

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

**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY 2017 TO 31 MARCH 2017**

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

**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY-31 MARCH 2017**

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**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

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

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

	Notes	Unaudited 31 March 2017	Audited 31 December 2016
<b>ASSETS</b>			
<b>Current assets</b>		<b>2.166.546.179</b>	<b>2.234.521.243</b>
Cash and cash equivalents	4	121.697.156	187.633.837
Trade receivables		322.893.982	353.435.702
- <i>Trade receivables from related parties</i>	7 and 20	43.154.206	54.799.836
- <i>Trade receivables from third parties</i>	7	279.739.776	298.635.866
Other receivables		208.815.710	264.007.042
- <i>Other receivables from related parties</i>	20	192.096.694	246.245.160
- <i>Other receivables from third parties</i>		16.719.016	17.761.882
Inventories	8	1.249.975.730	1.217.509.627
Prepaid expenses		56.433.389	35.504.794
- <i>Prepaid expenses to third parties</i>		56.433.389	35.504.794
Derivative instruments		59.798.957	44.803.537
- <i>Derivative instruments used for hedging</i>	6	59.798.957	44.803.537
Other current assets		146.931.255	131.626.704
- <i>Other current assets from third parties</i>		146.931.255	131.626.704
<b>Non-current assets</b>		<b>2.252.254.812</b>	<b>2.255.842.101</b>
Financial investments		104.891	104.891
Trade receivables		12.464.652	17.058.802
- <i>Trade receivables from related parties</i>	7 and 20	4.833.124	4.935.298
- <i>Trade receivables from third parties</i>	7	7.631.528	12.123.504
Other receivables		1.780.915	1.763.853
- <i>Other receivables from third parties</i>		1.780.915	1.763.853
Investments accounted for using the equity method		15.449.726	15.453.572
Investment properties	9	32.995.000	32.995.000
Property and equipment	10	366.577.528	367.379.747
- <i>Lands</i>		48.883.306	48.883.306
- <i>Land improvements</i>		210.859	213.539
- <i>Buildings</i>		43.560.384	43.824.886
- <i>Machinery and equipment</i>		10.933.828	11.720.087
- <i>Vehicles</i>		145.339	177.621
- <i>Furniture and fixtures</i>		113.210.132	112.051.638
- <i>Leasehold improvements</i>		137.456.832	141.336.759
- <i>Construction in progress</i>		12.176.848	9.171.911
Intangible assets	11	1.682.347.942	1.692.417.074
- <i>Goodwill</i>	12	797.708.560	797.708.560
- <i>Licences</i>		924.188	448.737
- <i>Brands</i>		473.224.395	473.224.395
- <i>Computer licenses</i>		18.303.627	17.100.917
- <i>Other intangible assets</i>		392.187.172	403.934.465
Prepaid expenses		3.724.145	3.445.546
- <i>Prepaid expenses to third parties</i>		3.724.145	3.445.546
Deferred tax assets		32.351.923	27.907.331
Derivative instruments		94.013.177	84.439.496
- <i>Derivative instruments used for hedging</i>	6	94.013.177	84.439.496
Other non-current assets		10.444.913	12.876.789
- <i>Other non-current assets from third parties</i>		10.444.913	12.876.789
<b>TOTAL ASSETS</b>		<b>4.418.800.991</b>	<b>4.490.363.344</b>

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

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

**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

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

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

	Notes	Unaudited 31 March 2017	Audited 31 December 2016
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>3.063.974.028</b>	<b>2.863.449.689</b>
Short-term financial liabilities		189.117.923	181.956.206
<i>Short term financial liabilities to third parties</i>		<i>189.117.923</i>	<i>181.956.206</i>
- <i>Bank borrowings</i>	5	<i>189.117.923</i>	<i>181.956.206</i>
Current portion of long-term financial liabilities		1.083.484.827	831.824.364
<i>Current portion of long term financial liabilities to third parties</i>		<i>1.083.484.827</i>	<i>831.824.364</i>
- <i>Bank borrowings</i>	5	<i>961.725.347</i>	<i>711.914.524</i>
- <i>Finance lease liabilities</i>	5	<i>12.059.768</i>	<i>10.337.640</i>
- <i>Issued financial debt instruments</i>	5	<i>109.699.712</i>	<i>109.572.200</i>
Other financial liabilities		133.411.862	175.657.399
- <i>Other financial liabilities</i>		<i>133.411.862</i>	<i>175.657.399</i>
Trade payables		1.337.109.453	1.324.487.544
- <i>Trade payables to related parties</i>	7 and 20	<i>21.286.093</i>	<i>16.856.300</i>
- <i>Trade payables to third parties</i>	7	<i>1.315.823.360</i>	<i>1.307.631.244</i>
Payables related to employee benefits		33.095.302	39.368.827
Other payables		53.298.516	67.056.573
- <i>Other payables to related parties</i>	20	<i>32.747.400</i>	<i>35.192.000</i>
- <i>Other payables to third parties</i>		<i>20.551.116</i>	<i>31.864.573</i>
Deferred revenue		136.144.191	178.835.918
- <i>Deferred revenue to third parties</i>		<i>136.144.191</i>	<i>178.835.918</i>
Corporate tax payable		10.993.866	6.077.289
Short term provisions		48.909.285	39.483.257
- <i>Short term provisions for employee benefits</i>	13	<i>20.637.778</i>	<i>14.653.442</i>
- <i>Other short term provisions</i>	13	<i>28.271.507</i>	<i>24.829.815</i>
Other current liabilities		38.408.803	18.702.312
- <i>Other current liabilities to third parties</i>		<i>38.408.803</i>	<i>18.702.312</i>
<b>Non-current liabilities</b>		<b>1.345.807.664</b>	<b>1.493.910.144</b>
Long term financial liabilities		1.076.409.983	1.222.308.625
<i>Long term financial liabilities to third parties</i>		<i>1.076.409.983</i>	<i>1.222.308.625</i>
- <i>Bank borrowings</i>	5	<i>1.072.053.460</i>	<i>1.216.571.326</i>
- <i>Finance lease liabilities</i>	5	<i>4.356.523</i>	<i>5.737.299</i>
Trade payables		49.470.396	52.358.847
- <i>Trade payables to third parties</i>	7	<i>49.470.396</i>	<i>52.358.847</i>
Other payables		206.969	202.655
- <i>Other payables to third parties</i>		<i>206.969</i>	<i>202.655</i>
Long term provisions		37.609.733	36.627.258
- <i>Long term provisions for employee benefits</i>		<i>37.609.733</i>	<i>36.627.258</i>
Deferred revenue		13.338.699	14.801.962
- <i>Deferred revenue to third parties</i>		<i>13.338.699</i>	<i>14.801.962</i>
Deferred tax liability		168.771.884	167.610.797
<b>TOTAL LIABILITIES</b>		<b>4.409.781.692</b>	<b>4.357.359.833</b>

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**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

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

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

	Notes	Unaudited 31 March 2017	Audited 31 December 2016
<b>EQUITY</b>		<b>9.019.299</b>	<b>133.003.511</b>
<b>Equity attributable to parent</b>		<b>7.561.220</b>	<b>131.689.822</b>
Paid-in share capital	15	57.700.000	57.700.000
Adjustments to share capital	15	56.061.369	56.061.369
Share premium	15	138.375.874	138.375.874
Other comprehensive income/(expenses) not to be reclassified to profit or loss		(15.287.494)	(14.410.421)
- <i>Gain/(loss) on revaluation and re-measurement</i>	15	13.193.519	13.424.284
- <i>Actuarial (loss)/gain arising from employee benefits</i>		(28.481.013)	(27.834.705)
Other comprehensive income/(expenses) to be reclassified to profit or loss		(793.836)	(804.504)
- <i>Currency translation differences</i>		(793.836)	(804.504)
Impact of business combinations of entities under common control	15	(316.555.195)	(316.555.195)
Restricted reserves	15	33.451.107	33.451.107
- <i>Profit from sales of participation shares or property that will be added to share capital</i>		22.983.739	22.983.739
- <i>Legal reserves</i>		10.467.368	10.467.368
Retained earnings		178.102.357	648.117.051
Net loss for the period		(123.492.962)	(470.245.459)
<b>Non-controlling interest</b>		<b>1.458.079</b>	<b>1.313.689</b>
<b>TOTAL LIABILITIES</b>		<b>4.418.800.991</b>	<b>4.490.363.344</b>

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

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

	Notes	Unaudited 1 January - 31 March 2017	Unaudited 1 January - 31 March 2016
<b>INCOME OR LOSS</b>			
Revenue	16	876.863.712	839.176.960
Cost of sales (-)	16	(546.819.241)	(519.217.789)
<b>GROSS PROFIT</b>		<b>330.044.471</b>	<b>319.959.171</b>
Marketing expenses (-)		(285.921.862)	(281.198.139)
General administrative expenses (-)		(65.723.494)	(80.314.160)
Research and development expenses (-)		(745.059)	(1.925.510)
Other operating income	17	73.219.743	64.978.357
Other operating expenses (-)	17	(66.389.547)	(60.893.554)
<b>OPERATING LOSS</b>		<b>(15.515.748)</b>	<b>(39.393.835)</b>
Income from investing activities		43.967	867
Expenses from investing activities (-)		(299.465)	(44.820.061)
Share of profit of investments accounted for using the equity method		(3.845)	557.281
<b>OPERATING LOSS BEFORE FINANCIAL INCOME/(EXPENSES)</b>		<b>(15.775.091)</b>	<b>(83.655.748)</b>
Financial income	18	70.029.217	72.192.520
Financial expenses (-)	18	(174.976.010)	(157.366.944)
<b>LOSS BEFORE TAX FROM CONTINUED OPERATIONS</b>		<b>(120.721.884)</b>	<b>(168.830.172)</b>
Corporate tax expense (-)		(5.748.617)	(4.022.871)
Deferred tax income/(expense)		3.121.929	16.419.068
<b>LOSS FROM CONTINUED OPERATIONS</b>		<b>(123.348.572)</b>	<b>(156.433.975)</b>
<b>LOSS FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
<b>NET LOSS FOR THE PERIOD</b>		<b>(123.348.572)</b>	<b>(156.433.975)</b>
<b>Loss for the period attributable to</b>			
Non-controlling interest		144.390	(37.228)
Equity holders of the parent		(123.492.962)	(156.396.747)
<b>Loss per share</b>			
Loss per share from continued operations	19	(2,14)	(2,71)
Loss per share from discontinued operations		-	-
<b>OTHER COMPREHENSIVE LOSS</b>			
<b>Items not to be classified to profit or loss</b>			
Actuarial losses arising from employee benefits		(807.885)	(2.148.396)
Deferred tax income		161.577	429.679
<b>Items to be classified to profit or loss</b>			
Currency translation differences		10.668	(468)
<b>OTHER COMPREHENSIVE LOSS</b>		<b>(635.640)</b>	<b>(1.719.185)</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(123.984.212)</b>	<b>(158.153.160)</b>
<b>Total comprehensive loss attributable to:</b>			
Non-controlling interests		144.390	(37.228)
Equity holders of the parent		(124.128.602)	(158.115.932)

