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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Boyner Perakende ve Tekstil Yatırımları A.Ş.

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Boyner Perakende ve Tekstil Yatırımları A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 31 December 2015 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

   An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

4. As disclosed in Note 6, the Group's associate, Nile Bosphorus Retail and Trading Company ("Nile Bosphorus") which is required to be accounted for using the equity method, is carried at cost at the amount of TRY 5.472.508 in the accompanying consolidated financial statements since the associate did not prepare its financial statements in accordance with Turkish Accounting Standards. As of 31 December 2015 considering Egypt's economic and political environment we could not ensure ourselves regarding the recoverability of the carrying amount of Nile Bosphorus and the receivables from Nile Bosphorus amounting to TRY 4.077.595.

Qualified Opinion

5. In our opinion, except for the possible effects of the matters described in paragraph 4, the consolidated financial statements present fairly, in all material respects, the financial position of Boyner Perakende ve Tekstil Yatırımları A.Ş. and its Subsidiaries as at 31 December 2015 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

6. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 4 March 2015.

7. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

8. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

C Harman

Cihan Harman, SMMM
Partner

İstanbul, 4 March 2016

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014

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

	Notes	Audited 31 December 2015	Audited 31 December 2014
ASSETS			
Current Assets		**1.718.721.933**	**1.794.634.518**
Cash and cash equivalents	5	88.246.065	317.079.148
Trade receivables	10	338.838.865	396.513.326
- *Trade receivables from related parties*	*10 and 31*	*73.372.001*	*55.781.340*
- *Trade receivables from third parties*	*10*	*265.466.864*	*340.731.986*
Other receivables	11	50.876.943	87.716.893
- *Other receivables from related parties*	*11 and 31*	*47.731.069*	*85.685.494*
- *Other receivables from third parties*	*11*	*3.145.874*	*2.031.399*
Inventories	12	1.079.453.324	902.863.177
Prepaid expenses	13	24.703.455	19.478.987
Derivative instruments	8	22.855.160	1.683.738
Other current assets	20	113.748.121	69.299.249
Non-current assets		**2.364.314.773**	**2.271.372.270**
Financial investments	6	104.891	104.891
Trade receivables	10	20.326.951	11.840.010
- *Trade receivables from related parties*	*10 and 31*	*4.077.595*	*3.252.007*
- *Trade receivables from third parties*	*10*	*16.249.356*	*8.588.003*
Other receivables	11	1.629.829	1.622.518
- *Other receivables from third parties*	*11*	*1.629.829*	*1.622.518*
Investments accounted for using the equity method	6	14.327.924	13.662.699
Investment properties	14	159.479.700	138.886.740
Property, plant and equipment	15	351.251.660	273.186.610
Intangible assets		1.730.846.094	1.772.003.962
- *Goodwill*	*3*	*797.708.560*	*796.129.432*
- *Other intangible assets*	*16*	*933.137.534*	*975.874.530*
Prepaid expenses	13	251.659	4.150.627
Deferred tax assets	29	21.188.383	20.780.265
Derivative instruments	8	36.905.607	3.248.768
Other non-current assets	20	28.002.075	31.885.180
TOTAL ASSETS		**4.083.036.706**	**4.066.006.788**

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014

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

	Notes	Audited 31 December 2015	Audited 31 December 2014
LIABILITIES			
Current liabilities		**2.181.273.016**	**3.132.533.200**
Short-term financial liabilities	7	183.865.059	438.870.033
Current portion of long-term financial liabilities	7	674.813.259	576.464.279
Other financial liabilities	9	16.081.947	109.628.739
Trade payables	10	1.127.355.482	1.017.505.857
- *Trade payables to related parties*	*10 and 31*	*12.206.844*	*11.302.260*
- *Trade payables to third parties*	*10*	*1.115.148.638*	*1.006.203.597*
Payables related to employee benefits	19	21.006.779	20.615.929
Other payables	11	23.620.903	829.137.666
- *Other payables to related parties*	*11and 31*	-	*31.534.946*
- *Other payables to third parties*	*11*	*23.620.903*	*797.602.720*
Deferred revenue	13	85.497.419	98.735.800
Corporate tax payable	29	1.739.493	2.198.101
Short term provisions		36.548.537	26.701.300
- *Short term provisions for employee benefits*	*17*	*17.781.353*	*12.226.042*
- *Other short term provisions*	*17*	*18.767.184*	*14.475.258*
Other current liabilities	20	10.744.138	12.675.496
Non-current liabilities		**1.285.230.464**	**799.643.988**
Long term financial liabilities	7	956.974.784	508.466.993
Trade payables	10	59.073.112	-
- *Trade payables to third parties*	*10*	*59.073.112*	-
Other payables	11	28.366.675	45.466.243
- *Other payables to third parties*	*11*	*28.366.675*	*45.466.243*
Long term provisions		32.683.148	24.318.778
- *Long term provisions for employee benefits*	*19*	*32.683.148*	*24.318.778*
Deferred revenue	13	15.570.889	15.907.210
Deferred tax liability	29	192.561.856	205.484.764
EQUITY		**616.533.226**	**133.829.600**
Equity attributable to parent		**616.180.859**	**121.030.239**
Paid-in share capital	21	57.700.000	40.000.000
Adjustments to share capital	21	56.061.369	56.061.369
Share premium	21	867.300.000	-
Other comprehensive income/expense not to be reclassified to profit or loss		(2.539.551)	7.018.909
- *Gain on revaluation and re-measurement*	*21*	*15.930.274*	*20.566.110*
- *Other funds*		-	*36.560*
- *Actuarial loss arising from employee benefits*		*(18.469.825)*	*(13.583.761)*
Other comprehensive income/expense to be reclassified to profit or loss		(852.163)	(1.310.987)
- *Currency translation differences*		*(852.163)*	*(1.310.987)*
Impact of business combinations of entities under common control	21	(311.626.838)	(307.876.666)
Restricted reserves	21	33.451.107	33.451.107
Retained earnings		298.322.343	519.642.646
Net loss for the year		(381.635.408)	(225.956.139)
Non-controlling interest		**352.367**	**12.799.361**
TOTAL LIABILITIES		**4.083.036.706**	**4.066.006.788**

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

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

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
Revenue	22	3.397.977.173	3.160.413.690
Cost of sales (-)	22	(1.985.290.071)	(1.908.339.125)
GROSS PROFIT		**1.412.687.102**	**1.252.074.565**
Marketing expenses (-)	23	(1.015.991.186)	(887.032.629)
General administrative expenses (-)	23	(278.054.444)	(227.553.997)
Research and development expenses (-)	23	(4.673.946)	(5.311.048)
Other operating income	25	290.313.941	175.492.061
Other operating expense (-)	25	(288.655.663)	(167.898.752)
OPERATING PROFIT		**115.625.804**	**139.770.200**
Income from investing activities	26	2.401.151	70.695
Expense from investing activities (-)	26	(4.154.101)	(2.031.153)
Share of profit of investments accounted for using the equity method	6	2.868.454	2.115.938
OPERATING PROFIT BEFORE FINANCIAL INCOME		**116.741.308**	**139.925.680**
Financial income	27	40.133.005	18.709.852
Financial expense (-)	28	(542.002.954)	(379.645.067)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(385.128.641)**	**(221.009.535)**
Corporate tax expense	*29*	*(8.546.810)*	*(12.059.552)*
Deferred tax income	*29*	*12.062.741*	*7.179.767*
LOSS FROM CONTINUED OPERATIONS		**(381.612.710)**	**(225.889.320)**
NET LOSS FOR THE PERIOD		**(381.612.710)**	**(225.889.320)**
Loss for the period attributable to			
Non-controlling interest		22.698	66.819
Equity holders of the parent		(381.635.408)	(225.956.139)
Loss per share			
Loss per share from continued operations	30	(7.71)	(5.65)
Loss per share from discontinued operations		-	-
OTHER COMPREHENSIVE LOSS			
Items not to be classified to profit or loss			
Actuarial losses arising from employee benefits	19	(6.107.580)	(1.756.215)
Deferred tax income	29	1.221.516	351.243
Other losses		(36.560)	-
Items to be classified to profit or loss			
Currency translation differences		458.824	(375.901)
OTHER COMPREHENSIVE LOSS		**(4.463.800)**	**(1.780.873)**
TOTAL COMPREHENSIVE LOSS		**(386.076.510)**	**(227.670.193)**
Total comprehensive loss attributable to			
Non-controlling interest		22.698	66.819
Equity holders of the parent		(386.099.208)	(227.737.012)

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

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

				Other comprehensive income to be reclassified to profit or loss	Other comprehensive income not to be reclassifed to profit or loss Gain/ (loss) on revaluation and re-measurement		Other gain/losses							
	Paid in share capital	**Share premium**	**Adjustments to share capital**	**Currency translation differences**	**Revaluation reserve of property plant and equipment**	**Actuarial (loss)**	**Shares of associates in accounted for using the equity method to be classified from other comprehensive income to net income**	**Impact of business combinations regarding common control transactions**	**Restricted reserves**	**Retained earnings**	**Net loss for the period**	**Equity attributable to parent**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2014	**40.000.000**	**-**	**56.061.369**	**(935.086)**	**29.805.030**	**(12.178.789)**	**36.560**	**(307.876.666)**	**33.451.107**	**82.367.106**	**428.036.620**	**348.767.251**	**12.732.542**	**361.499.793**
Transfers	-	-	-	-	-	-	-	-	-	428.036.620	(428.036.620)	-	-	-
Total comprehensive loss	-	-	-	(375.901)	-	(1.404.972)	-	-	-	-	(225.956.139)	(227.737.012)	66.819	(227.670.193)
Revaluation reserve of property plant and equipment (Note 21)	-	-	-	-	(9.238.920)	-	-	-	-	9.238.920	-	-	-	-
Balance at 31 December 2014	**40.000.000**	**-**	**56.061.369**	**(1.310.987)**	**20.566.110**	**(13.583.761)**	**36.560**	**(307.876.666)**	**33.451.107**	**519.642.646**	**(225.956.139)**	**121.030.239**	**12.799.361**	**133.829.600**
Balance at 1 January 2015	**40.000.000**	**-**	**56.061.369**	**(1.310.987)**	**20.566.110**	**(13.583.761)**	**36.560**	**(307.876.666)**	**33.451.107**	**519.642.646**	**(225.956.139)**	**121.030.239**	**12.799.361**	**133.829.600**
Increase in capital (Note 21)	17.700.000	-	-	-	-	-	-	-	-	-	-	17.700.000	-	17.700.000
Paid share premium (Note 21)	-	867.300.000	-	-	-	-	-	-	-	-	-	867.300.000	-	867.300.000
Transfers	-	-	-	-	-	-	-	-	-	(225.956.139)	225.956.139	-	-	-
Total comprehensive income	-	-	-	458.824	-	(4.886.064)	(36.560)	-	-	-	(381.635.408)	(386.099.208)	22.698	(386.076.510)
Acquisition of subsidiary (Note 3)	-	-	-	-	-	-	-	(3.750.172)	-	-	-	(3.750.172)	795.079	(2.955.093)
Revaluation reserve of property, plant and equipment (Note 21)	-	-	-	-	(4.635.836)	-	-	-	-	4.635.836	-	-	-	-
Transactions with non-controlling interest (Note 2.6)	-	-	-	-	-	-	-	-	-	-	-	-	(13.264.771)	(13.264.771)
Balance at 31 December 2015	**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**

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

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

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		**125.746.952**	**128.897.231**
Net loss for the period from continuing operations		**(381.612.710)**	**(225.889.320)**
Adjustments to reconcile loss for the period		**434.122.090**	**402.680.031**
Depreciation and amortization	15, 16 and 24	115.964.379	110.201.797
Provision for doubtful receivables	10	10.773.216	1.122.412
Provision for employment termination benefits	19	16.027.902	6.765.779
Provision for impairment of inventories	12	4.002.910	4.114.746
Adjustments related to interest income	27	(5.694.936)	(10.401.222)
Adjustments related to interest expenses		274.325.107	215.827.150
Provision for short term employee benefits		5.555.311	1.331.243
Provision for litigation	17	2.796.167	1.513.902
Provision for sales returns and price differences	17	10.273.802	11.155.736
Change in the fair value of investment properties	14	(21.441.478)	(6.760.714)
Other short-term provisions	17	14.621	51.578
(Gain)/loss on sale of investment properties	26	(1.426.000)	-
(Gain)/loss on sale of tangible and intangible assets		3.637.700	2.031.153
Share of profit of investments accounted for using the equity method	6	(2.868.454)	(2.115.938)
Expenses related to closed stores		-	284.015
Rediscount expense		3.823.913	2.079.346
Adjustments related to tax (income)/loss	29	(3.515.931)	4.879.785
Fair value adjustment of derivative financial instruments	8	(54.828.261)	(4.932.506)
Unrealized foreign currency loss		76.702.122	65.531.769
Changes in net working capital		**73.237.572**	**(47.893.480)**
Change in inventories		(179.747.354)	(92.696.960)
Change in trade receivables and other receivables		51.537.064	46.023.071
Change in trade receivables and other receivables due from related parties		(19.069.434)	(16.122.906)
Change in prepaid expenses		(155.818)	4.848.767
Change in other current and non-current assets		(40.177.949)	(15.617.872)
Change in deferred revenue		(13.905.730)	3.271.588
Change in liabilities related to employee benefits		284.037	2.635.219
Change in trade payables and other payables		301.080.431	90.276.801
Transfers to investment property	14	-	(10.736.740)
Change in trade payables and other payables due to related parties		931.569	(38.814.051)
Change in other liabilities		(2.598.627)	3.790.824
Litigation provisions paid	17	(699.006)	(1.744.044)
Other provisions paid	17	-	(9.457)
Employee termination benefits paid	19	(16.090.151)	(8.498.225)
Taxes paid		(9.005.418)	(16.689.287)
Proceeds from doubtful receivables	10	853.958	2.189.792
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(1.100.347.507)**	**(68.520.556)**
Cash change from the acquisition of shares in other entities or funds or debt instruments		(931.300.200)	-
Purchases of property, equipment and intangible assets	15, 16	(155.671.094)	(70.471.041)
Sale of tangible and intangible assets		1.687.976	1.394.571
Income from associates accounted for using the equity method	6	1.318.013	595.200
Purchase of investment properties	14	(86.482)	(39.286)
Sale of investment properties		2.361.000	-
Change in cash related to the acquisition of subsidiaries' shares		(5.391.949)	-
Payment to non-controlling interest for subsidiaries' shares		(13.264.771)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		**745.308.648**	**(32.478.501)**
Interest paid		(272.248.652)	(213.068.922)
Other interest income and commissions		5.694.936	10.401.221
Cash inflows from bank borrowings, net		120.442.885	228.261.195
Increase in capital		17.700.000	-
Paid share premium		867.300.000	-
Change in other receivables and payables from related parties		6.419.479	(58.071.995)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**(229.291.907)**	**27.898.174**
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**458.824**	**(375.901)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(228.833.083)**	**27.522.273**
RESTRICTED CASH	**5**	**(6.471.697)**	**(6.130.205)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5**	**317.079.148**	**289.556.875**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**5**	**88.246.065**	**317.079.148**

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

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

Boyner Perakende ve Tekstil Yatırımları A.Ş. (the "Company" or "Boyner Perakende") incorporated by Boyner Holding A.Ş. ("Boyner Holding") 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 31 December 2015 and 2014 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 Company operates in retail industry through its subsidiaries AY Marka Mağazacılık A.Ş. ("AY Marka"), Boyner Büyük Mağazacılık A.Ş. ("BBM") and Beymen Mağazacılık A.Ş. ("Beymen") and in real estate industry, textile and ready-to-wear clothing industries through its subsidiaries BYN Gayrimenkul Geliştirme A.Ş. ("BYN") and Altınyıldız Tekstil ve Konfeksiyon A.Ş. ("AYTK"). Moreover, the Company has established Anka Mağazacılık A.Ş. ("Anka") in order to operate in retail industry on 29 September 2015. The subsidiaries of the Company, Alticom GmbH incorporated in Germany and Altınyıldız Corporation incorporated in USA operate in foreign markets for the sale and marketing of textile products. The Company together with its consolidated subsidiaries will be referred to as the "Group" hereafter.

The Group owns retail space of 362.642 square meters (284.350 square meters of its own stores and 78.292 square meters of others) (31 December 2014: 368.143 square meters (296.839 square meters of its own stores, and 71.304 square meters of others) and operates in 386 stores (279 own stores and 107 other) (31 December 2014: 394 stores (280 own stores and 114 other).

