ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY-30 JUNE 2013 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş.

1. We have audited the accompanying consolidated financial statements of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. ("Altınyıldız"), its subsidiaries and its joint-ventures (collectively referred to as the "Group") which comprise the consolidated statement of financial position as of 30 June 2013, and the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-months period then ended and a summary of significant accounting policies and other explanatory information.The consolidated financial statements of the Group as of 31 December 2012 before the restatements disclosed in Note 2.5 were audited by other auditors whose report, dated 5 March 2013, expressed a qualified opinion on those consolidated financial statements stating that there was an uncertainty in the provision for net realizable value of inventories recognized in the consolidated financial statements as at 31 December 2012 due to the ongoing discussion on the net working capitals of acquired companies during the acquisition accounting performed by the Group related to the acquisition of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Ticaret ve Sanayi A.Ş. ("YKM") and Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Pazarlama A.Ş.'yi ("YKM Pazarlama") by Boyner Büyük Mağazacılık A.Ş.'nin ("BBM"), joint venture of the Group. Moreover, it was emphasized that the Group's associate, Nile Bosphorus Retail and Trading Company ("Nile Bosphorus") which should be accounted for by using equity method, carried at cost since the associate did not prepare its financial statements in accordance with financial reporting standards issued by Capital Markets Board ("CMB") and lack of audit evidence regarding the recoverability of the receivables from Nile Bosphorus amounting to 2.496.286 TRY.

Group's responsibility for financial statements

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards issued by CMB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the CMB. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group'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 Group's internal control. An audit also includes 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for qualified opinion

4. The Group's associate, Nile Bosphorus Retail and Trading Company ("Nile Bosphorus") which is required to be accounted for by using the equity method, is carried at cost at the amount of 5.471.508 TRY in the consolidated financial statements since the associate does not prepare its financial statements in accordance with the financial reporting standards issued by CMB. Furthermore, considering the economic turmoil and the uncertainty in the political environment in Egypt, we could not ensure ourselves regarding the recoverability of the receivables from Nile Bosphorus amounting to 2.699.508 TRY.

5. As explained in the Note 3, BBM, subsidiary of the Group, has acquired the shares of YKM and YKM Pazarlama on 7 September 2012 and accounted for such transactions in the consolidated financial statements as of 31 December 2012 in accordance with TFRS 3 – "Business Combinations". Due to the fact that the discussions with the sellers regarding the net asset values and the net working capital of the acquired entities as of the acquisition date have not been finalized as of the date of this report, the impact of this matter on the provision for inventories included in the consolidated financial statements as of 31 December 2012 and 30 June 2013 can not be determined.

Qualified opinion

6. In our opinion, except for the possible effects of the matters decribed in the paragraphs 4 and 5, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Group as of 30 June 2013, and of its financial performance and its cash flows for the six months period then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

Emphasis of matters

7. As explained in the Note 2.5, we have also audited the adjustments made to restate the consolidated financial statements as of 31 December 2012, 30 June 2012 and 31 December 2011. In our opinion, such adjustments are appropriate and have been properly applied.

8. As explained in the Note 3, Group has obtained the control over its formerly joint ventures, Beymen and BBM due to the acquisitions made on 31 May 2013 by increasing its interests from 49,99% and 29,99% to 99,99% and 60,04%, respectively. Group has appointed independent experts for the fair value calculations of the assets and liabilities of the acquired entities in order to account for the acquisitions in accordance with TFRS 3 – "Business Combinations". Since the work of such experts has not been completed yet as of the date of this report, the acquisition accounting has been performed based on the provisional work of the experts as of 30 June 2013. After the completion of such studies, the goodwill accounted for and the fair value of the acquired assets and liabilities might be different.

9. As explained in the Note 2.5, resolution related to "Business Combinations of Entities Under Common Control" has been published by Public Oversight Accounting and Auditing Standards Authority ("POAASA") on 21 July 2013. In accordance with this resolution, effective for the annual periods beginning on or after 31 December 2012, business combinations of entities under common control shall be accounted for by using the pooling of interest method and goodwill shall not be recognized in the financial statements. Group accounted for the business combinations of entities under common control in accordance with TFRS 3 – "Business Combinations" before the issuance of this resolution. Group applied this change in accounting policy retrospectively in accordance with this resolution by accounting for the goodwill amounted to 246.371.207 TRY (31 December 2011: 246.371.207 TRY) which was previously included in the "Investments accounted for by using equity method" account ,that arose from the business combinations of entities under common control, under consolidated shareholders' equity in the account of "Business combinations of entities under common control".

Additional paragraph for convenience translation into English

10. The accounting principles described in Note 2 to the interim consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying interim consolidated financial statements of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

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

Cihan Harman, SMMM
Partner

İstanbul, 9 September 2013

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2013

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ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2013, 31 DECEMBER 2012 AND 2011

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

	Notes	Audited 30 June 2013	Restated (Note 2.5) Audited 31 December 2012	Restated (Note 2.5) Audited 31 December 2011
ASSETS				
Current assets		**1.533.421.783**	799.962.584	770.089.988
Cash and cash equivalents	5	**227.069.721**	35.704.305	23.811.285
Trade receivables	9	**313.490.556**	307.409.126	303.725.564
- *Trade receivables from related parties*	*9,30*	*37.068.059*	*34.852.688*	*34.320.600*
- *Trade receivables from third parties*	*9*	*276.422.497*	*272.556.438*	*269.404.964*
Other receivables	10	**74.206.640**	23.335.848	1.950.540
- *Other receivables from related parties*	*10,30*	*69.919.561*	*22.965.143*	*1.824.400*
- *Other receivables from third parties*	*10*	*4.287.079*	*370.705*	*126.140*
Inventories	11	**810.024.924**	397.317.952	408.648.934
Prepaid expenses	12	**32.973.466**	3.650.273	4.562.858
Other current assets	19	**75.656.476**	32.115.080	24.846.807
		1.533.421.783	799.532.584	767.545.988
Non-current assets held for sale		-	430.000	2.544.000
Non-current assets		**1.906.665.578**	247.787.033	238.148.504
Financial investments	6	**196.258**	192.436	190.527
Trade receivables	9	**15.640.161**	32.062	83.301
- *Trade receivables from third parties*	*9*	*15.640.161*	*32.062*	*83.301*
Other receivables	10	**1.349.497**	458.154	549.210
- *Other receivables from related parties*	*10*	*65.403*	-	-
- *Other receivables from third parties*	*10*	*1.284.094*	*458.154*	*549.210*
Investments in associates	6	**9.242.831**	56.177.478	42.270.190
Investment properties	13	**111.855.425**	111.802.000	107.433.149
Property, plant and equipment	14	**234.883.027**	52.626.748	61.942.501
Intangible assets		**1.510.541.228**	20.171.272	19.517.092
- *Goodwill*	*3*	*1.224.075.570*	-	-
- *Other intangible assets*	*15*	*286.465.658*	*20.171.272*	*19.517.092*
Prepaid expenses		**1.584.244**	1.580.862	1.422.425
Deferred income tax assets	28	**21.372.907**	4.746.021	4.740.109
TOTAL ASSETS		**3.440.087.361**	1.047.749.617	1.008.238.492

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2013, 31 DECEMBER 2012 AND 2011

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

	Notes	**Audited** **30 June 2013**	Restated (Note 2.5) Audited 31 December 2012	Restated (Note 2.5) Audited 31 December 2011
LIABILITIES				
Current liabilities		**1.862.130.336**	920.443.940	741.177.497
Short-term financial liabilities	7	**588.635.910**	263.525.543	147.777.147
Current portion of long-term financial liabilities	7	**217.932.613**	168.139.269	120.983.952
Other financial liabilities	8	**38.992.281**	75.160.111	99.314.672
Trade payables	9	**674.624.432**	224.899.284	255.732.030
- *Trade payables to related parties*	*9, 30*	*53.013.154*	*129.706.271*	*113.109.195*
- *Trade payables to third parties*	*9*	*621.611.278*	*95.193.013*	*142.622.835*
Payables related to employee benefits	18	**22.251.088**	8.287.678	7.838.939
Other payables	10	**80.533.157**	50.210.113	16.064.556
- *Other payables to related parties*	*10, 30*	*15.850.084*	*49.791.932*	*15.772.640*
- *Other payables to third parties*	*10*	*64.683.073*	*418.181*	*291.916*
Deferred revenue	12	**201.897.386**	118.709.545	81.364.931
Income tax payable	28	**6.337.266**	-	2.726.710
Short term provisions		**20.366.615**	8.930.741	7.299.143
- *Provisions for employee benefits*	*16*	*8.608.273*	-	-
- *Other short term provisions*	*16*	*11.758.342*	*8.930.741*	*7.299.143*
Other current liabilities	19	**10.559.588**	2.581.656	2.075.417
Non-current liabilities		**968.980.442**	143.152.989	217.259.623
Long term financial liabilities	7	**271.856.368**	116.163.486	190.920.925
Trade payables		**-**	-	200.867
- *Trade payables to third parties*		-	-	*200.867*
Other payables	10	**600.088.487**	37.472	-
- *Other payables to third parties*	*10*	*600.088.487*	*37.472*	-
Long term provisions		**20.372.877**	11.326.033	10.187.814
- *Provisions for employee benefits*	*18*	*20.372.877*	*11.326.033*	*10.187.814*
Deferred revenue	12	**12.127.526**	42.374	211.863
Deferred income tax liability	28	**64.535.184**	15.497.553	15.328.537
Other non-current liabilities		**-**	86.071	409.617
EQUITY		**608.976.583**	(15.847.312)	49.801.372
Equity attributable to parent		**526.462.498**	(15.847.312)	49.801.372
Paid in share capital	20	**40.000.000**	40.000.000	40.000.000
Adjustments to share capital	20	**56.061.369**	56.061.369	56.061.369
Other comprehensive income/expense not to be reclassified to profit or loss		**65.163.580**	64.000.609	68.528.884
- *Gain/(loss) on revaluation and remeasurement*	*20*	*74.881.785*	*74.881.785*	*74.881.785*
- *Other losses*		*(6.433)*	*(1.936.404)*	-
- *Actuarial gain / (losses) arising from employee benefits*		*(9.711.772)*	*(8.944.772)*	*(6.352.901)*
Other comprehensive income/expense to be reclassified to profit or loss		***(755.114)***	*(425.270)*	*(673.370)*
- *Currency translation differences*		*(755.114)*	*(425.270)*	*(673.370)*
Impact of business combinations of entities under common control		**(246.371.207)**	(246.371.207)	(246.371.207)
Restricted reserves	20	**33.451.107**	33.451.107	33.451.107
Retained earnings		**37.436.080**	98.821.488	69.159.858
Net income / (loss)		**541.476.683**	(61.385.408)	29.644.731
Non-controlling interest		**82.514.085**	-	-
TOTAL LIABILITIES		**3.440.087.361**	1.047.749.617	1.008.238.492

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED STATEMENTS OF INCOME AND STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013 AND 2012

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

	Notes	**Audited** **1 January - 30 June 2013**	**Not audited** **1 April - 30 June 2013**	Restated (Note 2.5) Reviewed 1 January - 30 June 2012	Restated (Note 2.5) Not reviewed 1 April - 30 June 2012
INCOME OR LOSS					
Revenue	21	**410.319.628**	**297.358.522**	268.626.899	122.698.151
Cost of sales (-)	21	**(259.393.815)**	**(183.638.772)**	(190.626.769)	(84.003.405)
GROSS PROFIT		**150.925.813**	**113.719.750**	78.000.130	38.694.746
Marketing expenses (-)	22	**(119.407.922)**	**(82.460.048)**	(78.983.568)	(39.051.999)
General administrative expenses (-)	22	**(31.625.767)**	**(21.857.094)**	(18.923.784)	(10.686.193)
Research and development expenses (-)	22	**(2.205.571)**	**(552.604)**	(347.773)	(154.358)
Other operating income	24	**20.930.731**	**9.078.627**	29.993.011	5.597.725
Other operating expense (-)	24	**(26.325.845)**	**(16.376.168)**	(25.517.629)	(7.842.926)
OPERATING (LOSS) / PROFIT		**(7.708.561)**	**1.552.463**	(15.779.613)	(13.443.005)
Income from investing activities	25	**626.088.315**	**626.088.315**	92.615	92.615
Expense from investing activities (-)	25	**(90.000)**	**-**	(296.403)	(296.403)
Share of profit of associates		**6.832.437**	**4.841.709**	8.674.978	5.988.221
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME		**625.122.191**	**632.482.487**	(7.308.423)	(7.658.572)
Financial income	26	**5.186.628**	**1.820.152**	21.943.107	9.024.010
Financial expense (-)	27	**(88.931.081)**	**(63.254.101)**	(58.649.694)	(31.932.293)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		**541.377.738**	**571.048.538**	(44.015.010)	(30.566.855)
- Taxes on income	*28*	***(2.030.048)***	***(2.030.048)***	-	*35.923*
- Deferred tax income/(loss)	*28*	***4.125.618***	***2.800.367***	*(1.440.419)*	*(890.735)*
PROFIT / (LOSS) FROM CONTINUED OPERATIONS		**543.473.308**	**571.818.857**	(45.455.429)	(31.421.667)
NET INCOME / (LOSS) FOR THE PERIOD		**543.473.308**	**571.818.857**	(45.455.429)	(31.421.667)
Profit for the period attributable to					
Non-controlling interest		**1.996.625**	**1.996.625**	-	-
Equity holders of the parent		**541.476.683**	**569.822.232**	(45.455.429)	(31.421.667)
Earnings / (loss) per share					
Earnings / (loss) per share from countinued operations		**13,54**	**14,25**	(1,14)	(0,79)
Earnings / (loss) per share from discountinued operations		-	-	-	-
OTHER COMPREHENSIVE INCOME					
Items not to be classified to profit or loss					
Acturial gain / (losses) arising from employee benefits		**(958.750)**	**(718.789)**	(1.619.919)	(971.951)
Other gain / (loss)		**405.387**	**405.387**	-	
Deferred income tax		**191.750**	**143.758**	323.984	194.390
Items to be classified to profit or loss					
Currency translation differences		**(329.844)**	**(82.461)**	166.548	99.929
OTHER COMPREHENSIVE LOSS		**(691.457)**	**(252.105)**	(1.129.387)	(677.632)
TOTAL COMPREHENSIVE INCOME / (LOSS)		**542.781.851**	**571.566.752**	(46.584.816)	(32.099.301)
Total comprehensive income attributable to					
Non-controlling interest		**1.996.625**	**1.996.625**	-	-
Equity holders of the parent		**540.785.226**	**569.570.127**	(46.584.816)	(32.099.301)

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE PERIOD ENDED AT 30 JUNE 2013 AND 2012

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

			Other comprehensive income not to be reclassified to profit or loss	**Other comprehensive income to be reclassified to profit or loss**									
				Gain/(loss) on revaluation and remeasurement		**Other gain /losses**							
	Paid in share capital	**Adjustments to share capital**	**Currency translation differences**	**Revaluation reserve of property, plant and equipment**	**Actuarial (loss)/ gain**	**Shares of investments in assciates to be classified from other comprehensive income to net income**	**Impact of business combinations regarding common control transactions**	**Restricted reserves**	**Retained earnings**	**Net income / loss for the period**	**Equity attributable to parent**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2012	40.000.000	56.061.369	-	74.881.785	-	-	-	33.451.107	74.769.445	28.031.002	307.194.708	-	307.194.708
Impact of amendment in TAS 19 "Employee benefits" (Note 2.5)	-	-	-	-	(6.352.901)	-	-	-	4.169.273	2.183.628	-	-	-
Impact of accounting policy changes in accordance with the resolution of POAASA (Note 2.5)	-	-	-	-	-	-	(246.371.207)	-	-	-	(246.371.207)	-	(246.371.207)
Impact of restatements (Note 2.5)	-	-	(673.370)	-	-	-	-	-	(9.778.860)	(569.899)	(11.022.129)	-	(11.022.129)
Balance at 1 January 2012 (restated)	**40.000.000**	**56.061.369**	**(673.370)**	**74.881.785**	**(6.352.901)**	**-**	**(246.371.207)**	**33.451.107**	**69.159.858**	**29.644.731**	**49.801.372**	**-**	**49.801.372**
Transfers	-	-	-	-	-	-	-	-	29.644.731	(29.644.731)	-	-	-
Impact of subsidiaries	-	-	-	-	-	-	-	-	16.899	-	16.899	-	16.899
Total comprehensive loss	-	-	166.548	-	(1.295.935)	-	-	-	-	(45.455.429)	(46.584.816)	-	(46.584.816)
Balance at 30 June 2012	**40.000.000**	**56.061.369**	**(506.822)**	**74.881.785**	**(7.648.836)**	**-**	**(246.371.207)**	**33.451.107**	**98.821.488**	**(45.455.429)**	**3.233.455**	**-**	**3.233.455**
Balance at 1 January 2013	**40.000.000**	**56.061.369**	**-**	**74.881.785**	**-**	**-**	**-**	**33.451.107**	**102.817.346**	**(62.944.608)**	**244.266.999**	**-**	**244.266.999**
Impact of amendment in TAS 19 "Employee benefits" (Note 2.5)	-	-	-	-	(8.944.772)	-	-	-	6.352.901	2.591.871	-	-	-
Impact of accounting policy changes in accordance with the resolution of POAASA (Note 2.5)	-	-	-	-	-	-	(246.371.207)	-	-	-	(246.371.207)	-	(246.371.207)
Impact of restatements (Note 2.5)	-	-	(425.270)	-	-	(1.936.404)	-	-	(10.348.759)	(1.032.671)	(13.743.104)	-	(13.743.104)
Balance at 1 January 2013 (restated)	**40.000.000**	**56.061.369**	**(425.270)**	**74.881.785**	**(8.944.772)**	**(1.936.404)**	**(246.371.207)**	**33.451.107**	**98.821.488**	**(61.385.408)**	**(15.847.312)**	**-**	**(15.847.312)**
Transfers	-	-	-	-	-	-	-	-	(61.385.408)	61.385.408	-	-	-
Total comprehensive income	-	-	(329.844)	-	(767.000)	405.387	-	-	-	541.476.683	540.785.226	1.996.625	542.781.851
Non-controlling interests from acquisition of subsidiary	-	-	-	-	-	1.524.584	-	-	-	-	1.524.584	80.517.460	82.042.044
Balance at 30 June 2013	**40.000.000**	**56.061.369**	**(755.114)**	**74.881.785**	**(9.711.772)**	**(6.433)**	**(246.371.207)**	**33.451.107**	**37.436.080**	**541.476.683**	**526.462.498**	**82.514.085**	**608.976.583**

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

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2013 AND 2012

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

	Notes	Audited 1 January - 30 June 2013	Restated (Note 2.5) Reviewed 1January - 30 June 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES		**(10.722.126)**	**50.442.407**
Net profit/(loss) for the period		**541.377.738**	**(44.015.009)**
Adjustments to reconcile profit / (loss) for the period		**(530.555.815)**	**63.795.493**
Depreciation and amortisation	14,15	11.875.834	8.790.761
Provision for doubtful receivables	9	599.953	64.062
Provision for employee benefits	18	1.654.581	1.414.552
Provision for impairment of inventories	11	3.308.153	354.572
Adjustments related to interest income and expense		49.947.094	45.047.565
Changes in the fair value of the shares previously owned	25	(625.612.315)	-
Provision for short-term employee benefits		2.508.369	-
Other short-term provisions		1.060.684	3.225.268
(Gain)/loss on sale of non-current assets		3.761.814	4.708.713
Loss on non-current assets held for sale	25	90.000	190.000
Unrealised loss on currency differences		20.250.018	-
Changes in net working capital		**(21.093.978)**	**33.388.633**
Increases/decreases in inventories		3.971.914	(12.218.618)
Increases/decreases in trade receivables		19.934.598	38.848.416
Increases/decreases in trade and other receivables due from related parties		29.331.005	19.305.833
Prepaid expenses		(7.924.663)	526.185
Other current and non-current assets		(4.680.803)	(6.491.997)
Deferred revenue		42.548.706	15.990.831
Payables related to employee benefits		2.276.519	820.072
Increases/decreases in trade payables		42.335.113	(30.823.959)
Increases/decreases in trade and other payables due to related parties		(141.469.264)	9.672.708
Other liabilities		(6.871.563)	(15.737)
Payments of other short-term provisions		(104.126)	-
Payments of employeee termination benefits	18	(1.461.691)	(2.225.101)
Interest income (income from due date charges)		1.020.277	-
Net cash generated from operating activities		**(450.071)**	**(2.726.710)**
Income taxes paid / returned		(1.312.307)	(2.726.710)
Collection of doubtful receivables		862.236	-
B. CASH FLOWS FROM INVESTING ACTIVITIES		**134.791.962**	**(15.847.031)**
Cash change from the acquisition of shares in other entities or funds or debt instruments	3	142.870.395	-
Proceeds from sale of tangible and intangible assets	14,15	(8.365.008)	(5.818.531)
Cash received from non-current assets held for sale		340.000	745.000
Purchase of investment properties	13	(53.425)	(83.576)
Income from associates accounted for using equity method		-	(10.689.924)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**67.625.424**	**(36.631.948)**
Interest payments		(53.564.203)	(48.535.789)
Other interest income and commissions		885.561	34.829
Proceeds from bank borrowings		120.304.066	11.869.012
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**191.695.260**	**(2.036.572)**
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(329.844)**	**166.548**
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**191.365.416**	**(1.870.024)**
INCREASE IN RESTRİCTED CASH		**(17.281.488)**	**1.581.724**
E. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	5	**35.704.305**	**23.811.285**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	**209.788.233**	**23.522.985**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. ("Company" or "Altınyıldız") incorporated in Istanbul by Boyner Holding A.Ş. ("Boyner Holding") at 26 January 1952. The ultimate parent of the Company as at 30 June 2013 and 31 December 2012 is Boyner Holding. Altınyıldız is registered to Capital Market Board ("CMB") and 15% of its shares were offered to İstanbul Stock Exchange ("ISE") for the first time in 1991. 20,80% of the Company's shares are traded in ISE as at 30 June 2013 (31 December 2012: 20,80%).