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**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR  
THE PERIODS ENDED 31 MARCH 2017 AND 2016**

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

	Paid in share capital	Share premium	Adjustments to share capital	Other comprehensive income/(expenses) to be reclassified to profit or loss	Currency translation differences	Other comprehensive income/ (expenses) not to be reclassified to profit or loss <u>Gain/ (loss) on revaluation and re-measurement</u>	Revaluation reserve of property plant and equipment	Actuarial loss	Impact of business combinations regarding common control transactions	Restricted reserves	Retained earnings/ (accumulated losses)	Net loss for the period	Equity attributable to parent	Non- controlling interest	Total equity
<b>Balance at 1 January 2016</b>	<b>57.700.000</b>	<b>867.300.000</b>	<b>56.061.369</b>		<b>(852.163)</b>	<b>15.930.274</b>	<b>(18.469.825)</b>		<b>(311.626.838)</b>	<b>33.451.107</b>	<b>298.322.343</b>	<b>(381.635.408)</b>	<b>616.180.859</b>	<b>352.367</b>	<b>616.533.226</b>
Transfers	-	-	-	-	-	-	-	-	-	-	(381.635.408)	381.635.408	-	-	-
Total comprehensive loss	-	-	-	-	(468)	-	(1.718.717)	-	-	-	-	(156.396.747)	(158.115.932)	(37.228)	(158.153.160)
Acquisition of subsidiary shares	-	-	-	-	-	-	-	-	(3.857.253)	-	-	-	(3.857.253)	-	(3.857.253)
Revaluation reserve of property, plant and equipment (Note 15)	-	-	-	-	-	(1.632.272)	-	-	-	-	1.632.272	-	-	-	-
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(315.139)	(315.139)
<b>Balance at 31 March 2016</b>	<b>57.700.000</b>	<b>867.300.000</b>	<b>56.061.369</b>		<b>(852.631)</b>	<b>14.298.002</b>	<b>(20.188.542)</b>		<b>(315.484.091)</b>	<b>33.451.107</b>	<b>(81.680.793)</b>	<b>(156.396.747)</b>	<b>454.207.674</b>	<b>-</b>	<b>454.207.674</b>
<b>Balance at 1 January 2017</b>	<b>57.700.000</b>	<b>138.375.874</b>	<b>56.061.369</b>		<b>(804.504)</b>	<b>13.424.284</b>	<b>(27.834.705)</b>		<b>(316.555.195)</b>	<b>33.451.107</b>	<b>648.117.051</b>	<b>(470.245.459)</b>	<b>131.689.822</b>	<b>1.313.689</b>	<b>133.003.511</b>
Transfers	-	-	-	-	-	-	-	-	-	-	(470.245.459)	470.245.459	-	-	-
Total comprehensive income / loss	-	-	-	-	10.668	-	(646.308)	-	-	-	-	(123.492.962)	(124.128.602)	144.390	(123.984.212)
Revaluation reserve of property, plant and equipment (Note 15)	-	-	-	-	-	(230.765)	-	-	-	-	230.765	-	-	-	-
<b>Balance at 31 March 2017</b>	<b>57.700.000</b>	<b>138.375.874</b>	<b>56.061.369</b>		<b>(793.836)</b>	<b>13.193.519</b>	<b>(28.481.013)</b>		<b>(316.555.195)</b>	<b>33.451.107</b>	<b>178.102.357</b>	<b>(123.492.962)</b>	<b>7.561.220</b>	<b>1.458.079</b>	<b>9.019.299</b>

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**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW  
FOR THE PERIODS ENDED 31 MARCH 2017 AND 2016**

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

	Notes	Unaudited 1 January - 31 March 2017	Unaudited 1 January - 31 March 2016
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(52.677.518)</b>	<b>(114.427.827)</b>
<b>Net loss for the period</b>		<b>(123.348.572)</b>	<b>(156.433.975)</b>
Net loss for the period from continuing operations		(123.348.572)	(156.433.975)
<b>Adjustments to reconcile loss for the period</b>		<b>250.414.828</b>	<b>257.073.160</b>
Depreciation and amortization	10 and 11	32.472.826	30.706.761
Adjustments related to impairment		8.065.543	55.707.273
<i>Adjustments related to impairment on receivables</i>	7	502.542	389.755
<i>Adjustments related to impairment on inventory</i>	8	6.542.650	11.518.564
<i>Adjustments related to impairment on investment properties</i>	9	-	43.798.954
<i>Adjustments related to other impairments</i>		1.020.351	-
Adjustments related to provisions		29.187.394	27.563.114
<i>Adjustments related to provision for employment termination benefits</i>		11.909.517	17.261.803
<i>Adjustments related to provision for litigation</i>	13	882.054	788.865
<i>Adjustments related to other provisions</i>	13	16.395.823	9.512.446
Adjustments related to interest (income)/expense		72.031.544	73.964.519
<i>Adjustments related to interest income</i>		(11.541.036)	(25.623.612)
<i>Adjustments related to interest expenses</i>		91.415.608	105.389.355
<i>Rediscount expenses</i>		(3.409.200)	(5.844.396)
<i>Rediscount income</i>		(4.433.828)	43.172
Adjustments related to unrealized gain/ (loss) foreign currency differences		35.810.410	(13.607.190)
Adjustments related to fair value gain/ (loss)		(24.569.101)	11.568.858
<i>Adjustments related to fair value changes of derivative instruments</i>	6	(24.569.101)	11.568.858
Adjustments related to the sale of non-current assets		255.498	1.020.240
<i>Adjustments to gain on sales of property and equipment</i>		255.498	1.020.240
Share of profit of investments accounted for using the equity method		3.845	(557.281)
<i>Adjustments related to undistributed profit of associates</i>		13.134	(382.635)
<i>Adjustments related to undistributed profit of joint ventures</i>		(9.289)	(174.646)
Adjustments related to tax (income) expense		2.626.688	(12.396.197)
Adjustments related to profit / (loss)		94.530.181	83.103.063
<b>Changes in net working capital</b>		<b>(64.461.307)</b>	<b>(95.180.997)</b>
Adjustments related to (increase)/decrease in inventories		(35.374.517)	(60.027.477)
Adjustments related to (increase)/decrease in trade receivables		23.273.013	(48.925.039)
<i>(Increase) / decrease in trade receivables from related parties</i>		11.675.956	13.343.409
<i>(Increase) / decrease in trade receivables from third parties</i>		11.597.057	(62.268.448)
Adjustments related to decrease (increase) in other receivables		2.808.593	(2.395.587)
<i>(Increase) / decrease in other receivables from related parties</i>		1.782.789	-
<i>(Increase) / decrease in other receivables from third parties</i>		1.025.804	(2.395.587)
Adjustments related to (increase)/decrease in prepaid expenses		(21.207.194)	(46.876.631)
<i>Decrease / (increase) in prepaid expenses to third parties</i>		(21.207.194)	(46.876.631)
Adjustments related to increase (decrease) in employee benefits payable		(6.273.525)	22.209.940
Adjustments related to increase/ (decrease) in trade payables		23.387.240	6.971.047
<i>Increase/ (decrease) in trade payables to related parties</i>		4.295.752	2.637.364
<i>Increase/ (decrease) in trade payables to third parties</i>		19.091.488	4.333.683
Adjustments related to increase in other payables		(13.753.743)	(9.800.614)
<i>Increase / (decrease) in other payables to related parties</i>		(2.444.600)	-
<i>Increase / (decrease) in other payables to third parties</i>		(11.309.143)	(9.800.614)
Adjustments related to increase / (decrease) in deferred revenue		(44.154.990)	41.641.423
<i>Increase / (decrease) in deferred revenue to third parties</i>		(44.154.990)	41.641.423
Adjustments related to increase / (decrease) in working capital		6.833.816	2.021.941
<i>Increase / decrease in other assets related to operations</i>		(12.872.675)	(15.501.871)
<i>Increase / decrease in other liabilities related to operations</i>		19.706.491	17.523.812
Rent payments		(107.485.354)	(88.889.681)
Rent received		385.379	40.381
Employee termination benefits paid		(6.702.116)	(28.915.129)
Payments for other provisions	13	(666.612)	(285.066)
Other cash outflows		(813.764)	(1.836.520)