The consolidated financial statements as at and for the year ended 31 December 2015 have been approved and authorized for issue on 4 March 2016 by the Board of Directors, and signed by the member of Board of Directors, Mustafa Türkay Tatar and Director of Financial Affairs, Ömer Akdoğan on behalf of Board of Directors. The General Assembly and specified regulatory bodies have the right to make amendments to the financial statements after issue.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005 and the consolidated financial statements of the Group have been prepared accordingly.

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

2.1 Basis of presentation (Continued)

The Group and its Turkish subsidiaries maintains their books of accounts 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 operate. These consolidated financial statements have been prepared under historical cost conventions except for the financial assets and investment properties carried at fair value. The 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.

Going concern assumption

The 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 31 December 2015, the total current liabilities of the Group exceed its total current assets by TRY 462.551.083 (31 December 2014: TRY 1.337.898.682). The Group plans to decrease its current liabilities through restructuring its short term liabilities with long term liabilities.

2.2 Significant changes in the accounting policies

New and amended international financial reporting standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and interpretations effective as of 1 January 2015. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) In accordance with TAS 8 paragraph 28, standards, amendments and interpretations applicable in annual periods starting from 31 December 2015:

- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment has no impact on the financial position and performance of the Group.

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project that affect 7 standards. None of these improvements has no impact on the financial position and performance of the Group:

    - TFRS 2, Share-based payment
    - TFRS 3, Business Combinations
    - TFRS 8, Operating segments
    - TFRS 13, Fair value measurement
    - TAS 16, Property, plant and equipment and TAS 38, Intangible assets
    - Consequential amendments to TFRS 9, Financial instruments, TAS 37, Provisions, contingent liabilities and contingent assets, and
    - TAS 39, Financial instruments - Recognition and measurement.

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

2.2 Significant changes in the accounting policies (Continued)

- Annual improvements 2013, effective annual periods on or after 1 July 2014. The amendments include changes from the 2011-12-13 cycles of the annual improvements project that affect 4 standards. The improvements have no impact on the financial position and performance of the Group.

  - TFRS 1, First time adoption
  - TFRS 3, Business combinations
  - TFRS 13, Fair value measurement and
  - TAS 40, Investment property.

b) In accordance with TAS 8 paragraph 30, standards, amendments and interpretations issued as of 31 December 2015 but not early adopted by Group:

Standards, amendments and interpretations that have been published as of the approval date of these 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.

- Amendment to TFRS 11, "Joint arrangements" on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. This standard is not expected to have a significant effect on the financial position and performance of the Group.

- Amendments to TAS 16 "Property, plant and equipment", and TAS 41, "Agriculture", regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41. This standard is not expected to have a significant effect on the financial position and performance of the Group.

- Amendment to TAS 16, "Property, plant and equipment" and TAS 38, "Intangible assets", on depreciation and amortization, effective from annual periods beginning on or after 1 January 2016. In this amendment, it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This amendment is not expected to have a significant effect on the financial position or performance of the Group.

- TFRS 14 "Regulatory deferral accounts", effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. This standard is not expected to have a significant effect on the financial position or performance of the Group.

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

2.2 Significant changes in the accounting policies (Continued)

- Amendments to TAS 27, "Separate financial statements" on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The standard is not expected to have a significant effect on the financial position or performance of the Group.

- Amendments to TFRS 10, "Consolidated financial statements" and TAS 28, "Investments in associates and joint ventures", effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. This standard is not expected to have a significant effect on the financial position and performance of the Group.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards. This standard is not expected to have a significant effect on the financial position and performance of the Group.

    - TFRS 5, "Non-current assets held for sale and discontinued operations" regarding methods of disposal.
    - TFRS 7, "Financial instruments: Disclosures", (with consequential amendments to TFRS 1) regarding servicing contracts.
    - TAS 19, "Employee benefits" regarding discount rates.
    - TAS 34, "Interim financial reporting" regarding disclosure of information.

- Amendment to TAS 1, "Presentation of financial statements" on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, and these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. This amendment is not expected to have a significant effect on the financial position and performance of the Group.

- Amendment to TFRS 10 "Consolidated financial statements" and TAS 28, "Investments in associates and joint ventures", effective from annual periods beginning on or after 1 January 2016.These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. This amendment is not expected to have a significant effect on the financial position and performance of the Group.

- TFRS 15 "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. TFRS 15, "Revenue from contracts with customers" is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. This standard is not expected to have a significant effect on the financial position and performance of the Group.

- TFRS 9 "Financial instruments", effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. This standard is not expected to have a significant effect on the financial position and performance of the Group.

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

2.2 Significant changes in the accounting policies (Continued)

c) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POAASA:

- IFRS 16 "Leases", effective from annual periods beginning on or after 1 January 2019. All leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. A company can choose to apply IFRS 16 before that date but only if it also applies TFRS 15 "Revenue from Contracts with Customers". Early adoption of IFRS 16 is allowed. The effects of this standard on the financial position and performance of the Group are evaluated by the Group management.

2.3 Compliance with TAS

The Group prepared its consolidated financial statements as of 31 December 2015 in accordance with Communiqué Serial II, No: 14.1 and the related announcements. The consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB including the implementation of mandatory disclosures.

2.4 Presentation and functional currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each consolidated entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company and the presentation currency of the consolidated financial statements. The functional currency of the Company's subsidiaries, Alticom GmbH and Altınyıldız Corporation are Euro ("EUR") and United States Dollars ("USD") respectively. In the consolidated financial statements, the balance sheet accounts of foreign subsidiaries whose functional currency are EUR and USD are translated into TRY which the Group's presentation and functional currency by using exchange rates as at the balance sheet date; the accounts of the statement of comprehensive income are translated into TRY by using the average exchange rate calculated for the year. The foreign currency exchange differences calculated related to the usage of closing and average exchange rates are recognized under currency translation differences classified under equity.

The foreign currency exchange rates used for the purpose of translation of foreign operations included in the consolidation are as follows:

	31 December 2015		31 December 2014	
Currency	**Period End**	**Period Average**	**Period End**	**Period End**
USD	2,9076	2,7188	2,3189	2,1609
EUR	3,1776	3,0181	2,8207	2,9364

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

2.5 Comparatives and restatement of prior periods’ financial statements

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

As of 31 December 2015, in order to conform to changes in presentation in the current period consolidated financial statements, carry forward VAT receivables amounting to TRY 10.883.859, which had been classified in other current assets as of 31 December 2014, have been classified in other non-current assets; provision for sales returns amounting to TRY 3.157.195, which were classified in trade receivables in an amount of TRY 5.999.658 and in inventories in an amount of TRY 2.842.463 as of 31 December 2014, have been classified in other short term provisions as of 31 December 2015; and trade payables amounting to TRY 7.645.176 which had been classified in other payables as of 31 December 2014 have been classified in trade payables as of 31 December 2015.

2.6. Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the parent company, Boyner Perakende, and its subsidiaries; BBM, Beymen, AY Marka, Anka, AYTK, BYN, Alticom, Altınyıldız Corporation for the period ended at 31 December 2015. Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

Basis of Consolidation

The consolidated financial statements include the accounts of the Group on the basis set out in sections below. The financial statements of the fully consolidated subsidiaries have been prepared with required adjustments and reclassifications for the purpose of compliance with CMB financial reporting standards and the accounting policies of the Group. The financial results of the subsidiaries are fully consolidated from the date on which control is transferred to the Group or deconsolidated from the date that control ceases.

The control is provided with influence on the activities of an entity’s financial and operational policies in order to obtain economic benefit from those activities.

Subsidiaries are companies over which the company has the power to control the financial and operating policies for the benefit of the Company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of ownership interest owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the ownership interest, and/or as a result of agreements by certain the company members and companies owned by them whereby the company exercises control over the ownership interest of the shares held by them; otherwise the power to exercise control over the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

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

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

2.6. Summary of significant accounting policies (Continued)

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 31 December 2015 and 2014:

Subsidiary	Country of registration	Nature of business	31 December 2015 Effective ownership (%)	31 December 2014 Effective ownership (%)
AY Marka	Turkey	Retail operations	100,00	100,00
BBM [(1)]	Turkey	Retail operations	99,08	96,58
Beymen	Turkey	Retail operations	100,00	100,00
AYTK	Turkey	Sale and marketing of textile products and real estate development	100,00	100,00
BYN	Turkey	Real estate development	100,00	100,00
Alticom [(2)]	Germany	Sale and marketing of textile products	100,00	100,00
Altınyıldız Corporation	USA	Sale and marketing of textile products	100,00	100,00
A&Y LLC	Dubai	Sale and marketing of textile products	100,00	100,00
Vista Sağlık Hizmetleri Ticaret Danışmanlık A.Ş. [(3)]	Turkey	Health Services	-	100,00
Nişantaşı Turistik İşletmeleri A.Ş. [(4)]	Turkey	Restaurant operations	75,00	-
İzkar Giyim Ticaret ve Sanayi A.Ş. ("İzkar") [(5)]	Turkey	Retail Operations	75,00	49,60
Beymen İç ve Dış Ticaret A.Ş. [(6)]	Turkey	Export-Import	100,00	-
Anka [(7)]	Turkey	Retail Operations	100,00	

(1) As of 31 December 2015, ownership interest of the Group in BBM has increased from 96,58% to 99.08%.
(2) The liquidation process of Alticom has started in 2014 and the process continues as of 31 December 2015.
(3) The liquidation process of Vista Sağlık Hizmetleri Ticaret Danışmanlık A.Ş. has been completed 8 April 2015.
(4) Beymen, subsidiary of the Group, has purchased 75% shares of Nişantaşı Turistik in 2 March 2015 from Boyner Holding parent of the Group (Note 3).
(5) As of 28 April 2015, ownership interest of Beymen, subsidiary of the Group, in Izkar increased from 49,60% to 75% (Note 3).
(6) Beymen, subsidiary of the Group, established a wholly owned subsidiary with the trade name of Beymen İç ve Dış Ticaret A.Ş. on 3 February 2015.
(7) Anka is registered in the commercial registry and established on 29 September 2015.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are deconsolidated from the date that control ceases. Accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The result of operations of subsidiaries acquired or sold during the year are included in the consolidated statement of comprehensive income from the date of acquisition or until the date of sale.

The balance sheets and statements of income of the subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries is netted off against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are netted off during the consolidation. The cost of, and the dividends arising from, shares held by the Group in its subsidiaries are netted off from shareholders' equity and income for the period, respectively.

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

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

2.6. Summary of significant accounting policies (Continued)

The share of non-controlling parties in the net assets and the results of subsidiaries for the period are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. The non-controlling interests consist of shares from initial business combinations and the non-controlling shares from the changes in equity after the acquisition date. When the loss applicable to the non-controlling shareholders exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling shareholders are charged against the non-controlling interest.

Equity method

Associates and joint ventures of Beymen, which is the subsidiary of the Group, are accounted for using the equity method. These are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Under the equity method, these investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss or the investees after the date of acquisition. The consolidated statements of income reflect the Group's share of the net results of operations of the associates and joint ventures.

Investments are accounted for using the equity method considering the Group's total share portions which are owned directly or indirectly from its subsidiaries. Non-controlling interests are calculated by taking into consideration of the effective rate on investments over the subsidiaries.

The investments in associates are carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized, if any. The income statement reflects the Group's share of the results of operations of the associates. When there is a change recognized directly in the equity of an associate, the Group recognizes its share of any changes and discloses this when applicable, in the statement of changes in equity. Profits and losses resulting from the transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those of the Group for like transactions and events in similar circumstances.

The associates and joint ventures accounted for using the equity method and the rates of effective ownership as of 31 December 2015 and 2014 are as follows:

Subsidiary	Country of registration	Nature of business	31 December 2015 Effective ownership (%)	31 December 2014 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	50, 00
Christian Louboutin Mağazacılık A.Ş. ("Christian Louboutin")	Turkey	Commerce	30, 00	30, 00

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

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

2.6. Summary of significant accounting policies (Continued)

Accounting estimates

The preparation of financial statements in accordance with the TAS require the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are recognized in the income statement when they are realized.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are mainly related with deferred tax assets, provisions, provision for impairment on special costs, impairment test of intangible assets and goodwill, provision for impairment on inventories and the fair value of investment properties (Note 2.7).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group’s activities.

Sale of goods - retail

The Group operates in retail sector. Sales of goods are recognized when a group company sells a product to the customer. Retail sales are usually in cash or by credit card. Group’s policy is to sell its products to the retail customer with a right to return within a particular time. The provisions for sales returns and discounts are determined in accordance with Group’s return policy and recognized in the consolidated financial statements.

Sales of goods - wholesale

The Group manufactures and sells a range of textile and ready to wear products in the wholesale market. Sales of goods are recognized when the Group has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler’s acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied. The Group used accumulated experience to estimate provisions for sales returns and discounts and recognized related provisions in the consolidated financial statements.

When it is collected cash or cash equivalents in return to sales, revenue amount recognized is equal to the amount of cash and cash equivalents. However, the wholesale transactions of the Group effectively constitute a financing transaction; the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as other operating income.

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

2.6. Summary of significant accounting policies (Continued)

Rent income obtained from investment properties

Rent income from investment properties is recognized on an accrual basis. Revenue is realized when economic benefits arising from the transaction have passed, and when the amount of such income can be reliably measured. Rent discounts and similar promotions granted to existing tenants from time to time are netted off from rent revenues as they are not rent incentives for acquisition of new contracts.

Gain on sales of real estate inventories

The Group has signed a revenue sharing agreement with Fer Gayrimenkul Geliştirme ve İnşaat A.Ş. ("Fer Yapı") on 29 September 2010 for the project related to the construction of office, residence and commercial building on the land of the Group. The land is classified to the inventories based on its fair value on 30 September 2011 due to this revenue sharing agreement. In accordance with the protocol signed with Fer Yapı on 26 December 2014, revenue sharing is finished, land classified as inventory is derecognized and store and residences are recognized as inventory on 31 December 2014. Those inventories are carried at their costs until they are sold. Revenue is recognized when the risk and benefit of these inventories are transferred to the buyer (from the Group to the customers) and the revenue amount is reliably measured.

Other income

Other income of the Group recognized according to following terms:

- Rent and royalty income - according to substance over form about the agreements, on accruals basis,
- Interest income - accrued using the effective interest method which brings the remaining principal amount and expected future cash flows,
- Dividend income - recorded as income of the collection right transfer date.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, credit card receivables, deposits held at call with banks and other short-term liquid investments with original maturities of 3 months or less.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables net of deferred finance income, are calculated using the effective interest method based on the collection amount in the subsequent period instead on the amount at the invoice date. Short term trade receivables with no determined interest rate are measured at the original invoice amount if the effect of interest accrual is not significant. Management estimates provision for doubtful receivables when the collection of the trade receivable is not probable. If some portion or total of doubtful receivables which the management provided provision for, are collected in the subsequent period, the collection amount is recognized as other income and provision provided for these receivables is released.

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

2.6. Summary of significant accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories comprises all purchase costs and the overheads that have been incurred in bringing the inventories to their present location and condition. The cost is determined using the monthly weighted average method for all inventories; the cost of semi-finished goods and finished goods takes portion from production cost. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventories excludes borrowing costs.

Investment properties

In accordance with TAS 40 "Investment properties"; land and buildings those are held for rent income generation or value appreciation or both, rather than for using in the production of goods or the sale in the ordinary course of business are classified as "Investment property" and carried at fair value in the consolidated financial statements. The gain or loss related to the change in the fair value determined for the first time and the cost of investment properties is recognized in equity, gain or loss determined in the subsequent periods is recognized in the consolidated financial statements.

The investment properties are derecognized if it is not expected to achieve any economic benefit by the sale or the use in the subsequent periods. The gain and loss occurred related to the disposal of investment properties is recognized in the income statements when they occur.

Property, plant and equipment

All property and equipment is initially recorded at cost and recorded at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the related accounts and any gain or loss resulting from their disposal is included in the statement of income.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset ready for use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. If the asset recognition criteria are met, the expenditures are capitalized as an additional cost of property and equipment.

