

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2017
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**



REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

1. We have reviewed the accompanying condensed consolidated balance sheet of Boyner Perakende ve Tekstil Yatırımları A.Ş. (the “Company”) and its subsidiaries (“collectively referred as the “Group”) as at 30 June 2017 and the condensed consolidated statement of profit or loss and other comprehensive income, changes in equity and consolidated cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the consolidated interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Basis for the qualified conclusion

3. The Group’s associate, Nile Bosphorus Retail and Trading Company (“Nile Bosphorus”) which is required to be accounted for using the equity method, is carried at cost at the amount of TRY 5.472.508 in the accompanying condensed consolidated interim financial statements since the associate has not provided its financial statements in accordance with Turkish Accounting Standards to the Group. Moreover, confirmation process of the Group related to the receivable balance amounting to TRY 4.918.329 due from Nile Bosphorus continues as of the date of this report. Accordingly, we were unable to complete our review of accounts receivable from Nile Bosphorus amounting to TRY 4.918.329 and carrying value of the Company’s associate, Nile Bosphorus. Had we been able to complete our review of the carrying value of the associate and the receivable from the same associate, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated interim financial information.



Qualified conclusion

4. Based on our review, except for the possible effect of the matters described in the basis for the qualified conclusion paragraph, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Boyner Perakende ve Tekstil Yatırımları A.Ş. is not prepared in accordance with TAS 34.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

A handwritten signature in blue ink, reading 'Cihan Harman', with a long, sweeping flourish extending to the right.

Cihan Harman, SMMM
Partner

İstanbul, 9 August 2017

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

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

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

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

	Notes	Reviewed 30 June 2017	Audited 31 December 2016
ASSETS			
Current assets		1.983.435.633	2.234.521.243
Cash and cash equivalents	4	267.228.629	187.633.837
Trade receivables		308.848.145	353.435.702
- Trade receivables from related parties	7 and 20	59.809.952	32.488.570
- Trade receivables from third parties	7	249.038.193	320.947.132
Other receivables		13.193.612	264.007.042
- Other receivables from related parties	20	816.503	246.245.160
- Other receivables from third parties		12.377.109	17.761.882
Inventories	8	1.191.068.908	1.217.509.627
Prepaid expenses		57.627.874	35.504.794
- Prepaid expenses to third parties		57.627.874	35.504.794
Derivative instruments		4.732.214	44.803.537
- Derivative instruments used for hedging	6	4.732.214	44.803.537
Other current assets		140.736.251	131.626.704
- Other current assets from third parties		140.736.251	131.626.704
Non-current assets		2.243.644.746	2.255.842.101
Financial investments		104.891	104.891
Trade receivables		13.685.946	17.058.802
- Trade receivables from related parties	7 and 20	4.918.329	4.935.298
- Trade receivables from third parties	7	8.767.617	12.123.504
Other receivables		1.793.570	1.763.853
- Other receivables from third parties		1.793.570	1.763.853
Investments accounted for using the equity method		15.453.048	15.453.572
Investment properties	9	32.995.000	32.995.000
Property and equipment	10	371.916.026	367.379.747
- Lands		48.883.306	48.883.306
- Land improvements		208.178	213.539
- Buildings		42.697.624	43.824.886
- Machinery and equipment		10.376.430	11.720.087
- Vehicles		117.210	177.621
- Furniture and fixtures		115.632.478	112.051.638
- Leasehold improvements		137.484.118	141.336.759
- Construction in progress		16.516.682	9.171.911
Intangible assets	11	1.670.180.786	1.692.417.074
- Goodwill	12	797.708.560	797.708.560
- Licences		498.330	448.737
- Brands		473.224.395	473.224.395
- Computer licenses		18.309.624	17.100.917
- Other intangible assets		380.439.877	403.934.465
Prepaid expenses		3.614.893	3.445.546
- Prepaid expenses to third parties		3.614.893	3.445.546
Deferred tax assets		34.613.363	27.907.331
Derivative instruments		94.956.107	84.439.496
- Derivative instruments used for hedging	6	94.956.107	84.439.496
Other non-current assets		4.331.116	12.876.789
- Other non-current assets from third parties		4.331.116	12.876.789
TOTAL ASSETS		4.227.080.379	4.490.363.344

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

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

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

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

	Notes	Reviewed 30 June 2017	Audited 31 December 2016
LIABILITIES			
Current liabilities		2.231.942.619	2.863.449.689
Short-term financial liabilities		73.681.727	181.956.206
<i>Short term financial liabilities to third parties</i>		<i>73.681.727</i>	<i>181.956.206</i>
- <i>Bank borrowings</i>	5	<i>73.681.727</i>	<i>181.956.206</i>
Current portion of long-term financial liabilities		612.651.442	831.824.364
<i>Current portion of long term financial liabilities to third parties</i>		<i>612.651.442</i>	<i>831.824.364</i>
- <i>Bank borrowings</i>	5	<i>487.861.315</i>	<i>711.914.524</i>
- <i>Finance lease liabilities</i>	5	<i>14.917.639</i>	<i>10.337.640</i>
- <i>Issued financial debt instruments</i>	5	<i>109.872.488</i>	<i>109.572.200</i>
Other financial liabilities		67.382.623	175.657.399
- <i>Other financial liabilities</i>		<i>67.382.623</i>	<i>175.657.399</i>
Trade payables		1.209.595.849	1.324.487.544
- <i>Trade payables to related parties</i>	7 and 20	<i>19.334.968</i>	<i>16.856.300</i>
- <i>Trade payables to third parties</i>	7	<i>1.190.260.881</i>	<i>1.307.631.244</i>
Payables related to employee benefits		36.976.469	39.368.827
Other payables		16.623.321	67.056.573
- <i>Other payables to related parties</i>	20	<i>15.781.950</i>	<i>35.192.000</i>
- <i>Other payables to third parties</i>		<i>841.371</i>	<i>31.864.573</i>
Deferred revenue		129.429.350	178.835.918
- <i>Deferred revenue to third parties</i>		<i>129.429.350</i>	<i>178.835.918</i>
Corporate tax payable		6.557.296	6.077.289
Short term provisions		51.641.374	39.483.257
- <i>Short term provisions for employee benefits</i>	13	<i>19.757.845</i>	<i>14.653.442</i>
- <i>Other short term provisions</i>	13	<i>31.883.529</i>	<i>24.829.815</i>
Other current liabilities		27.403.168	18.702.312
- <i>Other current liabilities to third parties</i>		<i>27.403.168</i>	<i>18.702.312</i>
Non-current liabilities		1.940.927.362	1.493.910.144
Long term financial liabilities		1.494.128.784	1.222.308.625
<i>Long term financial liabilities to third parties</i>		<i>1.494.128.784</i>	<i>1.222.308.625</i>
- <i>Bank borrowings</i>	5	<i>1.488.674.023</i>	<i>1.216.571.326</i>
- <i>Finance lease liabilities</i>	5	<i>5.454.761</i>	<i>5.737.299</i>
Trade payables		43.354.700	52.358.847
- <i>Trade payables to third parties</i>	7	<i>43.354.700</i>	<i>52.358.847</i>
Other payables		175.178.958	202.655
- <i>Other payables to related parties</i>	20	<i>175.000.000</i>	<i>-</i>
- <i>Other payables to third parties</i>		<i>178.958</i>	<i>202.655</i>
Long term provisions		38.155.814	36.627.258
- <i>Long term provisions for employee benefits</i>		<i>38.155.814</i>	<i>36.627.258</i>
Deferred revenue		18.888.311	14.801.962
- <i>Deferred revenue to third parties</i>		<i>18.888.311</i>	<i>14.801.962</i>
Deferred tax liability		159.165.997	167.610.797
Other non-current liabilities		12.054.798	-
TOTAL LIABILITIES		4.172.869.981	4.357.359.833

