

ARÇELİK ANONİM ŞİRKETİ

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
AT 30 SEPTEMBER 2004
TOGETHER WITH AUDITOR'S REVIEW REPORT**

AUDITOR'S REVIEW REPORT

To the Board of Directors of
Arçelik Anonim Şirketi

1. We have reviewed the accompanying condensed consolidated balance sheet of Arçelik Anonim Şirketi ("the Company") at 30 September 2004 and the related condensed consolidated statements of income and of cash flows for the nine month period then ended, all expressed in the equivalent purchasing power of the Turkish lira as of 30 September 2004. These condensed interim consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim consolidated financial statements based on our review.
2. We conducted our review in accordance with the International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance about whether the condensed interim consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. International Accounting Standards 34 (IAS 34-"Interim Financial Reporting") requires to present statements of income for the current interim period and cumulatively for the current financial year-to-date, with comparative income statements for the comparable interim periods of the immediately preceding financial year. As disclosed in Note 2 to the condensed interim consolidated financial statements, the Company prepared its condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") for the period 1 January-30 September for the first time. Accordingly, the condensed interim consolidated statements of income, of cash flows, of changes in shareholder's equity and related notes for the period 1 January-30 September 2004 and condensed interim consolidated statements of income and related notes for the period 1 July-30 September 2004, have not been presented on a comparative basis with the comparable financial periods ended 30 September 2003 as required by IAS 34.
4. Based on our review, except for the failure to include the comparative financial information referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been properly prepared, in all material respects, in accordance with IAS 34.

Başaran Nas Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi
a member of
PricewaterhouseCoopers

Haluk Yalçın, SMMM

Istanbul, 6 December 2004

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

Contents	Page
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS	1-2
CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME	3
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	4
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	5
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	6-28
NOTE 1 ORGANISATION AND PRINCIPAL ACTIVITIES	6
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	7
NOTE 3 CASH AND CASH EQUIVALENTS	8
NOTE 4 INVESTMENT SECURITIES.....	8-10
NOTE 5 TRADE RECEIVABLES	11
NOTE 6 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.....	11-13
NOTE 7 INVESTMENTS IN ASSOCIATED COMPANIES.....	13
NOTE 8 PROPERTY, PLANT AND EQUIPMENT.....	14
NOTE 9 INTANGIBLE ASSETS	15
NOTE 10 BORROWINGS.....	15-17
NOTE 11 TAXATION	17-19
NOTE 12 OTHER CURRENT LIABILITIES.....	20
NOTE 13 PROVISION FOR EMPLOYMENT TERMINATION BENEFITS.....	20-21
NOTE 14 RETAINED EARNINGS AND LEGAL RESERVES	21-23
NOTE 15 FINANCIAL INCOME-NET	24
NOTE 16 GOVERNMENT GRANTS.....	24
NOTE 17 COMMITMENTS AND CONTINGENT LIABILITIES.....	25
NOTE 18 ACQUISITIONS AND GOODWILL.....	25
NOTE 19 SUPPLEMENTARY CASH FLOW INFORMATION.....	26
NOTE 20 SEGMENT INFORMATION	27
NOTE 21 POST BALANCE SHEET EVENTS	28
NOTE 22 DATE OF AUTHORISATION FOR ISSUE.....	28

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

AT 30 SEPTEMBER 2004 AND 31 DECEMBER 2003

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

	Notes	30 September 2004	31 December 2003
ASSETS			
Current assets:			
Cash and cash equivalents	3	227,605	331,507
Investment securities			
- Held-to-maturity	4.a	95,716	93
Trade receivables	5	1,194,311	1,013,297
Due from related parties	6	118,515	114,470
Inventories		663,122	455,586
Other current assets		38,471	32,243
Total current assets		2,337,740	1,947,196
Non-current assets:			
Investment securities			
- Available-for-sale	4.b	117,218	117,560
- Held-to-maturity	4.b	18,261	19,078
Investments in associated companies	7	116,094	99,127
Property, plant and equipment	8	593,772	600,241
Intangible assets	9	23,081	28,352
Other non-current assets		3,800	4,042
Total non-current assets		872,226	868,400
Total assets		3,209,966	2,815,596

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2004 AND 31 DECEMBER 2003

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

	Notes	30 September 2004	31 December 2003
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank borrowings	10	23,572	19,304
Current maturities of long-term bank borrowings	10	76,823	66,287
Trade payables		342,576	296,656
Due to related parties	6	400,247	357,003
Taxes on income	11	25,292	23,448
Other current liabilities	12	377,162	297,818
Total current liabilities		1,245,672	1,060,516
Non-current liabilities			
Long-term bank borrowings	10	255,497	285,424
Provision for employment termination benefits	13	39,983	37,622
Deferred taxes	11	18,055	26,287
Other non-current liabilities		57,767	45,891
Total non-current liabilities		371,302	395,224
Total liabilities		1,616,974	1,455,740
Minority interest		20,889	19,555
Shareholders' equity:			
- Share capital		399,960	399,960
- Adjustment to share capital		434,272	434,272
Total paid-in share capital		834,232	834,232
Share premium		256,673	256,673
Translation reserve		(11,462)	(9,468)
Retained earnings	14	492,660	258,864
Total shareholders' equity		1,572,103	1,340,301
Total liabilities and shareholders' equity		3,209,966	2,815,596
Commitments and contingent liabilities	17		

