

**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 2016  
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 2016 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. As discussed in Note 6, the Group’s associate, Nile Bosphorus Retail and Trading Company (“Nile Bosphorus”) which is required to be accounted for using the equity method, is carried at cost at the amount of TRY 5.472.508 in the accompanying 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 4.057.962 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 4.057.962 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 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.

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

A handwritten signature in blue ink, appearing to read 'C Harman', with a long, sweeping flourish extending to the right.

Cihan Harman, SMMM  
Partner

İstanbul, 18 August 2016

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**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY- 30 JUNE 2016**

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

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS  
AS AT 30 JUNE 2016 AND 31 DECEMBER 2015**

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

|   | Notes     | Reviewed<br>30 June 2016 | Audited<br>31 December 2015 |
|---|-----------|--------------------------|-----------------------------|
| <b>ASSETS</b>                                     |           |                          |                             |
| <b>Current assets</b>                             |           | <b>1.924.037.141</b>     | <b>1.718.721.933</b>        |
| Cash and cash equivalents                         | 5         | 111.065.334              | 88.246.065                  |
| Trade receivables                                 |           | 351.600.092              | 338.838.865                 |
| - Trade receivables from related parties          | 9 and 25  | 70.128.176               | 73.372.001                  |
| - Trade receivables from third parties            | 9         | 281.471.916              | 265.466.864                 |
| Other receivables                                 |           | 157.476.228              | 50.876.943                  |
| - Other receivables from related parties          | 10 and 25 | 150.842.708              | 47.731.069                  |
| - Other receivables from third parties            | 10        | 6.633.520                | 3.145.874                   |
| Inventories                                       | 11        | 1.112.584.465            | 1.079.453.324               |
| Prepaid expenses                                  |           | 59.315.242               | 24.703.455                  |
| - Prepaid expenses to third parties               |           | 59.315.242               | 24.703.455                  |
| Derivative instruments                            | 8         | 14.208.244               | 22.855.160                  |
| - Derivative instruments used for hedging         |           | 14.208.244               | 22.855.160                  |
| Other current assets                              |           | 117.787.536              | 113.748.121                 |
| - Other current assets from third parties         |           | 117.787.536              | 113.748.121                 |
| <b>Non-current assets</b>                         |           | <b>2.194.691.192</b>     | <b>2.364.314.773</b>        |
| Financial investments                             | 6         | 104.891                  | 104.891                     |
| Trade receivables                                 |           | 21.085.633               | 20.326.951                  |
| - Trade receivables from related parties          | 9 and 25  | 4.057.962                | 4.077.595                   |
| - Trade receivables from third parties            | 9         | 17.027.671               | 16.249.356                  |
| Other receivables                                 |           | 1.710.041                | 1.629.829                   |
| - Other receivables from third parties            | 10        | 1.710.041                | 1.629.829                   |
| Investments accounted for using the equity method | 6         | 15.035.172               | 14.327.924                  |
| Investment properties                             | 12        | 17.015.700               | 159.479.700                 |
| Property and equipment                            | 13        | 338.725.344              | 351.251.660                 |
| - Lands   |           | 48.883.306               | 48.883.306                  |
| - Buildings                                       |           | 25.928.251               | 26.268.115                  |
| - Machinery and equipment                         |           | 12.783.800               | 13.752.871                  |
| - Vehicles  |           | 242.186                  | 306.751                     |
| - Furniture and fixtures                          |           | 102.058.129              | 107.027.615                 |
| - Leasehold improvements                          |           | 136.772.207              | 149.591.895                 |
| - Construction in progress                        |           | 12.057.465               | 5.421.107                   |
| Intangible assets                                 |           | 1.713.788.044            | 1.730.846.094               |
| - Goodwill  | 3         | 797.708.560              | 797.708.560                 |
| - Rights  |           | 1.109.307                | 1.813.952                   |
| - Brands  |           | 473.224.395              | 469.359.395                 |
| - Computer licenses                               |           | 14.316.730               | 11.040.547                  |
| - Other intangible assets                         |           | 427.429.052              | 450.923.640                 |
| Prepaid expenses                                  |           | 3.001.857                | 251.659                     |
| - Prepaid expenses to third parties               |           | 3.001.857                | 251.659                     |
| Deferred tax assets                               | 23        | 26.608.712               | 21.188.383                  |
| Derivative instruments                            | 8         | 33.678.060               | 36.905.607                  |
| - Derivative instruments used for hedging         |           | 33.678.060               | 36.905.607                  |
| Other non-current assets                          |           | 23.937.738               | 28.002.075                  |
| - Other non-current assets from third parties     |           | 23.937.738               | 28.002.075                  |
| <b>TOTAL ASSETS</b>                               |           | <b>4.118.728.333</b>     | <b>4.083.036.706</b>        |

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 2016 AND 31 DECEMBER 2015**

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

|  | Notes     | Reviewed<br>30 June 2016 | Audited<br>31 December 2015 |
|--|-----------|--------------------------|-----------------------------|
| <b>LIABILITIES</b>   |           |                          |                             |
| <b>Current liabilities</b>   |           | <b>2.430.253.350</b>     | <b>2.181.273.016</b>        |
| Short-term financial liabilities   | 7         | 202.304.657              | 183.865.059                 |
| <i>Short term financial liabilities to third parties</i>                   |           | 202.304.657              | 183.865.059                 |
| - <i>Bank borrowings</i>   | 7         | 202.304.657              | 183.865.059                 |
| Current portion of long-term financial liabilities                         | 7         | 694.980.312              | 674.813.259                 |
| <i>Current portion of long term financial liabilities to third parties</i> |           | 694.980.312              | 674.813.259                 |
| - <i>Bank borrowings</i>   | 7         | 536.396.574              | 515.708.738                 |
| - <i>Finance lease liabilities</i>   | 7         | 4.423.116                | 5.161.304                   |
| - <i>Issued financial debt instruments</i>                                 | 7         | 154.160.622              | 153.943.217                 |
| Other financial liabilities  |           | 110.335.959              | 16.081.947                  |
| - <i>Other financial liabilities</i>                                       | 9         | 110.335.959              | 16.081.947                  |
| Trade payables   |           | 1.150.202.311            | 1.127.355.482               |
| - <i>Trade payables to related parties</i>                                 | 9 and 25  | 12.683.088               | 12.206.844                  |
| - <i>Trade payables to third parties</i>                                   | 9         | 1.137.519.223            | 1.115.148.638               |
| Payables related to employee benefits                                      |           | 33.925.676               | 21.006.779                  |
| Other payables   |           | 71.001.693               | 23.620.903                  |
| - <i>Other payables to related parties</i>                                 | 10 and 25 | 28.936.000               | -                           |
| - <i>Other payables to third parties</i>                                   | 10        | 42.065.693               | 23.620.903                  |
| Deferred revenue   |           | 115.512.217              | 85.497.419                  |
| - <i>Deferred revenue to third parties</i>                                 |           | 115.512.217              | 85.497.419                  |
| Corporate tax payable  | 23        | 7.314.099                | 1.739.493                   |
| Short term provisions  |           | 33.937.277               | 36.548.537                  |
| - <i>Short term provisions for employee benefits</i>                       | 15        | 16.583.999               | 17.781.353                  |
| - <i>Other short term provisions</i>                                       | 15        | 17.353.278               | 18.767.184                  |
| Other current liabilities  |           | 10.739.149               | 10.744.138                  |
| - <i>Other current liabilities to third parties</i>                        |           | 10.739.149               | 10.744.138                  |
| <b>Non-current liabilities</b>   |           | <b>1.314.372.191</b>     | <b>1.285.230.464</b>        |
| Long term financial liabilities  | 7         | 1.053.938.670            | 956.974.784                 |
| <i>Long term financial liabilities to third parties</i>                    |           | 1.053.938.670            | 956.974.784                 |
| - <i>Bank borrowings</i>   | 7         | 941.159.016              | 844.919.028                 |
| - <i>Finance lease liabilities</i>   | 7         | 2.952.429                | 2.570.285                   |
| - <i>Issued financial debt instruments</i>                                 | 7         | 109.827.225              | 109.485.471                 |
| Trade payables   |           | 50.964.740               | 59.073.112                  |
| - <i>Trade payables to third parties</i>                                   | 9         | 50.964.740               | 59.073.112                  |
| Other payables   |           | 885.584                  | 28.366.675                  |
| - <i>Other payables to third parties</i>                                   | 10        | 885.584                  | 28.366.675                  |
| Long term provisions   |           | 29.308.922               | 32.683.148                  |
| - <i>Long term provisions for employee benefits</i>                        |           | 29.308.922               | 32.683.148                  |
| Deferred revenue   |           | 13.988.189               | 15.570.889                  |
| - <i>Deferred revenue to third parties</i>                                 |           | 13.988.189               | 15.570.889                  |
| Deferred tax liability   | 23        | 165.286.086              | 192.561.856                 |
| <b>TOTAL LIABILITIES</b>   |           | <b>3.744.625.541</b>     | <b>3.466.503.480</b>        |

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**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS  
AS AT 30 JUNE 2016 AND 31 DECEMBER 2015**

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

|  | Notes | Reviewed<br>30 June 2016 | Audited<br>31 December 2015 |
|--|-------|--------------------------|-----------------------------|
| <b>EQUITY</b>  |       | <b>374.102.792</b>       | <b>616.533.226</b>          |
| <b>Equity attributable to parent</b>   |       | <b>373.073.911</b>       | <b>616.180.859</b>          |
| Paid-in share capital  | 17    | 57.700.000               | 57.700.000                  |
| Adjustments to share capital   | 17    | 56.061.369               | 56.061.369                  |
| Share premium  | 17    | 138.375.874              | 867.300.000                 |
| Other comprehensive income/(expenses) not to be reclassified to profit or loss                     |       | (8.978.672)              | (2.539.551)                 |
| - <i>Gain/(loss) on revaluation and re-measurement</i>   | 17    | 13.394.632               | 15.930.274                  |
| - <i>Actuarial (loss)/gain arising from employee benefits</i>                                      |       | (22.373.304)             | (18.469.825)                |
| Other comprehensive income/(expenses) to be reclassified to profit or loss                         |       | (853.640)                | (852.163)                   |
| - <i>Currency translation differences</i>  |       | (853.640)                | (852.163)                   |
| Impact of business combinations of entities under common control                                   | 17    | (316.555.195)            | (311.626.838)               |
| Restricted reserves  | 17    | 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  |       | 648.146.703              | 298.322.343                 |
| Net loss for the period  |       | (234.273.635)            | (381.635.408)               |
| <b>Non-controlling interest</b>  |       | <b>1.028.881</b>         | <b>352.367</b>              |
| <b>TOTAL LIABILITIES</b>   |       | <b>4.118.728.333</b>     | <b>4.083.036.706</b>        |

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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED  
30 JUNE 2016 AND 2015**