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. Legal fees are included in the cost. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

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

2.6. Summary of significant accounting policies (Continued)

Except for the land and construction in progress, depreciation is computed on a straight-line basis over the estimated useful lives. The depreciation terms are as follows:

	Useful Life (Year)
Buildings	40
Machinery	5-15
Equipment and installations	3-20
Motor vehicles	4-5
Furniture and fixtures	3-16
Leasehold improvements	3-15

Expected useful life, residual value and depreciation method are evaluated every year for the probable effects of changes arising in the expectations; the analogy of the depreciation method and useful life used for the calculation with the economic benefits obtained from the asset are checked, the changes in the assumptions, if any, are accounted for prospectively.

Properties and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal.

Gains or losses on disposals or suspension of property, plant and equipment are determined by sale revenue less net book value and collected amount and included in the related other income or other expense accounts, as appropriate.

Gain on revaluation and re-measurement fund classified under equity is transferred to retained earnings when the assets carried at fair value are sold.

Intangible assets

Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for prospectively. The costs of intangible assets includes their purchase cost and they are amortized based on their economic lives (5-15 years).

Brands

Separately acquired brands are shown at historical cost; brands acquired in a business combination are recognized at fair value at the acquisition date in the consolidated financial statements.

The Group has assessed the useful lives of brands as indefinite due to the fact that there is no foreseeable limit to the period over which brands are expected to generate net cash inflows for the Group. Brands that have an indefinite useful life are not subject to amortization. Brands are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indicator initial recognition value in an asset is greater than estimated net realizable value, the value of asset should be recorded at recoverable value.

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

2.6. Summary of significant accounting policies (Continued)

Customer and franchise network

Customer and franchise network acquired in a business combination are recognized at fair value in the consolidated financial statements at the acquisition date. They are amortized over their estimated useful lives (10-20 years).

Favorable lease contracts

Favorable lease contracts acquired in a business combination are recognized at fair value in the consolidated financial statements at the acquisition date. They are amortized over their estimated useful lives (10-15 years).

Business combinations and goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with TFRS 3 (Note 3).

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquire. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

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

2.6. Summary of significant accounting policies (Continued)

Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of estimated future cash flows expected to arise from the use of an asset and from its disposal at the end of its useful life while the net selling price is the amount that will be collected from the sale of the asset less costs of disposal. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or has decreased. The reversal is recorded in the statement of income.

Financial investments

Classification

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and held to maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. Those with maturities greater than 12 months are classified as non-current assets. The receivables are classified as "trade and other receivables" in the consolidated balance sheets.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose it within 12 months of the end of reporting period.

Held to maturity financial assets

Held to maturity financial assets are debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity, excluding the financial assets classified as originated loans and advances to customers. Held-to-maturity financial assets are carried at amortized cost using the effective interest method.

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

2.6. Summary of significant accounting policies (Continued)

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Loans and receivables are carried at amortized cost using the effective interest method. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed for translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in the income statement; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity. Held-for-trading derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

If the market for a financial asset is not active and the fair value of the financial asset cannot be measured reliably, aforementioned financial assets are accounted for cost less impairment in the consolidated financial statements.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are accounted in equity net of tax under "financial assets fair value reserve". When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are transferred to the consolidated statement of profit or loss. If the difference between the cost and the fair value of the available-for-sale securities is permanent, gains and losses are transferred to the consolidated statement of profit or loss.

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

2.6. Summary of significant accounting policies (Continued)

Derivative financial instruments

The Group enters swap contracts in order to hedge foreign exchange risk occurred due to the fluctuations in foreign exchange rates. The derivative financial instruments are initially recognized at fair value and are subsequently re-measured at fair value. Transaction costs are recognized in the income statement on date a derivative contract is entered into.

The changes in fair value of the derivative instruments are recognized in financial income and expense accounts in the consolidated statement of income. As of 31 December 2015 and 2014, the Group did not applied hedge accounting (Note 8).

Trade payables

Trade payables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. The carried trade payables are the fair value of consideration to be paid in the future for goods and services received, whether billed or not billed.

Borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

In case of foreign exchange income is included in the financing activities; the related income is deducted from the total of capitalized financial expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

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

2.6. Summary of significant accounting policies (Continued)

Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each consolidated entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company and the presentation currency of the consolidated financial statements.

During the preparation of the financial statements of the individual entities, transactions in foreign currencies other than TRY (foreign currencies or currencies other than functional currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

For the purpose of presentation of the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Lease transactions

Financial leases

Financial leases - The Group as the lessee

Leasing of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leasing. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Financial costs of leasing are distributed over the lease period with a fixed interest rate. The property, plant and equipment acquired under financial leases are depreciated over the useful lives of the assets. If there is a decrease in the value of the property, plant and equipment under financial leasing, the Group provides impairment. The foreign exchange and interest expenses related with financial leasing have been recorded in the income statement. Lease payments have been deducted from leasing debts.

Operating leases - The Group as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

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

2.6. Summary of significant accounting policies (Continued)

Earnings / (losses) per share

Earnings/loss per share are calculated by dividing net income to the weighted average number of shares that have been issued during the period. In the case that the capital increase is realized from the internal resources during the period, final number of shares at the end of the period is accepted as the same with the number of shares at the beginning of the period.

In Turkey, companies are allowed to increase their share capital by distributing "bonus shares" to shareholders from retained earnings and adjustments to share capital. Earnings per share are calculated by taking those bonus shares into consideration as issued shares. Accordingly, the weighted average of the number of shares is calculated by taking those bonus shares into consideration retrospectively in the calculation of earnings per share.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past events, and it is probable that an outflow or resources will be required to settle the obligation, and the amount has been reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is significant, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, vice general managers, vice head of group) and Board members, in each case together with the companies controlled by/or affiliated with them, associated companies and other companies within the Group are considered and referred to as "related parties".

Advertisement and promotion expenses

Advertisement campaigns including advertisement, catalogue and promotion expenses are recorded as expense once they are reachable by the Group or when advertising and promotion expenses are incurred.

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

2.6. Summary of significant accounting policies (Continued)

Taxes

Current and deferred tax

Income tax is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax. Tax is recognized in the statement of income, except for the items recognized directly in equity. In such case, the tax is recognized in shareholders' equity together with related transaction.

The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the e expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and unused tax losses can be utilized.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

Provision for employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. Current service costs and interest costs are recognized in the consolidated statement of income and all actuarial profits and losses are recognized in the consolidated statements of income.

Unused vacation rights

Unused vacation rights accrued in the consolidated financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date.

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

2.6. Summary of significant accounting policies (Continued)

Customer loyalty programs

The Group operates a loyalty program where customers accumulate points for purchases made which entitle them to discounts on future purchases. The reward points are recognized as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognized as deferred revenue at their fair value. Revenue from the reward points is recognized when the points are redeemed. Breakage is recognized as reward points are redeemed based upon expected redemption rates.

Gift vouchers

Gift vouchers sold by the Group to its customers are classified under deferred revenue. Moreover, gift vouchers are recorded as income as they are used by the customers. The Group also accounts for income for the estimated amount of gift vouchers that are not expected to be used by the customers.

Statement of cash flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Subsequent events

Post balance sheet events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Post balance sheet events that are not adjusting events are disclosed in the notes when material.

Segment reporting

The Group has three business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These segments of the Group are textile and ready-to-wear clothing, retail operations, real estate development and management. These segments are managed separately since they are affected by different economic conditions in terms of risks and returns. 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 time difference and foreign exchange gains and losses generated from commercial operations in accordance with TAS and adding non-recurring expenses determined by the Group Management (Note 4).

Operating segments are reported in a manner consistent with the reports provided to the chief operating decision-maker of the Group. The chief operating decision-maker of the Group is responsible for allocating resources and assessing performance of the operating segments.

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

2.7 Significant accounting estimations

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

i) Impairment tests for the intangible assets with indefinite useful lives

As explained in Note 2.6, intangible assets that have an indefinite useful life are not subject to amortization. They are tested annually for impairment. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group's revenue projections are compared to the carrying value of the intangible asset. The Group has performed an impairment test on intangible assets as at 31 December 2015 and has not identified any impairment as a result of this test (Note 16).

ii) Impairment tests for goodwill

In accordance with the accounting policies explained in Note 2.6, the Group performs impairment test on goodwill to assess whether an impairment exists. Recoverable amount of cash generating units are calculated based on value in use. These calculations require estimations. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group's revenue projections for five years are compared to the carrying value of goodwill.

The Group has calculated the discounted cash flows based on the revenue plans for five years with 4,5% growth projection and a discount rate of 14,70% for the purpose of impairment test of goodwill arising from the acquisition of BBM. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 14,70%, 15,70% or 13,70%), the fair value as at 31 December 2015 would decrease by TRY 280 million and increase by TRY 343 million.

The Group has calculated the discounted cash flows based on the revenue plans for five years with 4,5% growth projection and a discount rate of 13,60% for the purpose of impairment test of goodwill arising from the acquisition of Beymen. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 13,60%, 14,60% or 12,60%), the fair value as at 31 December 2015 would decrease by TRY 190 million and increase by TRY 239 million.

As a result of the impairment tests for goodwill performed based on the assumptions explained above, the Group did not identify any impairment as of 31 December 2015.

iii) Provision for net realizable value of inventories

As explained in Note 2.6, inventories are valued at the lower of cost or net realizable value less costs to sell. The Group reviews their inventories annually whether any impairment exists. The selling prices of inventories in the subsequent period are estimated by the management considering the cost of inventories. The management determines the estimated selling price considering current market conditions and fluctuations in current prices.

In a case of unexpected changes in market conditions, impairment estimations are subject to change as they are calculated based on the estimation and assumptions of the Group (Note 12).

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

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

2.7 Significant accounting estimations (Continued)

iv) Fair value of investment properties

The assumptions of the independent valuation reports obtained for the purpose of determining the fair value of tangible assets classified as investment properties in the consolidated financial statements are as follows:

Independent valuation reports of experts licensed by CMB are used for the determination of fair values of the land in Antalya and the shop in Unkapanı which were carried at cost in the prior periods.

The assumptions of the independent valuation reports obtained for the purpose of determining the fair value of tangible assets classified as investment properties in the consolidated financial statements are as follows based on valuation method, annual rent increase, capitalization ratio (discount rate used for the final value) and comparison of square meters:

31 December 2015	**Expert Report date**	**Valuation method**	**Discount rate**	**Annual rent increase rate**	**Capitalization ratio**	**Comparison of m² value (TRY)**
Starcity Shopping mall [(a)]	24.12.2015	Discounted revenue	%10	%2	-	-
Unkapanı Shop [(c)]	06.08.2013	Comparison	-	-	-	1.400
Istwest Shop	26.03.2015	Comparison	-	-	%6	-
31 December 2014						
Starcity Shopping mall [(a)]	31.12.2014	Discounted revenue	10%	2%	-	-
Antalya Land [(b)]	05.08.2013	Comparison	-	-	-	200
Unkapanı Shop [(c)]	06.08.2013	Comparison	-	-	-	1.400

a) Starcity Shopping Mall ("Starcity") located in İstanbul - Bahçelievler, has come into operation on 15 April 2010 with a floor space of 34.119,06 m² and is classified as investment properties as of 31 December 2015. BYN and Merkür İnşaat Ticaret A.Ş. are the owners of the Starcity with the portions of 2/5 and 3/5 respectively. The management of the Mall is conducted by Merkür İnşaat Ticaret A.Ş.

Starcity mall accounted at fair value amounting to TRY 142.464.000 as of 31 December 2015 which is the 2/5 of its total fair value of TRY 356.160.000 determined by the valuation report prepared by Elit Gayrimenkul Değerleme A.Ş. on 24 December 2015 (31 December 2014: 127.040.000 which is the 2/5 of its total fair value of TRY 317.600.000). Fair value increase amounting to TRY 15.337.518 recognized in the consolidated statement of profit or loss under other operating income (Notes 14 and 25).

b) Land located in Antalya, Kepez with a floor space of 4.647 m2 is classified as investment property as of 31 December 2015, and is accounted at its fair value of TRY 935.000 determined by an independent expert's valuation report dated 5 August 2013 and numbered 2013/5900. Land is sold on 5 February 2015 and the income from the sale of asset is recognized in the consolidated statement of profit or loss under income from investing activities (Note 14).

c) Shop located in İstanbul, Fatih with a floor space of 125 m² is classified is investment property as of 31 December 2015, and is accounted at its fair value of TRY 175.000 determined by the valuation report of Elit Gayrimenkul Değerleme A.Ş. dated 6 August 2013 and numbered 2013/5901.

d) The fair value of Istwest is calculated by the Group based on the price of equivalent stores sold in 2014 and classified as investment properties as of 31 December 2014 with the fair value amounting to TRY 10,736,740. Istwest shops had been revaluated by Elit Gayrimenkul Değerleme A.Ş. based on the comparison method on 26 March 2015 and the fair value of 10 shops were identified as TRY 16.840.700. Increase in fair value amounting to TRY 6.103.960 is recognized in the consolidated statement of profit or loss under other operating income (Notes 14 and 25).

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

2.7 Significant accounting estimations (Continued)

v) Provision for doubtful receivables

When there is an indicator that the collection of receivables will be impossible, provision is provided for the receivables. The amount of the provision is determined based on the assessment of the Group based on the aging of receivables and the payment performance of the customers. The provision for doubtful receivables is an accounting estimate determined based on the past payment performance and financial situations of the customers (Note 10).

vi) Value of intangible assets acquired through the business combination

The fair values of brands have been determined by refining from royalty method. This method is based on the discounted cash flows of futures operation of the brand, and the royalty is compared with the royalties set a precedent in the market. While using this method for the valuation, the amount of royalty payments to own the brand is projected and the saving amount by possessing the brand is calculated. Significant assumptions are; a) projected revenues for the future operations, b) determination of the discount rate used for the discounted cash flows and c) determination of royalty rate. The weighted average cost of capital has been used as the discount rate.

The fair values of favorable lease contracts are determined by comparing the monthly rental fees defined in the rent agreements with the rental fees in the market and by discounting favorable rental fees to the present value. The weighted average cost of capital has been used as the discount rate. The rental fees of the market are determined by an independent valuation company.

The fair values of franchise agreements and customer network are determined based on the revenue projections from the customers registered in the customer loyalty program of the Group. The weighted average cost of capital has been used as the discount rate (Note 16).

NOTE 3 - BUSINESS COMBINATIONS

The Group applies the acquisition method for business combinations. The subsidiaries acquired or sold during the year are fully consolidated from the date on which control is transferred to the Group or deconsolidated from the date that control ceases.

a) Acquisition of BBM and Beymen

The shares of Boyner Perakende in its associates Beymen and BBM accounted for using the equity method until the acquisition date of 31 May 2013. 50,01% shares of BBM and 30.05% shares of Beymen acquired from Fennella S.a.r.l. ("Fennella"); which is a subsidiary of Citi Venture Capital International ("CVCI") on 31 May 2013 and the share purchase agreement is signed with Fennella at the same date. As a result of these transactions, the change in the control has been regarded as a step acquisition in business combinations in accordance with Business Combinations ("TFRS 3"). Therefore, Beymen and BBM which had been accounted for using the equity method until 31 May 2013, are fully consolidated starting from 1 June 2013 and the shares of other shareholders arising from the publicly traded shares of BBM have been accounted for as non-controlling interest.

NOTE 3 - BUSINESS COMBINATIONS (Continued)

According to the articles of share purchase agreement, Boyner Perakende paid USD 287.000.000 in exchange of the Fennella's shares in Beymen in the ratio of 50,01% and USD 96.700.000 in exchange of the Fennella's shares in BBM in the ratio of 30,05%. The difference between discounted liability, which have been calculated for the parts with due dates as of purchase date and payable amount (TRY 53.959.789 for USD 28.915.808 related with the Beymen purchase and TRY 19.978.489 for USD 10.706.012 related with BBM purchase) has been taken into consideration during the determination of goodwill within the application of purchase price allocation in accordance with TFRS 3, instead of recognition in the income statement.

Besides, as a result of the acquisition of Fennella's shares in BBM in the ratio of 30,05% on 31 May 2013, Boyner Perakende's share in BBM increased to 60,04% and on 6 September 2013 pursuant to CMB's Communiqué Serial IV No. 8 on "Communique on Principles Regarding Proxy Voting at Shareholders' Meetings of Publicly Held Joint Stock Corporations, Proxy Solicitation and Tender Offer" terminal call price has been determined and shares in the ratio of 34,77% have been purchased in return of TRY 226.752.899. Additionally, Boyner Perakende purchased BBM shares at the ratio of 1,74% from other shareholders of BBM in return of TRY 9.784.608. Mentioned acquisitions have been taken into consideration during the determination of goodwill within the application of purchase price allocation in accordance with TFRS 3.