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME FOR THE NINE AND THREE MONTH PERIODS ENDED 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

	Notes	1 January- 30 September 2004	1 July- 30 September 2004
Net sales	6, 20	3,466,978	1,193,895
Cost of sales	6	(2,549,806)	(852,923)
Gross profit		917,172	340,972
Research and development expenses		(30,925)	(12,373)
Sales and distribution expenses		(374,546)	(135,662)
General and administrative expenses		(183,474)	(59,658)
Other operating income - net		3,170	(2,206)
Operating profit		331,397	131,073
Financial income - net	15	39,466	15,344
Income from investments in associated companies	6	4,990	3,753
Loss on net monetary position		(41,116)	(6,269)
Income before tax and minority interest		334,737	143,901
Taxation on income	11	(97,071)	(25,674)
Income before minority interest		237,666	118,227
Minority interest		(3,870)	(1,846)
Net income		233,796	116,381
Earnings per share in full TL			
- ordinary shares		613	305
- founders' and usufruct shares		613	305

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

	Notes	30 September 2004
Operating activities:		
Net income for the period		233,796
Adjustments for:		
Changes in accruals and provisions	19	96,905
Depreciation and amortisation	8,9	104,970
Amortisation of goodwill, net	9	2,166
Interest income	15	(42,942)
Interest expense	15	14,136
Income from sale of property, plant and equipment		(37)
Minority interest		3,870
Taxation expense	11	97,071
Net cash provided by operating activities before changes in operating assets and liabilities		509,935
Changes in operating assets and liabilities, net	19	(374,250)
Income taxes paid		(97,691)
Net cash provided by operating activities		37,994
Investing activities:		
Proceeds from the sale of property, plant and equipment		14,845
Purchase of property, plant and equipment and intangible assets	8,9	(110,970)
Increase in investment securities	6	(15,808)
Net cash used in investing activities		(111,933)
Financing activities:		
Interest received		37,018
Interest paid		(13,537)
Dividend paid to minority		(2,419)
Decrease in bank borrowings-net		(15,722)
Net cash used in financing activities		5,340
Effect of exchange rate changes		(1,348)
Net decrease in cash and cash equivalents		(69,947)
Cash and cash equivalents at the beginning of the period		331,600
Cash and cash equivalents at the end of the period		261,653

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

ARÇELİK ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

	Share capital	Adjustment to share capital	Total paid-in share capital	Share premium	Translation reserve	Retained earnings		Shareholders' equity	
						General and legal reserves	Unappropriated profit/(loss)		
Balance at 31 December 2003	399,960	434,272	834,232	256,673	(9,468)	92,844	166,020	258,864	1,340,301
Transfers	-	-	-	-	-	166,020	(166,020)	-	-
Currency translation differences	-	-	-	-	(1,994)	-	-	-	(1,994)
Net income for the period	-	-	-	-	-	-	233,796	233,796	233,796
Balance at 30 September 2004	399,960	434,272	834,232	256,673	(11,462)	258,864	233,796	492,660	1,572,103

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES

Arçelik Anonim Şirketi (a Turkish corporation - “Arçelik” or “the Company”) and its subsidiaries and associates (collectively, “the Group”) undertake all commercial and industrial activities in respect of the production, sales, exportation and importation of electrical household appliances and their main and supplementary materials. The Group operates eight manufacturing plants in Turkey and Romania. 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 Tuzla, 34950 Istanbul, Turkey.

The Company is registered with the Capital Markets Board (“CMB”) and its shares have been quoted on the Istanbul Stock Exchange since 1986. At 30 September 2004 the shares quoted on the Istanbul Stock Exchange are 20.4% of the total shares. At 30 September 2004, the principal shareholders and their respective shareholdings in the Company are as follows:

	%
Koç Holding A.Ş.	39.14
Teknosan A.Ş.	14.68
Koç Family	10.75
Burla Makina Ticaret ve Yatırım A.Ş.	7.66
Koç Holding Emekli ve Yardım Sandığı Vakfı	4.50
Other	23.27
	100.00

The Group conducts a significant portion of its business with corporations that are affiliates of Koç Holding A.Ş. (“Koç Holding”).

Starting from January 2001, the Company obtained the right to use the Beko brand from Beko Ticaret A.Ş. and to undertake the marketing, sales and distribution activities of Beko branded products for 20 years. The rights to use the Beko brand will be transferred to the Company at the termination of the contract.

