------------|-------------------------|
| 0-3 months | 3,750 | 3,725 |
| 3-6 months | 1,659 | 4,840 |
| 6 months and over | 91,922 | 86,060 |
| | 97,331 | 94,625 |

| Long-term trade receivables | 30 June 2009 | 31 December 2008 |
|------------------------------------|---------------------|-------------------------|
| Trade receivables | 7,466 | 9,060 |
| | 7,466 | 9,060 |

| Short-term trade payables | 30 June 2009 | 31 December 2008 |
|----------------------------------|---------------------|-------------------------|
| Trade payables | 597,858 | 568,837 |
| Due to related parties (Note 22) | 141,602 | 73,727 |
| Unearned credit finance charges | (4,739) | (6,665) |
| | 734,721 | 635,899 |

| Long-term trade payables | 30 June 2009 | 31 December 2008 |
|----------------------------------|---------------------|-------------------------|
| Due to related parties (Note 22) | 71,185 | 72,955 |
| | 71,185 | 72,955 |

NOTE 9 - INVENTORIES

| | 30 June 2009 | 31 December 2008 |
|---|---------------------|-------------------------|
| Raw materials and supplies | 461,352 | 623,993 |
| Work in progress | 37,130 | 38,924 |
| Finished goods | 163,439 | 247,113 |
| Trade goods | 403,633 | 442,007 |
| | 1,065,554 | 1,352,037 |
| Less: Provision for impairment on inventories | (42,902) | (48,106) |
| | 1,022,652 | 1,303,931 |

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NOTE 9 - INVENTORIES (Continued)

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

| | 30 June 2009 | 31 December 2008 |
|----------------------------|---------------------|-------------------------|
| Raw materials and supplies | 19,332 | 16,815 |
| Finished goods | 6,048 | 9,863 |
| Trade goods | 17,522 | 21,428 |
| | 42,902 | 48,106 |

Movement of provision for impairment on inventories as of 30 June is as follows:

| | 30 June 2009 | 30 June 2008 |
|---|---------------------|---------------------|
| Balance at the beginning of the period | 48,106 | 45,771 |
| Current year additions | 5,925 | 4,172 |
| Acquisitions | - | 6,336 |
| Realised due to sales of inventory | (11,457) | (9,701) |
| Translation differences | 328 | 1,021 |
| Balance at the end of the period | 42,902 | 47,599 |

NOTE 10 - ASSOCIATES

| | <u>30 June 2009</u> | | <u>31 December 2008</u> | |
|---|----------------------------|----------------|--------------------------------|----------------|
| | % | TRY | % | TRY |
| Koç Tüketici Finansmanı A.Ş. | 47.00 | 55,931 | 47.00 | 57,882 |
| Arçelik LG Klima Sanayi ve Ticaret A.Ş. | 45.00 | 62,676 | 45.00 | 58,089 |
| Ram Dış Ticaret A.Ş. | 33.50 | 6,775 | 33.50 | 5,367 |
| Tam Pazarlama ve İletişim Hizmetleri A.Ş. | 32.00 | 3,951 | 32.00 | 2,264 |
| | | 129,333 | | 123,602 |

| | 30 June 2009 | 30 June 2008 |
|---|---------------------|---------------------|
| Balance at the beginning of the period | 123,602 | 111,129 |
| Income from associates (net) | 5,731 | 18,532 |
| Balance at the end of the period | 129,333 | 129,661 |

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NOTE 10 - ASSOCIATES (Continued)

Income from associates

| | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|--|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Koç Tüketici Finansmanı A.Ş. | (1,952) | 8,733 | (640) | 2,557 |
| Arçelik LG Klima Sanayi ve Ticaret A.Ş. | 4,587 | 9,269 | 3,715 | 6,428 |
| Ram Dış Ticaret A.Ş. | 1,410 | 292 | 636 | 163 |
| Tanı Pazarlama ve İletişim Hizmetleri A.Ş. | 1,686 | 238 | 903 | 267 |
| | 5,731 | 18,532 | 4,614 | 9,415 |

| | 30 June 2009 | 31 December 2008 |
|-------------------|---------------------|-------------------------|
| Total assets | 1,501,883 | 1,613,465 |
| Total liabilities | 1,211,029 | 1,341,046 |
| Sales revenues | 617,964 | 668,820 |

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

| | 2009 | 2008 |
|--|------------------|------------------|
| As of 1 January | | |
| Cost | 3,304,201 | 3,118,455 |
| Accumulated depreciation | (2,031,868) | (1,912,405) |
| Net book value | 1,272,333 | 1,206,050 |
| Net book value at the beginning of the period | 1,272,333 | 1,206,050 |
| Acquisitions (Note 3) | - | 1,047 |
| Additions | 45,564 | 68,590 |
| Disposals | (3,141) | (3,998) |
| Translation differences | (12,679) | 26,617 |
| Current year depreciation | (76,888) | (76,442) |
| Net book value at the end of the period | 1,225,189 | 1,221,864 |

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

As of 30 June

| | 2009 | 2008 |
|--------------------------|------------------|------------------|
| Cost | 3,289,566 | 3,201,372 |
| Accumulated depreciation | (2,064,377) | (1,979,508) |
| Net book value | 1,225,189 | 1,221,864 |

There is no mortgage on property, plant and equipment as of 30 June 2009 (30 June 2008: No mortgage on property plant and equipment).