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

|   | Notes    | Reviewed<br>1 January -<br>30 June 2016 | Unaudited<br>1 April -<br>30 June 2016 | Reviewed<br>1 January -<br>30 June 2015 | Unaudited<br>1 April -<br>30 June 2015 |
|---|----------|---|--|---|--|
| <b>INCOME OR LOSS</b>   |          |   |  |   |  |
| Revenue   | 18       | 1.705.293.257                           | 866.116.297                            | 1.582.469.945                           | 811.571.561                            |
| Cost of sales (-)   | 18       | (1.011.950.454)                         | (493.493.671)                          | (938.996.492)                           | (462.966.659)                          |
| <b>GROSS PROFIT</b>   |          | <b>693.342.803</b>                      | <b>372.622.626</b>                     | <b>643.473.453</b>                      | <b>348.604.902</b>                     |
| Marketing expenses (-)  |          | (545.085.128)                           | (270.884.898)                          | (497.928.364)                           | (256.158.452)                          |
| General administrative expenses (-)                                     |          | (153.595.074)                           | (64.825.051)                           | (130.910.321)                           | (65.399.221)                           |
| Research and development expenses (-)                                   |          | (2.752.819)                             | (827.309)                              | (2.309.805)                             | (1.024.618)                            |
| Other operating income  | 19       | 115.622.581                             | 39.137.501                             | 117.429.067                             | 41.010.878                             |
| Other operating expenses (-)  | 19       | (124.158.491)                           | (50.408.278)                           | (122.316.792)                           | (46.940.689)                           |
| <b>OPERATING (LOSS)/PROFIT</b>  |          | <b>(16.626.128)</b>                     | <b>24.814.591</b>                      | <b>7.437.238</b>                        | <b>20.092.800</b>                      |
| Income from investing activities  | 20       | 228.985                                 | 228.118                                | 1.940.250                               | 1.859.026                              |
| Expenses from investing activities (-)                                  | 20       | (1.711.090)                             | (689.983)                              | (1.739.483)                             | (313.199)                              |
| Share of profit of investments accounted<br>for using the equity method | 6        | 1.067.224                               | 509.943                                | 1.656.789                               | 310.759                                |
| <b>OPERATING (LOSS)/PROFIT BEFORE<br/>FINANCIAL INCOME/(EXPENSES)</b>   |          | <b>(17.041.009)</b>                     | <b>24.862.669</b>                      | <b>9.294.794</b>                        | <b>21.949.386</b>                      |
| Financial income  | 21       | 27.456.804                              | 4.027.256                              | 48.173.774                              | 37.309.506                             |
| Financial expenses (-)  | 22       | (204.406.966)                           | (97.849.878)                           | (378.293.070)                           | (168.990.459)                          |
| <b>LOSS BEFORE TAX FROM CONTINUED<br/>OPERATIONS</b>                    |          | <b>(193.991.171)</b>                    | <b>(68.959.953)</b>                    | <b>(320.824.502)</b>                    | <b>(109.731.567)</b>                   |
| Corporate tax expense   | 23       | (11.327.147)                            | (7.304.276)                            | (6.610.056)                             | (4.543.672)                            |
| Deferred tax income/(expense)   | 23       | 10.944.227                              | (5.474.841)                            | 5.513.519                               | 3.254.187                              |
| <b>LOSS FROM CONTINUED OPERATIONS</b>                                   |          | <b>(194.374.091)</b>                    | <b>(81.739.070)</b>                    | <b>(321.921.039)</b>                    | <b>(111.021.052)</b>                   |
| <b>LOSS FROM DISCONTINUED OPERATIONS</b>                                | <b>4</b> | <b>(39.717.945)</b>                     | <b>4.081.009</b>                       | <b>-</b>                                | <b>-</b>                               |
| <b>NET LOSS FOR THE PERIOD</b>  |          | <b>(234.092.036)</b>                    | <b>(77.658.061)</b>                    | <b>(321.921.039)</b>                    | <b>(111.021.052)</b>                   |
| <b>Loss for the period attributable to</b>                              |          |   |  |   |  |
| Non-controlling interest  |          | 181.599                                 | 218.827                                | (1.228.851)                             | (87.916)                               |
| Equity holders of the parent  |          | (234.273.635)                           | (77.876.888)                           | (320.692.188)                           | (110.933.136)                          |
| <b>Loss per share</b>   |          |   |  |   |  |
| Loss per share from continued operations                                | 24       | (4,06)                                  | (1,35)                                 | (7,79)                                  | (2,77)                                 |
| Loss per share from discontinued operations                             |          | (6,97)                                  | (6,97)                                 | -                                       | -                                      |
| <b>OTHER COMPREHENSIVE LOSS</b>   |          |   |  |   |  |
| <b>Items not to be classified to profit or loss</b>                     |          |   |  |   |  |
| Actuarial losses arising from employee benefits                         |          | (4.879.349)                             | (2.730.953)                            | (1.330.749)                             | 881.106                                |
| Deferred tax income   | 23       | 975.870                                 | 546.191                                | 266.150                                 | (176.221)                              |
| <b>Items to be classified to profit or loss</b>                         |          |   |  |   |  |
| Currency translation differences  |          | (1.477)                                 | (1.009)                                | 15.337                                  | (269)                                  |
| <b>OTHER COMPREHENSIVE LOSS</b>   |          | <b>(3.904.956)</b>                      | <b>(2.185.771)</b>                     | <b>(1.049.262)</b>                      | <b>704.616</b>                         |
| <b>TOTAL COMPREHENSIVE LOSS</b>   |          | <b>(237.996.992)</b>                    | <b>(79.843.832)</b>                    | <b>(322.970.301)</b>                    | <b>(110.316.436)</b>                   |
| <b>Total comprehensive loss attributable to:</b>                        |          |   |  |   |  |
| Non-controlling interests   |          | 181.599                                 | 218.827                                | (1.228.851)                             | (87.916)                               |
| Equity holders of the parent  |          | (238.178.591)                           | (80.062.659)                           | (321.741.450)                           | (110.228.520)                          |

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



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

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

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR  
THE PERIODS ENDED 30 JUNE 2016 AND 2015**

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

|  | Other comprehensive income/(expenses) to be reclassified to profit or loss |                    |                              |                                  | Other comprehensive income/(expenses) not to be reclassified to profit or loss |                     | Other gain/losses | Shares of associates in accounted for using the equity method to be classified from other comprehensive income to net income | Impact of business combinations regarding common control transactions | Retained earnings/(accumulated losses) | Net loss for the period | Equity attributable to parent | Non-controlling interest | Total equity       |
|--|--|--------------------|------------------------------|----------------------------------|--|---------------------|-------------------|--|---|--|-------------------------|-------------------------------|--------------------------|--------------------|
|  | Paid in share capital  | Share premium      | Adjustments to share capital | Currency translation differences | Gain/ (loss) on revaluation and re-measurement                                 | Actuarial loss      |                   |  |   |  |                         |                               |                          |                    |
| <b>Balance at 1 January 2015</b>                     | <b>40.000.000</b>  | -                  | <b>56.061.369</b>            | <b>(1.310.987)</b>               | <b>20.566.110</b>  | <b>(13.583.761)</b> | <b>36.560</b>     | <b>(307.876.666)</b>   | <b>33.451.107</b>   | <b>519.642.646</b>                     | <b>(225.956.139)</b>    | <b>121.030.239</b>            | <b>12.799.361</b>        | <b>133.829.600</b> |
| Increase in capital (Note 17)                        | 17.700.000   | -                  | -                            | -                                | -  | -                   | -                 | -  | -   | -                                      | -                       | 17.700.000                    | -                        | 17.700.000         |
| Paid share premium (Note 17)                         | -  | 867.300.000        | -                            | -                                | -  | -                   | -                 | -  | -   | -                                      | -                       | 867.300.000                   | -                        | 867.300.000        |
| Transfers  | -  | -                  | -                            | -                                | (747.762)  | -                   | -                 | -  | -   | (225.208.377)                          | 225.956.139             | -                             | -                        | -                  |
| Total comprehensive income/(loss)                    | -  | -                  | -                            | 15.337                           | -  | (1.064.599)         | -                 | -  | -   | -                                      | (320.692.188)           | (321.741.450)                 | (1.228.851)              | (322.970.301)      |
| Acquisition of subsidiary (Note 3)                   | -  | -                  | -                            | -                                | -  | -                   | -                 | (3.750.172)  | -   | -                                      | -                       | (3.750.172)                   | 795.079                  | (2.955.093)        |
| <b>Balance at 30 June 2015</b>                       | <b>57.700.000</b>  | <b>867.300.000</b> | <b>56.061.369</b>            | <b>(1.295.650)</b>               | <b>19.818.348</b>  | <b>(14.648.360)</b> | <b>36.560</b>     | <b>(311.626.838)</b>   | <b>33.451.107</b>   | <b>294.434.269</b>                     | <b>(320.692.188)</b>    | <b>680.538.617</b>            | <b>12.365.589</b>        | <b>692.904.206</b> |
| <b>Balance at 1 January 2016</b>                     | <b>57.700.000</b>  | <b>867.300.000</b> | <b>56.061.369</b>            | <b>(852.163)</b>                 | <b>15.930.274</b>  | <b>(18.469.825)</b> | -                 | <b>(311.626.838)</b>   | <b>33.451.107</b>   | <b>298.322.343</b>                     | <b>(381.635.408)</b>    | <b>616.180.859</b>            | <b>352.367</b>           | <b>616.533.226</b> |
| Transfers (Note 17)                                  | -  | (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 (Note 17) | -  | -                  | -                            | -                                | -  | -                   | -                 | (4.928.357)  | -   | -                                      | -                       | (4.928.357)                   | 755.965                  | 4.172.392          |
| Dividends paid                                       | -  | -                  | -                            | -                                | -  | -                   | -                 | -  | -   | -                                      | -                       | -                             | (261.050)                | (261.050)          |
| <b>Balance at 30 June 2016</b>                       | <b>57.700.000</b>  | <b>138.375.874</b> | <b>56.061.369</b>            | <b>(853.640)</b>                 | <b>13.394.632</b>  | <b>(22.373.304)</b> | -                 | <b>(316.555.195)</b>   | <b>33.451.107</b>   | <b>648.146.703</b>                     | <b>(234.273.635)</b>    | <b>373.073.911</b>            | <b>1.028.881</b>         | <b>374.102.792</b> |

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

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

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

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIODS ENDED 30 JUNE 2016 AND 2015**

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

|   | Notes     | Reviewed<br>1 January -<br>30 June 2016 | Unaudited<br>1 January -<br>30 June 2015 |
|---|-----------|---|--|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                              |           | <b>(42.378.232)</b>                     | <b>(115.830.999)</b>                     |
| <b>Net loss for the period</b>  |           | <b>(234.092.036)</b>                    | <b>(321.921.039)</b>                     |
| Profit/(loss) from continuing operations                                    |           | (194.374.091)                           | (321.921.039)                            |
| Profit/(loss) from discontinuing operations                                 |           | (39.717.945)                            | -  |
| <b>Adjustments to reconcile loss for the period</b>                         |           | <b>286.437.875</b>                      | <b>182.703.813</b>                       |
| Depreciation and amortization   | 13 and 14 | 61.509.759                              | 58.939.718                               |
| Adjustments related to impairment   |           | 61.581.688                              | (423.411)                                |
| <i>Adjustments related to impairment on receivables</i>                     | 9         | 2.094.504                               | 3.213.124                                |
| <i>Adjustments related to impairment on inventories</i>                     | 11        | 11.258.286                              | 2.467.425                                |
| <i>Adjustments related to impairment on investment property</i>             | 12        | 45.530.974                              | (6.103.960)                              |
| <i>Adjustments related to impairment on other assets</i>                    |           | 2.697.924                               | -  |
| Adjustments related to provisions   |           | 19.841.330                              | 22.142.195                               |
| <i>Adjustments related to provision for employment termination benefits</i> |           | 8.578.802                               | 10.653.334                               |
| <i>Adjustments related to provision for litigation</i>                      | 15        | 1.410.166                               | 1.738.177                                |
| <i>Adjustments related to other provisions</i>                              | 15        | 9.852.362                               | 9.750.684                                |
| Adjustments related to interest income/(expense)                            |           | 142.116.055                             | 111.990.978                              |
| <i>Adjustments related to interest income</i>                               |           | (7.566.347)                             | (10.559.340)                             |
| <i>Adjustments related to interest expenses</i>                             |           | 147.481.818                             | 120.357.178                              |
| <i>Rediscount expense</i>   |           | 143.930                                 | 2.193.140                                |
| <i>Rediscount income</i>  |           | 2.056.654                               | -  |
| Adjustments related to unrealized gain/(loss) foreign currency differences  |           | (2.342.753)                             | 13.229.381                               |
| Adjustments related to fair value gain/(loss)                               |           | 11.874.463                              | (22.414.029)                             |
| <i>Adjustments related to fair value changes of derivative instruments</i>  | 8         | 11.874.463                              | (22.414.029)                             |
| Adjustments related to the sale of non-current assets                       |           | 1.482.105                               | (200.767)                                |
| <i>Adjustments to gain on sales of property and equipment</i>               | 20        | 1.482.105                               | 1.332.177                                |
| <i>Adjustments to gain/loss on sales of investment properties</i>           | 20        | -                                       | (1.532.944)                              |
| Share of profit of investments accounted for using the equity method        | 6         | (1.067.224)                             | (1.656.789)                              |
| <i>Adjustments related to undistributed profit of associates</i>            |           | (1.172.070)                             | (1.716.150)                              |
| <i>Adjustments related to undistributed profit of joint ventures</i>        |           | 104.846                                 | 59.361                                   |
| Adjustments related to tax (income)/losses                                  |           | (8.557.548)                             | 1.096.537                                |
| <b>Changes in net working capital</b>                                       |           | <b>(94.724.071)</b>                     | <b>23.386.227</b>                        |
| Adjustments related to decrease/( increase) in inventories                  |           | (49.595.188)                            | (32.898.684)                             |
| Adjustments related to decrease/(increase) in trade receivables             |           | (24.173.829)                            | (2.119.178)                              |
| <i>Decrease/(increase) in trade receivables from third parties</i>          |           | (28.019.790)                            | (6.366.737)                              |
| <i>Decrease/(increase) in trade receivables from related parties</i>        |           | 3.845.961                               | 4.247.559                                |
| Adjustments related to decrease/(increase) in other receivables             |           | (3.567.858)                             | (692.248)                                |
| <i>Decrease/(increase) in other receivables from third parties</i>          |           | (3.567.858)                             | (692.248)                                |
| Adjustments related to (increase)/decrease in prepaid expenses              |           | (37.607.164)                            | (14.543.036)                             |
| Adjustments related to increase/(decrease) in deferred revenue              |           | 28.441.750                              | (27.398.451)                             |
| in employee benefits payable  |           | 12.918.897                              | 1.779.927                                |
| Adjustments related to increase/(decrease) in trade payables                |           | 13.074.570                              | (18.458.360)                             |
| <i>Increase/(decrease) in trade payables to related parties</i>             |           | 847.606                                 | 918.554                                  |
| <i>Increase/(decrease) in trade payables to third parties</i>               |           | 12.226.964                              | (19.376.914)                             |
| Adjustments related to increase/(decrease) in other payables                |           | (9.036.301)                             | 153.315.335                              |
| <i>Increase/(decrease) in other payables to third parties</i>               |           | (9.036.301)                             | 153.315.335                              |
| Employee termination benefits paid  |           | (19.611.494)                            | (8.352.028)                              |
| Other payments of provision   |           | (304.297)                               | (405.002)                                |
| Other cash inflows/(outflows)   |           | (5.263.157)                             | (26.842.048)                             |

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

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

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

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIODS ENDED 30 JUNE 2016 AND 2015**

