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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

pwc

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED 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. (the "Company"), its subsidiaries and its joint-ventures (collectively referred to as the "Group") which comprise the consolidated statement of financial position as of 31 December 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 year 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 networking 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. ("YKM Pazarlama") by Boyner Büyük Mağazacılık A.Ş. ("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 Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). 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.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Cad. No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey
www.pwc.com/tr *Telephone: +90 (212) 326 6060, Facsimile: +90 (212) 326 6050*

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 TRY 5.472.508 in the consolidated financial statements since the associate does not prepare its financial statements in accordance with 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 TRY 2.993.125.

Qualified opinion

5. In our opinion, except for the possible effects of the matters described in paragraph 4, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the TAS (Note 2).

Emphasis of matters

6. 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 and 2011. In our opinion, such adjustments are appropriate and have been properly applied.

7. 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 100% and 96,55%, 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 31 December 2013. After the completion of such studies, the goodwill accounted for and the fair value of the acquired assets and liabilities might be different.

Reports on independent auditor's responsibilities arising from other regulatory requirements

8. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

9. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it.. On the other hand, the Company formed the mentioned committee on 30 December 2013 and it is comprised of two members. The committee has met one time since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.

Additional paragraph for convenience translation into English

10. 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 "Business combinations of entities under common control". Accordingly, the accompanying 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, 4 March 2014

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

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ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013, 2012 AND 2011

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

	Notes	Audited 31 December 2013	Restated (Note 2.5) Audited 31 December 2012	Restated (Note 2.5) Audited 31 December 2011
ASSETS				
Current Assets		**1.630.693.677**	815.544.602	786.815.671
Cash and cash equivalents	5	**289.556.875**	35.704.305	23.811.285
Trade receivables	9	**378.482.245**	307.973.668	305.239.698
- *Trade receivables from related parties*	*9,30*	*38.710.794*	*34.741.042*	*34.320.600*
- *Trade receivables from third parties*	*9*	*339.771.451*	*273.232.626*	*270.919.098*
Other receivables	10	**44.571.064**	23.527.885	2.383.993
- *Other receivables from related parties*	*10,30*	*37.428.301*	*22.965.143*	*1.824.400*
- *Other receivables from third parties*	*10*	*7.142.763*	*562.742*	*559.593*
Inventories	11	**814.280.963**	397.615.742	408.946.724
Prepaid expenses	12	**27.631.057**	3.655.213	4.568.999
Other current assets	19	**76.171.473**	46.637.789	39.320.972
		1.630.693.677	815.114.602	784.271.671
Non-current assets held for sale		-	430.000	2.544.000
Non-current assets		**2.229.185.522**	247.741.838	238.132.293
Financial investments	6	**121.284**	121.618	119.709
Trade receivables	9	**13.353.049**	32.062	83.301
- *Trade receivables from third parties*	*9, 30*	*2.993.125*	-	-
Other receivables	*9*	*10.359.924*	*32.062*	*83.301*
- *Other receivables from related parties*	10	**1.479.303**	483.777	603.817
- *Other receivables from third parties*	*10*	*1.479.303*	*483.777*	*603.817*
Investments accounted for using the equity method	6	**12.141.961**	56.177.478	42.270.190
Investment properties	13	**121.350.000**	111.802.000	107.433.149
Property, plant and equipment	14	**269.256.111**	52.626.748	61.942.501
Intangible assets		**1.776.219.567**	20.171.272	19.517.092
- *Goodwill*	*3*	*942.584.717*	-	-
- *Other intangible assets*	*15*	*833.634.850*	*20.171.272*	*19.517.092*
Prepaid expenses		**847.324**	1.580.862	1.422.425
Deferred income tax assets	28	**25.021.839**	4.746.021	4.740.109
Other non-current assets	19	**9.395.084**	-	-
TOTAL ASSETS		**3.859.879.199**	1.063.286.440	1.024.947.964

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

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2013, 2012 AND 2011

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

			Restated (Note 2.5)	Restated (Note 2.5)
		Audited	Audited	Audited
	Notes	**31 December 2013**	31 December 2012	31 December 2011
LIABILITIES				
Current liabilities		**2.181.439.576**	923.581.843	744.047.785
Short-term financial liabilities	7	**528.033.425**	263.525.543	147.777.147
Current portion of long-term financial liabilities	7	**390.944.712**	168.139.269	120.991.989
Other financial liabilities	8	**58.629.605**	75.160.111	99.314.672
Trade payables	9	**919.037.377**	225.005.695	256.058.751
- *Trade payables to related parties*	*9, 30*	*50.347.023*	*129.481.564*	*113.109.195*
- *Trade payables to third parties*	*9*	*868.690.354*	*95.524.131*	*142.949.556*
Payables related to employee benefits	18	**17.980.710**	8.287.678	7.838.939
Other payables	10	**129.745.739**	53.097.314	18.449.012
- *Other payables to related parties*	*10, 30*	*41.349.748*	*52.306.029*	*17.744.180*
- *Other payables to third parties*	*10*	*88.395.991*	*791.285*	*704.832*
Deferred revenue	12	**98.922.159**	118.849.999	81.512.509
Income tax payable	28	**6.827.836**	-	2.726.710
Short term provisions		**22.433.341**	8.930.741	7.299.143
- *Provisions for employee benefits*	*16*	*10.894.799*	-	-
- *Other short term provisions*	*16*	*11.538.542*	*8.930.741*	*7.299.143*
Other current liabilities	19	**8.884.672**	2.585.493	2.078.913
Non-current liabilities		**1.322.173.085**	143.152.989	217.259.623
Long term financial liabilities	7	**376.561.976**	116.163.486	190.920.925
Trade payables		**-**	-	200.867
- *Trade payables to third parties*		-	-	*200.867*
Other payables	10	**732.289.853**	37.472	-
- *Other payables to third parties*	*10*	*732.289.853*	*37.472*	-
Long term provisions		**21.536.781**	11.326.033	10.187.814
- *Provisions for employee benefits*	*18*	*21.536.781*	*11.326.033*	*10.187.814*
Deferred revenue	12	**12.449.263**	42.374	211.863
Deferred income tax liability	28	**179.335.212**	15.497.553	15.328.537
Other non-current liabilities		**-**	86.071	409.617
EQUITY		**356.266.538**	(3.448.392)	63.640.556
Equity attributable to parent		**348.767.251**	(8.514.286)	57.280.127
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		**17.662.801**	64.000.609	68.528.884
- *Gain/(loss) on revaluation and re-measurement*	*20*	*29.805.030*	*74.881.785*	*74.881.785*
- *Other losses*		*36.560*	*(1.936.404)*	-
- *Actuarial gain / (losses) arising from employee benefits*		*(12.178.789)*	*(8.944.772)*	*(6.352.901)*
Other comprehensive income/expense to be reclassified to profit or loss		***(935.086)***	(425.270)	(673.370)
- *Currency translation differences*		*(935.086)*	*(425.270)*	*(673.370)*
Impact of business combinations of entities under common control	20	**(307.876.666)**	(238.892.452)	(238.892.452)
Restricted reserves		**33.451.107**	33.451.107	33.451.107
Retained earnings	20	**82.367.106**	98.821.488	69.159.858
Net profit / (loss) for the year		**428.036.620**	(61.531.137)	29.644.731
Non-controlling interest		**7.499.287**	5.065.894	6.360.429
TOTAL LIABILITIES		**3.859.879.199**	1.063.286.440	1.024.947.964

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

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

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

	Notes	Audited 2013	Restated (Not 2.5) Audited 2012
INCOME OR LOSS			
Revenue	21	**1.901.596.416**	597.910.275
Cost of sales (-)	21	**(1.175.022.725)**	(403.213.161)
GROSS PROFIT		**726.573.691**	194.697.114
Marketing expenses (-)	22	**(512.156.850)**	(150.466.992)
General administrative expenses (-)	22	**(130.609.454)**	(39.781.914)
Research and development expenses (-)	22	**(5.024.714)**	(691.095)
Other operating income	24	**131.623.517**	41.537.011
Other operating expense (-)	24	**(125.979.428)**	(28.940.362)
OPERATING PROFIT		**84.426.762**	16.353.762
Income from investing activities	25	**627.018.402**	399.137
Expense from investing activities (-)	25	**(3.124.579)**	(791.654)
Share of profit of investments accounted for using the equity method		**7.003.197**	13.245.825
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSE		**715.323.782**	29.207.070
Financial income	26	**14.520.391**	27.681.381
Financial expense (-)	27	**(296.203.234)**	(118.903.051)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**433.640.939**	(62.014.600)
Taxes on income	*28*	***(10.666.708)***	-
Deferred tax income / (loss)	*28*	***5.618.611***	*(811.072)*
PROFIT / (LOSS) FROM CONTINUED OPERATIONS		**428.592.842**	(62.825.672)
NET INCOME / (LOSS) FOR THE PERIOD		**428.592.842**	(62.825.672)
Profit for the period attributable to			
Non-controlling interest		**556.222**	(1.294.535)
Equity holders of the parent		**428.036.620**	(61.531.137)
Earnings / (loss) per share			
Earnings / (loss) per share from continued operations		**10,70**	(1,54)
Earnings / (loss) per share from discontinued operations		**-**	-
OTHER COMPREHENSIVE INCOME			
Items not to be classified to profit or loss			
Actuarial gain / (losses) arising from employee benefits	18	**(3.879.274)**	(3.239.839)
Other gain / (loss)		**435.514**	(1.936.404)
Deferred income tax	28	**775.855**	647.968
Items to be classified to profit or loss			
Currency translation differences		**(509.816)**	248.100
OTHER COMPREHENSIVE LOSS		**(3.177.721)**	(4.280.175)
TOTAL COMPREHENSIVE INCOME / (LOSS)		**425.415.121**	(67.105.847)
Total comprehensive income attributable to			
Non-controlling interest		**686.820**	(1.294.535)
Equity holders of the parent		**424.728.301**	(65.811.312)

Altınyıldız bought out the Fennella's shares at Beymen and BBM in the ratio of 50,00 % and 30,05 %, respectively. In a business combination achieved in stages, the acquirer's previously held interest is remeasured to fair value at the acquisition date and a gain or loss is recognized in the income statement. One-time fair value increase amounting to 625.612.315 TRY related to this transaction has been accounted for as "fair value gains of the previously held interest in the acquiree" (Note 3-a and Note 4).

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in Turkish (“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 re-measurement		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 associates 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 merger BBA (Note 2.5)	-	-	-	-	-	-	7.478.755				7.478.755	6.360.429	13.839.184
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)**	**-**	**(238.892.452)**	**33.451.107**	**69.159.858**	**29.644.731**	**57.280.127**	**6.360.429**	**63.640.556**
Transfers	-	-	-	-	-	-	-	-	29.644.731	(29.644.731)	-	-	-
Impact of subsidiary included to the scope of consolidation	-	-	-	-	-	-	-	-	16.899	-	16.899	-	16.899
Total comprehensive loss	-	-	248.100	-	(2.591.871)	(1.936.404)	-	-	-	(61.531.137)	(65.811.312)	(1.294.535)	(67.105.847)
Balance at 31 December 2012	**40.000.000**	**56.061.369**	**(425.270)**	**74.881.785**	**(8.944.772)**	**(1.936.404)**	**(238.892.452)**	**33.451.107**	**98.821.488**	**(61.531.137)**	**(8.514.286)**	**5.065.894**	**(3.448.392)**
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 merger BBA (Note 2.5, 20)	**-**	**-**	**-**	**-**	**-**	**-**	**7.478.755**	**-**	**-**	**(145.729)**	**7.333.026**	**5.065.894**	**12.398.920**
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)**	**(238.892.452)**	**33.451.107**	**98.821.488**	**(61.531.137)**	**(8.514.286)**	**5.065.894**	**(3.448.392)**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(61.531.137)**	**61.531.137**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**(509.816)**	**-**	**(3.234.017)**	**435.514**	**-**	**-**	**-**	**428.036.620**	**424.728.301**	**686.820**	**425.415.121**
Revaluation reserve of property, plant and equipment (Note 20)	**-**	**-**	**-**	**(45.076.755)**	**-**	**-**	**-**	**-**	**45.076.755**	**-**	**-**	**-**	**-**
Transactions with non-controlling interest – Acquisition of AYTK (Note 2.5, 20)	**-**	**-**	**-**	**-**	**-**	**-**	**(12.105.679)**	**-**	**-**	**-**	**(12.105.679)**	**(7.992.104)**	**(20.097.783)**
Transactions with non-controlling interest– Acquisition of YKM (Note 2.5, 20)	**-**	**-**	**-**	**-**	**-**	**-**	**(56.878.535)**	**-**	**-**	**-**	**(56.878.535)**	**(15.170.741)**	**(72.049.276)**
Non-controlling interests from acquisition of subsidiary	**-**	**-**	**-**	**-**	**-**	**1.537.450**	**-**	**-**	**-**	**-**	**1.537.450**	**24.909.418**	**26.446.868**
Balance at 31 December 2013	**40.000.000**	**56.061.369**	**(935.086)**	**29.805.030**	**(12.178.789)**	**36.560**	**(307.876.666)**	**33.451.107**	**82.367.106**	**428.036.620**	**348.767.251**	**7.499.287**	**356.266.538**

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

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

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

	Notes	Audited 2013	Restated (Not 2.5) Audited 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES		**233.524.732**	**38.322.923**
Net income / (loss) for the period		**433.640.939**	**(62.014.600)**
Adjustments to reconcile profit / (loss) for the period		**(348.347.609)**	**110.359.528**
Depreciation and amortization	14,15,23	64.771.971	17.280.704
Provision for doubtful receivables	9	1.120.944	766.128
Provision for employee benefits	18	3.791.662	2.182.183
Provision for impairment of inventories	11	3.206.706	385.314
Adjustments related to interest income and expense		124.313.920	87.242.332
Changes in the fair value of the interest previously held	25	(625.612.315)	-
Provision for short-term employee benefits		4.794.895	-
Other short-term provisions	16	983.578	1.631.598
Gain arising from the change in the fair value of investment properties	24	(9.452.300)	(4.096.071)
(Gain)/loss on sale of non-current assets	25	2.104.492	(46.483)
Store impairment expenses	24	3.570.355	4.574.823
Change in the contingent consideration arising from acquisition of subsidiary	24	(12.446.229)	-
Loss on sale of non-current assets held for sale	25	90.000	439.000
Unrealized loss on currency differences		90.414.712	-
Changes in net working capital		**152.837.316**	**(7.421.980)**
Increases/decreases in inventories		570.754	10.945.668
Increases/decreases in trade receivables		(20.570.290)	(27.192.769)
Increases/decreases in trade and other receivables due from related parties		57.144.328	(21.561.190)
Prepaid expenses		(1.840.394)	755.349
Other current and non-current assets		(68.179)	(7.316.817)
Deferred revenue		(60.245.238)	37.167.956
Payables related to employee benefits		(1.240.771)	448.739
Increases/decreases in trade payables		314.164.756	(47.301.500)
Increases/decreases in trade and other payables due to related parties		(120.925.121)	50.733.352
Other liabilities		(8.550.316)	183.034
Payments of other short-term provisions	16	(246.820)	-
Payments of employee termination benefits	18	(5.355.393)	(4.283.802)
Net cash generated from operating activities		**(4.605.914)**	**(2.600.025)**
Income taxes paid / returned		(9.458.397)	(2.726.710)
Collection of doubtful receivables	9	4.852.483	126.685
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(188.239.731)**	**(27.573.909)**
Cash change from the acquisition of shares in other entities or funds or debt instruments	3	(91.832.671)	-
Purchase of tangible and intangible assets	14,15	(76.553.577)	(13.568.095)
Proceeds from sale of tangible and intangible assets		-	420.624
Proceeds from sales of non-current assets held for sale		340.000	1.675.000
Purchase of investment properties	13	(95.700)	(272.780)
Subsidiary included to the scope of consolidation		-	15.034
Income from associates accounted for using the equity method		-	(15.843.692)
Payment to non-controlling interest for the acquisition of AYTK shares		(20.097.783)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		**209.077.385**	**895.906**
Interest payments		(131.547.048)	(88.132.928)
Other interest income and commissions		3.205.145	861.749
Cash inflows from bank borrowings		337.419.288	88.167.085
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**254.362.386**	**11.644.920**
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(509.816)**	**248.100**
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D))		**253.852.570**	**11.893.020**
(DECREASE)/INCREASE IN RESTRİCTED CASH	5	**(11.789.080)**	**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	**289.556.875**	**35.704.305**

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

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

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 31 December 2013 and 2012 is Boyner Holding. Altınyıldız is registered to Capital Market Board ("CMB") and 15% of its shares were listed on the Borsa İstanbul ("BIST") for the first time in 1991.