NOTE 12 - INTANGIBLE ASSETS

| | 2009 | 2008 |
|--|----------------|----------------|
| As of 1 January | | |
| Cost | 473,977 | 231,150 |
| Accumulated amortisation | (71,762) | (54,903) |
| Net book value | 402,215 | 176,247 |
| Net book value at the beginning of the period | 402,215 | 176,247 |
| Acquisitions (Note 3) | - | 94,301 |
| Fair value differences | - | 71,701 |
| Additions | 34,494 | 28,506 |
| Disposals | (158) | - |
| Translation differences | 1,720 | (3,728) |
| Current period amortisation | (13,806) | (5,926) |
| Net book value at the end of the period | 424,465 | 361,101 |
| As of 30 June | | |
| Cost | 510,432 | 421,189 |
| Accumulated amortisation | (85,967) | (60,088) |
| Net book value | 424,465 | 361,101 |

Total development expenditures as of 30 June 2009 amounts to TRY 117,594 of which, TRY33,768 has incurred in the current period (Total development expenditures as of 30 June 2008 amounts to TRY74,474 of which, TRY 26,295 has incurred in the current period).

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NOTE 13 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Commitments and contingent liabilities are as follows:

| | 30 June 2009 | 31 December 2008 |
|---|---------------------|-------------------------|
| Operational financial lease commitments | 11,836 | 14,832 |

Derivative financial instruments

30 June 2009

| | Forward exchange purchase commitment | Forward exchange sales commitment |
|-----|---|--|
| EUR | 21,325,000 | 4,488,282 |
| USD | 6,000,000 | 735,525 |
| TRY | 70,461 | - |
| GBP | - | 20,144,000 |
| RUB | - | 1,250,000,000 |
| PLN | - | 3,485,890 |

31 December 2008

| | Forward exchange purchase commitment | Forward exchange sales commitment |
|-----|---|--|
| EUR | 114,437,460 | 67,955,000 |
| USD | 89,500,000 | 3,026,000 |
| TRY | 10,748 | 64,686 |
| GBP | - | 67,506,000 |
| PLN | - | 16,480,980 |

Commitments and contingent liabilities are as follows:

| | 30 June 2009 | 31 December 2008 |
|--|---------------------|-------------------------|
| Collateral obtained | 1,794,185 | 1,758,941 |
| Guarantee letters given | 11,458 | 19,402 |
| Standby letters of credit | 41,508 | 26,223 |
| Guarantee letters given to Eximbank for import loans | 28,230 | 22,170 |
| Guarantee letters given to customs for imports | 42,194 | 53,936 |
| Other guarantees given | - | 1,948 |
| Mortgages given | - | 1,362 |
| Other collateral given | 1,284 | 1,284 |

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NOTE 14 - PROVISIONS

| Short-term provisions | 30 June 2009 | 31 December 2008 |
|------------------------------------|---------------------|-------------------------|
| Warranty provision | 103,666 | 94,218 |
| Assembly provision | 42,829 | 40,728 |
| Provision for cost and expenses | 10,319 | 9,442 |
| Provision for transportation costs | 7,456 | 7,415 |
| Other | 37,789 | 46,491 |
| | 202,059 | 198,294 |
| Long-term provisions | 30 June 2009 | 31 July 2008 |
| Warranty provision | 38,911 | 51,154 |
| Other | 2,092 | 2,043 |
| | 41,003 | 53,197 |

NOTE 15 - OTHER ASSETS AND LIABILITIES

| Other current assets | 30 June 2009 | 31 December 2008 |
|--|---------------------|-------------------------|
| Prepaid expenses | 36,845 | 16,590 |
| Taxes and funds deductible | 16,217 | 16,773 |
| VAT and PCT receivables | 13,996 | 15,236 |
| Other order advances given | 10,807 | 4,973 |
| Advances given for inventories | 4,620 | 5,377 |
| Assets held for sale | 3,592 | 2,909 |
| Income accruals | 3,101 | 1,183 |
| Prepaid taxes and funds | 1,963 | 34,660 |
| Other | 6,616 | 5,471 |
| | 97,757 | 103,172 |
| Other current liabilities | | |
| Accruals for customer premiums | 70,679 | 14,684 |
| Accruals for sales and marketing expenses | 66,006 | 62,835 |
| Advances received | 31,995 | 44,732 |
| Accruals for licence fee expenses | 17,366 | 18,598 |
| Accruals for bonuses and premiums | 9,526 | 569 |
| Accruals for advertising expenses | 6,260 | 2,587 |
| Liabilities attributable to the acquisition (Note 3) | 2,933 | 2,002 |
| Other | 3,306 | 3,492 |
| | 208,071 | 149,499 |