The acquirer remeasures the fair value of the previously held equity interest in the acquiree at the acquisition date and the gain and loss on the previously held equity interest if any is recognized in the statement of profit or loss in the step acquisitions. The fair values of previously held interest of Boyner Perakende in Beymen and BBM as of 31 May 2013 are determined based on the expertise reports issued by a valuation company which is authorized by CMB. In accordance with expertise reports, fair value of BBM determined as TRY 615.736 thousands and fair value of Beymen determined as TRY 1.012.978 thousands. Consequently, fair value increases of Beymen and BBM amounting to TRY 470.018.541 and TRY 155.593.774, respectively, determined as a result of the valuation of Boyner Perakende's share in Beymen and BBM with the ratios of 49,99% and 29,99%, respectively as at 31 May 2013, recognized in the consolidated statement of profit or loss under income from investment activities as "fair value gain of the previously held interest in the acquiree" in 2013.

All acquisition transactions mentioned above are considered collectively in the determination of goodwill. Fair value exercise of the assets and liabilities acquired as a result of the acquisition of BBM and Beymen performed by the independent experts are finalized as of 31 May 2014. The identified intangible assets which are recognized during the aforementioned exercise mainly comprised of brands, customer loyalty programs, rent and franchise contracts. The identifiable intangible assets acquired recognized at fair value at the acquisition date.

In the course of acquisition, in the context of TFRS 3, purchase price allocation is required to be exercised for all of the subsidiaries and associates in the consolidated financial statements of acquire. BBM, acquired 63% shares of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Ticaret ve Sanayi A.Ş. ("YKM") that operates in retail sector and 20,62% of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Pazarlama A.Ş. ("YKM Pazarlama") that is a subsidiary of YKM. Fair value exercise of the net assets and the value of net working capital of YKM and YKM Pazarlama finalized as at 30 September 2013 and their effects have been reflected to the consolidated financial statements. In accordance with the resolution of the Board of Directors dated 3 March 2014, it is decided to merge BBM, YKM A.Ş. and YKM Pazarlama A.Ş. and BBM addressed to CMB on 14 April 2014 for the approval of CMB. The application of BBM was approved by CMB on 13 June 2014 and the merger transaction is registered to the trade registry on 30 June 2014.

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

The fair value of assets and liabilities acquired at the transaction date is as follows:

Fair Value	**BBM**	**Beymen**	**Total**
Cash and cash equivalents	141.284.478	32.338.563	173.623.041
Trade receivables	49.719.156	53.069.375	102.788.531
Other receivables	5.500.135	56.642.854	62.142.989
Inventories	311.094.583	109.348.098	420.442.681
Prepaid expenses	12.581.148	8.820.764	21.401.912
Other current assets	29.575.480	8.189.421	37.764.901
Financial investments in associates	-	9.024.231	9.024.231
Tangible assets	136.900.061	56.896.444	193.796.505
Intangible assets	524.920.005	600.922.313	1.125.842.318
Deferred tax assets	6.837.631	7.348.438	14.186.069
Other non-current assets	1.030.286	65.402	1.095.688
Financial investments	-	3.812	3.812
Financial liabilities	(300.534.200)	(102.608.735)	(403.142.935)
Trade payables	(419.386.344)	(98.755.340)	(518.141.684)
Payables related to employee benefits	-	(6.825)	(6.825)
Other payables	(4.206)	(6.757.795)	(6.762.001)
Deferred revenue	(15.670.228)	(25.117.254)	(40.787.482)
Income tax payable	(3.499.600)	(2.119.925)	(5.619.525)
Short term provisions	-	(5.435.481)	(5.435.481)
Other short term liabilities	-	(10.402.531)	(10.402.531)
Long term financial liabilities	-	(11.177.575)	(11.177.575)
Long term deferred revenue	-	(11.936.805)	(11.936.805)
Other long term liabilities	(5.868.983)	-	(5.868.983)
Provision for employee benefits	(16.317.967)	(2.210.719)	(18.528.686)
Other long term payables	-	(67.429)	(67.429)
Deferred tax liability	(83.454.006)	(118.610.505)	(202.064.511)
Non-controlling interests	(17.830.416)	-	(17.830.416)
Net total assets	**356.877.013**	**547.462.796**	**904.339.809**
Acquired assets (A)	344.564.759	547.462.796	892.027.555
Net assets of non-controlling interests	12.312.257	-	12.312.257
Fair value of initially held shares (B)	(184.659.258)	(506.387.734)	(691.046.992)
Cash paid portion of total cost (C)	-	(20.527.100)	(20.527.100)
Liability due to acquisition (D)	(397.010.887)	(461.083.811)	(858.094.698)
Payables related to Fennella S.a.r.l	*(160.473.380)*	*(461.083.811)*	*(621.557.191)*
Purchased shares from the stock market	*(9.784.608)*	-	*(9.784.608)*
Shares acquired by way of tender call	*(226.752.899)*	-	*(226.752.899)*
Contingent consideration (E)	-	(12.446.229)	(12.446.229)
Purchased cash and cash equivalents (F)	141.284.478	32.338.563	173.623.041
Total net cash paid (C+D+E+F)	**(255.726.409)**	**(461.718.577)**	**(717.444.986)**
Goodwill recognized through acquisition (G) (*)	106.041.968	-	106.041.968
Goodwill (-A-B-C-D-E+G)	**343.147.354**	**452.982.078**	**796.129.432**

(*) As of 30 September 2013, goodwill has been revised as TRY 106.041.968 as a result of the revised fair values of the identified assets of YKM and YKM Pazarlama and payment made to the seller according to the agreement. As a result of this transaction, effects of YKM and YKM Pazarlama have been taken into consideration in the goodwill calculation above.

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

b) Merger of BBA

BBA, owned by Boyner Holding with 99, 98% shares, has been transferred to AYTK through merger with all its net assets and the mentioned merger was registered on trade gazette on 29 August 2013. As a result, 25% of the shares of AYTK were transferred to Boyner Holding. 25% shares of AYTK owned by Boyner Holding and other shares which are less than 1% of the capital of AYTK acquired back by the Group in exchange of TRY 20.097.783 on 29 November 2013. As a result of this transaction, negative merger fund amounting to TRY 12.105.679 (Note 21) is accounted under "Effect of business combinations under common control".

c) Acquisition of Nişantaşı Turistik

On 2 March 2015, Beymen acquired 75% of the shares of Nişantaşı Turistik from Boyner Holding in exchange of TRY 4.796.865.

The change in the control as a result of this transaction has been considered as business combinations under common control in accordance with "TFRS 3 - Business Combinations". Therefore, no goodwill is calculated based on this acquisition. The Group accounted the negative fund amounting to TRY 3.750.172 arising from this transaction in "Impact of business combinations of entities under common control" in accordance with the resolution of POAASA dated 21 July 2013 and titled "Accounting of business combinations under common control". In accordance with the resolution of "Accounting of business combinations under common control", this type of transactions is required to be accounted and presented from the beginning of the period. Since the effects of the acquisition are not material for the consolidated financial statements, the prior period's financial statements are not restated.

	2015
Net asset of Nişantaşı Turistik acquired	1.046.693
Liability arising from the acquisition	(4.796.865)
Impact of business combinations under common control (Note 21)	**(3.750.172)**

d) Acquisition of İzkar

On 28 April 2015, Beymen Mağazacılık acquired additional 25.40% of shares of İzkar which was an associate of Beymen Mağazacılık till that date with 49.60% shares and was accounted for using the equity method. The share purchase agreement is signed with Ran Konfeksiyon Ltd. Şti. at the same date. Beymen Mağazacılık provided notes payables amounting to TRY 2.035.445 in total for this transaction, with maturity terms on 31 August 2015 and 31 December 2015.

The change in the control has been considered as step acquisition in business combinations in accordance with Business Combinations "TFRS 3". Within this framework, İzkar which had been accounted for using the equity method until 28 April 2015, is fully consolidated starting from 1 May 2015 and 25% shares of other shareholders have been accounted for as non-controlling interest. Accordingly, the acquirer's previously held interest is re-measured to fair value at the acquisition date and gain or loss is recognized in the income statement in step acquisitions. However considering materiality, the fair value of the mentioned shares is not determined and anticipated that it is equal to the carrying value and, the goodwill amounting to TRY 1.579.128 is recognized in the balance sheet.

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

	İzkar
Cash and cash equivalents	1.390.180
Trade receivables	378.375
Inventories	604.101
Prepaid expenses	1.160.000
Other current assets	195.270
Tangible assets	288.325
Intangible assets	12.663
Deferred tax assets	46.769
Short term financial liabilities	(1.160.000)
Trade payables	(384.478)
Employee benefit payables	(64.983)
Deferred revenue	(83.247)
Corporate tax liability	(20.467)
Other short term liabilities	(335.212)
Long term provisions	(242.584)
Net total assets	**1.784.712**
Acquired assets (A)	1.338.537
Net assets of non-controlling interests	446.175
Fair value of previously held interests (B)	(885.220)
Liability arising from the acquisition (C)	(2.032.445)
Cash and cash equivalents acquired (D)	1.390.180
Cash paid (C+D)	**(642.265)**
Goodwill (-A-B-C)	**1.579.128**

NOTE 4 - 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 31 December 2015 and 2014 comprise the performance and the management of textile and ready-to-wear products, retail store operations and real estate development and management 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 time difference 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".

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

NOTE 4 - SEGMENT REPORTING (Continued)

The segment analysis for the period ended 31 December 2015 is as follows:

1 January-31 December 2015	Retail operations	Textile and ready to wear	Real estate development and management	Undistributed	Elimination	Total
Revenue	3.234.170.827	305.995.045	31.201.843	24.846.984	(198.237.526)	3.397.977.173
Gross profit	1.375.268.729	26.417.924	14.959.975	24.846.984	(28.806.510)	1.412.687.102
Capital expenditures (based on balance sheet)	75.160.585	79.289.637	-	1.220.872	-	155.671.094
Depreciation and amortization expenses	69.247.945	8.272.140	-	38.444.294	-	115.964.379

31 December 2015	Retail operations	Textile and ready to wear	Real estate development and management	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	2.871.435.853	406.278.059	158.286.756	1.970.381.902	(1.323.345.864)	4.083.036.706
Total assets	**2.871.435.853**	**406.278.059**	**158.286.756**	**1.970.381.902**	**(1.323.345.864)**	**4.083.036.706**
Segment liabilities	2.585.193.937	379.658.523	60.476.050	1.544.530.358	(1.103.355.388)	3.466.503.480
Total liabilities	**2.585.193.937**	**379.658.523**	**60.476.050**	**1.544.530.358**	**(1.103.355.388)**	**3.466.503.480**

The segment analysis for the period ended 31 December 2014 is as follows:

1 January-31 December 2014	Retail operations	Textile and ready to wear	Real estate development and management	Undistributed	Elimination	Total
Revenue	2.913.021.431	283.405.910	125.295.078	21.142.499	(182.451.228)	3.160.413.690
Gross profit	1.195.828.543	24.778.188	31.666.528	17.616.611	(17.815.305)	1.252.074.565
Capital expenditures (based on balance sheet)	67.418.851	2.149.255	-	902.935	-	70.471.041
Depreciation and amortization expenses	64.826.083	9.338.928	-	36.036.786	-	110.201.797

31 December 2014	Retail operations	Textile and ready to wear	Real estate development and management	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	2.350.240.666	389.748.785	200.118.872	1.813.248.021	(687.349.556)	4.066.006.788
Total assets	**2.350.240.666**	**389.748.785**	**200.118.872**	**1.813.248.021**	**(687.349.556)**	**4.066.006.788**
Segment liabilities	2.114.709.605	452.077.164	103.212.535	1.872.203.587	(610.025.703)	3.932.177.188
Total liabilities	**2.114.709.605**	**452.077.164**	**103.212.535**	**1.872.203.587**	**(610.025.703)**	**3.932.177.188**

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

NOTE 4 - SEGMENT REPORTING (Continued)

The reconciliation of EBITDA as of 31 December 2015 and 2014 is as follows:

	1 January - 31 December 2015 CMB financial statements	**1 January - 31 December 2014 CMB financial statements**
Revenue	3.397.977.173	3.160.413.690
Gross profit	1.412.687.102	1.252.074.565
EBITDA	232.705.687	250.127.477
Adjustments:		
Reclassification in accordance with the format recommended by CMB	**34.814.813**	**14.944.205**
Foreign currency gains	*(149.348.036)*	*(71.094.341)*
Rediscount income	*(51.225.748)*	*(41.697.802)*
Term difference income	*(25.230.549)*	*(25.374.673)*
Foreign currency losses	*167.770.316*	*72.667.723*
Term difference expenses	*49.193.748*	*43.632.000*
Rediscount expense	*43.655.082*	*36.811.298*
Non-recurring (income)/expenses per Group Management (*)	**54.973.695**	**34.944.827**
Other non-recurring operational expenses	54.973.695	34.944.827
Adjusted EBITDA (*)	***322.494.195***	***300.016.509***

(*) Adjusted EBITDA and non-recurring income/expenses are not defined by TFRS. These items determined by the principles defined by the Group management comprises incomes/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.

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

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of the cash and cash equivalents as of 31 December 2015 and 2014 are as follows:

	31 December 2015	**31 December 2014**
Cash	5.124.210	4.612.903
Banks	36.215.805	42.886.761
- Time deposits (*)	8.067.248	14.251.975
- Demand deposits (**)	28.148.557	28.634.786
Credit card receivables (***)	41.245.399	263.860.433
Cheques given for collection	5.660.651	5.719.051
	88.246.065	**317.079.148**

(*) The time deposits of the Group which consist of overnights, have interest rate of 6,39% in average as of 31 December 2015 (31 December 2014: 8%).

(**) The Group has restricted cash amounting to TRY 6.471.697 as of 31 December 2015 (31 December 2014: TRY 6.130.205).

(***) As of 31 December 2015, the pledge on the credit card receivables of the Group is amounting to TRY 1.242.018 (31 December 2014: TRY 44.285.714).

Cash and cash equivalents included in the statements of cash flows as of 31 December 2015 and 2014 are as follows:

	31 December 2015	**31 December 2014**
Cash and cash equivalents	88.246.065	317.079.148
Less: Restricted cash	(6.471.697)	(6.130.205)
	81.774.368	**310.948.943**

The total insurance coverage on cash and cash equivalents is amounting to TRY 71.840.000 as of 31 December 2015 (31 December 2014: TRY 76.957.896).

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

NOTE 6 - FINANCIAL ASSETS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The details of the financial investments and investments in associates accounted for using the equity method as of 31 December 2015 and 2014 are as follows:

	31 December 2015		31 December 2014	
	Share	**Amount**	**Share**	**Amount**
Doğu Yatırım Holding A.Ş.	<1%	104.891	<1%	104.891
Total		**104.891**		**104.891**

The financial assets on which the Group has investment on less than 1% are carried at cost.

	31 December 2015		31 December 2014	
	Effective ownership ratio (%)	**Amount**	**Effective ownership ratio (%)**	**Amount**
Associates				
Accounted for using the equity method				
İzkar (*)	75,00	-	49,60	1.438.979
Christian Dior	49,00	6.736.779	49,00	4.928.296
Accounted at cost				
Nile Bosphorus (**)	33,33	5.472.508	33,33	5.472.508
Joint ventures				
Accounted for using the equity method				
Christian Louboutin	30,00	2.118.637	30,00	1.822.916
Elif Co (***)	50,00	-	50,00	-
		14.327.924		**13.662.699**

(*) The Group acquired 25.40% of the shares of İzkar on 28 April 2015. The profit/loss incurred until the date of the acquisition is recognized in the consolidated financial statements of the Group under share of profit of investments accounted for using the equity method (Note 3).

(**) Since Nile Bosphorus does not prepare its financial statements for the period ended 31 December 2015 and 2014 in accordance with TFRS, the investment of the Group in Nile Bosphorus is carried at cost.

(***) As of 31 December 2015 and 2014, the Group has presented the amount of investment accounted for using the equity method as zero, due to the losses incurred by Elif Co. As at 31 December 2015, loss which is not accounted in the consolidated financial statements due to the gap between the amount of investment and the cost of the investment accounted for using the equity method, is amounting to TRY 6.292.945 (1 January - 31 December 2014: TRY 4.035.471).