The Company performs export sales directly and through Ram Dış Ticaret A.Ş. (“Ram Dış Ticaret”).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The condensed interim consolidated financial statements are prepared in accordance with IAS 34 - ("Interim Financial Reporting"). The Company and its Turkish Subsidiaries and Associates maintain their books of account and prepare their statutory financial statements in Turkish lira based on the Turkish Commercial Code, tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries where they are registered. The consolidated financial statements are based on the statutory records which are maintained under the historical cost convention, with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish lira, for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2003. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2003.

The Company has prepared its condensed interim consolidated financial statements in accordance with IFRS for the period 1 January-30 September for the first time. Accordingly, the condensed interim consolidated statements of income, of cash flows, of changes in shareholder's equity and related notes for the period 1 January-30 September 2004 and condensed interim consolidated statements of income and related notes for the period 1 July-30 September 2004, have not been presented on a comparative basis with the comparable financial periods ended 30 September 2003 as required by IAS 34.

The restatement for the changes in the general purchasing power of the Turkish lira at 30 September 2004 is based on IAS 29 "Financial Reporting in Hyperinflationary Economies", which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous years be restated in the same terms. Turkey meets the criteria for being defined as a hyperinflationary country as set out in IAS 29. The restatement was calculated by means of conversion factor derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS"). Certain information in the financial statements has also been presented on a historical basis for information purposes. The indices and conversion factors used to restate these financial statements at 30 September 2004 are as follows:

<u>Dates</u>	<u>Index</u>	<u>Conversion factors</u>	<u>3-year cumulative %</u>
30 September 2004	8,069,7	1.000	88.7
31 December 2003	7,382,1	1.093	181.1

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 3 - CASH AND CASH EQUIVALENTS

	30 September 2004	31 December 2003
Cash in hand	96	124
Cash at banks		
- demand deposits	39,847	78,101
- time deposits	177,668	238,702
Liquid funds	9,994	11,385
Other	-	3,195
	227,605	331,507

The maturity period of time deposits is up to one year. The interest rate for the TL time deposits ranges from 19-22% (31 December 2003: 25%- 26%). The interest rates range from 1.0-4.0% for foreign currency time deposits and liquid funds (31 December 2003: %1.9-%4.25).

NOTE 4 - INVESTMENT SECURITIES

(a) Current investment securities:

All short-term investment securities are held-to-maturity and the breakdown of such investments at 30 September 2004 and 31 December 2003 are as follows:

	30 September 2004	31 December 2003
Government bonds	95,716	93
Held-to-maturity investments	95,716	93

The analysis of the cost of short-term investment securities by maturities and applicable interest rates at 30 September 2004 and 31 December 2003 are as follows:

	30 September 2004	31 December 2003
Up to 90 days	34,048	93
90-180 days	45,034	-
180 days- 1 year	10,000	-
Accrued interest income	6,634	-
	95,716	93

Interest rate for the Turkish lira marketable securities held at 30 September 2004 is 20.7- 24.9% (31 December 2003: 23.9 %).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 4 - INVESTMENT SECURITIES (Continued)

(b) Non-current investment securities:

The long-term investments at 30 September 2004 and 31 December 2003 are as follows:

	30 September 2004	31 December 2003
Available-for-sale investments	117,218	117,560
Held-to-maturity investments	18,261	19,078
	135,479	136,638

i. Available-for-sale investments:

	30 September 2004	31 December 2003
Investments in subsidiaries excluded from scope of consolidation	481	823
Investments in associates carried at cost	-	-
Other available-for-sale investments	116,737	116,737
	117,218	117,560

Investments in subsidiaries excluded from scope of consolidation:

	30 September 2004		31 December 2003	
	%	TL billion	%	TL billion
Archin Limited	99.99	23	99.99	2
Arcelitalia	100.00	184	100.00	184
Arus Limited	100.00	274	100.00	637
		481		823

Impairment loss provision for Arus Limited amounts to TL 363 billion at 30 September 2004.

Investments in associates carried at cost:

	30 September 2004		31 December 2003	
	%	TL billion	%	TL billion
Basic International Investment Ltd.	20.00	-	20.00	-
Arctic Service	100.00	-	100.00	-
		-		-

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 4 - INVESTMENT SECURITIES (Continued)

The available-for-sale investments in which the Group has attributable interests of 20% or more, which are either immaterial or where a significant influence is not exercised by Arçelik, are carried at cost less impairment and restated to equivalent purchasing power at 30 September 2004.

Impairment loss provision for Basic International Investment Ltd. and Arctic Service carried at cost amount to TL 6,797 billion at 30 September 2004 (31 December 2003: TL 6,797 billion).

Other available-for-sale investments:

	30 September 2004		31 December 2003	
	%	TL billion	%	TL billion
<u>Equity securities</u>				
Koç Finansal Hizmetler A.Ş.	6.96	95,579	6.96	95,579
Entek Elektrik A.Ş.	7.20	20,602	7.20	20,602
Idea A.Ş.	2.67	371	2.67	371
Tat Konserve Sanayii A.Ş.	0.34	183	0.34	183
Çerkezköy Enerji A.Ş.	0.04	1	2.16	1
ArticPro SRL	0.99	1	0.99	1
Pavcom SA	1.20	-	1.20	-
Banca Internationala a Religiflor	0.80	-	0.80	-
Srccb SA	8.30	-	8.30	-
Ubicom Inc.	0.54	-	0.54	-
Anetr	12.50	-	12.50	-
		116,737		116,737

Impairment loss provision for other available-for-sale investments, which arose from remeasuring the carrying amount of the available-for-sale investment to its fair value, amount to TL 66,659 billion at 30 September 2004 (31 December 2003: TL 66,659 billion).