The main address of the Company is "Eski Büyükdere Caddesi No:14 Park Plaza K:15-16 Maslak-Sarıyer/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".

The main activities of the Company are manufacturing and marketing of woolly textile and ready-to-wear products. At the end of year 2013, the Group Management decided to continue its textile and ready to wear manufacturing operations within the structure of Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. which is a fully owned subsidiary of Altınyıldız in order to increase the efficiency of its organization and effectiveness of organization. Consequently, machinery and equipment used in the production of textile and ready-to-wear clothing and inventories along with related employees have been transferred to Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. and the title of the Company has been renamed as Altınyıldız Tekstil ve Konfeksiyon A.Ş. in line with its activities. The Company operates in retail industry through its subsidiaries AY Marka Mağazacılık A.Ş. ("AY Marka"), Boyner Büyük Mağazacılık A.Ş. ("BBM") and Beymen Mağazacılık A.Ş. ("Beymen") and in real estate industry, textile and ready-to-wear clothing industries through its subsidiaries BYN Gayrimenkul Geliştirme A.Ş. ("BYN") and Altınyıldız Tekstil ve Konfeksiyon A.Ş. ("AYTK" formerly known as Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş.).

The Company's subsidiaries Alticom GmbH incorporated in Germany and Altınyıldız Corporation incorporated in USA operates in foreign markets for the sale and marketing of textile products. The Company together with its consolidated subsidiaries will be referred to as the "Group" hereafter.

The Group whose main activities are manufacturing, marketing and production of combined woolly textiles and ready-to-wear clothing products, retail operations and real-estate development, owns retail space of 351.751 square meter (2012: 32.006 square meter) with 383 stores nationwide (2012: 110 stores).

The consolidated financial statements as at and for the period 31 December 2013 have been approved and authorized for issue on 4 March 2014 by the Board of Directors. The General Assembly and specified regulatory bodies have the right to make amendments to the financial statements after issue.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

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

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

2.1 Basis of presentation (Continued)

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

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

The Group and its Turkish subsidiaries maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets, financial liabilities and investment properties which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

Going concern assumption

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

As of 31 December 2013, the Group's total current liabilities exceeded its total current assets by 550.789.205 TRY. In 2014, the Group is planning to decrease its current borrowings through restructuring its existing short term borrowings with long term borrowings.

2.2 New and amended international financial reporting standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2013 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC 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 classifiable 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 (Continued)

- 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 "re-measurement" and re-measurement 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. The objective of TFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The amendment 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. TFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The amendment 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. TFRS 12 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 amendment 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 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)

- 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. The amendment is disclosed in Note 13 by the Group.

- TAS 27 (revised 2011), 'Separate financial statements'; is effective for annual periods beginning on or after 1 January 2013. TAS 27 (revised 2011) 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. The amendment did not have any impact on the financial position or performance of the Group.

- 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 is not applicable for the Group and 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 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 is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

- Annual Improvement project to TFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments affect five standards: TFRS 1 "First time adoption of TFRS", TAS 1 "Financial statement presentation", TAS 16 "Property plant and equipment", TAS 32 "Financial instruments; Presentation" and TAS 34 "Interim financial reporting". 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.

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

2.2 New and amended International Financial Reporting Standards (Continued)

a) 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 financial statements but not been entered in force for current reporting period and not been early performed by Group are as below. Unless otherwise indicated, the Group 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. The standard does not have an impact on the financial position or performance of the Group.

- Amendments to TFRS 10, 12 and TAS 27 on consolidation for investment entities are 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 TFRS 12 to introduce disclosures that an investment entity needs to make. The standard does not have an impact on the financial position or performance of the Group.

- TAS 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. The standard does not have an impact on the financial position or performance of the Group.

- TAS 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. The standard does not have an impact on the financial position or performance of the Group.

- TFRIC 21, 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of TAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The standard does not have an 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

- TFRS 9 ‘Financial instruments’ – classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace TAS 39, ‘Financial instruments: Recognition and measurement’. TFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the TAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The amendment does not have an impact on the financial position or performance of the Group.

- TFRS 9, ‘Financial instruments’, regarding general hedge. These amendments to TFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The amendment does not have an impact on the financial position or performance of the Group.

- Amendment to TAS 19 regarding “Defined Benefit Plans”; is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment does not have an impact on the financial position or performance of the Group.

- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards:

  - TFRS 2, ‘Share-based payment’
  - TFRS 3, ‘Business Combinations’
  - TFRS 8, Operating segments’
  - TMS 16; Property, plant and equipment’ and TAS 38,‘Intangible assets’
  - TFRS 9, Consequential amendments to TFRS 9, ‘Financial instruments’, TAS 37, ‘Provisions, contingent liabilities and contingent assets’,
  - TAS 39, Financial instruments – Recognition and measurement’

- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:

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

NOT 2 - FİNANSAL TABLOLARIN SUNUMUNA İLİŞKİN ESASLAR (Continued)

2.3 Compliance with TAS

The Group prepared its consolidated financial statements as of 31 December 2013 in accordance with Communiqué Serial II, No: 14.1 and the related announcements.

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:

	31 December 2013		31 December 2012		31 December 2011	
Currency	**Period End**	**Period Average**	**Period End**	**Period Average**	**Period End**	**Period Average**
USD	2,1343	1,9017	1,7826	1,7922	1,8889	1,6697
EUR	2,9365	2,5297	2,3517	2,3043	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 31 December 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	Impact of accounting policy changes in accordance with the resolution of POAASA Impact of BBA merge	Restated 31 December 2012
ASSETS							
Current Assets	**801.479.558**	**-**	**-**	**-**	**(1.516.974)**	**15.582.018**	**815.544.602**
Cash and cash equivalents	31.337.065	-	-	-	4.367.240	-	35.704.305
Trade receivables	311.776.366	-	-	-	(4.367.240)	564.542	307.973.668
- *Trade receivables from related parties*	34.852.688	-	-	-	-	(111.646)	34.741.042
- *-Trade receivables from third parties*	276.923.678				(4.367.240)	676.188	273.232.626
Other receivables	23.335.848	-	-	-	-	192.037	23.527.885
- *Other receivables from related parties*	22.965.143	-	-	-	-	-	22.965.143
- *Other receivables from third parties*	370.705	-	-	-	-	192.037	562.742
Inventories	382.989.005	-	-	-	14.328.947	297.790	397.615.742
Prepaid expenses	-	5.167.247	-	-	(1.516.974)	4.940	3.655.213
Other current assets	51.611.274	(5.167.247)	-	-	(14.328.947)	14.522.709	46.637.789
	801.049.558	**-**	**-**	**-**	**(1.516.974)**	**15.582.018**	**815.114.602**
Non-current assets held for sale	430.000	-	-	-	-	-	430.000
Non-current assets	**493.224.074**	**-**	**(246.371.207)**	**-**	**934.166**	**(45.195)**	**247.741.838**
Financial investments	192.436	-	-	-	-	(70.818)	121.618
Trade receivables	32.062	-	-	-	-	-	32.062
Other receivables	458.154	-	-	-	-	25.623	483.777
Investments accounted for using the equity method	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 assets	1.580.862	(1.580.862)	-	-	-	-	-
TOTAL ASSETS	**1.294.703.632**	**-**	**(246.371.207)**	**-**	**(582.808)**	**15.536.823**	**1.063.286.440**

(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	Impact of accounting policy changes in accordance with the resolution of POAASA Impact of merger BBA	Restated 31 December 2012
LIABILITIES							
Current Liabilities	**921.960.914**	**-**	**-**	**-**	**(1.516.974)**	**3.137.903**	**923.581.843**
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)	106.411	225.005.695
- *Trade payables to related parties*	*168.779.644*	-	-	-	*(39.073.373)*	*(224.707)*	*129.481.564*
- *Trade payables to third parties*	*95.193.013*	-	-	-	-	*331.118*	*95.524.131*
Payables related to employee benefits	-	8.287.678	-	-	-	-	8.287.678
Other payables	22.006.077	(10.869.337)	-	-	39.073.373	2.887.201	53.097.314
- *Other payables to related parties*	*10.718.559*	-	-	-	*39.073.373*	*2.514.097*	*52.306.029*
- *Other payables to third parties*	*11.287.518*	*(10.869.337)*	-	-	-	*373.104*	*791.285*
Deferred revenue	-	118.709.545	-	-	-	140.454	118.849.999
Short term provisions	8.428.845	501.896	-	-	-	-	8.930.741
- *Other short term provisions*	*8.428.845*	*501.896*	-	-	-	-	*8.930.741*
Other current liabilities	119.211.438	(116.629.782)	-	-	-	3.837	2.585.493
Non-current 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*
Provisions for employee benefits	12.146.316	-	-	-	(820.283)	-	*11.326.033*
Deferred revenue	-	42.374	-	-	-	-	*42.374*
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)**	**12.398.920**	**(3.448.392)**
Equity attributable to parent	**244.266.999**	**-**	**(246.371.207)**	**-**	**(13.743.104)**	**7.333.026**	**(8.514.286)**
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	-	-	(8.944.772)	(1.936.404)	-	64.000.609
- *Gain/(Loss) on revaluation and re-measurement*	*74.881.785*						*74.881.785*
- *Other losses*	-	-	-	-	*(1.936.404)*	-	*(1.936.404)*
- *Actuarial gain/(losses)arising from employee benefits*	-	-	-	*(8.944.772)*	-	-	*(8.944.772)*
Other comprehensive income/expense to be reclassified to profit or loss	-	-	-	-	(425.270)	-	(425.270)
- *Currency translation differences*	-	-	-	-	*(425.270)*	-	*(425.270)*
Impact of business combination of entities under common control	-	-	(246.371.207)	-	-	7.478.755	(238.892.452)
Restricted reserves	33.451.107	-	-	-	-	-	33.451.107
Retained earnings	102.817.346	-	-	6.352.901	(10.348.759)	-	98.821.488
Net loss for the period	(62.944.608)	-	-	2.591.871	(1.032.671)	(145.729)	(61.531.137)
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**5.065.894**	**5.065.894**
TOTAL LIABILITIES	**1.294.703.632**	**-**	**(246.371.207)**	**-**	**(582.808)**	**15.536.823**	**1.063.286.440**

(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	Impact of accounting policy changes in accordance with the resolution of POAASA Impact of merger BBA	Restated 31 December 2012
Revenue	597.910.275	-	-	-	-	597.910.275
Cost of sales	(405.676.804)	-	2.245.017	218.626	-	(403.213.161)
Gross profit	**192.233.471**	**-**	**2.245.017**	**218.626**	**-**	**194.697.114**
Marketing expenses (-)	(152.588.825)	-	994.821	1.127.012	-	(150.466.992)
General administrative expenses (-)	(39.677.981)	-	-	834.434	(938.367)	(39.781.914)
Research and development expenses (-)	(703.486)	-	-	12.391	-	(691.095)
Other operating income	9.146.952	32.390.059	-	-	-	41.537.011
Other operating expense (-)	(6.102.660)	(22.838.583)	-	881	-	(28.940.362)
Operating(loss)/profit	**2.307.471**	**9.551.476**	**3.239.838**	**2.193.344**	**(938.367)**	**16.353.762**
Income from investing activities	-	399.137	-	-	-	399.137
Expense from investing activities (-)	-	(791.654)	-	-	-	(791.654)
Share of profit of investments accounted for using the equity method	18.314.420	-	-	(5.068.595)	-	13.245.825
Operating profit before financial income/expense	**20.621.891**	**9.158.959**	**3.239.838**	**(2.875.251)**	**(938.367)**	**29.207.070**
Financial income	60.721.317	(32.789.196)	-	(250.740)	-	27.681.381
Financial expense (-)	(142.797.735)	23.630.237	-	766.302	(501.855)	(118.903.051)
Profit/(loss) before tax from continuing operations	**(61.454.527)**	**-**	**3.239.838**	**(2.359.689)**	**(1.440.222)**	**(62.014.600)**
Tax expense from continuing operations	**(1.490.081)**	**-**	**(647.967)**	**1.326.976**	**-**	**(811.072)**
- *Deferred tax income/(loss)*	*(1.490.081)*	-	*(647.967)*	*1.326.976*	-	(811.072)
Net loss for the period	**(62.944.608)**	**-**	**2.591.871**	**(1.032.713)**	**(1.440.222)**	**(62.825.672)**
Profit for the period attributable to						
- *Non-controlling interest*	-	-	-	-	*(1.294.535)*	(1.294.535)
- *Equity holders of the parent*	*(62.944.608)*	-	*2.591.871*	*(1.032.713)*	(145.687)	(61.531.137)

(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	Impact of accounting policy changes in accordance with the resolution of POAASA Impact of merger BBA	Restated 31 December 2011
ASSETS							
Current Assets	**770.246.846**	**-**	**-**	**-**	**(156.858)**	**16.725.683**	**786.815.671**
Cash and cash equivalents	20.807.728	-	-	-	3.003.557	-	23.811.285
Trade receivables	306.729.121	-	-	-	(3.003.557)	1.514.134	305.239.698
- *−Trade receivables from related parties*	*34.320.600*	-	-	-	-	-	34.320.600
- *−Trade receivables from third parties*	*272.408.521*	-	-	-	*(3.003.557)*	1.514.134	270.919.098
Other receivables	1.950.540	-	-	-	-	433.453	2.383.993
- *Other receivables from related parties*	*1.824.400*	-	-	-	-	-	1.824.400
- *Other receivables from third parties*	*126.140*	-	-	-	-	433.453	559.593
Inventories	389.373.746	-	-	-	19.275.188	297.790	408.946.724
Prepaid expenses	-	4.719.716	-	-	(156.858)	6.141	4.568.999
Other current assets	48.841.711	(4.719.716)	-	-	(19.275.188)	14.474.165	39.320.972
	767.702.846	**-**	**-**	**-**	**(156.858)**	**16.725.683**	**784.271.671**
Non-current assets held for sale	2.544.000	-	-	-	-	-	2.544.000
Non-Current Assets	**480.664.714**	**-**	**(246.371.207)**	**-**	**3.854.997**	**(16.211)**	**238.132.293**
Financial investments	190.527	-	-	-	-	(70.818)	119.709
Trade receivables	83.301	-	-	-	-		83.301
Other receivables	549.210	-	-	-	-	54.607	603.817
Investments accounted for using the equity method	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 assets	1.422.425	(1.422.425)	-	-	-	-	-
TOTAL ASSETS	**1.250.911.560**	**-**	**(246.371.207)**	**-**	**3.698.139**	**16.709.472**	**1.024.947.964**

