

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD
FROM 1 JANUARY TO 30 SEPTEMBER 2017**

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**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017**

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**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2017 AND 31 DECEMBER 2016**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Unaudited 30 September 2017	Audited 31 December 2016
ASSETS			
Current assets		2.020.439.489	2.234.521.243
Cash and cash equivalents	4	129.562.202	187.633.837
Trade receivables		344.925.294	353.435.702
- <i>Trade receivables from related parties</i>	7 and 20	49.825.789	32.488.570
- <i>Trade receivables from third parties</i>	7	295.099.505	320.947.132
Other receivables		42.269.287	264.007.042
- <i>Other receivables from related parties</i>	20	11.047.935	246.245.160
- <i>Other receivables from third parties</i>		31.221.352	17.761.882
Inventories	8	1.264.827.947	1.217.509.627
Prepaid expenses		62.721.090	35.504.794
- <i>Prepaid expenses to third parties</i>		62.721.090	35.504.794
Derivative instruments		21.464.508	44.803.537
- <i>Derivative instruments used for hedging</i>	6	21.464.508	44.803.537
Other current assets		154.669.161	131.626.704
- <i>Other current assets from third parties</i>		154.669.161	131.626.704
Non-current assets		2.256.753.507	2.255.842.101
Financial investments		104.891	104.891
Trade receivables		14.153.058	17.058.802
- <i>Trade receivables from related parties</i>	7 and 20	4.981.437	4.935.298
- <i>Trade receivables from third parties</i>	7	9.171.621	12.123.504
Other receivables		1.478.732	1.763.853
- <i>Other receivables from third parties</i>		1.478.732	1.763.853
Investments accounted for using the equity method		15.446.254	15.453.572
Investment properties	9	32.995.000	32.995.000
Property and equipment	10	374.745.092	367.379.747
- <i>Lands</i>		48.883.306	48.883.306
- <i>Land improvements</i>		205.498	213.539
- <i>Buildings</i>		46.807.155	43.824.886
- <i>Machinery and equipment</i>		9.743.599	11.720.087
- <i>Vehicles</i>		97.638	177.621
- <i>Furniture and fixtures</i>		119.168.023	112.051.638
- <i>Leasehold improvements</i>		143.714.034	141.336.759
- <i>Construction in progress</i>		6.125.839	9.171.911
Intangible assets	11	1.657.981.726	1.692.417.074
- <i>Goodwill</i>	12	797.708.560	797.708.560
- <i>Licences</i>		469.497	448.737
- <i>Brands</i>		473.224.395	473.224.395
- <i>Computer licenses</i>		17.886.690	17.100.917
- <i>Other intangible assets</i>		368.692.584	403.934.465
Prepaid expenses		5.268.263	3.445.546
- <i>Prepaid expenses to third parties</i>		5.268.263	3.445.546
Deferred tax assets		40.052.950	27.907.331
Derivative instruments		108.104.285	84.439.496
- <i>Derivative instruments used for hedging</i>	6	108.104.285	84.439.496
Other non-current assets		6.423.256	12.876.789
- <i>Other non-current assets from third parties</i>		6.423.256	12.876.789
TOTAL ASSETS		4.277.192.996	4.490.363.344

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

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2017 AND 31 DECEMBER 2016**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Unaudited 30 September 2017	Audited 31 December 2016
LIABILITIES			
Current liabilities		2.322.674.406	2.863.449.689
Short-term financial liabilities		64.503.808	181.956.206
<i>Short term financial liabilities to third parties</i>		<i>64.503.808</i>	<i>181.956.206</i>
- <i>Bank borrowings</i>	5	<i>64.503.808</i>	<i>181.956.206</i>
Current portion of long-term financial liabilities		609.749.110	831.824.364
<i>Current portion of long term financial liabilities to third parties</i>		<i>609.749.110</i>	<i>831.824.364</i>
- <i>Bank borrowings</i>	5	<i>595.217.764</i>	<i>711.914.524</i>
- <i>Finance lease liabilities</i>	5	<i>14.531.346</i>	<i>10.337.640</i>
- <i>Issued financial debt instruments</i>	5	<i>-</i>	<i>109.572.200</i>
Other financial liabilities		16.388.839	175.657.399
- <i>Other financial liabilities</i>		<i>16.388.839</i>	<i>175.657.399</i>
Trade payables		1.317.210.130	1.324.487.544
- <i>Trade payables to related parties</i>	7 and 20	<i>20.484.544</i>	<i>16.856.300</i>
- <i>Trade payables to third parties</i>	7	<i>1.296.725.586</i>	<i>1.307.631.244</i>
Payables related to employee benefits		49.002.853	39.368.827
Other payables		2.749.756	67.056.573
- <i>Other payables to related parties</i>	20	<i>-</i>	<i>35.192.000</i>
- <i>Other payables to third parties</i>		<i>2.749.756</i>	<i>31.864.573</i>
Deferred revenue		173.299.249	178.835.918
- <i>Deferred revenue to third parties</i>		<i>173.299.249</i>	<i>178.835.918</i>
Corporate tax payable		6.942.070	6.077.289
Short term provisions		54.222.741	39.483.257
- <i>Short term provisions for employee benefits</i>	13	<i>21.324.767</i>	<i>14.653.442</i>
- <i>Other short term provisions</i>	13	<i>32.897.974</i>	<i>24.829.815</i>
Other current liabilities		28.605.850	18.702.312
- <i>Other current liabilities to third parties</i>		<i>28.605.850</i>	<i>18.702.312</i>
Non-current liabilities		1.906.467.098	1.493.910.144
Long term financial liabilities		1.465.490.697	1.222.308.625
<i>Long term financial liabilities to third parties</i>		<i>1.465.490.697</i>	<i>1.222.308.625</i>
- <i>Bank borrowings</i>	5	<i>1.460.253.980</i>	<i>1.216.571.326</i>
- <i>Finance lease liabilities</i>	5	<i>5.236.717</i>	<i>5.737.299</i>
Trade payables		39.524.860	52.358.847
- <i>Trade payables to third parties</i>	7	<i>39.524.860</i>	<i>52.358.847</i>
Other payables		175.200.583	202.655
- <i>Other payables to related parties</i>	20	<i>175.000.000</i>	<i>-</i>
- <i>Other payables to third parties</i>		<i>200.583</i>	<i>202.655</i>
Long term provisions		38.579.791	36.627.258
<i>Long term provisions for employee benefits</i>		<i>38.579.791</i>	<i>36.627.258</i>
Deferred revenue		15.794.973	14.801.962
- <i>Deferred revenue to third parties</i>		<i>15.794.973</i>	<i>14.801.962</i>
Deferred tax liability		162.544.861	167.610.797
Other non-current liabilities		9.331.333	-
- <i>Other current liabilities to third parties</i>		<i>9.331.333</i>	<i>-</i>
TOTAL LIABILITIES		4.229.141.504	4.357.359.833

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

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**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2017 AND 31 DECEMBER 2016**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Unaudited 30 September 2017	Audited 31 December 2016
EQUITY		48.051.492	133.003.511
Equity attributable to parent		46.381.027	131.689.822
Paid-in share capital	15	257.700.000	57.700.000
Adjustments to share capital	15	56.061.369	56.061.369
Share premium	15	565.433	138.375.874
Other comprehensive income/(expenses) not to be reclassified to profit or loss		(16.709.812)	(14.410.421)
- <i>Gain/(loss) on revaluation and re-measurement</i>	15	12.823.171	13.424.284
- <i>Actuarial (loss)/gain arising from employee benefits</i>		(29.532.983)	(27.834.705)
Other comprehensive income/(expenses) to be reclassified to profit or loss		(886.410)	(804.504)
- <i>Currency translation differences</i>		(886.410)	(804.504)
Impact of business combinations of entities under common control	15	(316.555.195)	(316.555.195)
Restricted reserves	15	33.451.107	33.451.107
- <i>Profit from sales of participation shares or property that will be added to share capital</i>		22.983.739	22.983.739
- <i>Legal reserves</i>		10.467.368	10.467.368
Retained earnings		316.934.700	648.117.051
Net loss for the period		(284.180.165)	(470.245.459)
Non-controlling interest		1.670.465	1.313.689
TOTAL LIABILITIES		4.277.192.996	4.490.363.344

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED
30 SEPTEMBER 2017 AND 2016**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated)

	Notes	Unaudited 1 January - 30 September 2017	Unaudited 1 April - 30 September 2017	Unaudited 1 January - 30 September 2016	Unaudited 1 April - 30 September 2016
INCOME OR LOSS					
Revenue	16	2.908.717.490	998.750.047	2.506.427.028	801.133.771
Cost of sales (-)	16	(1.760.250.018)	(614.057.297)	(1.516.667.947)	(501.673.793)
GROSS PROFIT		1.148.467.472	384.692.750	989.759.081	299.459.978
Marketing expenses (-)		(907.229.078)	(310.563.881)	(820.949.260)	(262.889.599)
General administrative expenses (-)		(216.660.635)	(79.817.308)	(198.668.160)	(60.116.369)
Research and development expenses (-)		(2.336.417)	(717.979)	(3.663.879)	(911.060)
Other operating income	17	148.648.768	40.780.970	142.144.362	48.186.634
Other operating expenses (-)	17	(117.126.536)	(31.398.655)	(143.364.243)	(46.887.557)
OPERATING PROFIT/(LOSS)		53.763.574	2.975.897	(34.742.099)	(23.157.973)
Income from investing activities		856.816	21.489	1.555.378	1.326.393
Expenses from investing activities (-)		(1.318.019)	(591.771)	(2.138.531)	(427.441)
Share of profit of investments accounted for using the equity method		(7.318)	(6.794)	1.271.030	203.806
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME/(EXPENSES)		53.295.053	2.398.821	(34.054.222)	(22.055.215)
Financial income	18	147.040.444	33.735.509	124.486.085	37.590.910
Financial expenses (-)	18	(478.959.793)	(151.213.741)	(419.230.208)	(150.342.869)
LOSS BEFORE TAX FROM CONTINUED OPERATIONS		(278.624.296)	(115.079.411)	(328.798.345)	(134.807.174)
Corporate tax expense (-)		(21.756.539)	(8.571.812)	(13.571.821)	(2.244.674)
Deferred tax income/(expense)		16.786.987	2.149.210	12.003.749	1.059.522
LOSS FROM CONTINUED OPERATIONS		(283.593.848)	(121.502.013)	(330.366.417)	(135.992.326)
LOSS FROM DISCONTINUED OPERATIONS		-	-	(39.717.945)	-
NET LOSS FOR THE PERIOD		(283.593.848)	(121.502.013)	(370.084.362)	(135.992.326)
Loss for the period attributable to					
Non-controlling interest		586.317	182.279	249.351	67.752
Equity holders of the parent		(284.180.165)	(121.684.292)	(370.333.713)	(136.060.078)
Loss per share					
Loss per share from continued operations	19	(4,09)	(1,30)	(6,42)	(2,36)
Loss per share from discontinued operations		-	-	(0,69)	-
OTHER COMPREHENSIVE LOSS					
Items not to be classified to profit or loss					
Actuarial losses arising from employee benefits		(2.122.848)	442.426	(6.372.711)	(1.493.363)
Deferred tax income		424.570	(88.485)	1.274.542	298.673
Items to be classified to profit or loss					
Currency translation differences		4.215	5.094	5.763	7.240
OTHER COMPREHENSIVE LOSS		(1.694.063)	359.035	(5.092.406)	(1.187.450)
TOTAL COMPREHENSIVE LOSS		(285.287.911)	(121.142.978)	(375.176.768)	(137.179.776)
Total comprehensive loss attributable to:					
Non-controlling interests		586.317	182.279	249.351	67.752
Equity holders of the parent		(285.874.228)	(121.325.257)	(375.426.119)	(137.247.528)