The main address of the Company is Yenibosna Merkez Mahallesi 29 Ekim Caddesi No: 22 Bahçelievler/İstanbul and the address of the Company's production facilities is Çerkezköy Organize Sanayi Bölgesi 2. Kısım Yıldırım Beyazıt Mahallesi Barbaros Caddesi No:71 Tekirdağ.

Although the main activities of the Company are manufacturing and marketing of woolly textile and ready to wear products,the Company also 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"), in real estate industry through its subsidiaries BYN Gayrimenkul Geliştirme A.Ş. ("BYN") and Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş.("AYGM") and in healthcare industry through its subsidiary Vista Sağlık Hizmetleri Ticaret Danışmanlık A.Ş. ("Vista"). The Company operates in foreign market for the purpose of marketing its products through its subsidiaries Alticom GmbH incorporated in Germany and Altınyıldız Corporation incorporated in USA. The Company together with its consolidated subsidiaries will be altogether referred as the "Group" in the following notes.

Group, whose main activities are manufacturing and marketing of woolly textile and ready to wear products, retail and real estate development, operates domestically with 312 stores (2012: 110 stores) with a net retail space of 322.204 metersquares.

The consolidated interim financial statements as at and for the period ended 30 June 2013 have been approved and authorised to issue on 9 September 2013 by the Board of Directors.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying interim consolidated financial statements are prepared in accordance with the 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 the article 5 of the Communiqué, interim consolidated financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards.

The Group prepared its consolidated interim financial statements for the period ended 30 June 2013 in accordance with the TAS 34 "Interim financial reporting" in the framework of the Communiqué Serial: XII and numbered 14.1 and its related announcements. The interim consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including its mandatory information.

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

2.1 Basis of presentation (Continued)

In compliance with the TAS 34, entities have preference in presenting their interim consolidated financial statements whether full set or condensed. In this framework, Group preferred to present its interim consolidated financial statements in full set.

The Company maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries, joint ventures and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The interim consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These interim consolidated financial statements are based on the statutory records, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

Preparation of financial statements in hyperinflationary periods

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of IFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

Going concern assumption

The consolidated financial statements including the accounts of the parent company and its subsidiaries have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

2.2 New and amended international financial reporting standards

The accounting policies adopted in preparation of the consolidated financial statements as at 30 June 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2013. 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 TFRICS applicable in annual periods starting from 1 January 2013:*

- TAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment affects disclosures only and has no impact on the financial position or performance of the Group.

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

2.2 New and amended International Financial Reporting Standards

- TAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The standard requires past service cost to be recognized immediately in profit or loss. There is a new term "remeasurement" and remeasurement will be recognized in OCI and no longer be recognized in profit or loss. The effect on financial position and performance of Company of the change has been disclosed in 2.5 retroactively.

- TFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- TFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- TFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- TFRS 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2013. The amendment also provide additional transition relief in TFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before TFRS 12 is applied. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- TFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This amendment did not have any impact on the financial position or performance of the Group.

- TAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of TAS 27 have been included in the new TFRS 10. This amendment did not have any impact on the financial position or performance of the Group.

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

2.2 New and amended International Financial Reporting Standards (Continued)

- TAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of TFRS 11. This amendment did not have an impact on the financial position or performance of the Group.

- TFRS 7 (amendment), "Financial instruments: Disclosures", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare TFRS financial statements and those that prepare US GAAP financial statements. The amendment affects disclosures only and did not have any impact on the interim condensed consolidated financial statements of the Group.

- TFRS 1 (amendment), "'First time adoption', on government loans", is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to TFRS. This amendment did not have an impact on the financial position or performance of the Group.

- Annual Improvements to TFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments affect five standards: TFRS 1, TAS 1, TAS 16, TAS 32 and TAS 34. This amendment did not have any impact on the financial position or performance of the Group.

- TFRIC 20, "Stripping costs in the production phase of a surface mine" is effective for annual periods beginning on or of 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The Standard is not applicable for the Company and did not have any impact on the financial position or performance of the Group.

b) In accordance with TAS 8 paragraph 30, Standards, amendments and interpretations issued but not yet effective and not early adopted by Group:

Standards, amendments and interpretations that has been published as of date approved of condensed financial statements but not been entered in force for current reporting period and not been early performed by Company are as below. Unless otherwise indicated, Company will perform the required changes of the effect on financial statements and notes after new Standards and interpretations enter in force.

- TAS 32 (amendment), "'Financial instruments: Presentation", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in TAS 32, "Financial instruments: Presentation", to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

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

2.2 New and amended International Financial Reporting Standards (Continued)

- TFRS 9, "Financial instruments: classification and measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of TAS 39 that relate to the classification and measurement of financial instruments.

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

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the interim financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POAASA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

- IAS 36 (amendments), "Impairment on assets", is effective for annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- IAS 39 (amendments), "Financial instruments: Recognition and measurement", is effective for annual periods beginning on or after 1 January 2014. These amendments address on novation of derivatives and hedge accounting and will allow hedge accounting to continue in a situation where a derivative is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

- IFRS 10, (amendment) "Consolidated Financial Statements", IFRS 12 and IAS 27 for investment entities is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

2.3 Compliance with TAS

The Group prepared its consolidated interim financial statements for the period ended 30 June 2013 in accordance with the TAS 34 "Interim financial reporting" in the framework of the Communiqué Serial: XII and numbered 14.1 and its related announcements. The interim consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including the mandatory disclosures.

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

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). For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group. The functional currency of the Company's subsidiaries, Altınyıldız İtalya SRL and Alticom GmbH is Euro ("EUR") and Altınyıldız Corporation is United States Dollars ("USD"). In the consolidated financial statements, EUR and USD amounts presented in the balance sheet are translated into Turkish Lira at the TRY exchange rate for purchases of EUR and USD at the balance sheet date, amounts in the statement of comprehensive income have been translated into TRY, at the average TRY. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

The foreign currency exchange rates used for the purpose of consolidation are as follows:

	30 June 2013		31 December 2012		30 June 2012		31 December 2011	
Currency	**Period End**	**Period Average**	**Period End**	**Period Average**	**Period End**	**Period Average**	**Period End**	**Period Average**
USD	1,92480	1,80893	1,78260	1,79219	1,80650	1,79347	1,8889	1,6697
EUR	2,51370	2,37524	2,35170	2,30433	2,27420	2,32682	2,4438	2,3215

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.

In accordance with the decision taken in the CMB meeting numbered 20/670 held on 7 June 2013, and in compliant with the announcement related to the format of financial statements and its accompanying notes, comparative figures have been reclassified to conform to the changes in presentation in the current period.

Effective from 1 January 2013, the group adopted the amendment to revised IAS 19 "Employee Benefits" and accounting policy changes after Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards resolution related with"Accounting of mergers including joint controlled entities" published in 21 July 2013 and restated the previous year's consolidated financial statements. Also, the group has detected errors in the previous year's consolidated financial statements and corrected them retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". In accordance with IAS 1 (Revised) "Presentation of Financial Statements", when the financial statements are subject to a restatement of prior year financial statements, an entity should present three statements of financial position. Accordingly, the Group presented the consolidated balance sheet as of 30 June 2013 comparatively with the restated consolidated balance sheets prepared as of 31 December 2012 and 2011.

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

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

	Previously reported 31 December 2012	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Restatements and classifications related to the prior periods	Restated 31 December 2012
ASSETS						
Current assets	**801.479.558**	-	-	-	**(1.516.974)**	**799.962.584**
Cash and cash equivalents	31.337.065	-	-	-	4.367.240	35.704.305
Trade receivables	311.776.366	-	-	-	(4.367.240)	307.409.126
- *−Trade receivables from related parties*	*34.852.688*	-	-	-	-	*34.852.688*
- *−Trade receivables from third parties*	*276.923.678*	-	-	-	*(4.367.240)*	*272.556.438*
Other receivables	23.335.848	-	-	-	-	23.335.848
- *Other receivables from related parties*	*22.965.143*	-	-	-	-	*22.965.143*
- *Other receivables from third parties*	*370.705*	-	-	-	-	*370.705*
Inventories	382.989.005	-	-	-	14.328.947	397.317.952
Prepaid expenses	-	5.167.247	-	-	(1.516.974)	3.650.273
Other current assets	51.611.274	(5.167.247)	-	-	(14.328.947)	32.115.080
	801.049.558	-	-	-	**(1.516.974)**	**799.532.584**
Non-current assets held for sale	430.000	-	-	-	-	430.000
Non-current assets	**493.224.074**	-	**(246.371.207)**	-	**934.166**	**247.787.033**
Financial investments	192.436	-	-	-	-	192.436
Trade receivables	32.062	-	-	-	-	32.062
Other receivables	458.154	-	-	-	-	458.154
Investments in associates	306.966.390	-	(246.371.207)	-	(4.417.705)	56.177.478
Investment properties	110.702.705	-	-	-	1.099.295	111.802.000
Property, plant and equipment	52.693.240	-	-	-	(66.492)	52.626.748
Intangible assets	20.171.272	-	-	-	-	20.171.272
- *Other intangible assets*	*20.171.272*	-	-	-	-	*20.171.272*
Prepaid expenses	-	1.580.862	-	-	-	1.580.862
Deferred income tax asset	426.953	-	-	-	4.319.068	4.746.021
Other non-current liabilities	1.580.862	(1.580.862)	-	-	-	-
TOTAL ASSETS	**1.294.703.632**	-	**(246.371.207)**	-	**(582.808)**	**1.047.749.617**

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

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

	Previously reported 31 December 2012	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Restatements and classifications related to the prior periods	Restated 31 December 2012
LIABILITIES						
Current liabilities	**921.960.914**	**-**	**-**	**-**	**(1.516.974)**	**920.443.940**
Short-term financial liabilities	433.181.786	(168.139.269)	-	-	(1.516.974)	263.525.543
Current portion of long-term financial liabilities	-	168.139.269	-	-	-	168.139.269
Other financial liabilities	75.160.111	-	-	-	-	75.160.111
Trade payables	263.972.657	-	-	-	*(39.073.373)*	224.899.284
- *Trade payables to related parties*	*168.779.644*	-	-	-	*(39.073.373)*	*129.706.271*
- *Trade payables to third parties*	*95.193.013*	-	-	-	-	*95.193.013*
Payables related to employee benefits	-	8.287.678	-	-	-	8.287.678
Other payables	22.006.077	*(10.869.337)*	-	-	*39.073.373*	50.210.113
- *Other payables to related parties*	*10.718.559*	-	-	-	*39.073.373*	*49.791.932*
- *Other payablesto third parties*	*11.287.518*	*(10.869.337)*	-	-	-	*418.181*
Deferred revenue	-	118.709.545	-	-	-	118.709.545
Short term provisions						
- *Other short term provisions*	*8.428.845*	*501.896*	-	-	-	*8.930.741*
Other current liabilities	119.211.438	(116.629.782)	-	-	-	2.581.656
Non-curent liabilities	**128.475.719**	**-**		**-**	**14.677.270**	**143.152.989**
Long term financial liabilities	116.163.486	-	-	-	-	116.163.486
Other liabilities	-	37.472	-	-	-	37.472
Deferred revenue	-	42.374	-	-	-	42.374
Provisions for employee benefits.	12.146.316	-	-	-	(820.283)	11.326.033
Deferred income tax liability	-	-	-	-	15.497.553	15.497.553
Other non-current liabilities	165.917	(79.846)	-	-	-	86.071
EQUITY	**244.266.999**	**-**	**(246.371.207)**	**-**	**(13.743.104)**	**(15.847.312)**
Equity attributable to parent	**244.266.999**	**-**	**(246.371.207)**	**-**	**(13.743.104)**	**(15.847.312)**
Paid in share capital	40.000.000	-	-	-	-	40.000.000
Adjustments to share capital	56.061.369	-	-	-	-	56.061.369
Other comprehensive income/expense not to be reclassified to profit or loss	74.881.785	-	-	-	-	74.881.785
- *Actuarial gain / (losses) arising from employee benefits*	-	-	-	*(8.944.772)*	*(1.936.404)*	*(10.881.176)*
Other comprehensive income/expense to be reclassified to profit or loss						
- *Currency translation differences*	-	-	-	-	*(425.270)*	*(425.270)*
Impact of business combinations regarding common control transactions	-	-	(246.371.207)	-	-	(246.371.207)
Restricted reserves	33.451.107	-	-	-	-	33.451.107
Retained earnings	102.817.349	-	-	6.352.901	(10.348.762)	98.821.488
Net loss for the period	(62.944.591)	-	-	2.591.871	(1.032.688)	(61.385.408)
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL LIABILITIES	**1.294.703.652**	**-**	**(246.371.207)**	**-**	**(582.828)**	**1.047.749.617**

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

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

	Previously reported 31 December 2012	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Restatements and classifications related to the prior periods	Restated 31 December 2012
Revenue	268.626.899	-	-	-	-	268.626.899
Cost of sales	(192.795.667)	-	-	1.122.509	1.046.389	(190.626.769)
Gross profit	**75.831.232**	**-**	**-**	**1.122.509**	**1.046.389**	**78.000.130**
Marketing expenses (-)	(80.338.293)	-	-	497.411	857.314	(78.983.568)
General administrative expenses (-)	(19.433.615)	-	-	-	509.831	(18.923.784)
Research and development expenses (-)	(361.541)	-	-	-	13.768	(347.773)
Other operating income	1.627.907	28.365.104	-	-	-	29.993.011
Other operating expense (-)	(5.517.999)	(19.999.630)	-	-	-	(25.517.629)
Operating (loss)/profit	**(28.192.309)**	**8.365.474**	**-**	**1.619.920**	**2.427.302**	**(15.779.613)**
Share of profit of associates	13.081.443		-	-	(4.406.465)	8.674.978
Income from investing activities	-	92.615	-	-	-	92.615
Expense from investing activities (-)	-	(296.403)	-	-	-	(296.403)
Profit before financial income	**(15.110.866)**	**8.161.686**	**-**	**1.619.920**	**(1.979.163)**	**(7.308.423)**
Financial income	50.567.374	(28.457.719)	-	-	(166.548)	21.943.107
Financial expense (-)	(79.790.665)	20.296.033	-	-	844.940	(58.649.694)
Profit/(loss) from continuing operations before tax	**(44.334.157)**	**-**	**-**	**1.619.919**	**(1.300.771)**	**(44.015.010)**
Tax loss from continuing operations	**(672.417)**	**-**	**-**	**(323.984)**	**(444.018)**	**(1.440.419)**
- *Deferred tax income/(loss)*	*(672.417)*	-	-	*(323.984)*	*(444.018)*	*(1.440.419)*
Net loss for the period	**(45.006.574)**	**-**	**-**	**1.295.935**	**(1.744.789)**	**(45.455.429)**
Profit for the period attributable to						
- *Non-controlling interest*	-	-	-	-	-	-
- *Equity holders of the parent*	*(45.006.574)*	-	-	*1.295.935*	*(1.744.789)*	*(45.455.429)*

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

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

	Previously reported 31 December 2011	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Restatements and classifications related to the prior periods	Restated 31 December 2012
ASSETS						
Current assets	**770.246.846**	**-**	**-**	**-**	**(156.858)**	**770.089.988**
Cash and cash equivalents	20.807.728	-	-	-	3.003.557	23.811.285
Trade receivables	306.729.121	-	-	-	(3.003.557)	303.725.564
- *−Trade receivables from related parties*	*34.320.600*	-	-	-	-	*34.320.600*
- *−Trade receivables from third parties*	*272.408.521*	-	-	-	*(3.003.557)*	*269.404.964*
Other receivables	1.950.540	-	-	-	-	1.950.540
- *Other receivables from related parties*	*1.824.400*	-	-	-	-	*1.824.400*
- *Other receivables from third parties*	*126.140*	-	-	-	-	*126.140*
Inventories	389.373.746	-	-	-	19.275.188	408.648.934
Prepaid expenses	-	4.719.716	-	-	(156.858)	4.562.858
Other current assets	48.841.711	(4.719.716)	-	-	(19.275.188)	24.846.807
	767.702.846	**-**	**-**	**-**	**(156.858)**	**767.545.988**
Non-current assets held for sale	2.544.000	- -	-	-		2.544.000
Non-current assets	**480.664.714**	**-**	**(246.371.207)**	**-**	**3.854.997**	**238.148.504**
Financial investments	190.527	-	-	-	-	190.527
Trade receivables	83.301	-	-	-	-	83.301
Other receivables	549.210	-	-	-	-	549.210
Investments in associates	288.641.397	-	(246.371.207)	-	-	42.270.190
Investment properties	106.334.735	-	-	-	1.098.414	107.433.149
Property, plant and equipment	62.008.993	-	-	-	(66.492)	61.942.501
Intangible assets	19.517.092	-	-	-	-	19.517.092
- *Other intangible assets*	*19.517.092*	-	-	-	-	*19.517.092*
Prepaid expenses	-	1.422.425	-	-	-	1.422.425
Deferred income tax asset	1.917.034	-	-	-	2.823.075	4.740.109
Other non-current liabilities	1.422.425	(1.422.425)	-	-	-	-
TOTAL ASSETS	**1.250.911.560**	**-**	**(246.371.207)**	**-**	**3.698.139**	**1.008.238.492**