(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**	**Impact of accounting policy changes in accordance with the resolution of POAASA Impact of merger BBA**	**Restated 31 December 2011**
LIABILITIES							
Current liabilities	**741.334.359**	**-**	**-**	**-**	**(156.862)**	**2.870.288**	744.047.785
Short-term financial liabilities	268.917.961	(120.983.952)	-	-	(156.862)		147.777.147
Current portion of long-term financial liabilities	-	120.983.952	-	-	-	8.037	120.991.989
Other financial liabilities	99.314.672	-	-	-	-		99.314.672
Trade payables	255.732.030	-	-	-	-	326.721	256.058.751
- *Trade payables to related parties*	*113.109.195*	-	-	-	-		113.109.195
- *Trade payables to third parties*	*142.622.835*	-	-	-	-	326.721	142.949.556
Payables related to employee benefits	-	7.838.939	-	-	-		7.838.939
Other payables	25.978.915	(9.914.359)	-	-	-	2.384.456	18.449.012
- *Other payables to related parties*	*15.772.640*	-	-	-	-	1.971.540	17.744.180
- *Other payables to third parties*	*10.206.275*	*(9.914.359)*	-	-	-	412.916	704.832
Deferred revenue	-	81.364.931	-	-	-	147.578	81.512.509
Provision for current period income tax	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)	-	-	-	3.496	2.078.913
Non-Current 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*
Provisions for employee benefits	10.639.221	-	-	-	(451.407)	-	*10.187.814*
Deferred revenue	-	211.863	-	-	-	-	*211.863*
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)**	**13.839.184**	**63.640.556**
Equity attributable to parent	**307.194.708**	**-**	**(246.371.207)**	**-**	**(11.022.129)**	**7.478.755**	**57.280.127**
Paid in share capital	40.000.000	-	-	-	-	-	40.000.000
Adjustments to share capital	56.061.369	-	-	-	-	-	56.061.369
Gain/(loss) on revaluation and re-measurement	74.881.785	-	-	-	-	-	74.881.785
Other comprehensive income/loss not to be classified to profit or loss	-	-	-	*(6.352.901)*	-	-	(6.352.901)
- *Actuarial gain / (losses) arising from employee benefits*	-	-	-	*(6.352.901)*	-	-	(6.352.901)
Other comprehensive income/expense to be reclassified to profit or loss	-	-	-	-	(673.370)	-	(673.370)
- *Currency translation differences*	-	-	-	-	*(673.370)*	-	(673.370)
Impact of business combinations of entities under common control transactions	-	-	(246.371.207)	-	-	7.478.755	(238.892.452)
Restricted reserves	33.451.107	-	-	-	-	-	33.451.107
Retained earnings	74.769.445	-	-	4.169.273	(9.778.860)	-	69.159.858
Net profit / (loss) for the year	28.031.002	-	-	2.183.628	(569.899)	-	29.644.731
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**6.360.429**	**6.360.429**
TOTAL LIABILITIES	**1.250.911.560**	**-**	**(246.371.207)**	**-**	**3.698.139**	**16.709.468**	**1.024.947.964**

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.

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.

BBA Beymen Boğaziçi Alboy Mağazacılık Sanayi ve Ticaret A.Ş. ("BBA") which were owned by Boyner Holding in the ratio of 99,98% along with its net assets has been transferred by way of merger to AYTK which is a subsidiary of Altınyıldız in the ratio of 99,92%. Mentioned merger transaction was registered to the trade registry gazette at 29 August 2013. As a result of the transaction, 25% of Altınyıldız's previous shares at the rate of 99,92% have been transferred to Boyner Holding. This transaction has also been accounted for retrospectively in accordance with the resolution above and the reserve generated from this transaction amounting to 7.478.755 TRY (31 December 2011: 7.478.755 TRY) has been accounted for under "Impact of business combination of entities under common control". On 29 November 2013, 25% of shares from Boyner Holding and 1% of shares from other shareholders were purchased in return of cash amounting to 12.105.679 TRY. As a result of this acquisition, negative reserve amounting to 12.105.679 TRY has been accounted for under "Impact of business combination of entities under common control" similarly.

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

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

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.

- 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: 211.863 TRY) have been classified from other long term liabilities to long term deferred revenue account by Group.

- Payables to personnel 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 account 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 14.929.645 TRY as of 31 December 2012 and financial income from credit sales amounting to 17.859.551 TRY have been classified from financial income to other income from continuing operations, profit from sale of tangible assets amounting to 399.137 TRY have been classified from other income from continuing operations to other income from investing activities, loss on sale of tangible assets amounting to 791.654 TRY have been classified from other loss from continuing operations to other loss from investing activities, foreign exchange loss from continuing operations amounting to, 11.726.368 TRY and financial loss from credit sales amounting to 11.903.869 TRY have been classified from financial expenses to other expenses from continuing operations by Group.

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

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

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 other 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.
- 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 values 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 AYTK's properties which have been calculated by using 5% on the increase 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 32.149 TRY in consolidated profit and loss and other comprehensive income for the period ended at 31 December 2012 (31 December 2011: 51.503 TL).
- 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 deferred 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 295.101 TRY (31 December 2011: 333.680 TRY).

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

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

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

- 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: 673.370 TRY)

- 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 31 December 2013.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 at 31 December 2012.

2.6. Summary of significant accounting policies

Principles of consolidation

Consolidated financial statements include the parent company, Altınyıldız, and its subsidiaries AY Marka, BBM, Beymen, BYN and AYTK for the year ended at 31 December 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 standards 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 31 December 2013 and 2012:

Subsidiary	Country of registration	Nature of business	31 December 2013 Effective ownership (%)	31 December 2012 Effective ownership (%)
AY Marka	Turkey	Retail Store Operations	99,99	99,99
BBM [(1)]	Turkey	Retail Store Operations	96,55	-
Beymen [(1)]	Turkey	Retail Store Operations	100,00	-
BYN	Turkey	Real Estate Development	99,99	99,99
AYTK [(2)]	Turkey	Products Real Estate Development	99,99	75,09
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 [(3)]	İtaly	Sale and Marketing of Textile Products	100,00	100,00
Altınyıldız Pars A.Ş. [(4)]	İran	Sale and Marketing of Textile Products	-	99,99
Vista Sağlık Hizmetleri Ticaret Danışmanlık A.Ş. ("Vista Sağlık")	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. In addition, 34,77% of the shares of BBM were acquired by way of call back option and 1,73% of the shares of BBM were acquired directly from stock market (Note 3).

(2) BBA which were owned by Boyner Holding in the ratio of 99,98% along with its net assets has been transferred by way of merger to AYTK which is a subsidiary of Altınyıldız in the ratio of 99,92%. Mentioned merger transaction was registered to the trade registry gazette at 29 August 2013. Impact of BBA merger has been retrospectively applied and as explained in Note 2.5 BBA and AYTK merger has been accounted for in the financial statements as of 31 December 2012 and 2011. On 29 November 2013, 25% of shares from Boyner Holding and 1% of shares from other shareholders were purchased in return of cash amounting to 20.097.783 TRY.

(3) 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. The subsidiary is closed on 9 January 2014.

(4) According to the resolution of the Board of Directors resolution dated 4 April 2013 Altınyıldız Pars A.Ş. shares has taken over by LOM Renkli Giyim Ürünleri Pazarlama A.Ş. without charge and liquidation 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 necessary 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 31 December 2013 and 2012:

			31 December 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 realizable 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 recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group’s activities, as described below.

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

2.6. Summary of significant accounting policies (Continued)

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 recognized 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.

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.

Sale of goods-retail

The group operates a chain of retail outlets for selling textile and read wear products. Sales of goods are recognized 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 recognized on an accrual basis. Revenue is realized when economic benefits arising from the transaction have passed, and when the amount of such income can be reliably measured. Rent discounts and similar promotions granted to existing tenants from time to time are netted off from rent revenues as they are not rent incentives for acquisition of new contracts.

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 AYTK 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.

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

2.6. Summary of significant accounting policies (Continued)

Other income

Other income realized by Group recognized according to terms as follows:

- Rent and copyrights income - according to substance over form about the agreements, on accruals basis,
- Interest Income - Interest income is accrued using the effective interest method which brings the remaining principal amount,
- Dividend income - Dividend payables are recognized in the period that the profit distribution is declared.

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 realizable 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 realizable 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.

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

2.6. Summary of significant accounting policies (Continued)

Property, plant and equipment

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

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

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. 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 amortization 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal.

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

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

2.6. Summary of significant accounting policies (Continued)

The property, plant and equipment revaluation reserve has been transferred to retained earnings account when revaluated assets were sold.

Intangible assets

Intangible assets acquired

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

Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognized at fair value at the acquisition date.

The Group has assessed the useful lives of trademarks as indefinite due to the fact that there is no foreseeable limit to the period over which trademarks are expected to generate net cash inflows for the Group.

Customer and franchise network

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

Favorable lease contracts

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

Business combinations and goodwill

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

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination.

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

2.6. Summary of significant accounting policies (Continued)

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

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

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.

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.

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

2.6. Summary of significant accounting policies (Continued)

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.

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.

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

2.6. Summary of significant accounting policies (Continued)

Recognition and measurement (continued)

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.

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

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

2.6. Summary of significant accounting policies (Continued)

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.

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.

(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)

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
31 December 2013	2,1343	2,9365
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 leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Financial costs of leasing are distributed over the lease period with a fixed interest rate. The property, plant and equipment acquired under financial leases are depreciated over the useful lives of the assets. If there is a decrease in the value of the property, plant and equipment under financial leasing, the Group provides impairment. The foreign exchange and interest expenses related with financial leasing have been recorded in the income statement. Lease payments have been deducted from leasing debts.

Operating leases - *The Group as the lessee*

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

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

2.6. Summary of significant accounting policies (Continued)

Earnings 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.

Advertisement and promotion expenses

Advertisement campaigns including advertisement, 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.

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

2.6. Summary of significant accounting policies (Continued)

Provision for employee benefits

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

The Group uses projected unit credit method to determine the provision for employee termination benefits in the consolidated financial statements. Group calculated employee termination benefits provisions based on projection method and experience on employee termination benefit entitlement and total employment period from previous years and discounted employee termination benefit provisions with government bond rates.

As a result of the amendment in TAS 19 effective for annual periods beginning on or after 1 January 2013, actuarial gain and losses arising from 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 employee termination 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 – 31 December 2013. In the context of this amendment, the Group 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 actuarial 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 recognized as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognized as deferred revenue at their fair value. Revenue from the reward points is recognized when the points are redeemed. Breakage is recognized as reward points are redeemed based upon expected redemption rates. There is no expiration date for the reward points.

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. There is no expiration date for gift vouchers.

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

2.6. Summary of significant accounting policies (Continued)

Statement of cash flows

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

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

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

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

Subsequent events

Post year/period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Post 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 and ready-to-wear clothing, retail operations, real estate development and management. These segments are managed separately because they are affected by different economic conditions in terms of risks and returns. The Group Management determined figures of which calculated by making adjustments and reclassifications over the "Earnings Before Interest Tax Depreciation and Amortization" ("EBITDA") figure generated from the financial statements prepared in accordance with TAS for assessing the performance of segments. Adjustments and reclassifications are deducting non-recurring incomes, adding back the offsetting effect of the time difference and foreign exchange gains and losses generated from commercial operations in accordance with CMB's Communiqué and adding non-recurring expenses of which criteria are determined by the Group Management.

Operating segments are reported in a manner consistent with the reports 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.

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

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.

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 31 December 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 amortized. 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 31 December 2013 and has not identified any impairment as a result of this test (Note 16).

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

2.7 Significant accounting estimations (Continued)

v) Provision for net realizable value of inventories

Pursuant to accounting policy stated in Note 2.6, inventories are valued at the lower of cost or net realizable value less costs to sell. Group reviews their inventories whether they have any decrease in value or not in line with their net realizable 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.

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 license 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 capitalization 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.

31 December 203	Valuation report date	Valuation ratio	Increase in discount rate	Annual rental rate	Capitalization TRY (full)	Precedent m² value
Starcity AVM [a]	30.12.2013	Revenue reduction	%10	%3,00	-	-
Antalya Arsa [b]	05.08.2013	Precedent comparison	-	-	-	200
Unkapanı Dükkan [c]	06.08.2013	Precedent comparison	-	-	-	1.400

a) As at 31 December 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 fair value amounting to TRY 300.600.000 as of 31 December 2013 which is 2/5 of TRY 120.240.000 according to valuation report prepared by Standart Gayrimenkul Değerleme ve Danışmanlık A.Ş. at 30 December 2013. (31 December 2012: 110.692.000 which is 2/5 of TRY 276.730.000.)

b) Group's land located in Antalya, Kepez district with 4.647 m^2 surface area which is classified under investment properties as of 31 December 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 31 December 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 the overdue 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.

viii) Provision for contingent consideration

Contingent consideration which is related with the acquisition of Beymen's shares and of which details are disclosed in Note 3, has been estimated to be 13.995.750 TRY (7.500.000 US dollars) and its present value has been calculated based on the discount rate of 6,00% and at the purchase price allocation as at 31 May 2013, 12.446.229 TRY was taken into consideration. As of 31 December 2013, calculation of contingent consideration has been reviewed by the management and it has been reversed and accounted for under other operating income due to the remote probability of the occurrence of payment mainly related to the significant increase in US dollars/TRY rate which will be used in the calculation (Note 24).

ix) Fair values of value of intangible assets acquired in a business combination

Fair values of trademarks have been determined by using the "relief from royalty method". In the relief from royalty approach, projected revenues are taken into consideration and royalty rates are determined by comparison of entities which serve as a model. In this valuation approach, royalty rates that are necessary to possess the trademarks are determined and amount of the benefits generated for possessing the trademark is determined. Significant assumptions are; a) projected revenues, b) determination of the discount rate used for calculation of present values of sales amounts and c) determination of royalty rate. Weighted average cost of capital has been used as the discount rate.

Fair values of favorable lease contracts are determined by comparing the rents in the lease contracts owned by the companies and rents in the market and amounts of the ones that are designated to be as favorable, discounted to its present values. Weighted average cost of capital has been used as the discount rate. Rents in the market have been determined by an independent valuation company.

Fair values of franchise and customer network are based on the projected future revenues of franchises and customers registered in a customer loyalty programme. Similarly, weighted average cost of capital has been used as the discount rate.

NOTE 3 - BUSINESS COMBINATIONS

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

a) Boyner and Beymen acquisitions

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. On 31 May 2013, Altınyıldız purchased Fennella's shares in the ratio of 50.01% at Beymen and 30,05% at BBM's shares and signed a share purchase agreement with Fennella on the same date.

As a result of the transaction, the change in the control has been regarded as a business combination achieved in stages in accordance with Business Combinations "TFRS 3". Within this framework, Beymen and BBM which had been accounted for using the equity method until 31 May 2013, have been included in the scope of consolidation from 1 June 2013 forth and interests in the ratio of 3,5% arising from publicly traded shares have been accounted for as non-controlling interest. Accordingly, in a business combination achieved in stages, the acquirer's previously held interest is re-measured to fair value at the acquisition date and a gain or loss is recognized in the income statement.