Available-for-sale investment in Entek Elektrik A.Ş. of TL 4,868 billion has increased to TL 20,602 billion as a result of a fair value adjustment.

ii. **Held-to-maturity investments:**

	30 September 2004	31 December 2003
Eurobonds	18,261	19,078
	18,261	19,078

Interest rate for Eurobonds held at 30 September 2004 is 9.88% (31 December 2003: 9.88 %).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 5 - TRADE RECEIVABLES

	30 September 2004	31 December 2003
Trade receivables	670,295	496,213
Notes receivables	489,799	445,488
Cheques receivables	130,615	167,079
Other	37	40
	<hr/>	<hr/>
	1,290,746	1,108,820
Less: Provision for doubtful receivables	(23,928)	(26,210)
Less: Unearned credit income	(72,507)	(69,313)
	<hr/>	<hr/>
Trade receivables, net	1,194,311	1,013,297

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Amounts due from and due to related parties at 30 September 2004 and a summary of major transactions with related parties during the year are as follows:

(i) Balances with related parties

(a) Due from related parties

	30 September 2004	31 December 2003
Ram Dış Ticaret A.Ş.	55,672	57,362
Türk Demir Döküm Fabrikaları A.Ş.	31,443	29,576
Bursa Gaz ve Ticaret A.Ş.	13,772	19,600
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	6,765	4,517
Beko Elektronik A.Ş.	4,699	2,055
Other	6,164	1,360
	<hr/>	<hr/>
	118,515	114,470

(b) Due to related parties

	30 September 2004	31 December 2003
Beko Elektronik A.Ş.	174,882	155,561
Ram Dış Ticaret A.Ş.	116,323	124,123
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	53,490	19,600
Kofisa Trading Company SA	12,960	11,973
Türk Demir Döküm Fabrikaları A.Ş.	14,907	9,270
Beko Ticaret A.Ş.	8,234	7,137
Other	21,180	31,817
	<hr/>	<hr/>
	401,976	359,481
Less: Unearned credit finance charged to related parties	(1,729)	(2,478)
	<hr/>	<hr/>
	400,247	357,003

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

(c) Other

At 30 September 2004, the bank balance includes time deposits and demand deposits at Koçbank amounting to TL 747 billion (31 December 2003: TL 119,113 billion) and TL 664 billion (31 December 2003: TL 988 billion), respectively. There is no short-term borrowings to Koçbank at 30 September 2004 (31 December 2003: TL 113 billion).

(ii) Transactions with related parties

(a) Sales

	1 January - 30 September 2004	1 July- 30 September 2004
Ram Dış Ticaret A.Ş.	120,377	37,566
Bursa Gaz ve Ticaret A.Ş.	35,014	8,941
Other	32,927	25,879
	188,318	72,386

(b) Purchases of materials and services

	1 January - 30 September 2004	1 July- 30 September 2004
Beko Elektronik A.Ş.	487,521	138,980
Ram Dış Ticaret A.Ş.	331,950	92,906
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	121,068	39,944
Kofisa Trading Company S.A.	66,262	15,480
Türk Demir Döküm Fabrikaları A.Ş.	36,559	13,339
Döktaş Dökümcülük Ticaret ve Sanayi A.Ş.	35,313	13,863
Beko Ticaret A.Ş.	31,206	10,256
Ram Sigorta Aracılık Hizmetleri A.Ş.	13,363	99
İzocam Ticaret ve Sanayi A.Ş.	9,580	3,621
Other	33,674	19,891
	1,166,496	348,379
Less: Credit finance charges to related parties	(22,381)	(4,716)
	1,144,115	343,663

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

(c) Income/(loss) from investment in associated companies, net

	1 January - 30 September 2004	1 July- 30 September 2004
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	4,569	1,775
Beko Elektronik A.Ş.	2,631	(1,352)
Koç Tüketici Finansmanı ve Kart Hizmetleri A.Ş.	1,715	3,092
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	(1,498)	234
Ram Dış Ticaret A.Ş.	(2,427)	4
	4,990	3,753

(d) Other transactions with related parties

	1 January - 30 September 2004	1 July- 30 September 2004
Interest income	13,049	7,497
Dividends paid	2,037	-
Dividends income	1,034	-
Technical service assistance income	1,443	498
Interest expense	196	25
Other income	1,523	73

NOTE 7 - INVESTMENTS IN ASSOCIATED COMPANIES

At 30 September 2004 and 31 December 2003, the respective shares of the Company and its Subsidiaries in investments in associated companies were as follows:

	30 September 2004		31 December 2003	
	%	TL billion	%	TL billion
Beko Elektronik A.Ş.	22.36	54,004	22.36	51,373
Arçelik LG Klima Sanayi ve Ticaret A.Ş.	45.00	34,167	45.00	29,598
Koç Tüketici Finansmanı ve Kart Hizmetleri A.Ş.	39.50	24,075	39.50	10,383
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	32.00	2,715	32.00	4,213
Ram Dış Ticaret A.Ş.	26.75	1,133	26.75	3,560
		116,094		99,127

The Company and its Subsidiaries do not exert control over the financial and operating policy decisions of the above companies.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

	Balances at 1 January 2004	Additions	Disposals	Transfers	Foreign currency translation difference	Balances at 30 September 2004
Cost						
Land	15,897	441	(55)	-	(96)	16,187
Land improvement	15,451	130	-	-	-	15,581
Buildings	183,847	3,534	(487)	-	(530)	186,364
Machinery and equipment	1,497,798	45,860	(44,819)	8,596	(754)	1,506,681
Motor vehicles, furniture and fixtures	132,176	4,011	(7,512)	-	(301)	128,374
Leased assets	72,203	175	-	-	(885)	71,493
	1,917,372	54,151	(52,873)	8,596	(2,566)	1,924,680
Accumulated Depreciation						
Land improvement	(5,695)	(510)	-	-	-	(6,205)
Buildings	(78,929)	(6,510)	298	-	270	(84,871)
Machinery and equipment	(1,113,677)	(85,027)	38,539	-	1,063	(1,159,102)
Motor vehicles, furniture and fixtures	(102,297)	(6,896)	6,559	-	236	(102,398)
Leased assets	(23,708)	(2,132)	-	-	416	(25,424)
	(1,324,306)	(101,075)	45,396	-	1,985	(1,378,000)
Construction in progress	6,962	52,616	(7,329)	(8,596)	14	43,667
Advances given	213	3,212	-	-	-	3,425
Net book value	600,241					593,772

At 30 September 2004 there are mortgages amounting to TL 66,775 billion (31 December 2003: TL 5,929 billion) on property, plant and equipment.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 9 - INTANGIBLE ASSETS

	Balances at 1 January 2004	Additions	Disposals	Transfers	Foreign currency translation difference	Balances at 30 September 2004
Cost	54,974	991	(1,094)	-	(478)	54,393
Accumulated amortisation	(37,262)	(3,895)	1,091	-	258	(39,808)
Net book value	17,712					14,585
Goodwill (Note 18)	93,676	-	-	-	-	93,676
Accumulated amortisation	(38,336)	(6,307)	-	-	22	(44,621)
Net book value	55,340					49,055
Negative goodwill (Note 18)	(53,308)	-	-	-	-	(53,308)
Accumulated amortisation	8,608	4,141	-	-	-	12,749
Net book value	(44,700)					(40,559)
Total net book value	28,352					23,081

NOTE 10 - BORROWINGS

(a) Short-term bank borrowings

	30 September 2004	31 December 2003
Foreign currency loans	15,689	7,631
Eximbank loans	1,968	7,064
Open credits	5,915	4,609
	23,572	19,304

Interest rates for short-term foreign currency loans for the period ended 30 September 2004 range from 1.22- 5.04% (31 December 2003: 3.6%-4.98%).

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 10 - BORROWINGS (Continued)

(b) Long-term bank borrowings

	30 September 2004			31 December 2003		
	Interest rate per annum (%)	Original foreign currency	Balance outstanding TL billion	Interest rate per annum (%)	Original foreign currency	Balance outstanding TL billion
Foreign currency borrowings:						
USD	Libor + 0-3.25	57,785,456	87,170	Libor + 0-3.25	54,844,547	84,385
GBP	Libor + 2.75 -3.75	28,000,000	77,697	Libor + 2.75 -3.75	28,000,000	76,916
EURO	Euro Libor +2.60-3.25	89,559,174	167,451	Euro Libor +2.60-3.25	98,928,570	190,386
TL borrowings	20	2	2	15	24	24
			332,320			351,711
Less: Current maturities of long-term bank borrowings			(76,823)			(66,287)
			255,497			285,424

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 10 - BORROWINGS (Continued)

The Company has syndicated loans from IFC in the amount of USD 25,428,570, EUR 43,130,603, GBP 21,000,000 and from Netherlands Development Finance Company ("FMO") in the amount of EUR 20,000,000 and USD 2,000,000 as at 30 September 2004. Loans obtained for general corporate purposes are used in the purchase of equipment and other fixed assets for production and modernisation purposes, for research and development and new product development as well as acquisitions and working capital requirements.