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

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

2.5 Comparatives and restatement of prior periods' financial statements (continued)

	Previously reported 31 December 2011	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Restatements and classifications related to the prior periods	Restated 31 December 2011
LIABILITIES						
Current Liabilities	**741.334.358**	**-**	**-**	**-**	**(156.858)**	**741.177.497**
Short-term financial liabilities	268.917.957	(120.983.952)	-	-	(156.858)	147.777.147
Current portion of long-term financial liabilities	-	120.983.952	-	-	-	120.983.952
Other financial liabilities	99.314.672	-	-	-	-	99.314.672
Trade payables	255.732.030	-	-	-	-	255.732.030
- *Trade payables to related parties*	*113.109.195*	-	-	-	-	*113.109.195*
- *Trade payables to third parties*	*142.622.835*	-	-	-	-	*142.622.835*
Payables related to employee benefits	-	7.838.939	-	-	-	7.838.939
Other payables	25.978.915	*(9.914.359)*	-	-	-	16.064.556
- *Other payables to related parties*	*15.772.640*	-	-	-	-	*15.772.640*
- *Other payables to third parties*	*10.206.275*	*(9.914.359)*	-	-	-	*291.916*
Deferred revenue	-	81.364.931	-	-	-	81.364.931
Short term provisions	2.726.710	-	-	-	-	2.726.710
Payables related to employee benefits	7.193.803	105.340	-	-	-	7.299.143
- *Other short term provisions*	*7.193.803*	*105.340*	-	-	-	*7.299.143*
Other current liabilities	81.470.268	(79.394.851)	-	-	-	2.075.417
Non-curent Liabilities	**202.382.493**	**-**	**-**	**-**	**14.877.130**	**217.259.623**
Long term financial liabilities	*190.920.925*	-	-	-	-	*190.920.925*
Other liabilities	*200.867*	-	-	-	-	*200.867*
Deferred revenue	-	211.863	-	-	-	211.863
Provisions for employee benefits.	10.639.221	-	-	-	(451.407)	10.187.814
Deferred income tax liability	-	-	-	-	15.328.537	15.328.537
Other non-current liabilities	621.480	(211.863)	-	-	-	409.617
EQUITY	**307.194.708**	**-**	**(246.371.207)**	**-**	**(11.022.129)**	**49.801.372**
Equity attributable to parent	**307.194.708**	**-**	**(246.371.207)**	**-**	**(11.022.129)**	**49.801.372**
Paid in share capital	40.000.000	-	-	-	-	40.000.000
Adjustments to sahre capital	56.061.369	-	-	-	-	56.061.369
Other comprehensive income/income not to be reclassified to profit or loss	74.881.785	-	-	-	-	74.881.785
- *Actuarial gain / (losses) arising from employee benefits*	-	-	-	*(6.352.901)*	-	*(6.352.901)*
Other comprehensive income/expense to be reclassified to profit or loss	-	-	-	-	*(673.371)*	*(673.370)*
- *Currency translation differences*	-	-	-	-	*(673.371)*	*(673.370)*
Impact of business combinations regarding common control transactions	-	-	(246.371.207)	-	-	(246.371.207)
Restricted reserves	33.451.107	-	-	-	-	33.451.107
Retained earnings	74.769.445	-	-	4.169.273	(9.778.860)	69.159.855
Net income for the period	28.031.002	-	-	2.183.628	(569.899)	29.644.731
Non-controlling interest	**-**	**-**	**-**	**-**	**3.698.139**	**-**
TOTAL LIABILITIES	**1.250.911.560**	**-**	**(246.371.207)**	**-**	**3.698.139**	**1.008.238.492**

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

i) The Impact of amendment in TAS 19 "Employee Benefits"

In accordance with the amendment in the standard, which is effective from 1 January 2013, the actuarial gain and losses related to employee benefits are required to be accounted for under other comprehensive income. The Group recognized the actuarial gain and losses related to employee benefits in the consolidated statement of income and other comprehensive statement of income until the period then ended 31 December 2012. The Group applied the amendment in the standard retrospectively in accordance with the related changes in the accounting policies and the actuarial gain and losses disclosed in the related disclosures have been reversed from the consolidated statement of income and accounted in the other comprehensive income. As at 31 December 2012, actuarial losses amounting to 6.352.901 TRY – net of deferred income taxes (31 December 2011: 4.169.273 TRY) has been transferred from retained earnings, the actuarial losses amounting to 2.591.871 TRY – net of deferred income taxes which was accounted for in the consolidated statement of income (31 December 2011; 2.813.628 TRY) has been transferred from the net income of the period to "Actuarial gain / (losses) arising from employee benefits" under equity.. The actuarial losses amounting to 1.295.935 TRY – net of deferred income taxes recognized in the statement of income or statement of comprehensive income has been tranferred to "Actuarial gain / (losses) arising from employee benefits" under equity as at 30 June 2012.

ii) Impact of accounting policy change after POAASA resolution related with"Business combinations of entities under common control"

According to resolution which is mandatory to apply retrospectively for annual reporting periods after 31 December 2012, business combinations of entities under common control should be accounted for by using pooling of interest method and goodwill should not be recognized in financial statements. Group accounted for business combinations of entities under common control according to TFRS 3 "business combinations" standard before this resolution. Goodwill amounting to 246.371.207 TRY (31 December 2011: 246.371.207 TRY) that arose in the business combinations of entities under common control in the prior years accounted for in the "Impact of business combinations of entities under common control" account under equity.

iii) Changes in the format of CMB financial statements

According to CMB's announcement regarding the format financial statements and disclosures, Group made classifications in previous years' consolidated financial statements in line with current year presentation changes which are summarized as follows:

- Short-term prepaid expenses amounting to 5.167.247 TRY (31 December 2011: 4.719.716 TRY) have been classified from other current assets account to short term prepaid expenses account, long term prepaid expenses amounting to 1.580.862 TRY (31 December 2011: 1.422.425 TRY) have been classified from other non-current assets to long term prepaid expenses account by Group.

- Short term portion of long term liabilities amounting to 168.139.269 TRY (31 December 2011: 120.983.952 TRY) have been classified from short-term liabilities to short term portion of long term liabilities account by Group.

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

- Advances received amounting to 118.143.244 TRY (31 December 2011: 80.986.950 TRY) and prepaid expenses amounting to 566.301 TRY (31 December 2011: 377.981 TRY) have been classified from other non-current liabilities to short term deferred revenue account and short term deferred revenue amounting to 42.374 TRY (31 December 2011: 211.864 TRY) have been classified from other long term liabilities to long term deferred revenue account by Group.

- Payables to personel amounting to 6.286.420 TRY (31 December 2011: 3.910.422 TRY) and payables related to social security premiums amounting to 2.001.258 TRY (31 December 2011: 3.928.517 TRY) have been classified from other payables to related parties to employee benefits account by Group.

- Taxes payable amounting to 2.581.659 TRY (31 December 2011: 2.075.420 TRY) have been classified from other payables to related parties to other short term liabilities accoount by Group.

- Expense accruals amounting to 501.896 TRY (31 December 2011: 105.340 TRY) have been classified from short term liabilities to other short term provisions by Group.

- Deposits and guarantees taken amounting to 37.472 TRY (31 December 2011: None) have been classified from long term liabilities to other payables account by Group.

- Foreign exchange gains from continuing operations in consolidated profit and loss and other comprehensive income statements amounting to 10.743.764 TRY as of 30 June 2012 and financial income from credit sales amounting to 17.713.955 TRY have been classified from financial income to other income from continuing operations, profit from sale of tangible assets amounting to 92.615 TRY have been classified from other income from continuing operations to other income from investing activities, loss on sale of tangible assets amounting to 296.403 TRY have been classified from other loss from continuing operations to other loss from investing activities, foreign exchange loss from continuing operations amounting to 6.605.001 TRY and financial loss from credit sales amounting to 13.691.032 TRY have been classified from financial expenses to other expenses from continuing operations by Group.

iv) Impact of restatements and classifications identified in prior period consolidated financial statements

- Clearing cheques amounting to 4.367.240 TRY (31 December 2011: 3.003.557 TRY) previously classified in other receivables at consolidated balance sheet as of 31 December 2012 have been reclassified to cash and cash equivalents, inventories in transit amounting to 14.328.947 TRY (31 December 2011: 19.275.188 TRY) previously classified to oher current assets have been reclassified to inventories, prepaid financial expenses related to bond issued amounting to 1.516.974 TRY (31 December 2011: 156.858 TRY) previously classified in other current assets have been reclassified in short term liabilities, other payable amounting to 39.073.373 TRY previously classified in trade payables to related parties have been reclassified in other payables to related parties, deferred income tax liabilities amounting to 4.254.619 TRY (31 December 2011: 4.117.752 TRY) previously classified in deferred income tax asset have been reclassified in deferred income tax liability.

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

- The land in Antalya and the shop in Unkapanı with the cost value of 66.492 TRY (31 December 2011: 66.492 TRY) previously classified in tangible assets as of 31 December 2011 have been reclassified as investment properties. Fair value of these properties were determined by using independent expert's report. Accordingly, the retained earnings have been increased by 981.207 TRY as a result of, the fair value difference amounting to 1.032.803 TRY (31 December 2011: 1.032.803 TRY) and the related deferred income tax liabilities amounting to 51.596 TRY (31 December 2011: 51.596 TRY).

- Group accounted for deferred income tax liabilities related to BYN and AYGM's properties which have been calculated by using 5% on the increaese in their values at period ended 31 December 2012 and 2011. According to Turkish tax legislation, companies liable to pay 20% of real estate sale income as corporate tax if their core business is real estate development. Group accounted for deferred income tax liability amounting to 11.242.934 TRY (31 December 2011: 11.210.785 TRY) considering the impact of tax rate which has been changed from 5% to 20%. As a result, the retained earnings decreased by 11.210.785 TRY (31 December 2011: 11.159.282 TRY) and profit for the period increased by 32.149 TRY (31 December 2011: 51.503 TRY) after that restatement as of 31 December 2012 and the net loss for the period increased by 190.444 TRY in consolidated profit and loss and other comprehensive income for the period ended at 30 June 2012.

- Group reversed deferred income tax asset amounting to 280.101 TRY (31 December 2011: 1.152.800 TRY) calculated over consolidation adjustments of the consolidated balance sheet for the period ended at 31 December 2012. Accordingly, the retained earnings decreased by 1.152.800 TRY (31 December 2011: 372.647 TRY) and the net loss for the period increased by 1.432.901 TRY (31 December 2011: 1.525.447 TRY) after that restatement.

- Group reassessed their provision for employee benefits and assumptions used as of 31 December 2012 and 2011 and prior years' provision for employee benefits calculation has been restated retrospectively. Recalculated provision for employee benefits is lowered by 820.283 TRY (31 December 2011: 451.407 TRY) and defererred tax asset effect is calculated as 164.056 TRY (31 December 2011: 90.281 TRY) in consolidated balance sheet as of 31 December 2012. As a result of this restatement, the retained earnings increased by 361.126 TRY (31 December 2011: 27.446 TRY) and the net loss for the period decreased by 295.101 TRY (31 December 2011: 333.680 TRY) after that restatement and the net loss for the period decreased by 1.014.295 TRY in consolidated profit and loss and other comprehensive income for the period ended at 30 June 2012.

- Currency translation differences previously accounted in the consolidated statements of income in the prior periods, accounted for under other comprehensive statement of income. As a result of this restatement, the net loss for the period decreased by 425.270 TRY (31 December 2011: 673.371 TRY) the net profit for the period increased by 673.371 TRY, the net loss for the period decreased by 166.548 TRY in the consolidated profit and loss and other comprehensive income for the period ended at 30 June 2012

- Profit eliminations related to transactions between consolidated subsidiaries and the investments which were accounted for using equity method restated retrospectively in the period ended at 30 June 2013), as a result of this restatement the net loss for the period increased by 2.402.092 TRY in the consolidated profit and loss and the other comprehensive income for the period ended at 30 June 2012 after that restatement and the net loss for the period increased by 2.481.301 TRY (31 December 2011: None) in the consolidated profit and loss and the other comprehensive income for the year ended at31 December 2012.

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

2.6. Summary of significant accounting policies

Principles of consolidation

Consolidetad financial statements include the parent company, Altınyıldız, and its subsidiaries AY Marka, BBM, Beymen, BYN and AYGM for the period ended at 30 June 2013. Subsidiaries are consolidated at the same date that the control transferred to the parent 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 companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB financial reporting standarts and Group's accounting policies. The results of Subsidiaries are included or excluded from their effective dates of acquisition or disposal, respectively.

Control is provided with influence on financial and operational policy in order to obtain economic benefit from enterprise benefit.

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 all consolidated companies and shows the proportion of ownership interest and the effective interest of the Company in these subsidiaries for the period ended 30 June 2013 and 31 December 2012:

			30 June 2013	**31 December 2012**
Subsidiary	**Country of registration**	**Nature of business**	**Effective ownership (%)**	**Effective ownership (%)**
AY Marka	Turkey	Retail Store Operations	99,99	99,99
BBM [1]	Turkey	Retail Store Operations	60,17	-
Beymen [1]	Turkey	Retail Store Operations	100,00	-
BYN	Turkey	Real Estate Development	99,99	99,99
AYGM	Turkey	Real Estate Development	99,99	99,99
Alticom GmbH ("Alticom")	Germany	Sale and Marketing of Textile Products	100,00	100,00
Altınyıldız Corporation ("Altınyıldız Corp")	USA	Sale and Marketing of Textile Products	100,00	100,00
A&Y LLC	Dubai	Sale and Marketing of Textile Products	99,99	99,99
Altınyıldız Italia SRL [2]	İtaly	Sale and Marketing of Textile Products	100,00	100,00
Altınyıldız Pars A.Ş. [3]	İran	Sale and Marketing of Textile Products	-	99,99
Vista	Turkey	Health Services	99,99	99,99

(1) According to board of directors resolution dated 31 May 2013 it has been decided anonymously to purchase 50,01% shares of Beymen Mağazacılık A.Ş, 30,05% shares of Boyner Büyük Mağazacılık A.Ş from Fennella Sarl an establishment of Citi Venture Capital International share transfer agreement signed as of 31 May 2013 (Note 3).

(2) Pursuant to the resolution of the Board of Directors dated 5 November 2012, the sales office in Italy, namely, Altınyıldız İtalya SRL, whose principal activity is Sales and Marketing of Textile Products, will be closed. Due to the time required to fulfill legal procedures, the closing of the subsidiary will be realized in 2013.

(3) According to the resolution of the Board of Directors resoultion dated 4 April 2013 Altınyıldız Pars A.Ş. shares has taken over by LOM Renkli Giyim Ürünleri Pazarlama A.Ş. without charge and recommendation process at LOM Renkli Giyim Ürünleri Pazarlama A.Ş. still on going.

Subsidiaries are included in the scope of consolidation starting from the date the control on their activity passed to the Group and are no longer consolidated firm from the date that control ceases. Accounting policies of subsidiaries are changed with Group's accounting policies in order to be consistent.

The subsidiaries acquired or sold during the year were included in the consolidated financial statements from the date of acquisition or until the date of disposal.

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 year, 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 non-controlling shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. When the losses 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 are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. The equity method is used for accounting of associates and joint ventures. Investment in associates accounted for under the equity method of accounting is carried in the consolidated balance sheet at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated statements of income reflect the Group's share of the results of operations of the associates.

Associates accounted under the equity method considering Group's total shares proportion which are owned directly or indirectly from their subsidiaries. Non-controlling interests are calculated according to effective rate of shares owned via subsidiary.

Valuated investments using equity method presented by adding or excluding of change after acquisition date in acquired net assets and excluding provision for decrease in purchase value at consolidated balance sheet. Consolidated income statement presents shares after operations of Group's associates. It would be necesseary to change book value of subsidiary in such case of a change in equity resulting from income or loss of subsidiary has not reflected yet. The portion of change related with the Group is accounted under Group's own equity. Profit from transactions of Group and subsidiary, corrected by the share of Group in that subsidiary accordingly.

The table below sets out Group's subsidiaries and joint ventures accounted using equity method and shows the proportion of ownership interest and the effective interest of the Company in these subsidiaries: for the period ended 30 June 2013 and 31 December 2012.

			30 June 2013	31 December 2012
Subsidiary	**Country**	**Nature of business**	**Effective ownership (%)**	Effective ownership (%)
İzkar Giyim Ticaret ve Sanayi A.Ş. ("İzkar")	Turkey	Commercial	49,60	-
Christian Dior İstanbul Mağazacılık A.Ş. ("Christian Dior")	Turkey	Commercial	48,94	-
Nile Bosphorus Retail and Trading Company ("Nile Bosphorus")	Egypt	Commercial	33,33	-
Elif Co. For General Trading Ltd. ("Elif Co")	Iraq	Commercial	50,00	-
Christian Louboutin Mağazacılık A.Ş. ("Christian Louboutin")	Turkey	Commercial	29,99	-

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

2.6. Summary of significant accounting policies (Continued)

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.

Accounting estimates

The preparation of financial statements in accordance with the CMB Accounting Standards 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 reported in earnings in the periods in which they become known.

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 income tax assets, provisions, provision for leasehold improvements, determination on provision for intangible assets, provision for net realisable value of inventories and fair value of real estate held for sale.

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 recognises 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, as described below.

Sales of goods - wholesale

The group manufactures and sells a range of textile and ready wear products in the wholesale market. Sales of goods are recognised when a group entity 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. Accumulated experience is used to estimate and provide for the discounts and returns.

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

2.6. Summary of significant accounting policies (Continued)

In such cases of receiving cash and cash equivalents in return to sales, revenue amount is the mentioned cash and cash equivalents. When the arrangement effectively constitutes 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 financial income.

Sales of goods – retail

The group operates a chain of retail outlets for selling textile and read wear products. Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by credit card. It is the group's policy to sell its products to the retail customer with a right to return within a particular time. Accumulated experience is used to estimate and provide for such returns at the time of sale.

Rent income obtained from investment properties

Rent income from investment properties is recognised 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.

Land Subject to Revenue Sharing Agreements ("LSRSA")

Group made profit sharing agreement with Fer Gayrimenkul İnşaat A.Ş. for a project of constructing office, housing and commercial units on the land owned by Group's subsidiary AYGM as of 29 September 2010. As this land is subject to profit sharing agreement made with construction company, classified to inventories at fair value at 30 September 2011 and it will be carried with the same amount until sale will realize. Sale is recognized when risk and rewards of ownership of land is transferred to the ultimate customers (that is the customers of the construction entities) and when the sales proceeds are reliably determinable.

Other income

Other income realised by Group recognised according to terms as follows.

- Rent and copyrights income – according to substance over form about the aggreements, on accruals basis,
- Interest Income - Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit,
- Dividend income - Dividend payables are recognized in the period that the profit distribution is declared.

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

2.6. Summary of significant accounting policies (Continued)

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, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. Estimate is made for the doubtful provision when the collection of the trade receivable is not probable. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost is determined by the monthly moving weighted average method. semi-finished goods and finished goods take share from production cost Net realisable value less costs to sell is the estimated sales price in the ordinary course of business, less the estimated costs necessary to make the sale. The cost of borrowings is not included in the costs of inventories.

Investment properties

According to TAS 40 "Investment properties" ; Land and buildings those are held for long term rental yields or value increase or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are accounted for using the fair value model at the financial statements.

Disposal of investment properties performed in circumstances such as disposal of or going out of use of these investments with no possible economical proceeding in the future. In subsequent periods, profit or loss due to the revaluation of fair value of investment property are accounted for under current period's profit or loss.

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.

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

2.6. Summary of significant accounting policies (Continued)

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. 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.

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)
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 amortisation method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively.

Property, plant 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 recognised 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.

When assets sold whcih are accounted revaluated amounts, - property and equipment revaluation reserve transferred to retained earnings.

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 on a prospective basis. Purchase costs are included in the related assets and are amortized based on their economic lives (15 years).

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

2.6. Summary of significant accounting policies (Continued)

Softwares

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3 - 5 years).

Trademarks

Brands that are acquired separately are accounted for at their acquisition cost, and brands that are acquired as a part of business combination are accounted for at their fair value in the financial statements.

The Group assessed the useful life of brand as indefinite since there is no foreseeable limit to the period over which a brand is expected to generate net cash inflows for the Group.

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 acquiree.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.

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

2.6. Summary of significant accounting policies (Continued)

Legal mergers arising between companies controlled by the Group are not considered within the scope of IFRS 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

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. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income. The recoverable amount of property and equipment is the greater of net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life while the net selling price is the amount obtainable from the sale of an asset after cost of sales deducted. 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 (Stores).

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

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 balance sheet date. Those with maturities greater than 12 months are classified as non-current assets. The Group's receivables are classified as "trade and other receivables" in the statements of financial position.

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 management intends to dispose of the related investments within 12 months of the balance sheet date.

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

2.6. Summary of significant accounting policies (Continued)

Held to maturity financial assets

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 are classified as "held-to-maturity financial assets". Held-to-maturity financial assets are carried at amortized cost using the effective yield method.

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.

Loans and receivables are carried at amortized cost using the effective yield 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. Dividends on available-for sale equity instruments are recognized in the statement of income as part of financial income when the Group's right to receive payments is established.

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 minus 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.

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

2.6. Summary of significant accounting policies (Continued)

Unrealised 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 income statement. 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 income statement.

Trade payables

Trade payables are initially recorded at original invoice amount and carried at amortized cost less due date expense. Due date expense is accounted for under cost of sales. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; 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.

In case of foreign exchange income 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.

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). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign 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 retranslated at the rates prevailing on the balance sheet date.

(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)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 retranslated. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting 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 Group's translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Foreign currency conversion rates used by the Group for the related period ended are as follows:

	USD/TRY	EUR/TRY
30 June 2013	1,9248	2,5137
31 December 2012	1,7826	2,3517
31 December 2011	1,8889	2,4438

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 leased 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 per share

Earnings per share are determined by dividing net income by the weighted average number of shares that have been outstanding during the period concerned. The weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding increase in resources

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

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 material, 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, head of group, vice general managers, vice head of group and factory managers) 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.