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

NOTE 6 - FINANCIAL ASSETS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

The movement of investments accounted for using the equity method during the period is as follows:

	2015	2014
Opening balance - 1 January	**13.662.699**	**12.141.961**
Amount recognized in the current year profit (****)	2.868.454	2.115.938
Dividends received	(1.318.013)	(595.200)
Disposal due to changes on the basis of consolidation	(885.216)	-
Closing balance - 31 December	**14.327.924**	**13.662.699**

(****) Amount recognized in the current period does not include intra group transactions.

NOTE 7-FINANCIAL LIABILITIES

The details of the short-term financial liabilities as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Interest free bank borrowings (*)	6.780.760	12.021.757
Short term bank borrowings	177.084.299	376.236.082
Short term bonds issued (**)	-	50.612.194
	183.865.059	**438.870.033**

(*) Interest free bank borrowings consist of interest free loans which were borrowed for the payments of Social Security Institution as of 31 December 2015 and 2014.

(**) In accordance with the approval of CMB dated 24 June 2014, the commercial paper whose maturity start date is 29 September 2014, with a nominal value of TRY 50.000.000 with a maturity of 364 days, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities+4.15% floating interest rate has been offered to qualified investors. Commercial paper was paid on 28 September 2015.

Short-term portion of long-term financial liabilities are as follows:

	31 December 2015	31 December 2014
Short-term portion of long-term financial liabilities	515.708.738	364.960.647
Short-term portion of long-term bonds (***)	153.943.217	203.004.385
Financial lease liabilities	5.161.304	8.499.247
	674.813.259	**576.464.279**

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

NOTE 7-FINANCIAL LIABILITIES (Continued)

The summary of long-term financial liabilities for the period ended 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Long-term bank borrowings	844.919.028	368.831.015
Long-term bonds issued (***)	109.485.471	137.375.499
Financial lease liabilities	2.570.285	2.260.479
	956.974.784	**508.466.993**

(***) In accordance with the approval of CMB dated 16 September 2013, issued on 26 September 2013 the commercial paper with a nominal value of TRY 60.000.000 with a maturity of 727 days, a quarterly coupon and principal payment on the maturity date, benchmark Government Debt Securities + 5,50% floating interest rate has been offered to qualified investors. Mentioned bond was paid on 23 September 2015.

The Group has offered bond amounting to TRY 30.000.000 to qualified investors on 31 March 2014 with a maturity of 546 days. The coupon and principal payment are due at the end of the three month government securities and the indicator is + 5,00% floating interest rate. Mentioned bond was paid on 28 September 2015.

The Group has offered bond amounting to TRY 50.000.000 to qualified investors on 28 November 2014 with a maturity of 728 days. The coupon and principal payment are due at the end of the three month government securities and index + 4,50% quarterly floating interest rate.

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.

Bond which is issued by BBM, consecutive to registering CMB, consists of TRY 100.000.000 nominal value in 6 November 2012, 36 months maturity, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities + 4,50% interest rate bond. Mentioned bond was paid on 31 December 2015.

Bond which is issued by BBM, consecutive to registering CMB, consists of TRY 100.000.000 nominal value in 23 December 2013, 36 months maturity, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities + 5.00% interest rate bond.

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

31 December 2015

Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY interest free borrowings	2016	-	6.780.760	-
TRY borrowings	2016	12% - 15,75%	396.972.320	235.244.363
USD borrowings	2016-2018	Libor + 4,75%	193.781.870	367.151.618
EUR borrowings	2016-2026	6,25%-7,76%	102.038.847	242.523.047
			699.573.797	**844.919.028**

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

NOTE 7-FINANCIAL LIABILITIES (Continued)

31 December 2014

Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY interest free borrowings	2015	-	12.021.757	-
TRY borrowings	2015-2016	11,50-18 %	542.680.395	81.388.112
USD borrowings	2015-2018	Libor + 4,75-8,3 %	161.096.416	225.768.352
EUR borrowings	2015-2026	6,60-8 %	37.419.918	61.674.551
			753.218.486	**368.831.015**

The redemption schedule of the financial liabilities and bonds as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
2015	-	1.006.512.458
2016	853.517.014	315.260.111
2017	510.608.302	83.254.971
2018 and after	443.796.197	108.014.039
	1.807.921.513	**1.513.041.579**

In relation to the bank loans elaborated as of 31 December 2015 above, there are mortgages given amounting to EUR 32.000.000 and TRY 214.000.000 (31 December 2014: mortgages amounting to EUR 32.000.000 and TRY 200.000.000 and guarantee notes amounting to TRY 200.000.000) on the stores and residences, and the shopping mall, classified by the Group as investment property at a fair value of TRY 142.464.000 (Note 14). 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.

The redemption schedule of the financial lease as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Total financial lease payments	8.442.066	11.583.381
Interest will be paid in upcoming years (-)	(710.477)	(823.655)
	7.731.589	**10.759.726**
Financial lease liabilities up to 1 year	5.161.304	8.499.247
Financial lease liabilities after 1 year	2.570.285	2.260.479
	7.731.589	**10.759.726**

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

NOTE 7-FINANCIAL LIABILITIES (Continued)

As of 31 December 2015 and 2014, the summary of short-term financial lease liabilities in terms of foreign currency is as below:

	31 December 2015	31 December 2014
TRY	4.288.140	7.134.333
USD	154.115	1.358.584
EUR	719.049	6.330
	5.161.304	**8.499.247**

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

	31 December 2015	31 December 2014
TRY	1.038.987	2.137.567
USD	-	121.004
EUR	1.531.298	1.908
	2.570.285	**2.260.479**

Collateral bills amounting to USD 111.153, EUR 729.228 and TRY 4.316.031 are given regarding to the financial leasing liabilities disclosed above (31 December 2014: USD 586.353, EUR 3.098 and TRY 1.516.527).

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

The details of derivative instruments are as follows:

	31 December 2015	31 December 2014
Financial assets arising from swap transactions - short term (*)	22.855.160	1.683.738
Financial assets arising from swap transactions - long term (*)	36.905.607	3.248.768
	59.760.767	**4.932.506**

(*) The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 2 December 2014 and 26 May 2015 for its financial liability amounting to USD 107.649.391 (TRY 313.001.370) and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 31 December 2015, the swap instruments are carried at their fair values through the consolidated statement of profit or loss.

The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 28 July 2015 for its financial liability amounting to USD 86.541.667 (TRY 251.628.550) and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 31 December 2015, the swap instruments are carried at their fair values in the consolidated statement of profit or loss.

The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 21 September 2015 for its financial liability amounting to EUR 88.500.000 (TRY 281.217.600) and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. These derivative instruments are carried at fair value through statement of profit of loss.

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

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Movement of derivative instruments are as follows:

	2015	2014
Opening balance - 1 January	**4.932.506**	**-**
The amount recognized in financial expenses	54.828.261	4.932.506
Closing balance - 31 December	**59.760.767**	**4.932.506**

NOTE 9 - OTHER FINANCIAL LIABILITIES

Other financial liabilities of the Group are amounting to TRY 16.081.947 as of 31 December 2015 (31 December 2014: TRY 109.628.739). Other financial liabilities of the Group comprise of its receivables which are transferred to factoring companies as of 31 December 2015 and 2014. Group transfers their trade receivables to local factoring companies with recourse. Since risks related with negotiated receivables have not been transferred to factoring companies and factoring companies have right to recourse if the receivables cannot be collected, the receivables subject to factoring transaction were not derecognized and amount provided from factoring companies presented as other financial liabilities in the consolidated financial statement.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 December 2015	31 December 2014
Trade receivables	183.637.225	213.363.733
Notes receivables (*)	124.335.333	159.583.067
Less: Provision for doubtful receivables	(35.254.468)	(25.625.598)
Less: Rediscount expense	(7.251.226)	(6.589.216)
Total trade receivables from third parties	**265.466.864**	**340.731.986**
Trade receivables from related parties	75.200.279	56.992.993
Less: Rediscount expense	(1.828.278)	(1.211.653)
Total trade receivables from related parties (Note 31)	**73.372.001**	**55.781.340**
Total short-term trade receivables	**338.838.865**	**396.513.326**

(*) TRY 16.081.947 of the notes receivables was transferred to the factoring institutions (31 December 2014: TRY 109.628.739). The factoring debts related to this transaction have been classified under other financial liabilities (Note 9).

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

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

Long-term trade receivables

	31 December 2015	31 December 2014
Trade receivables from related parties (Note 31)	4.077.595	3.252.007
Trade receivables from third parties	9.156.951	11.582.950
Notes receivables	10.326.506	-
Less: Rediscount expense	(3.234.101)	(2.994.947)
Total long-term trade receivables	**20.326.951**	**11.840.010**

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 sales is 169 days (31 December 2014: 170 days), for sales of ready-to-wear clothes is 127 days (31 December 2014: 123 days). The average collection period of trade receivables from retail sales is 86 days (31 December 2014: 71 days).

The movement of provision for doubtful receivables as of 31 December 2015 and 2014 is as follows:

	2015	2014
Opening balance - 1 January	**25.625.598**	**26.703.737**
Provisions (Note 25)	10.773.216	1.122.412
Write-offs in the current period (*)	(290.388)	(10.759)
Collection of receivables during the current period (Note 25)	(853.958)	(2.189.792)
Closing balance – 31 December	**35.254.468**	**25.625.598**

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

Short term trade payables

	31 December 2015	31 December 2014
Trade payables	579.665.179	520.537.649
Notes payables	560.939.856	504.772.111
Less: Rediscount income	(25.456.397)	(19.106.163)
Total trade payables from third parties	**1.115.148.638**	**1.006.203.597**
Trade payables from related parties	12.565.544	11.687.944
Less: Rediscount income	(358.700)	(385.684)
Total trade payables from related parties (Note 31)	**12.206.844**	**11.302.260**
Total trade payables	**1.127.355.482**	**1.017.505.857**

The average payment period of trade payables is 179 days for textile (31 December 2014: 185 days), and 134 days for ready to wear products (31 December 2014: 141 days). The average payment period of trade payables for retail purchases is 183 days (31 December 2014: 173 days).

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

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

Long term trade payables

	31 December 2015	31 December 2014
Notes payables (*)	59.073.112	-
Total long term trade payables	**59.073.112**	**-**

(*) 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 28.919.500 and TRY 59.073.112 respectively.

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

The detail of other receivables and payables as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Other receivables from customer	2.294.298	1.201.484
Due from personnel	318.747	243.736
Receivables from insurance companies	285.885	298.727
Deposits and guarantees given	82.897	202.562
Other	164.047	84.890
Total other receivables	**3.145.874**	**2.031.399**
Other receivables from related parties (Note 31)	**47.731.069**	**85.685.494**
	50.876.943	**87.716.893**

The details of long term other receivables as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Deposits and guarantees given to third parties	1.629.829	1.622.518
Total other long-term receivables	**1.629.829**	**1.622.518**

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

NOTE 11 - OTHER RECEIVABLES AND PAYABLES (Continued)

The detail of other short term receivables as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Short-term liabilities arising from business combinations (*)	-	774.009.638
Other (**)	23.620.903	23.593.082
Total other payables	**23.620.903**	**797.602.720**
Other payables to related parties (Note 31)	**-**	**31.534.946**
Total other payables	**23.620.903**	**829.137.666**

The detail of other long term receivables as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Deposits and guarantees received	230.913	203.527
Other (**)	28.135.762	45.262.716
Total long term other payables	**28.366.675**	**45.466.243**

(*) The short term payables are related to the business combinations held on 31 May 2013, paid on 19 June 2015.

(**) The short term and long term other payables are mainly related with the acquisition of YKM A.Ş. and YKM Pazarlama A.Ş. on 22 October 2013 and amounting to TRY 23.073.725 and TRY 27.409.597 respectively (31 December 2014: TRY 23.077.764 and 44.722.171).

NOTE 12 - INVENTORIES

The detail of inventories as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Trade goods	895.136.616	669.818.473
Raw materials and supplies	53.527.265	46.249.255
Real estates (*)	44.256.935	51.263.261
Goods in transit	39.290.498	40.485.329
Finished goods	36.321.574	83.236.633
Semi-finished goods	25.390.586	22.142.256
Auxiliary materials	9.875.343	10.010.553
	1.103.798.817	**923.205.760**
Less: Provision for impairment on inventories	(24.345.493)	(20.342.583)
	1.079.453.324	**902.863.177**

(*) The Group has signed a revenue sharing agreement with Fer Gayrimenkul Geliştirme ve İnşaat A.Ş. on 29 September 2010 for the project related to the construction of office, residence and commercial building on the land of the Group. The land is classified to the inventories based on its fair value on 30 September 2011 due to this revenue sharing agreement. In accordance with the protocol signed with Fer Yapı on 26 December 2014, revenue sharing is completed, land classified as inventory is derecognized while stores and residences are recognized as inventory on 31 December 2014. Revenue on real estates are recognized in the income statement when the risk and benefit of the stores and residences are transferred to the buyers.

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

NOTE 12 - INVENTORIES (Continued)

The total insurance coverage on inventories is amounting as TRY 1.386.750.000 as at 31 December 2015 (31 December 2014: TRY 1.375.510.471).

The movement of the impairment on inventories during the periods ended as of 31 December 2015 and 2014 is as follows:

	2015	2014
Opening balance - 1 January	**20.342.583**	**16.227.837**
Provision provided during the year	4.002.910	4.114.746
Closing balance - 31 December	**24.345.493**	**20.342.583**

NOTE 13 - PREPAID EXPENSES AND DEFERRED REVENUE

Deferred revenue – short term

	31 December 2015	31 December 2014
Advances received	29.797.834	49.322.577
Gift voucher	24.545.357	20.909.319
Unused certificates of return goods (*)	15.542.307	12.923.765
Customer loyalty points	8.891.930	9.382.160
Income related to the mall contributions	3.835.431	3.219.117
Other	2.884.560	2.978.862
	85.497.419	**98.735.800**

(*) Unused certificates of return goods consist of unused portion of certificates given to the customers for their return goods at the retail sales as of the balance sheet date.

Deferred revenue – long term

As of 31 December 2015, the non-current deferred revenue amounting to TRY 15.570.889 (31 December 2014: TRY 15.907.210) consists of income related to mall contribution amounting to TRY 15.513.469 (31 December 2014: TRY 15.907.210).

Prepaid expenses – short term

	31 December 2015	31 December 2014
Advances given for inventories	17.120.247	12.007.848
Prepaid insurance expenses	2.397.693	2.364.379
Other	5.185.515	5.106.760
	24.703.455	**19.478.987**

Prepaid expenses – long term

	31 December 2015	31 December 2014
Advances given for tangible assets	-	3.903.178
Other	251.659	247.449
	251.659	**4.150.627**

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

NOTE 14 - INVESTMENT PROPERTIES

	1 January 2015	Additions	Transfers	Change in fair value	31 December 2015
Fair value					
Starcity Mall	127.040.000	86.482	-	15.337.518	142.464.000
Land in Antalya	935.000	-	(935.000)	-	-
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	10.736.740	-	-	6.103.960	16.840.700
	138.886.740	**86.482**	**(935.000)**	**21.441.478**	**159.479.700**

In accordance with the protocol signed with Fer Yapı on 26 December 2014, revenue sharing is completed, land classified as inventory is derecognized and 88 store and residences are recognized as inventory on 31 December 2014. Since 10 of the stores classified as inventories are for rent, they are transferred to investment properties.

Starcity Mall have been revaluated by discounted cash flow method on 18 December 2015 by Elit Gayrimenkul Değerleme A.Ş. and fair value determined as TRY 356.160.000. The 2/5 ratio of the Group's share which is equal to TRY 142.464.000 have been accounted at fair value. Increase in fair value TRY 15.337.518 have been accounted in income statement under other operating income (Note 25).

Istwest stores have been revaluated by comparison with similar method on 26 March 2015 by Elit Gayrimenkul Değerleme A.Ş. In accordance with revaluation, fair values of the 10 stores have been determined as amounting to TRY 16.840.700. Fair value changes amounting to TRY 6.103.960 accounted in the income statement under other operating income (Note 25).

	1 January 2014	Additions	Transfers	Change in fair value	31 December 2014
Fair value					
Starcity Mall	120.240.000	39.286	-	6.760.714	127.040.000
Land in Antalya	935.000	-	-	-	935.000
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	-	-	10.736.740	-	10.736.740
	121.350.000	**39.286**	**10.736.740**	**6.760.714**	**138.886.740**

The comparison of the cost of investment properties and their fair values as of 31 December 2015 is as follows:

Name	Date of expertise report	Fair value (TRY)	Cost value (TRY)
Starcity Mall	24 December 2015	142.464.000	38.506.180
Store at Unkapanı	6 August 2013	175.000	43.961
Istwest stores	26 March 2015	16.840.700	10.736.740

As of 31 December 2015, rent income from investment properties is amounting to TRY 12.389.945 (31 December 2014: TRY 10.302.356).