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NOTE 15 - OTHER ASSETS AND LIABILITIES (Continued)

| Other non-current liabilities | 30 June 2009 | 31 December 2008 |
|--|---------------------|-------------------------|
| Liabilities attributable to the acquisition (Note 3) | 5,196 | 8,106 |
| Other | 3,477 | 4,295 |
| | 8,673 | 12,401 |

NOTE 16 - EQUITY

Paid-in 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 Kr1. Registered and issued share capital of the Company is as follows:

| | 30 June 2009 | 31 December 2008 |
|---------------------------------------|---------------------|-------------------------|
| Limit on registered share capital | 1,500,000 | 1,500,000 |
| Issued share capital in nominal value | 675,728 | 399,960 |

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

The shareholding structures of the Company are as follows:

| Shareholders | 30 June 2009 | | 31 December 2008 | |
|--|---------------------|------------------|-------------------------|----------------|
| | Share % | Amount | Share % | Amount |
| Koç Holding A.Ş. | 40.51 | 273,742 | 39.14 | 156,546 |
| Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş. | 12.05 | 81,428 | 14.68 | 58,709 |
| Koç Ailesi | 9.58 | 64,767 | 9.81 | 39,252 |
| Burla Ticaret ve Yatırım A.Ş. | 7.48 | 50,572 | 7.66 | 30,649 |
| Koç Holding Emekli ve Yardım Sandığı Vakfı | 5.14 | 34,722 | 4.50 | 17,982 |
| Other | 25.24 | 170,497 | 24.21 | 96,822 |
| Paid-in share capital | 100.00 | 675,728 | 100.00 | 399,960 |
| Adjustment to share capital (*) | | 468,811 | | 468,811 |
| Total share capital | | 1,144,539 | | 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.

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NOTE 16 - EQUITY (Continued)

Additional contribution to shareholders’ equity related to the merger

As of 30 June 2009, total minority interest related to Grundig Elektronik amounts to TRY34,341. Of this minority interest, TRY15,794 has been transferred to the paid in capital and the remaining TRY18,547 has been classified as “Additional contribution to shareholders’ equity related to the merger” under equity.

Revaluation Fund

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

| | 30 June 2009 | 31 December 2008 |
|---|---------------------|-------------------------|
| Financial assets fair value reserve (net) | 161,772 | 241,506 |
| Non-current assets fair value reserve (net) (*) | 45,791 | 46,396 |
| Total revaluation fund (net) | 207,563 | 287,902 |

(*) The movements in the revaluation fund are presented in the condensed interim consolidated statements of changes in shareholders’ equity.

Restricted Reserves

The Turkish Commercial code (“TCC”) 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 the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. 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 five years and are followed in special reserves.

The details of these restricted reserves are as follows:

| | 30 June 2009 | 31 December 2008 |
|------------------|---------------------|-------------------------|
| Legal reserves | 157,660 | 157,660 |
| Special reserves | 124 | 124 |
| Total | 157,784 | 157,784 |

NOTE 17 - OTHER INCOME AND EXPENSES

TRY 116,302 of other income stems from the sale of 3.68% of Koç Finansal Hizmetler, available-for-sale investment of the Group (Note 6).

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NOTE 18 - FINANCIAL INCOME

| | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|---------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Foreign exchange gains | 192,769 | 266,034 | 86,186 | 54,878 |
| Credit finance income | 62,726 | 128,966 | 25,968 | 85,679 |
| Foreign currency forward income | 22,390 | 6,869 | 11,506 | 6,869 |
| Interest income | 15,928 | 8,586 | 10,169 | 3,868 |
| Other | 1,089 | 1,884 | 280 | 999 |
| Financial income | 294,902 | 412,339 | 134,109 | 152,293 |

NOTE 19 - FINANCIAL EXPENSES

| | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|-----------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Foreign exchange losses | (180,108) | (255,100) | (60,485) | (76,127) |
| Interest expenses | (202,885) | (211,987) | (83,680) | (107,049) |
| Credit finance charges | (10,295) | (60,176) | (4,462) | (38,680) |
| Cash discounts expenses | (11,103) | (12,556) | (4,254) | (6,596) |
| Foreign currency forward expenses | (29,874) | (2,409) | (10,080) | (1,368) |
| Other | (2,590) | (2,592) | (2,238) | (2,327) |
| Financial expenses | (436,855) | (544,820) | (165,199) | (232,147) |