Advertesement and promotion expenses

Advertesement campaigns including advertesement, catalog and promotion expenses for new products are recorded as expense at the same time Group can reach these assets.

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

2.6. Summary of significant accounting policies (Continued)

Income taxes

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity. In such case, the tax is recognized in shareholders' equity.

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 income 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 income 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 or loss. Deferred income 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 income tax asset is realized or the deferred income 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 available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred income tax assets and deferred income 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 income tax assets and deferred income tax liabilities are offset accordingly.

Provision of employee benefits

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnity payments to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Group has calculated the provision for employee benefits accounted in the accompaying financial statements by using the projection method and the experience of the Group on the completion of service period and the entitled employee benefits of the Group's personel in the past; and discounted the provision by the rate of return of government bonds at the balance sheet date.

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

2.6. Summary of significant accounting policies (Continued)

As a result of the amendment in TAS 19 effective for annual periods beginning on or after 1 January 2013, actuaril gain and losses arising form the calculations related to the liabilities related to employee benefits shall be recognized directly in other consolidated comprehensive income. In this context, service and interest cost arising from the calculation of provision for employeetermination benefits have been recognized in the statement of income, actuarial gain and losses have been recognized in other comprehensive income for the period 1 January – 30 June 2013. In the context of this amendmend, the Company has calculated the accumulated actuarial gain and losses for the period after 1 January 2005, and transferred the accumulated actuarial gain and losses from retained earnings to acturial gain / (losses) arising from employee benefits on the balance sheet as at 31 December 2012 (Note 2.5).

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.

Customer loyalty programmes

The group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. The reward points are recognised 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 recognised as deferred revenue at their fair value. Revenue from the reward points is recognised when the points are redeemed. Breakage is recognised 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.

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

2.6. Summary of significant accounting policies (Continued)

Subsequent events

Post year/period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the interim consolidated financial statements. Post year/period-end 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 divisions are; textile andready wear clothing, retail store operations, real estate development and management. These segments are managed separately because they are affected by the economical conditions and geographical positions in terms of risks and returns. When evaluating the segments' performance, Group Management is utilizing the financial statements prepared in accordance with TFRS.

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

2.7 Significant accounting estimations

Preparation of consolidated financial statements requires presenting amounts of assets and liabilities as of reporting date, presenting contingent assets and liabilities and estimations which can affect income or expense amounts presented at reporting date. Accounting makes their evaluations considering estimations, past experience, other factors and reasonable expectations for situations in the future. Results may vary even if management made their estimation using their best knowledge. Estimations which can affect assets and liabilities in the next financial reporting period stated below.

i) Deferred income tax assets

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. Deferred income 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 an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred income tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

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

2.7 Significant accounting estimations (Continued)

ii) Provisions

As explained in Note 2.6, provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the law suits and court cases opened against it at 30 June 2013 and for the ones where the Group estimates more than 50% probability of losing them necessary provisions are accounted for in the consolidated financial statements.

iii) Impairment on leasehold improvements

As explained in Note 2.6, property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated, on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executed an impairment estimate on the leasehold improvements on stores by considering the continuity of each store.

iv) Impairment on intangible assets

As explained in Note 2.6, intangible assets such as trademarks with indefinite useful lives are not amortised. Instead, those assets are tested whether there is impairment on the carrying amount of them. The Group performs this test for intangible assets by comparing the brand's carrying amount to the discounted cash flow projections of the assets which are calculated on the basis of Group's ten year business plans. The Group has performed an impairment test on intangible assets at 30 June 2013 and has not identified any impairment as a result of this test (Note 16).

v) Provision for net realisable value of inventories

Pursuant to accounting policy stated in Note 2.6, inventories are valued at the lower of cost or net realisable value less costs to sell. Group reviews their inventories whether they have any decrease in value or not in line with their net realisable value. Estimations made by the management regarding sale price and sale expenses of inventories after the period of sale for certain inventories. Management determines their sale price estimations considering current market conditions and fluctuations in prices.

In a case of unexpected changes in market conditions, impairment estimations are subject to change as they are calculated based on Group's estimation and assumptions.

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

2.7 Significant accounting estimations (Continued)

vi) Fair value of investment properties

In the consolidated financial statement, basic assumptions used in valuation reports during the finding fair values of real estates classified as investment property is defined below;

Report of an appraisal company which holds CMB licence used for accounting of Group's land in Antalya and shop in Unkapanı at fair value which are carried at cost before 2013. Prior years' financial statements have been restated to fair value as of 30 June 2013 (Note 2.5)

In the consolidated financial statements, the following assumptions used by valuation experts, that is the selection of the valuation method, the discount rate, the rent increase per annum, the capitalisation rate (which is the discount rate used to determine the terminal value) and determination of the market comparable m² values are considered critical and thus disclosed below in tabular format.

30 June 2013	**Valuation report date**	**Valuation method**	**Discount rate (*)**	**Annual rent increase rate**	**Capitalisation rate**	**Market comparable m² value TRY**
Starcity AVM [a]	19/12/2012	Discounted cash flow	10%-11%	3,00%	-	-
Antalya Arsa [b]	05/08/2013	Sale comparison	-	-	-	200
Unkapanı Dükkan [c]	06/08/2013	Sale comparison	-	-	-	1.400

a) As at 30 June 2013, Starcity Shopping Mall ("Starcity") located in İstanbul - Bahçelievler district on 34.119,06 m² is classified under investment properties and on April 2010 the shopping mall was opened. BYN Gayrimenkul A.Ş. and Merkür İnşaat Ticaret A.Ş. are the owner of the Starcity with the portions respectiveley 2/5 and 3/5. Management of the Mall is conducted by Merkür İnşaat Ticaret A.Ş.

   Starcity mall accounted at 110.692.000 TRY as of 31 December 2013 and 31 December 2012 which is 2/5 of 276.730.000 TRY Independent appraisal company Standart Gayrimenkul Değerleme ve Danışmanlık A.Ş. determined price with their appraisal report at 19 December 2012.

b) Group's land located in Antalya, Kepez district with 4.647 m^2 surface area which is classified under investment properties as of 30 June 2013, accounted at fair value of 935.000 TRY determined by an appraisal company's report which company holds CMB license with 2013/5900 number as of 5 August 2013.

c) Group's shop located in İstanbul, Fatih district with 125 m^2 surface area which is classified under investment properties as of 30 June 2013, accounted at fair value of 175.000 TRY determined by Elit Gayrimenkul Değerleme A.Ş.' report which company holds CMB license with 2013/5901 number as of 6 August 2013.

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

2.7 Significant accounting estimations (Continued)

vii) Provision for doubtful receivables

In the event there is a situation which makes impossible for the Group to collect theoverdue receivables, a provision for loss is provided for the trade receivables. The amount of the provision is determined with the assessment of the payment performance of the customer and trade receivable aging. Provision for doubtful receivables is the accounting estimation that is based on the past payment performance and financial situations of the customers.

2.8 Convenience translation into English of consolidated financial statements originally issued in Turkish

The accounting principles described in Note 2 to the consolidated financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

NOTE 3 - BUSINESS COMBINATIONS

The Group applies acquisiton method for company acqusitions. Subsidiaries acquired or sold during the year are included in consolidated financial statements beginning from acquisiton date or until the disposal date.

Interests of Altınyıldız in its associates accounted for equity method was 49,99% and 29,99% for Beymen and BBM, respectively, and Fennella S.a.r.l. ("Fennella"); which is an establishment of Citi Venture Capital International ("CVCI") is the other shareholder in Beymen and BBM until 31 May 2013. Altınyıldız purchased 50.01% of Beymen's and 30,05% of BBM's shares and signed a share transfer agreement with Fennella on 31 May 2013.

The change in controlling interest is regarded as step acquisition in the scope of "TFRS - 3: Business combinations". Beymen and BBM, accounted for equity method until 31 May 2013 have been included in the consolidated financial statements starting from 1 June 2013 and interests arising from 39,96% pulic shares of BBM are accounted under non-controlling interest account. According to TFRS 3, acquirer company remeasures its capital shares owned prior to acqusition in acquiree in fair value and the resulting gain or loss is recognized in profit or loss statement.

NOTE 3 - BUSINESS COMBINATIONS (Continued)

According to share purchase agreement, Altınyıldız will pay 287.000.000 USD in return of %50,01 of Beymen shares owned by Fennella. 11.000.000 USD of total payment is paid in cash at share transfer date 31 May 2013 and rest of the balance will be paid in two installments amounting to 30.500.000 USD and 245.500.000 USD on 2 June 2014 and 5 June 2015, respectively. In addition, in case of value of 50,01% shares calculated based on Beymen's year 2014 financial statements being higher than minimum price of 266.680.000 USD, an additional payment, with an upper limit of 89.820.000 USD, may be required. Taking borrowing costs of Altınyıldız into consideration, payment amount of 276.000.000 USD in return to Fennella's 50.01% of Beymen shares with maturities 2 June 2014 and 5 June 2015 have been discounted as of 31 May 2013 by using approximate USD borrowing rate of %6. As a result, difference of 28.915.808 USD (53.959.789 TRY) has not been accounted for in the income statement and considered in the calculation of goodwill within the scope of acquisition accounting applied under TFRS 3.

According to share purchase agreement dated at 31 May 2013, Altınyıldız will pay 96.700.000 USD in return of Fennella's 30.05% of BBM shares owned by Fennella on 5 June 2015. USD borrowing rate of 6% used in discounting of above mentioned payment and difference of 10.706.012 USD (19.978.489 TRY) has not been accounted for in income statement and considered in the calculation of the goodwill within the scope of acquisition accounting applied under TFRS 3.

Following acquisition of Fennella's interest of 30.05% in BBM by Altınyıldız on 31 May 2013, share of Altınyıldız in BBM increased to 60,04%. Pursuant to 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" as of 6 September 2013 terminal call price is determined as 7.0835 TRY by CMB and the call will commence at 9 September 2013 and last for 10 working days. Altınyıldız purchased 0,369% of shares amounting to 1.880.131 TRY from other shareholders of BBM in June 2013 and purchase transaction has been considered in the calculation of goodwill within the scope of acquisition accounting applied under TFRS 3.

Even though the call obligation is regarded as a part of acqusition realised on 31 May 2013, no provision has been accounted for the call obligation declared on 9 September 2013 in Altınyıldız interim consolidated financial statements as of 30 June 2013, since the announcement has been made a short time before date of this report and such liability cannot be measured reliably. The impact of acquisition will be taken into account in the goodwill calculation in financial statements prepared in accordance with TAS 8 - "Changes and Errors in Accounting Policies" after fullfilment of call obligation.

Main assumptions of valuation report for fair values of equity shares of Beymen and BBM held by Altınyıldız previously on 31 May 2013 have been stated below. Before mentioned valuations are performed by an independent valuer licensed and authorized by CMB.

'BIST value' (calculating company's value using its stock price), 'Discounted cash flow' and 'Net asset value' methods have been used for 39,96% of BBM shares traded in Borsa İstanbul (BİST) and market value is calculated by taking weighted average of these three methods. As stated on CMB bulletin dated 23 August 2013, pursuant to 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", it has been decided to use call price to determine BIST value of BBM shares (31 May 2013: USD 3.4329) and BIST value of BBM calculated as 649.742 thousand TRY, BBM's value determined as 616.736 thousand TRY as a result of weighted average of three methods explained above.

NOTE 3 - BUSINESS COMBINATIONS (Continued)

'Discounted cash flow', 'Benchmarking' and 'Net asset value' methods used to determine fair value of Beymen as of 31 May 2013 and Beymen's market value has been determined as 1.012.978 thousand TRY using weighted average of three methods explained above.

Basis for 'Discounted cash flow' method used in remeasurement of fair values of Beymen and BBM, financial budget based free cash flow estimations covering a five-year period have been used. Estimated free cash flows afther 5 years calculated using growth rate of companies. The estimated cash flows are discounted to their present values. Information such as industry growth rates in which company operates, gross domestic incme per capita and price indices are obtained from external sources. Price of goods, need for working capital and capital expenditures are estimated according to Group's predictions and realised figures in previous years.

As a result, fair value evaluation for 49,99% of Beymen and 29,99% of BBM shares owned by Altınyıldız as of 31 May 2013, income amounting to TRY 470.018.541 and TRY 155.593.774, respectively, has been accounted under 'Gain on fair value of the acquired subsidiaries' (Note 25).

All acquisition transactions mentioned above are considered altogether in goodwill calculation. Fair values of assets and liabilities acquired, derived from acquisition of Beymen and BBM shares, determined according to management's best estimate and fair value calculation made by independent valuation firms has not been completed. Therefore, difference between acquired net assets and acquisition amount of Beymen and BBM is presented as goodwill in interim consolidated financial statement as of 30 June 2013. Intangible assets identified in above mentioned calculations are mainly composed of brands, customer loyalty programmes, rent and franchise agreements and since fair value estimation study of before mentioned assets are not finalised, these assets have not been recognized separately in the interim consolidated financial statements as of 30 June 2013.

TFRS 3 requires acquisition accounting to be applied to all joint ventures and subsidiaries of the acquired companies. BBM acquired 63% of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Ticaret ve Sanayi A.Ş. ("YKM") and 20,62% of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Pazarlama A.Ş.'nin ("YKM Pazarlama") shares, which is a subsidiary of YKM, with 56,25% on 7 September 2012. As temporary fair value determination for these acquisitions made in 2013, it is assumed that there is no significant change in fair value of such intangible assets. On the other hand, discussions with sell side former shareholders of YKM and YKM Pazarlama over net assets and value of net working capital at the date of acquisition have not been finalized at the date of interim consolidated financial statetements for the interim period ended at 30 June 2013.

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

Fair value of assets and liabilities arising from acquisiton at the action date of purchase is as follows:

Fair value	**BBM**	**Beymen**	**Total**
Cash and cash equivalents	141.284.478	32.338.563	173.623.041
Trade receivables	49.830.290	53.069.375	102.899.665
Other receivables	794.214	56.642.854	57.437.068
Inventories	310.638.941	109.348.098	419.987.039
Prepaid expenses	12.581.148	8.820.764	21.401.912
Other current assets	29.575.483	8.189.421	37.764.904
Financial investments in associates	-	9.024.231	9.024.231
Tangible assets	131.782.194	56.910.075	188.692.269
Intangble assets	289.739.531	93.068.321	382.807.852
Deferred income tax asset	6.596.144	7.348.438	13.944.582
Other non-current receivables	-	65.403	65.403
Financial investments	-	3.812	3.812
Other non-current assets	1.030.286	-	1.030.286
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 income tax liability	(33.630.269)	(17.042.433)	(50.672.702)
Non-controlling interests	(16.011.713)	-	(16.011.713)
Net total assets	**162.929.199**	**141.190.508**	**304.119.707**
Acquired assets (A)	97.822.691	141.190.508	239.013.199
Net assets of non-controlling interests	65.106.508	-	65.106.508
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)	(160.473.380)	(461.083.811)	(621.557.191)
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)	**(19.188.903)**	**(461.718.577)**	**(480.907.479)**
Goodwill obtained with merger (G) (*)	115.676.816	-	115.676.816
Goodwill of shares purchased from stock exchange (H)	1.834.441	-	1.834.441
Goodwill (-A-B-C-D-E+G+H)	**364.821.204**	**859.254.366**	**1.224.075.570**

(*) Even though a payment of TRY 166.625.295 made for BBM, YKM and YKM Pazarlama, paid amount is subject to change considering corrections in value of company after acquisition within the context of "closing protocol" signed as of 7 September 2012. Goodwill has been recalculated as TRY 115.676.816 after changes in temporary fair value of tangible assets and payments made to vendors according to their agreements. Calculations for amounts based on closing net working capital are still ongoing. Related amounts remained in balance sheet in accordance with amounts which goodwill and amount paid for acquisition based on.

NOTE 3 – BUSINESS COMBINATIONS (Continued)

Additional contingent consideration to be paid to Fennella is the difference between 50% of calculated earnings before interest, taxes amortisation and depreciation (EBITDA) amount in Beymen's financial statements prepared according to CMB financial reporting standards as of 31 December 2014, with a minimum of USD 266.680.000 as determined in share transfer agreement as of 31 May 2013. Additional payment to be made to Fennella will be subject to an upper limit of USD 89.820.000. A contingent consideration amount of TRY 13.995.750 (USD 7.500.000) have been estimated according to Group management's best estimation by using discount rate of 6,00% as of 31 May 2013 and goodwill amounting to TRY 12.446.229 has been taken into consideration within the context of acquisition accounting application as of 31 May 2013.

Accounting of contingent consideration within context of TFRS 3 difference resulted from change in interest rate in subsequent period which is accounted as of 31 May 2013 evaluated as financial expense and result of operational differences will be accounted as operational expenses.

Acqusition accounting applied during purchase of 30,05% of BBM shares, non controlling interest has been calculated on proportionate share of acquisited company's accounted assets and non controlling interest of TRY 16.011.713 calculated on fair value measurement during acquisition of YKM and YKM Pazarlama in 9 September 2012 has not been revised as that work has not been finalised by date of this report.

Acquired asset and liability amounts within the scope of acquisition as of 30 June 2013 have been stated as amount obtained from acquisitions in related notes.

As BBM and Beymen are consolidated as of 1 June 2013, BBM and Beymen acquisitions' contribution to consolidated revenue and current year profit is TRY 170.704.819 and TRY 11.508.099 in the consolidated profit or loss and comprehensive income statements for the interim period ended 30 June 2013.

NOTE 4 - SEGMENT REPORTING

The Group's business operations are organized and managed with respect to the range of products and services provided by the Group. Information regarding the Group's business activities as of 30 June 2013 and 2012 comprise the earnings and profits obtained from operations i.e., textile &ready-wear products, retail store operations and real estate development and management.