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

|  | Notes | Reviewed<br>1 January-<br>30 June 2016 | Reviewed<br>1 January-<br>30 June 2015 |
|--|-------|--|--|
| <b>B . CASH FLOWS FROM INVESTING ACTIVITIES</b>  |       | <b>45.862.448</b>                      | <b>(967.178.520)</b>                   |
| Cash outflows from purchases of tangible and intangible assets   |       | (37.540.682)                           | (34.721.929)                           |
| <i>Purchases of tangible assets</i>  | 13    | (26.020.907)                           | (30.996.897)                           |
| <i>Purchases of intangible assets</i>  | 14    | (11.519.775)                           | (3.725.032)                            |
| Proceeds from disposal of property, equipment and intangible assets  |       | 1.417.740                              | 565.889                                |
| <i>Proceeds from disposal of property, equipment</i>   |       | 1.397.881                              | 547.961                                |
| <i>Proceeds from disposal of intangible assets</i>   |       | 19.859                                 | 17.928                                 |
| Cash outflows due to purchases of investment property  | 12    | -                                      | (9.374)                                |
| Proceeds from disposal of investment property  | 12    | -                                      | 2.361.000                              |
| Cash outflows from gaining control of subsidiaries or other businesses   |       | -                                      | (931.300.200)                          |
| Cash inflows from losing control of subsidiaries or other businesses   |       | 85.797.806                             | -                                      |
| Cash outflows from purchase of additional shares of subsidiaries   | 17    | (4.172.392)                            | (5.391.949)                            |
| Dividends received   | 6     | 359.976                                | 1.318.043                              |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>   |       | <b>19.336.530</b>                      | <b>1.110.836.398</b>                   |
| Proceeds from issuing shares other equity instruments  |       | -                                      | 885.000.000                            |
| <i>Proceeds from issuing shares</i>  | 17    | -                                      | 885.000.000                            |
| Interest paid  |       | (145.900.053)                          | (119.372.676)                          |
| Interest received  |       | 7.566.347                              | 10.559.340                             |
| Proceeds from financial liabilities  |       | 846.314.186                            | 1.139.404.860                          |
| <i>Proceeds from bank borrowings</i>   |       | 742.965.052                            | 1.137.705.744                          |
| <i>Proceeds from factoring transactions</i>  |       | 102.782.723                            | -                                      |
| <i>Proceeds from other financial liabilities</i>   |       | 566.411                                | 1.699.116                              |
| Payments of financial liabilities  |       | (614.207.261)                          | (917.764.385)                          |
| <i>Cash outflows due to payments of bank borrowings</i>  |       | (605.531.149)                          | (903.324.865)                          |
| <i>Cash outflows due to payments of factoring liabilities</i>  |       | (8.528.711)                            | (10.630.671)                           |
| <i>Disposal related to other financial liabilities payments</i>  |       | (147.401)                              | (855.760)                              |
| Dividends paid   |       | (261.050)                              | -                                      |
| Increase in other payables to related parties  |       | -                                      | 113.009.259                            |
| Decrease in other payables to related parties  |       | (74.175.639)                           | -                                      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE<br/>THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b> |       | <b>22.820.746</b>                      | <b>27.826.879</b>                      |
| <b>D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON<br/>CASH AND CASH EQUIVALENTS</b>                             |       | <b>(1.477)</b>                         | <b>15.337</b>                          |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>   |       | <b>22.819.269</b>                      | <b>27.842.216</b>                      |
| <b>E. CASH AND CASH EQUIVALENTS<br/>AT THE BEGINNING OF THE PERIOD</b>   | 5     | <b>88.246.065</b>                      | <b>317.079.148</b>                     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE<br/>PERIOD (A+B+C+D+E)</b>  | 5     | <b>111.065.334</b>                     | <b>344.921.364</b>                     |

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

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

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

**NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016**

(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 2016 and 31 December 2015 is Boyner Holding. The Company is registered to CMB and 15% of its shares offered to İstanbul Stock Exchange (“ISE”) for the first time in 1991.

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

The core business of the Group is the investments of retail and production of textile. The Company operates in retail industry through its subsidiaries AY Marka Mağazacılık A.Ş. (“AY Marka”), Boyner Büyük Mağazacılık A.Ş. (“BBM”) and Beymen Mağazacılık A.Ş. (“Beymen”) and textile clothing industry through its subsidiary Altınyıldız Tekstil ve Konfeksiyon A.Ş. (“AYTK”). Moreover, the Company has established Anka Mağazacılık A.Ş. (“Anka”) on 29 September 2015 in order to operate in retail industry. Bulin İç ve Dış Ticaret A.Ş. (“Bulin”) has been established on 30 June 2016. The subsidiaries of the Company, Alticom GmbH (“Alticom”) incorporated in Germany and Altınyıldız Corporation incorporated in USA operates in foreign markets for the sale and marketing of textile products. The Company together with its consolidated subsidiaries will be referred to as the “Group” hereafter.

As of 30 June 2016, the Group has retail space of 358.714 square meters (279.655 square meters of its own stores and 74.112 square meters of others) (31 December 2015: 362.642 square meters (284.350 square meters of its own stores, and 78.292 square meters of others)) and operates in 373 stores (271 own stores and 102 other) (31 December 2015: 386 stores (279 own stores and 107 other)).

The condensed interim consolidated financial statements as at and for the interim period ended 30 June 2016 have been approved and authorized for issue on 18 August 2016 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 2015.

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

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

**NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016**

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

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

**2.1 Basis of presentation (Continued)**

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

*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 2016, the total current liabilities of the Group exceed its total current assets by TRY 506.216.209 (31 December 2015: TRY 462.551.093) and operating loss for the period is amounting to TRY 16.626.128. Group management plans to increase its profitability due to effects of seasonality in second half of 2016 especially last quarter, and correspondingly expects to increase its operating profit; and plans to decrease its current liabilities through structuring its short term liabilities with long term liabilities.

**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 2016 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 2016 are prepared in accordance with the accounting policies that were used in the consolidated financial statements as at 31 December 2015 except for the adoption of new and amended TFRS interpretations effective as of 1 January 2016 which are summarized below.

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
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**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016**

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

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

**2.4 Changes in Accounting Policies**

**New and amended international financial reporting standards**

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at 30 June 2016 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 2016. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

*a) In accordance with TAS 8 paragraph 28, the new standards, amendments to published standards and interpretations applicable as of 30 June 2016:*

- Amendment to TFRS 11, “Joint arrangements” on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. This amendment has no impact on the financial position and performance of the Group.
- Amendments to TAS 16 “Property, plant and equipment”, and TAS 41, “Agriculture”, regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41. This amendment has no impact on the financial position and performance of the Group.
- Amendment to TAS 16, “Property, plant and equipment” and TAS 38, “Intangible assets”, on depreciation and amortization, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This amendment has no impact on the financial position and performance of the Group.
- TFRS 14 “Regulatory deferral accounts”, effective from annual periods beginning on or after 1 January 2016. TFRS 14, “Regulatory deferral accounts” permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. This standard has no impact on the financial position and performance of the Group.

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
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**BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.**

**NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016**

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

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

**2.4 Changes in Accounting Policies (Continued)**

- Amendments to TAS 27, “Separate financial statements” on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment has no impact on the financial position and performance of the Group.
- Amendments to TFRS 10, “Consolidated financial statements” and TAS 28, “Investments in associates and joint ventures”, effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. This amendment has no impact on the financial position and performance of the Group.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards. These improvements have no impact on the financial position and performance of the Group.
  - TFRS 5, “Non-current assets held for sale and discontinued operations” regarding methods of disposal.
  - TFRS 7, “Financial instruments: Disclosures”, (with consequential amendments to TFRS 1) regarding servicing contracts.
  - TAS 19, “Employee benefits” regarding discount rates.
  - TAS 34, “Interim financial reporting” regarding disclosure of information.
- Amendment to TAS 1, “Presentation of financial statements” on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, and these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. This amendment has no impact on the financial position and performance of the Group.
- Amendment to TFRS 10 “Consolidated financial statements” and TAS 28, “Investments in associates and joint ventures”, effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. This amendment has no impact on the financial position and performance of the Group.

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

**2.4 Changes in Accounting Policies (Continued)**

***b) In accordance with TAS 8 paragraph 30, standards, amendments and interpretations effective after 30 June 2016:***

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 condensed interim 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.

- Amendments to TAS 7 “Statement of cash flows” on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the FASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. This standard is not expected to have a significant effect on the financial position and performance of the Group.
- Amendments TAS 12 “Income Taxes”, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets. This standard is not expected to have a significant effect on the financial position and performance of the Group.
- Amendments to TFRS 2, “Share based payments” on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. This standard is not expected to have a significant effect on the financial position and performance of the Group.
- TFRS 15 “Revenue from contracts with customers”, effective from annual periods beginning on or after 1 January 2018. TFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the TASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. This standard is not expected to have a significant effect on the financial position and performance of the Group.
- Amendment to TFRS 15, “Revenue from contracts with customers”, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The TASB has also included additional practical expedients related to transition to the new revenue standard. This standard is not expected to have a significant effect on the financial position and performance of the Group.



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

**2.4 Changes in Accounting Policies (Continued)**

- TFRS 9 “Financial instruments”, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. This standard is not expected to have a significant effect on the financial position and performance of the Group.
- TFRS 16 ‘Leases’, effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same.

However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The effects of this standard on the financial position and performance of the Group are being evaluated by the Group management.

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

The condensed interim consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements. As of 30 June 2016, there is not any significant reclassification applied in the comparative financial statements.

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

**2.6 Principles of consolidation**

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 2016 and 31 December 2015:

| <b>Subsidiary</b>                            | <b>Country of registration</b> | <b>Nature of business</b>              | <b>30 June 2016 Effective ownership (%)</b> | <b>31 December 2015 Effective ownership (%)</b> |
|--|--------------------------------|--|---|---|
| AY Marka                                     | Turkey                         | Retail operations                      | 100,00                                      | 100,00  |
| BBM <sup>(1)</sup>                           | Turkey                         | Retail operations                      | 100,00                                      | 99,08   |
| Beymen                                       | Turkey                         | Retail operations                      | 100,00                                      | 100,00  |
| AYTK   | Turkey                         | Sale and marketing of textile products | 100,00                                      | 100,00  |
| BYN <sup>(2)</sup>                           | Turkey                         | Real estate development                | -   | 100,00  |
| Alticom <sup>(3)</sup>                       | Germany                        | Sale and marketing of textile products | 100,00                                      | 100,00  |
| Altınyıldız Corporation                      | USA                            | Sale and marketing of textile products | 100,00                                      | 100,00  |
| A&Y LLC                                      | Dubai                          | Sale and marketing of textile products | 100,00                                      | 100,00  |
| Nişantaşı Turistik İşletmeleri A.Ş.          | 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.                | Turkey                         | Import-Export                          | 100,00                                      | 100,00  |
| Anka   | Turkey                         | Retail operations                      | 100,00                                      | 100,00  |
| Bulin  | Turkey                         | Import-Export                          | 100,00                                      | -   |

<sup>(1)</sup> As of 4 March 2016, ownership interest of the Group in BBM has increased from 99,08% to 100,00%.

<sup>(2)</sup> Share transfer agreement has been signed on 7 May 2016 for BYN shares and all shares of BYN were transferred to Gençoğlu AVM Yatırımları A.Ş. on 15 June 2016 (Note 4).

<sup>(3)</sup> The liquidation process of Alticom has started in 2014 and the process is continuing as of 30 June 2016.

The associates and joint ventures accounted for using the equity method of Beymen, Group’s subsidiary, and the rates of effective ownership as of 30 June 2016 and 31 December 2015 are as follows:

| <b>Subsidiary</b>  | <b>Country of registration</b> | <b>Nature of business</b> | <b>30 June 2016 Effective ownership (%)</b> | <b>31 December 2015 Effective ownership (%)</b> |
|--|--------------------------------|---------------------------|---|---|
| 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   |

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**NOTE 3 - BUSINESS COMBINATIONS**

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

**a) Acquisition of BBM and Beymen**

The shares of Boyner Perakende in its associates Beymen and BBM accounted for using the equity method until the acquisition date of 31 May 2013. 50,01% shares of BBM and 30,05% shares of Beymen acquired from Fennella S.a.r.l. (“Fennella”); which is a subsidiary of Citi Venture Capital International (“CVCI”) on 31 May 2013 and the share purchase agreement is signed with Fennella at the same date. As a result of these transactions, the change in the control has been regarded as a step acquisition in business combinations in accordance with Business Combinations (“IFRS 3”). Therefore, Beymen and BBM which had been accounted for using the equity method until 31 May 2013, are fully consolidated starting from 1 June 2013 and the shares of other shareholders arising from the publicly traded shares of BBM have been accounted for as non-controlling interest.

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

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

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

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**NOTE 3 - BUSINESS COMBINATIONS (Continued)**

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

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

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**NOTE 3 - BUSINESS COMBINATIONS (Continued)**

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

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

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

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**NOTE 3 - BUSINESS COMBINATIONS (Continued)**

**b) Merger of BBA**

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

**c) Acquisition of Nişantaşı Turistik**

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

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

**2015**

|  |             |
|--|-------------|
| Net asset of Nişantaşı Turistik acquired | 1.046.693   |
| Liability arising from the acquisition   | (4.796.865) |

**Impact of business combinations under common control (Note 17) (3.750.172)**

**d) Acquisition of İzkar**

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

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

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**NOTE 3 - BUSINESS COMBINATIONS (Continued)**

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

**NOTE 4 - SEGMENT REPORTING**

The business operations of the Group are organized and managed with respect to the range of products and services provided by the Group. The information regarding the business activities of the Group as of 30 June 2016 and 2015 comprise the performance and the management of textile and ready-to-wear products, retail store operations and real estate management operations.