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



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

**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW  
FOR THE PERIODS ENDED 31 MARCH 2017 AND 2016**

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

	Notes	Unaudited 1 January - 31 March 2017	Unaudited 1 January - 31 March 2016
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(22.877.324)</b>	<b>(24.765.312)</b>
Purchases of property, equipment and intangible assets		(23.083.446)	(20.612.084)
<i>Purchases of property and equipment</i>	10	(18.325.857)	(11.995.612)
<i>Purchases of intangible assets</i>	11	(4.757.589)	(8.616.472)
Proceeds from disposal of property, equipment and intangible assets		206.122	19.164
<i>Proceeds from disposal of property and equipment</i>		206.122	19.164
Change in cash related to the acquisition of subsidiaries' shares		-	(4.172.392)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>9.607.493</b>	<b>190.760.653</b>
Interest paid		(91.517.501)	(104.694.858)
Interest received		11.541.036	25.623.611
Proceeds from bank borrowings		523.555.497	804.661.398
<i>Proceeds from loans</i>		482.141.063	674.618.373
<i>Proceeds from factoring transactions</i>		39.688.200	128.846.122
<i>Proceeds from other financial liabilities</i>		1.726.234	1.196.903
Payment of bank borrowings		(486.351.111)	(513.974.846)
<i>Cash outflows due to the payments of bank borrowings</i>		(403.032.492)	(498.405.679)
<i>Cash outflows due to the payments of factoring liabilities</i>		(81.933.737)	(15.400.240)
<i>Cash outflows due to the payments of other financial liabilities</i>		(1.384.882)	(168.927)
Increase/(decrease) in other payables from related parties		52.379.572	(20.854.652)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>(65.947.349)</b>	<b>51.567.514</b>
<b>D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>10.668</b>	<b>(468)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(65.936.681)</b>	<b>51.567.046</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4</b>	<b>187.633.837</b>	<b>88.246.065</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>4</b>	<b>121.697.156</b>	<b>139.813.111</b>

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

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

## BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017

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

#### NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF ACTIVITIES

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

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

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

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

Subsidiary	Country of registration	Nature of business	31 March 2017 Effective ownership (%)	31 December 2016 Effective ownership (%)
AY Marka	Turkey	Retail Operations	100,00	100,00
BBM	Turkey	Retail Operations	100,00	100,00
Beymen	Turkey	Retail Operations	100,00	100,00
AYTK	Turkey	Sales and Marketing of Textile Products	100,00	100,00
Alticom <sup>(1)</sup>	Germany	Sales and Marketing of Textile Products	100,00	100,00
Altınyıldız Corporation	USA	Sales and Marketing of Textile Products	100,00	100,00
A&Y LLC	Dubai	Sales and Marketing of Textile Products	100,00	100,00
Nişantaşı Turistik	Turkey	Restaurant Operations	75,00	75,00
İzkar	Turkey	Retail Operations	75,00	75,00
Beymen İç ve Dış Ticaret	Turkey	Export-Import	100,00	100,00
Anka	Turkey	Retail Operations	100,00	100,00
Bulin	Turkey	Export-Import	100,00	100,00

(1) The liquidation process of Alticom has started in 2014 and the process is continuing as of 31 March 2017.

As of 31 March 2017, the Group has retail space of 358.298 square meters (281.313 square meters of its own stores and 76.985 square meters of others) (31 December 2016: 356.097 square meters (282.146 square meters of its own stores, and 73.951 square meters of others)) and operates in 354 stores (265 own stores and 89 other) (31 December 2016: 352 stores (257 own stores and 95 other)).

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

## BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017

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

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

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

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

(\*) The liquidation process of Elif Co. has started in 2016 and the process is continuing as of 31 March 2017.

The condensed interim consolidated financial statements as at 31 March 2017 have been approved and authorized for issue on 5 May 2017 by the Board of Directors.

#### NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

##### 2.1 Basis of presentation

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

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

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

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

## BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017

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

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

##### 2.1 Basis of presentation (Continued)

###### Going Concern Assumption

The condensed interim consolidated financial statements have been prepared assuming that the Company and its consolidated subsidiaries will continue as a going concern on the basis that they will be able to realize its assets and discharge its liabilities in the normal course of business. As of 31 March 2017, the total current liabilities of the Group exceed its total current assets by TRY 897.427.849. In addition, according to the evaluation made with regard to the Article 376 of the Turkish Commercial Code, two third of the Group’s capital and legal reserves is not covered due to the loss for the period.

According to the decision taken in General Assembly on 2 May 2017, share premiums amounting to TRY 138.375.874 will be transferred to accumulated losses. In addition, the Group foresees that its profitability will increase in the last quarter of the year due to the effects of seasonality in the sector which it operates, which will result to the increase of operational profit of the Group. Additionally, the Group management plans to decrease the difference between current assets and short term liabilities through restructuring its short term liabilities with long term liabilities. Further, as explained in Note 22, the Group applied to CMB on 9 March 2017 for capital increase from TRY 57.700.000 by 346,62% to the amount of TRY 257.700.000 via rights issue paid full in cash and which is within the limit of the registered equity ceiling TRY 500.000.000.

##### 2.2 Seasonality of operations

The condensed interim consolidated financial statements may include the effects of the seasonal variations. Therefore, the results of business operations for the first three months up to 31 March 2017 do not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

##### 2.3 Significant accounting estimates, assumptions and decisions

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

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

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

## BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017

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

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

##### 2.4 Changes in Accounting Policies

###### New and amended International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 March 2017 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2017. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

*a) In accordance with the paragraph 28 of TAS 8, the new standards, amendments to published standards and interpretations effective applicable to 31 March 2017:*

- TFRS 14 - Regulatory deferral accounts (Amendments)
- TFRS 11 - Joint arrangements (Amendments)
- TAS 16 - Property, plant and equipment and TAS 41 - Agriculture (Amendments)
- TAS 16 - Property, plant and equipment and TAS 38 - Intangible assets (Amendments)
- TAS 27 - Separate financial statements (Amendments)
- TFRS 10 - Consolidated financial statements and TAS 28 - Investments in associates and joint ventures (Amendments)
- TAS 1 - Presentation of financial statements (Amendments)
- TFRS Annual improvements - 2014

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

*b) In accordance with the paragraph 30 of TAS 8, the new standards, amendments and interpretations issued as of 31 March 2017 but not early adopted by the Group:*

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

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

- TAS 7 “Statement of cash flows”
- TAS 12 “Income Taxes”
- TFRS 2 “Share based payments”
- TAS 40 “Investment property”
- Annual improvements 2014–2016
- TFRIC 22 “Foreign currency transactions and advance consideration”

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

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

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

## BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2017

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

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

##### 2.5 Comparatives and restatement of prior periods’ financial statements

The condensed interim 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 interim condensed consolidated financial statements.

In order to conform to changes in presentation in the current period consolidated financial statements; following items which were classified in other operating income in the prior year’s financial statements; foreign exchange income amounting to TRY 9.265.602 have been reclassified to financial income; advertisement income amounting to TRY 1.239.893, personnel and commission income amounting to TRY 546.487 in total have been reclassified to marketing expenses; inventory count difference income amounting to TRY 421.351 have been reclassified to cost of sales; personnel income amounting to TRY 7.848 have been reclassified to general administrative expenses and other expenses amounting to TRY 25.542 have been reclassified to other operating expenses as of 31 March 2017.

Foreign exchange expenses amounting to TRY 9.041.118, term difference expenses amounting to TRY 1.494.927, bank commission expenses amounting to TRY 531.489 and disallowable expenses amounting to TRY 65.050 which were classified in other operating expenses, have been reclassified to financial expenses as of 31 March 2017. Furthermore, following items which were classified in other operating expenses; inventory count differences amounting to TRY 1.182.356 have been reclassified to cost of sales; brand license expenses and rent expenses amounting to TRY 354.729 have been reclassified to marketing expenses; donation and aid expense and other disallowable expenses amounting to TRY 249.161 have been reclassified to general administrative expenses. Other expenses amounting to TRY 14.250 which had been classified in marketing expenses have been reclassified to other operating expenses.

Rent expenses amounting to TRY 5.331.556, transportation expenses amounting to TRY 2.200.489, advertisement, postage, archive, handling charges, label, sample, consultancy and sales material expenses amounting to TRY 911.762 in total which had been classified in general administrative expenses, have been classified in marketing expenses. Items which had also been classified in general administrative expenses as bank commission and bank charges amounting to TRY 179.899 have been classified in financial expenses; other expenses amounting to TRY 73.467 have been classified to other operating expenses.

Interest income amounting to TRY 36.715.682 and foreign exchange income amounting to TRY 2.781.687 which had been net off from financial expenses, have been classified to financial income.

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

**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS AS AT 31 MARCH 2017**

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

**NOTE 3 - SEGMENT REPORTING**

The business operations of the Group are organized and managed with respect to the range of products and services provided by the Group. The information regarding the business activities of the Group as of 31 March 2017 and 2016 comprise the performance and the management of textile products and retail store operations.