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

NOTE 4 - SEGMENT REPORTING (Continued)

Segment analysis for the six-month periods ended 30 June 2013 is as follows:

1 January - 30 June 2013	Textile&ready wear clothes	Retail Operations	Real Estate Development and Management	Undistributed	Elimination	Total
Revenue	112.171.107	327.503.919	3.802.821	-	(33.158.219)	410.319.628
Cost of sales (-)	(103.892.322)	(188.066.723)	(492.364)	-	33.057.594	(259.393.815)
Gross profit / (loss)	**8.278.785**	**139.437.196**	**3.310.457**	**-**	**(100.625)**	**150.925.813**
Marketing expenses(-)	(7.404.975)	(111.976.786)	(92.127)	(5.074.145)	5.140.111	(119.407.922)
General administrative expenses (-)	(11.881.749)	(17.288.627)	(2.291.435)	(177.787)	13.831	(31.625.767)
Research and development expenses (-)	(2.205.571)	-	-	-	-	(2.205.571)
Other operating income	12.030.652	10.276.792	610.456	-	(1.987.169)	20.930.731
Other operating expense (-)	(14.843.765)	(12.636.185)	(695.020)	-	1.849.125	(26.325.845)
Income / (loss) from operations	**(16.026.623)**	**7.812.390**	**842.331**	**(5.251.932)**	**4.915.273**	**(7.708.561)**
Gain from investing activities	476.000	-	-	625.612.315	-	626.088.315
Loss from investing activities (-)	(90.000)	-	-	-	-	(90.000)
Income / (loss) from Investments in associates	6.607.404	225.033	-	-	-	6.832.437
Profit / (loss) before financial income	**(9.033.219)**	**8.037.423**	**842.331**	**620.360.383**	**4.915.273**	**625.122.191**
Financial income	5.379.018	2.057.318	1.564.121	-	(3.813.829)	5.186.628
Financial expense (-)	(61.632.672)	(18.386.945)	(12.595.227)	-	3.683.763	(88.931.081)
Profit / (loss) from continuing operations before tax	**(65.286.873)**	**(8.292.204)**	**(10.188.775)**	**620.360.383**	**4.785.207**	**541.377.738**
Tax income / (loss)	-	(2.030.048)	-	-	-	(2.030.048)
Deferred tax incomer/(loss)	1.203.816	2.338.708	1.633.480	(1.050.386)	-	4.125.618
Income / (loss) from continuing operations	**(64.083.057)**	**(7.983.544)**	**(8.555.295)**	**619.309.997**	**4.785.207**	**543.473.308**

30 June 2013	Textile&ready wear clothes	Retail Operations	Real Estate Development and Management	Undistributed	Elimination	Total
Assets and Liabilities						
Segment assets	1.267.047.084	1.559.210.941	367.088.558	657.871.071	(432.503.200)	3.418.714. 454
Undistributed assets	-	-	-	21.372.907	-	21.372.907
Total Assets	**1.267.047.084**	**1.559.210.941**	**367.088.558**	**679.243.878**	**(432.503.200)**	**3.440.087.361**
Segment liabilities	1.389.651.984	1.361.924.474	295.071.692	-	(280.072.556)	2.766.575.594
Undistributed liabilities	-	-	-	-	64.535.184	64.535.184
Total Liabilities	**1.389.651.984**	**1.361.924.474**	**295.071.692**	**-**	**(215.537.372)**	**2.831.110.778**
Other segment information						
Depreciation expense	4.366.128	5.480.945	-	-	-	9.847.073
Amortisation expense	106.190	1.922.571	-	-	-	2.028.761

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

NOTE 4 - SEGMENT REPORTING (Continued)

Segment analysis for the six-month periods ended 30 June 2012 is as follows:

1 January-30 June 2012	**Textile&ready wear clothes**	**Retail Operations**	**Real Estate Development and Management**	**Undistributed**	**Elimination**	**Total**
Revenue	149.775.549	148.946.046	3.521.185	-	(33.615.881)	268.626.899
Cost of aales (-)	(127.178.854)	(97.166.140)	(231.599)	-	33.949.824	(190.626.769)
Gross profit / (loss)	**22.596.695**	**51.779.906**	**3.289.586**	**-**	**333.943**	**78.000.130**
Marketing expenses(-)	(6.572.966)	(72.533.648)	(4.275)	-	127.321	(78.983.568)
General administrative expenses (-)	(9.820.916)	(7.330.351)	(1.778.385)	-	5.868	(18.923.784)
Research and development expenses (-)	(347.773)	-	-	-		(347.773)
Other operating Income	21.535.256	9.867.201	10.173	-	(1.419.619)	29.993.011
Other operating Expense (-)	(15.383.792)	(11.550.636)	(10.997)	-	1.427.796 -	(25.517.629)
Income / (loss) from operations	**12.006.504**	**(29.767.528)**	**1.506.102**	**-**	**475.309**	**(15.779.613)**
Gain from investing activities	92.615	-	-	-	-	92.615
Loss from investing activities (-)	(296.403)	-	-	-	-	(296.403)
Income / (loss) from Investments in associates	-	-	-	-	8.674.978	8.674.978
Profit / (loss) before financial income	**11.802.716**	**(29.767.528)**	**1.506.102**	**-**	**9.150.287**	**(7.308.423)**
Financial income	15.185.416	1.569.515	8.693.880	-	(3.505.704)	21.943.107
Financial expense (-)	(40.215.324)	(18.271.091)	(6.358.819)	-	6.195.540	(58.649.694)
Profit / (loss) from continuing operations before tax	**(13.227.192)**	**(46.469.104)**	**3.841.163**	**-**	**11.840.123**	**(44.015.010)**
Tax income / (loss)	-	-	-	-	-	-
Deferred tax incomer/(loss)	-	-	-	(1.440.419)	-	(1.440.419)
Income / (loss) from continuing operations	**(13.227.192)**	**(46.469.104)**	**3.841.163**	**(1.440.419)**	**11.840.123**	**(45.455.429)**

30 June 2012	**Textile&ready wear clothes**	**Retail Operations**	**Real Estate Development and Management**	**Undistributed**	**Elimination**	**Total**
Assets and Liabilities						
Segment assets	871.004.451	76.294.365	341.142.000	-	(289.262.701)	999.178.115
Undistributed assets	-	-	-	1.461.518	-	1.461.518
Total Assets	871.004.451	76.294.365	341.142.000	1.461.518	(289.262.701)	1.000.639.633
Segment liabilities	632.968.511	305.026.284	256.330.942		(208.133.249)	986.192.488
Undistributed liabilities	-	-	-	14.636.015	-	14.636.015
Total Liabilities						
Assets and Liabilities	632.968.511	305.026.284	256.330.942	14.636.015	(208.133.249)	1.000.828.503
Other segment information						
Depreciation expense	4.633.545	4.042.623	-	-	-	8.676.168
Amortisation expense	90.243	23.908	-	-	-	114.151

(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 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Cash	**3.993.055**	62.067
Cash at banks	**24.963.008**	27.414.284
- *Time deposits (*)*	**-**	18.292.645
- *Demand deposit (**)*	**24.963.008**	9.121.639
Credit card receivables	**192.865.695**	1.215.329
Cheques	**5.247.963**	7.012.625
	227.069.721	35.704.305

(*) Group has no time deposits at banks as of 30 June 2013 (As of 31 December 2012, the weighted average interest rate on TRY time deposits at banks is 8%).

(**) Group has restricted cash amounting to 19.738.044 TRY as of 30 June 2013 (31 December 2012: 2.456.556 TRY).

Cash and cash equivalents include the following for the purposes of the statements of cash flow:

	30 June 2013	30 June 2012
Cash and cash equivalents	**227.069.721**	21.941.261
Change in restricted cash	**(17.281.488)**	1.581.724
	209.788.233	23.522.985

The total insurance on cash and cash equivalents is amounting to 102.997.500 TRY as of 30 June 2013 (31 December 2012: 7.014.550 TRY).

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

NOTE 6 - FINANCIAL ASSETS AND INVESTMENTS IN ASSOCIATES

The details of the financial investments and investments in associates as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013		31 December 2012	
	Share	**Amount**	Share	Amount
Doğu Yatırım Holding A.Ş.	**< 1%**	**104.891**	< %1	104.891
BBA Beymen Boğaziçi Alboy A.Ş.	**< 1%**	**77.993**	< %1	74.171
Alsis Sigorta Acentalığı A.Ş.	**< 1%**	**11.370**	< %1	11.370
Beymen Ayrıcalıklı Yapı Geliştirme A.Ş.	**< 1%**	**1.200**	< %1	1.200
BNR Teknoloji A.Ş.	**< 1%**	**700**	< %1	700
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	**< 1%**	**104**	< %1	104
Total		**196.258**		192.436

Financial investments are valued at cost and below 1%.

	30 June2013		31 December 2012		31 December 2011	
	Effective ownership ratio (%)	**Amount**	Effective ownership ratio (%)	Amount	Effective ownership ratio (%)	Amount
Subsidiaries						
Associates accounted for using equity method						
Izkar	**49,60%**	**886.024**	-	-	-	-
Christian Dior	**48,94%**	**2.014.119**	-	-	-	-
BBM	**-**	**-**	29,99%	29.433.613	29,99%	29.995.129
Beymen	**-**	**-**	49,99%	26.743.865	49,99%	12.275.061
Accounted at cost						
Nile Bosphorus (*)	**33,33%**	**5.472.508**	-	-	-	-
Joint ventures						
Associates accounted for using equity method						
Christian Louboutin	**30%**	**870.180**	-	-	-	-
Elif Co (**)	**50%**	**-**	-	-	-	-
		9.242.831		56.177.478		42.270.190

(*) Since Nile Bosphorus does not prepare its financial statements for the six-month period ended 30 June 2013 and for the year then ended 31 December 2012 in accordance with IFRS, the Company's investment in Nile Bosphorus is not accounted for under equity method; instead the investment is carried at cost.

(**) In 2013, The Company did not realize the loss from Elif Co. amounting to 263.838 TRY since the carrying value of Elif Co. has been reduced to nil in 2012. As at 30 June 2013, financial losses which are not accounted in the consolidated financial statements due to the gap between the amount of investment and the cost of the investment for the investments accounted for using equity method, is amounting to 263.838 TRY.

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

NOTE 6 - FINANCIAL ASSETS AND INVESTMENTS IN ASSOCIATES (Continued)

The summary of financial information of investments valued using equity method is as follows:

	İzkar		**Christian Dior**		**Elif Co**		**Christian Louboutin**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Total assets	**3.276.352**	3.789.394	**7.281.910**	5.959.865	**4.270.618**	2.982.383	**6.093.279**	4.065.616
Total liabilities	**1.490.014**	1.727.661	**3.166.425**	3.051.410	**5.429.216**	3.716.533	**3.192.478**	2.777.182
Revenue	**7.622.402**	13.779.863	**5.696.184**	9.594.877	**1.757.309**	2.440.740	**5.568.696**	4.509.399
Net income	**573.004**	1.251.684	**1.240.178**	1.822.889	**(750.751)**	(1.029.953)	**1.612.362**	1.238.432

	BBM		**Beymen**	
	2013 (*)	2012	**2013 (*)**	2012
Total assets	**898.922.373**	858.267.827	**349.617.190**	263.333.789
Total liabilities	**779.954.838**	730.529.664	**276.596.413**	203.157.863
Revenue	**522.563.426**	935.090.980	**214.256.161**	464.104.397
Net income	**(3.230.705)**	6.868.185	**16.341.451**	17.167.102

(*) Presents the summary of financial information at 31 May 2013.

Changes in investments during the six-month periods ended 30 June 2013 are as follows:

	30 June 2013	31 December 2012	30 June 2012	31 December 2011
Investments at the begining of period	**56.177.478**	42.270.190	42.270.190	31.064.394
Amount related with current year profit	**7.556.402**	15.833.119	10.688.924	-
Impact on income statement after classified eliminations	**9.024.231**	-	-	-
Disposal from investments accounted for using equity method due to change in the scope of the consolidation	**(65.434.678)**	-	-	-
Amount related with equity	**1.929.971**	(1.936.404)	-	-
Impact of equity reclassification	**(10.573)**	10.573	-	-
Additions to investments in associates	**-**	-	-	34.118.773
Impact of transition to equity method	**-**	-	-	(22.912.977)
	9.242.831	56.177.478	52.959.114	42.270.190

(*) Transactions in Group netted off which are related with net current year profit.

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

NOT 7 - FINANCIAL LIABILITIES

The details of the short-term financial liabilities as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Short-term bank borrowings	**443.470.893**	127.820.277
Bond issued (*)	**145.165.017**	135.705.266
	588.635.910	263.525.543

(*) Pursuant to the permit given by the Capital Markets Board on 1 October 2012, the commercial paper with a nominal value of 150.000.000 TRY maturing in 364 days starting from 3 October 2012 with a fixed interest of 11,77% has been offered to qualified investors. The said commercial paper has no coupon payments and its amortization will be done in a single transaction at the maturity date. The interest on the said commercial paper has been paid in advance.

Short-term portion of long-term financial liabilities are stated below:

	30 June 2013	31 December 2012
Short-term portion of long-term financial liabilities	**200.690.566**	161.796.173
Short-term portion of long-term bonds	**9.380.794**	-
Financial lease liabilities	**7.861.253**	6.343.096
	217.932.613	168.139.269

The summary of long-term financial liabilities for the period ended 30 June 2013 and 31 December 2012 is stated below.

	30 June 2013	31 December 2012
Long-term bank borrowings	**177.142.904**	110.943.051
Bond issued (*)	**90.412.662**	-
Financial lease liabilities	**4.300.802**	5.220.435
	271.856.368	116.163.486

(*) Bond which is issued as of 30 June 2013 by BBM, consecutive to registering Capital Market Board, consists of 100.000.000 TRY 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. As of 30 June 2013 annual accumulated interest rate is determined as 9,90%.

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

NOT 7 - FINANCIAL LIABILITIES (Continued)

The summary information of short-term and long-term bank borrowings is as follows:

30 June 2013

Currency	Maturity	Interest rate(%)	Short-term	Long-term
TRY borrowings	**2013-2014**	**9%-15,75%**	**535.188.072**	**137.952.066**
USD borrowings	**2013-2014**	**4,6%-9,4%**	**55.532.478**	**7.935.031**
EUR borrowings	**2013-2014**	**5,8%-6,9%**	**53.440.909**	**31.255.807**
			644.161.459	**177.142.904**

31 December 2012

Currency	Maturity	Interest rate (%)	Short-term	Long-term
TRY borrowings	2013-2014	11,6%	155.477.833	42.602.610
USD borrowings	2013	7,5%-9%	90.514.275	-
EUR borrowings	2013-2014	8,6%-9%	43.624.342	68.340.441
			289.616.450	110.943.051

The redemption schedule of the financial liabilities is as follows:

	30 June 2013	31 December 2012
Within 1 year	**644.161.459**	289.616.450
2014	**88.577.303**	95.503.680
2015	**50.637.304**	7.144.560
2016	**37.334.891**	7.740.322
2017 and after	**593.406**	554.489
	821.304.363	400.559.501

In relation to the bank loans elaborated as of 30 June 2013 above, there are mortgages of 40.000.000 EUR and 200.000.000 TRY (31 December 2012: 40.000.000 EUR and 200.000.000 TRY) and guarantee notes amounting to 200.000.000 TRY (31 December 2012: 200.000.000 TRY) on the mall classified by the Group as investment property at a fair value of 110.745.425 TRY and the land classified by the Group as plant area inventory at a value of 225.743.750 TRY.

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

NOT 7 - FINANCIAL LIABILITIES (Continued)

There are some covenants which Boyner Büyük Mağazacılık has to comply with regarding the borrowing amounting to 130 million TRY. These terms which Boyner's financial statetements liable standalone based are as follows:

a) Starting from 30 April 2014, the rate of the earnings before borrower's interest, tax, depreciation and amortization expenses over borrowing service will be calculated for the period. This rate (i) should be at least 1,05 for the calculation date which contains 2013 fiscal year, (ii) 1,25 for the calculation date which contains 2014 fiscal year, (iii) 1,75 for the calculation date between 2014 year end and last date of repayment.

b) The rate of the borrower's net debt over earnings before interest, tax, depreciation, and amortization expense shall not exceed the rate of (i) 2.5 for 2012, (ii) 2 for 2013 and (iii) 1.5 for each year between 2013 year end and last date of redemption. The rate of 2.5 is complied for 2012 year.

The redemption schedule of the financial lease as of 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013	31 December 2012
Total financial lease payments	**13.283.773**	12.539.966
Interest will be paid in upcoming years (-)	**(1.121.718)**	(976.435)
	12.162.055	11.563.531
Financial lease liabilities up to 1 year	**7.861.253**	6.343.096
Financial lease liabilities after 1 year	**4.300.802**	5.220.435
	12.162.055	11.563.531

The summary of short-term financial lease liabilities for the six-month period ended 30 June 2013 and 31 December 2012 is as below:

	30 June 2013	31 December 2012
Euro	**480.914**	463.409
USD	**4.536.263**	4.581.146
TRY	**2.844.076**	1.298.540
	7.861.253	6.343.096

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

NOT 7 - FINANCIAL LIABILITIES (Continued)

The summary of long-term finance lease liabilities is as below:

	30 June 2013	31 December 2012
Euro	**45.246**	262.775
USD	**1.990.770**	3.746.861
TRY	**2.264.786**	1.210.799
	4.300.802	5.220.435

Letter of guarantees amounting to 595.050 USD, 14.055 Euro and 1.204.528 TRY has given in return to financial leasing liabilities which details provided above (31 December 2012: 883.070 USD, 19.677 Euro and 1.712.800 TRY).

NOTE 8 - OTHER FINANCIAL LIABILITIES

Group has other financial liabilities amounting to 38.992.281 TRY as of 30 June 2013 (31 December 2012: 75.160.111 TRY). Group's other financial liabilities account reflects their receivables which transferred to factoring companies as of 30 June 2013 and 31 December. Group transfers their trade receivables to local factoring companies as "revocable". Since risks related with negotiated receivables has not been transferred to factoring companies and factoring companies have right to revocate when amounts collected before due date can not be collected completely or partially by factoring companies, negotiated receivable amount has not been excluded and amount provided from factoring companies presented as other financial liabilities in related financial statement.

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	30 June 2013	31 December 2012
Trade receivables	**201.256.820**	145.390.824
Notes receivables (*)	**107.124.830**	137.637.173
Less: Provision for impairment of receivables	**(27.242.521)**	(6.350.495)
Less: Unearned financial income on term sales	**(4.716.632)**	(4.121.064)
Total trade receivables from third parties	**276.422.497**	272.556.438
Trade receivables from related parties	**37.420.635**	35.482.941
Less: Unearned financial income on term sales from related parties	**(352.576)**	(630.253)
Total trade receivables from related parties	**37.068.059**	34.852.688
Total short-term trade receivables	**313.490.556**	307.409.126

(*) A portion of the notes receivable amounting to 38.992.281 TRY has been transferred to factoring institutions (31 December 2012 –75.160.111 TRY). The factoring debts related to this transaction have been classified under 'other financial liabilities' account (Note 8).

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Long-term trade receivables

	30 June 2013	31 December 2012
Trade receivables from third parties	**19.942.024**	35.000
Less: Unearned financial income on term sales from non-related parties	**(4.301.863)**	(2.938)
Total long-term trade receivables	**15.640.161**	32.062

The collection period of trade receivables vary with the type of product and the agreements entered into with the customer such that the average period of collection is 100 days (31 December 2012: 90 days) for local sales of ready made clothes, 30 days (31 December 2012: 53 days) for export ready wear products, 220 days (31 December 2012: 200 days) for local textile sales and 60 days (31 December 2012: 65 days) for textile exports. The avarege collection terms of trade receivables from retail sales is 71 days (31 December 2012: 62 days).

Current period movement of allowance for doubtful receivables of 30 June 2013 and 2012 are as follows:

	2013	2012
At the beginning of the period - 1 January	**6.350.495**	5.711.052
Provisions	**599.953**	64.062
Receivables from business combination	**21.796.622**	-
Current term right-off (*)	**(642.113)**	-
Collection of receivable in current term (-)	**(862.436)**	-
At the end of the period - 30 June	**27.242.521**	5.775.114

(*) Related to doubtful receivables which are reversed from records.

Trade payables

	30 June 2013	31 December 2012
Trade payables	**349.975.859**	64.014.439
Notes payables	**278.983.804**	31.711.316
Less: Unearned financial income on term sales from non-related parties	**(7.348.385)**	(532.742)
Total trade payables from third parties	**621.611.278**	95.193.013
Trade receivable from related parties	**53.777.955**	131.919.600
Less: Unearned financial income on term sales from related parties	**(764.801)**	(2.213.329)
Total trade payables from related parties	**53.013.154**	129.706.271
Total trade payables	**674.624.432**	224.899.284

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

The average payment terms of trade payables for textile purchases is 140 days for local purchases (31December 2012: 133 days), and 210 days for imports (31 December 2012: 199 days); and for ready-made clothing purchases, it is 150 days for local purchases (31 December 2012: 148 days) and 120 days for imports (31 December 2012: 116 days). The avarege payment terms of trade payables for retail purchases is 151 days (31 December 2012: 142 days)

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

The details of other receivables as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Other receivables from customer	**3.530.886**	209.265
Due from personnel	**426.473**	111.505
Deposits and guarantees given	**179.465**	49.935
Other	**150.255**	-
Total other receivables	**4.287.079**	370.705
Other receivables from related parties (Note 30)	**69.919.561**	22.965.143
	74.206.640	23.335.848

As of 30 June 2013 and 31 December 2012 details of long-term other receivables shown as below:

	30 June 2013	31 December 2012
Deposits and guarantees given to third parties	**1.284.094**	458.154
Deposits and guarantees given to related parties	**65.403**	-
Total long-term other receivables	**1.349.497**	458.154

The details of other short term receivables as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Short-term liabilities arising from business combinations	**56.375.209**	-
Other	**8.307.864**	418.181
Total other payables	**64.683.073**	418.181
Other payables to related parties	**15.850.084**	49.791.932
Total other payables	**80.533.157**	50.210.113

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

As of 30 June 2013 and 31 December 2012 details of long-term other payables shown as below:

	30 June 2013	31 December 2012
Long term liabilities arising from business combinations	**599.960.995**	-
Deposits and guarantees received	**127.492**	-
Other	-	37.472
Total long-term other payables	**600.088.487**	37.472

NOTE11 - INVENTORIES

The details of inventories as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Trade goods	**442.668.404**	43.468.371
Real estates (*)	**225.743.750**	225.743.750
Finished goods	**73.316.027**	62.475.067
Raw materials and supplies	**37.049.583**	39.122.771
Semi-finished goods	**22.152.001**	27.505.472
Goods in transit	**20.353.754**	-
Auxiliary materials	**5.598.264**	344.059
	826.881.783	398.659.490
Less: Provision for impairment on inventories	**(16.856.859)**	(1.341.538)
	810.024.924	397.317.952

(*) Land of factory classified from inventories to investment properties subsequent to reconstruction permit stated in signed revenue sharing in return to land share agreement between AYGM and Fer Gayrimenkul Geliştirme ve İnşaat A.Ş. as of 30 September 2011.