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

NOTE 14 - INVESTMENT PROPERTIES (Continued)

31 December 2014

Name	Date of expertise report	Fair value (TRY)	Cost value (TRY)
Starcity Mall	5 January 2015	127.040.000	41.249.779
Land in Antalya	5 August 2013	935.000	66.492
Store at Unkapanı	6 August 2013	175.000	43.961

The fair value of land and buildings

As of 31 December 2015 and 2014, 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)

	31 December 2015		
	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			
Land and buildings			
Starcity Mall	-	142.464.000	-
Store at Unkapanı	-	175.000	-
Istwest stores	-	16.840.700	-
		159.479.700	

	31 December 2014		
	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			
Land and buildings			
Starcity Mall	-	127.040.000	-
Land in Antalya	-	935.000	-
Store at Unkapanı	-	175.000	-
Istwest stores	-	10.736.740	-
	-	**138.886.740**	**-**

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.

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

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2015	Additions	Disposals (-)	Transfers	Assets acquired through business combinations	31 December 2015
Cost						
Lands	62.934	48.820.372	-	-	-	48.883.306
Buildings	-	26.311.968	-	-	-	26.311.968
Plant, machinery and equipment	126.672.471	5.103.097	(78.618)	-	458.361	132.155.311
Furniture and fixtures	148.381.906	23.684.841	(1.565.492)	3.153.439	-	173.654.694
Motor vehicles	1.127.883	-	(260.536)	-	67.637	934.984
Leasehold improvements	227.488.942	34.255.455	(5.490.250)	474.645	403.989	257.132.781
Construction in progress	749.843	8.299.348	-	(3.628.084)	-	5.421.107
	504.483.979	**146.475.081**	**(7.394.896)**	**-**	**929.987**	**644.494.151**
Accumulated depreciation (-)						
Buildings	-	(43.853)	-	-	-	(43.853)
Plant, machinery and equipment	(113.681.854)	(4.770.630)	50.044	-	-	(118.402.440)
Furniture and fixtures	(42.087.211)	(24.985.302)	445.434	-	-	(66.627.079)
Motor vehicles	(676.450)	(131.472)	179.689	-	-	(628.233)
Leasehold improvements	(74.851.854)	(34.083.085)	1.394.053	-	-	(107.540.886)
	(231.297.369)	**(64.014.342)**	**2.069.220**	**-**	**-**	**(293.242.491)**
Net book value	**273.186.610**				**351.251.660**	

As of 31 December 2015 total amount of insurance coverage on tangible fixed assets is amounting to TRY 1.054.431.709 (31 December 2014: TRY 877.100.395).

	1 January 2014	Additions	Disposals (-)	Transfers	Impairment (*)	31 December 2014
Cost						
Land	62.934	-	-	-	-	62.934
Plant, machinery and equipment	125.644.550	1.773.877	(745.956)	-	-	126.672.471
Furniture and fixtures	117.440.430	27.609.140	(804.627)	4.136.963	-	148.381.906
Motor vehicles	866.281	261.602	-	-	-	1.127.883
Leasehold improvements	199.053.381	27.276.052	(2.845.644)	6.496.756	(2.491.603)	227.488.942
Construction in progress	5.323.257	7.967.031	-	(12.540.445)	-	749.843
	448.390.833	**64.887.702**	**(4.396.227)**	**(1.906.726)**	**(2.491.603)**	**504.483.979**
Accumulated depreciation (-)						
Plant, machinery and equipment	(108.604.442)	(5.784.006)	706.594	-	-	(113.681.854)
Furniture and fixtures	(20.001.914)	(22.292.026)	206.729	-	-	(42.087.211)
Motor vehicles	(476.246)	(200.204)	-	-	-	(676.450)
Leasehold improvements	(50.052.120)	(27.066.351)	59.029	-	2.207.588	(74.851.854)
	(179.134.722)	**(55.342.587)**	**972.352**	**-**	**2.207.588**	**(231.297.369)**
Net book value	**269.256.111**				**(284.015)**	**273.186.610**

(*) Impairment on property and equipment amounting to TRY 284.015, net is related to special costs of closed stores written off during the period 1 January – 31 December 2014.

As of 31 December 2015 depreciation expense amounting to TRY 49.898.359 (31 December 2014: TRY 41.463.804) has been charged in marketing expenses, TRY 6.235.153 (31 December 2014: TRY 7.233.405) has been charged in cost of sales, TRY 7.868.472 (31 December 2014: TRY 6.629.344) has been charged in general and administrative expenses, and TRY 12.358 (31 December 2014: TRY 16.034) has been charged in research and development expenses (Note 24).

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

NOTE 16 - INTANGIBLE ASSETS

	1 January 2015	Additions	Disposals (-)	Assets acquired through business combinations (*)	31 December 2015
Cost					
Rights	12.286.040	1.729.521	-	17.028	14.032.589
Brands	469.359.395	-	-	-	469.359.395
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	9.882.806	7.466.492	-	-	17.349.298
	1.063.778.246	**9.196.013**	**-**	**17.028**	**1.072.991.287**
Accumulated amortization (-)					
Rights	(8.664.032)	(3.554.605)	-	-	(12.218.637)
Favorable rent contract	(41.048.125)	(25.925.132)	-	-	(66.973.257)
Franchise agreements	(27.414.294)	(13.724.720)	-	-	(41.139.014)
Customer network	(8.098.961)	(5.115.133)	-	-	(13.214.094)
Computer licenses	(2.678.304)	(3.630.447)	-	-	(6.308.751)
	(87.903.716)	**(51.950.037)**	**-**	**-**	**(139.853.753)**
Net book value	**975.874.530**				**933.137.534**

	1 January 2014	Additions	Disposals (-)	Transfers	31 December 2014
Cost					
Rights	8.802.775	1.593.876	(2.880)	1.892.269	12.286.040
Brands	468.937.644	414.557	-	7.194	469.359.395
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	6.302.572	3.574.906	(1.935)	7.263	9.882.806
	1.056.292.996	**5.583.339**	**(4.815)**	**1.906.726**	**1.063.778.246**
Accumulated amortization (-)					
Rights	(5.045.485)	(3.620.761)	2.214	-	(8.664.032)
Favorable rent contract	(15.122.993)	(25.925.132)	-	-	(41.048.125)
Franchise agreements	(9.303.531)	(18.110.763)	-	-	(27.414.294)
Customer network	(2.983.828)	(5.115.133)	-	-	(8.098.961)
Computer licenses	(591.635)	(2.087.421)	752	-	(2.678.304)
	(33.047.472)	**(54.859.210)**	**2.966**	**-**	**(87.903.716)**
Net book value	**1.023.245.524**			**975.874.530**	

As of 31 December 2015, amortization expense amounting to TRY 45.902.407 (31 December 2014: TRY 50.216.060) has been charged in marketing expenses, TRY 5.983.837 (31 December 2014: TRY 4.575.911) has been charged in general and administrative expenses, TRY 47.767 (31 December 2014: TRY 47.117) has been charged in cost of sales and TRY 16.026 (31 December 2014: TRY 20.122) has been charged in research and development expenses (Note 24).

NOTE 16 - INTANGIBLE ASSETS (Continued)

Brands

Brands consist of Beymen brand whose fair value exercise completed as of 31 December 2013 and Boyner, Beymen Club and Beymen Business brands whose fair value exercises completed as of 31 May 2014 (Note 3). Furthermore, brands also include T-Box brand which is purchased from Boyner Holding on 1 October 2010 and Divarese brand purchased from Vincenzo Schilacci and Step SRL on 15 July 2011.

Brand impairment tests

As of 31 December 2015, brands have been tested for impairment by using the revenue approach. While testing the value of brand, sales estimations based on the financial budgets approved by the management have been used.

Beymen brand

While testing the value of Beymen brand, revenue plans based on the financial budgets approved by the management covering a five year period have been taken into consideration with a growth rate between 10% and 20% and accordingly the cash flows calculated is discounted with a rate of 13,6%. For the following period after five years, cash flows have been determined with a growth rate of 4,5%. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 13,60%, 14,60% or 12,60%) the fair value as at 31 December 2015 would decrease by TRY 52.086.820 and increase by TRY 65.270.685 and no impairment has been identified in sensitivity analysis performed with the rates.

Boyner brand

While testing the value of Boyner brand, revenue plans based on the financial budgets approved by the management covering a five year period have been taken into consideration with a growth rate between 10% and 20% and accordingly the cash flows is discounted with a rate of 14,7%. For the following period after five years, cash flows have been determined with a growth rate of 4,5%. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 14,70%, 15,70% or 13,70%) the fair value as at 31 December 2015 would decrease by TRY 56.496.785 and increase by TRY 69.269.719 and no impairment has been identified in sensitivity analysis performed with these rates.

T-box brand

While testing the value of T-box brand, revenue plans based on the financial budgets approved by the management covering a five year period have been taken into consideration with a growth rate between 15% and 30% and accordingly the cash flows calculated is discounted with a rate of 13,5%. As of 31 December 2015, the Group has not identified any impairment as a result of this test. Discount rate after tax being 1% higher/lower (instead 13,5%, being 14,5% or 12,5%) which is used in discounted cash flow calculations causes decrease at fair value amounting to TRY 2.213.457 or increase amounting to TRY 2.811.348 and no impairment has been identified in sensitivity analysis performed with these rates.

As a result of the impairment tests for goodwill performed based on the assumptions explained above, the Group did not identify any impairment as of 31 December 2015. As the fair values of the brands are higher than their carrying values, management did not calculate the recoverable amounts in terms of value in use.

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

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

Short term provision for employee benefits amounting to TRY 17.781.353 (31 December 2014: TRY 12.226.042) mainly consists of provision for unused vacation rights and bonus provision.

Other short term provisions

Other short term provision as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Provision for sales returns and price differences	13.615.006	11.434.862
Provision for litigations	5.095.436	2.998.275
Other	56.742	42.121
	18.767.184	**14.475.258**

The movement of other short term provisions is as follows:

	1 January 2015	Additions	Paid provisions	31 December 2015
Provision for sales returns and price differences	11.434.862	10.273.802	(8.093.658)	13.615.006
Provision for litigations	2.998.275	2.796.167	(699.006)	5.095.436
Other	42.121	14.621	-	56.742
Total	**14.475.258**	**13.084.590**	**(8.792.664)**	**18.767.184**

	1 January 2014	Additions	Paid provisions	31 December 2014
Provision for sales returns and price differences	8.310.125	11.155.736	(8.030.999)	11.434.862
Provision for litigations	3.228.417	1.513.902	(1.744.044)	2.998.275
Other	-	51.578	(9.457)	42.121
Total	**11.538.542**	**12.721.216**	**(9.784.500)**	**14.475.258**

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

NOTE 17 - 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 31 December 2015 and 2014 are as follows:

	31 December 2015	**31 December 2014**
The GPM's given by the Group		
A. Total amount of GPMs which the Company provided on behalf of its own legal entity	795.278	26.044.872
B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation	324.243.271	424.240.764
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.	-	-
	325.038.549	**450.285.636**

As of 31 December 2015 and 2014, there are not any other guarantees, pledges, and mortgages given by the Group.

The details of GPM are given as of 31 December 2015 and 2014 are as follows:

	31 December 2015		**31 December 2014**	
Currency	**Original Amount**	**TRY Equivalent**	**Original Amount**	**TRY Equivalent**
TRY	263.324.295	263.324.295	359.917.618	359.917.618
USD	-	-	37.841.825	87.751.408
EUR	19.421.656	61.714.254	10.033.855	28.302.495
		325.038.549		**475.971.521**

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

NOTE 18 - COMMITMENTS

The details of commitments related to operational and financial leases as of 31 December 2015 and 2014 are as follows:

Operating vehicles lease commitments:

	31 December 2015	31 December 2014
Payable within 1 year	3.217.609	2.762.593
Payable within 1 - 5 years	2.997.245	2.801.405
	6.214.854	**5.563.998**

Operating stores leasing commitments:

	31 December 2015	31 December 2014
Payable within 1year	124.195.925	105.051.847
Payable within 1 - 5 years	138.159.599	75.860.186
	262.355.524	**180.912.033**

Finance leasing commitments:

	31 December 2015	31 December 2014
Payable within 1 year	5.193.615	8.459.088
Payable within 1 - 5 years	2.537.973	2.300.638
	7.731.588	**10.759.726**

Operating office leasing commitments:

	31 December 2015	31 December 2014
Payable within 1 year	2.162.584	14.695.729
Payable within 1 - 5 years	-	2.200.000
	2.162.584	**16.895.729**

The commitments of the Group related to export operations as of 31 December 2015 amounting to USD 6.108.417 (31 December 2014: USD 5.477.247).

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

NOTE 19 - EMPLOYEE BENEFITS

Short term provision for employee benefits

Short term provision for employee benefits as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Payables to personnel	11.734.098	11.964.811
Social security premiums	9.272.681	8.651.118
	21.006.779	**20.615.929**

Long term provision for employee benefits

Under the Turkish Labor Law, the Group is required to pay employee benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2242 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on May 23, 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 3.828,37 for each period of service as of 31 December 2015 (31 December 2014: TRY 3.438,22). The retirement pay provision ceiling is revised semi-annually, and TRY 4.092,53 which is effective from 1 January 2016, is taken into consideration in the calculation of provision for employee benefits (31 December 2014: TRY 3.541,37 effective from 1 January 2014). Liability of employee benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) are accounted in the statement of comprehensive income under revaluation reserves.

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. Consequently, in the accompanying consolidated financial statements as of 31 December 2015 and 2014 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated with real discount rate 3,40% (31 December 2014: 2,97%) by assuming an annual inflation rate of 6% (31 December 2014: 6%) and an interest rate of 9,60% (31 December 2014: 9,15%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. The estimated rates of 31 December 2015 date for store personnel 79,83% (31 December 2014: 59,92%) and 96,50% for the management and other personnel (31 December 2014: 97,10%)

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

NOTE 19 - EMPLOYEE BENEFITS (Continued)

The provision for employee benefits in the statement of comprehensive income and balance sheet is as follows:

	31 December 2015	31 December 2014
Current period charge	16.027.902	6.765.779
Finance charge of employee benefits (Note 28)	2.076.455	2.758.228
	18.104.357	**9.524.007**

	31 December 2015	31 December 2014
Provision for employee benefits	32.683.148	24.318.778
	32.683.148	**24.318.778**

The movement of employee benefits is as follows:

	2015	2014
Opening balance - 1 January	**24.318.778**	**21.536.781**
Cost of service	16.027.902	6.765.779
Cost of interest	2.076.455	2.758.228
Actuarial losses	6.107.580	1.756.215
Amount acquired through business combinations	242.584	-
Payments (-)	(16.090.151)	(8.498.225)
Closing balance - 31 December	**32.683.148**	**24.318.778**

NOTE 20 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2015	31 December 2014
Value added taxes carried forward	96.102.516	56.207.455
Other VAT receivables	14.616.915	10.264.446
Job advances	585.337	648.871
Advances given to employees	5.820	8.976
Other	2.437.533	2.169.501
	113.748.121	**69.299.249**

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

NOTE 20 - OTHER ASSETS AND LIABILITIES (Continued)

Other non-current assets

Other non-current assets of the Group consist of long term VAT receivables amounting to TRY 28.002.075 (31 December 2014: TRY 31.885.180).

Other short term liabilities

	31 December 2015	31 December 2014
Taxes, fees and other deduction payables	9.492.748	11.598.596
Other	1.251.390	1.076.900
	10.744.138	**12.675.496**

NOTE 21 - EQUITY

The shareholders and the shareholding structure of the Company as at 31 December 2015 and 2014 are as follows:

	31 December 2015		31 December 2014	
	Share	**Amount (TRY)**	**Share**	**Amount (TRY)**
Boyner Holding	54,80%	31.619.228	79,11%	31.645.113
Mayhoola for Investments OPC (*)	30,68%	17.700.000	-	-
Other shareholders and free float (**)	14,52%	8.380.772	20,89%	8.354.887
Paid-in capital	**100,00%**	**57.700.000**	**100,00%**	**40.000.000**
Inflation adjustment difference in share capital		56.061.369		56.061.369
Total adjusted capital		**113.761.369**		**96.061.369**

(*) 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 57.700.00, and issued shares with nominal value of TRY 17.700.000 are sold to Mayhoola for Investments OPC 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".