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE PERIODS ENDED
30 SEPTEMBER 2017 AND 2016**

(Amounts expressed in Turkish (“TRY”) unless otherwise stated.)

	Paid in share capital	Share premium	Adjustments to share capital	Other comprehensive income/(expenses) to be reclassified to profit or loss	Other comprehensive income/(expenses) not to be reclassified to profit or loss		Impact of business combinations regarding common control transactions	Restricted reserves	Retained earnings/(accumulated loss)	Net loss for the period	Equity attributable to parent	Non-controlling interest	Total Equity
				Currency translation differences	Revaluation reserve of property plant and equipment	Actuarial loss							
Balance at 1 January 2016	57.700.000	867.300.000	56.061.369	(852.163)	15.930.274	(18.469.825)	(311.626.838)	33.451.107	298.322.343	(381.635.408)	616.180.859	352.367	616.533.226
Transfers (Note 15)	-	(728.924.126)	-	-	(2.535.642)	-	-	-	349.824.360	381.635.408	-	-	-
Total comprehensive income/loss	-	-	-	5.763	-	(5.098.169)	-	-	-	(370.333.713)	(375.426.119)	249.351	(375.176.768)
Transactions with non-controlling interest	-	-	-	-	-	-	(4.928.357)	-	-	-	(4.928.357)	755.965	(4.172.392)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(261.050)	(261.050)
Balance at 30 September 2016	57.700.000	138.375.874	56.061.369	(846.400)	13.394.632	(23.567.994)	(316.555.195)	33.451.107	648.146.703	(370.333.713)	235.826.383	1.096.633	236.923.016
Balance at 1 January 2017	57.700.000	138.375.874	56.061.369	(804.504)	13.424.284	(27.834.705)	(316.555.195)	33.451.107	648.117.051	(470.245.459)	131.689.822	1.313.689	133.003.511
Transfers (Note 15)	-	(138.375.874)	-	-	(601.113)	-	-	-	(331.268.472)	470.245.459	-	-	-
Total comprehensive income / loss	-	-	4.215	-	1.698.278	-	-	(284.180.165)	(285.874.228)	586.317	(285.287.911)	-	-
Capital increase (Note 15)	200.000.000	-	-	-	-	-	-	-	-	-	200.000.000	-	200.000.000
Increase/(decrease) due to share-based payment transactions (Note 15)	-	565.433	-	-	-	-	-	-	-	-	565.433	-	565.433
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(229.541)	(229.541)
The effect of subsidiary liquidation (Note 1)	-	-	-	(86.121)	-	-	-	-	86.121	-	-	-	-
Balance at 30 September 2017	257.700.000	565.433	56.061.369	(886.410)	12.823.171	(29.532.983)	(316.555.195)	33.451.107	316.934.700	(284.180.165)	46.381.027	1.670.465	48.051.492

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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 SEPTEMBER 2017 AND 2016**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Unaudited 1 January - 30 September 2017	Unaudited 1 January - 30 September 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		(27.591.384)	(23.972.777)
Net loss for the period		(283.593.848)	(370.084.362)
Net profit/(loss) for the period from continuing operations		(283.593.848)	(330.366.417)
Net profit/(loss) for the period from discontinued operations		-	(39.717.945)
Adjustments to reconcile loss for the period		753.251.592	691.842.875
Depreciation and amortization	10 and 11	99.500.355	92.025.861
Adjustments related to impairment		22.789.086	67.484.581
<i>Adjustments related to impairment on receivables</i>	7	604.778	2.345.144
<i>Adjustments related to impairment on inventory</i>	8	19.552.540	16.422.277
<i>Adjustments related to impairment on investment properties</i>	9	-	45.530.974
<i>Adjustments related to other impairments</i>		2.631.768	3.186.186
Adjustments related to provisions		65.498.458	45.582.403
<i>Adjustments related to provision for employee benefits</i>		42.792.600	31.274.074
<i>Adjustments related to provision for litigation</i>	13	3.966.327	2.412.403
<i>Adjustments related to other provisions</i>	13	18.739.531	11.895.926
Adjustments related to interest (income)/expenses		281.097.086	237.797.883
<i>Adjustments related to interest expenses</i>		308.933.642	258.466.063
<i>Adjustments related to interest income</i>		(24.672.797)	(19.019.314)
<i>Rediscount expense</i>		3.866.538	(4.464.644)
<i>Rediscount income</i>		(7.030.297)	2.815.778
Adjustments related to unrealized gain/ (loss) foreign currency differences		31.103.713	38.233.458
Adjustments related to fair value gain/ (loss)		(325.760)	484.738
<i>Adjustments related to fair value changes of derivative instruments</i>	6	(325.760)	484.738
Adjustments related to the sale of non-current assets		461.203	583.153
<i>Adjustments to gain/loss on sales of property and equipment</i>		461.203	583.153
Share of profit of investments accounted for using the equity method		7.318	(1.271.030)
<i>Adjustments related to undistributed profit of associates</i>		29	(1.375.876)
<i>Adjustments related to undistributed profit of joint ventures</i>		7.289	104.846
Adjustments related to tax (income)/losses		4.969.552	(7.372.396)
Other adjustments		248.150.581	218.294.224
Changes in net working capital		(176.758.770)	(72.078.216)
Adjustments related to decrease/(increase) in inventories		(69.453.938)	(164.391.218)
Adjustments related to decrease/(increase) in trade receivables		(2.905.125)	(12.736.094)
<i>Decrease/(increase) in trade receivables from related parties</i>		15.818.837	(44.505.743)
<i>Decrease/(increase) in trade receivables from third parties</i>		(18.723.962)	31.769.649
Adjustments related to decrease (increase) in other receivables		(10.913.434)	(2.203.819)
<i>Decrease/(increase) in other receivables from related parties</i>		2.262.478	-
<i>Decrease/(increase) in other receivables from third parties</i>		(13.175.912)	(2.203.819)
Adjustments related to (increase)/decrease in prepaid expenses		(29.039.013)	(44.018.755)
Adjustments related to decrease/(increase) in deferred revenue		(4.543.658)	34.031.053
Adjustments related to increase/(decrease) in employee benefits payable		9.634.026	12.038.325
Adjustments related to increase/(decrease) in trade payables		(7.880.580)	122.775.313
<i>Increase/ (decrease) in trade payables to related parties</i>		3.518.326	4.402.642
<i>Increase/ (decrease) in trade payables to third parties</i>		(11.398.906)	118.372.671
Adjustments related to increase in other payables		(64.302.995)	(15.880.467)
<i>Increase / (decrease) in other payables to related parties</i>		(35.192.000)	-
<i>Increase / (decrease) in other payables to third parties</i>		(29.110.995)	(15.880.467)
Adjustments related to increase / (decrease) in working capital		2.645.947	(1.692.554)
<i>Increase / decrease in other assets related to operations</i>		(16.588.924)	(20.021.481)
<i>Increase / decrease in other liabilities related to operations</i>		19.234.871	18.328.927
Rent payments		(260.213.025)	(217.827.366)
Rent income		1.408.267	1.385.838
Employee benefits paid		(39.146.169)	(43.566.124)
Payments for other provisions	13	(1.284.117)	(661.134)
Other cash (outflows)/inflows		(21.255.314)	(12.984.288)