NOTE 20 - TAX ASSETS AND LIABILITIES

| | 30 June 2009 | 31 December 2008 |
|---------------------------------------|---------------------|-------------------------|
| Corporation and income taxes | 11,824 | 30,059 |
| Less: prepaid tax | (814) | (25,996) |
| Taxes payable (net) | 11,010 | 4,063 |
| Deferred tax assets | 59,468 | 65,878 |
| Deferred tax liabilities | (43,046) | (91,471) |
| Deferred tax liabilities (net) | 16,422 | (25,593) |

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

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

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 for the six - month periods ended 30 June are summarised as follows:

| | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Taxes on income | | | | |
| - Current period tax expense | (11,969) | (33,295) | (8,631) | (23,737) |
| - Deferred tax income | 38,764 | 14,490 | 29,029 | 9,935 |
| Taxes on income (net) | 26,795 | (18,805) | 20,398 | (13,802) |

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.

In accordance with tax laws and regulations of each country as of 30 June 2009, tax rates used for the calculation of taxes on income are as follows:

| | | | |
|----------------|-------|----------|-------|
| Germany | %31.5 | Spain | %30.0 |
| Austria | %25.0 | Italy | %37.3 |
| Czech Republic | %21.0 | Hungary | %16.0 |
| China | %25.0 | Poland | %19.0 |
| France | %33.3 | Romania | %16.0 |
| Netherlands | %25.5 | Russia | %20.0 |
| United Kingdom | %28.0 | Slovakia | %19.0 |

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities provided as of 30 June 2009 and 31 December 2008 using principal tax rates are as follows:

| | Cumulative temporary differences | | Deferred Tax assets/(liabilities) | |
|---|---|-----------------------------|--|-----------------------------|
| | 30 June 2009 | 31 December 2008 | 30 June 2009 | 31 December 2008 |
| Property, plant and equipment and intangible assets | 639,871 | 633,218 | (133,258) | (132,183) |
| Available-for-sale investments | 170,287 | 254,217 | (8,515) | (12,711) |
| Derivative financial instruments | 954 | 25,304 | (191) | (5,061) |
| Unused tax credits | (458,689) | (276,633) | 92,189 | 55,814 |
| Provision for warranty, assembly and transportation expenses | (137,158) | (150,793) | 27,248 | 29,811 |
| Provision for employment termination benefits | (65,540) | (59,044) | 13,108 | 11,783 |
| Provision for doubtful receivables | (52,529) | (50,433) | 10,506 | 10,087 |
| Unearned credit finance income | (17,388) | (37,147) | 3,410 | 7,299 |
| Provision for impairment on inventories | (22,942) | (23,928) | 4,588 | 4,786 |
| Accrual for licenses expenses | (17,366) | (18,599) | 3,473 | 3,720 |
| Accrual for export sales expenses | (3,078) | (3,925) | 616 | 785 |
| Other | (14,906) | (577) | 3,248 | 277 |
| Deferred tax assets / (liabilities) (net) | | | 16,422 | (25,593) |
| | | | 30 June 2009 | 30 June 2008 |
| Balance at the beginning of the period | | | (25,593) | (682) |
| Charged to the income statement | | | 38,764 | 14,490 |
| Charged to the shareholders' equity | | | 4,447 | (13,580) |
| Acquisitions | | | - | (21,612) |
| Translation differences | | | (1,196) | 950 |
| Balance at the end of the period | | | 16,422 | (20,434) |

As a result of group management's evaluation, deferred tax asset amounting to TRY92,189 (31 December 2008: TRY55,814) out of tax discounts amounting to TRY458,689 (31 December 2008: TRY276,633) is presumed and accounted in accordance with tax law.

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NOTE 21 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the condensed interim consolidated statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class that have been outstanding during the year.

The companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings and revaluation surplus calculated. Hence, weighted average stock share, which is used in the calculation of earning per share, is acquired by retrospective application of bonus share issue.

Earning per share in terms of share groups is as follows:

| | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|--|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Net income attributable to the equity holders of the parent | 257,624 | 134,911 | 204,185 | 79,578 |
| Weighted average number of ordinary shares with nominal value Kr each | 46,741,550,000 | 42,575,300,000 | 42,575,300,000 | 42,575,300,000 |
| Earning Per Share (Kr) | 0.551 | 0.317 | 0.480 | 0.187 |

NOTE 22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Related party balances

| (a) Due from related parties | 30 June 2009 | 31 December 2008 |
|-------------------------------------|---------------------|-------------------------|
| Group companies (*) | 42,698 | 25,096 |
| Joint ventures | - | 26,479 |
| Associates | 7,904 | - |
| | 50,602 | 51,575 |

| (b) Due to related parties | 30 June 2009 | 31 December 2008 |
|-----------------------------------|---------------------|-------------------------|
|-----------------------------------|---------------------|-------------------------|