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

The segment analysis for the period ended 31 March 2017 is as follows:

<b>1 January-31 March 2017</b>	<b>Retail Operations</b>	<b>Textile</b>	<b>Real estate management (*)</b>	<b>Undistributed</b>	<b>Elimination</b>	<b>Total</b>
Revenue	855.121.195	44.914.666	-	6.686.020	(29.858.169)	876.863.712
Gross profit	328.548.689	5.026.391	-	5.989.102	(9.519.711)	330.044.471
Capital expenditures (based on balance sheet)	18.950.986	3.929.801	-	202.659	-	23.083.446
Depreciation and amortization expenses	20.758.733	1.131.231	-	10.582.862	-	32.472.826
<b>31 March 2017</b>	<b>Retail Operations</b>	<b>Textile</b>	<b>Real estate management (*)</b>	<b>Undistributed</b>	<b>Elimination</b>	<b>Total</b>
<b>Assets and liabilities</b>						
Segment assets	3.384.819.235	434.821.503	-	2.286.382.760	(1.687.222.509)	4.418.800.991
<b>Total assets</b>	<b>3.384.819.235</b>	<b>434.821.503</b>	<b>-</b>	<b>2.286.382.760</b>	<b>(1.687.222.509)</b>	<b>4.418.800.991</b>
Segment liabilities	3.008.262.711	478.239.695	-	2.290.666.581	(1.367.387.295)	4.409.781.692
<b>Total liabilities</b>	<b>3.008.262.711</b>	<b>478.239.695</b>	<b>-</b>	<b>2.290.666.581</b>	<b>(1.367.387.295)</b>	<b>4.409.781.692</b>

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

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

**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS AS AT 31 MARCH 2017**

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

**NOTE 3 - SEGMENT REPORTING (Continued)**

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

<b>1 January-31 March 2016</b>	<b>Retail Operations</b>	<b>Textile &amp; Ready to Wear</b>	<b>Real Estate Management</b>	<b>Undistributed</b>	<b>Elimination</b>	<b>Total</b>
Revenue	799.948.834	71.673.644	3.193.935	13.633.625	(49.273.078)	839.176.960
Gross profit	313.338.377	2.262.048	3.043.251	8.810.997	(7.495.502)	319.959.171
Capital expenditures (based on balance sheet)	20.087.340	332.700	-	192.044	-	20.612.084
Depreciation and amortization expenses	18.907.708	1.746.588	-	10.052.465	-	30.706.761
<b>31 December 2016</b>	<b>Retail Operations</b>	<b>Textile</b>	<b>Real Estate Management</b>	<b>Undistributed</b>	<b>Elimination</b>	<b>Total</b>
<b>Assets and liabilities</b>						
Segment assets	3.552.544.549	506.627.528	-	2.345.533.754	(1.914.342.487)	4.490.363.344
<b>Total assets</b>	<b>3.552.544.549</b>	<b>506.627.528</b>	<b>-</b>	<b>2.345.533.754</b>	<b>(1.914.342.487)</b>	<b>4.490.363.344</b>
Segment liabilities	3.150.708.898	537.145.998	-	2.269.103.280	(1.599.598.343)	4.357.359.833
<b>Total liabilities</b>	<b>3.150.708.898</b>	<b>537.145.998</b>	<b>-</b>	<b>2.269.103.280</b>	<b>(1.599.598.343)</b>	<b>4.357.359.833</b>

*Details of discontinued operation and disposal of subsidiary:*

*Discontinued operation of real estate development and management*

In accordance with the agreement signed on 7 May 2016, Group transferred all the shares of its subsidiary, BYN to Gençoğlu AVM Yatırımları A.Ş. on 15 June 2016 for an amount of EUR 26 million (TRY 85.676.500). As a result of this transaction, Group discontinued its operations related to this shopping mall investment and management, and reported the results of its operation until 15 June 2016 as a discontinued operation in the current period. In accordance with this agreement, impairment loss of TRY 43.798.954 recognized in the consolidated financial statements as of 31 March 2016. Additional impairment loss of TRY 1.732.020 calculated as of the date of share transfer, is recognized in the consolidated financial statements as of 30 June 2016. Total impairment loss of TRY 45.530.974 related to the change in fair value is classified in “loss from discontinued operations” in the consolidated statement of profit or loss and other comprehensive income together with the other income and expenses from BYN as of 31 December 2016.

As of 31 December 2016, BYN operations have been classified as discontinued operations in consolidated statement of profit or loss. Since the financial performance and cash flow information related to the sale transaction are not material for the consolidated financial statements, the prior period’s financial statements as of 31 March 2016 are not restated.



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**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS AS AT 31 MARCH 2017**

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

**NOTE 3 - SEGMENT REPORTING (Continued)**

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

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

	<b>15 June 2016</b>
Cash consideration	85.676.500
Financial liabilities of BYN	(43.778.099)
<b>Net cash consideration</b>	<b>41.898.401</b>
Carrying amount of net assets sold	42.019.707
<b>Loss recognized due to the sale of subsidiary</b>	<b>(121.306)</b>

*Discontinued operations of ready to wear production*

The Group’s subsidiary AYTK, aims to increase its export sales and focus on the production of textile products with higher profit margin; and decided to discontinue its operations in production of ready-to-wear segment in 2016. As of 31 December 2016, ready to wear operations has been classified discontinued operations in consolidated statement of profit or loss:

	<b>1 January - 31 December 2016</b>
Gross loss	(12.687.649)
Operating expenses, net	(2.523.994)
Investing and financing expenses, net	(630.690)
<b>Loss before tax from discontinued operations</b>	<b>(15.842.333)</b>
Deferred tax expense	(23.744)
<b>Loss from discontinued operations</b>	<b>(15.866.077)</b>

Since the financial performance and cash flow information related to the sale transaction classified as discontinued operations as of 31 December 2016 are not material to the consolidated financial statements of the Group, financial information related to prior periods are not restated.

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**NOTE 3 - SEGMENT REPORTING (Continued)**

The reconciliation of EBITDA as of 31 March 2017 and 2016 is as follows:

	<b>1 January - 31 March 2017</b>	<b>1 January - 31 March 2016</b>
Revenue	876.863.712	839.176.960
Gross profit	330.044.471	319.959.171
EBITDA	16.697.735	(52.948.987)
Adjustments:		
<b>Reclassification in accordance with the format recommended by CMB</b>	<b>7.198.163</b>	<b>(10.124)</b>
Foreign currency gains	(7.692.560)	(6.935.331)
Rediscount income	(44.141.482)	(46.368.400)
Term difference income	(4.635.588)	(5.579.528)
Foreign currency losses	16.997.163	5.788.920
Term difference expenses	21.456.309	22.088.638
Rediscount expense	25.214.321	30.995.577
<b>Non-recurring (income)/expenses, per Group Management, net (*)</b>	<b>4.010.485</b>	<b>59.898.660</b>
Other non-recurring operational expenses	4.010.485	59.898.660
<b>Adjusted EBITDA (*)</b>	<b>27.906.383</b>	<b>6.939.549</b>

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

**NOTE 4 - CASH AND CASH EQUIVALENTS**

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

	<b>31 March 2017</b>	<b>31 December 2016</b>
Cash	2.455.965	6.560.419
Banks (*)	98.688.361	139.002.621
- Time deposits (**)	61.246.234	90.134.630
- Demand deposits	37.442.127	48.867.991
Credit card receivables (***)	15.755.131	35.344.335
Cheques given for collection	4.797.699	6.726.462
	<b>121.697.156</b>	<b>187.633.837</b>

(\*) Group has restricted cash amounting to TRY 80.669.082 as of 31 March 2017. (31 December 2016: TRY 89.287.235).

(\*\*) The time deposits of the Group, which consist of overnights, have interest rate of 10,76% in average as of 31 March 2017 (31 December 2016: 8,68%).

(\*\*\*) As of 31 March 2017, the pledge on the credit card receivables of the Group is amounting to TRY 14.900.331 (31 December 2016: TRY 18.630.158).

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

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**NOTE 5 - FINANCIAL LIABILITIES**

**Short-term financial liabilities**

	<b>31 March 2017</b>	<b>31 December 2016</b>
Interest free bank borrowings (*)	2.435.583	290.000
Short term bank borrowings	186.682.340	181.666.206
	<b>189.117.923</b>	<b>181.956.206</b>

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

**Short-term portion of long-term financial liabilities**

	<b>31 March 2017</b>	<b>31 December 2016</b>
Short-term portion of long-term financial liabilities	961.725.347	711.914.524
Short-term portion of long-term bonds (**)	109.699.712	109.572.200
Financial lease liabilities	12.059.768	10.337.640
	<b>1.083.484.827</b>	<b>831.824.364</b>

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

**Long-term financial liabilities**

	<b>31 March 2017</b>	<b>31 December 2016</b>
Long-term bank borrowings	1.072.053.460	1.216.571.326
Financial lease liabilities	4.356.523	5.737.299
	<b>1.076.409.983</b>	<b>1.222.308.625</b>

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**NOTE 5 - FINANCIAL LIABILITIES (Continued)**

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

**31 March 2017**

<b>Currency</b>	<b>Maturity</b>	<b>Interest Rate (%)</b>	<b>Short Term</b>	<b>Long Term</b>
TRY interest free borrowings	2017	-	2.435.583	-
TRY borrowings	2017-2020	11,78 - TR Libor+6,25	486.051.111	199.407.443
USD borrowings	2017-2021	Libor+3,65 - Libor+4,95	537.874.195	810.650.484
EUR borrowings	2017-2018	6,25	124.482.381	61.995.533
			<b>1.150.843.270</b>	<b>1.072.053.460</b>

**31 December 2016**

<b>Currency</b>	<b>Maturity</b>	<b>Interest Rate (%)</b>	<b>Short Term</b>	<b>Long Term</b>
TRY interest free borrowings	2017	-	290.000	-
TRY borrowings	2017-2020	12,25 - TR Libor+6,25%	503.577.143	248.597.559
USD borrowings	2017-2018	Libor+3,65 - Libor+4,95	271.817.018	879.769.121
EUR borrowings	2017-2026	6,25	118.186.569	88.204.646
			<b>893.870.730</b>	<b>1.216.571.326</b>

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

	<b>31 March 2017</b>	<b>31 December 2016</b>
To be paid in 1 year	1.260.542.982	1.003.442.930
2018	317.532.397	595.537.329
2019 and after	754.521.063	621.033.997
	<b>2.332.596.442</b>	<b>2.220.014.256</b>

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

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**NOTE 5 - FINANCIAL LIABILITIES (Continued)**

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

	<b>31 March 2017</b>	<b>31 December 2016</b>
Total financial lease payments	18.218.698	17.869.355
Interest will be paid in upcoming years (-)	(1.802.407)	(1.794.416)
	<b>16.416.291</b>	<b>16.074.939</b>
Financial lease liabilities up to 1 year	12.059.768	10.337.640
Financial lease liabilities after 1 year	4.356.523	5.737.299
	<b>16.416.291</b>	<b>16.074.939</b>

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

	<b>31 March 2017</b>	<b>31 December 2016</b>
TRY	11.115.665	9.452.834
EUR	944.103	884.806
	<b>12.059.768</b>	<b>10.337.640</b>

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

	<b>31 March 2017</b>	<b>31 December 2016</b>
TRY	3.645.278	4.833.864
EUR	711.245	903.435
	<b>4.356.523</b>	<b>5.737.299</b>

Collateral bills amounting to EUR 1.681.869 and TRY 9.467.965 are given regarding to the financial leasing liabilities disclosed above (31 December 2016: EUR 962.855 and TRY 6.021.620).