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

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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 SEPTEMBER 2017 AND 2016**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Unaudited 1 January - 30 September 2017	Unaudited 1 January - 30 September 2016
B. CASH FLOWS FROM INVESTING ACTIVITIES		(75.523.324)	16.627.860
Cash outflows from purchases of tangible and intangible assets		(77.996.012)	(69.289.979)
<i>Purchases of tangible assets</i>	10	(68.132.050)	(55.193.696)
<i>Purchases of intangible assets</i>	11	(9.863.962)	(14.096.283)
Proceeds from disposal of property, equipment and intangible assets		2.472.688	3.932.449
<i>Proceeds from disposal of property and equipment</i>		2.472.688	3.900.778
<i>Proceeds from disposal of intangible assets</i>		-	31.671
Cash outflows from losing control of subsidiaries or other businesses		-	85.797.806
Cash outflows from purchase of additional shares of subsidiaries		-	(4.172.392)
Dividends received		-	359.976
C. CASH FLOWS FROM FINANCING ACTIVITIES		45.038.858	(5.487.426)
<i>Proceeds from financial liabilities</i>		1.201.375.945	1.030.966.883
<i>Proceeds from bank borrowings</i>		1.153.594.832	781.221.773
<i>Proceeds from factoring transactions</i>		39.688.200	247.432.990
<i>Proceeds from other financial liabilities</i>		8.092.913	2.312.120
Payment of financial liabilities		(1.491.423.906)	(695.814.649)
<i>Cash outflows due to the payments of bank borrowings</i>		(1.178.067.357)	(578.895.742)
<i>Cash outflows due to the payments of factoring liabilities</i>		(198.956.760)	(113.548.264)
<i>Cash outflows due to the payments of issued financial debt liabilities</i>		(110.000.000)	(3.025.222)
<i>Disposal related to other financial liabilities payments</i>		(4.399.789)	(345.421)
Dividends paid		(229.541)	(261.050)
Increase in other payables to related parties		407.953.808	(103.464.023)
Interest paid		(297.875.678)	(255.933.901)
Interest received		24.672.797	19.019.314
Cash inflows from issue of shares		200.000.000	-
Cash inflows from issue of shares or other equity instruments		565.433	-
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(58.075.850)	(12.832.343)
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		4.215	5.763
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(58.071.635)	(12.826.580)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	187.633.837	88.246.065
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	129.562.202	75.419.485

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

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**NOTES TO THE CONDENSED INTERIM
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NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF ACTIVITIES

Boyner Perakende ve Tekstil Yatırımları A.Ş. (the “Company” or “Boyner Perakende”) incorporated by Boyner family with the registry of the Articles of Association dated 14 January 1952, published in the Trade Registry Gazette on 26 January 1952. The title of the Company formerly named as “Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş.” is changed as “Boyner Perakende ve Tekstil Yatırımları A.Ş.” in accordance with the decision of the Board of Directors dated 27 January 2014, the approval of Capital Markets Board (“CMB”) and the Republic of Turkey the Ministry of Customs and Trade on 10 April 2014. The ultimate parent of the Company as at 30 September 2017 and 31 December 2016 is Boyner Holding. The Company is registered to CMB and 15% of its shares offered to İstanbul Stock Exchange (“ISE”) for the first time in 1991.

The registered address of the Company is “Eski Büyükdere Caddesi No: 14 Park Plaza K 15-16, Maslak, Sarıyer, İstanbul”.

The core business of the Group is the investments of retail and production of textile.

The table below sets out the subsidiaries fully consolidated, the proportion of ownership interest and the effective interest of the Group in these subsidiaries as of 30 September 2017 and 31 December 2016. The Company together with its consolidated subsidiaries will be referred to as the “Group” hereafter.

Subsidiary	Country of registration	Nature of business	30 September 2017 Effective ownership (%)	31 December 2016 Effective ownership (%)
Ay Marka Mağazacılık A.Ş. (“AY Marka”)	Turkey	Retail Operations	100,00	100,00
Boyner Büyük Mağazacılık A.Ş. (“BBM”)	Turkey	Retail Operations	100,00	100,00
Beymen Mağazacılık A.Ş. (“Beymen”)	Turkey	Retail Operations	100,00	100,00
Altınyıldız Tekstil ve Konfeksiyon A.Ş. (“AYTK”)	Turkey	Sales and Marketing of Textile Products	100,00	100,00
Alticom GmbH (“Alticom”) ⁽¹⁾	Germany	Sales and Marketing of Textile Products	-	100,00
Altınyıldız Corporation	USA	Sales and Marketing of Textile Products	100,00	100,00
A&Y LLC	Dubai	Sales and Marketing of Textile Products	100,00	100,00
Nişantaşı Turistik İşletmeleri A.Ş. (“Nişantaşı Turistik”)	Turkey	Restaurant Operations	75,00	75,00
İzkar Giyim Ticaret ve Sanayi A.Ş. (“İzkar”)	Turkey	Retail Operations	75,00	75,00
Beymen İç ve Dış Ticaret A.Ş. (“Beymen İç ve Dış”)	Turkey	Export-Import	100,00	100,00
Anka Mağazacılık A.Ş. (“Anka”)	Turkey	Retail Operations	100,00	100,00
Bulin İç ve Dış A.Ş. (“Bulin”)	Turkey	Export-Import	100,00	100,00

⁽¹⁾ The liquidation process of Alticom has started in 2014 and the process is completed as of 30 September 2017.

As of 30 September 2017, the Group has retail space of 364.442 square meters (286.412 square meters of its own stores and 78.030 square meters of others) (31 December 2016: 356.097 square meters (282.146 square meters of its own stores, and 73.951 square meters of others)) and operates in 382 stores (290 own stores and 92 other) (31 December 2016: 352 stores (257 own stores and 95 other)).

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NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

The Group’s subsidiary Beymen’s associates and joint ventures accounted for using the equity method and the rates of effective ownership as of 30 September 2017 and 31 December 2016 are as follows:

Subsidiary	Country of registration	Nature of business	30 September 2017 Effective ownership (%)	31 December 2016 Effective ownership (%)
Christian Dior İstanbul Mağazacılık A.Ş. (“Christian Dior”)	Turkey	Commerce	49,00	49,00
Nile Bosphorus Retail and Trading Company (“Nile Bosphorus”)	Egypt	Commerce	33,33	33,33
Elif Co. For General Trading Ltd. (“Elif Co”) (*)	Iraq	Commerce	-	50,00
Christian Louboutin Mağazacılık A.Ş. (“Christian Louboutin”)	Turkey	Commerce	30,00	30,00

(*) The liquidation process of Elif Co. has started in 2016 and the process is completed as of 30 September 2017.

The condensed interim consolidated financial statements as at 30 September 2017 have been approved and authorized for issue on 6 November 2017 by the Board of Directors.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The condensed interim consolidated financial statements are prepared in accordance with Communiqué Serial II, No: 14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”). The condensed interim consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 2 June 2016 by Public Oversight Accounting and Auditing Standards Authority (“POAASA”) and the format and mandatory information recommended.

In accordance with the TAS 34, entities are allowed to prepare a complete or condensed set of interim financial statements. In this framework, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements prepared for the year ended 31 December 2016.

The Group and its subsidiaries registered in Turkey maintain their accounting records and prepares their statutory financial statements in accordance with the principles issued by CMB, the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiary maintains its 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 have been prepared under historical cost conventions except for financial assets which are carried at fair value. The condensed interim consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

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

2.1 Basis of presentation (Continued)

Going Concern Assumption

The condensed interim consolidated financial statements have been prepared assuming that the Company and its consolidated subsidiaries will continue as a going concern on the basis that they will be able to realize its assets and discharge its liabilities in the normal course of business. As of 30 September 2017, the total current liabilities of the Group exceed its total current assets by TRY 302.234.917 (31 December 2016: TRY 628.928.446). In addition, according to the evaluation made with regard to the Article 376 of the Turkish Commercial Code, Group’s equity is below one third of the total capital and legal reserve funds due to the loss for the period.

The Group foresees that its profitability will increase in the last quarter of the year due to the effects of seasonality in the sector which it operates in, which will result to the increase of operational profit of the Group. Additionally, the Group management plans to decrease the difference between current assets and short term liabilities through restructuring its short term liabilities by replacing them with long term liabilities. Furthermore, as explained in Note 15, the Prospectus regarding the increase of the registered capital from TRY 57.700.000 to TRY 257.700.000 by 346,62% via rights issue within the authorized capital ceiling of TRY 500.000.000 has been approved by CMB on 7 July 2017.

2.2 Seasonality of operations

The condensed interim consolidated financial statements may include the effects of the seasonal variations. Therefore, the results of business operations for the first nine months up to 30 September 2017 do not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

2.3 Significant accounting estimates, assumptions and decisions

The preparation of condensed interim consolidated financial statements requires management to make estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, the disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the financial period. The accounting assessments, estimates and assumptions are reviewed considering past experiences, other factors and reasonable expectations about future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management’s existing incidents and operations, they may differ from the actual results.

The condensed interim consolidated financial statements as at 30 September 2017 are prepared in accordance with the accounting policies that were used in the consolidated financial statements as at 31 December 2016 except for the adoption of new and amended TFRS interpretations effective as of 1 January 2017 which are summarized below.

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

2.4 Changes in accounting policies

New and amended International Financial Reporting Standards

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at 30 September 2017 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2017. The effects of these standards and interpretations on the Group’s financial position and operations are explained in the related sections.

a) The new standards, amendments to published standards and interpretations applicable to 30 September 2017:

- Amendments to TAS 7 “Statement of cash flows”
- Amendments TAS 12 “Income Taxes”
- Annual improvements 2014 - 2016;

These amendments have no impact on the financial position and performance of the Group.

b) The new standards, amendments and interpretations that are issued but not effective as of 30 September 2017:

Standards, amendments and interpretations that have been published as of the approval date of these condensed interim consolidated financial statements but not yet effective as of the date of consolidated financial statements and not early adopted by the Group are as follows. Unless otherwise indicated, the Group will perform the required changes related to these new standards and interpretations when they are in force.

The following amendments and improvements are not expected to have a significant effect on the financial position and performance of the Group:

- Amendments to TFRS 2 “Share based payments”
- Amendments to TFRS 4, “Insurance contracts”
- Amendments to TAS 40 “Investment property”
- Annual improvements 2014–2016
- TFRIC 22 “Foreign currency transactions and advance consideration”
- TFRS 17 “Insurance contracts”
- TFRIC 23, ‘Uncertainty over income tax treatments’

The effects of the following standards on the financial position and performance of the Group are being evaluated by the Group management:

- TFRS 15 “Revenue from contracts with customers”
- TFRS 9 “Financial instruments” - Classification and disclosure
- TFRS 16 “Leases”

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

2.5 Comparatives and restatement of prior periods’ financial statements

The condensed 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 condensed consolidated financial statements.

In order to conform to changes in presentation in the current period consolidated financial statements; following items which were classified in other operating income in the prior year financial statements; foreign exchange income amounting to TRY 27.799.076 have been reclassified to financial income; personnel income and comission income amounting to TRY 1.583.686, rent discounts amounting to TRY 707.694 have been reclassified to marketing expenses; stock count difference income amounting to TRY 1.089.639 have been reclassified to cost of sales; other income amounting to TRY 70.313 have been reclassified to general administrative expenses and other income amounting to TRY 50.508 have been reclassified to other operating expenses as of 30 September 2017.