The cost of inventories recognized as an expense in cost of sales for the period 1 January-30 June 2013 amount to 258.901.449 TRY (1 January-30 June 2012: 190.395.170 TRY) (Note 21).

The total insurance on tangible fixed assets is amounting to 822.718.815 TRY as of 30 June 2013 (31 December 2012: 477.458.906 TRY).

The movements of the impairment in inventories in the period are as follows:

	2013	2012
At the beginning of the period - 1 January	**(1.341.538)**	(956.224)
Inventory provision in current period	**(3.308.153)**	(354.572)
Inventories acquired in a business combination	**(12.207.168)**	-
At the end of the period - 30 June	**(16.856.859)**	(1.310.796)

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

NOTE 12 - PREPAID EXPENSES AND DEFERRED REVENUE

Deferred revenue - Short-term

	30 June 2013	31 December 2012
Order advances received (*)	**163.056.247**	118.143.244
Product return documents (**)	**12.002.903**	-
Gift voucher	**9.573.219**	65.000
Customer loyalty points	**9.459.656**	-
Deferred revenues	**3.058.193**	-
Income related to mall contribution	**2.433.099**	-
Other	**2.314.069**	501.301
	201.897.386	118.709.545

(*) As of June 30 2013 the amount of 142.133.265 TRY consists of part of advances in real estate sales (31 December 2012: 115.067.786 TRY).

(**) Product return documents consist of unused registries merchandise which are given to customers at the retail sales rebate as of balance sheet date.

Deferred revenue - Long-term

As of 30 June 2013 the amount of 12.127.526 TRY long-term deferred revenue consists of income related to mall contribution. As of December 2012 the amount of 42.374 TRY long-term deferred revenue consists of bank deferred revenue.

Prepaid expenses

	30 June 2013	31 December 2012
Advances given for inventories	**18.372.500**	1.341.044
Prepaid expenses - other	**4.966.945**	1.255.513
Prepaid expenses - rent	**4.337.526**	195.898
Prepaid expenses - insurance	**3.179.850**	857.818
Commission paid in advance	**1.280.778**	-
Other	**835.867**	-
	32.973.466	3.650.273

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

NOTE 13 - INVESTMENT PROPERTIES

Cost	**1 January 2013**	**Additions**	**Transfers**	**30 June 2013**
Starcity Mall	**110.692.000**	**53.425**	**-**	**110.745.425**
Antalya Land	**935.000**	**-**	**-**	**935.000**
Unkapanı Shop	**175.000**	**-**	**-**	**175.000**
	111.802.000	**53.425**	**-**	**111.855.425**

Cost	**1 January 2012**	**Additions**	**Transfers**	**30 June 2012**
Starcity Mall	106.323.149	83.576	-	106.406.725
Antalya Land	935.000	-	-	935.000
Unkapanı Shop	175.000	-	-	175.000
	107.433.149	83.576	-	**107.516.725**

Cost	**1 January 2011**	**Additions**	**Transfers**	**30 June 2011**
Starcity Mall	106.234.000	-	-	106.234.000
Antalya Land	935.000	-	-	935.000
Unkapanı Shop	175.000	-	-	175.000
	107.344.000	**-**	**-**	**107.344.000**

Comparison between the cost values of investment properties and their fair values as of 30 June 2013 is as follows:

Name	**Date of expertise report**	**Fair value (TRY)**	**Cost value (TRY)**
Starcity Mall	31 December 2012	110.692.000	76.747
Antalya Land	5 August 2013	935.000	66.492
Unkapanı Shop	6 August 2013	175.000	43.961

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

NOTE 14 - PROPERTY PLANT AND EQUIPMENT

The movements in property and equipment and related accumulated depreciations for the six-month periods ended 30 June 2013 and 2012 are as follows:

Cost	**1 January 2013**	**Additions**	**Disposals (-)**	**Transfers**	**Impairment(*)**	**Assets acquired through business combinations**	**30 June 2013**
Land	**-**	**-**	**-**	**-**	**-**	**62.933**	**62.933**
Plant, machinery and equipment	**123.319.079**	**381.349**	**(1.280.223)**	**-**	**-**	**590.381**	**123.010.586**
Furniture and fixture	**11.622.611**	**1.345.097**	**(735.566)**	**-**	**-**	**73.414.659**	**85.646.801**
Motor vehicles	**405.797**	**-**	**(21.000)**	**-**	**-**	**489.006**	**873.803**
Leasehold improvements	**62.745.360**	**1.727.406**	**-**	**232.466**	**(5.741.858)**	**100.974.641**	**159.938.015**
Investments in progress	**2.390.809**	**4.821.878**	**(14.209)**	**(232.466)**	**-**	**13.160.649**	**20.126.661**
	200.483.656	**8.275.730**	**(2.050.998)**	**-**	**(5.741.858)**	**188.692.269**	**389.658.799**
Accumulated depreciation (-)							
Plant, machinery and equipment	**103.161.165**	**3.210.361**	**(991.137)**	**-**	**-**	**-**	**105.380.389**
Furniture and fixture	**8.752.206**	**1.651.386**	**(29.576)**	**-**	**-**		**10.374.016**
Motor vehicles	**405.797**	**8.493**	**-**	**-**	**-**	**-**	**414.290**
Leasehold improvements	**35.537.740**	**4.976.833**	**-**	**-**	**(1.907.496)**	**-**	**38.607.077**
	147.856.908	**9.847.073**	**(1.020.713)**	**-**	**(1.907.496)**	**-**	**154.775.772**
Net Book Value	**52.626.748**						**234.883.027**

Cost	1 January 2012	Additions	Disposals (-)	Transfers	Impairment (*)	30 June 2012
Plant, machinery and equipment	122.347.918	546.702	(62.978)	-	-	122.831.642
Furniture and fixture	15.294.548	407.055	(179.722)	-	-	15.521.881
Motor vehicles	405.797	-	-	-	-	405.797
Leasehold improvements	60.586.369	3.075.200	-	3.116.142	(6.072.070)	60.705.641
Investments in progress	2.681.043	1.584.106	-	(3.116.142)	-	1.149.007
	201.315.675	5.613.063	(242.700)	-	(6.072.070)	200.613.968
Accumulated depreciation (-)						
Plant, machinery and equipment	99.152.022	3.233.724	(51.782)	-	-	102.333.964
Furniture and fixture	11.974.761	522.238	(179.506)	-	-	12.317.493
Motor vehicles	405.797	-	-	-	-	405.797
Leasehold improvements	27.840.594	4.920.206	-	-	(1.377.145)	31.383.655
	139.373.174	8.676.168	(231.288)	-	(1.377.145)	146.440.909
Net Book Value	61.942.501					54.173.059

(*) Net impairment loss amounting to 3.834.362 TRY consists of reversed leasehold improvements from closing stores for the period 1 January-30 June 2013 (30 June 2012: 4.994.925 TRY).

Depreciation expense of 4.267.793 TRY has been charged in marketing expenses and 3.987.911 TRY (30 June 2012: 4.292.124 TRY) has been charged in cost of sales and 1.582.890 TRY (30 June 2012: 642.905 TRY) in general and administrative expenses and 8.479 TRY (30 June 2012: 3.738) in research and development expenses (Note 23).

As of 30 June 2013 total amount of insurance on tangible fixed assets 660.564.664 TRY (31 December 2012: 477.458.906 TRY).

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

NOTE 15 - INTANGIBLE ASSETS

The movements in intangible assets and related accumulated for the six-month periods ended 30 June 2012 and 2011 are as follows:

Cost	1 January 2013	Additions	Disposals (-)	Transfers	Assets acquired through business combinations	30 June 2013
Rights	6.640.525	51.295	-	-	33.646.030	40.337.850
Brands (*)	18.273.867	-	-	-	11.079.655	29.353.522
Favourable rent contract	-	-	-	-	203.264.970	203.264.970
Franchise agreements	-	-	-	-	18.280.565	18.280.565
Computer licences	-	37.983	-	-	1.962.649	2.000.632
	24.914.392	89.278	-	-	268.233.869	293.237.539
Accumulated amortization (-)						
Rights	4.743.120	153.525	-	-	-	4.896.645
Favourable rent contract	-	1.734.797	-	-	-	1.734.797
Franchise agreements	-	106.767	-	-	-	106.767
Computer licences	-	33.672	-	-	-	33.672
	4.743.120	2.028.761	-	-	-	6.771.881
Net book value	20.171.272					286.465.658

Cost	1 January 2012	Additions	Disposals (-)	Transfers	30 June 2012
Rights	6.339.051	203.092	-	-	6.542.143
Brands (*)	18.273.867	-	-	-	18.273.867
	24.612.918	203.092	-	-	24.816.010
Accumulated amortization (-)					
Rights	5.095.826	114.151	-	-	5.209.977
Net book value	19.517.092	88.941	-	-	19.606.033

(*) The value of brand 18.273.867 TRY consists of T-Box which is purchased in exchange for 17.368.000 TRY from Boyner Holding on 1 October 2010 and it consists of Divarese which is purchased in exchange for 905.867 TRY from Vincenzo Schilacci and Step SRL on 15 July 2011.

As of 30 June 2013 depreciation expense of 1.921.159 TRY (30 June 2012: 43.579 TRY) has been charged in marketing expenses and 64.417 TRY (30 June 2012: 29.807 TRY) has been charged in general and administrative expenses and 22.956 TRY (30 June 2012: 40.747 TRY) in cost of sales and 20.229 TRY (30 June 2012: None) in research and development expenses (Note 23).

On 22 Mart 2012, the Group decided to close a total of 18 T-Box stores in order to continue T-Box sales on BBM and internet channels. It is one of 13 stores covered during the period 1 January-31 December 2012 and 5 stores covered during the period 1 January-30 June 2013.

On 1 October 2012, the Group has been signed brand licencing agreement with BBM for 10 years and the group has been transferred to brand sales and production rights to BBM return of licensing income over annual net revenue.

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Within the scope of trade mark license agreement between Group and AY Marka as of 1 October 2012, It has been agreed that in return to giving T-Box branded products' manufacturing, manufacturing to other parties, marketing and wholesale retail sales rights to BBM, BBM is liable to pay 7% of sales of these products. Minimum sales which are stated in the agreement represent lowest annual payment limit. In case of higher annual sales realisation AY Marka's income will increase accordingly. Sale increase estimated as 15% in impairment tests and royalty income discounted to 13,5% using the same method.

Discount rate after tax being 1% higher/lower (being 14,5% or 12,5% instead 13,5%) which is used in discounted cash flow calculations causes decrease at fair value amounting to 1.906.027 TRY or increase amounting to 2.240.263 TRY.

There is no trade mark value decrease identified as a result of impairment tests using assumptions stated above as of 30 June 2013. As net realisable value is higher than book value of the brand, management did not calculate usage value based recoverable amount.

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

Short term provision for employee benefits was amounting of 8.608.273 TRY as of 30 June 2013 consists of provison of unusued vacation, performance and bonus provisions.

Other short term provisions

Other short term provision as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Provision for returns and price differences	**9.347.342**	8.428.845
Litigation provisions	**2.411.000**	501.896
	11.758.342	8.930.741

The movement of other short term provisionsis as follows:

	1 January 2013	**Acquired through business combinations**	**Additions**	**Paid in provisions**	**30 June 2013**
Litigation provisions	501.896	1.871.043	142.187	(104.126)	2.411.000
Sales returns provisions	8.428.845	-	918.497	-	9.347.342

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

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contigent assets and liabilities

a) Guarantees given as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Given mortgages [(1)]	**251.560.947**	294.068.000
Given guaranteed bills [(2)]	**215.668.240**	216.600.987
Given guarantees [(3)]	**371.777.131**	162.604.206
Given letter of guarantees	**2.262.808**	385.254
	841.269.126	**673.658.447**

(1) The mortgages on investment properties amounting to 20.000.000 EUR (50.274.000 TRY) and 200.000.000 TRY.
(2) The guaranteed bills of 200.000.000 TRY on investment properties.
(3) The guarantees given amounting of 296.251.513 TRY portions by the Parent Company to Boyner Holding A.Ş., Ay Marka Mağazacılık A.Ş. and Altınyıldız for the loans they have used.

Details of guarantees given with foreign currency as of 30 June 2013 and 31 December 2012 are as below:

	30 June 2013		31 December 2012	
Currency	Orginal Amounts	TRY Equivalents	Original Amounts	TRY Equivalents
TRY	**623.907.096**	**623.907.096**	442.283.757	442.283.757
USD	**18.642.353**	**35.882.817**	11.814.679	21.060.847
EUR	**72.195.950**	**181.479.213**	89.430.558	210.313.843
		841.269.126		673.658.447

Collaterals, Pledges and Mortgages

Collaterals, pledges and mortgages "CPM" given by the Company as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
The CPMs given by the Company		
A. CPM's given in the name of its own legal personality	**544.358.633**	511.054.241
B. CPM's given on behalf of the fully consolidated companies	**296.251.513**	162.604.206
C. CPM's given on behalf of third parties for ordinary course of business	**2.500.000**	-
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
	843.110.146	673.658.447

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

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As of 30 June 2013 and 2012, there are no other guarantees, securities, and mortgages given by the Group.

Pursuant to share transfer agreement explanined in business combinations Note 3, in return to liability arisen from agreement all of BBM and Beymen shares are put in pledge on behalf of Fennella. The pledge condition will be terminated when total liability paid until 5 June 2015.

b) Guarantees received for trade receivables as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Guarantee bill received	**91.697.943**	36.624.278
Guarantee letters received	**49.500.686**	7.106.440
Mortgages received	**34.708.000**	23.808.000
Securities and bill guarantees received	**7.894.880**	6.688.180
Guarantee cheques received	**3.767.586**	10.992.569
	187.569.095	85.219.467

Details of guarantees received for trade receivables as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013		31 December 2012	
Currency	**Orginal Amounts**	**TRY Equilivalents**	Orginal Amounts	TRY Equilivalents
TRY	**172.680.113**	**172.680.113**	74.369.807	74.369.807
USD	**5.060.332**	**9.740.131**	5.015.333	8.940.333
EUR	**2.048.313**	**5.148.851**	811.891	1.909.327
		187.569.095		85.219.467

NOTE 17 - COMMITMENTS

Payment commitments related to operational and financial leasings as of 30 June 2013 and 31 December 2012 are as follows:

Vehicle leasing commitments:

	30 June 2013	31 December 2012
In 1 year	**49.798.696**	1.312.388
1 - 5 years	**895.030**	584.066
	50.693.726	1.896.454

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

NOTE 17 - COMMITMENTS (Continued)

Operational leasing commitments (Store leasing):

	30 June 2013	31 December 2012
In 1 year	**53.073.320**	35.427.203
1 – 5 years	**95.776.408**	88.184.217
5- 10 years	**21.757.078**	19.707.880
	170.606.806	143.319.300

Financial leasing commitments*:*

	30 June 2013	31 December 2012
In 1 year	**7.861.253**	6.343.097
1 – 5 years	**4.300.802**	5.220.435
	12.162.055	11.563.532

Operational leasing commitments (Office leasing):

	30 June 2013	31 December 2012
In 1 year	**10.171.390**	11.204.010
1 - 5 years	**16.174.118**	22.649.434
	26.345.508	33.853.444

The export commitments of the Group as of 30 June 2013 amounts to 25.452.096 USD (31 December 2012 - 10.291.184 USD).

NOTE 18 - EMPLOYEE BENEFITS

Short term provision for employee benefits

Short term provision for employee benefits as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Social security premiums	**11.915.805**	2.001.258
Payables to personnel	**10.335.283**	6.286.420
	22.251.088	8.287.678

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

NOTE 18 - EMPLOYEE BENEFITS (Continued)

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 3.129,25 TRY for each period of service as of 30 June 2013 (31 December 2012: 3.033,98 TRY). The retirement pay provision ceiling is revised semi-annually, and 3.254,44 TRY which is effective from 1 July 2013, is taken into consideration in the calculation of provision for employee benefits (invalided between 31 December 2012 and 1 January 2013: 3.129.25 TRY). 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. IAS 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) is 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 30 June 2013 and 31 December 2012 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 by assuming an annual inflation rate of 5% (31 December 2012: 5,00%) and a discount rate of 9% (31 December 2012: 9,60%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

The provision for employee benefits has showned below in statement of comprehensive income and balance sheet.

	30 June 2013	31 December 2012
Recognized amounts during period (Note 16)	**1.116.679**	1.028.497
Financial liability from employee benefits	**537.902**	386.055
Ending balance	**1.654.581**	1.414.552

	30 June 2013	31 December 2012	31 December 2011
Provision for employee benefits	**20.372.877**	11.326.033	10.187.814
	20.372.877	11.326.033	10.187.814

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

NOTE 18 - EMPLOYEE BENEFITS (Continued)

The movement of employee benefits is as follows:

	2013	2012
Openning period - 1 January	**11.326.033**	10.187.814
Cost of service	**1.116.679**	1.028.497
Cost of interest	**537.902**	386.055
Liability obtained through business combinations	**7.895.204**	-
Actuarial losses/earnings	**958.750**	1.619.919
Paid compensation (-)	**(1.461.691)**	(2.225.101)
Period end - 30 June	**20.372.877**	10.997.184

NOT 19 - OTHER ASSETS AND LIABILITIES

Other current assets

	30 June 2013	31 December 2012
Carry forward VAT	**58.304.081**	23.184.442
Other VAT receivables	**9.591.495**	8.815.096
Receivables from public administration	**3.052.607**	-
Income accruals	**1.748.311**	-
Advances to employees	**484.456**	1.441
Work advances	**450.883**	-
Prepaid taxes and funds	**42.628**	37.556
Other	**1.982.015**	76.545
	75.656.476	32.115.080

Other current liabilities

	30 June 2013	31 December 2012
Taxes payable	**8.026.567**	2.237.164
Commision expenses accruals	**1.533.615**	-
Rent, electricity, water, telephone and insurance expense accruals	**514.714**	-
Other	**484.692**	344.492
	10.559.588	2.581.656

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

NOTE 20 - EQUITY

The shareholders of Altınyıldız and their respective shareholding structure at 30 June 2012 and 31 December 2012 are as follows:

	30 June 2013		31 December 2012	
	Share (%)	**Amount (TRY)**	Share (%)	Amount (TRY)
Boyner Holding A.Ş.	**79,08%**	**31.630.948**	79,08%	31.630.948
Public offering	**20,80%**	**8.320.000**	20,80%	8.320.000
Other shareholders (*)	**0,12%**	**49.052**	0,12%	49.052
Paid-in capital	**100,00%**	**40.000.000**	100,00%	40.000.000
Inflation adjustment difference in share capital		**56.061.369**		56.061.369
Total adjusted capital		**96.061.369**		96.061.369

(*) Represents shareholdings of less than 10%.

As of 30 June 2013, the registered share capital of the Parent Company is 40.000.000 TRY.As of 31 December 2012 and 2011, the Parent Company share capital consists of 4.000.000.000 issued shares of 1 nominal value each.

Legal Reserve

a) The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital.

b) The second legal reserve is calculated after the first legal reserve and dividends, at the rate of 10% per annum. This reserve could use to divide losses from damages.

Retained earnings on the legal statuary could be dividend based upon legal judgment as above mentioned.

Restricted reserve includes all legal reserve, gain on sale of subsidiary and gain on sale of investment properties are as follows:

	30 June 2013	31 December 2012
Legal reserves	**10.467.368**	10.467.368
Legal reserves as gain sales of share of subsidiary with exempted from tax (*)	**1.080.833**	1.080.833
Legal reserves as gain sales of share of investment property with exempted from tax (*)	**21.902.906**	21.902.906
	33.451.107	33.451.107

(*) According to tax legislation of judgments, gains on proportion of 75% of sales of share of subsidiary and investment property on located asset side will be exempt from tax if the gains are recognized on the special fund account at the least for period of five years. Exempted amount of gains must not be transferred another account or recall from the company just as it could be added up to capital in legal time of five years.