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

	30 September 2004	31 December 2003
2005	39,559	83,282
2006	98,714	78,189
2007	52,423	54,023
2008-2011	64,801	69,930
	255,497	285,424

NOTE 11 – TAXATION

	30 September 2004	31 December 2003
Corporation and income taxes	99,535	118,584
Less: prepaid tax	(74,243)	(95,136)
Taxes on income	25,292	23,448
Deferred tax liabilities - net	18,055	26,287
	43,347	49,735

Corporation tax rate of the fiscal year 2004 is 33%. Corporation tax rate for the following years will be 30%. Corporation tax is payable at a rate of 33% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. Corporate taxpayers are obliged to prepare the opening balance sheets restated for inflation at 31 December 2003. Corporate taxpayers submitted their opening balance sheets restated for inflation at 31 December 2003 in accordance with the General Communiqué on Tax Procedure Law No: 328 ("Communiqué") dated 28 February 2004 and declare the advance corporation tax for the third quarter (for the period January – September) of the year 2004 in accordance with Tax Law No: 5024 and 5228 with Tax Procedure Law circulars no 8, 9, 10 and 11 and Tax Procedure Law General Communiqué No. 337, 338 and 339 as of 10 November 2004.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 11 - TAXATION (Continued)

Corporations are required to pay advance corporation tax quarterly at the rate of 33% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or offset against other liabilities to the government.

Capital gains derived from the sale of equity investments and immovable held for not less than two years are tax exempt until 31 December 2004, if such gains are added to paid-in capital in the year in which they are sold.

Capital expenditures, with some exceptions, over TL6 billion are eligible for investment incentive allowance of 40%, which is deductible from taxable income prior to calculation of the corporate income tax, without the requirement of an investment incentive certificate, and the amount of allowance is not subject to withholding tax. Investment allowances utilised within the scope of investment incentive certificates granted prior to 24 April 2003 are subject to withholding tax at the rate of 19.8%, irrespective of profit distribution.

In accordance with the Tax Law 5228 item 28.9 dated 16 July 2004, %40 of the research and development expenditures on technology and knowledge research made by the Company itself with effect from 31 July 2004 are exempted from corporate tax. Expenditures made before 31 July 2004 will be subject to previous application. Such exemptions are not subject to withholding taxes.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing, during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The taxation on income expressed in terms of the purchasing power of the Turkish lira at 30 September 2004, is summarised as follows:

	1 January - 30 September 2004	1 July- 30 September 2004
Taxation on income		
- Current	(105,303)	(25,032)
- Deferred	8,232	(642)
Taxation on income	(97,071)	(25,674)

Deferred taxes

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 11 - TAXATION (Continued)

The Company recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for IFRS purposes and their statutory tax financial statements.

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in fiscal year 2004 under the liability method using a principal tax rate of 33% at 30 September 2004. The rate for other temporary differences is 30%.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) provided at 30 September 2004 and 31 December 2003 using the enacted future tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 September 2004	31 December 2003	30 September 2004	31 December 2003
Net difference between the tax base and carrying amount of property plant and equipment	258,176	252,306	(76,674)	(76,532)
Provision for warranties	(73,695)	(47,186)	23,728	14,814
Portion of allowance for unearned credit finance income and expense that is currently non-tax deductible/taxable	(62,157)	(58,576)	20,511	19,330
Provision for employment termination benefits	(39,059)	(36,340)	11,718	10,902
Unused tax credit	(4,721)	(38,095)	1,144	5,028
Other provisions	(6,073)	(1,044)	1,518	171
Deferred tax liabilities-net			(18,055)	(26,287)

In accordance with the law regarding the amendments to be brought to the Tax Procedure Law, Income Law and Corporation Tax Law which was published by the Official Gazette dated 30 December 2003 ("Law No. 5024"), corporations that determine their income on the basis of the balance sheet are required to apply inflation adjustment to their statutory financial statements with effect from 1 January 2004. Corporations are required to apply inflation adjustment to the opening balance sheet at 31 December 2003.

In the preparation of the opening balance sheet at 1 January 2004 and the balance sheet at 30 June 2004 the Company applied adjustment procedures as set out in Law No. 5024 and 5228 with Tax Procedure Law circulars No 8, 9, 10 and 11 and Tax Procedure Law General Communiqué No. 337, 338 and 339.

Accordingly, taxable and deductible temporary differences as at 31 December 2003 arising from the inflation adjustments in the prior periods have been partially eliminated. With respect to such temporary differences, deferred tax liability is reversed through the income statement.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 12 - OTHER CURRENT LIABILITIES

	30 September 2004	31 December 2003
Warranty provision	73,539	59,274
Accrual for customer premiums	54,986	-
Advances from customers	52,023	95,486
Social taxes and funds payable	35,634	44,858
Deferred income	33,844	14,700
Accrual for sales expenses	17,926	155
Montage provision	15,140	8,904
Payables to personnel	10,862	10,691
Accrual for advertising expenses	10,764	11,266
Accrual for donations	10,159	-
Accrual for bonuses and premiums	9,353	4,438
Accrual for cash discount	7,935	-
Provision for redundancy	3,515	17,006
Other	41,482	31,040
	377,162	297,818

The Company gives warranties ranging from 1 to 3 years on certain products and undertakes to repair or replace items that fail to perform satisfactorily.

Advances from customers represents advances received in connection with the pre-payment sales campaigns.