Foreign exchange expenses amounting to TRY 27.123.354, term difference expenses amounting to TRY 5.875.135, bank commission expenses amounting to TRY 2.141.658 and other expenses amounting to TRY 295.575 which had been classified in other operating expenses, have been classified in financial expenses as of 30 September 2017. Furthermore, following items which had been classified in other operating expenses; stock count differences amounting to TRY 4.745.001 have been classified in cost of sales; brand license and rent expenses amounting to TRY 2.678.170 have been classified to marketing expenses; donation and aid expenses and other disallowable expenses amounting to TRY 830.958 have been classified in general administrative expenses. Stock count differences amounting to TRY 878.716 which had been classified in marketing expenses have been classified in cost of goods sold. In addition, foreign exchange expenses amounting to TRY 146.547 and TRY 155.375 in marketing expenses and general administrative expenses respectively, and foreign exchange expenses related to financial activities amounting to TRY 146.477 have been classified in foreign exchange expenses and interest expenses in financial expenses. Foreign exchange income related to financial activities which had been classified in other operating expenses amounting to TRY 11.525, have been reclassified to financial income. Other expenses amounting to TRY 40.501 which had been classified in marketing expenses have been classified in other operating expenses.

Rent expenses amounting to TRY 16.630.048, transportation expenses amounting to TRY 4.293.467, advertisement, postage, archive, handling charges, label, sample, consultancy and sales material expenses amounting to TRY 2.560.188 in total which had been classified in general administrative expenses, have been classified in marketing expenses. Items which had also been classified in general administrative expenses as bank commission and bank charges amounting to TRY 503.863 have been classified in financial expenses; other expenses amounting to TRY 344.145 have been classified in other operating expenses.

Interest income amounting to TRY 43.823.173 and foreign exchange income amounting to TRY 16.531.051 which had been offset from financial expenses, have been classified in financial income.

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NOTE 3 - SEGMENT REPORTING

The business operations of the Group are organized and managed with respect to the range of products and services provided by the Group. The information regarding the business activities of the Group as of 30 September 2017 and 2016 comprise the performance and the management of textile products and retail store operations.

The Group Management assesses the performance of operating segments by the “Earnings Before Interest Tax Depreciation and Amortization” (“EBITDA”) figure generated by adjusting the EBITDA calculated based on the financial statements prepared in accordance with TAS with necessary adjustments and reclassifications. Those adjustments and reclassifications are the omission of non-recurring income/ expense, adding back the net effect of the term difference, rediscount and foreign exchange gains and losses generated from commercial operations in accordance with TAS and adding non-recurring expenses determined by the Group Management. EBITDA calculated based on this approach is defined as “Adjusted EBITDA”.

The segment analysis for the period ended 30 September 2017 is as follows:

1 January-30 September 2017	Retail Operations	Textile	Undistributed	Elimination	Total
Revenue	2.830.251.605	148.377.984	22.961.441	(92.873.540)	2.908.717.490
Gross profit	1.128.278.032	21.284.360	21.183.196	(22.278.116)	1.148.467.472
Capital expenditures (based on balance sheet)	72.380.947	4.741.087	873.978	-	77.996.012
Depreciation and amortization expenses	64.275.583	3.330.406	31.894.366	-	99.500.355
Net income/(loss) for the period	(10.001.410)	(26.033.373)	(217.698.637)	(29.860.428)	(283.593.848)
30 September 2017	Retail Operations	Textile	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	3.240.362.151	339.946.215	2.257.889.883	(1.561.005.253)	4.277.192.996
Total assets	3.240.362.151	339.946.215	2.257.889.883	(1.561.005.253)	4.277.192.996
Segment liabilities	2.801.082.245	394.406.602	2.223.435.023	(1.189.782.366)	4.229.141.504
Total liabilities	2.801.082.245	394.406.602	2.223.435.023	(1.189.782.366)	4.229.141.504

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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 3 - SEGMENT REPORTING (Continued)

The segment analysis for the period ended 30 September 2016 and 31 December 2016 is as follows:

1 January-30 September 2016	Retail Operations	Textile & Ready to Wear	Real Estate Management(*)	Undistributed	Elimination	Total
Revenue	2.411.297.821	179.077.313	-	29.595.719	(113.543.825)	2.506.427.028
Gross profit	975.855.088	12.222.996	-	22.112.436	(20.431.439)	989.759.081
Capital expenditures (based on balance sheet)	57.598.260	10.401.940	-	1.289.779	-	69.289.979
Depreciation and amortization expenses	57.268.245	4.504.046	-	30.253.570	-	92.025.861
Net income/(loss) for the period	(89.546.676)	(34.598.309)	(39.717.945)	(178.157.426)	(28.064.006)	(370.084.362)
31 December 2016	Retail Operations	Textile	Real Estate Management(*)	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	3.552.544.549	506.627.528	-	2.345.533.754	(1.914.342.487)	4.490.363.344
Total assets	3.552.544.549	506.627.528	-	2.345.533.754	(1.914.342.487)	4.490.363.344
Segment liabilities	3.150.708.898	537.145.998	-	2.269.103.280	(1.599.598.343)	4.357.359.833
Total liabilities	3.150.708.898	537.145.998	-	2.269.103.280	(1.599.598.343)	4.357.359.833

(*) Disclosed in the discontinued operations and sale of subsidiary paragraph.

Details of discontinued operation and disposal of subsidiary:

Discontinued operation of real estate development and management

In accordance with the agreement signed on 7 May 2016, Group transferred all the shares of its subsidiary, BYN to Gençoğlu AVM Yatırımları A.Ş. on 15 June 2016 for an amount of EUR 26 million (TRY 85.676.500). As a result of this transaction, Group discontinued its operations related to this shopping mall investment and management, and reported the results of its operation until 15 June 2016 as a discontinued operation in the current period. In accordance with this agreement, impairment loss of TRY 43.798.954 recognized in the consolidated financial statements as of 30 September 2016. Additional impairment loss of TRY 1.732.020 calculated as of the date of share transfer, is recognized in the consolidated financial statements as of 30 September 2016. Total impairment loss of TRY 45.530.974 related to the change in fair value is classified in “loss from discontinued operations” in the consolidated statement of profit or loss and other comprehensive income together with the other income and expenses from BYN as of 30 September 2016.

Since the financial performance and cash flow information related to the sale transaction are not material for the consolidated financial statements, as of 30 September 2016 the prior period’s financial statements are not restated.

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NOTE 3 - SEGMENT REPORTING (Continued)

	1 January - 15 June 2016
Gross profit	6.264.390
Operating and financial expenses, net	(9.391.831)
Expenses from investing activities (-)	(45.530.973)
Loss before tax from discontinued operations	(48.658.414)
Deferred tax income	8.940.469
Loss from discontinued operations	(39.717.945)

Detailed information related to the sale of subsidiary is as follows:

	15 June 2016
Gross cash consideration	85.676.500
Financial liabilities of BYN	(43.778.099)
Net cash (BYN share transfer) consideration	41.898.401
Carrying amount of net assets sold	42.019.707
Loss recognized due to the sale of subsidiary	(121.306)

The reconciliation of EBITDA as of 30 September 2017 and 2016 is as follows:

	1 January - 30 September 2017	1 January - 30 September 2016
Revenue	2.908.717.490	2.506.427.028
Gross profit	1.148.467.472	989.759.081
EBITDA	152.795.408	57.971.639

Adjustments:

Reclassification in accordance with the format recommended by CMB	17.467.629	13.476.227
Foreign currency gains	(16.910.579)	(56.754.703)
Rediscount income	(52.610.572)	(49.160.380)
Term difference income	(17.597.533)	(13.343.659)
Foreign currency losses	25.854.229	64.645.892
Term difference expenses	36.201.466	27.826.741
Rediscount expense	42.530.618	40.262.336

Non-recurring (income)/expenses, per Group Management, net (*)

Other non-recurring operational expenses	10.849.644	40.117.746
Adjusted EBITDA (*)	181.112.681	111.565.612

(*) Adjusted EBITDA and non-recurring income/expenses are not defined by TFRS. These items determined by the principles defined by the Group management comprises income/expenses which are assumed by the Group management that are not part of the normal course of business and are non-recurring items. These items which are not defined by TFRS and are not in the scope of review or audit, are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group.

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NOTE 4 - CASH AND CASH EQUIVALENTS

The details of the cash and cash equivalents as of 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Cash	4.921.952	6.560.419
Banks (*)	96.530.354	139.002.621
- Time deposits (**)	62.410.799	90.134.630
- Demand deposits	34.119.555	48.867.991
Credit card receivables (***)	23.672.466	35.344.335
Cheques given for collection	4.437.430	6.726.462
	129.562.202	187.633.837

(*) Group has restricted cash amounting to TRY 73.253.871 as of 30 September 2017 (31 December 2016: TRY 89.287.235).

(**) The time deposits of the Group, which consist of an average maturity 12 days, have interest rate of 13,92% in average as of 30 September 2017 (31 December 2016: 8,68%).

(***) As of 30 September 2017, the pledge on the credit card receivables of the Group is amounting to TRY 11.218.446 (31 December 2016: TRY 18.630.158).

The total insurance coverage on cash and cash equivalents is amounting to TRY 75.000.000 as of 30 September 2017 (31 December 2016: TRY 74.950.000).

NOTE 5 - FINANCIAL LIABILITIES

Short-term financial liabilities

	30 September 2017	31 December 2016
Interest free bank borrowings (*)	-	290.000
Short term bank borrowings	64.503.808	181.666.206
	64.503.808	181.956.206

(*) Interest free bank borrowings consist of interest free loans which were borrowed for the payments of Social Security Institution as of 30 September 2017 and 31 December 2016.