Short-term

| | | |
|---------------------|----------------|---------------|
| Group companies (*) | 23,550 | 22,520 |
| Associates | 118,052 | 51,207 |
| | 141,602 | 73,727 |

Long-term

| | | |
|---------------------|---------------|---------------|
| Group companies (*) | 71,185 | 72,955 |
| | 71,185 | 72,955 |

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NOTE 22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

| (c) Deposits | 30 June 2009 | 31 December 2008 |
|---------------------|---------------------|-------------------------|
| Group companies (*) | 64,554 | 2,963 |
| | 64,554 | 2,963 |

| (d) Bank borrowings | 30 June 2009 | 31 December 2008 |
|----------------------------|---------------------|-------------------------|
| Group companies (*) | 50,908 | 217,746 |
| | 50,908 | 217,746 |

e) Derivative financial instruments

| <u>30 June 2009</u> | Contract Amount | <u>Fair Value</u> assets/(liabilities) | |
|--|----------------------------|---|--------------|
| <i>Foreign currency forward contracts:</i> | | | |
| Group companies (*) | 9,181 | - | (460) |
| <i>Foreign currency swap contracts:</i> | | | |
| Group companies (*) | 1,125 | 3 | - |
| | 10,306 | 3 | (460) |

| <u>31 December 2008</u> | Contract amount | <u>Fair Value</u> assets/(liabilities) | |
|--------------------------------|----------------------------|---|----------------|
| Group companies (*) | 142,526 | - | (2,615) |
| | 142,526 | - | (2,615) |

(ii) Transactions with related parties

(a) Sales of goods and services

| | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|---------------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Group companies (*) | 78,243 | 102,041 | 38,205 | 75,345 |
| Associates | 58,862 | 71,747 | 37,545 | 28,831 |
| | 137,105 | 173,788 | 75,750 | 104,176 |

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NOTE 22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

(b) Purchases of goods and services

| | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|---------------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Associates | 208,948 | 115,392 | 152,614 | 58,782 |
| Group companies (*) | 143,701 | 331,843 | 104,611 | 222,380 |
| Shareholders | 5,022 | 1,613 | 3,261 | 65 |
| | 357,671 | 448,848 | 260,486 | 281,227 |

(c) Key management compensation

Total compensation provided to key management personnel by the Company during the period ended 30 June 2009 amounts to TRY 3,695 (30 June 2008: TRY 7,712).

(d) Other transactions

| | 1 January - 30 June 2009 | 1 January - 30 June 2008 | 1 April - 30 June 2009 | 1 April - 30 June 2008 |
|------------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Dividends paid | 187 | 100,160 | 187 | 100,160 |
| Interest expense | 9,807 | 18,861 | 1,834 | 9,225 |
| Interest income | 2,504 | 1,047 | 1,246 | 1,516 |

(*) Group companies include Koç group companies.

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Credit risk

The group is exposed to credit risk arising from receivables from credit financed sales and deposits with banks.

A significant amount of trade receivables is from related parties. Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (guarantee letters, letter of credits etc.),
- Credit insurance (Global insurance policies, Eximbank and factoring insurance etc.),
- Mortgages,
- Cheques-notes.

In credit risk control, the credit quality of each customer is assessed; taking into account its financial position, past experience and other factors, individual risk limits are set in accordance and the utilisation of credit limits is regularly monitored.

For banks, the ratings of the independent rating institutions are taken into consideration.

Same credit risk management principles are used for the management of the financial assets. Investments are made to instruments with highest liquidity and credit note of the company of transaction is taken into consideration.

Details of credit and receivable risk as of 30 June 2009 and 31 December 2008 are as follows:

| 30 June 2009 | <u>Trade Receivables</u> | | Deposits in Banks |
|---|---------------------------------|--------------------|------------------------------|
| | Related parties | Other party | |
| Maximum exposed credit risk as of reporting date (1) | 50,602 | 2,460,729 | 455,705 |
| Secured portion of the maximum credit risk by guarantees, etc. | - | (2,080,772) | - |
| A. Net book value of financial assets either are not due or not impaired | 47,147 | 2,143,650 | 455,705 |
| - Secured portion by guarantees, etc. | - | (1,821,762) | - |
| B. Financial assets with renegotiated conditions | - | 52,024 | - |
| - Secured portion by guarantees, etc. | - | (51,119) | - |
| C. Net book value of the expired but not impaired financial assets | 3,455 | 214,894 | - |
| - Secured portion by guarantees, etc. | - | (166,938) | - |
| D. Net book value of the impaired assets | - | 50,161 | - |
| - Overdue (Gross book value) | - | 147,492 | - |
| - Impairment | - | (97,331) | - |
| - Secured portion of the net value by guarantees, etc. | - | (40,953) | - |