The provision for redundancy is related to Blomberg Werke. An agreement has been reached with the local union representatives that specifies the number of staff involved and qualifies the amounts payable to those made redundant. The full amount of these costs estimated to be incurred has been recognised in the current year.

NOTE 13 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under the Turkish Labour Law, the Company and its Turkish subsidiaries and associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of TL1,574,740,000 for each period of service at 30 September 2004.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 13 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

International Financial Reporting Standards require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	30 September 2004	31 December 2003
Discount rate (%)	6	6
Turnover rate to estimate the probability of retirement (%)	99	99

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Movements in the provision for employment termination benefits during the period are as follows:

	billion TL
1 January 2004	37,622
Charge for the period	8,753
Payments during the period	(3,310)
Monetary gain	(3,082)
30 September 2004	39,983

The number of employees of the Company is 11,043 at 30 September 2004 (31 December 2003: 8,536).

NOTE 14 - RETAINED EARNINGS AND LEGAL RESERVES

Retained earnings, as per the statutory financial statements, other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code the (TCC). The 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 Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 14 - RETAINED EARNINGS AND LEGAL RESERVES (Continued)

The composition of prior periods earnings and dividends (per the Statutory Financial Statements) at 30 September 2004 and 31 December 2003 (not adjusted for inflation) are as follows:

	30 September 2004	31 December 2003
- Legal reserves	33,762	33,762
- Undistributed general reserve	98,994	98,994
	132,756	132,756
Historical amounts of dividends distributed during year from previous periods' net income per Statutory Financial Statements	-	72,720

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

In accordance with the Communiqué No: XI-25 Section 15 paragraph 399, the accumulated deficit amounts arising from the first application of inflation adjustment, in line with CMB's profit distribution regulations, are considered to be deductible when computing the distributable profit. The accumulated deficit will first be netted off from net income and retained earnings, and the remaining amount of deficit from extraordinary reserves, legal reserves and adjustment to share capital.

Applicable from 1 January 2004, the IFRS net income computed in accordance with Communiqué No: XI-25 must be distributed in the ratio of a minimum of 20% of total distributable profit. This distribution may be made either as cash, as pro-rata shares or as a combination of both.

For the purposes of profit distribution in accordance with related CMB regulations, items of statutory shareholders' equity such as share capital, share premium, legal reserves, other reserves, special reserves and extraordinary reserves, are presented at their historical amounts. The difference between the inflated and historical amounts of these items is presented in shareholders' equity in total as restatement difference.

Restatement difference of shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted off against prior years' losses, used in distribution of bonus shares and distributions of dividends to shareholders.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 14 - RETAINED EARNINGS AND LEGAL RESERVES (Continued)

In accordance with the above explanation, the composition of the Company's shareholders' equity, is as follows at 30 September 2004 and 31 December 2003:

	30 September 2004 billion TL	31 December 2003 billion TL
Paid-up capital	399,960	399,960
Share premium	95	95
Legal reserves	33,762	33,762
Extraordinary reserves	98,994	98,994
Shareholders' equity restatement differences	1,612,569	1,612,569
Net income for the period	233,796	166,020
Prior years' losses	(1,042,114)	(1,208,134)
Share premium arising from the fair value of the acquired assets/liabilities	246,503	246,503
Translation reserve	(11,462)	(9,468)
Total shareholders' equity	1,572,103	1,340,301

The restated amounts and the shareholders' equity restatement differences of the aforementioned nominal values are as follows:

	<u>Nominal value</u>	<u>Restated amounts</u>	<u>Shareholders' equity restatement differences</u>
Paid-up capital	399,960	834,232	434,272
Share premium	95	10,170	10,075
Legal reserves	33,762	440,746	406,984
Extraordinary reserves	98,994	860,232	761,238
	532,811	2,145,380	1,612,569

The Company has not yet netted-off the "prior years' losses" with the other shareholders' equity accounts in the period ended 30 September 2004.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 15 - FINANCIAL INCOME-NET

The financial income and expenses for the periods ended 30 September 2004 are as follows:

	1 January - 30 September 2004	1 July- 30 September 2004
Financial income:		
Credit finance income on sales	51,861	12,644
Interest income from bank deposits and loan to banks secured with Turkish government bonds and treasury bills	42,942	14,866
Foreign exchange gains	33,541	2,716
Other	2,552	1,133
Financial income	130,896	31,359
Financial expenses:		
Credit finance changes on purchases	(31,753)	(3,861)
Foreign exchange losses	(28,164)	(2,178)
Cash discount expense	(14,222)	(4,722)
Interest on borrowings	(14,136)	(4,514)
Financial expenses from order advances taken	(2,490)	(674)
Other	(665)	(66)
Financial expenses	(91,430)	(16,015)
Financial income -net	39,466	15,344

NOTE 16 - GOVERNMENT GRANTS

The Company has obtained investment incentive certificates from the Turkish government authorities in connection with certain major capital expenditures, which entitle the Company, among other things, to:

- A 100% exemption from customs duty on machinery and equipment to be imported,
- Value Added Tax exemption with respect to purchases of assets in domestic market,
- Exemption of tax and funds (except for the incentives 61989, 62007/A, 62857/A, 67302, 67303 and 72396),
- A 100% investment allowance for purchases of assets and construction costs for investments; 61989, 62007/A, 62857/A, 67302 and 67303; 40% investment allowance for investments; 72396, 74349, 74387, 74408, 74840, 75810, 75864, 76568.