According to the articles of share purchase agreement dated 31 May 2013, Altınyıldız will pay minimum 287.000.000 US dollars in return of the Fennella's shares in Beymen in the ratio of 50,01%. 11.000.000 US dollars out of this amount was paid in cash at 31 May 2013 which is the share transfer date and remaining balance will be paid in two installments amounting to 30.500.000 US dollars and 245.500.000 US Dollars on 2 June 2014 and 5 June 2015, respectively. In addition to these payments, in the event of 50% of the value that will be calculated by using the 2014 financial statements of Beymen exceeds the minimum value which had been determined as 266.680.000 US dollars, an additional payment to Fennella may be made with an upper limit of 89.820.000 US dollars. For the purchase of the shares of Fennella in Beymen in the ratio of 50,00% by Altınyıldız, payables amounting to 276.000.000 US dollars with due dates of 2 June 2014 and 5 June 2015, have been discounted to its value at 31 May 2013 by 6% which is the general borrowing cost rate of Altınyıldız in terms of US dollars. As a result of the calculation, difference amounting to 28.915.808 US dollars (53.959.789 TRY) has been taken into consideration during the determination of goodwill within the application of purchase price allocation in accordance with TFRS 3, instead of accounting for under income statement.

According to the articles of share purchase agreement dated 31 May 2013, Altınyıldız will pay 96.700.000 US dollars in return of the Fennella's shares in BBM in the ratio of 30,05% on 5 June 2015. Mentioned amount have been discounted to its value at 31 May 2013 by 6%, difference amounting to 10.706.012 US dollars (19.978.489 TRY) has been taken into consideration during the determination of goodwill within the application of purchase price allocation in accordance with TFRS 3, instead of accounting for under income statement.

NOTE 3 - BUSINESS COMBINATIONS (Continued)

As a result of the acquisition of Fennella's shares in BBM in the ratio of 30,05% on 31 May 2013, Altınyıldız's share in BBM increase to 60,04% and on 6 September 2013 pursuant to CMB's Communiqué Serial IV No. 8 on "Communique on Principles Regarding Proxy Voting at Shareholders' Meetings of Publicly Held Joint Stock Corporations, Proxy Solicitation and Tender Offer" terminal call price has been determined by CMB as 7,0835 TRY and the call commenced on 9 September 2013 for a duration of 10 business days. By way of mentioned call, shares in the ratio of 34,77% have been purchased in return of 226.752.899 TRY. Additionally, Altınyıldız purchased BBM shares at the ratio of 1,74% from other shareholders of BBM in return of 9.784.608 TRY. Mentioned acquisitions have been taken into consideration during the determination of goodwill within the application of purchase price allocation in accordance with TFRS 3.

Main assumptions used for the determination of fair values of Altınyıldız's previously held interest in Beymen and BBM have been specified below. Mentioned studies have been prepared by a valuation company which is authorized by CMB.

BBM whose shares are traded in Borsa İstanbul ("BİST") with a ratio of 39,96%, "BİST value" (company's value based on its own share prices), "discounted cash flows" and "net asset value" methods have been used and BBM's market price has been determined by using the weighted average of these three methods. Pursuant to CMB's bulletin dated 23 August 2013, in accordance with CMB's Communiqué Serial IV No. 8 on "Communique on Principles Regarding Proxy Voting at Shareholders' Meetings of Publicly Held Joint Stock Corporations, Proxy Solicitation and Tender Offer", in the fair value studies it has been found to be more appropriate to use call price calculated previously for the determination of BİST value (31 May value: 3,4329 US dollars) and according to this calculation BBM's BİST value has been determined to be as 649.742 thousand of TRY and BBM's value according to the weighted average of the three methods mentioned above determined as 615.736 thousands of TRY.

For Beymen's value at 31 May 2013, "discounted cash flows", "comparable company method" and "net asset value" methods have been used and Beymen's market price has been determined as 1.012.978 thousands of TRY by using the weighted average of these three methods.

In this context, in the "discounted cash flows" methods used for the determination of fair values of Beymen and BBM, companies free cash flow projections which are based on budgets covering a five year period have been taken into consideration. Projected free cash flows after the five year period have been calculated by using the estimated growth rates. Projected free cash flows have been discounted to their present values. Information such as growth rates of the sector in which companies operate in, gross domestic product per capita and price indices have been externally generated. Estimations related to variables such as trade goods prices, working capital requirement and capital expenditures have been based on the Group's forecasts and prior period realizations.

Consequently, fair values increases of Beymen and BBM amounting to 470.018.541 TRY and 155.593.774 TRY, respectively, determined as a result of the valuation of Altınyıldız's share in Beymen and BBM with the ratios of 49,99% and 29,99%, respectively at 31 May 2013, have been accounted for under income from investment activities (Note 25).

NOTE 3 - BUSINESS COMBINATIONS (Continued)

All acquisition transactions mentioned above are considered collectively in the determination of goodwill. Although fair values of assets and liabilities acquired as a result of the purchase of Beymen and BBM's shares are based on the best estimation of the management, as of the date of this report fair value exercises commenced with the independent valuation experts have not been finalized yet. In the course of mentioned studies identified intangible assets are mainly comprised of trademarks, customer loyalty programs, rent and franchise contracts. Mentioned intangible assets have been recognized at fair value at the acquisition date except for the BBM trademark.

In the course of acquisition, in the context of TFRS 3, purchase price allocation is required to be exercised for all of the subsidiaries and associates in the consolidated financial statements of acquire. BBM, acquired 63% shares of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Ticaret ve Sanayi A.Ş. ("YKM") that operates in retail sector and 20,62% of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Pazarlama A.Ş. ("YKM Pazarlama") that is a subsidiary of YKM. Due to the fact that fair value studies related with this acquisition has been made provisionally at the date when shares of BBM were acquired, at the initial accounting for business combination applied for the acquisition of BBM's shares it has been assumed that any significant change at the fair values of intangible assets have not been anticipated. Negotiations with the selling shareholders of YKM and YKM Pazarlama on the acquired entities net assets at the date of acquisition and value of working capital have been finalized at the date of issue of consolidated financial statements as of 31 December 2013 and their effects have been reflected to the consolidated financial statements.

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

Fair value of assets and liabilities arising from acquisition 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	49.719.156	53.069.375	102.788.531
Other receivables	5.500.135	56.642.854	62.142.989
Inventories	311.094.583	109.348.098	420.442.681
Prepaid expenses	12.581.148	8.820.764	21.401.912
Other current assets	29.575.480	8.189.421	37.764.901
Financial investments in associates	-	9.024.231	9.024.231
Tangible assets	136.900.061	56.896.444	193.796.505
Intangible assets	335.309.332	600.922.313	936.231.645
Deferred income tax assets	6.837.631	7.348.438	14.186.069
Other non-current assets	1.030.286	65.402	1.095.688
Financial investments	-	3.812	3.812
Financial liabilities	(300.534.200)	(102.608.735)	(403.142.935)
Trade payables	(419.386.344)	(98.755.340)	(518.141.684)
Payables related to employee benefits	-	(6.825)	(6.825)
Other payables	(4.206)	(6.757.795)	(6.762.001)
Deferred revenue	(15.670.228)	(25.117.254)	(40.787.482)
Income tax payable	(3.499.600)	(2.119.925)	(5.619.525)
Short term provisions	-	(5.435.481)	(5.435.481)
Other short term liabilities	-	(10.402.531)	(10.402.531)
Long term financial liabilities	-	(11.177.575)	(11.177.575)
Long term deferred revenue	-	(11.936.805)	(11.936.805)
Other long term liabilities	(5.868.983)	-	(5.868.983)
Provision for employee benefits	(16.317.967)	(2.210.719)	(18.528.686)
Other long term payables	-	(67.429)	(67.429)
Deferred income tax liability	(45.531.871)	(118.610.505)	(164.142.376)
Non-controlling interests	(17.830.416)	-	(17.830.416)
Net total assets	**205.188.475**	**547.462.796**	**752.651.271**
Acquired assets (A)	198.109.474	547.462.796	745.572.270
Net assets of non-controlling interests	7.079.002	-	7.079.002
Fair value of initially held shares (B)	(184.659.258)	(506.387.734)	(691.046.992)
Cash paid portion of total cost (C)	-	(20.527.100)	(20.527.100)
Liability due to acquisition (D)	(397.010.887)	(461.083.811)	(858.094.698)
Payables related to Fennella S.a.r.l	*(160.473.380)*	*(461.083.811)*	*(621.557.191)*
Purchased shares from the stock market	*(9.784.608)*	-	*(9.784.608)*
Shares acquired by way of tender call	*(226.752.899)*	-	*(226.752.899)*
Contingent consideration (E)	-	(12.446.229)	(12.446.229)
Purchased cash and cash equivalents (F)	141.284.478	32.338.563	173.623.041
Total net cash paid (C+D+E+F)	**(255.726.409)**	**(461.718.577)**	**(717.444.986)**
Goodwill obtained through acquisitions (G) (*)	106.041.968	-	106.041.968
Goodwill (-A-B-C-D-E+G)	**489.602.639**	**452.982.078**	**942.584.717**

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

50% of Beymen's market value which will be computed by multiplying the Earnings Before Interest Tax Depreciation and Amortization ("EBITDA") figures by 10,5 which is derived from the financial statements of Beymen as of 31 December 2014 prepared in accordance with the CMB Financial Reporting Standards after deducting net liabilities will be compared with the minimum consideration amounting to 266.680.000 US dollars determined by the share purchase agreement dated 31 May 2013 and the remaining differences will be additionally paid to Fennella. Upper limit for the additional payment has been determined as 89.820.000 US dollars. Possible contingent consideration has been estimated to be 13.995.750 TRY (7.500.000 US dollars) and its present value has been calculated based on the discount rate of 6,00% and at the purchase price allocation as at 31 May 2013, 12.446.229 TRY was taken into consideration. As of 31 December 2013, calculation of contingent consideration has been reviewed by the management and it has been reversed and accounted for under other operating income due to the remote probability of the occurrence of payment mainly related to the significant increase in US dollars/TRY rate which will be used in the calculation (Note 24).

At the purchase method applied during the acquisition of BBM's shares at the ratio of 30,05%, Altınyıldız determined the non-controlling interest over the proportion of the acquired entities net identifiable assets. Non-controlling interests amounting to 17.830.416 TRY generated from the BBM's acquisition of YKM and YKM Pazarlama has been determined in line with the above method.

Asset and liability amounts acquired in a business combination as of 31 December 2013 has been stated as assets and liabilities acquired in a business combination in the related notes.

From 1 June 2013 forth, as a result of inclusion of Beymen and BBM to the scope of consolidation, acquisition of Beymen and BBM contributed to the consolidated revenue and net profit for the period by 1.124.392.195 TRY and 26.340.854 TRY, respectively.

b) ***BBA Merger***

In the BBA merger described in Note 2.5, on 29 August 2013 25% of AYTK has been transferred to Boyner Holding. This transaction has also been accounted for retrospectively. Details of the transaction in 2012 and 2011 are as follows:

	2012	2011
Assets	15.536.823	16.709.472
Liabilities	(3.137.903)	(2.870.288)
Net total assets	12.398.920	13.839.184
Net assets acquired (A)	12.398.920	13.839.184
AYTK share value for net assets held (non-controlling shares) (B)	(5.065.894)	(6.360.429)
Losses from BBA attributable to shares of equity holders (C)	145.729	-
Impact of business combinations under common control (A+B+C) (Note 20)	7.478.755	7.478.755

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

	2013
Value of AYTK non-controlling interest (A)	**7.992.104**
Payables related to acquisition (B)	**(20.097.783**
Impact of business combinations under common control (A+B) (Note 20)	**(12.105.679)**

As disclosed in the table above, on 29 November 2013, 25% of shares from Boyner Holding and 1% of shares from other shareholders were purchased in return of cash amounting to 12.105.679 TRY. As a result of this acquisition, negative reserve amounting to 12.105.679 TRY has been accounted for under "Impact of business combination of entities under common control".

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 31 December 2013 and 2012 comprise the earnings and profits obtained from operations i.e., textile and ready-to-wear products, retail store operations and real estate development and management.

The Group Management determined figures of which calculated by making adjustments and reclassifications over the "Earnings Before Interest Tax Depreciation and Amortization" ("EBITDA") figure generated from the financial statements prepared in accordance with TAS for assessing the performance of segments. Adjustments and reclassifications are deducting non-recurring incomes, adding back the offsetting effect of the time difference and foreign exchange gains and losses generated from commercial operations in accordance with CMB's Communiqué and adding non-recurring expenses of which principles are determined by the Group Management. EBITDA obtained from these amounts are defined as "Adjusted EBITDA".

Segment analysis for the periods ended 31 December 2013 is as follows:

1 January-31 December 2013	**Textile and ready wear clothes**	**Retail Operations**	**Real Estate Development and Management**	**Undistributed**	**Elimination**	**Total**
Revenue	**222.619.749**	**1.614.022.608**	**172.220.946**	**-**	**(107.266.887)**	**1.901.596.416**
Gross profit/ (loss)	**12.867.045**	**682.019.761**	**35.493.249**	**-**	**(3.806.364)**	**726.573.691**
Capital expenditures (based on balance sheet)	**5.916.970**	**70.636.607**	**-**	**-**	**-**	**76.553.577**

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

NOT 4 - SEGMENT REPORTING (Continued)

31 December 2013	**Textile and ready wear clothes**	**Retail Operations**	**Real Estate Development and Management**	**Undistributed**	**Elimination**	**Total**
Assets and liabilities						
Segment assets	**1.525.814.038**	**1.944.575.677**	**381.640.931**	**-**	**7.848.553**	**3.859.879.199**
Total assets	**1.525.814.038**	**1.944.575.677**	**381.640.931**	**-**	**7.848.553**	**3.859.879.199**
Segment liabilities	**1.715.456.498**	**1.790.338.036**	**330.822.390**	**-**	**(333.004.263)**	**3.503.612.661**
Total liabilities	**1.715.456.498**	**1.790.338.036**	**330.822.390**	**-**	**(333.004.263)**	**3.503.612.661**
Other segment information						
Depreciation and amortization expenses	**8.827.865**	**55.944.106**	**-**	**-**	**-**	**64.771.971**

Segment analysis for the periods ended 31 December 2012 is as follows:

1 January-31 December 2012	**Textile and ready wear clothes**	**Retail Operations**	**Real Estate Development and Management**	**Undistributed**	**Elimination**	**Total**
Revenue	305.960.658	350.574.063	7.152.505	-	(65.776.951)	597.910.275
Gross profit/ (loss)	35.073.975	152.177.271	6.568.458	-	877.410	194.697.114
Investment expenses (based on balance sheet)	2.985.565	10.582.530	-	-	-	13.568.095

31 December 2012	**Textile and ready wear clothes**	**Retail Operations**	**Real Estate Development and Management**	**Undistributed**	**Elimination**	**Total**
Assets and liabilities						
Segment assets	564.118.905	248.877.403	376.582.596	-	(126.292.464)	1.063.286.440
Total assets	564.118.905	248.877.403	376.582.596		(126.292.464)	1.063.286.440
Segment liabilities	617.418.832	235.760.826	297.401.413	-	(83.846.239)	1.066.734.832
Total liabilities	617.418.832	235.760.826	297.401.413		(83.846.239)	1.066.734.832
Other segment information						
Depreciation and amortization expenses	9.321.789	7.958.915	-	-	-	17.280.704

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

NOT 4 - SEGMENT REPORTING (Continued)

Reconciliation of EBITDA as of 31 December 2013 is as follows:

	31 December 2013		31 December 2012
31 December 2013	**CMB Financial Statement**	**Group Management Financial Statement (*)**	**CMB Financial Statement**
Revenue	**1.901.596.416**	**2.623.816.590**	597.910.275
Gross profit	**726.573.691**	**1.013.273.393**	194.697.114
EBITDA	**780.095.753**	**831.476.266**	46.487.774
Adjustments:			
Reclassification in accordance with the format recommended by CMB (Note 2.5)	**19.184.004**	**21.271.481**	(9.158.959)
Foreign currency gains	***(53.313.471)***	***(58.089.290)***	(14.929.645)
Unearned financial income from trade receivable and payable	***(22.206.304)***	***(31.454.753)***	(17.859.551)
Term difference income	***(12.475.726)***	***(16.653.631)***	-
Foreign currency losses	***68.165.910***	***73.100.380***	11.903.869
Term difference expenses	***22.860.682***	***28.885.924***	-
Unearned financial expense from trade receivable and payable	***16.152.913***	***25.482.851***	11.726.368
Non-recurring (income)/expenses per Group Management (**)	**(611.451.464)**	**(618.058.868)**	22.951.500
Fair value gains of the previously held interest in the acquiree (Note 25)	***(625.612.315)***	***(632.219.719)***	-
Acquisition of subsidiaries conditional payment amount change (Note 24)	***(12.446.229)***	***(12.446.229)***	-
Collection from doubtful receivables (Obtained through BBA merge)	***(4.049.043)***	***(4.049.043)***	-
Acquisition related expenses	***10.001.000***	***10.001.000***	-
Consultancy expenses	***3.518.000***	***3.518.000***	-
Other non-recurring operational expenses	***17.137.123***	***17.137.123***	*22.951.500*
Adjusted EBITDA (**)	**187.828.293**	**234.688.879**	60.280.315

(*) The financials prepared based on the assumption of the consolidation of BBM and Beymen starting from 1 January 2013 are monitored separately and used as performance measure for the better understanding of the Group performance.