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

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

	Notes	Reviewed 30 June 2017	Audited 31 December 2016
EQUITY		54.210.398	133.003.511
Equity attributable to parent		52.492.671	131.689.822
Paid-in share capital	15	57.700.000	57.700.000
Adjustments to share capital	15	56.061.369	56.061.369
Capital advances	15	85.351.820	-
Share premium	15	-	138.375.874
Other comprehensive income/(expenses) not to be reclassified to profit or loss		(16.815.140)	(14.410.421)
- <i>Gain/(loss) on revaluation and re-measurement</i>	15	13.071.784	13.424.284
- <i>Actuarial (loss)/gain arising from employee benefits</i>		(29.886.924)	(27.834.705)
Other comprehensive income/(expenses) to be reclassified to profit or loss		(805.383)	(804.504)
- <i>Currency translation differences</i>		(805.383)	(804.504)
Impact of business combinations of entities under common control	15	(316.555.195)	(316.555.195)
Restricted reserves	15	33.451.107	33.451.107
- <i>Profit from sales of participation shares or property that will be added to share capital</i>		22.983.739	22.983.739
- <i>Legal reserves</i>		10.467.368	10.467.368
Retained earnings		316.599.966	648.117.051
Net loss for the period		(162.495.873)	(470.245.459)
Non-controlling interest		1.717.727	1.313.689
TOTAL LIABILITIES		4.227.080.379	4.490.363.344

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

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

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

	Notes	Reviewed 1 January - 30 June 2017	Reviewed 1 April - 30 June 2017	Reviewed 1 January - 30 June 2016	Reviewed 1 April - 30 June 2016
INCOME OR LOSS					
Revenue	16	1.909.967.443	1.033.103.731	1.705.293.257	866.116.297
Cost of sales (-)	16	(1.146.192.721)	(599.373.480)	(1.014.994.154)	(495.776.365)
GROSS PROFIT		763.774.722	433.730.251	690.299.103	370.339.932
Marketing expenses (-)		(596.665.197)	(310.743.335)	(558.059.661)	(276.861.522)
General administrative expenses (-)		(136.843.327)	(71.119.833)	(138.551.791)	(58.237.631)
Research and development expenses (-)		(1.618.438)	(873.379)	(2.752.819)	(827.309)
Other operating income	17	107.867.798	34.648.055	93.957.728	28.979.371
Other operating expenses (-)	17	(85.727.881)	(19.338.334)	(96.476.686)	(35.583.132)
OPERATING PROFIT/(LOSS)		50.787.677	66.303.425	(11.584.126)	27.809.709
Income from investing activities		835.327	791.360	228.985	228.118
Expenses from investing activities (-)		(726.248)	(426.783)	(1.711.090)	(689.983)
Share of profit of investments accounted for using the equity method		(524)	3.321	1.067.224	509.943
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME/(EXPENSES)		50.896.232	66.671.323	(11.999.007)	27.857.787
Financial income	18	113.304.935	43.275.718	86.895.175	36.100.130
Financial expenses (-)	18	(327.746.052)	(152.770.042)	(268.887.339)	(132.917.870)
LOSS BEFORE TAX FROM CONTINUED OPERATIONS		(163.544.885)	(42.823.001)	(193.991.171)	(68.959.953)
Corporate tax expense (-)		(13.184.727)	(7.436.110)	(11.327.147)	(7.304.276)
Deferred tax income/(expense)		14.637.777	11.515.848	10.944.227	(5.474.841)
LOSS FROM CONTINUED OPERATIONS		(162.091.835)	(38.743.263)	(194.374.091)	(81.739.070)
LOSS FROM DISCONTINUED OPERATIONS		-	-	(39.717.945)	4.081.009
NET LOSS FOR THE PERIOD		(162.091.835)	(38.743.263)	(234.092.036)	(77.658.061)
Loss for the period attributable to					
Non-controlling interest		404.038	259.648	181.599	218.827
Equity holders of the parent		(162.495.873)	(39.002.911)	(234.273.635)	(77.876.888)
Loss per share					
Loss per share from continued operations	19	(2,82)	(0,68)	(3,37)	(1,41)
Loss per share from discontinued operations		-	-	(0,69)	0,07
OTHER COMPREHENSIVE LOSS					
Items not to be classified to profit or loss					
Actuarial losses arising from employee benefits		(2.565.274)	(1.757.389)	(4.879.349)	(2.730.953)
Deferred tax income		513.055	351.478	975.870	546.191
Items to be classified to profit or loss					
Currency translation differences		(879)	(11.547)	(1.477)	(1.009)
OTHER COMPREHENSIVE LOSS		(2.053.098)	(1.417.458)	(3.904.956)	(2.185.771)
TOTAL COMPREHENSIVE LOSS		(164.144.933)	(40.160.721)	(237.996.992)	(79.843.832)
Total comprehensive loss attributable to:					
Non-controlling interests		404.038	259.648	181.599	218.827
Equity holders of the parent		(164.548.971)	(40.420.369)	(238.178.591)	(80.062.659)

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

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

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

	Paid in share capital	Share premium	Adjustments to share capital	Capital advances	Currency translation differences	Other comprehensive income/(expenses) to be reclassified to profit or loss	Other comprehensive income/(expenses) not to be reclassified to profit or loss		Impact of business combinations regarding common control transactions	Restricted reserves	Retained earnings/(accumulated loss)	Net loss for the period	Equity attributable to parent	Non-controlling interest	Total Equity
						to be reclassified to profit or loss	Gain/ (loss) on revaluation and re-measurement	Revaluation reserve of property plant and equipment							
Balance at 1 January 2016	57.700.000	867.300.000	56.061.369	-	(852.163)	15.930.274	(18.469.825)	(311.626.838)	33.451.107	298.322.343	(381.635.408)	616.180.859	352.367	616.533.226	
Transfers (Note 15)	-	(728.924.126)	-	-	-	(2.535.642)	-	-	-	349.824.360	381.635.408	-	-	-	
Total comprehensive income/loss	-	-	-	-	(1.477)	-	(3.903.479)	-	-	-	(234.273.635)	(238.178.591)	181.599	(237.996.992)	
Transactions with non-controlling interest	-	-	-	-	-	-	-	(4.928.357)	-	-	-	(4.928.357)	755.965	(4.172.392)	
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(261.050)	(261.050)	
Balance at 30 June 2016	57.700.000	138.375.874	56.061.369	-	(853.640)	13.394.632	(22.373.304)	(316.555.195)	33.451.107	648.146.703	(234.273.635)	373.073.911	1.028.881	374.102.792	
Balance at 1 January 2017	57.700.000	138.375.874	56.061.369	-	(804.504)	13.424.284	(27.834.705)	(316.555.195)	33.451.107	648.117.051	(470.245.459)	131.689.822	1.313.689	133.003.511	
Transfers (Note 15)	-	(138.375.874)	-	-	-	(352.500)	-	-	-	(331.517.085)	470.245.459	-	-	-	
Total comprehensive income / loss	-	-	-	-	(879)	-	(2.052.219)	-	-	-	(162.495.873)	(164.548.971)	404.038	(164.144.933)	
Capital advances	-	-	-	85.351.820	-	-	-	-	-	-	-	85.351.820	-	85.351.820	
Balance at 30 June 2017	57.700.000	-	56.061.369	85.351.820	(805.383)	13.071.784	(29.886.924)	(316.555.195)	33.451.107	316.599.966	(162.495.873)	52.492.671	1.717.727	54.210.398	