The %100 investment allowances indicated in (c) above are deductible from current or future taxable profits for the purposes of corporation tax. However, such investment allowances are subject to withholding taxes. For %40 investment allowances there is no such withholding taxation.

Total investments subject to investment allowances amount to TL 14,527 billion in the current period.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

- a) Guarantees and commitments given were as follows at 30 September 2004 and 31 December 2003:

	30 September 2004	31 December 2003
Collateral obtained	745,959	679,378
Pledges given	19,194	23,081
Guarantee notes given	8,939	14,715
Other guarantees	1,527	3,974
Capital commitments	5,757	2,847
Forward commitments	6,465	22,875

- b) In connection with the investment incentives, the Company was committed to realise export sales amounting to USD 256,988,846 (31 December 2003: USD 331,075,820) at 30 September 2004.
- c) The export incentives and export commitments at 30 September 2004 amount to USD 21,000 (31 December 2003: USD 21,000.).
- d) In connection with the investment incentives, the Company was committed to realise a capital increase amounting to TL 113,006 billion at 30 September 2004 (31 December 2003: TL 56,098 billion).
- e) Pledges have been given for the loans received from various banks.

NOTE 18 - ACQUISITIONS, GOODWILL AND NEGATIVE GOODWILL

No acquisition was made by the Group in the current period.

As a result of the acquisitions made by the Group in 2002, goodwill amounting to TL 7,067 billion, and negative goodwill amounting to TL 53,308 billion have been recognized in the consolidated financial statements.

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 19 - SUPPLEMENTARY CASH FLOW INFORMATION

“Changes in accruals and provisions” and “Changes in operating assets and liabilities” as included in the condensed interim consolidated statements of cash flows for the period ended 30 September 2004 is as follows:

	30 September 2004
Changes in accruals and provisions	
Changes in accrual for customer premiums	54,986
Changes in accrual for sales expenses	17,771
Changes in warranty expense provision	14,265
Changes in accrual for donation	10,159
Changes in accrual for cash discount	7,935
Changes in montage provision	6,236
Changes in accrual for bonuses and premiums	4,915
Changes in provision for employment termination benefit	2,361
Changes in deferred taxation	(8,232)
Changes in redundancy provision	(13,491)
	96,905
Changes in operating assets and liabilities	
Held-to-maturity investments	(55,744)
Trade and notes receivable and due from related parties	(185,059)
Inventories	(207,536)
Other current assets and liabilities	(27,194)
Other non-current assets and liabilities	12,118
Trade payables and due to related parties	89,165
	(374,250)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 20- SEGMENT INFORMATION

Primary reporting format - Business segment

The Group is engaged in the production and sale of electrical and manual household appliances. Since the products that the Group produces are not subject to different risks and returns, no distinguishable business segment is identified.

Secondary reporting format - Geographical segment

The Group's geographical segments are organised into Turkey and Euro Zones. Turkey, where the domestic activities are performed, is the home country of the parent company (Arçelik), which is also the main operating company.

	30 September 2004	31 December 2003
Segment assets		
Turkey	2,706,810	2,302,619
Europe	503,156	512,977
	3,209,966	2,815,596

	1 January - 30 September 2004	1 July- 30 September 2004
Segment sales		
Turkey	2,020,143	753,057
Europe	1,257,956	404,261
Other	188,879	36,577
	3,466,978	1,193,895

	1 January - 30 September 2004	1 July- 30 September 2004
Capital expenditure		
Turkey	89,664	37,311
Europe	20,315	10,002
Other	-	-
	109,979	47,313

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

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of TL at 30 September 2004 unless otherwise indicated)

NOTE 21 - POST BALANCE SHEET EVENTS

The Company finalized the negotiations on Collective Employment Agreement with Turkish Metal Industrialist Union for the period 1 September 2004 - 31 August 2006 with an agreement signed by the parties on 12 November 2004.

According to the Board of Directors decision dated 17 November 2004, the Company has decided to borrow EUR 80 millions with a 7 year maturity including 3 year grace period from International Finance Corporation, and EUR 80 millions with a 5 year maturity including 2 years grace period from various banks totaling a EUR 160 million syndicated loan concerning the financing of Arçelik's corporate-level programs. It has also been decided that the management is authorized to provide the necessary guarantees, and to prepare and approve the related documents when needed.

NOTE 22- DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial statements as at and for the period ended 30 September 2004 have been approved for issue by the Board of Directors on 6 December 2004 and signed by Yağız Eyüboğlu, Chief Financial Officer and by Tamer Soyupak, Director of Finance.

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