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

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**NOTE 4 - SEGMENT REPORTING (Continued)**

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

| <b>1 January-30 June 2016</b>                    | <b>Retail<br/>Operations</b> | <b>Textile and ready<br/>to wear</b> | <b>Real estate<br/>management (*)</b> | <b>Undistributed</b> | <b>Elimination</b>     | <b>Total</b>         |
|--|------------------------------|--------------------------------------|---------------------------------------|----------------------|------------------------|----------------------|
| Revenue  | 1.620.014.207                | 134.428.078                          | -                                     | 23.609.739           | (72.758.767)           | 1.705.293.257        |
| Gross profit                                     | 679.484.363                  | 10.666.438                           | -                                     | 16.126.455           | (12.934.453)           | 693.342.803          |
| Capital expenditures<br>(based on balance sheet) | 32.852.026                   | 4.084.753                            | -                                     | 603.903              | -                      | 37.540.682           |
| Depreciation and<br>amortization expenses        | 37.708.751                   | 3.196.641                            | -                                     | 20.604.367           | -                      | 61.509.759           |
| <b>30 June 2016</b>                              | <b>Retail<br/>Operations</b> | <b>Textile and ready<br/>to wear</b> | <b>Real estate<br/>management (*)</b> | <b>Undistributed</b> | <b>Elimination</b>     | <b>Total</b>         |
| <b>Assets and liabilities</b>                    |                              |                                      |                                       |                      |                        |                      |
| Segment assets                                   | 3.019.529.185                | 424.229.901                          | -                                     | 2.138.227.740        | (1.463.258.493)        | 4.118.728.333        |
| <b>Total assets</b>                              | <b>3.019.529.185</b>         | <b>424.229.901</b>                   | <b>-</b>                              | <b>2.138.227.740</b> | <b>(1.463.258.493)</b> | <b>4.118.728.333</b> |
| Segment liabilities                              | 2.629.553.267                | 396.424.818                          | -                                     | 1.889.594.367        | (1.170.946.911)        | 3.744.625.541        |
| <b>Total liabilities</b>                         | <b>2.629.553.267</b>         | <b>396.424.818</b>                   | <b>-</b>                              | <b>1.889.594.367</b> | <b>(1.170.946.911)</b> | <b>3.744.625.541</b> |

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

The segment analysis for the period ended 30 June 2015 is as follows:

| <b>1 January - 30 June 2015</b>                  | <b>Retail<br/>operations</b> | <b>Textile and ready<br/>wear clothes</b> | <b>Real estate<br/>management</b> | <b>Undistributed</b> | <b>Elimination</b>     | <b>Total</b>         |
|--|------------------------------|---|-----------------------------------|----------------------|------------------------|----------------------|
| Revenue  | 1.490.190.593                | 143.190.982                               | 5.475.340                         | 15.434.855           | (71.821.825)           | 1.582.469.945        |
| Gross profit/ (loss)                             | 620.685.571                  | 16.559.206                                | 5.159.870                         | 13.180.600           | (12.111.794)           | 643.473.453          |
| Capital expenditures<br>(based on balance sheet) | 31.543.107                   | 2.589.764                                 | -                                 | 571.130              | -                      | 34.704.001           |
| Depreciation and<br>amortization expenses        | 33.419.417                   | 4.324.127                                 | -                                 | 21.196.174           | -                      | 58.939.718           |
| <b>31 December 2015</b>                          | <b>Retail<br/>operations</b> | <b>Textile and ready<br/>wear clothes</b> | <b>Real estate<br/>management</b> | <b>Undistributed</b> | <b>Elimination</b>     | <b>Total</b>         |
| <b>Assets and liabilities</b>                    |                              |   |                                   |                      |                        |                      |
| Segment assets                                   | 2.871.793.617                | 396.941.140                               | 158.286.756                       | 1.979.361.056        | (1.323.345.863)        | 4.083.036.706        |
| <b>Total assets</b>                              | <b>2.871.793.617</b>         | <b>396.941.140</b>                        | <b>158.286.756</b>                | <b>1.979.361.056</b> | <b>(1.323.345.863)</b> | <b>4.083.036.706</b> |
| Segment liabilities                              | 2.585.193.937                | 362.771.457                               | 76.549.103                        | 1.545.344.371        | (1.103.355.388)        | 3.466.503.480        |
| <b>Total liabilities</b>                         | <b>2.585.193.937</b>         | <b>362.771.457</b>                        | <b>76.549.103</b>                 | <b>1.545.344.371</b> | <b>(1.103.355.388)</b> | <b>3.466.503.480</b> |



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**NOTE 4 - SEGMENT REPORTING (Continued)**

*Details of discontinued operation and disposal of subsidiary:*

In accordance with the agreement signed on 7 May 2016, Group transferred all the shares of its subsidiary, BYN to Gençođlu AVM Yatırımları A.Ş. on 15 June 2016 for an amount of 26 million EUR (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 condensed consolidated financial statements as of 31 March 2016. Additional impairment loss of TRY 1.732.020 calculated as of the date of share transfer, is recognized in the condensed consolidated financial statements as of 30 June 2016. Total impairment loss of TRY 45.530.494 (Note 12) related to the change in fair value is classified in “loss from discontinued operations” in the condensed consolidated statement of profit or loss and other comprehensive income together with the other income and expenses from BYN.

Since the financial performance and cash flow information related to the sale transaction classified as discontinued operations as of 30 June 2016 are not material to the condensed consolidated financial statements of the Group, financial information related to prior periods are not restated.

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

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

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**NOTE 4 - SEGMENT REPORTING (Continued)**

The reconciliation of EBITDA as of 30 June 2016 and 2015 is as follows:

|  | <b><u>1 January -<br/>30 June 2016</u></b> | <b><u>1 January -<br/>30 June 2015</u></b> |
|--|--|--|
| Revenue  | 1.705.293.257                              | 1.582.469.945                              |
| Gross profit   | 693.342.803                                | 643.473.453                                |
| EBITDA   | 44.468.750                                 | 68.234.512                                 |
| Adjustments:   |  |  |
| <b>Reclassification in accordance<br/>with the format recommended by CMB</b> | <b>12.106.718</b>                          | <b>15.661.207</b>                          |
| Foreign currency gains   | (43.364.235)                               | (47.108.052)                               |
| Rediscount income  | (44.499.101)                               | (36.247.011)                               |
| Term difference income   | (10.034.814)                               | (9.775.852)                                |
| Foreign currency losses  | 45.623.201                                 | 58.061.023                                 |
| Term difference expenses   | 21.133.973                                 | 19.843.322                                 |
| Rediscount expense   | 43.247.694                                 | 30.887.777                                 |
| <b>Non-recurring (income)/expenses<br/>per Group Management (*)</b>          |  |  |
| Other non-recurring operational expenses                                     | 28.979.948                                 | 23.661.852                                 |
| <b>Adjusted EBITDA (*)</b>   | <b>85.555.416</b>                          | <b>107.557.571</b>                         |

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

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**NOTE 5 - CASH AND CASH EQUIVALENTS**

The details of the cash and cash equivalents as of 30 June 2016 and 31 December 2015 are as follows:

|                               | <b>30 June 2016</b> | <b>31 December 2015</b> |
|-------------------------------|---------------------|-------------------------|
| Cash                          | 3.854.741           | 5.124.210               |
| Banks                         | 87.815.516          | 36.215.805              |
| - Time deposits (*)           | 4.901.398           | 8.067.248               |
| - Demand deposits (**)        | 82.914.118          | 28.148.557              |
| Credit card receivables (***) | 14.209.723          | 41.245.399              |
| Cheques given for collection  | 5.185.354           | 5.660.651               |
|                               | <b>111.065.334</b>  | <b>88.246.065</b>       |

(\*) The time deposits of the Group, which consist of overnights, have interest rate of 6,82% in average as of 30 June 2016 (31 December 2015: 6,39%).

(\*\*) Group has restricted cash amounting to TRY 17.957.330 as of 30 June 2016 (31 December 2015: TRY 6.471.697).

(\*\*\*) As of 30 June 2016, the pledge on the credit card receivables of the Group is amounting to TRY 6.485.510 (31 December 2015: TRY 1.242.018).

As of 30 June 2016 and 31 December 2015, cash and cash equivalents included in the statements of cash flow are as follows:

|                           | <b>30 June 2016</b> | <b>30 June 2015</b> |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | 111.065.334         | 344.921.364         |
| Less: Restricted deposits | (17.957.330)        | (4.499.716)         |
|                           | <b>93.108.004</b>   | <b>340.421.648</b>  |

The total insurance coverage on cash and cash equivalents is amounting to TRY 74.550.000 as of 30 June 2016 (31 December 2015: TRY 71.840.000).

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

The details of the financial investments and investments in associates accounted for using the equity method as of 30 June 2016 and 31 December 2015 are as follows:

|                           | <b>30 June 2016</b> |                | <b>31 December 2015</b> |                |
|---------------------------|---------------------|----------------|-------------------------|----------------|
|                           | <b>Share</b>        | <b>Amount</b>  | <b>Share</b>            | <b>Amount</b>  |
| Doğu Yatırım Holding A.Ş. | < 1%                | 104.891        | < 1%                    | 104.891        |
| <b>Total</b>              |                     | <b>104.891</b> |                         | <b>104.891</b> |

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

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

|  | <u>30 June 2016</u>                  |                   | <u>31 December 2015</u>              |                   |
|--|--------------------------------------|-------------------|--------------------------------------|-------------------|
|  | <b>Effective ownership ratio (%)</b> | <b>Amount</b>     | <b>Effective ownership ratio (%)</b> | <b>Amount</b>     |
| <b>Associates</b>                            |                                      |                   |                                      |                   |
| <i>Accounted for using the equity method</i> |                                      |                   |                                      |                   |
| Christian Dior                               | 49,00                                | 7.548.874         | 49,00                                | 6.736.779         |
| <i>Accounted at cost</i>                     |                                      |                   |                                      |                   |
| Nile Bosphorus (*)                           | 33,33                                | 5.472.508         | 33,33                                | 5.472.508         |
| <b>Joint ventures</b>                        |                                      |                   |                                      |                   |
| <i>Accounted for using the equity method</i> |                                      |                   |                                      |                   |
| Christian Louboutin                          | 30,00                                | 2.013.790         | 30,00                                | 2.118.637         |
| Elif Co (**)                                 | 50,00                                | -                 | 50,00                                | -                 |
|  |                                      | <b>15.035.172</b> |                                      | <b>14.327.924</b> |

(\*) Since Nile Bosphorus does not prepare its financial statements for the period ended 30 June 2016 and 31 December 2015 in accordance with TFRS, the investment of the Group in Nile Bosphorus is carried at cost in the consolidated financial statements.

(\*\*) As of 30 June 2016 and 31 December 2015, the Group has presented the amount of investment accounted for using the equity method as zero, due to the losses incurred by Elif Co. As at 30 June 2016, accumulated loss which is not accounted in the consolidated financial statements due to the gap between the amount of investment and the cost of the investment accounted for using the equity method, is amounting to TRY 7.391.982 (31 December 2015: TRY 6.292.945).

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

|  | <b>2016</b>       | <b>2015</b>       |
|--|-------------------|-------------------|
| <b>Opening balance - 1 January</b>           | <b>14.327.924</b> | <b>13.662.699</b> |
| Amount recognized in the current year profit | 1.067.224         | 1.656.789         |
| Dividends received                           | (359.976)         | (1.318.013)       |
| Change in the ownership rate                 | -                 | (885.216)         |
| <b>Closing balance - 30 June</b>             | <b>15.035.172</b> | <b>13.116.259</b> |

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**NOTE 7 - FINANCIAL LIABILITIES**

**Short term financial liabilities**

|                                   | <b>30 June 2016</b> | <b>31 December 2015</b> |
|-----------------------------------|---------------------|-------------------------|
| Interest free bank borrowings (*) | 3.064.177           | 6.780.760               |
| Short term bank borrowings        | 199.240.480         | 177.084.299             |
|                                   | <b>202.304.657</b>  | <b>183.865.059</b>      |

(\*) Interest free bank borrowings consist of interest free loans which were borrowed for the payments of Social Security Institution as of 30 June 2016 and 31 December 2015.

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

|  | <b>30 June 2016</b> | <b>31 December 2015</b> |
|--|---------------------|-------------------------|
| Short-term portion of<br>long-term financial liabilities | 536.396.574         | 515.708.738             |
| Short-term portion of long-term bonds (**)               | 154.160.622         | 153.943.217             |
| Financial lease liabilities                              | 4.423.116           | 5.161.304               |
|  | <b>694.980.312</b>  | <b>674.813.259</b>      |

**Long term financial liabilities**

|                             | <b>30 June 2016</b>  | <b>31 December 2015</b> |
|-----------------------------|----------------------|-------------------------|
| Long-term bank borrowings   | 941.159.016          | 844.919.028             |
| Long-term bonds issued (**) | 109.827.225          | 109.485.471             |
| Financial lease liabilities | 2.952.429            | 2.570.285               |
|                             | <b>1.053.938.670</b> | <b>956.974.784</b>      |

(\*\*) Bond which is issued by BBM, consecutive to registering CMB, consists of TRY 100.000.000 nominal value on 23 December 2013, 36 months maturity, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities + 5% interest rate bond.