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

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

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

Notes	Reviewed 1 January - 30 June 2017	Reviewed 1 January - 30 June 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES	(37.912.149)	(23.911.055)
Net loss for the period	(162.091.835)	(234.092.036)
Net profit/(loss) for the period from continuing operations	(162.091.835)	(194.374.091)
Net profit/(loss) for the period from discontinued operations	-	(39.717.945)
Adjustments to reconcile loss for the period	499.324.649	439.358.371
Depreciation and amortization	65.685.412	61.509.759
Adjustments related to impairment	7.447.048	61.741.926
<i>Adjustments related to impairment on receivables</i>	7 889.272	2.094.504
<i>Adjustments related to impairment on inventory</i>	8 4.973.086	11.258.286
<i>Adjustments related to impairment on investment properties</i>	9 -	45.530.974
<i>Adjustments related to other impairments</i>	1.584.690	2.858.162
Adjustments related to provisions	45.614.813	19.841.330
<i>Adjustments related to provision for employment termination benefits</i>	24.460.271	8.578.802
<i>Adjustments related to provision for litigation</i>	13 4.170.421	1.410.166
<i>Adjustments related to other provisions</i>	13 16.984.121	9.852.362
Adjustments related to interest (income)/expenses	168.367.705	153.394.176
<i>Adjustments related to interest income</i>	(18.547.497)	(7.566.311)
<i>Adjustments related to interest expenses</i>	191.565.150	167.519.536
<i>Rediscount expense</i>	(1.420.378)	(10.586.149)
<i>Rediscount income</i>	(3.229.570)	4.027.100
Adjustments related to unrealized gain/ (loss) foreign currency differences	8.096.697	(4.652.679)
Adjustments related to fair value gain/ (loss)	29.554.712	11.874.463
<i>Adjustments related to fair value changes of derivative instruments</i>	6 29.554.712	11.874.463
Adjustments related to the sale of non-current assets	(109.079)	1.482.105
<i>Adjustments to gain/loss on sales of property and equipment</i>	(109.079)	1.482.105
Share of profit of investments accounted for using the equity method	524	(1.067.224)
<i>Adjustments related to undistributed profit of associates</i>	524	(1.172.070)
<i>Adjustments related to undistributed profit of joint ventures</i>	-	104.846
Adjustments related to tax (income)/losses	(1.453.050)	(8.557.548)
Other adjustments	176.119.867	143.792.063
Changes in net working capital	(148.529.325)	(60.064.161)
Adjustments related to decrease/(increase) in inventories	24.152.888	(36.407.392)
Adjustments related to decrease/(increase) in trade receivables	32.174.963	(25.911.410)
<i>Decrease/(increase) in trade receivables from related parties</i>	60.705.718	(29.757.371)
<i>Decrease/(increase) in trade receivables from third parties</i>	(28.530.755)	3.845.961
Adjustments related to decrease (increase) in other receivables	7.668.799	(3.567.858)
<i>Decrease/(increase) in other receivables from related parties</i>	2.313.743	-
<i>Decrease/(increase) in other receivables from third parties</i>	5.355.056	(3.567.858)
Adjustments related to (increase)/decrease in prepaid expenses	(22.292.427)	(37.607.164)
Adjustments related to decrease/(increase) in deferred revenue	(45.320.219)	28.441.750
Adjustments related to increase/(decrease) in employee benefits payable	(2.392.358)	12.918.897
Adjustments related to increase/(decrease) in trade payables	(112.255.802)	10.623.018
<i>Increase/ (decrease) in trade payables to related parties</i>	2.457.786	371.362
<i>Increase/ (decrease) in trade payables to third parties</i>	(114.713.588)	10.251.656
Adjustments related to increase in other payables	(50.456.949)	(9.036.301)
<i>Increase / (decrease) in other payables to related parties</i>	(19.410.050)	-
<i>Increase / (decrease) in other payables to third parties</i>	(31.046.899)	(9.036.301)
Adjustments related to increase / (decrease) in working capital	20.191.780	482.299
<i>Increase / decrease in other assets related to operations</i>	(563.874)	24.922
<i>Increase / decrease in other liabilities related to operations</i>	20.755.654	457.377
Rent payments	(191.536.011)	(144.408.525)
Rent income	830.919	956.546
Employee termination benefits paid	(22.295.639)	(19.611.495)
Payments for other provisions	13 (931.255)	(304.297)
Other cash (outflows)/inflows	(12.683.652)	(5.745.458)

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

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

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

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

	Notes	Reviewed 1 January - 30 June 2017	Reviewed 1 January - 30 June 2016
B. CASH FLOWS FROM INVESTING ACTIVITIES		(49.461.014)	45.702.210
Cash outflows from purchases of tangible and intangible assets		(50.548.493)	(37.540.682)
<i>Purchases of tangible assets</i>	10	(43.204.051)	(26.020.907)
<i>Purchases of intangible assets</i>	11	(7.344.442)	(11.519.775)
Proceeds from disposal of property, equipment and intangible assets		1.087.479	1.257.502
<i>Proceeds from disposal of property and equipment</i>		1.087.479	1.237.643
<i>Proceeds from disposal of intangible assets</i>		-	19.859
Cash outflows from losing control of subsidiaries or other businesses		-	85.797.806
Cash outflows from purchase of additional shares of subsidiaries		-	(4.172.392)
Dividends received		-	359.976
C. CASH FLOWS FROM FINANCING ACTIVITIES		166.968.834	1.029.591
Cash inflows due to capital advances		85.351.820	-
<i>Proceeds from financial liabilities</i>		1.037.138.168	895.889.690
<i>Proceeds from bank borrowings</i>		990.254.785	754.002.418
<i>Proceeds from issued borrowing instruments</i>		-	559.159
<i>Proceeds from factoring transactions</i>		39.688.200	141.338.736
<i>Proceeds from other financial liabilities</i>		7.195.183	(10.623)
Payment of financial liabilities		(1.207.293.582)	(662.262.528)
<i>Cash outflows due to the payments of bank borrowings</i>		(1.056.432.884)	(614.832.383)
<i>Cash outflows due to the payments of factoring liabilities</i>		(147.962.976)	(47.084.724)
<i>Disposal related to other financial liabilities payments</i>		(2.897.722)	(345.421)
Dividends paid		-	(261.050)
Increase in other payables to related parties		418.134.703	-
Decrease in other payables to related parties		-	(74.175.639)
Interest paid		(184.909.772)	(165.727.193)
Interest received		18.547.497	7.566.311
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		79.595.671	22.820.746
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(879)	(1.477)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		79.594.792	22.819.269
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	187.633.837	88.246.065
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	267.228.629	111.065.334

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

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**NOTES TO THE CONDENSED INTERIM
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(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 30 June 2017 and 31 December 2016 is Boyner Holding. The Company is registered to CMB and 15% of its shares offered to İstanbul Stock Exchange (“ISE”) for the first time in 1991.

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

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

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

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

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

As of 30 June 2017, the Group has retail space of 358.722 square meters (281.828 square meters of its own stores and 76.894 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 365 stores (276 own stores and 89 other) (31 December 2016: 352 stores (257 own stores and 95 other)).

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

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

Subsidiary	Country of registration	Nature of business	30 June 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 30 June 2017.

The condensed interim consolidated financial statements as at 30 June 2017 have been approved and authorized for issue on 9 August 2017 by the Board of Directors.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

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

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

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

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

2.1 Basis of presentation (Continued)

Going Concern Assumption

The condensed interim consolidated financial statements have been prepared assuming that the Company and its consolidated subsidiaries will continue as a going concern on the basis that they will be able to realize its assets and discharge its liabilities in the normal course of business. As of 30 June 2017, the total current liabilities of the Group exceed its total current assets by TRY 248.506.986 (31 December 2016: TRY 628.928.446). In addition, according to the evaluation made with regard to the Article 376 of the Turkish Commercial Code, half of the Group's capital and legal reserves is not covered due to the loss for the period.

The Group foresees that its profitability will increase in the last quarter of the year due to the effects of seasonality in the sector which it operates in, which will result to the increase of operational profit of the Group. Additionally, the Group management plans to decrease the difference between current assets and short term liabilities through restructuring its short term liabilities by replacing them with long term liabilities. Furthermore, as explained in Note 22, the Group applied to CMB on 9 March 2017 to exercise its right to increase its capital from TRY 57.700.000 by 346,62% to the amount of TRY 257.700.000 via rights issue within the limit of the registered equity ceiling TRY 500.000.000 which is paid in cash in full.