Short-term portion of long-term financial liabilities

	30 September 2017	31 December 2016
Short-term portion of long-term financial liabilities	595.217.764	711.914.524
Short-term portion of long-term bonds (**)	-	109.572.200
Financial lease liabilities	14.531.346	10.337.640
	609.749.110	831.824.364

(**) The Group has offered bond amounting to TRY 110.000.000 to qualified investors on 5 October 2015 with a maturity of 725 days. The coupon and principal payment are due at the end of the three month government securities and index + 4% quarterly floating interest rate. The Group has paid the bond issued as of 29 September 2017.

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

Long-term financial liabilities

	30 September 2017	31 December 2016
Long-term bank borrowings	1.460.253.980	1.216.571.326
Financial lease liabilities	5.236.717	5.737.299
	1.465.490.697	1.222.308.625

The details of short-term and long-term bank borrowings are as follows:

30 September 2017

Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY borrowings	2017-2022	15,85 - TR Libor +6,25	331.232.153	418.712.367
USD borrowings	2017-2022	Libor+4,75 - Libor+4,95	321.100.532	795.155.994
EUR borrowings	2017-2022	Libor+4,90 - Libor+6,25	7.388.887	246.385.619
			659.721.572	1.460.253.980

31 December 2016

Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY interest free borrowings	2017	-	290.000	-
TRY borrowings	2017-2020	12,25 - Libor+ 6,25	503.577.143	248.597.559
USD borrowings	2017-2018	Libor+3,65 - Libor+4,95	271.817.018	879.769.121
EUR borrowings	2017-2021	Libor+6,25	118.186.569	88.204.646
			893.870.730	1.216.571.326

The redemption schedule of the financial liabilities and bonds as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017	31 December 2016
To be paid in 1 year	659.721.572	1.003.442.930
2018 remaining	128.607.501	595.537.329
2019 and after	1.331.646.479	621.033.997
	2.119.975.552	2.220.014.256

In relation to the bank loans elaborated as of 30 September 2017 above, there are mortgages given amounting to TRY 124.000.000 (31 December 2016: TRY 124.000.000). In addition, as declared at Public Disclosure Platform on 19 June 2015, ultimate parent of the Group, Boyner Holding pledged its shares in Boyner Perakende related to the loan received from Qatar National Bank.

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of the financial lease as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017	31 December 2016
Total financial lease payments	21.947.779	17.869.355
Interest will be paid in upcoming years (-)	(2.179.716)	(1.794.416)
	19.768.063	16.074.939
Financial lease liabilities up to 1 year	14.531.346	10.337.640
Financial lease liabilities after 1 year	5.236.717	5.737.299
	19.768.063	16.074.939

As of 30 September 2017 and 31 December 2016, the summary of short-term financial lease liabilities in terms of foreign currency is as below:

	30 September 2017	31 December 2016
TRY	13.570.701	9.452.834
EUR	960.645	884.806
	14.531.346	10.337.640

The summary of long term finance lease liabilities in terms of foreign currency is as below:

	30 September 2017	31 December 2016
TRY	4.921.536	4.833.864
EUR	315.181	903.435
	5.236.717	5.737.299

Collateral bills amounting to EUR 289.971 and TRY 936.802 are given regarding to the financial leasing liabilities disclosed above (31 December 2016: EUR 962.855 and TRY 6.021.620).

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NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2017	31 December 2016
Financial assets arising from swap transactions - short term (*)	21.464.508	44.803.537
Financial assets arising from swap transactions - long term (*)	108.104.285	84.439.496
	129.568.793	129.243.033

(*) The Group has swap contracts, related to foreign currency denominated loans which are summarized below, in order to hedge foreign exchange risk and interest risk as of 30 September 2017 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 30 September 2017, these swap instruments are carried at their fair values through the consolidated statement of profit and loss.

Movement of derivative instruments are as follows:

	2017	2016
Opening balance - 1 January	129.243.033	59.760.767
The amount recognized in financial expenses	325.760	(484.738)
Closing balance - 30 September	129.568.793	59.276.029

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	30 September 2017	31 December 2016
Trade receivables	224.350.901	205.579.696
Notes receivables (*)	125.137.358	169.477.543
Less: Provision for doubtful receivables	(47.363.860)	(47.331.914)
Less: Rediscount expense	(7.024.894)	(6.778.193)
Total trade receivables from third parties	295.099.505	320.947.132
Trade receivables from related parties	51.686.682	40.328.044
Less: Doubtful receivable from related parties (**)	-	(7.319.185)
Less: Rediscount expense	(1.860.893)	(520.289)
Total trade receivables from related parties (Note 20)	49.825.789	32.488.570
Total short-term trade receivables	344.925.294	353.435.702

(*) TRY 15.969.990 of the notes receivables was transferred to the factoring institutions (31 December 2016: TRY 119.933.830). The factoring debts related to this transaction have been classified under other financial liabilities.

(**) The Group's doubtful receivables from related parties consist of Elif Co., whose liquidation procedures were started in 2016 and the process is completed as of 30 September 2017.

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Long-term trade receivables

	30 September 2017	31 December 2016
Trade receivables from related parties (Note 20)	4.981.437	4.935.298
Trade receivables from third parties	2.502.286	3.984.536
Notes receivables	8.428.502	10.182.919
Less: Rediscount expense	(1.759.167)	(2.043.951)
Total long-term trade receivables	14.153.058	17.058.802

The collection period of trade receivables vary with the type of product and the agreements entered into with the customer. The average collection period for textile company’s sales is 163 days (31 December 2016: 174 days). The average collection period of trade receivables from retail companies’ sales is 47 days (31 December 2016: 69 days).

The movement of provision for the doubtful receivables as of 30 September 2017 and 2016 is as follows:

	2017	2016
Opening balance - 1 January	54.651.099	35.254.468
Provisions	604.778	2.345.144
Collection of receivables during the current period	(22.566)	(7.085)
Disposals from sale of subsidiary	-	(269.978)
Write-offs in the current period (*)	(7.869.451)	-
Closing balance - 30 September	47.363.860	37.322.549

(*) The balance consists of doubtful receivables written off during the period as they were uncollectible.

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)
Short term trade payables

	30 September 2017	31 December 2016
Trade payables	674.746.039	566.953.316
Notes payables (*)	655.038.033	766.596.199
Less: Rediscount income	(33.058.486)	(25.918.271)
Total trade payables to third parties	1.296.725.586	1.307.631.244
Trade payables to related parties	20.961.993	17.443.667
Less: Rediscount income	(477.449)	(587.367)
Total trade payables to related parties (Note 20)	20.484.544	16.856.300
Total trade payables	1.317.210.130	1.324.487.544

The average payment period of trade payables is 156 days for textile (31 December 2016: 208 days). The average payment period of trade payables for retail companies purchases is 188 days (31 December 2016: 201 days).

Long term trade payables

	30 September 2017	31 December 2016
Notes payables (*)	39.524.860	52.358.847
Total long term trade payables	39.524.860	52.358.847

(*) The Group has purchased the factory land and buildings which belong to Akiş Gayrimenkul Yatırım Ortaklığı A.Ş for USD 24.691.930. The payable amount which has a maturity of 5 years, has classified as short term and long term payables amounting to TRY 19.837.079 (31 December 2016: TRY 22.423.054) and TRY 39.468.712 respectively (31 December 2016: TRY 52.302.699).

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NOTE 8 - INVENTORIES

The detail of inventories as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017	31 December 2016
Raw materials and supplies	29.310.916	34.582.414
Semi-finished goods	22.858.989	22.066.344
Finished goods	33.474.578	35.251.825
Trade goods	1.173.965.967	1.084.990.451
Goods in transit	33.962.573	47.249.914
Auxiliary materials	8.320.540	9.069.600
Real estates	25.821.569	27.633.724
	1.327.715.132	1.260.844.272
Less: Provision for impairment on inventories (-)	(62.887.185)	(43.334.645)
	1.264.827.947	1.217.509.627

The total insurance coverage on inventories amounting as TRY 1.818.264.111 as at 30 September 2017 (31 December 2016: TRY 1.602.175.000).

The movement of the impairment on inventories during the period ended as of 30 September 2017 and 2016 is as follows:

	2017	2016
Opening balance - 1 January	(43.334.645)	(24.345.493)
Provision provided during the period	(19.552.540)	(16.422.277)
Closing balance - 30 September	(62.887.185)	(40.767.770)

NOTE 9 - INVESTMENT PROPERTIES

	1 January 2017	Additions	Disposals (-)	Change in fair value	30 September 2017
Fair value					
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	32.820.000	-	-	-	32.820.000
	32.995.000	-	-	-	32.995.000
	1 January 2016	Additions	Disposals (-)	Change in fair value	30 September 2016
Fair value					
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	16.840.700	-	-	-	16.840.700
Starcity Mall	142.464.000	-	(96.933.026)	(45.530.974)	-
	159.479.700	-	(96.933.026)	(45.530.974)	17.015.700

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NOTE 9 - INVESTMENT PROPERTIES (Continued)

According to the share transfer agreement of the Group’s subsidiary signed on 7 May 2016, the fair value of the Starcity shopping mall has been calculated and impairment loss amounting to TRY 45.530.974 has been recognized in the consolidated financial statements as of 30 September 2017. As a result of share transfer on 15 June 2016, the income and expenses related to BYN’s activities are reclassified to loss from discontinued operations for the period (Note 3).

As of 30 September 2017 rent income from investment properties is TRY 577.853 (1 January - 30 September 2016: TRY 7.155.599).

The fair value of land and buildings

As of 30 September 2017 and 31 December 2016, the fair value of land and buildings of the Group was determined by an independent expert. Increase in the revaluation amount has been recognized as other operating income in the statement of comprehensive income.

The table below analyses non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	30 September 2017		
	Quoted in active markets for identical assets prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Store at Unkapanı	-	175.000	-
Istwest stores	-	32.820.000	-
	-	32.995.000	-

	31 December 2016		
	Quoted in active markets for identical assets prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Store at Unkapanı	-	175.000	-
Istwest stores	-	32.820.000	-
	-	32.995.000	-

Valuation techniques used to derive level 2 fair values

Level 2 fair values have been derived using the sales comparison approach and income capitalization method. The main input used in the sales comparison method is price per square meter. The main input used in the income capitalization method is rent cost, occupancy, annual rent increase and discount rate.