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

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

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**NOTE 7 - FINANCIAL LIABILITIES (Continued)**

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

**30 June 2016**

| <b>Currency</b>              | <b>Maturity</b> | <b>Interest rate (%)</b> | <b>Short term</b>  | <b>Long term</b>   |
|------------------------------|-----------------|--------------------------|--------------------|--------------------|
| TRY interest free borrowings | 2016            | -                        | 3.064.177          | -                  |
| TRY borrowings               | 2016-2018       | 14 - 15,95               | 445.001.257        | 271.430.518        |
| USD borrowings               | 2016-2021       | Libor + 4,75             | 187.272.207        | 543.830.150        |
| EUR borrowings               | 2016-2018       | 6,25-8                   | 103.363.590        | 125.898.348        |
|                              |                 |                          | <b>738.701.231</b> | <b>941.159.016</b> |

**31 December 2015**

| <b>Currency</b>              | <b>Maturity</b> | <b>Interest rate (%)</b> | <b>Short term</b>  | <b>Long term</b>   |
|------------------------------|-----------------|--------------------------|--------------------|--------------------|
| TRY interest free borrowings | 2016            | -                        | 6.780.760          | -                  |
| TRY borrowings               | 2016            | 12 - 15,75               | 396.972.320        | 235.244.363        |
| USD borrowings               | 2016-2018       | Libor + 4,75             | 193.781.870        | 367.151.618        |
| EUR borrowings               | 2016-2026       | 6,25-7,76                | 102.038.847        | 242.523.047        |
|                              |                 |                          | <b>699.573.797</b> | <b>844.919.028</b> |

The redemption schedule of the bank borrowings and bonds as of 30 June 2016 and 31 December 2015 is as follows:

|                      | <b>30 June 2016</b>  | <b>31 December 2015</b> |
|----------------------|----------------------|-------------------------|
| To be paid in 1 year | 892.861.853          | 853.517.014             |
| 2017                 | 409.032.400          | 510.608.302             |
| 2018 and onwards     | 641.953.841          | 443.796.197             |
|                      | <b>1.943.848.094</b> | <b>1.807.921.513</b>    |

In relation to the bank loans elaborated as of 30 June 2016 above, there are mortgages given amounting to TRY 124.000.000 (31 December 2015: mortgages amounting to EUR 32.000.000 and TRY 90.000.000 on the shopping mall and TRY 124.000.000 on the residences, classified by the Group as investment property at a fair value of TRY 142.464.000). 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 7 - FINANCIAL LIABILITIES (Continued)**

The redemption schedule of the financial lease as of 30 June 2016 and 31 December 2015 is as follows:

|   | <b>30 June 2016</b> | <b>31 December 2015</b> |
|---|---------------------|-------------------------|
| Total financial lease payments              | 7.898.106           | 8.442.066               |
| Interest will be paid in upcoming years (-) | (522.561)           | (710.477)               |
|   | <b>7.375.545</b>    | <b>7.731.589</b>        |
| Financial lease liabilities up to 1 year    | 4.423.116           | 5.161.304               |
| Financial lease liabilities after 1 year    | 2.952.429           | 2.570.285               |
|   | <b>7.375.545</b>    | <b>7.731.589</b>        |

As of 30 June 2016 and 31 December 2015, the summary of short-term financial lease liabilities in terms of foreign currency is as below:

|     | <b>30 June 2016</b> | <b>31 December 2015</b> |
|-----|---------------------|-------------------------|
| TRY | 3.674.337           | 4.288.140               |
| USD | 4.322               | 154.115                 |
| EUR | 744.457             | 719.049                 |
|     | <b>4.423.116</b>    | <b>5.161.304</b>        |

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

|     | <b>30 June 2016</b> | <b>31 December 2015</b> |
|-----|---------------------|-------------------------|
| TRY | 1.785.020           | 1.038.987               |
| EUR | 1.167.409           | 1.531.298               |
|     | <b>2.952.429</b>    | <b>2.570.285</b>        |

Collateral bills amounting to EUR 618.466 and TRY 4.203.681 are given regarding to the financial leasing liabilities disclosed above as of 30 June 2016 (31 December 2015: USD 111.153, EUR 729.228 and TRY 4.316.031).

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**NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS**

The details of derivative instruments are as follows:

|   | <b>30 June 2016</b> | <b>31 December 2015</b> |
|---|---------------------|-------------------------|
| Financial assets arising from<br>swap transactions - short term (*) | 14.208.244          | 22.855.160              |
| Financial assets arising from<br>swap transactions - long term (*)  | 33.678.060          | 36.905.607              |
|   | <b>47.886.304</b>   | <b>59.760.767</b>       |

(\*) The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 2 December 2014 and 26 May 2015 for its financial liability amounting to USD 87.271.384 (TRY 252.528.477) as of 30 June 2016 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 30 June 2016, the swap instruments are carried at their fair values through the consolidated statement of profit or loss.

The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 28 July 2015 for its financial liability amounting to USD 77.659.640 (TRY 224.715.933) as of 30 June 2016 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 30 June 2016, the swap instruments are carried at their fair values in the consolidated statement of profit or loss.

The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 21 September 2015 for its financial liability amounting to EUR 70.573.125 (TRY 226.144.522) as of 30 June 2016 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. These derivative instruments are carried at fair value through statement of profit of loss on 30 June 2016.

The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 9 June 2016 for its financial liability amounting to EUR 87.730.836 (TRY 253.857.947) as of 30 June 2016 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. These derivative instruments are carried at fair value through statement of profit of loss on 30 June 2016.

Movement of derivative instruments are as follows:

|   | <b>2016</b>       | <b>2015</b>       |
|---|-------------------|-------------------|
| <b>Opening balance - 1 January</b>          | <b>59.760.767</b> | <b>4.932.506</b>  |
| The amount recognized in financial expenses | (11.874.463)      | 22.414.029        |
| <b>Closing balance - 30 June</b>            | <b>47.886.304</b> | <b>27.346.535</b> |



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**NOTE 9 - TRADE RECEIVABLES AND PAYABLES**

**Short-term trade receivables**

|   | <b>30 June 2016</b> | <b>31 December 2015</b> |
|---|---------------------|-------------------------|
| Trade receivables   | 184.478.012         | 183.637.225             |
| Notes receivables (*)   | 139.540.695         | 124.335.333             |
| Less: Provision for doubtful receivables                      | (37.071.909)        | (35.254.468)            |
| Less: Rediscount expense                                      | (5.474.882)         | (7.251.226)             |
| <b>Total trade receivables from third parties</b>             | <b>281.471.916</b>  | <b>265.466.864</b>      |
| Trade receivables from related parties                        | 71.373.951          | 75.200.279              |
| Less: Rediscount expense                                      | (1.245.775)         | (1.828.278)             |
| <b>Total trade receivables from related parties (Note 25)</b> | <b>70.128.176</b>   | <b>73.372.001</b>       |
| <b>Total short-term trade receivables</b>                     | <b>351.600.092</b>  | <b>338.838.865</b>      |

(\*) TRY 110.335.959 of the notes receivables was transferred to the factoring institutions (31 December 2015: TRY 16.081.947). The factoring debts related to this transaction have been classified under other financial liabilities.

**Long-term trade receivables**

|  | <b>30 June 2016</b> | <b>31 December 2015</b> |
|--|---------------------|-------------------------|
| Trade receivables from related parties (Note 25) | 4.057.962           | 4.077.595               |
| Trade receivables from third parties             | 7.856.951           | 9.156.951               |
| Notes receivables                                | 12.187.885          | 10.326.506              |
| Less: Rediscount expense                         | (3.017.165)         | (3.234.101)             |
| <b>Total long-term trade receivables</b>         | <b>21.085.633</b>   | <b>20.326.951</b>       |

The collection period of trade receivables vary with the type of product and the agreements entered into with the customer. The average collection period for textile sales is 172 days (31 December 2015: 169 days). The average collection period of trade receivables from retail sales is 83 days (31 December 2015: 86 days).

The movement of provision for the doubtful receivables as of 30 June 2016 and 2015 is as follows:

|   | <b>2016</b>       | <b>2015</b>       |
|---|-------------------|-------------------|
| <b>Opening balance - 1 January</b>                  | <b>35.254.468</b> | <b>25.625.598</b> |
| Provisions  | 2.094.504         | 3.213.124         |
| Collection of receivables during the current period | (7.085)           | (694.092)         |
| Disposals from sale of subsidiary                   | (269.978)         | -                 |
| Write-offs in the current period (*)                | -                 | (147.361)         |
| <b>Closing balance – 30 June</b>                    | <b>37.071.909</b> | <b>27.997.269</b> |

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

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**NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)**

**Short term trade payables**

|  | <b>30 June 2016</b>  | <b>31 December 2015</b> |
|--|----------------------|-------------------------|
| Trade payables   | 493.213.677          | 579.665.179             |
| Notes payables   | 665.839.725          | 560.939.856             |
| Less: Rediscount income                                    | (21.534.179)         | (25.456.397)            |
| <b>Total trade payables from third parties</b>             | <b>1.137.519.223</b> | <b>1.115.148.638</b>    |
| Trade payables from related parties                        | 12.936.906           | 12.565.544              |
| Less: Rediscount income                                    | (253.818)            | (358.700)               |
| <b>Total trade payables from related parties (Note 25)</b> | <b>12.683.088</b>    | <b>12.206.844</b>       |
| <b>Total trade payables</b>                                | <b>1.150.202.311</b> | <b>1.127.355.482</b>    |

The average payment period of trade payables is 210 days for textile (31 December 2015: 179 days). The average payment period of trade payables for retail purchases is 181 days (31 December 2015: 183 days).

**Long term trade payables**

|                                       | <b>30 June 2016</b> | <b>31 December 2015</b> |
|---------------------------------------|---------------------|-------------------------|
| Notes payables (*)                    | 50.964.740          | 59.073.112              |
| <b>Total long term trade payables</b> | <b>50.964.740</b>   | <b>59.073.112</b>       |

(\*) The Group has purchased the factory land and buildings which belong to Akiş Gayrimenkul Yatırım Ortaklığı A.Ş for USD 24.691.930. The payable amount which has a maturity of 5 years, has classified as short term and long term payables amounting to TRY 15.919.511 and TRY 50.964.739 respectively (31 December 2015: TRY 28.919.500 and TRY 59.073.112).

**NOTE 10 - OTHER RECEIVABLES AND PAYABLES**

The details of other receivables and payables as of 30 June 2016 and 31 December 2015 is as follows:

|   | <b>30 June 2016</b> | <b>31 December 2015</b> |
|---|---------------------|-------------------------|
| Other receivables from customer                         | 3.143.517           | 2.294.298               |
| Deposits and guarantees given                           | 2.188.548           | 82.897                  |
| Due from personnel                                      | 936.610             | 318.747                 |
| Receivables from insurance companies                    | 14.525              | 285.885                 |
| Other   | 350.320             | 164.047                 |
| <b>Total other receivables</b>                          | <b>6.633.520</b>    | <b>3.145.874</b>        |
| <b>Other receivables from related parties (Note 25)</b> | <b>150.842.708</b>  | <b>47.731.069</b>       |
|   | <b>157.476.228</b>  | <b>50.876.943</b>       |

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**NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)**

The details of long term other receivables as of 30 June 2016 and 31 December 2015 are as follows:

|  | <b>30 June 2016</b> | <b>31 December 2015</b> |
|--|---------------------|-------------------------|
| Deposits and guarantees given to third parties | 1.710.041           | 1.629.829               |
| <b>Total other long-term receivables</b>       | <b>1.710.041</b>    | <b>1.629.829</b>        |

The details of other short term payables as of 30 June 2016 and 31 December 2015 is as follows:

|  | <b>30 June 2016</b> | <b>31 December 2015</b> |
|--|---------------------|-------------------------|
| Other payables (*)                                 | 42.065.693          | 23.620.903              |
| <b>Total other payables</b>                        | <b>42.065.693</b>   | <b>23.620.903</b>       |
| <b>Other payables to related parties (Note 25)</b> | <b>28.936.000</b>   | <b>-</b>                |
| <b>Total other payables</b>                        | <b>71.001.693</b>   | <b>23.620.903</b>       |

The details of other long term payables as of 30 June 2016 and 31 December 2015 is as follows:

|                                       | <b>30 June 2016</b> | <b>31 December 2015</b> |
|---------------------------------------|---------------------|-------------------------|
| Deposits and guarantees received      | 155.286             | 230.913                 |
| Other payables (*)                    | 730.298             | 28.135.762              |
| <b>Total long term other payables</b> | <b>885.584</b>      | <b>28.366.675</b>       |

(\*) The short term other payables amounting to TRY 41.115.091 (31 December 2015: TRY 23.073.725 short term and TRY 27.409.597 long term) are mainly related with the acquisition of YKM A.Ş. and YKM Pazarlama A.Ş. on 22 October 2013.

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**NOTE 11 - INVENTORIES**

The detail of inventories as of 30 June 2016 and 31 December 2015 is as follows:

|   | <b>30 June 2016</b>  | <b>31 December 2015</b> |
|---|----------------------|-------------------------|
| Trade goods                                       | 974.966.552          | 902.105.801             |
| Finished goods                                    | 39.962.695           | 36.321.574              |
| Raw materials and supplies                        | 40.433.315           | 53.527.265              |
| Real estates                                      | 29.643.635           | 37.287.750              |
| Semi-finished goods                               | 19.403.660           | 25.390.586              |
| Auxiliary materials                               | 9.275.874            | 9.875.343               |
| Goods in transit                                  | 34.502.513           | 39.290.498              |
|   | <b>1.148.188.244</b> | <b>1.103.798.817</b>    |
| Less: Provision for impairment on inventories (-) | (35.603.779)         | (24.345.493)            |
|   | <b>1.112.584.465</b> | <b>1.079.453.324</b>    |

The total insurance coverage on inventories is amounting to TRY 1.407.330.000 as at 30 June 2016 (31 December 2015: TRY 1.386.750.000).