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 six months up to 30 June 2017 do not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

2.3 Significant accounting estimates, assumptions and decisions

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

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

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

2.4 Changes in accounting policies

New and amended International Financial Reporting Standards

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

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

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

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

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

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

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

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

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

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

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

2.5 Comparatives and restatement of prior periods’ financial statements

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

In order to conform to changes in presentation in the current period consolidated financial statements; following items which were classified in other operating income in the prior year financial statements; foreign exchange income amounting to TRY 18.531.204 have been reclassified to financial income; personnel income and commission income amounting to TRY 1.206.479, rent discounts amounting to TRY 1.067.011 have been reclassified to marketing expenses; stock count difference income amounting to TRY 798.604 have been reclassified to cost of sales; other income amounting to TRY 22.906 have been reclassified to general administrative expenses and other expenses amounting to TRY 48.648 have been reclassified to other operating expenses as of 30 June 2017.

Foreign exchange expenses amounting to TRY 18.082.236, term difference expenses amounting to TRY 3.645.039, bank commission expenses amounting to TRY 1.084.459 and other expenses amounting to TRY 295.575 which had been classified in other operating expenses, have been classified in financial expenses as of 30 June 2017. Furthermore, following items which had been classified in other operating expenses; stock count differences amounting to TRY 3.473.661 have been classified in cost of sales; brand license and rent expenses amounting to TRY 751.806 have been classified to marketing expenses; donation and aid expenses and other disallowable expenses amounting to TRY 703.450 have been classified in general administrative expenses. Stock count differences amounting to TRY 358.643 which had been classified in marketing expenses have been classified in cost of goods sold. In addition, foreign exchange expenses amounting to TRY 73.853 and TRY 151.393 in marketing expenses and general administrative expenses respectively, and foreign exchange expenses related to financial activities amounting to TRY 84.143 have been classified in foreign exchange expenses and interest expenses in financial expenses.

Rent expenses amounting to TRY 10.368.029, transportation expenses amounting to TRY 3.308.888, advertisement, postage, archive, handling charges, label, sample, consultancy and sales material expenses amounting to TRY 1.251.794 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 324.797 have been classified in financial expenses; other expenses amounting to TRY 318.925 have been classified in other operating expenses.

Interest income amounting to TRY 31.057.712 and foreign exchange income amounting to TRY 9.849.454 which had been offset from financial expenses, have been classified in financial income.

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NOTE 3 - SEGMENT REPORTING

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

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

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

1 January-30 June 2017	Retail Operations	Textile	Undistributed	Elimination	Total
Revenue	1.843.126.042	96.039.435	14.422.016	(43.620.050)	1.909.967.443
Gross profit	752.359.751	11.806.811	13.366.777	(13.758.617)	763.774.722
Capital expenditures (based on balance sheet)	45.403.505	4.440.027	704.961	-	50.548.493
Depreciation and amortization expenses	42.099.170	2.248.096	21.338.146	-	65.685.412
Net income/(loss) for the period	7.237.846	(17.670.056)	(132.557.988)	(19.101.637)	(162.091.835)
30 June 2017	Retail Operations	Textile	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	3.037.488.199	368.583.709	2.100.801.476	(1.279.793.005)	4.227.080.379
Total assets	3.037.488.199	368.583.709	2.100.801.476	(1.279.793.005)	4.227.080.379
Segment liabilities	2.630.873.221	414.343.227	2.089.339.557	(961.686.024)	4.172.869.981
Total liabilities	2.630.873.221	414.343.227	2.089.339.557	(961.686.024)	4.172.869.981

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NOTE 3 - SEGMENT REPORTING (Continued)

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

1 January-30 June 2016	Retail Operations	Textile & Ready to Wear	Real Estate Management(*)	Undistributed	Elimination	Total
Revenue	1.620.014.207	134.428.078	-	23.609.739	(72.758.767)	1.705.293.257
Gross profit	676.440.663	10.666.439	-	16.126.455	(12.934.454)	690.299.103
Capital expenditures (based on balance sheet)	32.852.026	4.084.753	-	603.903	-	37.540.682
Depreciation and amortization expenses	37.708.751	3.196.641	-	20.604.367	-	61.509.759
Net income/(loss) for the period	(49.910.642)	(15.871.914)	(39.717.945)	(110.298.496)	(18.293.039)	(234.092.036)
31 December 2016	Retail Operations	Textile	Real Estate Management(*)	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	3.552.544.549	506.627.528	-	2.345.533.754	(1.914.342.487)	4.490.363.344
Total assets	3.552.544.549	506.627.528	-	2.345.533.754	(1.914.342.487)	4.490.363.344
Segment liabilities	3.150.708.898	537.145.998	-	2.269.103.280	(1.599.598.343)	4.357.359.833
Total liabilities	3.150.708.898	537.145.998	-	2.269.103.280	(1.599.598.343)	4.357.359.833

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

Details of discontinued operation and disposal of subsidiary:

Discontinued operation of real estate development and management

In accordance with the agreement signed on 7 May 2016, Group transferred all the shares of its subsidiary, BYN to Gençoğlu AVM Yatırımları A.Ş. on 15 June 2016 for an amount of EUR 26 million (TRY 85.676.500). As a result of this transaction, Group discontinued its operations related to this shopping mall investment and management, and reported the results of its operation until 15 June 2016 as a discontinued operation in the current period. In accordance with this agreement, impairment loss of TRY 43.798.954 recognized in the consolidated financial statements as of 30 June 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 30 June 2016.

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

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NOTE 3 - SEGMENT REPORTING (Continued)

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

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

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

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

	1 January - 30 June 2017	1 January - 30 June 2016
Revenue	1.909.967.443	1.705.293.257
Gross profit	763.774.722	690.299.103
EBITDA	116.581.644	49.510.752

Adjustments:

Reclassification in accordance with the format recommended by CMB	7.994.696	8.765.566
Foreign currency gains	(12.376.472)	(24.833.031)
Rediscount income	(44.135.153)	(44.499.101)
Term difference income	(11.652.035)	(10.034.814)
Foreign currency losses	17.958.710	27.540.963
Term difference expenses	20.399.720	17.343.855
Rediscount expense	37.799.926	43.247.694

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

Other non-recurring operational expenses	7.940.700	28.979.948
Adjusted EBITDA (*)	132.517.040	87.256.266

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

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NOTE 4 - CASH AND CASH EQUIVALENTS

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

	30 June 2017	31 December 2016
Cash	2.914.720	6.560.419
Banks (*)	238.662.370	139.002.621
- Time deposits (**)	204.986.016	90.134.630
- Demand deposits	33.676.354	48.867.991
Credit card receivables (***)	20.363.534	35.344.335
Cheques given for collection	5.288.005	6.726.462
	267.228.629	187.633.837

(*) Group has restricted cash amounting to TRY 78.748.188 as of 30 June 2017 (31 December 2016: TRY 89.287.235).

(**) The time deposits of the Group, which consist of overnights, have interest rate of 13,82% in average as of 30 June 2017 (31 December 2016: 8,68%).

(***) As of 30 June 2017, the pledge on the credit card receivables of the Group is amounting to TRY 7.203.595 (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 30 June 2017 (31 December 2016: TRY 74.950.000).