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

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

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of the cash and cash equivalents as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Cash	**3.693.992**	62.067
Banks	**43.866.746**	27.414.284
- Time deposits(*)	**18.291.920**	18.292.645
- Demand deposits(**)	**25.574.826**	9.121.639
Credit card receivables	**239.721.246**	1.215.329
Cheques	**2.274.891**	7.012.625
	289.556.875	35.704.305

(*) Group's time deposits consist of overnight and average interest rate is 7% as of 31 December 2013 (31 December 2012: 8%).

(**) Group has restricted cash amounting to 14.245.636 TRY as of 31 December 2013 (31 December 2012: 2.456.556 TRY).

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

	31 December 2013	31 December 2012
Cash and cash equivalents	**289.556.875**	35.704.305
Change in restricted cash	**(11.789.080)**	1.581.724
	277.767.795	37.286.029

Group's credit card receivables are pledged amounting to 10.214.571 TRY as of 31 December 2013. (31 December 2012: None).

The total insurance on cash and cash equivalents is amounting to 77.707.896 TRY as of 31 December 2013 (31 December 2012: 7.014.550 TRY).

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

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

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

	31 December 2013		31 December 2012	
	Share %	**Amount**	Share %	Amount
Doğu Yatırım Holding A.Ş.	**< 1%**	**104.891**	< 1%	104.891
Alsis Sigorta Acentalığı A.Ş.	**< 1%**	**12.250**	< 1%	12.584
Beymen Ayrıcalıklı Yapı Geliştirme A.Ş.	**< 1%**	**2.400**	< 1%	2.400
BNR Teknoloji A.Ş.	**< 1%**	**1.400**	< 1%	1.400
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	**< 1%**	**343**	< 1%	343
Total		**121.284**		121.618

Financial investments are valued at cost and below 1%.

	31 December 2013		31 December 2012		31 December 2011	
	Effective ownership ratio (%)	**Amount**	Effective ownership ratio (%)	Amount	Effective ownership ratio (%)	Amount
Subsidiaries						
Associates accounted for using the equity method						
İzkar	**49,60%**	**1.304.448**	-	-	-	-
Christian Dior	**49,00%**	**4.275.449**	-	-	-	-
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 the equity method						
Christian Louboutin	**30%**	**1.089.556**	-	-	-	-
Elif Co (**)	**50%**	-	-	-	-	-
		12.141.961		56.177.478		42.270.190

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

(**) In 2013,Group due to losses caused by Elif Co. investments valued using the equity method showed the amount as zero. As at 31 December 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 1.882.553 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	9.810.379	3.789.394	23.550.091	5.959.865	8.188.854	2.982.383	7.126.136	4.065.616
Total liabilities	7.570.356	1.727.661	14.824.690	3.051.410	12.688.070	3.716.533	3.494.038	2.777.182
Revenue	15.829.878	13.779.863	12.220.993	9.594.877	6.335.654	2.440.740	11.597.930	4.509.399
Net income / (loss)	1.325.690	1.251.684	377.535	1.822.889	(3.234.977)	(1.029.953)	2.343.664	1.238.432

	BBM		Beymen	
	2013 (*)	2012	**2013 (*)**	2012
Total assets	**901.225.122**	861.200.118	**349.617.190**	260.228.702
Total liabilities	**781.091.966**	731.942.548	**276.596.413**	203.157.863
Revenue	**522.563.426**	935.090.980	**214.256.161**	449.057.079
Net income / (loss)	**(3.329.641)**	7.577.092	**16.341.451**	32.515.806

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

Changes in investments during the periods ended 31 December 2013 are as follows:

	31 December 2013	31 December 2012	31 December 2011
Investments at the beginning of period	**56.177.478**	42.270.190	31.064.394
Amount related with current year profit (*)	**10.412.538**	15.833.119	-
Assets acquired through merger (Note 3)	**9.024.231**	-	-
Disposal from investments accounted for using equity method due to change in the scope of the consolidation	**(65.434.677)**	-	-
Amount related with equity	**1.972.964**	(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)
	12.141.961	56.177.478	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.)

NOTE 7-FINANCIAL LIABILITIES

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

	31 December 2013	31 December 2012
Interest free bank borrowings (*)	**9.719.740**	1.827.017
Short term bank borrowings	**378.817.996**	125.993.260
Bond issued (**)	**139.495.689**	135.705.266
	528.033.425	263.525.543

(*) Interest free bank borrowings consist of %0 interest rate loans which were borrowed for SSI payments as of 31December 2013 and 2012

(**) Pursuant to the permission given by Capital Markets Board on 26 September 2013,the commercial paper with a nominal value of 140.000.000 TRY maturing 363 days, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities + 4.50% floating interest rate has been offered to qualified investors.

Pursuant to the permission 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:

	31 December 2013	31 December 2012
Short-term portion of long-term financial liabilities (*)	**353.124.026**	161.796.173
Short-term portion of long-term bonds	**25.031.199**	-
Financial lease liabilities	**12.789.487**	6.343.096
	390.944.712	168.139.269

(*) BBM related to the acquisition of the YKM obtained credit amounting to 68.451.149 TRY as of 31 December 2013 relating to redemption schedule has been updated in January 2014. If this update was made in 2013, the Group's long-term loan amounting to 30 million TRY payment would be classified in the short-term liabilities.

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

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

	31 December 2013	31 December 2012
Long-term bank borrowings	**137.690.272**	110.943.051
Bond issued (*)	**234.077.872**	-
Financial lease liabilities	**4.793.832**	5.220.435
	376.561.976	116.163.486

(*) Pursuant to the permission given by Capital Markets Board on 16 September 2013, the commercial paper with a nominal value of 60.000.000 TRY maturing 727 days, a quarterly coupon and principal payment on the maturity date, benchmark Government Debt Securities + 5.50% floating interest rate has been offered to qualified investors.

Bond which is issued from 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 31 December 2013 annual accumulated interest rate is determined as 12.94%.

Bond which is issued from BBM, consecutive to registering Capital Market Board, consists of 100.000.000 TRY nominal value in 23 December 2013, 36 months maturity, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities + 5.00% interest rate bond. As of 31 December 2013 annual accumulated interest rate is determined as 13.62%.

The summary information of short-term and long-term bank borrowings as of 31 December 2013 and 2012 is as follows:

31 December 2013

Currency	**Maturity**	**Interest Rate (%)**	**Short term**	**Long term**
TRY interest free borrowings	**2014**	**-**	**9.719.740**	**-**
TRY borrowings	**2014-2016**	**7,25%-16,66%**	**631.626.376**	**113.289.254**
USD borrowings	**2014-2015**	**6,76%-7,03%**	**62.992.085**	**5.122.320**
EUR borrowings	**2014-2017**	**5%-7%**	**37.323.561**	**19.278.698**
			741.661.762	**137.690.272**

31 December 2012

Currency	Maturity	Interest Rate (%)	Short term	Long term
TRY interest free borrowings	2013	-	1.827.017	-
TRY borrowings	2013-2014	11,6%	153.650.816	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

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of the financial liabilities and bonds as of 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Within 1 year	**906.188.650**	425.321.716
2014	**-**	95.503.680
2015	**253.781.524**	7.144.560
2016	**117.293.397**	7.740.322
2017 and after	**693.223**	554.489
	1.277.956.794	536.264.767

In relation to the bank loans elaborated as of 31 December 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 120.240.000 TRY (Note 8) and the land classified by the Group as plant area inventory at a value of 89.852.283 TRY (Note 11).

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

	31 December 2013	31 December 2012
Total financial lease payments	**18.815.092**	12.539.966
Interest will be paid in upcoming years (-)	**(1.231.773)**	(976.435)
	17.583.319	11.563.531
Financial lease liabilities up to 1 year	**12.789.487**	6.343.096
Financial lease liabilities after 1 year	**4.793.832**	5.220.435
	17.583.319	11.563.531

The summary of short-term financial lease liabilities as of 31 December 2013 and 2012 is as below:

	31 December 2013	31 December 2012
EUR	**321.529**	463.409
USD	**3.632.360**	4.581.146
TRY	**8.835.598**	1.298.541
	12.789.487	6.343.096

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

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

	31 December 2013	31 December 2012
EUR	**6.590**	262.775
USD	**1.363.558**	3.746.861
TRY	**3.423.684**	1.210.799
	4.793.832	5.220.435

Letter of guarantees amounting to 617.918 USD, 8.433 Euro and 2.261.142 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 58.629.605 TRY as of 31 December 2013 (31 December 2012: 75.160.111 TRY). Group's other financial liabilities comprises its receivables which transferred to factoring companies as of 31 December 2013 and 2012. Group transfers their trade receivables to local factoring companies with recourse. Since risks related with negotiated receivables has not been transferred to factoring companies and factoring companies have right to recourse when amounts collected before due date cannot 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

	31 December 2013	31 December 2012
Trade receivables	**219.905.702**	150.116.055
Notes receivables (*)	**153.398.763**	137.637.173
Less: Provision for impairment of receivables	**(26.703.737)**	(10.399.538)
Less: Unearned financial income on term sales	**(6.829.277)**	(4.121.064)
Total trade receivables from third parties	**339.771.451**	273.232.626
Trade receivables from related parties	**40.269.991**	35.371.295
Less: Unearned financial income on term sales from related parties	**(1.559.197)**	(630.253)
Total trade receivables from related parties (Note 30)	**38.710.794**	34.741.042
Total short-term trade receivables	**378.482.245**	307.973.668

(*) A portion of the notes receivable amounting to 58.629.605 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

	31 December 2013	31 December 2012
Trade receivables from related parties (Note 30)	**2.993.125**	-
Trade receivables from third parties	**14.545.000**	35.000
Less: Unearned financial income on term sales from non-related parties	**(4.185.076)**	(2.938)
Total long-term trade receivables	**13.353.049**	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 155 days (31 December 2012: 148 days) for local sales of ready-to-wear clothes, 30 days (31 December 2012: 53 days) for export ready wear products, 185 days (31 December 2012: 200 days) for local textile sales and 60 days (31 December 2012: 65 days) for textile exports. The average collection terms of trade receivables from retail sales is 84 days (31 December 2012: 62 days).

Current period movement of allowance for doubtful receivables of 31 December 2013 and 2012 are as follows:

	2013	2012
At the beginning of the period - 1 January	**10.399.538**	9.760.095
Provisions	**1.120.944**	766.128
Receivables from business combination	**21.907.755**	-
Current term right-off (*)	**(1.872.017)**	-
Collection of receivable in current term (-)	**(4.852.483)**	(126.685)
At the end of the period 31 December	**26.703.737**	10.399.538

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

Trade payables

	31 December 2013	31 December 2012
Trade payables	**470.265.709**	64.345.557
Notes payables	**413.443.016**	31.711.316
Less: Unearned financial income on term sales from non-related parties	**(15.018.371)**	(532.742)
Total trade payables from third parties	**868.690.354**	95.524.131
Trade payables from related parties	**50.963.420**	131.694.893
Less: Unearned financial income on term sales from related parties	**(616.397)**	(2.213.329)
Total trade payables from related parties (Note 30)	**50.347.023**	129.481.564
Total trade payables	**919.037.377**	225.005.695

(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 148 days for local purchases (31December 2012: 133 days), and 190 days for imports (31 December 2012: 199 days); and for ready-made clothing purchases, it is 155 days for local purchases (31 December 2012: 148 days) and 100 days for imports (31 December 2012: 120 days). The average payment terms of trade payables for retail purchases is 133 days (31 December 2012: 142 days).

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

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

	31 December 2013	31 December 2012
Other receivables from customer	**6.428.308**	366.138
Receivables from insurance companies	**386.069**	-
Deposits and guarantees given	**177.858**	85.099
Due from personnel	**143.457**	111.505
Other	**7.071**	-
Total other receivables	**7.142.763**	562.742
Other receivables from related parties (Note 30)	**37.428.301**	22.965.143
	44.571.064	23.527.885

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

	31 December 2013	31 December 2012
Deposits and guarantees given to third parties	**1.479.303**	483.777
Total long-term other receivables	**1.479.303**	483.777

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

	31 December 2013	31 December 2012
Short-term liabilities arising from business combinations	**63.525.434**	-
Other	**24.870.557**	791.285
Total other payables	**88.395.991**	791.285
Other payables to related parties (Note 30)	**41.349.748**	52.306.029
Total other payables	**129.745.739**	53.097.314

(*) Maturity of the debt related to acquisitions is 2 June 2014. 6% which is approximate borrowing rate in terms of US dollar, has been used for the calculation of the present value.

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

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

	31 December 2013	31 December 2012
Long term liabilities arising from business combinations	**672.069.129**	-
Deposits and guarantees received	**202.454**	-
Other	**60.018.270**	37.472
Total long-term other payables	**732.289.853**	37.472

(*) Maturity of the debt related to acquisitions is 5 June 2015. 6% which is approximate borrowing rate in terms of US dollar, has been used for the calculation of the present value.

NOTE 11 - INVENTORIES

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

	31 December 2013	31 December 2012
Trade goods	**598.249.189**	43.766.161
Real estates (*)	**89.852.283**	225.743.750
Finished goods	**53.379.721**	62.475.067
Raw materials and supplies	**41.527.200**	39.122.771
Semi-finished goods	**19.037.398**	27.505.472
Goods in transit	**21.406.651**	-
Auxiliary materials	**7.056.358**	344.059
	830.508.800	398.957.280
Less: Provision for impairment on inventories	**(16.227.837)**	(1.341.538)
	814.280.963	397.615.742

(*) 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 AYTK and Fer Gayrimenkul Geliştirme ve İnşaat A.Ş. as of 30 September 2011. As of 31 December 2013 the delivery of the completed sections of the project has begun and the resulting income is accounted in the accompanying consolidated financial statements.