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**NOTE 23- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

| 31 December 2008 | Trade Receivables | | Deposits in Banks |
|---|-------------------|------------------|----------------------|
| | Related parties | Other party | |
| Maximum exposed credit risk as of reporting date (1) | 51,575 | 2,523,924 | 371,363 |
| Secured portion of the maximum credit risk by guarantees, etc. | - | (2,244,429) | - |
| A. Net book value of financial assets either are not due or not impaired | 51,575 | 2,263,160 | 371,363 |
| - Secured portion by guarantees, etc. | - | (1,992,619) | - |
| B. Financial assets with renegotiated conditions | - | 21,523 | - |
| - Secured portion by guarantees, etc. | - | (21,523) | - |
| C. Net book value of the expired but not impaired financial assets | - | 200,180 | - |
| - Secured portion by guarantees, etc. | - | (200,180) | - |
| D. Net book value of the impaired assets | - | 39,061 | - |
| - Overdue (Gross book value) | - | 133,686 | - |
| - Impairment | - | (94,625) | - |
| - Secured portion of the net value by guarantees, etc. | - | (30,107) | - |

(1) Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality.

a) Credit quality of financial assets which are neither due nor impaired

| | 30 June 2009 | 31 December 2008 |
|---------|------------------|------------------|
| Group 1 | 23,992 | 107,163 |
| Group 2 | 2,020,017 | 2,053,279 |
| Group 3 | 198,812 | 175,816 |
| | 2,242,821 | 2,336,258 |

Group 1 - New customers (Less than three months).

Group 2 - Existing customers with no defaults in the past (more than three months).

Group 3 - Existing customers with some defaults in the past of which were fully recovered.

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

b) Aging of the receivables which are overdue but not impaired

| | 30 June 2009 | 31 December 2008 |
|-------------|---------------------|-------------------------|
| 0-1 month | 39,697 | 78,676 |
| 1-3 months | 54,955 | 25,622 |
| 3-12 months | 111,867 | 68,108 |
| 1-5 years | 11,830 | 27,774 |
| | 218,349 | 200,180 |

Foreign exchange risk

The Group is exposed to foreign exchange rate risk through operations done using multiple currencies. The main principle in the management of this foreign currency risk is maintaining foreign exchange position in a way to be affected least by the fluctuations in foreign exchange rates, in other words, maintaining foreign exchange position close to zero.

For this reason, the proportion of the positions of these currencies among each other or against new Turkish lira to shareholders' equity is aimed to be controlled under certain limits.

Derivative financial instruments are also used, when necessary. In this context, the Group's primary method is utilising forward foreign currency transactions.

The Group is exposed to foreign exchange rate risk mainly for EUR, USD, GBP, RON and RUB.

Foreign currency position

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

| | 30 June 2009 | 31 December 2008 |
|---|---------------------|-------------------------|
| Assets | 1,307,329 | 1,518,785 |
| Liabilites | (1,351,926) | (1,914,393) |
| Net balance sheet position | (44,597) | (395,608) |
| Net position of off-balance sheet derivative financial instruments | (59,444) | 217,057 |
| Net foreign currency position | (104,041) | (178,551) |

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Currencies other than the functional currencies in which, the Company and its subsidiaries conduct their operations, have been accepted as foreign currencies. Assets and liabilities denominated in foreign currency held by the Company at 30 June 2009 are as follows:

| | EUR | USD | GBP | RUB | Total TRY equivalent |
|--|------------------|-----------------|---------------|------------------|-------------------------------------|
| Current assets | | | | | |
| Trade receivables | 283,378 | 106,100 | 71,798 | - | 952,176 |
| Monetary financial assets | 91,059 | 19,918 | 3 | 1,250,000 | 287,222 |
| Other | 8,001 | 33,111 | 36 | - | 67,931 |
| Total assets | 382,438 | 159,129 | 71,837 | 1,250,000 | 1,307,329 |
| Current liabilities | | | | | |
| Trade payables | 106,111 | 92,886 | 85 | - | 370,149 |
| Financial liabilities | 236,997 | 41,193 | - | - | 571,838 |
| Other monetary financial liabilities | 543 | 222 | 38 | - | 1,601 |
| Other non-monetary financial liabilities | 3,880 | 11,146 | 1,182 | - | 28,372 |
| Non-current liabilities | | | | | |
| Trade payables | - | 46,523 | - | - | 71,185 |
| Financial liabilities | 140,964 | 297 | - | - | 303,090 |
| Other monetary financial liabilities | 61 | 238 | 2,056 | - | 5,691 |
| Total liabilities | 488,556 | 192,505 | 3,361 | - | 1,351,926 |
| Net balance sheet position | (106,118) | (33,376) | 68,476 | 1,250,000 | (44,597) |
| Off-balance sheet | | | | | |
| derivative financial assets | 20,800 | 6,000 | - | - | 53,833 |
| Off-balance sheet | | | | | |
| derivative financial liabilities | - | (736) | (20,144) | (1,250,000) | (113,277) |
| Net position of | | | | | |
| off-balance sheet items | 20,800 | 5,264 | (20,144) | (1,250,000) | (59,444) |
| Net foreign currency | | | | | |
| asset/ (liability) position | (85,318) | (28,112) | 48,332 | - | (104,041) |