NOTE 5 - FINANCIAL LIABILITIES

Short-term financial liabilities

	30 June 2017	31 December 2016
Interest free bank borrowings (*)	3.082.621	290.000
Short term bank borrowings	70.599.106	181.666.206
	73.681.727	181.956.206

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

Short-term portion of long-term financial liabilities

	30 June 2017	31 December 2016
Short-term portion of long-term financial liabilities	487.861.315	711.914.524
Short-term portion of long-term bonds (**)	109.872.488	109.572.200
Financial lease liabilities	14.917.639	10.337.640
	612.651.442	831.824.364

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

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

Long-term financial liabilities

	30 June 2017	31 December 2016
Long-term bank borrowings	1.488.674.023	1.216.571.326
Financial lease liabilities	5.454.761	5.737.299
	1.494.128.784	1.222.308.625

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

30 June 2017

Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY interest free borrowings	2017	-	3.082.621	-
TRY borrowings	2017-2022	15,85 - Libor+6,25	246.060.850	415.784.763
USD borrowings	2017-2022	Libor+4,75 - Libor+4,95	309.693.055	834.498.173
EUR borrowings	2017-2022	Libor+4,90 - Libor+6,25	2.706.516	238.391.087
			561.543.042	1.488.674.023

31 December 2016

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

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

	30 June 2017	31 December 2016
To be paid in 1 year	671.415.530	1.003.442.930
2018 remaining	193.951.888	595.537.329
2019 and after	1.294.722.135	621.033.997
	2.160.089.553	2.220.014.256

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

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

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

	30 June 2017	31 December 2016
Total financial lease payments	22.881.855	17.869.355
Interest will be paid in upcoming years (-)	(2.509.455)	(1.794.416)
	20.372.400	16.074.939
Financial lease liabilities up to 1 year	14.917.639	10.337.640
Financial lease liabilities after 1 year	5.454.761	5.737.299
	20.372.400	16.074.939

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

	30 June 2017	31 December 2016
TRY	13.937.671	9.452.834
EUR	979.968	884.806
	14.917.639	10.337.640

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

	30 June 2017	31 December 2016
TRY	4.976.240	4.833.864
EUR	478.521	903.435
	5.454.761	5.737.299

Collateral bills amounting to EUR 367.655 and TRY 1.102.120 are given regarding to the financial leasing liabilities disclosed above (31 December 2016: EUR 962.855 and TRY 6.021.620).

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NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2017	31 December 2016
Financial assets arising from swap transactions - short term (*)	4.732.214	44.803.537
Financial assets arising from swap transactions - long term (*)	94.956.107	84.439.496
	99.688.321	129.243.033

(*) The Group has swap contracts, related to foreign currency denominated loans which are summarized below, in order to hedge foreign exchange risk and interest risk as of 30 June 2017 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 30 June 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 158.876.690 (TRY 557.196.440) as of 30 June 2017,
- With the agreement made on 9 June 2016, for the portion of the loan amounting to USD 88.441.406 (TRY 310.172.856) as of 30 June 2017,
- With the agreement made on 1 February 2017, for the portion of the loan amounting to USD 27.768.976 (TRY 97.388.577) as of 30 June 2017.
- Loan agreement for amount of USD 93.000.000 executed on 28 July 2015, has been altered to extend the terms of the debt for the remaining balance as of 10 May 2017 amounting to USD 67.166.667. As of 30 June 2017, for the portion of the loan amounting to USD 50.427.941 (TRY 176.855.830) and EUR 13.271.322 (TRY 53.125.102).
- Loan agreement for amount of EUR 88.500.000 executed on 21 September 2015, has been altered to extend the terms of the debt for the remaining balance of the loan as of 10 April 2017 amounting to EUR 48.277.727. As of 30 June 2017, for the portion the loan amounting to EUR 46.957.907 (TRY 187.972.501 TRY).

Movement of derivative instruments are as follows:

	2017	2016
Opening balance - 1 January	129.243.033	59.760.767
The amount recognized in financial expenses	(29.554.712)	(11.874.463)
Closing balance - 30 June	99.688.321	47.886.304

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	30 June 2017	31 December 2016
Trade receivables	185.752.855	205.579.696
Notes receivables (*)	118.154.201	169.477.543
Less: Provision for doubtful receivables	(47.823.965)	(47.331.914)
Less: Rediscount expense	(7.044.898)	(6.778.193)
Total trade receivables from third parties	249.038.193	320.947.132
Trade receivables from related parties	68.875.768	40.328.044
Less: Doubtful receivable from related parties (**)	(7.319.185)	(7.319.185)
Less: Rediscount expense	(1.746.631)	(520.289)
Total trade receivables from related parties (Note 20)	59.809.952	32.488.570
Total short-term trade receivables	308.848.145	353.435.702

(*) TRY 52.119.612 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

	30 June 2017	31 December 2016
Trade receivables from related parties (Note 20)	4.918.329	4.935.298
Trade receivables from third parties	2.306.536	3.984.536
Notes receivables	8.296.651	10.182.919
Less: Rediscount expense	(1.835.570)	(2.043.951)
Total long-term trade receivables	13.685.946	17.058.802

The collection period of trade receivables vary with the type of product and the agreements entered into with the customer. The average collection period for textile company's sales is 166 days (31 December 2016: 174 days). The average collection period of trade receivables from retail companies' sales is 56 days (31 December 2016: 69 days).

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	2017	2016
Opening balance - 1 January	54.651.099	35.254.468
Provisions	889.272	2.094.504
Collection of receivables during the current period	(21.066)	(7.085)
Disposals from sale of subsidiary	-	(269.978)
Write-offs in the current period (*)	(376.155)	-
Closing balance - 30 June	55.143.150	37.071.909

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

Short term trade payables

	30 June 2017	31 December 2016
Trade payables	550.153.387	566.953.316
Notes payables (*)	669.276.217	766.596.199
Less: Rediscount income	(29.168.723)	(25.918.271)
Total trade payables to third parties	1.190.260.881	1.307.631.244
Trade payables to related parties	19.901.453	17.443.667
Less: Rediscount income	(566.485)	(587.367)
Total trade payables to related parties (Note 20)	19.334.968	16.856.300
Total trade payables	1.209.595.849	1.324.487.544

The average payment period of trade payables is 173 days for textile (31 December 2016: 208 days). The average payment period of trade payables for retail purchases is 180 days (31 December 2016: 201 days).

Long term trade payables

	30 June 2017	31 December 2016
Notes payables (*)	43.354.700	52.358.847
Total long term trade payables	43.354.700	52.358.847

(*) The Group has purchased the factory land and buildings which belong to Akiş Gayrimenkul Yatırım Ortaklığı A.Ş for USD 24.691.930. The payable amount which has a maturity of 5 years, has classified as short term and long term payables amounting to TRY 18.471.713 (31 December 2016: TRY 22.423.054) and TRY 43.298.552 respectively (31 December 2016: TRY 52.302.699).

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NOTE 8 - INVENTORIES

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

	30 June 2017	31 December 2016
Raw materials and supplies	33.177.212	34.582.414
Semi-finished goods	24.026.358	22.066.344
Finished goods	34.473.774	35.251.825
Trade goods	1.070.187.372	1.084.990.451
Goods in transit	42.255.559	47.249.914
Auxiliary materials	8.685.311	9.069.600
Real estates	26.571.053	27.633.724
	1.239.376.639	1.260.844.272
Less: Provision for impairment on inventories (-)	(48.307.731)	(43.334.645)
	1.191.068.908	1.217.509.627

The total insurance coverage on inventories amounting as TRY 1.627.294.931 as at 30 June 2017 (31 December 2016: TRY 1.602.175.000).

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

	2017	2016
Opening balance - 1 January	(43.334.645)	(24.345.493)
Provision provided during the period	(4.973.086)	(11.258.286)
Closing balance - 30 June	(48.307.731)	(35.603.779)

NOTE 9 - INVESTMENT PROPERTIES

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

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NOTE 9 - INVESTMENT PROPERTIES (Continued)

According to the share transfer agreement of the Group’s subsidiary signed on 7 May 2016, the fair value of the Starcity shopping mall has been calculated and impairment loss amounting to TRY 45.530.974 has been recognized in the consolidated financial statements as of 30 June 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).

As of 30 June 2017 rent income from investment properties is TRY 299.384 (1 January - 30 June 2016: TRY 6.969.624).