The movement of the impairment on inventories during the period ended as of 30 June 2016 and 2015 is as follows:

|                                    | <b>2016</b>         | <b>2015</b>         |
|------------------------------------|---------------------|---------------------|
| <b>Opening balance - 1 January</b> | <b>(24.345.493)</b> | <b>(20.342.583)</b> |
| Changes in the current period      | (11.258.286)        | (2.467.425)         |
| <b>Closing balance - 30 June</b>   | <b>(35.603.779)</b> | <b>(22.810.008)</b> |

**NOTE 12 - INVESTMENT PROPERTIES**

|                   | <b>1 January 2016</b> | <b>Additions</b> | <b>Disposals (-)</b> | <b>Change in<br/>fair value</b> | <b>30 June 2016</b> |
|-------------------|-----------------------|------------------|----------------------|---------------------------------|---------------------|
| <b>Fair value</b> |                       |                  |                      |                                 |                     |
| 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)                    | -                   |
|                   | <b>159.479.700</b>    | <b>-</b>         | <b>(96.933.026)</b>  | <b>(45.530.974)</b>             | <b>17.015.700</b>   |

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**NOTE 12 - 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 as TRY 96.933.026 and impairment loss amounting to TRY 45.530.974, has been recognized to the condensed 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 4).

|                   | <b>1 January 2015</b> | <b>Additions</b> | <b>Disposals (-)</b> | <b>Change in<br/>fair value</b> | <b>30 June 2015</b> |
|-------------------|-----------------------|------------------|----------------------|---------------------------------|---------------------|
| <b>Fair value</b> |                       |                  |                      |                                 |                     |
| Starcity AVM      | 127.040.000           | 9.374            | -                    | -                               | 127.049.374         |
| Land in Antalya   | 935.000               | -                | (828.056)            | -                               | 106.944             |
| Store at Unkapanı | 175.000               | -                | -                    | -                               | 175.000             |
| Istwest Stores    | 10.736.740            | -                | -                    | 6.103.960                       | 16.840.700          |
|                   | <b>138.886.740</b>    | <b>9.374</b>     | <b>(828.056)</b>     | <b>6.103.960</b>                | <b>144.172.018</b>  |

Istwest stores have been revaluated by comparison with similar assets on 26 March 2015 by Elit Gayrimenkul Değerleme A.Ş. and fair values of 10 stores have been determined as amounting to TRY 16.840.700. Fair value changes amounting to TRY 6.103.960 recognized in the income statement under other operating income as of 30 June 2015.

The comparison of the cost of investment properties and their fair values as of 30 June 2016 is as follows:

| <b>Name</b>       | <b>Date of<br/>expertise report</b> | <b>Fair value<br/>(TRY)</b> | <b>Cost value<br/>(TRY)</b> |
|-------------------|-------------------------------------|-----------------------------|-----------------------------|
| Store at Unkapanı | 6 August 2013                       | 175.000                     | 43.961                      |
| Istwest stores    | 26 March 2015                       | 16.840.700                  | 10.736.740                  |

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

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

As of 30 June 2016, rent income from investment properties is amounting to TRY 6.969.624 (1 January - 30 June 2015: TRY 6.007.989).

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**NOTE 12 - INVESTMENT PROPERTIES (Continued)**

**The fair value of land and buildings**

As of 30 June 2016 and 31 December 2015, the fair value of land and buildings of the Group was determined by an independent expert. Increase in the revaluation amount has been recognized as other operating income in the statement of comprehensive income.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

|  | <b>30 June 2016</b>  |   |   |
|--|--|---|---|
|  | Quoted in active markets<br>for identical assets prices<br>(Level 1) | Other significant<br>observable inputs<br>(Level 2) | Significant<br>unobservable inputs<br>(Level 3) |
| <b>Recurring fair value measurements</b> |  |   |   |
| Land and buildings                       |  |   |   |
| Store at Unkapanı                        | -  | 175.000   | -   |
| Istwest stores                           | -  | 16.840.700  | -   |
|  | -  | <b>17.015.700</b>                                   | -   |

|  | <b>31 December 2015</b>  |   |   |
|--|--|---|---|
|  | Quoted in active markets<br>for identical assets prices<br>(Level 1) | Other significant<br>observable inputs<br>(Level 2) | Significant<br>unobservable inputs<br>(Level 3) |
| <b>Recurring fair value measurements</b> |  |   |   |
| Land and buildings                       |  |   |   |
| Starcity Mall                            | -  | 142.464.000   | -   |
| Store at Unkapanı                        | -  | 175.000   | -   |
| Istwest stores                           | -  | 16.840.700  | -   |
|  | -  | <b>159.479.700</b>                                  | -   |

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

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

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**NOTE 13 - PROPERTY AND EQUIPMENT**

|                                     | <b>1 January 2016</b> | <b>Additions</b>    | <b>Disposals (-) (*)</b> | <b>Transfers</b> | <b>30 June 2016</b>  |
|-------------------------------------|-----------------------|---------------------|--------------------------|------------------|----------------------|
| <b>Cost</b>                         |                       |                     |                          |                  |                      |
| Land                                | 48.883.306            | -                   | -                        | -                | 48.883.306           |
| Buildings                           | 26.311.968            | -                   | -                        | -                | 26.311.968           |
| 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           |
|                                     | <b>644.494.151</b>    | <b>26.020.907</b>   | <b>(24.599.498)</b>      | <b>-</b>         | <b>645.915.560</b>   |
| <b>Accumulated depreciation (-)</b> |                       |                     |                          |                  |                      |
| Buildings                           | (43.853)              | (339.864)           | -                        | -                | (383.717)            |
| 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)        |
|                                     | <b>(293.242.491)</b>  | <b>(32.969.313)</b> | <b>19.021.588</b>        | <b>-</b>         | <b>(307.190.216)</b> |
| <b>Net book value</b>               | <b>351.251.660</b>    |                     |                          |                  | <b>338.725.344</b>   |

(\*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 2.858.162 during the period 1 January - 30 June 2016 (Note 19).

|                                     | <b>1 January 2015</b> | <b>Additions</b>    | <b>Disposals (-)</b> | <b>Transfers</b> | <b>Assets acquired from business combinations</b> | <b>30 June 2015</b>  |
|-------------------------------------|-----------------------|---------------------|----------------------|------------------|---|----------------------|
| <b>Cost</b>                         |                       |                     |                      |                  |   |                      |
| Land                                | 62.934                | -                   | -                    | -                | -   | 62.934               |
| Machinery and equipment             | 126.672.471           | 2.842.429           | (55.412)             | -                | 458.361   | 129.917.849          |
| Furniture and fixtures              | 148.381.906           | 10.636.486          | (203.770)            | 12.719           | -   | 158.827.341          |
| Motor vehicles                      | 1.127.883             | 47.000              | (49.036)             | -                | 67.637  | 1.193.484            |
| Leasehold improvements              | 227.488.942           | 13.452.240          | (2.057.566)          | 49.032           | 403.989   | 239.336.637          |
| Construction in progress            | 749.843               | 4.019.683           | -                    | (62.692)         | -   | 4.706.834            |
|                                     | <b>504.483.979</b>    | <b>30.997.838</b>   | <b>(2.365.784)</b>   | <b>(941)</b>     | <b>929.987</b>                                    | <b>534.045.079</b>   |
| <b>Accumulated depreciation (-)</b> |                       |                     |                      |                  |   |                      |
| Machinery and equipment             | (113.681.854)         | (2.590.088)         | 29.437               | -                | -   | (116.242.505)        |
| Furniture and fixtures              | (42.087.211)          | 11.769.743)         | 92.620               | -                | -   | (53.764.334)         |
| Motor vehicles                      | (676.450)             | (36.384)            | 49.036               | -                | -   | (663.798)            |
| Leasehold improvements              | (74.851.854)          | (16.629.354)        | 314.553              | -                | -   | (91.166.655)         |
|                                     | <b>(231.297.369)</b>  | <b>(31.025.569)</b> | <b>485.646</b>       | <b>-</b>         | <b>-</b>  | <b>(261.837.292)</b> |
| <b>Net book value</b>               | <b>273.186.610</b>    |                     |                      |                  |   | <b>272.207.787</b>   |

As of 30 June 2016, depreciation expense amounting to TRY 26.417.917 (2015: TRY 24.331.946) has been charged in marketing expenses, TRY 2.758.772 (2015: TRY 3.303.702) has been charged in cost of sales, TRY 3.727.253 (2015: TRY 3.381.904) in general and administrative expenses and TRY 65.371 (2015: TRY 8.017) in research and development expenses.

As of 30 June 2016 total amount of insurance on tangible assets is amounting to TRY 719.813.575 (31 December 2015: TRY 1.054.431.709).

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**NOTE 14 - INTANGIBLE ASSETS**

|                                     | <b>1 January 2016</b>     | <b>Additions</b>    | <b>Disposals (-)</b> | <b>Transfers</b>  | <b>30 June 2016</b>         |
|-------------------------------------|---------------------------|---------------------|----------------------|---|-----------------------------|
| <b>Cost</b>                         |                           |                     |                      |   |                             |
| Rights                              | 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                  |
|                                     | <b>1.072.991.287</b>      | <b>11.519.775</b>   | <b>(1.919.490)</b>   | <b>-</b>  | <b>1.082.591.572</b>        |
| <b>Accumulated amortization (-)</b> |                           |                     |                      |   |                             |
| Rights                              | (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)                 |
|                                     | <b>(139.853.753)</b>      | <b>(28.540.446)</b> | <b>1.882.111</b>     | <b>-</b>  | <b>(166.512.088)</b>        |
| <b>Net book value</b>               | <b>933.137.534</b>        |                     |                      |   | <b>916.079.484</b>          |
|                                     |                           |                     |                      | <b>Assets<br/>acquired from<br/>business<br/>combinations</b> |                             |
|                                     | <b>1 January<br/>2015</b> | <b>Additions</b>    | <b>Disposals (-)</b> | <b>Transfers</b>  | <b>30 June<br/>2015</b>     |
| <b>Cost</b>                         |                           |                     |                      |   |                             |
| Rights                              | 12.286.040                | 163.392             | -                    | 941   | 12.467.401                  |
| Brands                              | 469.359.395               | 268.326             | -                    | -   | 469.627.721                 |
| Favorable rent contract             | 303.382.404               | -                   | -                    | -   | 303.382.404                 |
| Franchise agreements                | 192.140.601               | -                   | -                    | -   | 192.140.601                 |
| Customer network                    | 76.727.000                | -                   | -                    | -   | 76.727.000                  |
| Computer licenses                   | 9.882.806                 | 3.274.445           | -                    | -   | 13.157.251                  |
|                                     | <b>1.063.778.246</b>      | <b>3.724.091</b>    | <b>-</b>             | <b>941</b>  | <b>17.028 1.067.502.378</b> |
| <b>Accumulated amortization (-)</b> |                           |                     |                      |   |                             |
| Rights                              | (8.664.032)               | (1.798.837)         | -                    | -   | (10.462.869)                |
| Favorable rent contract             | (41.048.125)              | (12.962.566)        | -                    | -   | (54.010.691)                |
| Franchise agreements                | (27.414.294)              | (9.039.797)         | -                    | -   | (36.454.091)                |
| Customer network                    | (8.098.961)               | (2.557.567)         | -                    | -   | (10.656.528)                |
| Computer licenses                   | (2.678.304)               | (1.555.382)         | -                    | -   | (4.233.686)                 |
|                                     | <b>(87.903.716)</b>       | <b>(27.914.149)</b> | <b>-</b>             | <b>-</b>  | <b>(115.817.865)</b>        |
| <b>Net book value</b>               | <b>975.874.530</b>        |                     |                      |   | <b>951.684.513</b>          |

(\*) Assets acquired in business combinations are consisted of purchasing of İzkar amounting to TRY 12.663 and purchasing of Nişantaşı Turistik amounting to TRY 4.365.

As of 30 June 2016 amortization expense amounting to TRY 23.623.214 (2015: TRY 24.840.867) has been charged in marketing expenses, TRY 4.890.162 (2015: TRY 3.041.524) has been charged in general and administrative expenses, TRY 17.026 (2015: TRY 23.748) in cost of sales and TRY 10.044 (2015: TRY 8.010 ) in research and development expenses.



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**NOTE 14 - INTANGIBLE ASSETS (Continued)**

Brands

Brands consist of Beymen brand whose fair value exercise completed as of 31 December 2013 and Boyner, Beymen Club and Beymen Business brands whose fair value exercises completed as of 31 May 2014 (Note 3). Furthermore, brands also include T-Box brand which is purchased from Boyner Holding on 1 October 2010 and Divarese brand purchased from Vincenzo Schilacci and Step SRL on 15 July 2011 and George Hogg brand purchased from Boyner Holding on 10 February 2016.

Brand impairment tests

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

*Beymen brand*

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

*Boyner brand*

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

*T-box brand*

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

As a result of the impairment tests for goodwill performed based on the assumptions explained above, the Group did not identify any impairment as of 31 December 2015. As the fair values of the brands are higher than their carrying values, management did not calculate the recoverable amounts in terms of value in use as of 30 June 2016. As of 30 June 2016, the Group did not perform impairment test since there were no indicators of impairment.

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**NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Short term provision for employee benefits**

Short term provision for employee benefits amounting to TRY 16.583.999 (31 December 2015: TRY 17.781.353) consists of provision for unused vacation rights, performance and bonus provision.