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NOTE 10 - PROPERTY PLANT AND EQUIPMENT

	1 January 2017	Additions	Disposals (-)(*)	Transfers	30 September 2017
Cost					
Land	48.883.306	-	-	-	48.883.306
Land improvements	214.432	-	-	-	214.432
Buildings	44.573.895	-	(608.399)	4.378.437	48.343.933
Plant, machinery and equipment	115.836.518	300.246	(4.105.388)	-	112.031.376
Furniture and fixtures	205.594.252	27.664.700	(1.053.292)	5.232.765	237.438.425
Motor vehicles	945.389	-	-	-	945.389
Leasehold improvements	264.660.591	23.034.613	(5.890.114)	9.905.856	291.710.946
Construction in progress	9.171.911	17.132.491	(498.617)	(19.679.946)	6.125.839
	689.880.294	68.132.050	(12.155.810)	(162.888)	745.693.646
Accumulated depreciation (-)					
Land improvements	(893)	(8.041)	-	-	(8.934)
Buildings	(749.009)	(791.825)	4.056	-	(1.536.778)
Plant, machinery and equipment	(104.116.431)	(2.276.734)	4.105.388	-	(102.287.777)
Furniture and fixtures	(93.542.614)	(25.204.757)	476.969	-	(118.270.402)
Motor vehicles	(767.768)	(79.983)	-	-	(847.751)
Leasehold improvements	(123.323.832)	(26.676.818)	2.003.738	-	(147.996.912)
	(322.500.547)	(55.038.158)	6.590.151	-	(370.948.554)
Net book value	367.379.747				374.745.092

(*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 2.631.768 during the period 1 January - 30 September 2017.

	1 January 2016	Additions	Disposals (-)(*)	Transfers	30 September 2016
Cost					
Land	48.883.306	-	-	-	48.883.306
Buildings	26.311.968	608.399	-	-	26.920.367
Plant, machinery and equipment	132.155.311	4.520.334	(14.160.390)	-	122.515.255
Furniture and fixtures	173.654.694	18.908.143	(2.731.447)	93.940	189.925.330
Motor vehicles	934.984	-	-	-	934.984
Leasehold improvements	257.132.781	21.492.712	(12.145.533)	2.568.636	269.048.596
Construction in progress	5.421.107	9.664.108	(1.427.942)	(2.699.317)	10.957.956
	644.494.151	55.193.696	(30.465.312)	(36.741)	669.185.794
Accumulated depreciation (-)					
Buildings	(43.853)	(505.327)	-	-	(549.180)
Plant, machinery and equipment	(118.402.440)	(2.996.698)	12.993.847	-	(108.405.291)
Furniture and fixtures	(66.627.079)	(20.035.838)	2.213.012	-	(84.449.905)
Motor vehicles	(628.233)	(96.847)	-	-	(725.080)
Leasehold improvements	(107.540.886)	(25.332.289)	7.588.336	-	(125.284.839)
	(293.242.491)	(48.966.999)	22.795.195	-	(319.414.295)
Net book value	351.251.660				349.771.499

(*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 3.186.186 during the period 1 January - 30 September 2016.

As of 30 September 2017, depreciation expense amounting to TRY 47.082.151 (2016: TRY 39.357.443) has been charged in marketing expenses, TRY 3.116.135 (2016: TRY 3.865.494) has been charged in cost of sales, TRY 4.822.640 (2016: TRY 5.656.921) in general and administrative expenses and TRY 17.232 (2016: TRY 87.141) in research and development expenses.

As of 30 September 2017 total amount of insurance on tangible assets TRY 1.140.836.382 (31 December 2016: TRY 954.295.626).

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NOTE 11 - INTANGIBLE ASSETS

	1 January 2017	Additions	Disposals(-)	Transfers	30 September 2017
Cost					
Licences	14.879.312	2.208.309	-	4.493	17.092.114
Brands	473.224.395	-	-	-	473.224.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	30.308.070	7.655.653	-	158.394	38.122.117
	1.090.661.782	9.863.962	-	162.887	1.100.688.631
Accumulated amortization (-)					
Licences	(14.430.575)	(2.192.042)	-	-	(16.622.617)
Favorable rent contract	(92.898.389)	(19.443.849)	-	-	(112.342.238)
Franchise agreements	(57.087.924)	(11.961.682)	-	-	(69.049.606)
Customer network	(18.329.227)	(3.836.350)	-	-	(22.165.577)
Computer licenses	(13.207.153)	(7.028.274)	-	-	(20.235.427)
	(195.953.268)	(44.462.197)	-	-	(240.415.465)
Net book value	894.708.514				860.273.166
	1 January 2016	Additions	Disposals(-)	Transfers	30 September 2016
Cost					
Licences	14.032.589	1.512.131	(1.931.302)	36.741	13.650.159
Brands	469.359.395	3.865.000	-	-	473.224.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	17.349.298	8.719.152	-	-	26.068.450
	1.072.991.287	14.096.283	(1.931.302)	36.741	1.085.193.009
Accumulated amortization (-)					
Licences	(12.218.637)	(2.913.279)	1.882.111	-	(13.249.805)
Favorable rent contract	(66.973.257)	(19.443.849)	-	-	(86.417.106)
Franchise agreements	(41.139.014)	(11.961.682)	-	-	(53.100.696)
Customer network	(13.214.094)	(3.836.350)	-	-	(17.050.444)
Computer licenses	(6.308.751)	(4.903.702)	-	-	(11.212.453)
	(139.853.753)	(43.058.862)	1.882.111	-	(181.030.504)
Net book value	933.137.534				904.162.505

As of 30 September 2017 depreciation expense amounting to TRY 32.852.712 (2016: TRY 35.335.061) has been charged in marketing expenses, TRY 11.585.361 (2016: TRY 7.688.843) has been charged in general and administrative expenses, TRY 10.014 (2016: TRY 20.211) in cost of sales and TRY 14.110 (2016: TRY 14.747) in research and development expenses.

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NOTE 11 - INTANGIBLE ASSETS (Continued)

Brands

Brands consist of Beymen, Boyner, Beymen Club and Beymen Business brands that are accounted by business combinations. Furthermore, brands also include T-Box brand which is purchased from Boyner Holding on 1 October 2010, Divarese brand purchased from Vincenzo Schilacci and Step SRL on 15 July 2011 and George Hogg brand purchased from Boyner Holding on 10 February 2016.

As a result of the impairment tests performed based on the assumptions explained at the accompanying notes to the consolidated financial statements as of 31 December 2016, the Group did not identify any impairment as of 31 December 2016. As of 30 September 2017, the Group did not perform impairment test since there were no indicators of impairment.

NOTE 12 - GOODWILL

The Group applied acquisition accounting for business acquisitions. Subsidiaries which had been purchased or sold are fully consolidated from the date on which the control is transferred to the Group, and they are deconsolidated from the date that control ceases. As of 30 September 2017 and 31 December 2016, the breakdown of goodwill is as follows:

	30 September 2017	31 December 2016
Beymen share purchase	452.982.078	452.982.078
BBM share purchase	343.147.354	343.147.354
İzkar share purchase	1.579.128	1.579.128
	797.708.560	797.708.560

As a result of goodwill impairment test by using the assumptions which had been explained in the explanatory notes of the consolidated financial statements as of 31 December 2016, no impairment has been identified. As of 30 September 2017, no impairment tests performed since there were no indicators of impairment.

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**NOTES TO THE CONDENSED INTERIM
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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

Short term provision for employee benefits amounting to TRY 21.324.767 (31 December 2016: TRY 14.653.442) consists of provision for unused vacation rights, performance and bonus provision.

Other short term provisions

Other short term provision as of 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Provision for sales returns and price differences	19.186.168	17.394.899
Provision for litigation	10.117.126	7.258.895
Other	3.594.680	176.021
	32.897.974	24.829.815

The movement of other short term provisions is as follows :

	1 January 2017	Additions	Provisions paid	30 September 2017
Provision for sales returns and price differences	17.394.899	15.144.851	(13.353.582)	19.186.168
Provision for litigation	7.258.895	3.966.327	(1.108.096)	10.117.126
Other	176.021	3.594.680	(176.021)	3.594.680
Total	24.829.815	22.705.858	(14.637.699)	32.897.974

	1 January 2016	Additions	Provisions paid	30 September 2016
Provision for sales returns and price differences	13.615.006	10.973.946	(12.563.587)	12.025.365
Provision for litigation	5.095.436	2.412.403	(661.134)	6.846.705
Other	56.742	921.980	-	978.722
Total	18.767.184	14.308.329	(13.224.721)	19.850.792

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities

Guarantees, Pledges and Mortgages

Guarantees, pledges and mortgages “GPM” given by the Company as of 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
The GPM’s given by the Group		
A. Total amount of GPMs which the Company provided on behalf of its own legal entity	115.100	73.118
B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation	281.782.866	377.714.157
C. Total amount of GPMs which the Company provided on behalf of third parties to conduct business activities	-	-
D. Total amount of other GPMs provided	-	-
i. On behalf of majority shareholder	-	-
ii. On behalf of other group companies which are not included in item B or C	-	-
iii. On behalf of third parties which are not covered by item C	-	-
	281.897.966	377.787.275

The details of GPM are given as of 30 September 2017 and 31 December 2016 are as follows:

Currency	30 September 2017		31 December 2016	
	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
TRY	237.633.169	237.633.169	357.656.221	357.656.221
EUR	7.284.261	25.874.423	4.585.769	17.012.744
USD	4.386.598	18.390.374	886.085	3.118.310
		281.897.966		377.787.275

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NOTE 14 - COMMITMENTS

As of 30 September 2017 and 31 December 2016, annual lease liabilities that are non-cancellable over one year maturity and not included in the Group’s consolidated financial statements are as follows:

Operating vehicles lease commitments:

	30 September 2017	31 December 2016
Payable within 1 year	2.979.611	2.442.777
Payable within 1 - 5 years	4.187.033	2.705.791
	7.166.644	5.148.568

Operating stores leasing commitments:

	30 September 2017	31 December 2016
Payable within 1 year	174.793.764	142.853.518
Payable within 1 - 5 years	126.155.437	161.178.555
Longer than 5 years	22.495.436	33.519.972
	323.444.637	337.552.045

Operating office leasing commitments:

	30 September 2017	31 December 2016
Payable within 1 year	3.352.109	3.212.380
	3.352.109	3.212.380

The commitments of the Group related to export operations as of 30 September 2017 amounting to USD 4.735.591 (31 December 2016: USD 2.083.811).