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**NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>31 March 2017</b>	<b>31 December 2016</b>
Financial assets arising from swap transactions - short term (*)	59.798.957	44.803.537
Financial assets arising from swap transactions - long term (*)	94.013.177	84.439.496
	<b>153.812.134</b>	<b>129.243.033</b>

(\*) The Group has swap contracts, related to foreign currency denominated loans which are summarized below, in order to hedge foreign exchange risk and interest risk as of 31 March 2017 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 31 March 2017, 5 following swap instruments are carried at their fair values through the consolidated statement of profit or loss.

- With the agreement made on 18 November 2016, for the portion of the loan amounting to USD 163.514.723 (TRY 594.964.674) as of 31 March 2017,
- With the agreement made on 9 June 2016, for the portion of the loan amounting to USD 90.228.395 (TRY 328.305.040) as of 31 March 2017,
- With the agreement made on 21 September 2015, for the portion of the loan amounting to EUR 47.713.306 (TRY 186.477.915) as of 31 March 2017,
- With the agreement made on 28 July 2015, for the portion of the loan amounting to USD 66.630.746 (TRY 242.442.634) as of 31 March 2017.
- With the agreement made on 1 February 2017, for the portion of the loan amounting to USD 51.501.500 (TRY 187.393.359) as of 31 March 2017.

Movement of derivative instruments are as follows:

	<b>2017</b>	<b>2016</b>
<b>Opening balance - 1 January</b>	<b>129.243.033</b>	<b>59.760.767</b>
The amount recognized in financial expenses	24.569.101	(11.568.858)
<b>Closing balance - 31 March</b>	<b>153.812.134</b>	<b>48.191.909</b>

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**NOTE 7 - TRADE RECEIVABLES AND PAYABLES**

**Short-term trade receivables**

	<b>31 March 2017</b>	<b>31 December 2016</b>
Trade receivables	197.768.780	182.775.657
Notes receivables (*)	135.782.458	169.477.543
Less: Provision for doubtful receivables	(47.440.026)	(47.331.914)
Less: Rediscount expense	(6.371.436)	(6.285.420)
<b>Total trade receivables from third parties</b>	<b>279.739.776</b>	<b>298.635.866</b>
Trade receivables from related parties	51.558.301	63.132.083
Less: Doubtful receivable from related parties (**)	(7.319.185)	(7.319.185)
Less: Rediscount expense	(1.084.910)	(1.013.062)
<b>Total trade receivables from related parties (Note 20)</b>	<b>43.154.206</b>	<b>54.799.836</b>
<b>Total short-term trade receivables</b>	<b>322.893.982</b>	<b>353.435.702</b>

(\*) TRY 110.049.912 of the notes receivables was transferred to the factoring institutions (31 December 2016 : TRY 119.933.830). The factoring debts related to this transaction have been classified under other financial liabilities.

(\*\*) The Group's doubtful receivables from related parties consist of Elif Co., whose liquidation procedures were started in 2016.

**Long-term trade receivables**

	<b>31 March 2017</b>	<b>31 December 2016</b>
Trade receivables from related parties (Note 20)	4.833.124	4.935.298
Trade receivables from third parties	121.536	3.984.536
Notes receivables	9.635.010	10.182.919
Less: Rediscount expense	(2.125.018)	(2.043.951)
<b>Total long-term trade receivables</b>	<b>12.464.652</b>	<b>17.058.802</b>

The collection period of trade receivables vary with the type of product and the agreements entered into with the customer. The average collection period for textile company's sales is 166 days (31 December 2016: 174 days). The average collection period of trade receivables from retail companies' sales is 62 days (31 December 2016: 69 days).

The movement of provision for the doubtful receivables as of 31 March 2017 and 2016 is as follows:

	<b>2017</b>	<b>2016</b>
<b>Opening balance - 1 January</b>	<b>54.651.099</b>	<b>35.254.468</b>
Provisions (Note 17)	502.542	389.755
Collection of receivables during the current period	(18.275)	(7.473)
Write-offs in the current period (*)	(376.155)	(20.565)
<b>Closing balance – 31 March</b>	<b>54.759.211</b>	<b>35.616.185</b>

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

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**NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)**

**Short term trade payables**

	<b>31 March 2017</b>	<b>31 December 2016</b>
Trade payables	620.358.877	566.953.316
Notes payables (*)	725.950.623	766.596.199
Less: Rediscount income	(30.486.140)	(25.918.271)
<b>Total trade payables to third parties</b>	<b>1.315.823.360</b>	<b>1.307.631.244</b>
Trade payables to related parties	21.739.419	17.443.667
Less: Rediscount income	(453.326)	(587.367)
<b>Total trade payables to related parties (Note 20)</b>	<b>21.286.093</b>	<b>16.856.300</b>
<b>Total trade payables</b>	<b>1.337.109.453</b>	<b>1.324.487.544</b>

The average payment period of trade payables is 173 days for textile company (31 December 2016: 208 days). The average payment period of trade payables for retail companies’ purchases is 196 days (31 December 2016: 201 days).

**Long term trade payables**

	<b>31 March 2017</b>	<b>31 December 2016</b>
Notes payables (*)	49.470.396	52.358.847
<b>Total long term trade payables</b>	<b>49.470.396</b>	<b>52.358.847</b>

(\*) The Group has purchased the factory land and buildings which belong to Akiş Gayrimenkul Yatırım Ortaklığı A.Ş for USD 24.691.930. The payable amount which has a maturity of 5 years, has classified as short term and long term payables amounting to TRY 21.174.072 (31 December 2016: TRY 22.423.054) and TRY 49.414.248 respectively (31 December 2016: TRY 52.302.699).

**NOTE 8 - INVENTORIES**

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

	<b>31 March 2017</b>	<b>31 December 2016</b>
Raw materials and supplies	28.757.845	34.582.414
Semi-finished goods	22.539.876	22.066.344
Finished goods	38.604.655	35.251.825
Trade goods	1.150.421.569	1.084.990.451
Goods in transit	23.461.562	47.249.914
Auxiliary materials	9.129.473	9.069.600
Real estates	26.938.045	27.633.724
	<b>1.299.853.025</b>	<b>1.260.844.272</b>
Less: Provision for impairment on inventories	(49.877.295)	(43.334.645)
	<b>1.249.975.730</b>	<b>1.217.509.627</b>



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**NOTE 8 - INVENTORIES (Continued)**

The total insurance coverage on inventories amounting as TRY 1.610.175.000 as at 31 March 2017 (31 December 2016: TRY 1.602.175.000).

The movement of the impairment on inventories during the period ended as of 31 March 2017 and 2016 is as follows:

	<b>2017</b>	<b>2016</b>
<b>Opening balance - 1 January</b>	<b>43.334.645</b>	<b>24.345.493</b>
Provision provided during the period	6.542.650	11.518.564
<b>Closing balance - 31 March</b>	<b>49.877.295</b>	<b>35.864.057</b>

**NOTE 9 - INVESTMENT PROPERTIES**

	<b>1 January 2017</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>Change in fair value</b>	<b>31 March 2017</b>
<b>Fair value</b>					
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	32.820.000	-	-	-	32.820.000
	<b>32.995.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.995.000</b>

	<b>1 January 2016</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>Change in fair value</b>	<b>31 March 2016</b>
<b>Fair value</b>					
Starcity Mall	142.464.000	-	-	(43.798.954)	98.665.046
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	16.840.700	-	-	-	16.840.700
	<b>159.479.700</b>	<b>-</b>	<b>-</b>	<b>(43.798.954)</b>	<b>115.680.746</b>

According to the share transfer agreement of the Group’s subsidiary signed on 7 May 2016, the fair value of the Starcity shopping mall has been calculated and impairment loss amounting to TRY 43.798.954 has been recognized to the consolidated financial statements as of 31 March 2016. The additional impairment loss amounting to TRY 1.732.020 calculated at the share transfer date, has been recognized at the consolidated financial statements as of 30 June 2016. Total impairment loss due to the fair value change, amounting to TRY 45.530.974 is accounted as of 31 December 2016. As a result of share transfer on 15 June 2016, the income and expenses related to BYN’s activities are reclassified to loss from discontinued operations for the period (Note 3).

Rent income from investment properties is TRY 113.108 (1 January - 31 March 2016: TRY 3.193.936).