**Other short term provisions**

|   | <b>30 June 2016</b> | <b>31 December 2015</b> |
|---|---------------------|-------------------------|
| Provision for sales returns and price differences | 10.996.015          | 13.615.006              |
| Provision for litigation                          | 6.201.305           | 5.095.436               |
| Other   | 155.958             | 56.742                  |
|   | <b>17.353.278</b>   | <b>18.767.184</b>       |

The movement of other short term provisions is as follows:

|  | <b>1 January<br/>2016</b> | <b>Additions</b>  | <b>Provisions<br/>paid</b> | <b>30 June<br/>2016</b> |
|--|---------------------------|-------------------|----------------------------|-------------------------|
| Provision for sales returns<br>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                 |
| <b>Total</b>   | <b>18.767.184</b>         | <b>11.262.528</b> | <b>(12.676.434)</b>        | <b>17.353.278</b>       |

|  | <b>1 January<br/>2015</b> | <b>Additions</b>  | <b>Provisions<br/>paid</b> | <b>30 June<br/>2015</b> |
|--|---------------------------|-------------------|----------------------------|-------------------------|
| Provision for sales returns<br>and price differences | 8.277.667                 | 9.266.629         | (8.093.658)                | 9.450.638               |
| Provision for litigation                             | 2.998.275                 | 1.738.177         | (399.157)                  | 4.337.295               |
| Other  | 42.121                    | 484.055           | (5.845)                    | 520.331                 |
| <b>Total</b>   | <b>11.318.063</b>         | <b>11.488.861</b> | <b>(8.498.660)</b>         | <b>14.308.264</b>       |

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**NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

**Contingent assets and liabilities**

*Guarantees, pledges and mortgages*

Guarantees, pledges and mortgages “GPM” given by the Company as of 30 June 2016 and 31 December 2015 are as follows:

|  | <b>30 June 2016</b> | <b>31 December 2015</b> |
|--|---------------------|-------------------------|
| The GPM’s given by the Group   |                     |                         |
| A. Total amount of GPMs which the Company provided on behalf of its own legal entity                               | 270.368             | 795.278                 |
| B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation | 317.762.170         | 324.243.271             |
| C. Total amount of GPMs which the Company provided on behalf of third parties to conduct business activities       | -                   | -                       |
| D. Total amount of other GPMs provided   |                     |                         |
| i. On behalf of majority shareholder   | -                   | -                       |
| ii. On behalf of other group companies which are not included in item B or C                                       | -                   | -                       |
| iii. On behalf of third parties which are not covered by item C  | -                   | -                       |
|  | <b>318.032.538</b>  | <b>325.038.549</b>      |

The details of GPM in terms of foreign currencies are given as of 30 June 2016 and 31 December 2015 are as follows:

| Currency | <b>30 June 2016</b>    |                       | <b>31 December 2015</b> |                       |
|----------|------------------------|-----------------------|-------------------------|-----------------------|
|          | <b>Original Amount</b> | <b>TRY Equivalent</b> | <b>Original Amount</b>  | <b>TRY Equivalent</b> |
| TRY      | 274.267.163            | 274.267.163           | 263.324.295             | 263.324.295           |
| USD      | 9.571.855              | 27.697.120            | -                       | -                     |
| EUR      | 5.014.435              | 16.068.255            | 19.421.656              | 61.714.254            |
|          |                        | <b>318.032.538</b>    |                         | <b>325.038.549</b>    |

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**NOTE 16 - COMMITMENTS**

As of 30 June 2016 and 31 December 2015, annual lease liabilities that are non-cancellable over one year maturity and not included in the Group’s condensed consolidated financial statements are as follows:

**Operating vehicles lease commitments:**

|                            | <b>30 June 2016</b> | <b>31 December 2015</b> |
|----------------------------|---------------------|-------------------------|
| Payable within 1 year      | 2.907.138           | 3.217.609               |
| Payable within 1 - 5 years | 1.724.826           | 2.997.245               |
|                            | <b>4.631.964</b>    | <b>6.214.854</b>        |

**Operating stores leasing commitments:**

|                            | <b>30 June 2016</b> | <b>31 December 2015</b> |
|----------------------------|---------------------|-------------------------|
| Payable within 1 year      | 127.027.228         | 124.195.925             |
| Payable within 1 - 5 years | 137.996.323         | 138.159.599             |
|                            | <b>265.023.551</b>  | <b>262.355.524</b>      |

**Finance leasing commitments:**

|                            | <b>30 June 2016</b> | <b>31 December 2015</b> |
|----------------------------|---------------------|-------------------------|
| Payable within 1 year      | 4.423.116           | 5.193.615               |
| Payable within 1 - 5 years | 2.952.429           | 2.537.974               |
|                            | <b>7.375.545</b>    | <b>7.731.589</b>        |

**Operating office leasing commitments:**

|                       | <b>30 June 2016</b> | <b>31 December 2015</b> |
|-----------------------|---------------------|-------------------------|
| Payable within 1 year | 4.189.756           | 2.162.584               |
|                       | <b>4.189.756</b>    | <b>2.162.584</b>        |

The commitments of the Group related to export operations as of 30 June 2016 are amounting to USD 4.174.299 (31 December 2015: USD 6.108.417).

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**NOTE 17 - EQUITY**

The shareholders and the shareholding structure of the Group at 30 June 2016 and 31 December 2015 are as follows:

|   | <b>30 June 2016</b> |                     | <b>31 December 2015</b> |                     |
|---|---------------------|---------------------|-------------------------|---------------------|
|   | <b>Share</b>        | <b>Amount (TRY)</b> | <b>Share</b>            | <b>Amount (TRY)</b> |
| Boyner Holding                                      | 54,80%              | 31.619.228          | 54,80%                  | 31.619.228          |
| Mayhoola for Investments OPC (*)                    | 30,68%              | 17.700.000          | 30,68%                  | 17.700.000          |
| Other shareholders and<br>free float (**)           | 14,52%              | 8.380.772           | 14,52%                  | 8.380.772           |
| <b>Paid-in capital</b>                              | <b>100,00%</b>      | <b>57.700.000</b>   | <b>100,00%</b>          | <b>57.700.000</b>   |
| Inflation adjustment difference<br>in share capital |                     | 56.061.369          |                         | 56.061.369          |
| <b>Total adjusted capital</b>                       |                     | <b>113.761.369</b>  |                         | <b>113.761.369</b>  |

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

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

As of 30 June 2016 and 31 December 2015, the registered share capital of the Company is TRY 57.700.000 (31 December 2015: TRY 57.700.000) and the Company’s share capital consists of 5.770.000.000 (31 December 2015: 5.770.000.000) issued shares with TRY 0,01 nominal value each.

*Legal reserve*

- 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.
- 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 accounts are available for distribution in the framework of the above mentioned legal rules.

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**NOTE 17 - EQUITY (Continued)**

*Restricted reserves*

|   | <b>30 June 2016</b> | <b>31 December 2015</b> |
|---|---------------------|-------------------------|
| Legal reserves  | 10.467.368          | 10.467.368              |
| Legal reserves arising from tax exemption<br>related to the gain from sale of subsidiary (***)              | 1.080.833           | 1.080.833               |
| Legal reserves arising from tax exemption<br>related to the gain from the sale of investment property (***) | 21.902.906          | 21.902.906              |
|   | <b>33.451.107</b>   | <b>33.451.107</b>       |

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

*Revaluation funds*

The details of revaluation funds as of 30 June 2016 and 31 December 2015 are as follows:

|  | <b>30 June 2016</b> | <b>31 December 2015</b> |
|--|---------------------|-------------------------|
| Revaluation fund related to the land on which<br>the factory plant was located     | 78.824.810          | 78.824.810              |
| Revaluation fund related to the land classified as<br>investment property          | 15.722.470          | 15.722.470              |
| <b>Total of revaluation funds</b>  | <b>94.547.280</b>   | <b>94.547.280</b>       |
| Classification of the special fund arising from the sale of<br>investment property | (15.722.470)        | (15.722.470)            |
| Deferred tax effect  | (3.943.025)         | (3.943.025)             |
| Transfers to accumulated losses  | (61.487.153)        | (58.951.511)            |
|  | <b>13.394.632</b>   | <b>15.930.274</b>       |

The movement of revaluation funds as of 30 June 2016 and 2015 is as follows:

|                                     | <b>2016</b>       | <b>2015</b>       |
|-------------------------------------|-------------------|-------------------|
| <b>Opening balance - 1 January</b>  | <b>15.930.274</b> | <b>20.566.110</b> |
| Transfers to accumulated losses (*) | (2.535.642)       | (747.762)         |
| <b>Closing balance - 30 June</b>    | <b>13.394.632</b> | <b>19.818.348</b> |

(\*) Revaluation fund associated with income recognized during the period ended are transferred to accumulated loss.

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**NOTE 17 - EQUITY (Continued)**

*Impact of business combinations under common control*

The detail of impact of business combinations under common control as of 30 June 2016 and 31 December 2015 is as follows:

|  | <b>30 June 2016</b>  | <b>31 December 2015</b> |
|--|----------------------|-------------------------|
| Impact of the acquisition of BBM (**)                                | (48.574.625)         | (43.646.268)            |
| Impact of the acquisition of Beymen                                  | (202.724.939)        | (202.724.939)           |
| Merge impact of BBA  | 7.478.755            | 7.478.755               |
| Acquisition of AYTK shares from<br>non-controlling interest (Note 3) | (12.105.679)         | (12.105.679)            |
| Acquisition of YKM shares from<br>non-controlling interest           | (56.878.535)         | (56.878.535)            |
| Impact of the acquisition of Nişantaşı Turistik (Note 3)             | (3.750.172)          | (3.750.172)             |
|  | <b>(316.555.195)</b> | <b>(311.626.838)</b>    |

(\*\*) On 4 March 2016, the Company purchased 0.92% of the public shares of BBM with an amount of TRY 4.172.392 and increased its shareholding rate from 99.08% to 100%. With this purchase, the negative fund amounting to TRY 4.928.357 has been recognized under “Impact of business combinations under common control” account in equity.

**NOTE 18 - REVENUE AND COST OF SALES**

**Sales**

|                     | <b>1 January -<br/>30 June 2016</b> | <b>1 April -<br/>30 June 2016</b> | <b>1 January -<br/>30 June 2015</b> | <b>1 April -<br/>30 June 2015</b> |
|---------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Domestic sales      | 2.052.965.422                       | 1.047.734.084                     | 1.800.666.290                       | 921.034.807                       |
| Export sales        | 22.090.812                          | 8.768.220                         | 33.911.289                          | 20.070.563                        |
| Other sales         | 3.904.846                           | 1.791.717                         | 1.801.223                           | 928.844                           |
| Real estate sales   | 10.831.437                          | 3.835.644                         | 8.573.911                           | 5.935.845                         |
| Sales returns (-)   | (265.106.178)                       | (125.325.072)                     | (199.313.588)                       | (99.148.219)                      |
| Sales discounts (-) | (119.393.082)                       | (70.688.296)                      | (63.169.180)                        | (37.250.279)                      |
|                     | <b>1.705.293.257</b>                | <b>866.116.297</b>                | <b>1.582.469.945</b>                | <b>811.571.561</b>                |

**Cost of sales**

|  | <b>1 January -<br/>30 June 2016</b> | <b>1 April -<br/>30 June 2016</b> | <b>1 January -<br/>30 June 2015</b> | <b>1 April -<br/>30 June 2015</b> |
|--|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Cost of trade goods sold                       | (936.885.898)                       | (452.929.733)                     | (845.702.587)                       | (408.354.749)                     |
| Cost of finished goods sold                    | (67.420.441)                        | (37.991.264)                      | (90.724.181)                        | (52.219.001)                      |
| Cost of services given and<br>real estate sold | (7.644.115)                         | (2.572.674)                       | (2.569.724)                         | (2.392.909)                       |
|  | <b>(1.011.950.454)</b>              | <b>(493.493.671)</b>              | <b>(938.996.492)</b>                | <b>(462.966.659)</b>              |

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**NOTE 19 - OTHER OPERATING INCOME / (EXPENSE)**

**Other operating income**

|   | <b>1 January -<br/>30 June 2016</b> | <b>1 April -<br/>30 June 2016</b> | <b>1 January -<br/>30 June 2015</b> | <b>1 April -<br/>30 June 2015</b> |
|---|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Foreign exchange income                 | 43.364.235                          | 27.163.302                        | 47.108.052                          | 21.133.420                        |
| Rediscount income                       | 44.499.101                          | (1.869.299)                       | 36.247.011                          | 211.875                           |
| Term difference income from sales       | 10.034.814                          | 4.455.286                         | 9.775.852                           | 5.232.523                         |
| Rent income                             | 1.570.345                           | 1.345.474                         | 1.774.693                           | 944.488                           |
| Store investment contribution<br>income | 2.908.091                           | 1.757.607                         | 1.870.041                           | 1.128.647                         |
| Other                                   | 13.245.995                          | 6.285.131                         | 20.653.418                          | 12.359.925                        |
|   | <b>115.622.581</b>                  | <b>39.137.501</b>                 | <b>117.429.067</b>                  | <b>41.010.878</b>                 |