(**) Represents shareholding less than 10%.

As of 31 December 2015, the registered share capital of the Company is TRY 57.700.000 (31 December 2014: TRY 40.000.000) and the Company's share capital consists of 5.770.000.000 issued shares with TRY 0,01 nominal value each (31 December 2014: 4.000.000.000).

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

NOTE 21 - EQUITY (Continued)

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 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 consist of, legal reserves, gain on sale of subsidiary and gain on sale of investment properties, are as follows:

	31 December 2015	**31 December 2014**
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 31 December 2015 and 2014 are as follows:

	31 December 2015	**31 December 2014**
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)
Effect of deferred tax	(3.943.025)	(3.943.025)
Transfers to accumulated losses	(58.951.511)	(54.315.675)
	15.930.274	**20.566.110**

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

NOTE 21 - EQUITY (Continued)

The movement of revaluation funds as of 31 December 2015 and 2014 is as follows:

	2015	2014
Opening balance - 1 January	20.566.110	29.805.030
Transfers to accumulated losses (*)	(4.635.836)	(9.238.920)
Closing balance - 31 December	**15.930.274**	**20.566.110**

(*) Revenue is recognized when the risk and benefits of the real estate inventories are transferred to buyer as explained in Note 12. Revaluation fund associated with income recognized during the periods ended 31 December 2015 and 2014 are transferred to accumulated loss.

Impact of business combinations under common control

The detail of impact of business combinations under common control as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Impact of the acquisition of BBM	(43.646.268)	(43.646.268)
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 (Note 3)	(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 (Note 3)	(3.750.172)	-
	(311.626.838)	**(307.876.666)**

NOTE 22 - REVENUE AND COST OF SALES

Sales

	2015	2014
Domestic sales	3.888.982.044	3.441.658.051
Export sales	69.148.702	69.397.258
Real estate sales	19.734.491	114.992.722
Other sales	3.520.169	4.628.649
Sales returns (-)	(411.387.264)	(324.751.905)
Sales discounts (-)	(172.020.969)	(145.511.085)
	3.397.977.173	**3.160.413.690**

Cost of sales

	2015	2014
Cost of trade goods sold	1.805.328.667	1.661.047.650
Cost of finished goods sold	163.734.276	153.667.870
Cost of services given and real estate sold	16.227.128	93.623.605
	1.985.290.071	**1.908.339.125**

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

NOTE 23 – MARKETING, GENERAL ADMINISTRATIVE AND RESEARCH AND DEVELOPMENT EXPENSES

	2015	**2014**
Marketing expenses	1.015.991.186	887.032.629
General administrative expenses	278.054.444	227.553.997
Research and development expenses	4.673.946	5.311.048
	1.298.719.576	**1.119.897.674**

Research and development expenses

	2015	**2014**
Personnel expenses	3.221.299	3.342.118
Outsourced benefits and services	653.641	1.071.089
Depreciation and amortization expenses (Notes 15 and 16)	28.384	36.156
Other	770.622	861.685
	4.673.946	**5.311.048**

Marketing expenses

	2015	**2014**
Personnel expenses	302.101.570	265.054.822
Rent expense	297.720.264	243.413.038
Selling, commission and bonus expenses	116.584.779	104.496.203
Depreciation and amortization expenses (Notes 15 and 16)	95.800.766	91.679.864
Outsourced benefits and services	81.689.042	74.182.291
Advertisement, brand and store expenses	79.307.118	66.677.899
Other	42.787.647	41.528.512
	1.015.991.186	**887.032.629**

General administrative expenses

	2015	**2014**
Personnel expenses	160.313.068	127.821.868
Outsourced benefits and services	30.753.833	30.399.103
Storage expenses	20.885.590	13.442.311
Depreciation and amortization expenses (Notes 15 and 16)	13.852.309	11.205.255
Rent expense	11.802.636	10.072.921
Travel expense	5.152.334	4.249.190
Other	35.294.674	30.363.349
	278.054.444	**227.553.997**

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

NOTE 24 - EXPENSE BY NATURE

Personnel expenses

	2015	2014
Marketing expenses	302.101.570	265.054.822
General administrative expenses	160.313.068	127.821.868
Research and development expenses	3.221.299	3.342.118
Cost of goods sold	13.763.419	10.230.947
	479.399.356	**406.449.755**

Depreciation and amortization expenses

	2015	2014
Marketing expenses	95.800.766	91.679.864
General administrative expenses	13.852.309	11.205.255
Research and development expenses	28.384	36.156
Cost of goods sold	6.282.920	7.280.522
	115.964.379	**110.201.797**

NOTE 25 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	2015	2014
Foreign exchange income	149.348.036	71.094.341
Rediscount income	51.225.748	41.697.802
Interest income arising from the sales with extended terms	25.230.549	25.374.673
Increase in fair value of investment properties (Note 14)	21.441.478	6.760.714
Commission income	6.324.521	3.445.725
Rent income	4.427.229	2.403.271
Collection of impaired receivables (Not 10)	853.958	2.189.792
Other	31.462.422	22.525.743
	290.313.941	**175.492.061**

Other operating expense

	2015	2014
Foreign exchange losses	167.770.316	72.667.723
Unearned finance expense from trade receivables	49.193.748	43.632.000
Rediscount expenses	43.655.082	36.811.298
Provision expense of doubtful receivables (Note 10)	10.773.216	1.122.412
Commission expenses	1.422.246	1.025.301
Other	15.841.055	12.640.018
	288.655.663	**167.898.752**

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

NOTE 26 - INCOME/ (EXPENSES) FROM INVESTING ACTIVITIES

Income from investing activities

	2015	2014
Gain on sales of investment property	1.426.000	-
Gain on sales of fixed assets	516.401	70.695
Other	458.750	-
	2.401.151	**70.695**

Loss from investing activities

	2015	2014
Loss on sales of fixed assets	4.154.101	2.031.153
	4.154.101	**2.031.153**

NOTE 27 - FINANCIAL INCOME

Financial income

	2015	2014
Foreign exchange income	34.438.069	8.308.630
Interest income	5.694.936	10.401.222
	40.133.005	**18.709.852**

NOTE 28 - FINANCIAL EXPENSES

Financial expenses

	2015	2014
Foreign currency losses	217.711.447	77.837.723
Interest expenses arising from bank borrowings	191.514.566	138.497.371
Interest expenses arising from bills and bonds	50.013.607	57.496.746
Credit card commissions and early collection interest	21.125.608	15.652.825
Interest expense from the purchases with extended terms	32.323.323	56.418.269
Bank commission expenses	12.083.559	7.951.409
Factoring expenses	11.202.537	17.074.805
Interest expenses related to employee benefits (Note 19)	2.076.455	2.758.228
Other	3.951.852	5.957.691
	542.002.954	**379.645.067**

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

NOTE 29 - TAX ASSETS AND LIABILITIES

a) Corporate Tax

The Turkish corporation tax rate for 2015 is 20% (31 December 2014: 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Taxes on profit for the period consist of the following:

	31 December 2015	**31 December 2014**
Corporate tax calculated	8.546.810	12.059.552
Prepaid taxes (-)	(6.807.317)	(9.861.451)
	1.739.493	**2.198.101**

Tax income and expenses stated in the statement of comprehensive income are as follows:

	2015	**2014**
Corporate tax expense	(8.546.810)	(12.059.552)
Deferred tax income	12.062.741	7.179.767
Total tax income/(expense)	**3.515.931**	**(4.879.785)**

The reconciliation of the tax expense in the consolidated statement of comprehensive income is as follows:

	2015	**2014**
Profit before tax	**(385.128.641)**	**(221.009.535)**
Corporate tax of 20%	77.025.728	44.201.907
Non-deductible expenses	(11.774.571)	(12.202.602)
Non-taxable income	7.378.242	3.694.916
Current period tax losses on which deferred tax is not calculated	(55.617.993)	(42.990.482)
Other adjustments on which deferred tax is not calculated	47.134	8.967.592
Consolidation adjustments on which deferred tax is not calculated	(6.003.669)	(6.765.347)
Other	(7.538.940)	214.231
Total tax income/(expense)	**3.515.931**	**(4.879.785)**

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

NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred tax assets and liabilities:

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities using principal tax rates are as follows:

	31 December 2015		31 December 2014	
	Temporary differences	**Deferred tax asset / (liability)**	**Temporary differences**	**Deferred tax asset / (liability)**
Tangible/intangible fixed asset	969.428.838	(193.885.768)	995.933.491	(199.186.698)
Rediscount on trade receivable and payable, net	(1.049.709)	209.942	(2.462.377)	492.475
Inventories	(53.307.532)	10.661.506	(31.092.799)	6.218.560
Provision for employee benefits	(48.164.267)	9.632.852	(33.262.081)	6.652.416
Provision for doubtful receivables	(13.374.631)	2.674.926	(5.281.550)	1.056.310
Provision for sales returns and price difference	(13.430.997)	2.686.199	(11.246.920)	2.249.384
Deferred revenue and customer loyalty programs	(28.240.830)	5.648.166	(27.980.930)	5.596.186
Carry forward losses	(79.327.857)	15.865.571	-	-
Fair value difference of real estate recognized in the income statement	103.957.820	(20.791.564)	82.083.464	(16.416.692)
Derivative instruments	59.752.641	(11.950.529)	4.932.511	(986.503)
Other	(39.376.113)	7.875.226	(48.057.358)	9.620.063
Deferred tax asset/ (liability), net	**856.867.363**	**(171.373.473)**	**923.565.451**	**(184.704.499)**
Deferred tax asset		**21.188.383**		**20.780.265**
Deferred tax liability		**(192.561.856)**		**(205.484.764)**

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

NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred tax assets/(liabilities) for the periods ended 31 December 2015 and 2014 are as follows:

	2015	**2014**
Opening balance - 1 January	**(184.704.499)**	**(192.235.508)**
Tax income for the period	12.062.741	7.179.767
Amount recognized in equity	1.221.516	351.243
Deferred tax asset acquired through business combinations, net (Note 3)	46.769	-
Closing balance - 31 December	**(171.373.473)**	**(184.704.499)**

Deferred tax assets and liabilities are offset due to fulfillment of conditions such that there is an applicable right for offsetting current tax assets and liabilities, and furthermore, it is intended to fulfill the current tax liabilities simultaneously with the formation of current tax assets.

The deferred tax assets on carry forward tax losses which are not recognized as the end of each period are reviewed. When it is probable that the taxable profit for the use of deferred tax assets will be obtain in the near future, deferred tax assets which are not recognized in the prior periods are recognized in the current period.

NOTE 30 - EARNING/ (LOSS) PER SHARE

Earnings per share are calculated by dividing the net loss for the period by the weighted average number of Boyner Perakende shares during the period. The calculation is as below:

	2015	**2014**
Loss for the current period (TRY)	(381.635.408)	(225.956.139)
Weighted average number of shares (*)	49.508.264	40.000.000
Loss per share of the Company (TRY)	(7,71)	(5,65)

(*) Per share of TRY 1 nominal value.

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

NOTE 31 - RELATED PARTY DISCLOSURES

a) Trade receivables due from related parties as of 31 December 2015 and 2014 are as follows:

	31 December 2015		31 December 2014	
	Trade	**Other**	**Trade**	**Other**
Receivables from shareholders				
Boyner Holding A.Ş.	3.648.764	41.349.717	2.276.105	83.792.200
Receivables from associates				
Nile Bosphorus (*)	4.077.595	-	3.252.007	-
İzkar Giyim Tic Ve San A.Ş.	-	-	586.877	-
Christian Dior İstanbul Mağazacılık A.Ş	-	39.308	-	141.908
Elif Co. For General Trading Ltd.	11.398.439	-	8.620.037	-
Christian Louboutin Mağazılık A.Ş	-	-	164.538	-
Receivables from other related parties				
BR Mağazacılık A.Ş.	28.751.418	-	15.683.954	-
Fırsat Teknoloji A.Ş.	9.616.993	6.342.044	18.744.905	1.684.282
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith.ve İhr. Turizm Ltd.	11.235.233	-	4.529.644	-
Era Mağazacılık A.Ş.	8.721.154	-	5.173.150	-
Nişantaşı Turizm İşletmeleri A.Ş.	-	-	2.130	67.104
Total	**77.449.596**	**47.731.069**	**59.033.347**	**85.685.494**

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

b) Trade payables due to related parties as of 31 December 2015 and 2014 are as follows:

	31 December 2015		31 December 2014	
	Trade	**Other**	**Trade**	**Other**
Payables to shareholders				
Boyner Holding A.Ş.	255.810	-	1.411.131	8.350.048
Payables to individual shareholders	-	-	-	23.184.898
Payables to associates				
Christian Louboutin SA.	182.499	-	-	-
Christian Louboutin Mağazacılık A.Ş	288.817	-	87.933	-
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	862.208	-
Payables to other related parties				
BNR Teknoloji A.Ş.	1.375.055	-	114.374	-
BR Mağazacılık A.Ş.	6.793.565	-	6.007.923	-
Alsis Sigorta Acentalığı A.Ş.	2.435.949	-	2.118.491	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	8.249	-	5.869	-
Fırsat Teknoloji A.Ş.	32.458	-	2.619	-
Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.	834.442	-	691.712	-
	12.206.844	**-**	**11.302.260**	**31.534.946**

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

NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

c) Purchase and sale of goods and services to related parties as of 31 December 2015 and 2014 are as follows:

	31 December 2015			31 December 2014		
Purchases	**Goods**	**Services**	**Interest/ Other**	**Goods**	**Services**	**Interest/ Other**
Shareholders						
Boyner Holding A.Ş.	20.573	7.655.153	1.381.370	35.722	16.607.401	2.457.371
Joint-ventures						
Christian Dior İstanbul Mağazacılık A.Ş.	4.847.108	-	-	4.667.638	-	-
Christian Louboutin Mağazacılık A.Ş.	4.401.830	-	-	4.464.099	-	-
Other related parties						
BR Mağazacılık A.Ş.	14.872.847	-	-	15.538.250	-	14.611
Fırsat Elektronik A.Ş.	3.001.420	1.011.179	-	1.737	1.389.675	-
Ran Konfeksiyon Tekstil Deri Yan Ürünler Ith. ve İhr. Turizm Ltd.	-	-	283.998	-	-	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	204.300	-	-	143.500	-
Alsis Sigorta Acentalığı A.Ş.	-	9.262.646	-	-	8.159.329	-
BNR Teknoloji A.Ş.	-	23.156.184	-	-	76.167	-
Nişantaşı Turizm İşletmeleri A.Ş.	-	-	-	-	24.407	-
Inco İnşaat A.Ş.	-	67.200	-	-	-	-
Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.	903.961	-	-	782.340	-	-
	28.047.739	**41.356.662**	**1.665.368**	**25.489.786**	**26.400.479**	**2.471.982**

	31 December 2015			31 December 2014		
Sales	**Goods**	**Services**	**Interest/ Other**	**Goods**	**Services**	**Interest/ Other**
Shareholders						
Boyner Holding A.Ş.	47.738	126.000	9.015.249	71.440	867.610	7.534.531
Associates						
İzkar Giyim Tic. ve San. A.Ş.	-	-	-	10.554.837	-	-
Elif Co. For General Trading Ltd.	4.326.293	-	-	5.640.171	-	-
Christian Dior İstanbul Mağazacılık A.Ş.	8.206	285.120	-	3.777	259.200	-
Christian Louboutin Mağazacılık A.Ş.	101.225	251.370	-	-	-	-
Other related parties						
BR Mağazacılık A.Ş.	60.454.550	1.087.299	300.095	47.756.676	443.980	2.560.135
Fırsat Teknoloji A.Ş.	22.756.033	1.355.057	1.209.280	38.869.990	1.030.633	373.163
Nişantaşı Turizm İşletmeleri A.Ş.	-	29.800	-	-	744.467	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith. ve İhr. Turizm Ltd.	12.337.283	-	581.226	8.710.504	-	119.509
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	4.394	52.900	-	26.695	-	-
Alsis Sigorta Acentalığı A.Ş.	-	72.000	-	-	72.000	-
BNR Teknoloji A.Ş.	6.736	15.349.810	1.155	-	-	-
Christian Louboutin Mağazacılık A.Ş.	-	-	-	158.711	239.400	-
Era Mağazacılık A.Ş.	6.224.321	813.443	-	2.396.006	734.665	-
Bassae Bireysel Ürünler Satış ve Pazarlama A.Ş.	-	74.032	-	43.000	29.318	-
	106.266.779	**19.496.831**	**11.107.005**	**114.231.807**	**4.421.273**	**10.587.338**

d) The top management team comprises of board members, general manager and deputy general managers. As of 31 December 2015, the Group has provided remuneration amounting to TRY 49.967.747 to the top executives (1 January - 31 December 2014: TRY 47.122.764).