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Net foreign currency position against the functional currencies are as follows:

| | | | | | |
|--------------------------------------|-----------------|-----------------|---------------|----------|------------------|
| Against TRY | (63,002) | (24,456) | 44,936 | - | (59,313) |
| Against EUR | - | 3,441 | - | - | 5,265 |
| Against RUB | (17,293) | (6,469) | - | - | (47,025) |
| Against other currencies | (4,933) | (628) | 3,397 | - | (2,968) |
| Net foreign currency position | (85,228) | (28,112) | 48,333 | - | (104,041) |

Currencies other than the functional currencies in which, the Company and its subsidiaries conduct their operations, have been accepted as foreign currencies. Assets and liabilities denominated in foreign currency held by the Company at 31 December 2008 are as follows:

| | EUR | USD | GBP | Total TRY Equivalent |
|---|------------------|-----------------|---------------|-------------------------------------|
| Current assets | | | | |
| Trade receivables | 277,468 | 256,439 | 76,778 | 1,150,144 |
| Monetary financial assets | 55,950 | 108,798 | 197 | 284,745 |
| Other | 23,039 | 22,798 | 44 | 83,896 |
| Total assets | 356,457 | 388,035 | 77,019 | 1,518,785 |
| Current liabilities | | | | |
| Trade payables | 135,365 | 170,566 | 1,091 | 550,128 |
| Financial liabilities | 224,810 | 98,943 | - | 630,905 |
| Other monetary financial liabilities | 3,612 | 44,881 | 217 | 76,082 |
| Other non-monetary financial liabilities | 2,829 | 12,899 | 968 | 27,686 |
| Non-current liabilities | | | | |
| Trade payables | - | 48,228 | - | 72,935 |
| Financial liabilities | 196,086 | 84,499 | - | 547,569 |
| Other monetary financial liabilities | 257 | 286 | 3,697 | 9,088 |
| Total liabilities | 562,959 | 460,302 | 5,973 | 1,914,393 |
| Net balance sheet position | (206,502) | (72,267) | 71,046 | (395,608) |
| Off-balance sheet derivative financial assets | 114,437 | 89,500 | - | 380,337 |
| Off-balance sheet derivative financial liabilities | (5,000) | (3,026) | (67,506) | (163,280) |
| Net position of off-balance sheet items | 109,437 | 86,474 | (67,506) | 217,057 |
| Net foreign currency asset/ (liability) position | (97,065) | 14,207 | 3,540 | (178,551) |

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Net foreign currency position against the functional currencies are as follows:

| | | | | |
|--------------------------------------|-----------------|---------------|--------------|------------------|
| Against TRY | (21,578) | 161,643 | (430) | 197,316 |
| Against EUR | - | (30,552) | - | (46,205) |
| Against RUB | (40,831) | (112,182) | - | (257,064) |
| Against other currencies | (34,656) | (4,702) | 3,970 | (72,598) |
| Net foreign currency position | (97,065) | 14,207 | 3,540 | (178,551) |

Foreign currency sensitivity analysis for the periods ended 30 June 2009 and 31 December 2008 are as follows:

| 30 June 2009 | Gain/Loss | | Equity | |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Foreign exchange appreciation | Foreign exchange depreciation | Foreign exchange appreciation | Foreign exchange depreciation |
| +/-10% fluctuation of USD rate | | | | |
| USD net asset/liability | (5,107) | 5,107 | (5,107) | 5,107 |
| Secured portion from USD risk (*) | 805 | (805) | 805 | (805) |
| USD net effect | (4,302) | 4,302 | (4,302) | 4,302 |
| +/-10% fluctuation of EUR rate | | | | |
| EUR net asset/liability | (22,782) | 22,782 | (14,609) | 14,609 |
| Secured portion from GBP risk (*) | 4,466 | (4,466) | 4,466 | (4,466) |
| EUR net effect | (18,316) | 18,316 | (10,143) | 10,143 |
| +/-10% fluctuation of GBP rate | | | | |
| GBP net asset/liability | 17,305 | (17,305) | 22,015 | (22,015) |
| Secured portion from GBP risk (*) | (5,091) | 5,091 | (5,091) | 5,091 |
| GBP net effect | 12,214 | (12,214) | 16,924 | (16,924) |
| +/-10% fluctuation of RON rate | | | | |
| RON net asset/liability | - | - | 14,100 | (14,100) |
| Secured portion from RON risk (*) | - | - | - | - |
| RON net effect | - | - | 14,100 | (14,100) |
| +/-10% fluctuation of RUB rate | | | | |
| RUB net asset/liability | 6,124 | (6,124) | 23,555 | (23,555) |
| Secured portion from RUB risk (*) | (6,124) | 6,124 | (6,124) | 6,124 |
| RUB net effect | - | - | 17,431 | (17,431) |
| | (10,404) | 10,404 | 34,010 | (34,010) |