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

NOTE 20 - EQUITY (Continued)

Revaluation funds

The movement of revaluation funds as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013	31 December 2012
Related to the land on which the plant is located	**78.824.810**	78.824.810
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 sale of investment property	**(15.722.470)**	(15.722.470)
Deferred income tax effect	**(3.943.025)**	(3.943.025)
	74.881.785	74.881.785

NOTE 21 – REVENUE AND COST OF SALES

Sales

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Domestic sales	**475.800.866**	**349.482.158**	319.811.572	138.511.115
Foreign sales	**38.716.184**	**24.982.180**	26.038.078	15.957.874
Other sales	**310.076**	**37.358**	321.290	24.062
Sales discount (-)	**(50.778.489)**	**(39.508.447)**	(48.618.877)	(20.888.660)
Sales returns (-)	**(26.676.640)**	**(25.644.073)**	(1.884.112)	(958.066)
Other sales discounts (-)	**(27.052.369)**	**(11.990.654)**	(27.041.052)	(9.948.174)
	410.319.628	**297.358.522**	268.626.899	122.698.151

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

NOTE 21 - REVENUE AND COST OF SALES (Continued)

Cost of sales

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Direct materials	**48.710.079**	**23.117.342**	52.781.483	13.917.903
Direct labor	**27.533.911**	**12.210.345**	37.073.743	17.622.550
Production overheads	**29.188.839**	**14.558.314**	29.452.468	14.198.422
Semi-finished goods used	**5.353.471**	**3.503.957**	2.673.505	9.694.325
Beginning period of inventory (+)	**27.505.472**	**25.655.958**	27.293.262	34.314.082
Ending period of inventory (-)	**(22.152.001)**	**(22.152.001)**	(24.619.757)	(24.619.757)
Cost of goods produced	**110.786.300**	**53.389.958**	121.981.199	55.433.200
Change in finished goods inventory	**4.174.362**	**16.014.077**	(14.324.154)	(7.079.628)
Beginning period of inventory (+)	**61.133.529**	**72.973.244**	54.919.423	62.163.949
Ending period of inventory (-) (*)	**(56.959.167)**	**(56.959.167)**	(69.243.577)	(69.243.577)
I. Cost of finished goods sold	**114.960.662**	**69.404.035**	107.657.045	48.353.572
Beginning inventory of trade goods (+)	**43.468.371**	**47.448.639**	48.228.602	48.834.190
Purchasing during the period (+)	**137.526.681**	**103.645.658**	75.093.976	27.311.522
Inventories obtained through business combinations (+)	**405.114.140**	**405.114.140**	-	-
Ending inventory of trade goods (-)	**(442.168.405)**	**(442.168.405)**	(40.584.453)	(40.584.453)
II. Cost of trade goods sold	**143.940.787**	**114.040.032**	82.738.125	35.561.259
III. Cost of service provided	**492.366**	**194.705**	231.599	88.574
Cost of sales (I+II+III)	**259.393.815**	**183.638.772**	190.626.769	84.003.405

(*) Impairment of inventory provision impact is excluded as before mentioned in Note 11.

General administrative expenses

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Indirect material expenses	**7.821.593**	**3.765.692**	7.879.131	3.598.178
Energy expenses	**5.417.579**	**2.735.949**	5.697.197	2.625.225
Building-machinery rent expenses	**4.882.227**	**2.459.197**	4.486.294	2.241.662
Depreciation and amortisation expenses	**4.010.867**	**2.369.318**	4.332.871	2.164.259
Indirect labor expenses	**3.724.613**	**1.890.779**	2.268.485	1.145.773
Service expenses	**2.126.737**	**1.096.366**	2.713.626	1.415.404
Outsourced benefits and services	**770.013**	**417.787**	1.226.675	605.121
Maintenance and repair expenses	**435.210**	**(176.774)**	848.189	402.800
	29.188.839	**14.558.314**	29.452.468	14.198.422

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

NOTE 22 - MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Marketing expenses	**119.407.922**	**82.460.048**	78.983.568	39.051.999
General administrative expenses	**31.625.767**	**21.857.094**	18.923.784	10.686.193
Research and development expenses	**2.205.571**	**552.604**	347.773	154.358
	153.239.260	**104.869.746**	98.255.125	49.892.550

Research and development expenses

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Wages and salaries	**1.722.494**	**317.370**	155.633	82.430
Outsourced benefits and services	**194.563**	**112.798**	116.115	33.509
Service labor cost	**107.788**	**43.806**	9.407	4.916
Material cost	**74.117**	**28.408**	48.757	25.788
Depreciation and amortisation expenses	**28.708**	**13.992**	3.738	1.869
Travel expenses	**14.605**	**5.985**	8.813	3.778
Rent expenses	**-**	**-**	3.256	1.685
Other	**63.296**	**30.245**	2.054	383
	2.205.571	**552.604**	347.773	154.358

Marketing expenses

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Wages and salaries	**39.445.099**	**25.954.625**	28.654.479	14.137.584
Rent expenses	**28.966.278**	**20.373.162**	19.177.460	9.734.648
Brand, stores and export expenses	**17.135.928**	**11.759.961**	13.059.215	6.412.464
Outsourced benefits and services	**13.494.013**	**10.776.049**	8.106.542	4.248.463
Depreciation and amortisation expenses	**6.188.952**	**5.832.660**	3.780.998	1.893.907
Patent and licensing expenses	**1.214.429**	**343.688**	772.471	92.998
Material cost	**1.108.503**	**567.874**	1.794.852	596.013
Travel expenses	**680.496**	**348.064**	780.249	306.431
Representation expenses	**346.255**	**198.918**	462.866	309.261
Service labor cost	**286.560**	**127.912**	647.157	289.054
Taxes, duties, and fees	**281.999**	**273.168**	278.367	74.861
Insurance expenses	**213.773**	**112.406**	168.503	90.837
Other	**10.045.637**	**5.791.561**	1.300.409	865.478
	119.407.922	**82.460.048**	78.983.568	39.051.999

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

NOTE 22 - MARKETING AND GENERAL ADMINISTRATIVE EXPENSES (Cotinued)

General administrative expenses

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Wages and salaries	**15.187.464**	**10.595.177**	9.484.317	5.698.921
Service charge of the parent	**4.497.810**	**2.568.773**	3.404.322	1.767.865
Outsourced benefits and services	**3.538.940**	**2.772.255**	1.362.471	722.528
Rent expenses	**2.376.170**	**1.796.492**	1.164.026	613.530
Taxes, duties, and fees	**1.191.277**	**885.419**	606.459	459.323
Depreciation and amortisation expenses	**1.647.307**	**874.021**	672.712	344.487
Provision for doubtful receivables	**603.441**	**603.441**	64.062	64.062
Travel expenses	**414.430**	**266.532**	371.443	189.546
Employees to services expenses	**342.842**	**169.535**	351.459	165.027
Insurance expenses	**233.814**	**129.653**	258.862	132.071
Other	**1.592.272**	**1.195.796**	1.183.651	528.833
	31.625.767	**21.857.094**	18.923.784	10.686.193

NOTE 23 – EXPENSE BY NATURE

Personnel expenses

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Marketing expenses	**39.445.099**	**25.954.625**	28.654.479	14.137.584
General administrative expenses	**15.187.464**	**10.595.177**	9.484.317	5.698.921
Research and development expenses	**1.722.494**	**317.370**	155.633	82.430
Cost of goods sold	**3.724.613**	**1.890.779**	2.268.485	1.145.773
	60.079.670	**38.757.951**	40.562.914	21.064.708

Depreciation and amortisation expenses

	1 January - 30 June 2013	**1 April - 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Marketing expenses	**6.188.952**	**5.832.660**	3.788.090	1.893.907
General administrative expenses	**1.647.307**	**874.021**	666.060	344.487
Research and development expenses	**28.708**	**13.992**	3.739	1.869
Cost of goods sold	**4.010.867**	**2.369.318**	4.332.872	2.164.259
	11.875.834	**9.089.991**	8.790.761	4.404.522

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

NOTE 24 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Foreign currency gain	**8.328.280**	**5.782.952**	10.743.764	3.932.914
Unearned financial income from trade receivable and payable	**8.162.610**	**(252.068)**	17.713.955	954.523
Rent income	**1.026.335**	**903.991**	177.434	6.857
Commision income	**842.392**	**822.562**	35.935	17.185
Income from brand licenses	**324.642**	**230.421**	-	-
Income from exhibition support	**171.942**	**129.339**	136.628	86.511
Income from advertisements	**90.000**	**-**	236.705	120.887
Insurance income	**85.580**	**31.312**	159.146	39.323
Income from transactions with banks	**42.372**	**21.186**	264.944	133.588
Other	**1.856.578**	**1.408.932**	524.500	305.937
	20.930.731	**9.078.627**	29.993.011	5.597.725

Other operating expense

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Foreign currency loss	**12.191.573**	**9.178.974**	6.605.001	3.791.105
Unearned financial expenses from trade receivable and payable	**8.169.087**	**1.305.924**	13.691.032	(1.080.025)
Expenses related to closed stores	**3.589.985**	**3.589.985**	4.574.823	4.574.823
Commision expense	**82.480**	**9.273**	149.415	72.064
Other	**2.292.720**	**2.292.012**	497.358	484.959
	26.325.845	**16.376.168**	25.517.629	7.842.926

NOTE 25 – INCOME FROM INVESTING ACTIVITIES

Income from investing activities

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Gain on fair value of the acquired subsidiaries (Note 3)	**625.612.315**	**625.612.315**	-	-
Gain on sales of fixed assets	**-**	**-**	92.615	92.615
Other	**476.000**	**476.000**	-	-
	626.088.315	**626.088.315**	92.615	92.615

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

NOTE 25 - INCOME FROM INVESTING ACTIVITIES (Continued)

Income from investing activities

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Loss on sales of non-current assets	**90.000**	**-**	190.000	190.000
Loss on sales of fixed assets	**-**	**-**	106.403	106.403
	90.000	**-**	296.403	296.403

NOTE 26 - FINANCIAL INCOME

Financial income

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Foreign exchange gains	**4.301.069**	**1.728.712**	21.908.278	9.005.483
Interest income	**885.559**	**91.440**	34.829	18.527
	5.186.628	**1.820.152**	21.943.107	9.024.010

NOT 27 - FINANCIAL EXPENSES

Financial expenses

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Interest expenses from loans	**37.572.606**	**22.622.619**	32.445.397	18.327.262
Foreign currency losses	**26.357.500**	**24.904.597**	7.881.921	3.478.002
Expenses related to bills and bonds	**10.235.123**	**5.505.248**	-	-
Interest expense arising from forward agreements	**6.131.450**	**5.708.608**	2.069.336	1.049.989
Factoring expenses	**4.045.203**	**1.336.579**	12.636.997	7.307.624
Credit card commissions	**3.477.504**	**2.452.416**	3.012.547	1.480.321
Interest expenses related to employee benefits	**537.902**	**217.892**	386.055	193.027
Other	**573.793**	**506.142**	217.441	96.068
	88.931.081	**63.254.101**	58.649.694	31.932.293

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

NOTE 28 – INCOME TAX ASSETS AND LIABILITIES

a) Corporate Tax

The Turkish corporation tax rate for 2013 is 20% (31 December 2012: 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:

	30 June 2013	31 December 2012
Corporate tax calculated	**2.030.048**	-
Prepaid taxes (-)	**(1.312.307)**	-
Tax payable acquired through business combinations	**5.619.525**	-
	6.337.266	-

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

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Current period corporate tax expense	**(2.030.048)**	**(2.030.048)**	-	35.923
Deferred tax income/(expense)	**4.125.618**	**2.800.367**	(1.440.419)	(890.735)
Total tax income/(expense)	**2.095.570**	**770.319**	(1.440.419)	(854.812)

The reconciliation of the tax expense in the consolidated statement of comprehensive income for the six and three-month periods ended 30 June 2013 and 2012 are as follows:

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Profit before tax	**541.377.738**	**571.048.539**	(44.015.008)	(30.566.855)
Corporate tax as percentage of 20%	**(108.275.548)**	**(114.209.708)**	8.803.002	6.113.371
Non-deductible expenses	**(2.562.810)**	**(2.176.629)**	(872.929)	(478.701)
Income excluded from tax	**386.373**	**386.373**	-	-
Carry forward tax losses not calculated over deferred income tax	**(16.488.373)**	**(11.313.292)**	(12.441.922)	(8.596.977)
Adjusments not calculated over deferred income tax	**721.716**	**262.420**	455.141	550.398
Consolidation adjusments not calculated over deferred income tax	**126.143.890**	**125.650.833**	2.616.289	1.557.097
Other	**2.170.322**	**2.170.322**	-	-
Total tax expense	**2.095.570**	**770.319**	**(1.440.419)**	**(854.812)**

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

NOTE 28 - INCOME TAX ASSETS AND LIABILITIES (Continued)

b) Deferred income tax assets and liabilities:

The breakdowns of cumulative temporary differences and the resulting deferred income tax assets/liabilities as of 30 June 2013, 31 December 2012 and 2011 using principal tax rates are as follows:

	30 June 2013		31 December 2012		31 December 2011	
	Temporary differences	**Deferred income tax asset / (liability)**	Temprorary differences	Deferred income tax asset/(liability)	Temprorary differences	Deferred income tax asset/(liability)
Tangible/Intangible fixed asset	**280.245.794**	**(54.877.105)**	30.744.789	(6.148.961)	31.483.469	(6.296.696)
Unearned expense on trade receivable and payable, net	**(2.733.626)**	**420.047**	(2.068.158)	413.632	(6.554.868)	1.310.973
Inventories	**(10.299.329)**	**2.059.867**	(2.778.899)	555.780	(2.831.040)	566.208
Financial liabilities	**(621.458)**	**114.426**	127.777	(25.555)	127.353	(25.471)
Employee benefit	**(28.267.977)**	**5.653.596**	(11.326.033)	2.265.207	(10.187.814)	2.037.563
Provision for doubtful receivables	**(11.499.022)**	**2.299.805**	(5.782.092)	1.156.418	(5.522.736)	1.104.547
Litigation provision	**(1.187.602)**	**237.520**	-	-	-	-
Provision for sales returns	**(1.754.889)**	**350.978**	(8.428.845)	1.685.769	(7.193.803)	1.438.761
Unused gift certificate provision	**(410.296)**	**82.059**	-	-		
Sales premium	**(499.018)**	**99.804**	-	-		
Deferred revenue	**(17.374.807)**	**3.474.962**	-	-		
Carry forward tax losses	**(32.270.973)**	**6.454.195**	(5.928.090)	1.185.618	(3.602.110)	720.422
Provision related to expense	**8.477.313**	**1.716.377**	(152.500)	30.500		
Revaluation differences of properties associated with income statement	**68.266.689**	**(13.653.338)**	64.173.807	(12.679.973)	60.154.758	(12.016.846)
Deferred revenue from customer loyalty points	**(9.459.655)**	**1.891.931**	-	-		
Other	**(1.788.058)**	**512.599**	(4.050.159)	810.033	(2.860.558)	572.111
Deferred income tax asset/(liability), net		**(43.162.277)**		(10.751.532)		(10.588.428)
Deferred income tax asset	**-**	**21.372.907**	-	4.746.021	-	4.740.109
Deferred income tax liability	**-**	**(64.535.184)**	-	(15.497.553)	-	(15.328.537)

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

NOTE 28 - INCOME TAX ASSETS AND LIABILITIES (Continued)

Movements in deferred income taxes for the six-month periods ended 30 June 2013 and 2012 are as follows:

	2013	2012
Beginning of period - 1 January	**(10.751.532)**	(10.588.428)
Tax income/(expense) for current period	**4.125.618**	(1.440.419)
Amounting to recognized to capital	**191.750**	323.984
Other	**-**	890.735
Deferred tax asset/liability acquired through business combinations	**(36.728.113)**	-
Ending of period - 30 June	**(43.162.277)**	(10.814.128)

Deferred income 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.

As of all reporting dates, derecognized deferred income tax assets are reviewed. In the event that it is likely for the future financial profits to allow gaining deferred income tax assets, deferred income tax assets which have not been recorded in the prior period are recognized.

NOTE 29 - EARNINGS/(LOSSES) PER SHARE

Earnings per share is calculated by dividing the net profit for the period by the weighted average number of Altınyıldız shares during the period. The calculation is made as below.

	1 January - 30 June 2013	**1 April- 30 June 2013**	1 January - 30 June 2012	1 April- 30 June 2012
Profit/(loss) for the current period (TRY)	**541.476.683**	**569.822.232**	(45.455.429)	(31.421.667)
Weighted average number of shares (*)	**40.000.000**	**40.000.000**	40.000.000	40.000.000
Earnings/(losses) per share of the Parent Company (TRY)	**13,54**	**14,25**	(1,14)	(0,79)

(*) Per share of TRY 1 nominal value.

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

NOT 30 - RELATED PARTY DISCLOSURES

a) Trade receivables due from related parties as of 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013		31 December 2012	
	Trade	**Other**	Trade	Other
Receivables from shareholders				
Boyner Holding A.Ş.	**1.999.263**	**26.014.126**	27.969	22.965.143
Receivables from subsidiaries				
Boyner Büyük Mağazacılık A.Ş.	-	-	11.621.185	-
YKM A.Ş.	-	-	1.674.063	-
Beymen Mağazacılık A.Ş.	-	-	1.326	-
Receivables from associates				
Nile Bosphorus Retail And Trnd. Comp.	**2.695.163**	-	-	-
Christian Dior İstanbul Mağazacılık A.Ş	**2.415**	-	-	-
Receivables from joint ventures				
Elif Co. For General Trading Ltd.	**6.608.817**	-	-	-
İzkar Giyim Tic Ve San AŞ.	**652.920**	-	-	-
Christian Louboutin	**298.555**	-	-	-
Christian Louboutin Mağazılık A.Ş	**74.993**	-	-	-
Receivables from other related parties				
BR Mağazacılık A.Ş.	**11.720.798**	-	14.445.979	-
Fırsat Teknoloji A.Ş.	**5.078.218**	**43.905.435**	1.947.803	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith.ve İhr. Turizm Ltd.	**4.673.162**	-	5.022.717	-
Kamran Habif (Era Mağazacılık)	**3.015.258**	-	-	-
BBA Beymen Boğaziçi Alboy Mağazacılık Tekstil San. Ve Tic. A.Ş.	**180.619**	-	111.646	-
Nişantaşı Turizm İşletmeleri A.Ş.	**37.361**	-	-	-
Vista individual joint ventures receivables	**29.585**	-	-	-
Latife Boyner	**767**	-	-	-
Lerzan Boyner	**165**	-	-	-
Total	**37.068.059**	**69.919.561**	34.852.688	22.965.143

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

NOT 30 - RELATED PARTY DISCLOSURES (Continued)

b) Trade payable due to related parties as of 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013		31 December 2012	
	Trade	**Other**	Trade	Other
Payables to shareholders				
Boyner Holding A.Ş.	**1.985.646**	**15.850.084**	970.779	49.363.416
Payables to subsidiaries				
Beymen Mağazacılık A.Ş.	**-**	**-**	8.999.703	-
Boyner Büyük Mağazacılık A.Ş.	**-**	**-**	1.189	-
Payables to associates				
Christian Dior İstanbul Mağazacılık A.Ş	**30.608**	**-**	-	-
Payables to other related parties				
BNR Teknoloji A.Ş.	**42.201.658**	**-**	118.943.473	-
BR Mağazacılık A.Ş.	**4.045.044**	**-**		-
Alsis Sigorta Acentalığı A.Ş.	**2.516.962**	**-**	566.420	-
Alsis Sağlık	**1.534.083**	**-**		-
BBA Beymen Boğaziçi Alboy Mağazacılık Teks. San. ve Tic. A.Ş	**682.499**	**-**	224.707	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	**13.540**	**-**	-	-
Back up Bireysel	**1.760**	**-**	-	-
Sağlık Tekstil	**1.354**	**-**	-	-
Dividend payable	-	-	-	428.516
Total	**53.013.154**	**15.850.084**	129.706.271	49.791.932

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

NOT 30 - RELATED PARTY DISCLOSURES (Continued)

c) Purchase details stated below from related parties as of 30 June 2013 and 2012 are as follows:

	30 June 2013			30 June 2012		
Purchases	**Goods**	**Services**	**Interest/Other**	Goods	Services	Interest/Other
Shareholders						
Boyner Holding A.Ş.	**198.537**	**31.047**	**689.226**	-	4.077.882	941.363
Subsidiaries						
Boyner Büyük Mağazacılık A.Ş.	**4.977.048**	**-**	**311.751**	-	3.341	6.446.963
Beymen Mağazacılık A.Ş.	**2.021.384**	**150.000**	**-**	1.011.648	-	141.885
Joint ventures						
İzkar Giyim Tic. ve San. A.Ş.	**804.925**	**-**	**-**	-	-	-
Other related parties						
BR Mağazacılık A.Ş.	**21.254.416**	**83.672**	**519.031**	510.015	25.000	-
Fırsat Teknoloji A.Ş.	**3.532.005**	**545**	**833.398**	-	-	-
Ran Konfeksiyon Tekstil Deri Yan Ürünler Ith. ve İhr. Turizm Ltd.	**1.142.904**	**158.516**	**-**	795.522	8.384	55.937
Fırsat Elektronik A.Ş.	**926.960**	**-**	**-**			
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	**-**	**-**	**-**	-	53.100	-
H.F. Boyner Bıraderler Eksport A.Ş.	**1.618**	**-**	**-**	-	-	-
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	**428**	**-**	**-**	-	-	-
BBA Beymen Boğaziçi Alboy Mağazacılık Teks.San. ve Tic. A.Ş.	**-**	**-**	**-**	-	-	8.185
Benetton Giyim San.Tic. A.Ş.	**-**	**-**	**-**	2.132	-	93.466
Alsis Sigorta Acentalığı A.Ş.	**-**	**-**	**-**	-	1.974.171	-
BNR Teknoloji A.Ş.	**-**	**-**	**-**	-	115.841	149.415
Nişantaşı Turizm İşletmeleri A.Ş.	**-**	**49.330**	**-**	-	-	-
Era Mağazacılık A.Ş.	**1.022.328**	**253.749**	**-**	-	-	-
Bofis Turizm ve Ticaret A.Ş.	**-**	**-**	**-**	-	348.222	-
	35.882.553	**726.859**	**2.353.406**	2.319.317	6.605.941	7.837.214

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

NOT 30 - RELATED PARTY DISCLOSURES (Continued)

d) Sales detail stated below to related parties as of 30 June 2013 and 2012 are as follows:

	30 June 2013			30 June 2012		
Sales	**Goods**	**Services**	**Interest/Other**	Goods	Services	Interest/Other
Shareholders						
Boyner Holding A.Ş.	**17.251**	**6.074.380**	**2.782.601**	-	751.538	36.334
Joint ventures						
Beymen Mağazacılık A.Ş.	**679.352**	**-**	**1.112.255**	2.969.743	-	-
Boyner Büyük Mağazacılık A.Ş.	**-**	**-**	**850.000**	5.304.196	81.345	-
Other related parties						
BR Mağazacılık A.Ş.	**2.909.673**	**60.150**	**75**	18.027.062	48.423	-
Fırsat Teknoloji A.Ş.	**22.340**	**-**	**-**	2.689.883	7.170	-
Alsis Sigorta Acentalığı A.Ş.	**-**	**2.133.140**	**1.570.546**	-	39.583	-
BBA Beymen Boğaziçi Alboy Mağazacılık Teks.San. ve Tic. A.Ş	**-**	**-**	**126.986**	-	-	37.373
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith. ve İhr. Turizm Ltd.	**-**	**-**	**90.313**	59.112	224.579	-
Benetton Giyim San.Tic. A.Ş.	**-**	**-**	**-**	124.120	17.830	-
BNR Teknoloji A.Ş.	**-**	**108.117**	**123.646**	-	-	-
H.F. Boyner Biraderler Export A.Ş	**-**	**-**	**-**	-	-	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Tic. A.Ş.	**-**	**54.000**	**1.500**	-	-	-
Era Mağazacılık A.Ş.	**-**	**-**	**3.070.367**	-	-	-
Nişantaşı Turizm İşletmeleri A.Ş.	**-**	**1.105**	**-**	-	-	-
	3.628.616	**8.430.892**	**9.728.289**	29.174.116	1.170.468	73.707

e) The top management team comprises of board members, general manager and deputy general managers. 30 June 2013, the Group has provided as remuneration total of 6.632.155 TRY to the top executives (30 June 2012-top executives remuneration total of 6.722.503 TRY).

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's management policies and implementations related to risks arising from financial instruments are stated in the following:

i. Funding risk

The funding risk on the present and potential liabilities is monitored through providing sufficient amount of funding commitments from loan providers with high funding potential.

ii. 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 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.

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

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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 30 June 2013 and 31 December 2012 are set out in the table below:

	30 June 2013					
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Deposit in banks	Other
Maximum credit risk incurred as of the reporting date [1] (Dipnote 6,10,11)	**37.068.059**	**292.062.658**	**69.984.964**	**5.571.173**	**24.963.008**	**202.106.712**
- The part of maximum risk under guarantee with collaterals, etc (Dipnote 16)	-	43.669.783	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired [2]	21.346.453	194.254.595	69.984.964	5.571.173	24.963.008	-
- The part under guarantee with collaterals, etc.	-	15.502.825	-	-	-	-
B.Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	21.995.682	-	-	-	-
- The part under guarantee with collaterals, etc. [3]	-	21.995.682	-	-	-	-
C.Carrying value of financial assets that are past due but not impaired	15.721.606	75.812.381	-	-	-	-
- The part under guarantee with collaterals, etc.	-	16.543.123	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
-Past due (gross carrying amount)	-	27.029.615	-	-	-	-
- Impairment (-)	-	(27.029.615)	-	-	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
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 customers with which no collection problems have been encountered or those which have succeeded to realize payment even if delayed.

(3) The Group has obtained guarantee notes of 15.752.682 TRY and mortgages of 6.243.000 TRY 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 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2012					
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Deposit in banks	Other
Maximum credit risk incurred as of the reporting date [1] (Dipnote 6,10,11)	34.852.688	276.955.740	22.965.143	828.859	27.414.284	3.922.781
- The part of maximum risk under guarantee with collaterals, etc (Dipnot 16)	-	85.219.467	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired [2]	34.852.688	234.408.378	22.965.143	828.859	27.414.284	3.922.781
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	22.387.813	-	-	-	-
- The part under guarantee with collaterals, etc.[3]	-	22.387.813	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	20.159.549	-	-	-	-
- The part under guarantee with collaterals, etc.	-	560.280	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	6.350.495	-	-	-	-
- Impairment (-)	-	(6.350.495)	-	-	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-

(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 customers with which no collection problems have been encountered or those which have succeeded to realize payment even if delayed.

(3) The Group has obtained guarantee notes of 29.800.000 TRY and mortgages of 6.243.000 TRY against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

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

NOT 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Trade receivables	**30 June 2013**	31 December 2012
1-30 days overdue	**25.031.394**	7.855.608
1-3 months overdue	**19.298.897**	7.182.944
3-12 months overdue	**10.542.772**	2.931.346
More than 12 months overdue	**20.939.318**	2.189.651
Total overdue receivables	**75.812.381**	20.159.549
The part secured with guarantee, etc (-)	**16.543.123**	560.280

iii. Liquidity risk management

The Group is eligible to use banks as well as its suppliers and shareholders as funding resources. The Group's liquidity risk is continuously evaluated through determining and monitoring changes in funding conditions required for achieving the targets set within the scope of the Group's strategy.

The Group manages its liquidity risk by monitoring expected and actual cash flows on regular basis and by maintaining continuity of funds and borrowing reserves through matching the maturities of financial assets and liabilities.

As of 30 June 2013 and 31 December 2012, the liquidity risk arising from the Group's financial liabilities consist of the following:

30 June 2013	**Book Value**	**Total Cash Outflows accordance with contract**	**Less than 3 months**	**3-12 months**	**1-5 Years**
Non-Derivative Financial Liabilities					
Financial liabilities	1.078.424.891	1.152.808.689	431.391.963	400.066.312	321.350.414
Trade payables third and related parties	674.624.432	766.214.468	444.974.735	319.874.733	1.365.000
Other financial liabilities	38.992.281	38.992.281	26.676.621	12.315.660	-
Other payables (Note 11)	680.621.644	756.860.493	9.018.581	74.669.804	673.172.108
	2.472.663.248	**2.714.875.931**	**912.061.900**	**806.926.509**	**995.887.522**

As of 30 June 2013, the sum of outstanding credits balance classified among contract cash outflows maturing in less than 3 months amounts to 25.401.531 TRY (31 December 2012: 55.983.840 TRY).

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

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2012	**Carrying value**	**Total Cash Outflows accordance with contract**	**Less than 3 months**	**3-12 months**	**1-5 Years**
Non-Derivative Financial Liabilities					
Financial liabilities	547.828.298	590.991.538	199.866.305	282.144.048	108.981.185
Trade payables third and related parties	129.706.271	130.239.014	82.913.984	47.325.030	-
Other financial liabilities	77.827.838	93.099.007	1.017.043	88.937.631	3.144.333
Other payables (Note 11)	50.210.113	52.423.442	22.656.851	29.766.591	-
	805.572.520	**866.753.001**	**306.454.183**	**448.173.300**	**112.125.518**

iv. 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.

v. Foreign currency risk

The Group carries foreign currency risk because of its foreign currency loans and payables abroad. The risk is decreased at a certain rate due to the exports and foreign currency receivables from the local market.

The rate of net foreign currency position to equity is monitored by the management on regular basis.

The foreign currency risk is anticipated to decrease upon using local resources to cover some of the purchases made abroad.

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

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position as of 30 June 2013 and 31 December 2012 is set out in the table below:

	30 June 2013						31 December 2012					
	TRY Equivalent	**USD**	**EUR**	**GBP**	**CHF**	**IRR**	TRY Equivalent	USD	EUR	GBP	CHF	IRR
1. Trade Receivables	**31.245.890**	**13.154.473**	**1.852.835**	**433.118**	**-**	**-**	22.611.229	5.265.978	5.433.102	155.730	-	-
2a. Monetary financial assets, (cash and banks account included)	**10.914.276**	**1.964.610**	**2.827.234**	**8.868**	**-**	**-**	22.154.576	10.783.851	1.176.830	41.716	42	303.970.231
2b. Non Monetary financial assets	**-**	**-**	**-**	**-**	**-**	**-**	11.932.194	5.989.465	530.135	3.015	-	-
3. Other	**30.433.524**	**7.195.566**	**6.515.228**	**69.117**	**1.953**	**-**	118.148	2.742	48.161	-	-	-
4. Current Assets (1+2+3)	**72.593.690**	**22.314.649**	**11.195.297**	**511.103**	**1.953**	**-**	56.816.147	22.042.036	7.188.228	200.461	42	303.970.231
5. Trade Receivables	**671.158**	**-**	**267.000**	**-**	**-**	**-**	-	-	-	-	-	-
6a. Monetary Financial Assets	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
6b. Non monetary Financial Assets	**-**	**-**	**-**	**-**	**-**	**-**	376.155	89.621	15.860	-	-	1.240.300.000
7. Other	**7.591.663**	**3.944.131**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	**8.262.821**	**3.944.131**	**267.000**		**-**	**-**	376.155	89.621	15.860	-	-	1.240.300.000
9. Total Assets (4+8)	**80.856.511**	**26.258.780**	**11.462.297**	**511.103**	**1.953**	**-**	57.192.302	22.131.657	7.204.088	200.461	42	1.544.270.231
10. Trade Payables	**126.268.419**	**20.354.638**	**34.605.946**	**13.659**	**32.000**	**-**	80.353.321	28.136.292	12.695.771	3.542	-	2.290.555.601
11. Financial liabilities	**114.001.911**	**31.207.783**	**21.455.691**	**-**	**-**	**-**	139.183.172	53.346.472	18.747.183	-	-	-
12a. Financial liabilities	**56.452.472**	**29.292.556**	**27.911**	**-**	**-**	**-**	191.496	-	51.360	-	-	-
12b. Other non monetary liabilities	**1.314.812**	**68.823**	**470.359**	**-**	**-**	**-**	714.916	176.333	94.095	62.457	-	-
13. Current Liabilities (10+11+12)	**298.037.614**	**80.923.800**	**56.559.907**	**13.659**	**32.000**	**-**	220.442.905	81.659.097	31.588.409	65.999	-	2.290.555.601
14. Trade Payables				**-**	**-**	**-**	-	-	-	-	-	-
15. Financial Liabilities	**41.219.051**	**5.152.741**	**12.452.184**	**-**	**-**	**-**	72.350.074	2.101.908	29.171.753	-	-	-
16a. Other monetary liabilities	**599.974.511**	**311.700.434**	**5.377**	**-**	**-**	**-**	-	-	-	-	-	-
16b. Other non monetary liabilities				**-**	**-**	**-**	12.645	-	5.377	-	-	-
17. Non-current liabilities (14+15+16)	**641.193.562**	**316.853.175**	**12.457.561**	**-**	**-**	**-**	72.362.719	2.101.908	29.177.130	-	-	-
18. Total liabilities (13+17)	**939.231.176**	**397.776.975**	**69.017.468**	**13.659**	**32.000**	**-**	292.805.624	83.761.005	60.765.539	65.999	-	2.290.555.601
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)	**(858.374.665)**	**(371.518.195)**	**(57.555.171)**	**497.444**	**(30.047)**	**-**	(235.613.322)	(61.629.348)	(53.561.451)	134.462	42	(746.285.370)
21. Net foreign currency asset / (liability) /(position of monetary items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(896.399.852)**	**(382.657.892)**	**(64.070.399)**	**(428,327)**	**(32.000)**	**-**	(247.312.258)	(67.534.843)	(54.056.135)	193.904	42	(1.986.585.370)
22. Fair value of derivative instruments used in foreign currency hedge	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
23. Partial total amount of foreign currency assets hedged	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
24. Partial total amount of foreign currency liabilities hedged	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	
25. Export	44.718.151	12.883.357	8.374.526	487.044	-	-	62.510.613	10.816.280	14.828.772	427.656	-	-
26. Import	243.657.861	25.923.509	83.187.073	396.435	32.739	-	128.546.590	51.516.825	15.314.538	121.359	5.777	-

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency sensitivity

As of 30 June 2013 and 31 December 2012, 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.

30 June 2013				
	Profit/Loss		**Equity**	
	Foreign currency appreciation	**Foreign currency devaluation**	**Foreign currency appreciation**	**Foreign currency devaluation**
Change of USD against TRY by 10%				
1- USD net assets / liabilities	**(71.509.822)**	**71.509.822**	**-**	**-**
2- USD hedged from risks (-)	**-**	**-**	**-**	**-**
3- USD net effect (1+2)	**(71.509.822)**	**71.509.822**	**-**	**-**
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	**(14.467.643)**	**14.467.643**	**-**	**-**
5- EUR hedged from risks (-)	**-**	**-**	**-**	**-**
6- EUR net effect (4+5)	**(14.467.643)**	**14.467.643**	**-**	**-**
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	**145.711**	**(145.711)**	**-**	**-**
8- Other currencies hedged from risks (-)	**-**	**-**	**-**	**-**
9- Other currencies net effect (7+8)	**145.711**	**(145.711)**	**-**	**-**
TOTAL (3+6+9)	**(85.831.754)**	**85.831.754**	**-**	**-**

31 December 2012				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	(10.986.048)	10.986.048	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	(10.986.048)	10.986.048	-	-
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	(12.596.047)	12.596.047	-	-
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	(12.596.047)	12.596.047	-	-
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	20.762	(20.762)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	20.762	(20.762)	-	-
TOTAL (3+6+9)	(23.561.333)	23.561.333	-	-

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

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

vi. Interest rate risk management

The Group is exposed to interest risk because of its interest generating assets and liabilities. The Group's activities are exposed to the risk of interest rate fluctuations when the interest -sensitive assets and liabilities are depreciated at different times and amounts or when their prices are revised. The said interest rate risk is continuously monitored and managed by the company management by balancing the Company'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:

	30 June 2013	31 December 2012
Financial instruments with fixed interest		
Financial assets	**-**	18.292.645
Financial liabilities	**302.980.779**	416.729.913
Financial instruments with floating interest		
Financial assets	**208.392.799**	-
Financial liabilities	**422.764.393**	132.615.359

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 30 June 2013, the current period profit before tax would be lower/higher by 2.337.442 TRY as a result of high/low interest expenses arising from loans with variable interest (31 December 2012 –2.511.869 TRY).

vii. 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.

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

NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Group monitors the share capital by using the debt/equity ratio. This ratio is found by dividing the net total debts to total equity. The net total debt is calculated by deducting the cash and cash equivalents from the total financial debts (long or short term).

	30 June 2013	31 December 2012
Financial liabilities	**1.350.281.259**	663.991.784
Less: Cash and cash equivalents	**(227.069.721)**	(35.794.305)
Net Financial Liabilities	**1.123.211.538**	628.287.479
Total Equity	**608.976.583**	(15.847.312)
Net financial liabilities/Total equity Ratio	**84%**	(3.965%)

NOT 32 - FAIR VALUE DISCLOSURES AND FINANCIAL INSTRUMENTS

The market values and carrying values of financial assets and liabilities are set out in the table below:

	30 June 2013		31 December 2012	
	Carrying Value	**Market Value**	Carrying Value	Market Value
Financial assets				
Cash and cash equivalents	**227.069.721**	**227.069.721**	35.704.305	35.704.305
Other trade receivables	**281.139.129**	**276.422.497**	272.556.438	272.556.438
Trade receivables from related parties	**37.420.635**	**37.068.059**	34.852.688	34.852.688
Other receivables	**4.287.079**	**4.287.079**	370.705	370.705
Other receivables from related parties	**69.919.561**	**69.919.561**	22.965.143	22.965.143
Other current assets (*)	**-**	**-**	77.986	77.986
Long term trade receivables	**19.942.024**	**15.640.161**	32.062	32.062
Long term other receivables	**1.349.497**	**1.349.497**	458.154	458.154
Long term financial assets	**9.242.831**	**9.242.831**	56.177.478	56.177.478
Financial liabilities				
Short term financial liability	**(806.568.523)**	**(806.568.523)**	(433.181.786)	(433.181.786)
Other financial liabilities	**(38.992.281)**	**(38.992.281)**	(75.160.111)	(75.160.111)
Trade payables	**(628.959.663)**	**(621.611.278)**	(95.193.013)	(95.193.013)
Trade payables to related parties	**(53.777.955)**	**(53.013.154)**	(129.706.271)	(129.706.271)
Other payables to related parties	**(15.850.084)**	**(15.850.084)**	(49.791.932)	(49.791.932)
Long term financial liability	**(271.856.368)**	**(271.856.368)**	(116.163.486)	(116.163.486)
Long term trade payables to related parties	**(716.623.137)**	**(664.771.560)**	-	-
Net	**(1.882.257.534)**	**(1.831.663.842)**	(474.484.666)	(474.484.666)

(*) Non-financial instruments such as advances given, deferred VAT, other VAT, expenses related to future months and prepaid taxes and funds are not included in the 'other current assets'.

NOTE 33 - SUBSEQUENT EVENTS

- According to board of meeting decision at 19 August 2013, it has been decided to issue debt instruments, due not to over 3 years that would be amounting 250.000.000 TRY nominal value. The debt instrument will be issued after approving of SPK in a year. The Group has been authorized Ak Yatırım Menkul Değerler A.Ş to apply to SPK and issue the financial debt required process of financial intermediation.

- In accordance with mentioned after that for merger in Note 3, calling price has been calculated as amounting of 3,4329 USD based upon explained on the article of 5. a and b item of calling announcement form for the fulfillment of the calling obligation. Calling price has been updated as amounting of 3,4336 USD in accordance with weekly LIBOR rate considering that more than percentage of 30% in every day after at 2 August 2013 in transactions as USD due to deadline of setting out necessary calling at the date of 9 September 2013, but should has been added up calculated 37 days of interest. Buying price based upon foreign currency, calling price has been calculated finally to amounting to 7,0835 TRY by using foreign currency from TCMB buying prices the biggest one between was amounting 1,8842 at date of 31 May 2013 and was amounting to 2,0630 TRY at date of 6 September 2013. Calling price will be proceeded to date of 9 September 2013 and during ten days will be kept up.

- BBA Beymen Alboy Mağazacılık Sanayi ve Ticaret A.Ş and AYGM has been transferred through the merger. BBA Beymen Alboy Mağazacılık Sanayi ve Ticaret A.Ş is a subsidiary of Boyner Holding A.S in ratio of 99,98%.AYGM is a subsidiary of Altınyıldız in ratio of 99,92%. This merger was announced on commercial registry gazette at the date of 29 August 2013.

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