The total insurance on tangible fixed assets is amounting as 965.713.086 TRY as at 31 December 2013 (31 December 2012: TRY 181.204.172).

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

NOTE 11- INVENTORIES (Continued)

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	**3.206.706**	385.314
Inventories acquired in a business combination	**11.679.593**	-
At the end of the period – 31 December	**16.227.837**	1.341.538

NOTE 12 - PREPAID EXPENSES AND DEFERRED REVENUE

Deferred revenue - Current

	31 December 2013	31 December 2012
Advances received (*)	**57.554.759**	118.283.698
Gift voucher	**15.237.590**	65.000
Product return documents (**)	**10.814.538**	-
Customer loyalty points	**9.004.271**	-
Income related to mall contribution	**3.992.440**	-
Other	**2.318.561**	501.301
	98.922.159	118.849.999

(*) As of 31 December 2013 the amount of 15.958.726 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 - Non-current

As of 31 December 2013 the amount of 12.449.263 TRY non-current deferred revenue consists of income related to mall contribution. As of 31 December 2012 the amount of 42.374TRY non-current deferred revenue consists of bank deferred revenue.

Prepaid expenses

	31 December 2013	31 December 2012
Advances given for inventories	**17.248.319**	1.341.044
Prepaid expenses - rent	**3.930.791**	195.898
Prepaid expenses - insurance	**2.031.946**	857.818
Other	**4.420.001**	1.260.453
	27.631.057	3.655.213

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

NOTE 13 - INVESTMENT PROPERTIES

Cost	**1 January 2013**	**Additions**	**Transfers**	**Fair Value Changes**	**31 December 2013**
Starcity AVM	**110.692.000**	**95.700**	**-**	**9.452.300**	**120.240.000**
Antalya land	**935.000**	**-**	**-**	**-**	**935.000**
Unkapanı store	**175.000**	**-**	**-**	**-**	**175.000**
	111.802.000	**95.700**	**-**	**9.452.300**	**121.350.000**

Cost	1 January 2012	Additions	Transfers	Fair Value Changes	31 December 2012
Starcity AVM	106.323.149	272.780	-	4.096.071	110.692.000
Antalya land	935.000	-	-	-	935.000
Unkapanı store	175.000	-	-	-	175.000
	107.433.149	272.780	-	4.096.071	111.802.000

Cost	1 January 2011	Additions	Transfers	Fair Value Changes	31 December 2011
Starcity AVM	106.234.000	89.149	-	-	106.323.149
Antalya land	935.000	-	-	-	935.000
Unkapanı store	175.000	-	-	-	175.000
	107.344.000	89.149	-	-	107.433.149

Comparison between the cost values of investment properties and their fair values as of 31 December 2013 is as follows:

Name	**Date of expertise report**	**Fair value (TRY)**	**Cost value (TRY)**
Starcity AVM	30 December 2013	120.240.000	41.653.169
Antalya land	5 August 2013	935.000	66.492
Unkapanı store	6 August 2013	175.000	43.961

Rent income from investment properties is amounting to 8.425.852 TRY (31 December 2012: 7.152.505 TRY).

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

NOTE 13 - INVESTMENT PROPERTIES (Continued)

Fair valued of land and buildings

As of 31 December 2013 and 2012, the fair value of the Group's land and buildings was determined by an independent appraisal. Increase in the revaluation amount has been recognized as other operating income in the statement of comprehensive income. The table below analyses non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

		31 December 2013	
	Quoted in active markets for identical assets prices (Level 1)	**Other significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurements			
Land and buildings			
Starcity Mall	-	**120.240.000**	-
Antalya Land	-	**935.000**	-
Unkapanı Store	-	**175.000**	-
	-	**121.350.000**	-

		31 December 2012	
	Quoted in active markets for identical assets prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Starcity Mall			
Antalya Land	-	110.692.000	-
Unkapanı Store	-	935.000	-
Starcity Mall	-	175.000	-
	-	111.802.000	-

Valuation techniques used to derive level 2 fair values

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

(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 31 December 2013 and 2012 are as follows:

Cost	**1 January 2013**	**Additions**	**Disposals (-)**	**Transfers**	**Impairment (*)**	**Assets acquired through business combinations**	**31 December 2013**
Land	**-**	**-**	**-**	**-**	**-**	**62.934**	**62.934**
Plant, machinery and equipment	**123.319.079**	**2.970.211**	**(1.234.540)**	**-**	**-**	**589.800**	**125.644.550**
Furniture and fixture	**11.622.611**	**25.623.891**	**(258.847)**	**9.588.333**	**-**	**70.864.442**	**117.440.430**
Motor vehicles	**405.797**	**-**	**(21.000)**	**-**	**-**	**481.484**	**866.281**
Leasehold improvements	**62.745.360**	**29.676.517**	**(3.648.186)**	**7.408.390**	**(5.741.856)**	**108.613.156**	**199.053.381**
Construction in progress	**2.390.809**	**8.172.895**	**44.208**	**(18.469.344)**	**-**	**13.184.689**	**5.323.257**
	200.483.656	**66.443.514**	**(5.118.365)**	**(1.472.621)**	**(5.741.856)**	**193.796.505**	**448.390.833**
Accumulated depreciation (-)							
Plant, machinery and equipment	**103.161.165**	**6.534.165**	**(1.090.888)**	**-**	**-**	**-**	**108.604.442**
Furniture and fixture	**8.752.206**	**11.284.778**	**(35.070)**	**-**	**-**	**-**	**20.001.914**
Motor vehicles	**405.797**	**73.438**	**(2.989)**	**-**	**-**	**-**	**476.246**
Leasehold improvements	**35.537.740**	**18.570.807**	**(1.884.926)**	**-**	**(2.171.501)**	**-**	**50.052.120**
	147.856.908	**36.463.188**	**(3.013.873)**	**-**	**(2.171.501)**	**-**	**179.134.722**
Net book value	**52.626.748**				**(3.570.355)**		**269.256.111**

Cost	1 January 2012	Additions	Disposals (-)	Transfers	Impairment (*)	31 December 2012
Plant, machinery and equipment	122.347.918	3.276.907	(2.650.390)	344.644	-	123.319.079
Furniture and fixture	15.294.548	575.108	(4.247.045)	-	-	11.622.611
Motor vehicles	405.797	-	-	-	-	405.797
Leasehold improvements	60.586.369	5.631.237	(525.918)	3.125.742	(6.072.070)	62.745.360
Construction in progress	2.681.043	3.180.152	-	(3.470.386)	-	2.390.809
	201.315.675	12.663.404	(7.423.353)	-	(6.072.070)	200.483.656
Accumulated depreciation (-)						
Plant, machinery and equipment	99.152.022	6.614.059	(2.604.916)	-	-	103.161.165
Furniture and fixture	11.974.761	995.620	(4.218.175)	-	-	8.752.206
Motor vehicles	405.797	-	-	-	-	405.797
Leasehold improvements	27.840.594	9.420.514	(226.121)	-	(1.497.247)	35.537.740
	139.373.174	17.030.193	(7.049.212)	-	(1.497.247)	147.856.908
Net book value	61.942.501				(4.574.823)	52.626.748

(*) Net impairment loss amounting to 3.570.355 TRY consist of reversed leasehold improvements from closing stores for the period 1 January-31 December 2013.(31 December 2012: 4.574.823 TRY).

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

NOTE 14 - PROPERTY PLANT AND EQUIPMENT (Continued)

Depreciation expense of 24.578.661 TRY (31 December 2012: 7.211.176 TRY) has been charged in marketing expenses and 3.987.911 TRY (31 December 2012: 8.471.036 TRY) has been charged in cost of sales and 4.132.160 TRY (31 December 2012: 1.340.400 TRY) in general and administrative expenses and 17.213 TRY (31 December 2012: 7.581) in research and development expenses (Note 23).

As of 31 December 2013 total amount of insurance on tangible fixed assets 773.164.481 TRY (31 December 2012: 477.458.906 TRY)

NOTE 15 - INTANGIBLE ASSETS

The movements in intangible assets and related accumulated for the year ended 31 December 2013 is as follows:

Cost	**1 January 2013**	**Additions**	**Disposals (-)**	**Transfers**	**Assets acquired through business combinations**	**31 December 2013**
Rights	**6.640.525**	**689.629**	**-**	**1.472.621**	**-**	**8.802.775**
Brands	**18.273.867**	**8.037.374**	**-**	**-**	**253.015.730**	**279.326.971**
Favorable rent contract	**-**	**-**	**-**	**-**	**303.382.404**	**303.382.404**
Franchise agreements	**-**	**-**	**-**	**-**	**192.140.601**	**192.140.601**
Customer network	**-**	**-**	**-**	**-**	**76.727.000**	**76.727.000**
Computer licenses	**-**	**1.383.060**	**(4.430)**	**-**	**4.923.942**	**6.302.572**
	24.914.392	**10.110.063**	**(4.430)**	**1.472.621**	**830.189.677**	**866.682.323**
Accumulated amortization (-)						
Rights	**4.743.120**	**302.365**	**-**	**-**	**-**	**5.045.485**
Favorable rent contract	**-**	**15.122.993**	**-**	**-**	**-**	**15.122.993**
Franchise agreements	**-**	**9.303.531**	**-**	**-**	**-**	**9.303.531**
Customer network		**2.983.828**	**-**	**-**	**-**	**2.983.828**
Computer licenses	**-**	**596.066**	**(4.430)**	**-**	**-**	**591.636**
	4.743.120	**28.308.783**	**(4.430)**	**-**	**-**	**33.047.473**
Net book value	**20.171.272**					**833.634.850**

Cost	1 January 2012	Additions	Disposals (-)	Transfers	31 December 2012
Rights	6.339.051	904.691	(603.217)	-	6.640.525
Brands	18.273.867	-	-	-	18.273.867
	24.612.918	904.691	(603.217)	-	24.914.392
Accumulated amortization (-)					
Rights	5.095.826	250.511	(603.217)	-	4.743.120
Net book value	19.517.092	-	-	-	20.171.272

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Brands

a) Brand values amounting to 18.273.867 TRY are consist of T-Box brand purchased from Boyner Holding on 1 October 2010 amounting to 17.368.000 TRY and Divarese brand purchased from Vincenzo Schilacci and Step SRL on 15 July 2011 amounting to 905.867 TRY.

b) Valuation calculation of brands owned by Beymen has been completed and classified to assets acquired through business combinations. Since fair value calculation of brands owned BBM has been not completed as of report date, trademarks have not been accounted in the consolidated financial statements as of 31 December 2013 and they are classified under goodwill.

As of 31 December 2013 depreciation expense of 24.609.647 TRY (31 December 2012: 90.099 TRY) has been charged in marketing expenses and 3.620.197 TRY (31 December 2012: 83.260 TRY) has been charged in general and administrative expenses and 45.771 TRY (31December 2012: 77.152 TRY) in cost of sales and 33.168 TRY (31 December 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-31 December 2013. As a result of impairment tests as of 31 December 2013, no brand impairment identified.

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

Short term provision for employee benefits amounting to 10.894.799 TRY as of 31 December 2013 consists of provision for unused vacation, performance and bonus provisions.

Other short term provisions

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

	31 December 2013	31 December 2012
Provision for returns and price differences	**8.310.125**	8.428.845
Litigation provisions	**3.228.417**	501.896
	11.538.542	8.930.741

The movement of other short term provisions is as follows:

	1 January 2013	**Acquired through business combinations**	**Additions**	**Paid in provisions**	**31 December 2013**
Litigation provisions	**501.896**	**1.871.043**	**983.578**	**(128.100)**	**3.228.417**
Sales returns and price differences provisions	**8.428.845**	**-**	**-**	**(118.720)**	**8.310.125**
Total	**8.930.741**	**1.871.043**	**983.578**	**(246.820)**	**11.538.542**

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

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

Contingent assets and liabilities

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

	31 December 2013	31 December 2012
Given mortgages (1)	**258.730.000**	294.068.000
Given guaranteed bills (2)	**352.590.202**	216.600.987
Given guarantees (3)	**281.536.360**	162.604.206
Given letter of guarantees	**89.245.613**	385.254
	982.102.175	673.658.447

(1) The mortgages on investment properties amounting to 20.000.000 EUR (58.730.000 TRY) and 200.000.000 TRY.

(2) The guaranteed bills of 200.000.000 TRY on investment properties.

(3) The guarantees given amounting to 281.536.360 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 31 December 2013 and 2012 are as below:

	31 December 2013		31 December 2012	
Currency	Original Amount	TRY Equivalents	Original Amount	TRY Equivalents
TRY	**851.995.575**	**851.995.575**	442.283.757	442.283.757
USD	**27.592.524**	**58.890.722**	11.814.679	21.060.847
EUR	**24.251.659**	**71.215.878**	89.430.558	210.313.843
		982.102.175		673.658.447

Collaterals, Pledges and Mortgages

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

	31 December 2013	31 December 2012
The CPMs given by the Group		
A. CPM's given in the name of its own legal personality	**698.065.815**	511.054.241
B. CPM's given on behalf of the fully consolidated companies	**281.536.360**	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	-	-
	982.102.175	673.658.447

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

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

As of 31 December 2013 and 2012, there are no other guarantees, securities, and mortgages given by the Group.

Pursuant to share purchase agreement as explained in business combinations Note 3, in return to liability arisen from agreement 60,4 % shares of BBM and all of 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 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Guarantee bill received	**88.004.132**	36.624.278
Guarantee letters received	**47.145.626**	7.106.440
Mortgages received	**36.083.000**	23.808.000
Securities and bill guarantees received	**7.962.193**	6.688.180
Guarantee cheques received	**10.041.789**	10.992.569
	189.236.740	85.219.467

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

	31 December 2013		31 December 2012	
Currency	**Original Amount**	**TRY Equivalent**	Original Amount	TRY Equivalent
TRY	**174.227.166**	**174.227.166**	74.369.807	74.369.807
USD	**5.069.629**	**10.820.109**	5.015.333	8.940.333
EUR	**1.426.686**	**4.189.465**	811.891	1.909.327
		189.236.740		85.219.467

NOTE 17 - COMMITMENTS

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

Operating lease commitments (vehicles):

	31 December 2013	31 December 2012
In 1 year	**2.684.599**	1.312.388
1 - 5 years	**1.119.140**	584.066
	3.803.739	1.896.454

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

NOTE 17 - COMMITMENTS (Continued)

Operating leasing commitments (Stores):

	31 December 2013	31 December 2012
In 1 year	**131.855.400**	35.427.203
1 - 5 years	**183.958.565**	88.184.217
5 - 10 years	**18.914.782**	19.707.880
	334.728.747	143.319.300

Finance leasing commitments*:*

	31 December 2013	31 December 2012
In 1 year	**12.789.487**	6.343.096
1 - 5 years	**4.793.832**	5.220.435
	17.583.319	11.563.531

Operating leasing commitments (Office):

	31 December 2013	31 December 2012
In 1 year	**13.453.289**	11.204.010
1 - 5 years	**11.585.614**	22.649.434
	25.038.903	33.853.444

The export commitments of the Group as of 31 December 2013 amounts to 8.278.923 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 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Payables to personnel	**10.997.361**	6.286.420
Social security premiums	**6.983.349**	2.001.258
	17.980.710	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 3.254,44 TRY for each period of service as of 31 December 2013 (31 December 2012: 3.033,98 TRY). The retirement pay provision ceiling is revised semi-annually, and 3.438,22 TRY which is effective from 1 January 2014, 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. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/(gain) 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 31 December 2013 and 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 6% (31 December 2012: 5%) and a discount rate of 9,80% (31 December 2012: 8,75%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

The provision for employee benefits has showed below in statement of comprehensive income and balance sheet:

	31 December 2013	31 December 2012
Recognized amounts during period	**2.325.710**	1.299.300
Financial liability from employee benefits	**1.465.953**	882.883
Ending balance	**3.791.663**	2.182.183

	31 December 2013	31 December 2012	31 December 2011
Provision for employee benefits	**21.536.781**	11.326.033	10.187.814
	21.536.781	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
Opening period - 1 January	**11.326.033**	10.187.814
Cost of service	**2.325.710**	1.299.300
Cost of interest	**1.465.953**	882.882
Liability obtained through business combinations	**7.895.204**	-
Actuarial losses/earnings	**3.879.274**	3.239.839
Paid compensation (-)	**(5.355.393)**	(4.283.802)
Period - 31 December	**21.536.781**	11.326.033

NOT 19 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2013	31 December 2012
Carry forward VAT	**56.040.239**	37.707.151
Other VAT receivables	**18.378.015**	8.815.096
Income accruals	**550.525**	-
Work advances	**421.730**	-
Advances to employees	**118.225**	1.441
Other	**662.739**	114.101
	76.171.473	46.637.789

Other non-current assets

Group's other non-current assets consist of long term VAT receivables amounting to 9.395.084 TRY.