The fair value of land and buildings

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

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

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

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

Valuation techniques used to derive level 2 fair values

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

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NOTE 10 - PROPERTY PLANT AND EQUIPMENT

	1 January 2017	Additions	Disposals (-)(*)	Transfers	30 June 2017
Cost					
Land	48.883.306	-	-	-	48.883.306
Land improvements	214.432	-	-	-	214.432
Buildings	44.573.895	-	(608.399)	-	43.965.496
Plant, machinery and equipment	115.836.518	250.514	(4.105.388)	-	111.981.644
Furniture and fixtures	205.594.252	16.644.137	(53.486)	3.390.050	225.574.953
Motor vehicles	945.389	-	-	-	945.389
Leasehold improvements	264.660.591	13.528.987	(2.073.152)	1.540.661	277.657.087
Construction in progress	9.171.911	12.780.413	(342.044)	(5.093.598)	16.516.682
	689.880.294	43.204.051	(7.182.469)	(162.887)	725.738.989
Accumulated depreciation (-)					
Land improvements	(893)	(5.361)	-	-	(6.254)
Buildings	(749.009)	(522.919)	4.056	-	(1.267.872)
Plant, machinery and equipment	(104.116.431)	(1.594.169)	4.105.386	-	(101.605.214)
Furniture and fixtures	(93.542.614)	(16.419.599)	19.738	-	(109.942.475)
Motor vehicles	(767.768)	(60.411)	-	-	(828.179)
Leasehold improvements	(123.323.832)	(17.339.336)	490.199	-	(140.172.969)
	(322.500.547)	(35.941.795)	4.619.379	-	(353.822.963)
Net book value	367.379.747				371.916.026

(*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 1.584.690 during the period 1 January - 30 June 2017.

	1 January 2016	Additions	Disposals (-)(*)	Transfers	30 June 2016
Cost					
Land	48.883.306	-	-	-	48.883.306
Buildings	26.311.968	-	-	-	26.311.968
Plant, machinery and equipment	132.155.311	2.271.895	(10.734.308)	-	123.692.898
Furniture and fixtures	173.654.694	8.994.594	(2.605.208)	88.839	180.132.919
Motor vehicles	934.984	-	-	-	934.984
Leasehold improvements	257.132.781	7.455.134	(11.109.320)	423.425	253.902.020
Construction in progress	5.421.107	7.299.284	(150.662)	(512.264)	12.057.465
	644.494.151	26.020.907	(24.599.498)	-	645.915.560
Accumulated depreciation (-)					
Buildings	(43.853)	(339.864)	-	-	(383.717)
Plant, machinery and equipment	(118.402.440)	(2.084.422)	9.577.764	-	(110.909.098)
Furniture and fixtures	(66.627.079)	(13.614.907)	2.167.196	-	(78.074.790)
Motor vehicles	(628.233)	(64.565)	-	-	(692.798)
Leasehold improvements	(107.540.886)	(16.865.555)	7.276.628	-	(117.129.813)
	(293.242.491)	(32.969.313)	19.021.588	-	(307.190.216)
Net book value	351.251.660				338.725.344

(*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 2.858.162 during the period 1 January - 30 June 2017.

As of 30 June 2017, depreciation expense amounting to TRY 30.649.007 (2016: TRY 26.417.917) has been charged in marketing expenses, TRY 2.109.148 (2016: TRY 2.758.772) has been charged in cost of sales, TRY 3.172.139 (2016: TRY 3.727.253) in general and administrative expenses and TRY 11.501 (2016: TRY 65.371) in research and development expenses.

As of 30 June 2017 total amount of insurance on tangible assets TRY 1.017.982.913 (31 December 2016: TRY 954.295.626).

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NOTE 11 - INTANGIBLE ASSETS

	1 January 2017	Additions	Disposals(-)	Transfers	30 June 2017
Cost					
Licences	14.879.312	1.724.308	-	4.493	16.608.113
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	5.620.134	-	158.394	36.086.598
	1.090.661.782	7.344.442	-	162.887	1.098.169.111
Accumulated amortization (-)					
Licences	(14.430.575)	(1.679.208)	-	-	(16.109.783)
Favorable rent contract	(92.898.389)	(12.962.566)	-	-	(105.860.955)
Franchise agreements	(57.087.924)	(7.974.455)	-	-	(65.062.379)
Customer network	(18.329.227)	(2.557.567)	-	-	(20.886.794)
Computer licenses	(13.207.153)	(4.569.821)	-	-	(17.776.974)
	(195.953.268)	(29.743.617)	-	-	(225.696.885)
Net book value	894.708.514				872.472.226
	1 January 2016	Additions	Disposals(-)	Transfers	30 June 2016
Cost					
Licences	14.032.589	1.278.534	(1.919.490)	-	13.391.633
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	6.376.241	-	-	23.725.539
	1.072.991.287	11.519.775	(1.919.490)	-	1.082.591.572
Accumulated amortization (-)					
Licences	(12.218.637)	(1.945.800)	1.882.111	-	(12.282.326)
Favorable rent contract	(66.973.257)	(12.962.566)	-	-	(79.935.823)
Franchise agreements	(41.139.014)	(7.974.455)	-	-	(49.113.469)
Customer network	(13.214.094)	(2.557.567)	-	-	(15.771.661)
Computer licenses	(6.308.751)	(3.100.058)	-	-	(9.408.809)
	(139.853.753)	(28.540.446)	1.882.111	-	(166.512.088)
Net book value	933.137.534				916.079.484

As of 30 June 2017 depreciation expense amounting to TRY 22.076.329 (2016: TRY 23.623.214) has been charged in marketing expenses, TRY 7.650.544 (2016: TRY 4.890.162) has been charged in general and administrative expenses, TRY 7.337 (2016: TRY 17.026) in cost of sales and TRY 9.407 (2016: TRY 10.044) in research and development expenses.

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NOTE 11 - INTANGIBLE ASSETS (Continued)

Brands

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

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

NOTE 12 - GOODWILL

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

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

As a result of goodwill impairment test by using the assumptions which had been explained in the explanatory notes of the consolidated financial statements as of 31 December 2016, no impairment has been identified. As of 30 June 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 19.757.845 (31 December 2016: TRY 14.653.442) consists of provision for unused vacation rights, performance and bonus provision.

Other short term provisions

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

	30 June 2017	31 December 2016
Provision for sales returns and price differences	18.904.687	17.394.899
Provision for litigation	10.674.082	7.258.895
Other	2.304.760	176.021
	31.883.529	24.829.815

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

The movement of other short term provisions is as follows :

	1 January 2017	Additions	Provisions paid	30 June 2017
Provision for sales returns and price differences	17.394.899	14.679.361	(13.169.573)	18.904.687
Provision for litigation	7.258.895	4.170.421	(755.234)	10.674.082
Other	176.021	2.304.760	(176.021)	2.304.760
Total	24.829.815	21.154.542	(14.100.828)	31.883.529
	1 January 2016	Additions	Provisions paid	30 June 2016
Provision for sales returns and price differences	13.615.006	9.753.146	(12.372.137)	10.996.015
Provision for litigation	5.095.436	1.410.166	(304.297)	6.201.305
Other	56.742	99.216	-	155.958
Total	18.767.184	11.262.528	(12.676.434)	17.353.278

Contingent assets and liabilities

Guarantees, Pledges and Mortgages

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

	30 June 2017	31 December 2016
The GPM’s given by the Group		
A. Total amount of GPMs which the Company provided on behalf of its own legal entity	62.118	73.118
B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation	321.097.961	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	-	-
	321.160.079	377.787.275

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

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

Currency	30 June 2017		31 December 2016	
	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
TRY	273.442.687	273.442.687	357.656.221	357.656.221
EUR	6.763.537	27.074.440	4.585.769	17.012.744
USD	5.886.046	20.642.952	886.085	3.118.310
		321.160.079		377.787.275

NOTE 14 - COMMITMENTS

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

Operating vehicles lease commitments:

	30 June 2017	31 December 2016
Payable within 1 year	2.904.050	2.442.777
Payable within 1 - 5 years	3.657.919	2.705.791
	6.561.969	5.148.568

Operating stores leasing commitments:

	30 June 2017	31 December 2016
Payable within 1 year	140.265.943	142.853.518
Payable within 1 - 5 years	113.941.934	161.178.555
Longer than 5 years	19.198.121	33.519.972
	273.405.998	337.552.045

Operating office leasing commitments:

	30 June 2017	31 December 2016
Payable within 1 year	3.290.721	3.212.380
	3.290.721	3.212.380

The commitments of the Group related to export operations as of 30 June 2017 amounting to USD 7.763.901 (31 December 2016: USD 2.083.811).