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

| 31 December 2008 | Gain/Loss | | Equity | |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Foreign exchange appreciation | Foreign exchange depreciation | Foreign exchange appreciation | Foreign exchange depreciation |
| +/-10% fluctuation of USD rate | | | | |
| USD net asset/liability | (10,929) | 10,929 | (10,929) | 10,929 |
| Secured portion from USD risk (*) | 13,077 | (13,077) | 13,077 | (13,077) |
| USD net effect | 2,148 | (2,148) | 2,148 | (2,148) |
| +/-10% fluctuation of EUR rate | | | | |
| EUR net asset/liability | (44,208) | 44,208 | (35,378) | 35,378 |
| Secured portion from GBP risk (*) | 22,827 | (22,827) | 9,885 | (9,885) |
| EUR net effect | (21,381) | 21,381 | (25,493) | 25,493 |
| +/-10% fluctuation of GBP rate | | | | |
| GBP net asset/liability | 15,576 | (15,576) | 19,036 | (19,036) |
| Secured portion from GBP risk (*) | (14,696) | 14,696 | (14,696) | 14,696 |
| GBP net effect | 880 | (880) | 4,340 | (4,340) |
| +/-10% fluctuation of RON rate | | | | |
| RON net asset/liability | - | - | 26,957 | (26,957) |
| Secured portion from RON risk (*) | - | - | - | - |
| RON net effect | - | - | 26,957 | (26,957) |
| +/-10% fluctuation of RUB rate | | | | |
| RUB net asset/liability | - | - | 16,933 | (16,933) |
| Secured portion from RUB risk (*) | - | - | - | - |
| RUB net effect | - | - | 16,933 | (16,933) |
| | (18,353) | 18,353 | 24,885 | (24,885) |

(*) Includes effects of off-balance sheet derivative instruments.

**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 PERIODS ENDED 30 JUNE**

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

**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

The import and exports amounts from Turkey for the period ended as of 30 June 2009 and 30 June 2008 are as follows:

| | <u>30 June 2009</u> | | <u>30 June 2008</u> | |
|----------------------|----------------------------|---------------------------|----------------------------|---------------------------|
| | Original amount | TRY equivalent | Original amount | TRY equivalent |
| EUR | 306,714,765 | 658,205 | 390,931,845 | 737,014 |
| USD | 177,525,452 | 288,027 | 339,555,167 | 419,167 |
| GBP | 89,167,293 | 214,994 | 68,557,981 | 166,009 |
| Other | | 5,746 | | 3,288 |
| Total exports | | 1,166,972 | | 1,325,478 |
| EUR | 134,802,402 | 292,850 | 216,712,158 | 414,947 |
| USD | 223,378,322 | 362,858 | 406,745,191 | 514,493 |
| GBP | 218,592 | 538 | 275,416 | 691 |
| Other | | 974 | | 2,777 |
| Total imports | | 657,220 | | 932,908 |

NOTE 24 - SUPPLEMENTARY CASH FLOW INFORMATION

Consolidated statements of cash flows are presented within the condensed interim 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 2009 | 30 June 2008 |
|---|---------------------|---------------------|
| Changes in reserves and provisions | | |
| Assembly and transportation provision | 2,142 | 11,752 |
| Warranty provision | (2,795) | (11,428) |
| Provision for employment termination benefits | 6,770 | 4,425 |
| Accrual for bonuses and premiums | 8,957 | 11,903 |
| Accrual for customer premiums | 55,995 | 60,534 |
| Accrual for sales and marketing expenses | 3,171 | 32,610 |
| Provision for impairment on inventories | 5,925 | 24,578 |
| Provision for doubtful receivables | 5,119 | 9,903 |
| | 85,284 | 144,277 |

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX - MONTH PERIODS ENDED 30 JUNE**

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

NOTE 24 - SUPPLEMENTARY CASH FLOW INFORMATION (Continued)

| | 30 June 2009 | 30 June 2008 |
|--|---------------------|---------------------|
| Changes in operating assets and liabilities | | |
| Trade receivables | 130,071 | (294,993) |
| Inventories | 275,354 | (91,020) |
| Other assets and liabilities | 11,633 | (43,113) |
| Trade payables | 27,624 | 48,365 |
| | 444,682 | (380,761) |

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