Other current liabilities

	31 December 2013	31 December 2012
Taxes payable	**8.219.704**	2.237.164
Other	**664.968**	348.329
	8.884.672	2.585.493

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

NOTE 20 - EQUITY

The shareholders of Altınyıldız and their respective shareholding structure at 31 December 2013 and 2012 are as follows:

	31 December 2013		31 December 2012	
	Share	**Amount (TRY)**	Share	Amount (TRY)
Boyner Holding A.Ş.	**79,11%**	**31.645.113**	79,11%	31.645.113
Public offering and other shareholders (*)	**20,89%**	**8.354.887**	20,89%	8.354.887
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 31 December 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:

	31 December 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 (*)		
Legal reserves	**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 detail of revaluation funds as of 31 December 2013 and 2012 are as follows:

	31 December 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)
Transfer to retained earnings	**(45.076.755)**	-
	29.805.030	74.881.785

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

	31 December 2013	31 December 2012
Revaluation funds - beginning of period	**74.881.785**	74.881.785
Transfer to retained earnings (*)	**(45.076.755)**	-
	29.805.030	74.881.785

(*) The deliveries of completed parts of the project (stated in Note 11) have started. Revaluation fund associated with the part which is accounted as income in the financial statements has been transferred to retained earnings.

Impact of business combinations under common control

The detail of impact of business combinations under common control as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
BBM impact of share purchases	**(43.646.268)**	(43.646.268)
Beymen impact of share purchases	**(202.724.939)**	(202.724.939)
BBA merge impact	**7.478.755**	7.478.755
AYTK acquisition of shares from non-controlling interest	**(12.105.679)**	-
YKM acquisition of shares from non-controlling interest	**(56.878.535)**	-
	(307.876.666)	(238.892.452)

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

NOTE 21 - REVENUE AND COST OF SALES

Sales

	2013	2012
Domestic sales	**1.954.680.490**	666.994.211
Foreign sales	**72.871.400**	64.118.353
Other sales	**1.313.067**	835.975
Real estate sales	**163.643.610**	-
Sales returns (-)	**(162.927.731)**	(80.312.260)
Sales discount (-)	**(127.984.420)**	(53.726.004)
	1.901.596.416	597.910.275

Cost of sales

	2013	2012
I. Cost of finished goods sold	**201.159.523**	234.888.896
II. Cost of trade goods sold	**837.135.504**	167.740.218
III. Cost of service provided and real estate sold	**136.727.698**	584.047
Cost of Sales (I+II+III)	**1.175.022.725**	403.213.161

Cost of sales

	2013	2012
Outsourced benefits and services	**16.751.031**	20.905.893
Indirect material expenses	**11.670.261**	17.456.851
Building-machinery rent expenses	**10.244.649**	8.945.634
Indirect labor expenses	**8.344.862**	4.666.892
Depreciation and amortization expenses	**7.780.925**	8.548.188
	54.791.728	60.523.458

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

NOTE 22 - MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	2013	2012
Marketing expenses	**512.156.850**	150.466.992
General administrative expenses	**130.609.454**	39.781.914
Research and development expenses	**5.024.714**	691.095
	647.791.018	190.940.001

Research and development expenses

	2013	2012
Wages and salaries	**3.620.099**	320.508
Depreciation and amortization expenses	**50.381**	7.581
Other	**1.354.234**	363.006
	5.024.714	691.095

Marketing expenses

	2013	2012
Wages and salaries	**153.162.904**	53.050.608
Rent expenses	**146.676.064**	36.426.562
Sales, commissions and premium expenses	**52.419.782**	-
Depreciation and amortization expenses	**49.188.308**	7.301.275
Outsourced benefits and services	**41.996.617**	15.323.874
Advertisement, brand and store expenses	**40.012.931**	25.176.648
Other	**28.700.244**	13.188.025
	512.156.850	150.466.992

General administrative expenses

	2013	2012
Wages and salaries	**60.305.381**	19.936.671
Outsourced benefits and services	**20.514.501**	2.882.659
Service charge of the parent	**16.382.165**	6.955.089
Rent expenses	**10.836.856**	2.596.070
Depreciation and amortization expenses	**7.752.357**	1.423.660
Other	**14.818.194**	5.987.765
	130.609.454	39.781.914

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

NOTE 23 - EXPENSE BY NATURE

Personnel expenses

	2013	2012
Marketing expenses	**153.162.904**	53.050.608
General administrative expenses	**60.305.381**	19.936.671
Research and development expenses	**3.620.099**	320.508
Cost of goods sold	**8.344.862**	4.666.892
	225.433.246	77.974.679

Depreciation and amortization expenses

	2013	2012
Marketing expenses	**49.188.308**	7.301.275
General administrative expenses	**7.752.357**	1.423.660
Research and development expenses	**50.381**	7.581
Cost of goods sold	**7.780.925**	8.548.188
	64.771.971	17.280.704

NOTE 24 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	2013	2012
Foreign currency gain	**53.313.471**	14.929.645
Unearned finance income from trade receivables and payables	**22.206.304**	17.859.551
Term difference income	**12.475.726**	-
Change in the contingent consideration arising from acquisition of subsidiary (Note 3)	**12.446.229**	-
Increase in fair value of investment properties (Note 13)	**9.452.300**	4.096.071
Income related to doubtful receivables	**4.852.483**	-
Rent income	**2.716.313**	1.750.458
Commission income	**2.146.414**	61.665
Other	**12.014.277**	2.839.621
	131.623.517	41.537.011

Other expenses from operations

	2013	2012
Foreign currency loss	**68.165.910**	11.903.869
Term difference expense	**22.860.682**	-
Unearned finance expense from trade receivables and payables	**16.152.913**	11.726.368
Commission expenses	**5.739.810**	239.938
Expenses related to closed stores	**3.570.355**	4.574.823
Other	**9.489.758**	495.364
	125.979.428	28.940.362

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

NOTE 25 - INCOME FROM INVESTING ACTIVITIES

Income from investing activities

	2013	2012
Fair value gains of the previously held interest in the acquiree (Note 3)	**625.612.315**	-
Gain on sales of fixed assets	**930.087**	399.137
Other	**476.000**	-
	627.018.402	399.137

Loss from investing activities

	2013	2012
Loss on sales of fixed assets	**3.034.579**	352.654
Loss on sales of non-current assets	**90.000**	439.000
	3.124.579	791.654

NOTE 26 - FINANCIAL INCOME

Financial income

	2013	2012
Foreign exchange gains	**11.315.246**	26.819.632
Interest income	**3.205.145**	861.749
	14.520.391	27.681.381

NOT 27 - FINANCIAL EXPENSES

Financial expenses

	2013	2012
Foreign currency losses	**119.210.947**	16.598.182
Interest expenses from loans	**91.867.532**	63.203.044
Interest expense arising from forward agreements	**33.457.420**	-
Expenses related to bills and bonds	**28.450.408**	4.624.767
Factoring expenses	**7.201.125**	24.901.037
Credit card commissions and negotiation expenses	**6.759.878**	5.878.771
Bank commission expenses	**5.869.309**	-
Interest expenses related to employee benefits	**1.465.953**	882.882
Other	**1.920.662**	2.814.368
	296.203.234	118.903.051

(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:

	31 December 2013	31 December 2012
Corporate tax calculated	**7.872.995**	-
Prepaid taxes (-)	**(6.664.684)**	-
Tax payable acquired through business combinations (Note 3)	**5.619.525**	-
	6.827.836	-

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

	2013	2012
Current period corporate tax expense	**(10.666.708)**	-
Deferred tax income/(expense)	**5.618.611**	(811.072)
Total tax income/(expense)	**(5.048.097)**	(811.072)

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

	2013	2012
Profit before tax	**433.640.939**	(62.014.600)
Corporate tax as percentage of 20%	**(86.728.188)**	12.402.920
Non-deductible expenses	**(2.416.216)**	(526.976)
Income excluded from tax	**408.097**	-
Carry forward tax losses not calculated over deferred income tax	**(37.811.841)**	(17.606.190)
Adjustments not calculated over deferred income tax	**7.551.269**	3.662.884
Consolidation adjustments not calculated over deferred income tax	**113.280.371**	497.782
Other	**668.411**	758.508
Total tax expense	**(5.048.097)**	(811.072)

(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 using principal tax rates are as follows:

	31 December 2013		31 December 2012		31 December 2011	
	Temporary differences	**Deferred income tax asset / (liability)**	Temporary differences	Deferred income tax asset/ (liability)	Temporary differences	Deferred income tax asset/ (liability)
Tangible/Intangible fixed asset	**829.333.607**	**(166.109.209)**	30.744.789	(6.148.961)	31.483.469	(6.296.696)
Unearned expense on trade receivable and payable, net	**6.207.889**	**(1.241.578)**	(2.068.158)	413.632	(6.554.868)	1.310.973
Inventories	**(22.369.827)**	**4.473.966**	(2.778.899)	555.780	(2.831.040)	566.208
Employee benefit	**(32.431.580)**	**6.486.316**	(11.326.033)	2.265.207	(10.187.814)	2.037.563
Provision for doubtful receivables	**(10.170.436)**	**2.034.087**	(5.782.092)	1.156.418	(5.522.736)	1.104.547
Provision for sales returns and price difference	**(8.226.816)**	**1.645.363**	(8.428.845)	1.685.769	(7.193.803)	1.438.761
Deferred revenue and customer loyalty points	**(26.143.616)**	**5.228.722**	-	-	-	-
Loss from deferred tax	**(24.447.181)**	**4.889.436**	(5.928.090)	1.185.618	(3.602.110)	720.422
Revaluation differences of properties associated with income statement	**78.586.831**	**(15.717.366)**	64.173.807	(12.679.973)	60.154.758	(12.016.846)
Other	**(19.209.177)**	**3.996.890**	(4.074.882)	814.978	(2.733.205)	546.640
Deferred income tax asset/(liability), net		**(154.313.373)**		(10.751.532)		(10.588.428)
Deferred income tax asset		**25.021.839**	-	4.746.021	-	4.740.109
Deferred income tax liability		**(179.335.212)**	-	(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 31 December 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	**5.618.611**	(811.072)
Amounting to recognized to capital	**775.855**	647.968
Deferred tax asset/liability acquired through business combinations, net	**(149.956.307)**	-
Ending of period - 31 December	**(154.313.373)**	(10.751.532)

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 are calculated by dividing the net profit/(loss) for the period by the weighted average number of Altınyıldız shares during the period. The calculation is made as below:

	2013	2012
Profit/(loss) for the current period (TRY)	**428.036.620**	(61.531.137)
Weighted average number of shares (*)	**40.000.000**	40.000.000
Earnings/(losses) per share of the Parent Company (TRY)	**10,70**	(1,54)

(*) Per share of TRY 1 nominal value.

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

NOTE 30 - RELATED PARTY DISCLOSURES

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

	31 December 2013		31 December 2012	
	Trade	**Other**	Trade	Other
Receivables from shareholders				
Boyner Holding A.Ş.	**2.423.688**	**37.428.301**	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. (**) (***)	**2.993.125**	-	-	-
İzkar Giyim Tic Ve San AŞ. (***)	**757.354**	-	-	-
Christian Dior İstanbul Mağazacılık A.Ş (***)	**64.522**	-	-	-
Receivables from joint ventures				
Elif Co. For General Trading Ltd. (***)	**8.102.125**	-	-	-
Christian Louboutin Mağazılık A.Ş (***)	**91.913**	-	-	-
Receivables from other related parties				
BR Mağazacılık A.Ş.	**12.679.596**	-	14.445.979	-
Fırsat Teknoloji A.Ş.	**6.760.707**	-	1.947.803	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith.ve İhr. Turizm Ltd.	**2.725.900**	-	5.022.717	-
Era Mağazacılık A.Ş.	**5.033.464**	-	-	-
Nişantaşı Turizm İşletmeleri A.Ş.	**24.149**	-	-	-
Vista şahıs ortaklardan alacaklar	**32.841**	-	-	-
Christian Louboutin	**9.693**	-	-	-
Boyner Bireysel Ürünler Satış ve Pazarlama A.Ş.	**4.842**	-	-	-
Total	**41.703.919**	**37.428.301**	34.741.042	22.965.143

(*) As explained Note 3, BBM and Beymen subject to full consolidation, related party transactions have been eliminated as of 31 December 2013.

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

(***) Beymen is subjected to full consolidation. There are related party balances as of 31 December 2013.

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

	31 December 2013		31 December 2012	
	Trade	**Other**	Trade	Other
Payables to shareholders				
Boyner Holding A.Ş.	**4.133.225**	**41.349.748**	970.779	51.877.513
Payables to subsidiaries				
Beymen Mağazacılık A.Ş. (*)	-	-	8.999.703	-
Boyner Büyük Mağazacılık A.Ş. (*)	-	-	1.189	-
Payables to associates				
İzkar Giyim Tic Ve San AŞ. (**)	**25.267**	-	-	-
Payables to other related parties				
BNR Teknoloji A.Ş.	**39.001.601**	-	118.943.473	-
BR Mağazacılık A.Ş.	**5.339.645**	-	-	-
Alsis Sigorta Acentalığı A.Ş.	**1.833.086**	-	566.420	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	**4.706**	-	-	-
Fırsat Teknoloji A.Ş.	**3.138**	-	-	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith.ve İhr. Turizm Ltd.	**6.355**	-		
Dividend payable	-	-	-	428.516
	50.347.023	**41.349.748**	129.481.564	52.306.029

(*) As explained Note 3, BBM and Beymen subject to full consolidation, due to related parties have been eliminated as of 31 December 2013.

(**) Beymen is subjected to full consolidation. There are related party balances as of 31 December 2013.