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's management policies and implementations related to risks arising from financial instruments are explained below:

i. Credit risk

Credit risk is the risk of loss arising from one of the parties to a transaction that does not fulfill his liabilities in relation to a financial instrument. The significant exposure of credit risk of the Group arises from cash and cash equivalent and trade receivables. The Group tries to monitor its credit risk through limiting the transactions made with certain parties and by continuous evaluation of the credibility of its related parties.

Majority of the trade receivables are due from third parties and related parties. The Group has established an effective control system over the dealers and the credit risk arising from these transactions are followed up by the management. The Group has a high number of customers; hence its credit risk is dispersed. In managing the risk arising from non-related parties, the Group receives bank guarantees, credit insurance, mortgages on real estate and guarantee cheques and notes based on a principle to secure its receivables to the highest extent possible.

The collection of payments against exports is secured by letter of credit, guarantee letters, or advance payment methods.

The credit risks incurred by the Group by type of financial instruments as of 31 December 2015 and 2014 are set out in the table below:

	31 December 2015					
	Trade Receivables		Other Receivables			
	Related parties	Third parties	Related parties	Third parties	Deposits in bank	Other
Maximum credit risk incurred as of the reporting date (1)	**77.449.596**	**281.716.220**	**47.731.069**	**4.775.703**	**36.215.805**	**52.030.260**
- The part of maximum risk under guarantee with collaterals, etc.	-	45.090.880	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (2)	65.030.477	252.290.206	47.731.069	4.775.703	36.215.805	52.030.260
The part under guarantee with collaterals, etc.	-	36.588.428	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	25.505.930	-	-	-	-
- The part under guarantee with collaterals, etc. (3)	-	6.243.000	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	12.419.119	3.920.084	-	-	-	-
- The part under guarantee with collaterals, etc.	-	1.659.452	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	35.254.468	-	-	-	-
- Impairment (-)	-	(35.254.468)				
- The part under guarantee with collaterals, etc.	-	600.000	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

1. The indicated totals represent the maximum credit risks incurred as of the reporting date without taking into consideration the guarantees held or other elements that improve creditability.
2. The indicated totals comprise of the customers that the Group did not have any collection problem or collected their receivables with delay.
3. The Group has obtained guarantee notes of TRY 6.243.000 against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i. Credit risk (Continued)

	31 December 2014					
	Trade Receivables		**Other Receivables**			
	Related parties	**Third parties**	**Related parties**	**Third parties**	**Deposits in bank**	**Other**
Maximum credit risk incurred as of the reporting date (1)	**59.033.347**	**349.319.989**	**85.685.494**	**3.653.917**	**42.886.761**	**274.192.387**
- The part of maximum risk under guarantee with collaterals, etc.	-	55.648.038	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (2)	48.647.758	295.970.644	85.685.494	3.653.917	42.886.761	274.192.387
The part under guarantee with collaterals, etc.	-	29.753.760	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	48.525.233	-	-	-	-
- The part under guarantee with collaterals, etc. (3)	-	13.493.000	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	10.385.589	4.824.112	-	-	-	-
- The part under guarantee with collaterals, etc.	-	11.692.135	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	25.625.598	-	-	-	-
- Impairment (-)	-	(25.625.598)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	709.143	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

1. The indicated totals represent the maximum credit risks incurred as of the reporting date without taking into consideration the guarantees held or other elements that improve creditability.
2. The indicated totals comprise of the customers that the Group did not have any collection problem or collected their receivables with delay.
3. The Group has obtained guarantee notes of TRY 13.493.000 against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

The trade receivables that are past due but not impaired are as follows:

Trade receivables	**31 December 2015**	**31 December 2014**
1-30 days overdue	3.948.694	3.493.452
1-3 months overdue	2.676.466	3.675.539
3-12 months overdue	9.714.043	8.040.710
Total	**16.339.203**	**15.209.701**
The part secured with guarantee	**1.659.452**	**11.692.135**

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

ii. Liquidity risk

Liquidity risk is the risk of inability to provide sufficient funds for the needs of the Group. The Group aims the continuity of its cash inflows and variability by long term borrowings, issuance of bonds, and by the management of cash and short term time deposits.

The maturities of the Group's assets and liabilities are disclosed by taking the time between the balance sheet date and maturity date into consideration.

As of 31 December 2015 and 2014, the liquidity risk arising from the Group's financial liabilities consist of the following:

31 December 2015

Maturities in accordance with agreements	**Carrying value**	**Total cash outflows in accordance with contract**	**Less than 3 months**	**3-12 months**	**1-5 Years**
Derivative Financial Assets					
Derivative assets	59.760.767	59.760.767	5.740.025	17.115.135	36.905.607
Non-Derivative Financial Assets					
Trade and other receivables	411.672.588	430.753.795	195.815.519	206.023.733	28.914.543
Total	**471.433.355**	**490.514.562**	**201.555.544**	**223.138.868**	**65.820.150**

31 December 2014

Maturities in accordance with agreements	**Carrying value**	**Total cash outflows in accordance with contract**	**Less than 3 months**	**3-12 months**	**1-5 Years**
Derivative Financial Assets					
Derivative assets	4.932.506	4.932.506	481.132	1.202.606	3.248.768
Non-Derivative Financial Assets					
Trade and other receivables	497.692.747	516.278.508	285.833.152	156.812.124	73.633.232
Total	**502.625.253**	**521.211.014**	**286.314.284**	**158.014.730**	**76.882.000**

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

ii. Liquidity risk (Continued)

31 December 2015

Maturities in accordance with agreements	**Carrying value**	**Total cash outflows in accordance with contract**	**Less than 3 months**	**3-12 months**	**1-5 Years**	**More than 5 Years**
Non-Derivative Financial Liabilities						
Financial liabilities	1.815.653.102	2.076.948.768	319.051.348	625.653.165	1.079.774.265	52.469.990
Trade payables	1.186.428.594	1.150.790.580	633.064.529	458.652.939	59.073.112	-
Other financial liabilities	16.081.947	16.651.602	10.317.171	6.334.431	-	-
Other payables (Note 11)	51.987.578	57.199.694	10.017.921	18.815.098	28.366.675	-
	3.070.151.221	**3.301.590.644**	**972.450.969**	**1.109.455.633**	**1.167.214.052**	**52.469.990**

31 December 2014

Maturities accordance with agreements	**Carrying value**	**Total cash outflows in accordance with contract**	**Less than 3 months**	**3-12 months**	**1-5 Years**	**More than 5 Years**
Non-Derivative Financial Liabilities						
Financial liabilities	1.523.801.305	1.788.259.748	340.812.111	828.273.556	571.376.493	47.797.588
Trade payables	1.017.505.857	1.041.528.996	595.970.674	445.558.322	-	-
Other financial liabilities	109.628.739	113.310.103	69.575.885	43.734.218	-	-
Other payables (Note 11)	874.603.909	885.038.783	27.400.881	801.485.110	56.152.792	-
	3.525.539.810	**3.828.137.630**	**1.033.759.551**	**2.119.051.206**	**627.529.285**	**47.797.588**

iii. Price risk

The Group monitors its price risk through sales for hedging purposes, cost, and profitability analyses and following up on changes in market conditions.

iv. Foreign currency risk

The Group carries foreign currency risk because of its foreign currency transactions. This risk arises from sales or purchases, borrowings and time/demand deposits with a functional currency different from the group's presentation currency. Foreign currency risk is monitored by the Group, with the balance of net foreign currency position of asset and liabilities and derivative transactions.

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

iv. Foreign currency risk (Continued)

Foreign currency position as of 31 December 2015 and 2014 is set out in the table below:

	31 December 2015					**31 December 2014**				
	TRY Equivalent (Functional Currency)	**USD**	**EUR**	**GBP**	**CHF**	**TRY Equivalent (Functional Currency)**	**USD**	**EUR**	**GBP**	**CHF**
1. Trade receivables	31.467.316	9.420.173	1.143.152	101.515	2.786	56.911.954	16.622.575	6.111.920	313.109	-
2a. Monetary financial assets, (cash and banks account included)	6.862.240	1.919.045	388.955	10.808	-	3.421.203	1.084.633	302.789	11.562	4.442
2b. Non-Monetary financial assets	2.182.702	136.473	562.026	-	-	4.117.248	1.157.465	492.664	12.109	-
3. Other	16.849.633	2.662.692	2.582.532	209.579	-	45.254.712	2.167.576	14.132.627	101.337	-
4. Current Assets (1+2+3)	57.361.890	14.138.382	4.676.665	321.902	2.786	109.705.117	21.032.249	21.040.000	438.117	4.442
5. Trade receivables	-	-	-	-	-	3.252.007	1.402.392	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	540.192	-	170.000	-	-	165.767	65.253	5.124	-	-
7. Other	206.012	65.253	5.124	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	746.204	65.253	175.124	-	-	3.417.774	1.467.645	5.124	-	-
9. Total Assets (4+8)	58.108.094	14.203.635	4.851.789	321.902	2.786	113.122.891	22.499.894	21.045.124	438.117	4.442
10. Trade payables	190.953.419	30.857.776	31.738.041	48.018	59.443	140.909.248	15.890.755	36.864.226	19.670	2.786
11. Financial liabilities	294.045.372	66.699.679	31.504.716	-	-	199.513.067	69.898.151	13.268.425	-	-
12a. Other monetary liabilities	415.289	77.991	40.203	14.131	-	830.347.662	354.717.816	2.626.710	106.604	-
12b. Other non-monetary liabilities	2.478.081	491.589	248.109	60.535	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	487.892.161	98.127.035	63.531.070	122.684	59.443	1.170.769.977	440.506.722	52.759.361	126.274	2.786
14. Trade payables	59.073.112	20.316.795	-	-	-	-	-	-	-	-
15. Financial Liabilities	611.205.962	126.273.084	76.804.615	-	-	287.565.817	97.413.112	21.864.981	-	-
16a. Other monetary liabilities	239.005	82.200	-	-	-	100.257	36.130	5.841	-	-
16b. Other non-monetary liabilities	105.052	36.130	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	670.623.130	146.708.208	76.804.615	-	-	287.666.074	97.449.242	21.870.822	-	-
18. Total liabilities (13+17)	1.158.515.292	244.835.244	140.335.684	122.684	59.443	1.458.436.051	537.955.964	74.630.183	126.274	2.786
19. Net assets of off balance sheet derivative items (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)	(1.100.407.198)	(230.631.609)	(135.483.895)	199.217	(56.657)	(1.345.313.160)	(515.456.070)	(53.585.059)	311.843	1.656
21. Net foreign currency asset / (liability) /(position of monetary items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.117.602.603)	(232.968.307)	(138.555.469)	50.174	(56.657)	(1.394.850.887)	(518.846.364)	(68.215.474)	198.397	1.656
22. Fair value of derivative instruments used in foreign currency hedge	59.760.767	23.227.000	(2.446.519)	-	-	4.932.506	2.127.089	-	-	-
23. Partial total amount of foreign currency assets hedged	-	-	-	-	-	-	-	-	-	-
24. Partial total amount of foreign currency liabilities hedged	842.305.204	192.972.763	88.500.000	-	-	226.857.988	97.830.000	-	-	-
25. Export	69.860.221	7.181.526	15.671.898	851.915	-	66.071.652	11.026.212	13.541.365	769.837	-
26. Import	539.684.819	41.641.785	140.011.977	608.101	72.072	395.263.167	45.200.587	124.558.077	5 608.963	3.693

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

iv. Foreign currency risk (Continued)

Foreign currency sensitivity

As of 31 December 2015 and 2014, a potential change of 10% in Turkish Lira against the foreign currencies stated below will decrease the Group's profit by the amounts stated below. This analysis is based on the assumption that variables, especially the interest rates, will remain constant.

	31 December 2015			
	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	(63.769.698)	63.769.698	-	-
2- USD hedged from risks (-)	25.162.855	(31.452.113)	-	-
3- USD net effect (1+2)	**(38.606.843)**	**32.317.585**	**-**	**-**
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(27.850.616)	27.850.616	-	-
5- EUR hedged from risks (-)	11.979.360	-	-	-
6- EUR net effect (4+5)	**(15.871.256)**	**27.850.616**	**-**	**-**
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	69.088	(69.088)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	**69.088**	**(69.088)**	**-**	**-**
TOTAL (3+6+9)	**(54.409.011)**	**60.099.113**	**-**	**-**

	31 December 2014			
	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	(122.749.951)	122.749.951	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	**(122.749.951)**	**122.749.951**	**-**	**-**
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(15.114.737)	15.114.737	-	-
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	**(15.114.737)**	**15.114.737**	**-**	**-**
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	112.142	(112.142)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	**112.142**	**(112.142)**	**-**	**-**
TOTAL (3+6+9)	**(137.752.546)**	**137.752.546**	**-**	**-**

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

v. Interest rate risk

The Group is exposed to interest risk because of its interest generating assets and liabilities. The interest rate risk is continuously monitored and managed by balancing the Group's interest-sensitive assets and liabilities.

For the purpose keeping the effect of interest rate fluctuations on the financial debts at a minimum level, the company management maintains the "fixed interest/variable interest" and "TRY/foreign currency" balances in these liabilities.

Interest risk sensitivity

The financial instruments of the Group which are sensitive to interest rates are stated in the following:

	31 December 2015	31 December 2014
Financial instruments with fixed interest		
Financial assets	8.067.248	14.251.975
Financial liabilities	821.962.268	427.344.594
Financial instruments with floating interest		
Financial assets	-	-
Financial liabilities	993.690.834	1.096.456.711

If the interest on loans with variable interest denominated in TRY, USD and Euro on renewal dates were higher/lower by 100 basis points with all other variables remaining constant as of 31 December 2015, the current period profit before tax would be lower/higher by TRY 539.339 as a result of high/low interest expenses arising from loans with variable interest (31 December 2014: TRY 548.228).

vi. Capital risk management

In capital management, the Group aims to enable continuity of the Group's operations and to maintain the most suitable capital structure so as to provide earnings to its partners and benefits to other shareholders and to decrease capital cost.

In order to maintain or re-arrange the capital structure, the Group may change the amount of dividends paid to shareholders, return the capital to shareholders, issue new shares, and sell its assets in order to decrease the level of its borrowings.

As of 31 December 2015 and 2014, the net debt, calculated by deducting the cash and cash equivalents from the total financial debts, dividing to total equity founded by financial debt equity ratio is as bellows:

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

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

vi. Capital risk management (Continued)

	31 December 2015	31 December 2014
Financial debt	1.831.735.049	1.633.430.044
Less: Cash and cash equivalents	(88.246.065)	(317.079.148)
Net financial debt	**1.743.488.984**	**1.316.350.896**
Total equity	616.533.226	133.829.600
Total equity/net financial debt ratio	**35,4%**	**10,2%**

NOTE 33 - FAIR VALUE DISCLOSURES AND FINANCIAL INSTRUMENTS

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)

31 December 2015

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	59.760.767	-	59.760.767
Total assets	**-**	**59.760.767**	**-**	**59.760.767**

31 December 2014

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	4.932.506	-	4.932.506
Total assets	**-**	**4.932.506**	**-**	**4.932.506**

NOTE 34 - SUBSEQUENT EVENTS

In accordance with the temporary article 3 of the Capital Market Boards ("CMB") numbered II-27.2, "Rights of Removal from Partnership and Selling Rights Communique" ("the Communique"), Group became eligible to exercise its rights from the Communique as being the controlling shareholder by exceeding 97% of the voting rights, subsequent to acquisition of BBM shares on 29 September 2015. In due course, 3 months' time elapsed on 29 December 2015. On 6 January 2016, BBM applied to CMB to get the approval of issuance certification for the shares to be issued via increasing its capital and of the amended text and applied to Borsa Istanbul in order to be delisted. The issuance certification has been approved by CMB on 26 February 2016 and subsequently the transaction of the shares in the stock market closed before the trading session.

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