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NOTE 15 - EQUITY

The shareholders and the shareholding structure of the Group at 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017		31 December 2016	
	Share	Amount (TRY)	Share	Amount (TRY)
Boyner Holding	%42,80	110.293.940	%54,80	31.619.228
Mayhoola for Investments OPC (*)	%42,68	109.975.820	%30,68	17.700.000
Other shareholders and free float (**)	%14,52	37.430.240	%14,52	8.380.772
Paid-in capital (***)	%100,00	257.700.000	%100,00	57.700.000
Inflation adjustment difference in share capital		56.061.369		56.061.369
Total adjusted capital		313.761.369		113.761.369

(*) In accordance with the approval of CMB dated 1 June 2015 and numbered 14/674, the share capital increased from TRY 40.000.000 to TRY 57.700.000, and issued shares with nominal value of TRY 17.700.000 are sold to Mayhoola for Investments LLC for TRY 885.000.000 in total, with private placement of TRY 50 for each share whose nominal value is amounting to TRY 1 each through Istanbul Stock Exchange Wholesale Market. In consequence of private placement transaction, share premium amounting to TRY 867.300.000 accounted under “Share premium”. Share premiums amounting to TRY 728.924.126 has transferred to accumulated losses as of 5 April 2016. It has been decided to offset remaining share premium amount to TRY 138.375.874 in accordance with the resolution of the Board of the Directors dated 2 May 2017.

Mayhoola for Investments LLC entered into a share sale and purchase agreement for the acquisition of Boyner Perakende ve Tekstil Yatırımları A.Ş. shares from Boyner Holding A.Ş. for a nominal value of TRY 6.924.000 amounting to 12% of the total issued share capital of Boyner Perakende, at a total consideration of TRY 25 per share (amounting to a total of TRY 173.100.000) in two tranches. Following the completion of the first tranche, Mayhoola's shareholding in Boyner Perakende has been increased from approximately 30.68% to approximately 35.38% and Boyner Holding's shareholding has been decreased from approximately 54.8% to 50.1%. As a result of share purchase in two tranches, Mayhoola's share is approximately 42.68% and Boyner Holding's share is approximately %42.80.

(**) Represents shareholding less than 10%.

(***) As explained in Note 2, the Prospectus regarding the increase of the registered capital from TRY 57.700.000 to TRY 257.700.000 by 346.62% via rights issue within the authorized capital ceiling of TRY 500.000.000 has been approved by CMB on 7 July 2017.

The newly issued shares representing the TRY 200.000.000 share capital increase proceeded TRY 114.580.165 in the rights issue during the subscription period between 12 July 2017 - 11 September 2017 and the remaining unsubscribed new shares which were offered for sale in the Primary Market of Borsa Istanbul for 2 business days during 14 - 15 September 2017 proceeded TRY 633.456 which totaled in the amount of TRY 115.213.621. In consequence of sale in the primary market, share premium amounting to TRY 565.433 accounted under “Share premium”. An amount of TRY 85.351.820. was set-off from the proceeds that equal to the cash received from one of our main shareholders Mayhoola For Investment LLC in advance of the share capital increase corresponding to Mayhoola's rights issue contribution.

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NOTE 15 - EQUITY (Continued)

As of 30 September 2017, the registered share capital of the Company is TRY 257.700.000 (31 December 2016: TRY 57.700.000) and the Company’s share capital consists of 25.770.000.000 (31 December 2016: 5.770.000.000) issued shares with TRY 0,01 nominal value each.

Legal Reserve

- a) The first legal reserve is appropriated out of net statutory income at the rate of 5% per annum, until the total reserve reaches 20% of the Group’s historical paid in share capital.
- b) The second legal reserve is appropriated at the rate 10% per annum of all distributions in excess 5% of the historical paid in share capital. The legal reserves may be used to offset losses in the event that historical general reserve is exhausted.

Retained earnings in statutory records are available for distribution in the framework of the above mentioned legal rules.

Restricted reserves

	30 September 2017	31 December 2016
Legal reserves	10.467.368	10.467.368
Legal reserves arising from tax exemption related to the gain from sale of subsidiary (*)	1.080.833	1.080.833
Legal reserves arising from tax exemption related to the gain from the sale of investment property share (*)	21.902.906	21.902.906
	33.451.107	33.451.107

- (*) In accordance with the Corporate Tax Law, 75% of the profit obtained from the sales of share in subsidiaries and investment properties is considered as tax exempt in such condition that the amount is kept in capital reserves under liabilities for 5 years. The profit assumed as tax exemption cannot be transferred to any account except for the capital account or retrieved from the Company.

Revaluation funds

The details of revaluation funds as of 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Revaluation fund related to the land on which the factory plant was located	78.824.810	78.824.810
Revaluation fund related to the land classified as investment property	15.722.470	15.722.470
Total of revaluation funds	94.547.280	94.547.280
Classification of the special fund arising from the sale of investment property	(15.722.470)	(15.722.470)
Deferred tax effect	(3.943.025)	(3.943.025)
Transfers to accumulated losses	(62.058.614)	(61.457.501)
	12.823.171	13.424.284

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NOTE 15 - EQUITY (Continued)

The movement of revaluation funds as of 30 September 2017 and 2016 is as follows:

	2017	2016
Opening balance - 1 January	13.424.284	15.930.274
Transfers to accumulated losses (**)	(601.113)	(2.535.642)
Closing balance - 30 September	12.823.171	13.394.632

(**) Revenue is recognized when the risk and benefits of the real estate inventories disclosed in Note 8, are transferred to buyer. Revaluation fund associated with income recognized during the interim periods 30 September 2017 and 2016 are transferred to accumulated loss.

Impact of business combinations under common control

The detail of impact of business combinations under common control as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017	31 December 2016
Impact of the acquisition of BBM	(48.574.625)	(48.574.625)
Impact of the acquisition of Beymen	(202.724.939)	(202.724.939)
Merge impact of BBA	7.478.755	7.478.755
Acquisition of AYTK shares from non-controlling interest	(12.105.679)	(12.105.679)
Acquisition of YKM shares from non-controlling interest	(56.878.535)	(56.878.535)
Impact of the acquisition of Nişantaşı Turistik	(3.750.172)	(3.750.172)
	(316.555.195)	(316.555.195)

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NOTE 16 - REVENUE AND COST OF SALES

Sales

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Domestic sales	3.445.797.046	1.143.068.481	2.979.905.265	928.133.423
Export sales	35.199.515	15.020.419	26.773.392	4.682.579
Other sales	2.904.405	757.492	6.355.147	1.256.721
Real estate sales	2.796.040	1.089.109	10.831.437	-
Sales returns (-)	(395.450.445)	(113.115.902)	(357.082.826)	(91.976.648)
Sales discounts (-)	(182.529.071)	(48.069.552)	(160.355.387)	(40.962.304)
	2.908.717.490	998.750.047	2.506.427.028	801.133.771

Cost of sales

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Cost of trade goods sold	(1.625.608.107)	(568.574.377)	(1.336.916.598)	(456.972.144)
Cost of finished goods sold	(132.829.756)	(44.726.003)	(172.107.234)	(44.701.649)
Cost of services given and real estate sold	(1.812.155)	(756.917)	(7.644.115)	-
	(1.760.250.018)	(614.057.297)	(1.516.667.947)	(501.673.793)

NOTE 17 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Rediscount income	52.610.572	8.475.419	49.160.380	4.661.280
Store investment contribution income	35.064.206	14.342.685	5.031.581	2.123.490
Term difference income from sales	17.597.533	5.945.498	13.343.659	3.308.846
Foreign exchange income	16.910.579	4.534.107	56.754.703	31.921.672
Royalty income	6.329.467	1.267.241	4.306.106	1.403.315
Other	20.136.411	6.216.020	13.547.933	4.768.031
	148.648.768	40.780.970	142.144.362	48.186.634

Other operating expenses

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Rediscount expenses	42.530.618	4.730.692	40.262.336	(2.985.377)
Term difference expenses from purchases	36.201.466	15.801.747	27.826.741	10.482.886
Foreign exchange losses	25.854.229	7.895.519	64.645.892	37.104.929
Other	12.540.223	2.970.697	10.629.274	2.285.119
	117.126.536	31.398.655	143.364.243	46.887.557

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NOTE 18 - FINANCIAL INCOME / (EXPENSES)

Financial income

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Foreign exchange gains	119.392.499	26.524.708	104.566.373	25.633.015
Interest income	24.672.797	6.125.300	19.019.314	11.453.003
Other	2.975.148	1.085.501	900.398	504.892
	147.040.444	33.735.509	124.486.085	37.590.910

Financial expenses

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Interest expenses arising from bank borrowings	252.482.926	100.326.972	185.741.775	64.675.395
Foreign currency losses	127.931.874	21.741.887	134.504.370	50.177.730
Credit card early collection interest	28.519.874	9.840.336	22.327.317	7.501.241
Term difference expenses	18.989.715	5.031.679	15.323.625	5.343.903
Factoring expenses	13.394.206	1.885.913	15.947.341	5.649.826
Interest expenses arising from bills and bonds	11.936.984	3.988.547	32.312.485	12.486.940
Other	25.704.214	8.398.407	13.073.295	4.507.834
	478.959.793	151.213.741	419.230.208	150.342.869

NOTE 19 - EARNING / (LOSS) PER SHARE

Earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period by the weighted average number of Boyner Perakende shares during the period.