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**NOTE 9 - INVESTMENT PROPERTIES (Continued)**

**The fair value of land and buildings**

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

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

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

	<b>31 March 2017</b>		
	<b>Quoted in active markets for identical assets prices (Level 1)</b>	<b>Other significant observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<b>Recurring fair value measurements</b>			
Store at Unkapanı	-	175.000	-
Istwest stores	-	32.820.000	-
	-	<b>32.995.000</b>	-
	<b>31 December 2016</b>		
	<b>Quoted in active markets for identical assets prices (Level 1)</b>	<b>Other significant observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Store at Unkapanı	-	175.000	-
Istwest stores	-	32.820.000	-
	-	<b>32.995.000</b>	-

**Valuation techniques used to derive level 2 fair values**

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

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**NOTE 10 - PROPERTY PLANT AND EQUIPMENT**

	<b>1 January 2017</b>	<b>Additions</b>	<b>Disposals (-)(*)</b>	<b>Transfers</b>	<b>31 March 2017</b>
<b>Cost</b>					
Land	48.883.306	-	-	-	48.883.306
Land improvements	214.432	-	-	-	214.432
Buildings	44.573.895	-	-	-	44.573.895
Plant, machinery and equipment	115.836.518	15.279	-	-	115.851.797
Furniture and fixtures	205.594.252	6.485.051	(625.812)	3.054.661	214.508.152
Motor vehicles	945.389	-	-	-	945.389
Leasehold improvements	264.660.591	5.646.500	(1.879.480)	-	268.427.611
Construction in progress	9.171.911	6.179.027	(119.429)	(3.054.661)	12.176.848
	<b>689.880.294</b>	<b>18.325.857</b>	<b>(2.624.721)</b>	<b>-</b>	<b>705.581.430</b>
<b>Accumulated depreciation (-)</b>					
Land improvements	(893)	(2.680)	-	-	(3.573)
Buildings	(749.009)	(264.502)	-	-	(1.013.511)
Plant, machinery and equipment	(104.116.431)	(801.538)	-	-	(104.917.969)
Furniture and fixtures	(93.542.614)	(8.039.027)	283.621	-	(101.298.020)
Motor vehicles	(767.768)	(32.282)	-	-	(800.050)
Leasehold improvements	(123.323.832)	(8.506.076)	859.129	-	(130.970.779)
	<b>(322.500.547)</b>	<b>(17.646.105)</b>	<b>1.142.750</b>	<b>-</b>	<b>(339.003.902)</b>
<b>Net book value</b>	<b>367.379.747</b>				<b>366.577.528</b>

(\*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 1.020.351 during the period 1 January - 31 March 2017.

	<b>1 January 2016</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>Transfers</b>	<b>31 March 2016</b>
<b>Cost</b>					
Land	48.883.306	-	-	-	48.883.306
Buildings	26.311.968	-	-	-	26.311.968
Plant, machinery and equipment	132.155.311	2.128.659	(2.605)	-	134.281.365
Furniture and fixtures	173.654.694	3.570.264	(46.599)	-	177.178.359
Motor vehicles	934.984	-	-	-	934.984
Leasehold improvements	257.132.781	3.179.477	(2.443.506)	-	257.868.752
Construction in progress	5.421.107	3.117.212	-	-	8.538.319
	<b>644.494.151</b>	<b>11.995.612</b>	<b>(2.492.710)</b>	<b>-</b>	<b>653.997.053</b>
<b>Accumulated depreciation (-)</b>					
Buildings	(43.853)	(175.414)	-	-	(219.267)
Plant, machinery and equipment	(118.402.440)	(1.075.085)	1.682	-	(119.475.843)
Furniture and fixtures	(66.627.079)	(6.693.666)	33.914	-	(73.286.831)
Motor vehicles	(628.233)	(32.282)	-	-	(660.515)
Leasehold improvements	(107.540.886)	(8.540.208)	1.417.710	-	(114.663.384)
	<b>(293.242.491)</b>	<b>(16.516.655)</b>	<b>1.453.306</b>	<b>-</b>	<b>(308.305.840)</b>
<b>Net book value</b>	<b>351.251.660</b>				<b>345.691.213</b>

As of 31 March 2017, depreciation expense amounting to TRY 15.021.931 (31 March 2016: TRY 13.676.336) has been charged in marketing expenses, TRY 1.062.928 (31 March 2016: TRY 1.514.533) has been charged in cost of sales, TRY 1.555.495 (31 March 2016: TRY 1.291.705) in general and administrative expenses and TRY 5.751 (31 March 2016: TRY 34.081) in research and development expenses.

As of 31 March 2017 total amount of insurance on tangible assets TRY 1.009.753.974 (31 December 2016: TRY 954.295.626).

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**NOTE 11 - INTANGIBLE ASSETS**

	<b>1 January 2017</b>	<b>Additions</b>	<b>Disposals(-)</b>	<b>Transfers</b>	<b>31 March 2017</b>
<b>Cost</b>					
Licences	14.879.312	1.317.763	-	-	16.197.075
Brands	473.224.395	-	-	-	473.224.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	30.308.070	3.439.826	-	-	33.747.896
	<b>1.090.661.782</b>	<b>4.757.589</b>	<b>-</b>	<b>-</b>	<b>1.095.419.371</b>
<b>Accumulated amortization (-)</b>					
Licences	(14.430.575)	(842.312)	-	-	(15.272.887)
Favorable rent contract	(92.898.389)	(6.481.283)	-	-	(99.379.672)
Franchise agreements	(57.087.924)	(3.987.227)	-	-	(61.075.151)
Customer network	(18.329.227)	(1.278.783)	-	-	(19.608.010)
Computer licenses	(13.207.153)	(2.237.116)	-	-	(15.444.269)
	<b>(195.953.268)</b>	<b>(14.826.721)</b>	<b>-</b>	<b>-</b>	<b>(210.779.989)</b>
<b>Net book value</b>	<b>894.708.514</b>				<b>884.639.382</b>
	<b>1 January 2016</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>Transfers</b>	<b>31 March 2016</b>
<b>Cost</b>					
Licences	14.032.589	868.997	-	-	14.901.586
Brands	469.359.395	3.865.000	-	-	473.224.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	17.349.298	3.882.475	-	-	21.231.773
	<b>1.072.991.287</b>	<b>8.616.472</b>	<b>-</b>	<b>-</b>	<b>1.081.607.759</b>
<b>Accumulated amortization (-)</b>					
Licences	(12.218.637)	(976.959)	-	-	(13.195.596)
Favorable rent contract	(66.973.257)	(6.481.283)	-	-	(73.454.540)
Franchise agreements	(41.139.014)	(3.987.227)	-	-	(45.126.241)
Customer network	(13.214.094)	(1.278.783)	-	-	(14.492.877)
Computer licenses	(6.308.751)	(1.465.854)	-	-	(7.774.605)
	<b>(139.853.753)</b>	<b>(14.190.106)</b>	<b>-</b>	<b>-</b>	<b>(154.043.859)</b>
<b>Net book value</b>	<b>933.137.534</b>				<b>927.563.900</b>

As of 31 March 2017 depreciation expense amounting to TRY 11.065.997 (31 March 2016: TRY 11.353.257) has been charged in marketing expenses, TRY 3.751.471 (31 March 2016: TRY 2.821.020) has been charged in general and administrative expenses, TRY 4.550 (31 March 2016: TRY 11.824) in cost of sales and TRY 4.703 (31 March 2016: TRY 4.005) in research and development expenses.

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#### NOTE 11 - INTANGIBLE ASSETS (Continued)

##### Brands

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

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

#### NOTE 12 - GOODWILL

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

	31 March 2017	31 December 2016
Beymen share purchase	452.982.078	452.982.078
BBM share purchase	343.147.354	343.147.354
İzkar share purchase	1.579.128	1.579.128
	<b>797.708.560</b>	<b>797.708.560</b>

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

#### NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### Short term provision for employee benefits

Short term provision for employee benefits amounting to TRY 20.637.778 (31 December 2016: TRY 14.653.442) consists of provision for unused vacation rights, performance and bonus provision.

##### Other short term provisions

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

	31 March 2017	31 December 2016
Provision for sales returns and price differences	15.934.333	17.394.899
Provision for litigation	7.650.358	7.258.895
Other	4.686.816	176.021
	<b>28.271.507</b>	<b>24.829.815</b>

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

The movement of other short term provisions is as follows:

	<b>1 January 2017</b>	<b>Additions</b>	<b>Provisions paid</b>	<b>31 March 2017</b>
Provision for sales returns and price differences	17.394.899	11.709.007	(13.169.573)	15.934.333
Provision for litigation	7.258.895	882.054	(490.591)	7.650.358
Other	176.021	4.686.816	(176.021)	4.686.816
<b>Total</b>	<b>24.829.815</b>	<b>17.277.877</b>	<b>(13.836.185)</b>	<b>28.271.507</b>

	<b>1 January 2016</b>	<b>Additions</b>	<b>Provisions paid</b>	<b>31 March 2016</b>
Provision for sales returns and price differences	13.615.006	9.512.446	(12.491.748)	10.635.704
Provision for litigation	5.095.436	788.865	(270.059)	5.614.242
Other	56.742	-	(15.007)	41.735
<b>Total</b>	<b>18.767.184</b>	<b>10.301.311</b>	<b>(12.776.814)</b>	<b>16.291.681</b>

**Contingent assets and liabilities**

*Guarantees, Pledges and Mortgages*

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

	<b>31 March 2017</b>	<b>31 December 2016</b>
The GPM’s given by the Group		
A. Total amount of GPMs which the Company provided on behalf of its own legal entity	73.118	73.118
B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation	326.734.088	377.714.157
C. Total amount of GPMs which the Company provided on behalf of third parties to conduct business activities	-	-
D. Total amount of other GPMs provided	-	-
i. On behalf of majority shareholder	-	-
ii. On behalf of other group companies which are not included in item B or C	-	-
iii. On behalf of third parties which are not covered by item C	-	-
	<b>326.807.206</b>	<b>377.787.275</b>

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

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

Currency	31 March 2017		31 December 2016	
	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
TRY	297.292.330	297.292.330	357.656.221	357.656.221
EUR	3.425.117	13.386.385	4.585.769	17.012.744
USD	4.432.609	16.128.491	886.085	3.118.310
		<b>326.807.206</b>		<b>377.787.275</b>

**NOTE 14 - COMMITMENTS**

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

**Operating vehicles lease commitments:**

	31 March 2017	31 December 2016
Payable within 1 year	1.902.700	2.442.777
Payable within 1 - 5 years	1.951.082	2.705.791
	<b>3.853.782</b>	<b>5.148.568</b>

**Operating stores leasing commitments:**

	31 March 2017	31 December 2016
Payable within 1 year	161.025.115	142.853.518
Payable within 1 - 5 years	115.077.851	161.178.555
Longer than 5 years	34.829.090	33.519.972
	<b>310.932.056</b>	<b>337.552.045</b>

**Operating office leasing commitments:**

	31 March 2017	31 December 2016
Payable within 1 year	3.222.526	3.212.380
	<b>3.222.526</b>	<b>3.212.380</b>

The commitments of the Group related to export operations as of 31 March 2017 amounting to USD 503.029 (31 December 2016: USD 2.083.811).