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NOTE 15 - EQUITY

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

	30 June 2017		31 December 2016	
	Share	Amount (TRY)	Share	Amount (TRY)
Boyner Holding	%42,80	24.695.228	%54,80	31.619.228
Mayhoola for Investments OPC (*)	%42,68	24.624.000	%30,68	17.700.000
Other shareholders and free float (**)	%14,52	8.380.772	%14,52	8.380.772
Paid-in capital	%100,00	57.700.000	%100,00	57.700.000
Inflation adjustment difference in share capital		56.061.369		56.061.369
Total adjusted capital		113.761.369		113.761.369

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

Mayhoola for Investments LLC entered into a share sale and purchase agreement for the acquisition of Boyner Perakende ve Tekstil Yatırımları A.Ş. shares from Boyner Holding A.Ş. for a nominal value of TRY 6.924.000 amounting to 12% of the total issued share capital of Boyner Perakende, at a total consideration of TRY 25 per share (amounting to a total of TRY 173.100.000) in two tranches. Following the completion of the first tranche, Mayhoola’s shareholding in Boyner Perakende has been increased from approximately 30.68% to approximately 35.38% and Boyner Holding’s shareholding has been decreased from approximately 54.8% to 50.1%. As a result of share purchase in two tranches, Mayhoola’s share is approximately 42,68% and Boyner Holding’s share is approximately %42,80.

As explained in Note 22, the Prospectus regarding the increase of the registered capital from TRY 57.700.000 to TRY 257.700.000 by 346,62% via rights issue within the authorized capital ceiling of TRY 500.000.000 has been approved by CMB on 7 July 2017.

A partial payment of TRY 85.351.820 towards the syndication loan the Group received from QInvest LLC (“QInvest”), has been paid to QInvest, in the name and on behalf of our Company, by one of our main shareholders Mayhoola, which corresponded to its capital contribution amount. Subsequently, the receivable of Mayhoola has been registered in the share capital advance account towards its capital contribution.

(**) Represents shareholding less than 10%.

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NOTE 15 - EQUITY (Continued)

As of 30 June 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.

Legal Reserve

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

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

Restricted reserves

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

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

Revaluation funds

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

	30 June 2017	31 December 2016
Revaluation fund related to the land on which the factory plant was located	78.824.810	78.824.810
Revaluation fund related to the land classified as investment property	15.722.470	15.722.470
Total of revaluation funds	94.547.280	94.547.280
Classification of the special fund arising from the sale of investment property	(15.722.470)	(15.722.470)
Deferred tax effect	(3.943.025)	(3.943.025)
Transfers to accumulated losses	(61.810.001)	(61.457.501)
	13.071.784	13.424.284

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NOTE 15 - EQUITY (Continued)

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

	2017	2016
Opening balance - 1 January	13.424.284	15.930.274
Transfers to accumulated losses (**)	(352.500)	(2.535.642)
Closing balance - 30 June	13.071.784	13.394.632

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

Impact of business combinations under common control

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

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

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NOTE 16 - REVENUE AND COST OF SALES

Sales

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Domestic sales	2.302.728.565	1.247.955.184	2.051.771.842	1.046.832.484
Export sales	20.179.096	10.315.180	22.090.812	8.768.220
Other sales	2.146.913	1.215.111	5.098.426	2.693.317
Real estate sales	1.706.931	672.278	10.831.437	3.835.644
Sales returns (-)	(282.334.543)	(133.693.229)	(265.106.178)	(125.325.072)
Sales discounts (-)	(134.459.519)	(93.360.793)	(119.393.082)	(70.688.296)
	1.909.967.443	1.033.103.731	1.705.293.257	866.116.297

Cost of sales

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Cost of trade goods sold	(1.086.902.594)	(562.520.558)	(939.929.598)	(455.212.427)
Cost of finished goods sold	(58.234.888)	(36.494.601)	(67.420.441)	(37.991.264)
Cost of services given and real estate sold	(1.055.239)	(358.321)	(7.644.115)	(2.572.674)
	(1.146.192.721)	(599.373.480)	(1.014.994.154)	(495.776.365)

NOTE 17 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Rediscount income	44.135.153	(6.329)	44.499.101	(1.869.299)
Store investment contribution income	20.721.521	14.873.313	2.908.091	1.690.145
Foreign exchange income	12.376.472	4.683.912	24.833.031	17.897.700
Term difference income from sales	11.652.035	7.016.447	10.034.814	4.455.286
Royalty income	5.062.226	3.316.031	2.902.791	2.567.062
Other	13.920.391	4.764.681	8.779.900	4.238.477
	107.867.798	34.648.055	93.957.728	28.979.371

Other operating expenses

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Rediscount expenses	37.799.926	348.874	43.247.694	(150.237)
Term difference expenses from purchases	20.399.720	11.180.142	17.343.855	7.657.571
Foreign exchange losses	17.958.710	961.547	27.540.963	21.752.043
Other	9.569.525	6.847.771	8.344.174	6.323.755
	85.727.881	19.338.334	96.476.686	35.583.132

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NOTE 18 - FINANCIAL INCOME / (EXPENSES)

Financial income

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Foreign exchange gains	92.867.791	35.089.508	78.933.358	32.516.216
Interest income	18.547.497	7.006.461	7.566.311	3.340.174
Other	1.889.647	1.179.749	395.506	243.740
	113.304.935	43.275.718	86.895.175	36.100.130

Financial expenses

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Interest expenses arising from bank borrowings	152.155.954	80.271.512	121.066.380	56.953.260
Foreign currency losses	106.189.987	37.140.111	84.326.640	40.376.533
Credit card early collection interest	18.679.538	10.496.496	14.826.076	8.906.725
Term difference expenses	13.958.036	6.983.944	9.979.722	5.609.291
Factoring expenses	11.508.293	4.642.133	10.297.515	6.760.817
Interest expenses arising from bills and bonds	7.948.437	4.112.240	19.825.544	9.788.961
Other	17.305.807	9.123.606	8.565.462	4.522.283
	327.746.052	152.770.042	268.887.339	132.917.870

NOTE 19 - EARNING / (LOSS) PER SHARE

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

	1 January - 30 June 2017	1 January - 30 June 2016
Loss for the current period (TRY)	(162.495.873)	(234.273.635)
Weighted average number of shares (*)	57.700.000	57.700.000
Loss per share of the Company (TRY)	(2,82)	(4,06)

(*) Per share of TRY 1 nominal value.

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NOTE 20 - RELATED PARTY DISCLOSURES

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

	<u>30 June 2017</u>		<u>31 December 2016</u>	
	Trade	Other	Trade	Other
<i>Receivables from shareholders</i>				
Boyner Holding A.Ş.	10.123	3.152	5.372.434	233.148.434
<i>Receivables from associates</i>				
Nile Bosphorus (*)	4.918.329	-	4.935.298	-
Christian Dior İstanbul Mağazacılık A.Ş.	89	-	190	-
Christian Louboutin Mağazacılık A.Ş.	7.853	-	67.732	-
<i>Receivables from other related parties</i>				
BR Mağazacılık A.Ş.	22.417.997	-	10.361.937	-
BNR Teknoloji A.Ş.	242.753	-	570.945	-
Fırsat Teknoloji A.Ş.	37.105.391	813.351	16.099.972	13.096.726
Alsıs Sigorta Acentalığı A.Ş.	8.427	-	15.360	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	1.449	-	-	-
Bassea Bireysel Ürünler Satış Pazarlama A.Ş.	15.870	-	-	-
Total	64.728.281	816.503	37.423.868	246.245.160

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

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

	<u>30 June 2017</u>		<u>31 December 2016</u>	
	Trade	Other	Trade	Other
<i>Payables to shareholders</i>				
Boyner Holding A.Ş. (**)	1.240.626	175.000.000	142.850	-
Payables to individual shareholders	-	15.781.950	-	35.192.000
<i>Payables to associates</i>				
Christian Louboutin Mağazacılık A.Ş.	148.965	-	559.340	-
Christian Dior İstanbul Mağazacılık A.Ş.	287.221	-	-	-
<i>Payables to other related parties</i>				
BNR Teknoloji A.Ş.	572.818	-	968.475	-
BR Mağazacılık A.Ş.	13.411.963	-	12.391.944	-
Alsıs Sigorta Acentalığı A.Ş.	3.626.601	-	2.723.771	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	30.809	-	36.657	-
Fırsat Teknoloji A.Ş.	-	-	3.123	-
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	15.965	-	19.579	-
Boyner Danışmanlık Servis ve Ticaret A.Ş.	-	-	10.561	-
	19.334.968	190.781.950	16.856.300	35.192.000