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

NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

c) Purchase details stated below from related parties as of 31 December 2013 and 2012 are as follows:

	31 December 2013			31 December 2012		
Purchases	**Goods**	**Services**	**Interest /Other**	Goods	Services	Interest/Other
Shareholders						
Boyner Holding A.Ş.	**36.272**	**18.673.738**	**5.917.425**	-	8.334.055	2.071.202
Subsidiaries						
Boyner Büyük Mağazacılık A.Ş. (*)	**-**	**-**	**1.416.667**	-	9.766	8.135.110
Beymen Mağazacılık A.Ş. (*)	**679.352**	**-**	**1.112.255**	1.633.364	11.131	470.207
Joint ventures						
BR Mağazacılık A.Ş.	**10.099.571**	**-**	**-**	2.220.072	25.000	-
Fırsat Teknoloji A.Ş.	**-**	**-**	**-**	-	-	-
Ran Konfeksiyon Tekstil Deri Yan Ürünler Ith. ve İhr. Turizm Ltd.	**-**	**-**	**234.313**	795.416	8.384	120.096
Fırsat Elektronik A.Ş.	**13.846**	**475.461**		-	-	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	**-**	**131.750**	**-**	-	101.400	-
H.F. Boyner Bıraderler Eksport A.Ş.	-	-	-	-	-	-
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	-	-	-	-	-	-
Benetton Giyim San. Tic. A.Ş. (**)	-	-	-	2.657	-	-
YKM A.Ş.	-	-	-			1.794
Alsis Sigorta Acentalığı A.Ş.	**-**	**4.361.088**	**-**	-	2.081.258	-
BNR Teknoloji A.Ş.	**-**	**340.139**	**200.790**	-	259.240	239.938
Nişantaşı Turizm İşletmeleri A.Ş.	**-**	**22.027**	**-**	-	-	-
Era Mağazacılık A.Ş.	**-**	**-**	**127.183**	-	-	-
Bofis Turizm ve Ticaret A.Ş. (***)	-	-	-	-	510.915	-
	10.829.041	**24.004.203**	**9.008.633**	4.651.509	11.341.149	11.038.347

(*) As of 31 December 2012, BBM and Beymen are Group's subsidiaries. Realized on 31 May 2013 as a subsidiary through share purchases were included in the consolidation. Related party transactions in the year 2013 include transactions until 31 May 2013.

(**) The transactions made through the date that these companies no longer a subsidiary as of 24 September 2012.

(***) The transactions made through the date that these companies no longer a subsidiary as of 13 November 2012.

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

NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

d) Sales detail stated below to related parties as of 31 December 2013 and 2012 are as follows:

	31 December 2013			31 December 2012		
Sales	**Goods**	**Services**	**Interest/Other**	Goods	Services	Interest/Other
Shareholders						
Boyner Holding A.Ş.	**-**	**1.832.843**	**3.186.871**	-	1.507.368	632.114
Subsidiaries						
Beymen Mağazacılık A.Ş. (*)	**2.021.384**	**150.000**	**-**	6.661.148	10.176	-
Boyner Büyük Mağazacılık A.Ş. (*)	**6.249.655**	**163.470**	**223.602**	32.584.214	303.058	-
YKM A.Ş. (*)	**-**	**-**	**-**	2.079.141	-	-
Payables to associates						
İzkar Giyim Tic. ve San. A.Ş.	**6.460.539**	**-**	**-**	-	-	-
Payables to joint ventures						
Elif Co. For General Trading Ltd.	**2.402.397**	**-**	**-**	-	-	-
Other related parties						
BR Mağazacılık A.Ş.	**48.811.562**	**198.555**	**1.327.377**	42.445.577	172.283	-
Fırsat Teknoloji A.Ş.	**14.354.877**	**-**	**3.432.411**	5.982.415	18.960	-
Nişantaşı Turizm İşletmeleri A.Ş.	**-**	**383.115**	**-**	-	-	-
Alsis Sigorta Acentalığı A.Ş.	**-**	**-**	**-**	-	66.820	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith. ve İhr. Turizm Ltd.	**4.263.017**	**275.078**	**1.499**	4.786.047	399.522	-
Benetton Giyim San.Tic. A.Ş. (**)	**-**	**-**	**-**	1.570.254	26.681	-
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	**-**	**32.187**	**-**	-	-	-
H.F. Boyner Biraderler Export A.Ş	**1.618**	**-**	**-**	-	-	-
Christian Louboutin	**1.440**	**-**	**-**	-	-	-
Era Mağazacılık A.Ş.	**1.343.880**	**454.383**	**-**	-	-	-
	85.910.369	**3.489.631**	**8.171.760**	96.108.796	2.504.868	632.114

(*) As of 31 December 2012, BBM and Beymen are Group's subsidiaries. Realized on 31 May 2013 as a subsidiary through share purchases were included in the consolidation. Related party transactions in the year 2013 include transactions until 31 May 2013.

(**) The transactions made through the date that these companies no longer a subsidiary as of 24 September 2012.

e) The top management team comprises of board members, general manager and deputy general managers. 31 December 2013, the Group has provided as remuneration total of 19.375.822 TRY to the top executives (31 December 2012: top executives remuneration total of 12.067.889 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.

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

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

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.

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

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

The credit risks incurred by the Group by type of financial instruments as of 31 December 2013 and 2012 are set out in the table below:

	31 December 2013					
	Trade Receivables		**Other Receivables**			
	Related parties	**Third parties**	**Related parties**	**Third parties**	**Deposits in bank**	**Other**
Maximum credit risk incurred as of the reporting date [1] (Note 6,10,11)	**41.703.919**	**350.131.375**	**37.428.301**	**8.622.066**	**43.866.746**	**245.690.129**
- The part of maximum risk under guarantee with collaterals, etc	-	101.878.962	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired [2]	30.259.746	307.372.001	37.428.301	8.622.066	43.866.746	-
The part under guarantee with collaterals, etc	-	72.692.980	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	20.901.809	-	-	-	-
- The part under guarantee with collaterals, etc [3]	-	20.901.809	-	-	-	-
			-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	11.444.173	21.857.565	-	-	-	-
- The part under guarantee with collaterals, etc	-	8.284.173	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	26.703.737	-	-	-	-
- Impairment (-)	-	(26.703.737)	-	-	-	-
- 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 20.901.809 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)

ii. Credit risk (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] (Note 6,10,11)	**34.741.042**	**273.264.688**	**22.965.143**	**1.046.519**	**27.414.284**	**8.290.021**
- The part of maximum risk under guarantee with collaterals, etc	-	85.219.467	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired [2]	34.741.042	230.717.326	22.965.143	1.046.519	27.414.284	8.290.021
The part under guarantee with collaterals, etc.	-	62.271.374	-	-	-	-
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. Impairment (-)	-	-	-	-	-	-
- 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 22.387.813 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)

ii. Credit risk (Continued)

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

Trade receivables	**31 December 2012**	31 December 2012
1-30 days overdue	**3.750.467**	7.855.608
1-3 months overdue	**2.179.652**	7.182.944
3-12 months overdue	**24.378.494**	2.931.346
More than 12 months overdue	**2.993.125**	2.189.651
Total	**33.301.738**	20.159.549
The part secured with guarantee, etc (-)	**8.284.173**	560.280

iii. Liquidity risk

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

31 December 2013 **Maturities accordance with agreements**	**Carrying value**	**Total cash outflows accordance with contract**	**Less than 3 months**	**3-12 months**	**1-5 Years**
Non-Derivative Financial Liabilities					
Financial liabilities	1.295.540.113	1.381.225.597	428.020.603	515.789.505	437.415.489
Trade payables third and related parties	919.037.377	1.081.327.750	624.007.124	456.138.969	1.181.657
Other financial liabilities	58.629.605	58.629.607	18.161.008	40.468.599	-
Other payables (Note 10)	862.035.592	936.505.682	31.271.268	100.226.602	805.007.812
	3.135.242.687	**3.457.688.636**	**1.101.460.003**	**1.112.623.675**	**1.243.604.958**

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

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

iii. Liquidity risk (Continued)

31 December 2012

Maturities accordance with agreements	**Carrying value**	**Total cash outflows accordance with contract**	**Less than 3 months**	**3 - 12 years**	**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 due to third and related parties	225.005.695	227.751.766	117.222.207	110.529.559	-
Other financial liabilities	75.160.111	76.094.314	51.448.167	24.646.147	-
Other payables (Note 10)	53.134.786	53.134.786	14.061.413	39.073.373	-
	901.128.890	**947.972.404**	**382.598.092**	**456.393.127**	**108.981.185**

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)

v. Foreign currency risk (Continued)

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

	31 December 2013					31 December 2012					
	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF	IRR
1. Trade receivables	34.468.982	12.464.000	2.562.990	97.069	-	22.611.229	5.265.978	5.433.102	155.730	-	-
2a. Monetary financial assets, (cash and banks account included)	9.858.143	1.514.331	2.225.480	25.911	-	22.154.576	10.783.851	1.176.830	41.716	42	303.970.231
2b. Non-Monetary financial assets	10.953.832	2.173.054	2.135.351	12.937	-	11.932.194	5.989.465	530.135	3.015	-	-
3. Other	10.940.699	2.038.562	2.142.576	84.900		118.148	2.742	48.161	-	-	-
4. Current Assets (1+2+3)	66.221.656	18.189.947	9.066.397	220.817	-	56.816.147	22.042.036	7.188.228	200.461	42	303.970.231
5. Trade receivables	-	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-		-	-	-	-	-	-
6b. Non-monetary Financial Assets	909.255	58.666	267.000	-	-	376.155	89.621	15.860	-	-	1.240.300.000
7. Other	-	-	-	-		-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	909.255	58.666	267.000	-	-	376.155	89.621	15.860	-	-	1.240.300.000
9. Total Assets (4+8)	67.130.911	18.248.613	9.333.397	220.817	-	57.192.302	22.131.657	7.204.088	200.461	42	1.544.270.231
10. Trade payables	163.888.953	24.178.423	38.213.782	19.985	-	80.353.321	28.136.292	12.695.771	3.542	-	2.290.555.601
11. Financial liabilities	104.269.535	31.216.064	12.819.714	-	-	139.183.172	53.346.472	18.747.183	-	-	-
12a. Financial liabilities	66.973.903	30.324.850	766.662	71	-	191.496	-	51.360	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	714.916	176.333	94.095	62.457	-	-
13. Current Liabilities (10+11+12)	335.132.391	85.719.337	51.800.158	20.056	-	220.442.905	81.659.097	31.588.409	65.999	-	2.290.555.601
14. Trade payables	-	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	25.771.166	3.038.878	6.567.440	-	-	72.350.074	2.101.908	29.171.753	-	-	-
16a. Other monetary liabilities	686.875.985	321.827.290	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-		-	12.645	-	5.377	-	-	-
17. Non-current liabilities (14+15+16)	712.647.151	324.866.168	6.567.440	-	-	72.362.719	2.101.908	29.177.130	-	-	-
18. Total liabilities (13+17)	1.047.779.542	410.585.505	58.367.598	20.056	-	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)	(980.648.631)	(392.336.892)	(49.034.201)	200.761	-	(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)	(1.003.452.417)	(396.607.174)	(53.579.128)	102.924	-	(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	84.422.904	27.973.389	15.836.227	637.859	-	62.510.613	10.816.280	14.828.772	427.656	-	-
26. Import	295.511.042	39.571.714	91.883.615	399.866	62.932	128.546.590	51.516.825	15.314.538	121.359	5.777	-

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

v. Foreign currency risk (Continued)

Foreign currency sensitivity

As of 31 December 2013 and 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.

31 December 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	**(83.736.463)**	**83.736.463**	**-**	**-**
2- USD hedged from risks (-)	**-**	**-**	**-**	**-**
3- USD net effect (1+2)	**(83.736.463)**	**(83.736.463)**	**-**	**-**
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	**(14.398.893)**	**14.398.893**	**-**	**-**
5- EUR hedged from risks (-)	**-**	**-**	**-**	**-**
6- EUR net effect (4+5)	**(14.398.893)**	**14.398.893**	**-**	**-**
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	**70.493**	**(70.493)**	**-**	**-**
8- Other currencies hedged from risks (-)	**-**	**-**	**-**	**-**
9- Other currencies net effect (7+8)	**70.493**	**(70.493)**	**-**	**-**
TOTAL (3+6+9)	**(98.064.863)**	**98.064.863**	**-**	**-**

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

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:

	31 December 2013	31 December 2012
Financial instruments with fixed interest		
Financial assets	**18.291.920**	18.292.645
Financial liabilities	**569.663.912**	416.729.913
Financial instruments with floating interest		
Financial assets	**-**	-
Financial liabilities	**725.876.201**	131.098.385

If the interest on loans with variable interest denominated in TRY, USD and Euro on renewal dates were higher/lower by 100 basis points with all other variables remaining constant as of 31 December 2013, the current period profit before tax would be lower/higher by 362.938 TRY as a result of high/low interest expenses arising from loans with variable interest (31 December 2012: 65.549 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).

	31 December 2013	31 December 2012
Financial liabilities	**1.354.169.718**	622.988.409
Less: Cash and cash equivalents	**(289.556.875)**	(35.794.305)
Net financial liabilities	**1.064.612.843**	587.194.104
Total equity	**356.266.538**	(3.448.392)
Net financial liabilities/Total equity Ratio	**%33,5**	(%5.872)

NOTE 32 - FAIR VALUE DISCLOSURES AND FINANCIAL INSTRUMENTS

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

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)
Level 2: Other valuation techniques includes direct or indirect observable inputs
Level 3: Valuation techniques does not contains observable market inputs

As of 31 December 2013 and 2012, the Group does not have any financial assets and liabilities followed by the fair value.

NOTE 33 - SUBSEQUENT EVENTS

a) According to the Board of Directors of Altınyıldız on 27 January 2014, it is decided to increase registered capital limit from 40.000.000 TRY to 500.000.000 TRY. Applied limit will be effective from 2014 to 2018. After obtaining necessary approvals from Capital Markets Board and the Republic of Turkey the Ministry of Customs and Trade, the decision will be submitted to General Assembly.

b) According to the Board of Directors of Altınyıldız on 27 January 2014, it is decided to change the name from "Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş." to "Boyner Perakende ve Tekstil Yatırımları A.Ş." After obtaining necessary approvals from Capital Markets Board and the Republic of Turkey the Ministry of Customs and Trade, the decision will be submitted to General Assembly.

NOTE 33 - SUBSEQUENT EVENTS (Continued)

c) At the BBM's Board of Directors meeting held on 3 March 2013, it has been decided to participate to the capital increase decision amounting to 100.000.0000 TRY at YKM and pursuant to Articles 136, 155 and 156 of Turkish Commercial Code no. 6102 and other articles related to merger and Articles 18, 19 and 20 of Corporate Tax Law with CMB's Communiqué II-23_2 related to Merges and Spin-offs; it has been decided that, YKM with the registration number 1604,60 at Istanbul Trade Registry Office and YKM Pazarlama with the registration number 138851 at Istanbul Trade Registry Office along with all of their assets and liabilities to be merged with BBM by way of take over. In this respect, additionally it has been decided that a merger agreement and other documents will be prepared and the Company apply the facilitations defined in the facilitated methods in the Turkish Commercial Code's and CMB's Communiqué II-23_2 related to Merges and Spin-offs, not to request independent audit report, merger report and expert opinion and without obtaining the approval of General Assembly to approve solely with the decision of the Board of Directors. The merger will be realized over the entities financial statements as at 31 December 2013. It has been decided to carry out all necessary actions until finalization of the merger including applications to Ministry of Customs and Trade, CMB, Trade Registry Office. All of the independent members of the Board of Director voted in favor of the decision. BBM that owns all of the voting shares of YKM will contribute to the capital increase of YKM amounting to 100.000.000 TRY in order to enhance the financial structure of YKM by way of inclusion of its receivables from YKM amounting to 100.000.000 TRY to its capital.

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