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**NOTE 15 - EQUITY**

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

	<b>31 March 2017</b>		<b>31 December 2016</b>	
	<b>Share</b>	<b>Amount (TRY)</b>	<b>Share</b>	<b>Amount (TRY)</b>
Boyner Holding	50,10%	28.907.700	54,80%	31.619.228
Mayhoola for Investments OPC (*)	35,38%	20.411.528	30,68%	17.700.000
Other shareholders and free float (**)	14,52%	8.380.772	14,52%	8.380.772
<b>Paid-in capital</b>	<b>100,00%</b>	<b>57.700.000</b>	<b>100,00%</b>	<b>57.700.000</b>
Inflation adjustment difference in share capital		56.061.369		56.061.369
<b>Total adjusted capital</b>		<b>113.761.369</b>		<b>113.761.369</b>

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

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

(\*\*) Represents shareholding less than 10%.

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



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**NOTE 15 – EQUITY (Continued)**

*Legal Reserve*

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

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

*Restricted reserves*

	<b>31 March 2017</b>	<b>31 December 2016</b>
Legal reserves	10.467.368	10.467.368
Legal reserves arising from tax exemption related to the gain from sale of subsidiary (***)	1.080.833	1.080.833
Legal reserves arising from tax exemption related to the gain from the sale of investment property share (***)	21.902.906	21.902.906
	<b>33.451.107</b>	<b>33.451.107</b>

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

*Revaluation funds*

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

	<b>31 March 2017</b>	<b>31 December 2016</b>
Revaluation fund related to the land on which the factory plant was located	78.824.810	78.824.810
Revaluation fund related to the land classified as investment property	15.722.470	15.722.470
<b>Total of revaluation funds</b>	<b>94.547.280</b>	<b>94.547.280</b>
Classification of the special fund arising from the sale of investment property	(15.722.470)	(15.722.470)
Deferred tax effect	(3.943.025)	(3.943.025)
Transfers to accumulated losses	(61.688.266)	(61.457.501)
	<b>13.193.519</b>	<b>13.424.284</b>

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**NOTE 15 - EQUITY (Continued)**

The movement of revaluation funds as of 31 March 2017 and 2016 is as follows:

	<b>2017</b>	<b>2016</b>
<b>Opening balance - 1 January</b>	<b>13.424.284</b>	<b>15.930.274</b>
Transfers to accumulated losses (*)	(230.765)	(1.632.272)
<b>Closing balance - 31 March</b>	<b>13.193.519</b>	<b>14.298.002</b>

(\*) Revenue is recognized when the risk and benefits of the real estate inventories disclosed in Note 8, are transferred to buyer. Revaluation fund associated with income recognized during the periods ended 31 March 2017 and 2016 are transferred to accumulated loss.

*Impact of business combinations under common control*

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

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

**NOTE 16 - REVENUE AND COST OF SALES**

<b>Sales</b>	<b>1 January - 31 March 2017</b>	<b>1 January - 31 March 2016</b>
Domestic sales	1.054.773.381	1.004.939.358
Export sales	9.863.916	13.322.592
Other sales	1.966.455	9.400.902
Sales returns (-)	(148.641.314)	(139.781.106)
Sales discounts (-)	(41.098.726)	(48.704.786)
	<b>876.863.712</b>	<b>839.176.960</b>

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**NOTE 16 - REVENUE AND COST OF SALES (Continued)**

**Cost of sales**

	<b>1 January - 31 March 2017</b>	<b>1 January - 31 March 2016</b>
Cost of trade goods sold	(524.382.036)	(484.717.171)
Cost of finished goods sold	(21.740.287)	(29.429.177)
Cost of services given and real estate sold	(696.918)	(5.071.441)
	<b>(546.819.241)</b>	<b>(519.217.789)</b>

**NOTE 17 - OTHER OPERATING INCOME / (EXPENSE)**

**Other operating income**

	<b>1 January - 31 March 2017</b>	<b>1 January - 31 March 2016</b>
Rediscount income	44.141.482	46.368.400
Foreign exchange income	7.692.560	6.935.331
Store investment contribution income	5.848.208	1.217.946
Term difference income from sales	4.635.588	5.579.528
Other	10.901.905	4.877.152
	<b>73.219.743</b>	<b>64.978.357</b>

**Other operating expenses**

	<b>1 January - 31 March 2017</b>	<b>1 January - 31 March 2016</b>
Rediscount expenses	25.214.321	30.995.577
Term difference expenses from purchases	21.456.309	22.088.638
Foreign exchange losses	16.997.163	5.788.920
Provision expense of doubtful receivables (Note 7)	502.542	389.755
Other	2.219.212	1.630.664
	<b>66.389.547</b>	<b>60.893.554</b>

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**NOTE 18 - FINANCIAL INCOME / (EXPENSES)**

**Financial income**

	<b>1 January - 31 March 2017</b>	<b>1 January - 31 March 2016</b>
Foreign exchange gains	57.778.283	46.417.142
Interest income	11.541.036	25.623.612
Term difference income	709.898	151.766
	<b>70.029.217</b>	<b>72.192.520</b>

**Financial expenses**

	<b>1 January - 31 March 2017</b>	<b>1 January - 31 March 2016</b>
Interest expenses arising from bank borrowings	71.884.442	85.510.595
Foreign currency losses	69.049.876	43.950.107
Interest expenses arising from bills and bonds	3.836.197	10.036.582
Term difference expenses	6.974.092	4.370.431
Credit card early collection interest	8.183.042	5.919.351
Factoring expenses	6.866.160	3.536.698
Other	8.182.201	4.043.180
	<b>174.976.010</b>	<b>157.366.944</b>

**NOTE 19 - EARNING / (LOSS) PER SHARE**

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

	<b>1 January - 31 March 2017</b>	<b>1 January - 31 March 2016</b>
Loss for the current period (TRY)	(123.492.962)	(156.396.747)
Weighted average number of shares (*)	57.700.000	57.700.000
Loss per share of the Company (TRY)	(2,14)	(2,71)

(\*) Per share of TRY 1 nominal value.

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**NOTE 20 - RELATED PARTY DISCLOSURES**

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

	31 March 2017		31 December 2016	
	Trade	Other	Trade	Other
<b>Receivables from shareholders</b>				
Boyner Holding A.Ş.	742.812	184.803.817	5.372.434	233.148.434
<b>Receivables from associates</b>				
Nile Bosphorus (*)	4.833.124	-	4.935.298	-
Christian Dior İstanbul Mağazacılık A.Ş.	4.358	50.497	190	-
Christian Louboutin Mağazacılık A.Ş.	9.030	-	67.732	-
<b>Receivables from other related parties</b>				
BR Mağazacılık A.Ş.	12.875.740	-	10.361.937	-
BNR Teknoloji A.Ş.	115.214	-	570.945	-
Fırsat Teknoloji A.Ş.	24.497.630	7.242.380	16.099.972	13.096.726
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler İth.ve İhr. Turizm Ltd.	3.468.605	-	12.948.556	-
Era Mağazacılık A.Ş.	1.432.558	-	9.362.710	-
Alsis Sigorta Acentalığı A.Ş.	8.259	-	15.360	-
<b>Total</b>	<b>47.987.330</b>	<b>192.096.694</b>	<b>59.735.134</b>	<b>246.245.160</b>

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

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

	31 March 2017		31 December 2016	
	Trade	Other	Trade	Other
<b>Payables to shareholders</b>				
Boyner Holding A.Ş.	152.822	-	142.850	-
Payables to individual shareholders	348.141	32.747.400	-	35.192.000
<b>Payables to associates</b>				
Christian Louboutin Mağazacılık A.Ş.	138.773	-	559.340	-
Christian Dior İstanbul Mağazacılık A.Ş.	412.386	-	-	-
<b>Payables to other related parties</b>				
BNR Teknoloji A.Ş.	1.311.809	-	968.475	-
BR Mağazacılık A.Ş.	12.642.885	-	12.391.944	-
Alsis Sigorta Acentalığı A.Ş.	5.670.704	-	2.723.771	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	182.002	-	36.657	-
Fırsat Teknoloji A.Ş.	-	-	3.123	-
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	10.384	-	19.579	-
Boyner Danışmanlık Servis ve Ticaret A.Ş.	400.729	-	10.561	-
Era Mağazacılık A.Ş.	15.458	-	-	-
<b>Total</b>	<b>21.286.093</b>	<b>32.747.400</b>	<b>16.856.300</b>	<b>35.192.000</b>

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**NOTE 20 - RELATED PARTY DISCLOSURES (Continued)**

c) Purchase and sale of goods and services to related parties as of 31 March 2017 and 2016 are as follows:

Purchases	31 March 2017			31 March 2016		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
<b>Shareholders</b>						
Boyner Holding A.Ş.	2.923	719.483	13.193	903	3.371.452	3.941.960
<b>Associates</b>						
Christian Louboutin Mağazacılık A.Ş.	87.165	-	-	93.986	-	-
<b>Other related parties</b>						
BR Mağazacılık A.Ş.	7.569.136	113.520	-	3.983.009	-	-
Fırsat Elektronik A.Ş.	-	102.021	-	-	203.455	1.896
Ran Konfeksiyon Tekstil Deri Yan Ürünler İth. ve İhr. Turizm Ltd.	-	-	2.050.625	-	-	72.000
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	44.440	9.900	-	48.300	-
Alsis Sigorta Acentalığı A.Ş.	-	5.134.959	865.748	-	4.702.005	-
BNR Teknoloji A.Ş.	-	2.922.189	695.477	-	1.390.306	-
Inco İnşaat	-	-	-	-	15.338	-
Era Mağazacılık A.Ş.	-	-	1.118.500	-	-	-
	<b>7.659.224</b>	<b>9.036.612</b>	<b>4.753.443</b>	<b>4.077.898</b>	<b>9.730.856</b>	<b>4.015.856</b>