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

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NOTE 20 - RELATED PARTY DISCLOSURES (Continued)

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

Purchases	30 June 2017			30 June 2016		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
<i>Shareholders</i>						
Boyner Holding A.Ş.	272	1.387.375	13.304	5.448	5.201.299	3.963.634
<i>Associates</i>						
Christian Louboutin Mağazacılık A.Ş.	204.671	-	-	174.142	-	-
<i>Other related parties</i>						
BR Mağazacılık A.Ş.	17.898.020	254.870	-	9.788.360	231	-
Fırsat Elektronik A.Ş.	-	256.365	-	-	3.442	9.426
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	103.510	22.880	-	88.165	-
Alsıs Sigorta Acentalığı A.Ş.	-	5.068.781	92.700	-	2.722.878	-
BNR Teknoloji A.Ş.	-	3.341.866	1.696.642	-	2.498.054	-
	18.102.963	10.412.767	1.825.526	9.967.950	10.514.069	3.973.060

Sales	30 June 2017			30 June 2016		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
<i>Shareholders</i>						
Boyner Holding A.Ş.	-	72.000	13.284.149	14.103	60.000	7.590.253
<i>Associates</i>						
Christian Dior İstanbul Mağazacılık A.Ş.	1.485	218.827	-	2.886	197.266	-
Christian Louboutin Mağazacılık A.Ş.	-	177.599	-	8.320	729.033	359.976
<i>Other related parties</i>						
BR Mağazacılık A.Ş.	16.917.992	2.321.176	2.427.306	24.305.518	-	426.023
Fırsat Teknoloji A.Ş.	37.976.118	713.592	1.132.327	22.362.643	626.236	831.607
Alsıs Sigorta Acentalığı A.Ş.	-	-	12.140	-	39.000	-
BNR Teknoloji A.Ş.	-	395.477	-	1.700	267.102	-
Bassae Bireysel Ürünler Satış Pazarlama A.Ş.	-	-	-	-	-	18.400
	54.895.595	3.898.671	16.855.922	46.695.170	1.918.637	9.226.259

e) The top management team comprises of board members, general manager and deputy general managers. As of 30 June 2017, the Group has provided remuneration amounting to TRY 22.927.831 to the top executives (1 January - 30 June 2016: TRY 25.862.890).

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

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

NOTE 21 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk

	30 June 2017					31 December 2016				
	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF
1. Trade receivables	29.063.346	6.919.637	1.145.379	46.360	-	23.980.683	6.229.261	506.610	41.491	-
2a. Monetary financial assets, (cash and banks account included)	13.877.544	3.318.763	524.836	30.254	-	12.643.249	2.973.841	575.986	9.460	-
2b. Non-Monetary financial assets	4.779.197	847.542	449.593	1.555	-	6.903.367	1.477.475	459.050	187	-
3. Other	15.523.769	1.054.544	2.690.890	232.036	-	19.312.785	3.564.254	1.767.754	48.918	-
4. Current Assets (1+2+3)	63.243.856	12.140.486	4.810.698	310.205	-	62.840.084	14.244.831	3.309.400	100.056	-
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	680.510	-	170.000	-	-	630.683	-	170.000	-	-
7. Other	142.288	34.723	5.124	-	-	157.096	39.238	5.124	-	-
8. Non-Current Assets (5+6+7)	822.798	34.723	175.124	-	-	787.779	39.238	175.124	-	-
9. Total Assets (4+8)	64.066.654	12.175.209	4.985.822	310.205	-	63.627.863	14.284.069	3.484.524	100.056	-
10. Trade payables	160.272.947	22.470.363	20.284.857	35.036	29.500	249.884.906	35.320.167	33.587.207	227.140	-
11. Financial liabilities	313.379.542	88.304.598	920.931	-	-	390.888.396	77.238.298	32.095.576	-	-
12a. Other monetary liabilities	16.026.472	4.554.562	13.274	7	-	131.013	-	23.011	13.478	7
12b. Other non-monetary liabilities	3.398.026	629.039	290.135	6.719	-	5.663.940	1.433.025	152.181	13.027	-
13. Current Liabilities (10+11+12)	493.076.987	115.958.562	21.509.197	41.762	29.500	646.568.255	114.014.501	65.848.442	240.174	-
14. Trade payables	43.298.551	12.345.970	-	-	-	52.302.699	14.862.099	-	-	-
15. Financial Liabilities	1.073.367.778	237.945.360	59.672.647	-	-	968.877.200	249.991.225	24.018.998	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	126.712	36.130	-	-	-	127.149	36.130	-	-	-
17 Non-current liabilities (14+15+16)	1.116.793.041	250.327.460	59.672.647	-	-	1.021.307.048	264.889.454	24.018.998	-	-
18. Total liabilities (13+17)	1.609.870.028	366.286.022	81.181.844	41.762	29.500	1.667.875.303	378.903.955	89.867.440	240.174	-
19. Net assets of off balance sheet derivative items asset/(liability) position (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-	-	-	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-	-	-	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	(1.545.803.374)	(354.110.813)	(76.196.022)	268.443	(29.500)	(1.604.247.440)	(364.619.886)	(86.382.916)	(140.118)	-
21. Net foreign currency asset / (liability)/ /(position of monetary items (TFRS 7.B23) (=1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(1.547.738.343)	(354.293.186)	(76.525.480)	273.607	(29.500)	(1.605.990.401)	(364.628.206)	(86.859.785)	(127.278)	-
22. Fair value of derivative instruments used in foreign currency hedge	99.688.321	23.577.091	4.247.091	-	-	129.243.033	32.273.200	4.223.075	-	-
23. Partial total amount of foreign currency assets hedged	-	-	-	-	-	-	-	-	-	-
24. Partial total amount of foreign currency liabilities hedged	1.382.711.306	325.515.013	60.229.229	-	-	1.357.977.354	327.229.522	55.632.555	-	-
25. Export	10.134.922	1.204.399	1.445.014	4.054	-	35.427.863	4.385.045	6.491.677	171.107	-
26. Import	289.083.597	13.686.256	60.540.906	321.305	27.905	564.869.997	32.193.048	123.556.667	883.667	-

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

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

Foreign currency risk (Continued)

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

	30 June 2017			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10% :				
1- USD net assets / liabilities	(124.190.203)	124.190.203	-	-
2- USD hedged from risks (-)	104.736.415	(80.549.915)	-	-
3- USD net effect (1+2)	(19.453.788)	43.640.288	-	-
Change of EUR against TRY by 10% :				
4- EUR net assets / liabilities	(30.501.268)	30.501.268	-	-
5- EUR hedged from risks (-)	25.326.999	(25.326.999)	-	-
6- EUR net effect (4+5)	(5.174.269)	5.174.269	-	-
Change of other currencies against TRY by 10% :				
7- Other currencies net assets / liabilities	111.134	(111.134)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	111.134	(111.134)	-	-
TOTAL (3+6+9)	(24.516.923)	48.703.423	-	-

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

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
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(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

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

Fair value disclosures

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

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

30 June 2017

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	99.688.321	-	99.688.321
Total assets	-	99.688.321	-	99.688.321

31 December 2016

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

NOTE 22 - SUBSEQUENT EVENTS

In accordance with the public announcement of CMB dated 11 July 2017, the Prospectus regarding the increase of the registered capital from TRY 57.700.000 to TRY 257.700.000 by 346,62% via rights issue within the authorized capital ceiling of TRY 500.000.000 has been approved on 7 July 2017. The shareholders’ pre-emptive right to purchase new issued shares shall be exercised between 12 July 2017 and 11 September 2017 in 60 days in accordance with the principles set forth in the Prospectus.

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