	1 January - 30 September 2017	1 January - 30 September 2016
Loss for the current period (TRY)	(284.180.165)	(370.333.713)
Weighted average number of shares (*)	69.508.118	57.700.000
Loss per share of the Company (TRY)	(4,09)	(6,42)

(*) Per share of TRY 1 nominal value.

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NOTE 20 - RELATED PARTY DISCLOSURES

a) Receivables due from related parties as of 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017		31 December 2016	
	Trade	Other	Trade	Other
Receivables from shareholders				
Boyner Holding A.Ş.	2.095	10.075.050	5.372.434	233.148.434
Receivables from associates				
Nile Bosphorus (*)	4.981.437	-	4.935.298	-
Christian Dior İstanbul Mağazacılık A.Ş.	-	53.690	190	-
Christian Louboutin Mağazacılık A.Ş.	79.019	-	67.732	-
Receivables from other related parties				
BR Mağazacılık A.Ş.	13.905.547	-	10.361.937	-
BNR Teknoloji A.Ş.	81.107	-	570.945	-
Fırsat Teknoloji A.Ş.	35.743.860	919.195	16.099.972	13.096.726
Alsis Sigorta Acentalığı A.Ş.	8.280	-	15.360	-
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	5.881	-	-	-
Total	54.807.226	11.047.935	37.423.868	246.245.160

(*) Long-term receivables due from related parties (Note 7).

b) Payables due to related parties as of 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017		31 December 2016	
	Trade	Other	Trade	Other
Payables to shareholders				
Boyner Holding A.Ş. (**)	460.066	175.000.000	142.850	-
Payables to individual shareholders	-	-	-	35.192.000
Payables to associates				
Christian Louboutin Mağazacılık A.Ş.	230	-	559.340	-
Christian Dior İstanbul Mağazacılık A.Ş.	217.531	-	-	-
Payables to other related parties				
BNR Teknoloji A.Ş.	942.251	-	968.475	-
BR Mağazacılık A.Ş.	12.808.719	-	12.391.944	-
Alsis Sigorta Acentalığı A.Ş.	6.013.316	-	2.723.771	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	33.620	-	36.657	-
Fırsat Teknoloji A.Ş.	2.582	-	3.123	-
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	6.229	-	19.579	-
Boyner Danışmanlık Servis ve Ticaret A.Ş.	-	-	10.561	-
	20.484.544	175.000.000	16.856.300	35.192.000

(**) As of 30 September 2017 maturity of mentioned liability is 5 years and interest rate is determined considering monthly average borrowing interest rate of the Company.

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NOTE 20 - RELATED PARTY DISCLOSURES (Continued)

c) Purchase and sale of goods and services to related parties as of 30 September 2017 and 2016 are as follows:

Purchases	30 September 2017			30 September 2016		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
Shareholders						
Boyner Holding A.Ş.	4.336	2.064.605	8.118.870	4.986	9.206.608	3.864.860
Associates						
Christian Louboutin Mağazacılık A.Ş.	324.138	-	-	273.729	-	-
Other related parties						
BR Mağazacılık A.Ş.	25.421.218	309.573	339.601	14.266.910	152.287	-
Fırsat Elektronik A.Ş.	-	335.312	-	-	444.066	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	139.590	38.060	-	202.985	-
Alsis Sigorta Acentalığı A.Ş.	-	9.280.710	-	-	9.098.283	-
BNR Teknoloji A.Ş.	-	7.539.277	-	-	6.913.246	-
	25.749.692	19.669.067	8.496.531	14.545.625	26.017.475	3.864.860

Sales	30 September 2017			30 September 2016		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
Shareholders						
Boyner Holding A.Ş.	7.818	108.000	15.396.844	26.020	90.000	12.793.534
Associates						
Christian Dior İstanbul Mağazacılık A.Ş.	1.485	353.071	-	2.886	315.129	-
Christian Louboutin Mağazacılık A.Ş.	-	249.696	-	8.320	1.087.384	359.976
Other related parties						
BR Mağazacılık A.Ş.	20.570.300	2.384.691	2.547.513	30.745.175	109.546	528.794
Fırsat Teknoloji A.Ş.	50.284.030	1.242.802	1.370.694	30.456.147	937.690	1.212.143
Alsis Sigorta Acentalığı A.Ş.	-	98.688	-	-	58.500	-
BNR Teknoloji A.Ş.	-	577.689	-	1.700	1.282.880	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	-	40.480	-	-	-	-
	70.863.633	5.055.117	19.315.051	61.240.248	3.881.129	14.894.447

e) The top management team comprises of board members, general manager and deputy general managers. As of 30 September 2017, the Group has provided remuneration amounting to TRY 44.198.646 to the top executives (1 January - 30 September 2016: TRY 36.542.214).

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NOTE 21 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk

	30 September 2017					31 December 2016				
	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF
1. Trade receivables	33.783.821	7.080.918	2.029.421	26.022	-	23.980.683	6.229.261	506.610	41.491	-
2a. Monetary financial assets, (cash and banks account included)	13.926.895	3.396.324	429.450	13.140	-	12.643.249	2.973.841	575.986	9.460	-
2b. Non-Monetary financial assets	5.216.983	848.337	523.858	1.555	-	6.903.367	1.477.475	459.050	187	-
3. Other	17.138.478	1.099.700	3.014.544	125.123	-	19.312.785	3.564.254	1.767.754	48.918	-
4. Current Assets (1+2+3)	70.066.177	12.425.279	5.997.273	165.840	-	62.840.084	14.244.831	3.309.400	100.056	-
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	293.468	-	70.000	-	-	630.683	-	170.000	-	-
7. Other	144.821	34.723	5.124	-	-	157.096	39.238	5.124	-	-
8. Non-Current Assets (5+6+7)	438.289	34.723	75.124	-	-	787.779	39.238	175.124	-	-
9. Total Assets (4+8)	70.504.466	12.460.002	6.072.397	165.840	-	63.627.863	14.284.069	3.484.524	100.056	-
10. Trade payables	169.872.185	23.110.986	20.825.224	76.717	29.500	249.884.906	35.320.167	33.587.207	227.140	-
11. Financial liabilities	329.450.063	90.397.379	1.991.588	-	-	390.888.396	77.238.298	32.095.576	-	-
12a. Other monetary liabilities	9.304	2.610	-	7	-	131.013	23.011	13.478	7	-
12b. Other non-monetary liabilities	3.097.278	485.726	319.025	7.256	-	5.663.940	1.433.025	152.181	13.027	-
13. Current Liabilities (10+11+12)	502.428.830	113.996.701	23.135.837	83.980	29.500	646.568.255	114.014.501	65.848.442	240.174	-
14. Trade payables	39.468.712	11.111.374	-	-	-	52.302.699	14.862.099	-	-	-
15. Financial Liabilities	1.041.856.793	223.855.182	58.844.767	-	-	968.877.200	249.991.225	24.018.998	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	128.337	36.130	-	-	-	127.149	36.130	-	-	-
17 Non-current liabilities (14+15+16)	1.081.453.842	235.002.686	58.844.767	-	-	1.021.307.048	264.889.454	24.018.998	-	-
18. Total liabilities (13+17)	1.583.882.672	348.999.387	81.980.604	83.980	29.500	1.667.875.303	378.903.955	89.867.440	240.174	-
19. Net assets of off balance sheet	-	-	-	-	-	-	-	-	-	-
derivative items asset/(liability) position (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-	-	-	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-	-	-	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	(1.513.378.206)	(336.539.385)	(75.908.207)	81.860	(29.500)	(1.604.247.440)	(364.619.886)	(86.382.916)	(140.118)	-
21. Net foreign currency asset / (liability) / /(position of monetary items (IFRS 7.B23) (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(1.515.663.042)	(336.865.866)	(76.183.040)	87.561	(29.500)	(1.605.990.401)	(364.628.206)	(86.859.785)	(127.278)	-
22. Fair value of derivative instruments	-	-	-	-	-	-	-	-	-	-
used in foreign currency hedge	129.568.793	23.485.890	11.006.718	-	-	129.243.033	32.273.200	4.223.075	-	-
23. Partial total amount of foreign currency assets hedged	-	-	-	-	-	-	-	-	-	-
24. Partial total amount of foreign currency liabilities hedged	1.370.031.033	314.252.562	60.532.036	-	-	1.357.977.354	327.229.522	55.632.555	-	-
25. Export	32.414.789	4.250.083	4.260.473	25.655	-	35.427.863	4.385.045	6.491.677	171.107	-
26. Import	481.857.509	21.711.814	95.875.331	753.210	32.273	564.869.997	32.193.048	123.556.667	883.667	-

**CONVENIENCE TRANSLATION INTO
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2017**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 21 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Foreign currency risk (Continued)

Foreign currency sensitivity table as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	(119.542.155)	119.542.155	-	-
2- USD hedged from risks (-)	91.214.490	(85.665.637)	-	-
3- USD net effect (1+2)	(28.327.665)	33.876.518	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(31.823.757)	31.823.757	-	-
5- EUR hedged from risks (-)	26.525.334	(26.525.334)	-	-
6- EUR net effect (4+5)	(5.298.423)	5.298.423	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	28.091	(28.091)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	28.091	(28.091)	-	-
TOTAL (3+6+9)	(33.597.997)	39.146.850	-	-
	31 December 2016			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	(128.317.031)	128.317.031	-	-
2- USD hedged from risks (-)	77.157.522	(69.658.842)	-	-
3- USD net effect (1+2)	(51.159.509)	58.658.189	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(32.047.198)	32.047.198	-	-
5- EUR hedged from risks (-)	15.493.132	(19.424.141)	-	-
6- EUR net effect (4+5)	(16.554.066)	12.623.057	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	(60.515)	60.515	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	(60.515)	60.515	-	-
TOTAL (3+6+9)	(67.774.090)	71.341.761	-	-

**CONVENIENCE TRANSLATION INTO
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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2017**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 21 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Fair value disclosures

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

30 September 2017

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	129.568.793	-	129.568.793
Total assets	-	129.568.793	-	129.568.793

31 December 2016

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	129.243.033	-	129.243.033
Total assets	-	129.243.033	-	129.243.033

NOTE 22 - SUBSEQUENT EVENTS

None.

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