Sales	31 March 2017			31 March 2016		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
<b>Shareholders</b>						
Boyner Holding A.Ş.	104.160	36.000	9.532.087	6.165	31.631	3.307.092
<b>Associates</b>						
Christian Dior İstanbul Mağazacılık A.Ş.	1.485	130.853	-	1.569	116.199	-
Christian Louboutin Mağazacılık A.Ş.	-	87.542	-	2.741	80.688	-
<b>Joint ventures</b>						
Elif Co.	-	-	-	1.899	-	-
<b>Other related parties</b>						
BR Mağazacılık A.Ş.	7.568.001	79.017	24.544	9.346.317	405.330	401.119
Fırsat Teknoloji A.Ş.	11.983.517	312.595	541.727	9.019.112	314.782	537.178
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler İth. ve İhr. Turizm Ltd.	7.136.906	-	-	1.958.596	21.634	407.141
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	-	-	-	-	9.200	-
Alsis Sigorta Acentalığı A.Ş.	-	21.000	-	-	19.500	-
BNR Teknoloji A.Ş.	-	1.175.156	-	425	142.693	-
Era Mağazacılık A.Ş.	5.360.085	-	-	499.058	-	185.365
Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.	-	-	-	3.391	-	-
	<b>32.154.154</b>	<b>1.842.163</b>	<b>10.098.358</b>	<b>20.839.273</b>	<b>1.141.657</b>	<b>4.837.895</b>

d) The top management team comprises of board members, general manager and deputy general managers. As of 31 March 2017, the Group has provided remuneration amounting to TRY 10.583.634 to the top executives (1 January - 31 March 2016: TRY 18.607.369).

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**NOTE 21 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Foreign currency risk**

	31 March 2017					31 December 2016				
	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF
1. Trade receivables	26.833.335	6.249.764	1.040.624	5.728	-	23.980.683	6.229.261	506.610	41.491	-
2a. Monetary financial assets, (cash and banks account included)	13.919.529	3.103.935	661.033	9.306	-	12.643.249	2.973.841	575.986	9.460	-
2b. Non-Monetary financial assets	5.479.810	894.497	567.833	1.291	-	6.903.367	1.477.475	459.050	187	-
3. Other	25.784.860	4.514.401	2.041.621	305.407	-	19.312.785	3.564.254	1.767.754	48.918	-
4. Current Assets (1+2+3)	72.017.534	14.762.597	4.311.111	321.732	-	62.840.084	14.244.831	3.309.400	100.056	-
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	664.411	-	170.000	-	-	630.683	-	170.000	-	-
7. Other	146.369	34.723	5.124	-	-	157.096	39.238	5.124	-	-
8. Non-Current Assets (5+6+7)	810.780	34.723	175.124	-	-	787.779	39.238	175.124	-	-
9. Total Assets (4+8)	72.828.314	14.797.320	4.486.235	321.732	-	63.627.863	14.284.069	3.484.524	100.056	-
10. Trade payables	193.904.951	26.546.457	24.808.403	50.841	34.220	249.884.906	35.320.167	33.587.207	227.140	-
11. Financial liabilities	663.300.678	147.824.491	32.092.338	-	-	390.888.396	77.238.298	32.095.576	-	-
12a. Other monetary liabilities	33.133.913	9.091.593	13.615	7	-	131.013	23.011	13.478	7	-
12b. Other non-monetary liabilities	6.512.885	1.331.551	418.519	7.130	-	5.663.940	1.433.025	152.181	13.027	-
13. Current Liabilities (10+11+12)	896.852.427	184.794.092	57.332.875	57.978	34.220	646.568.255	114.014.501	65.848.442	240.174	-
14. Trade payables	49.414.247	13.580.566	-	-	-	52.302.699	14.862.099	-	-	-
15. Financial Liabilities	873.357.258	222.791.865	16.044.515	-	-	968.877.200	249.991.225	24.018.998	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	131.463	36.130	-	-	-	127.149	36.130	-	-	-
17 Non-current liabilities (14+15+16)	922.902.968	236.408.561	16.044.515	-	-	1.021.307.048	264.889.454	24.018.998	-	-
18. Total liabilities (13+17)	1.819.755.395	421.202.653	73.377.390	57.978	34.220	1.667.875.303	378.903.955	89.867.440	240.174	-
19. Net assets of off balance sheet derivative items(liability ) position (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-	-	-	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-	-	-	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	(1.746.927.081)	(406.405.333)	(68.891.155)	263.754	(34.220)	(1.604.247.440)	(364.619.886)	(86.382.916)	(140.118)	-
21. Net foreign currency asset / (liability) (/ position of monetary items (UFRS 7.B23) (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(1.713.679.554)	(396.932.149)	(69.210.469)	269.593	(34.220)	(1.605.990.401)	(364.628.206)	(86.859.785)	(127.278)	-
22. Fair value of derivative instruments used in foreign currency hedge	153.812.134	35.872.263	5.958.427	-	-	129.243.031	32.273.200	4.223.075	-	-
23. Partial total amount of foreign currency assets hedged	-	-	-	-	-	-	-	-	-	-
24. Partial total amount of foreign currency liabilities hedged	1.539.583.616	371.875.365	47.713.306	-	-	1.357.977.354	327.229.522	55.632.555	-	-
25. Export	9.451.744	1.204.399	1.270.989	4.054	-	35.427.863	4.385.045	6.491.677	171.107	-
26. Import	161.251.852	6.504.602	34.803.045	94.029	15.975	564.869.997	32.193.048	123.556.667	883.667	-

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

**Foreign currency risk (Continued)**

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

	<b>31 March 2017</b>			
	<b>Profit/Loss</b>		<b>Equity</b>	
	<b>Foreign currency appreciation</b>	<b>Foreign currency depreciation</b>	<b>Foreign currency appreciation</b>	<b>Foreign currency depreciation</b>
<b>Change of USD against TRY by 10%:</b>				
1- USD net assets / liabilities	(147.874.644)	147.874.644	-	-
2- USD hedged from risks (-)	63.852.501	(100.754.926)	-	-
<b>3- USD net effect (1+2)</b>	<b>(84.022.142)</b>	<b>47.119.717</b>	-	-
<b>Change of EUR against TRY by 10%:</b>				
4- EUR net assets / liabilities	(26.924.730)	26.924.730	-	-
5- EUR hedged from risks (-)	3.702.518	(18.866.430)	-	-
<b>6- EUR net effect (4+5)</b>	<b>(23.222.212)</b>	<b>8.058.300</b>	-	-
<b>Change of other currencies against TRY by 10%:</b>				
7- Other currencies net assets / liabilities	106.666	(106.666)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>106.666</b>	<b>(106.666)</b>	-	-
<b>TOTAL (3+6+9)</b>	<b>(107.137.688)</b>	<b>55.071.352</b>	-	-
	<b>31 December 2016</b>			
	<b>Profit/Loss</b>		<b>Equity</b>	
	<b>Foreign currency appreciation</b>	<b>Foreign currency depreciation</b>	<b>Foreign currency appreciation</b>	<b>Foreign currency depreciation</b>
<b>Change of USD against TRY by 10%:</b>				
1- USD net assets / liabilities	(128.317.031)	128.317.031	-	-
2- USD hedged from risks (-)	77.157.522	(69.658.842)	-	-
<b>3- USD net effect (1+2)</b>	<b>(51.159.509)</b>	<b>58.658.189</b>	-	-
<b>Change of EUR against TRY by 10%:</b>				
4- EUR net assets / liabilities	(32.047.198)	32.047.198	-	-
5- EUR hedged from risks (-)	15.493.132	(19.424.141)	-	-
<b>6- EUR net effect (4+5)</b>	<b>(16.554.066)</b>	<b>12.623.057</b>	-	-
<b>Change of other currencies against TRY by 10%:</b>				
7- Other currencies net assets / liabilities	(60.515)	60.515	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>(60.515)</b>	<b>60.515</b>	-	-
<b>TOTAL (3+6+9)</b>	<b>(67.774.090)</b>	<b>71.341.761</b>	-	-



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

**Fair value disclosures**

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

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

**31 March 2017**

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Hedging derivative instruments for risk management</b>				
- Foreign currency exchange contracts	-	153.812.134	-	153.812.134
<b>Total assets</b>	<b>-</b>	<b>153.812.134</b>	<b>-</b>	<b>153.812.134</b>

**31 December 2016**

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

**NOTE 22 - SUBSEQUENT EVENTS**

According to the share sale and purchase agreement disclosed on 9 March 2017; as of 12 April 2017, the transfer of shares to Mayhoola for Investments LLC with a nominal value of TRY 6.924.000 amounting to 12% of the total issued share capital of the Group, at a total consideration of TRY 25 per share (amounting to a total of TRY 173.100.000) was completed in a tranche of approximately 4,7% and a second tranche of approximately 7,3%. Upon completion of both tranches of the Acquisition, in a manner that will not generate a change of management control in the Group, Mayhoola's shareholding in the Group is approximately 42,68% and Boyner Holding's shareholding in the Group is approximately 42,80%.

Pursuant to the application for capital increase from TRY 57.700.000 by 346,62% to the amount of TRY 257.700.000 via rights issue paid full in cash and which is within the limit of the registered equity ceiling TRY 500.000.000, the draft prospectus was submitted to the approval of CMB on 9 March 2017.

As disclosed on 2 May 2017, it has been resolved by the Board of Directors of our Company to fully collect the remaining balance of the credit owed by our main shareholder Boyner Holding A.Ş. which is already paid in majority, before Boyner Holding exercises its right to purchase of new shares throughout the capital increase process of our Company

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