**Other operating expenses**

|  | <b>1 January -<br/>30 June 2016</b> | <b>1 April -<br/>30 June 2016</b> | <b>1 January -<br/>30 June 2015</b> | <b>1 April -<br/>30 June 2015</b> |
|--|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Foreign exchange loss                          | 45.623.201                          | 30.793.163                        | 58.061.023                          | 26.560.838                        |
| Rediscount expenses                            | 43.247.694                          | (150.237)                         | 30.887.777                          | 2.068.142                         |
| Term difference expenses<br>from purchases     | 21.133.973                          | 9.890.962                         | 19.843.322                          | 8.855.221                         |
| Expenses related to<br>closed stores (Note 13) | 2.858.162                           | 2.858.162                         | -                                   | -                                 |
| Other  | 11.295.461                          | 7.016.228                         | 13.524.670                          | 9.456.401                         |
|  | <b>124.158.491</b>                  | <b>50.408.278</b>                 | <b>122.316.792</b>                  | <b>46.940.602</b>                 |

**NOTE 20 - INCOME/LOSS FROM INVESTING ACTIVITIES**

**Income from investing activities**

|                                      | <b>1 January -<br/>30 June 2016</b> | <b>1 April -<br/>30 June 2016</b> | <b>1 January -<br/>30 June 2015</b> | <b>1 April -<br/>30 June 2015</b> |
|--------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Gain on sales of investment property | -                                   | -                                 | 1.532.944                           | 1.532.944                         |
| Gain on sales of fixed assets        | 228.985                             | 228.118                           | 407.306                             | 326.082                           |
|                                      | <b>228.985</b>                      | <b>228.118</b>                    | <b>1.940.250</b>                    | <b>1.859.026</b>                  |

**Loss from investing activities**

|                               | <b>1 January -<br/>30 June 2016</b> | <b>1 April -<br/>30 June 2016</b> | <b>1 January -<br/>30 June 2015</b> | <b>1 April -<br/>30 June 2015</b> |
|-------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Loss on sales of fixed assets | 1.711.090                           | 689.983                           | 1.739.483                           | 313.199                           |
|                               | <b>1.711.090</b>                    | <b>689.983</b>                    | <b>1.739.483</b>                    | <b>313.199</b>                    |



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**NOTE 21 - FINANCIAL INCOME**

**Financial income**

|                        | <b>1 January -<br/>30 June 2016</b> | <b>1 April -<br/>30 June 2016</b> | <b>1 January -<br/>30 June 2015</b> | <b>1 April -<br/>30 June 2015</b> |
|------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Foreign exchange gains | 19.494.952                          | 303.547                           | 26.976.023                          | 21.932.102                        |
| Interest income        | 7.961.852                           | 3.723.709                         | 21.197.751                          | 15.377.404                        |
|                        | <b>27.456.804</b>                   | <b>4.027.256</b>                  | <b>48.173.774</b>                   | <b>37.309.506</b>                 |

**NOTE 22 - FINANCIAL EXPENSES**

**Financial expenses**

|  | <b>1 January -<br/>30 June 2016</b> | <b>1 April -<br/>30 June 2016</b> | <b>1 January -<br/>30 June 2015</b> | <b>1 April -<br/>30 June 2015</b> |
|--|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Interest expenses arising from<br>bank borrowings        | 115.776.994                         | 52.822.458                        | 96.246.361                          | 54.978.606                        |
| Foreign exchange currency losses                         | 25.336.646                          | 8.389.165                         | 206.117.663                         | 74.322.351                        |
| Interest expenses arising from<br>bills and bonds        | 19.825.544                          | 9.788.961                         | 25.591.797                          | 12.329.093                        |
| Term difference expenses                                 | 5.833.316                           | 3.085.834                         | 28.566.592                          | 16.156.856                        |
| Factoring expenses                                       | 10.297.515                          | 6.760.817                         | 8.131.480                           | 4.372.850                         |
| Credit card commissions and early<br>collection interest | 15.015.613                          | 9.004.583                         | 6.934.730                           | 3.262.860                         |
| Other  | 12.321.338                          | 7.998.060                         | 6.704.447                           | 3.567.843                         |
|  | <b>204.406.966</b>                  | <b>97.849.878</b>                 | <b>378.293.070</b>                  | <b>168.990.459</b>                |

**NOTE 23 - TAX ASSETS AND LIABILITIES**

**a) Corporate tax**

The Turkish corporation tax rate for 2016 is 20% (2015: 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Taxes on profit for the period consist of the following:

|                          | <b>30 June 2016</b> | <b>31 December 2015</b> |
|--------------------------|---------------------|-------------------------|
| Corporate tax calculated | 11.183.810          | 8.546.810               |
| Prepaid taxes (-)        | (3.869.711)         | (6.807.317)             |
|                          | <b>7.314.099</b>    | <b>1.739.493</b>        |

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

|                          | <b>2016</b>      | <b>2015</b>        |
|--------------------------|------------------|--------------------|
| Corporate tax expense    | (11.327.147)     | (6.610.056)        |
| Deferred tax income      | 10.944.227       | 5.513.519          |
| <b>Total tax expense</b> | <b>(382.920)</b> | <b>(1.096.537)</b> |

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred tax assets and liabilities:

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

|   | 30 June 2016          |                                  | 31 December 2015      |                                  |
|---|-----------------------|----------------------------------|-----------------------|----------------------------------|
|   | Temporary differences | Deferred tax asset / (liability) | Temporary differences | Deferred tax asset / (liability) |
| Tangible/intangible fixed asset   | 950.514.734           | (190.102.946)                    | 969.428.838           | (193.885.768)                    |
| Rediscount on trade receivable and payable, net                         | (8.111.820)           | 1.622.365                        | (1.049.709)           | 209.942                          |
| Inventories   | (65.126.484)          | 13.025.296                       | (53.307.532)          | 10.661.506                       |
| Provision for employee benefit  | (45.892.920)          | 9.178.585                        | (48.164.267)          | 9.632.852                        |
| Provision for doubtful receivables                                      | (15.573.828)          | 3.114.766                        | (13.374.631)          | 2.674.926                        |
| Provision for sales returns and price difference                        | (10.832.269)          | 2.166.454                        | (13.430.997)          | 2.686.199                        |
| Deferred revenue and customer loyalty programs                          | (29.342.710)          | 5.868.542                        | (28.240.830)          | 5.648.166                        |
| Carry forward losses  | (87.886.324)          | 17.577.265                       | (79.327.857)          | 15.865.571                       |
| Fair value difference of real estate recognized in the income statement | -                     | -                                | 103.957.820           | (20.791.564)                     |
| Derivative instruments  | 47.878.178            | (9.575.635)                      | 59.752.641            | (11.950.529)                     |
| Other   | (42.239.688)          | 8.447.934                        | (39.376.113)          | 7.875.226                        |
| <b>Deferred tax asset/(liability), net</b>                              | <b>693.386.869</b>    | <b>(138.677.374)</b>             | <b>856.867.363</b>    | <b>(171.373.473)</b>             |
| <b>Deferred tax asset</b>   |                       | <b>26.608.712</b>                |                       | <b>21.188.383</b>                |
| <b>Deferred tax liability</b>   |                       | <b>(165.286.086)</b>             |                       | <b>(192.561.856)</b>             |

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**NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)**

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

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

The movement of deferred tax liabilities for the periods ended 30 June 2016 and 2015 are as follows:

|  | <b>2016</b>          | <b>2015</b>          |
|--|----------------------|----------------------|
| <b>Opening balance - 1 January</b>               | <b>(171.373.473)</b> | <b>(184.704.499)</b> |
| Tax income for the period                        | 19.884.695           | 5.513.519            |
| <i>Continued operations</i>                      | 10.944.227           | 5.513.519            |
| <i>Discontinued operations</i>                   | 8.940.468            | -                    |
| Disposals due to the sale of subsidiary          | 11.835.534           | -                    |
| Amount recognized in equity                      | 975.870              | 266.150              |
| Tax assets acquired through business combination | -                    | 46.769               |
| <b>Closing balance - 30 June</b>                 | <b>(138.677.374)</b> | <b>(178.878.061)</b> |

**NOTE 24 - EARNINGS / (LOSSES) PER SHARE**

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

|                                       | <b>1 January -<br/>30 June 2016</b> | <b>1 January -<br/>30 June 2015</b> |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Loss for the current period (TRY)     | (234.273.635)                       | (320.692.188)                       |
| Weighted average number of shares (*) | 57.700.000                          | 41.173.481                          |
| Loss per share of the Company (TRY)   | (4,06)                              | (7,79)                              |

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

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**NOTE 25 - RELATED PARTY DISCLOSURES**

a) Receivables due from related parties as of 30 June 2016 and 31 December 2015 are as follows:

|  | 30 June 2016      |                    |                  |                      | 31 December 2015  |                   |                  |                      |
|--|-------------------|--------------------|------------------|----------------------|-------------------|-------------------|------------------|----------------------|
|  | Trade             | Other              | Prepaid expenses | Other current assets | Trade             | Other             | Prepaid expenses | Other current assets |
| <b><i>Receivables from shareholders</i></b>                            |                   |                    |                  |                      |                   |                   |                  |                      |
| Boyner Holding A.Ş.  | 9.711             | 142.064.776        | -                | -                    | 3.648.764         | 41.349.717        | -                | -                    |
| <b><i>Receivables from associates</i></b>                              |                   |                    |                  |                      |                   |                   |                  |                      |
| Nile Bosphorus (*)   | 4.057.962         | -                  | -                | -                    | 4.077.595         | -                 | -                | -                    |
| Christian Dior İstanbul Mağazacılık A.Ş.                               | 75.618            | -                  | -                | -                    | -                 | 39.308            | -                | -                    |
| Elif Co. For General Trading Ltd.                                      | 8.422.064         | -                  | -                | -                    | 11.398.439        | -                 | -                | -                    |
| <b><i>Receivables from other related parties</i></b>                   |                   |                    |                  |                      |                   |                   |                  |                      |
| BR Mağazacılık A.Ş.  | 30.005.112        | -                  | -                | -                    | 28.751.418        | -                 | -                | -                    |
| Fırsat Teknoloji A.Ş.  | 14.435.600        | 8.777.932          | -                | -                    | 9.616.993         | 6.342.044         | -                | -                    |
| Ran Konfeksiyon Tekstil Deri ve Yan Ürünler<br>İth.ve İhr. Turizm Ltd. | 8.667.488         | -                  | -                | -                    | 11.235.233        | -                 | -                | -                    |
| Era Mağazacılık A.Ş.   | 8.491.315         | -                  | -                | -                    | 8.721.154         | -                 | -                | -                    |
| Alsis Sigorta Acenteliği A.Ş.  | 21.268            | -                  | -                | -                    | -                 | -                 | -                | -                    |
| <b>Total</b>   | <b>74.186.138</b> | <b>150.842.708</b> | <b>-</b>         | <b>-</b>             | <b>77.449.596</b> | <b>47.731.069</b> | <b>-</b>         | <b>-</b>             |

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

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**NOTE 25 - RELATED PARTY DISCLOSURES (Continued)**

b) Payables due to related parties as of 30 June 2016 and 31 December 2015 are as follows:

|  | 30 June 2016      |                   |                  |                           | 31 December 2015  |       |                  |                           |
|--|-------------------|-------------------|------------------|---------------------------|-------------------|-------|------------------|---------------------------|
|  | Trade             | Other             | Deferred revenue | Other current liabilities | Trade             | Other | Deferred revenue | Other current liabilities |
| <i>Payables to shareholders</i>                          |                   |                   |                  |                           |                   |       |                  |                           |
| Boyner Holding A.Ş.                                      | 197.844           | -                 | -                | -                         | 255.810           | -     | -                | -                         |
| Payables to individual shareholders                      |                   | 28.936.000        | -                | -                         | -                 | -     | -                | -                         |
| <i>Payables to associates</i>                            |                   |                   |                  |                           |                   |       |                  |                           |
| Christian Louboutin Mağazacılık A.Ş.                     | 246.152           | -                 | -                | -                         | 288.817           | -     | -                | -                         |
| <i>Payables to other related parties</i>                 |                   |                   |                  |                           |                   |       |                  |                           |
| BNR Teknoloji A.Ş.                                       | 745.194           | -                 | -                | -                         | 1.375.055         | -     | -                | -                         |
| BR Mağazacılık A.Ş.                                      | 7.715.150         | -                 | -                | -                         | 6.793.565         | -     | -                | -                         |
| Alsis Sigorta Acentalığı A.Ş.                            | 2.650.730         | -                 | -                | -                         | 2.435.949         | -     | -                | -                         |
| Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.             | 25.127            | -                 | -                | -                         | 8.249             | -     | -                | -                         |
| Fırsat Teknoloji A.Ş.                                    | -                 | -                 | -                | -                         | 32.458            | -     | -                | -                         |
| Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş. | 880.559           | -                 | -                | -                         | 834.442           | -     | -                | -                         |
| Christian Louboutin SA.                                  | 14.054            | -                 | -                | -                         | 182.499           | -     | -                | -                         |
| Lom Renkli Giyim Ürünleri Pazarlama A.Ş.                 | 186.372           | -                 | -                | -                         | -                 | -     | -                | -                         |
| Boyner Danışmanlık Servis ve Ticaret A.Ş.                | 7.552             | -                 | -                | -                         | -                 | -     | -                | -                         |
| Alsis Sağlık   | 14.354            | -                 | -                | -                         | -                 | -     | -                | -                         |
|  | <b>12.683.088</b> | <b>28.936.000</b> | -                | -                         | <b>12.206.844</b> | -     | -                | -                         |

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**NOTE 25 - RELATED PARTY DISCLOSURES (Continued)**

c) Purchase and sale of goods and services to related parties as of 30 June 2016 and 2015 are as follows:

| <b>Purchases</b>  | <b>30 June 2016</b> |                   |                            | <b>30 June 2015</b> |                   |                            |
|---|---------------------|-------------------|----------------------------|---------------------|-------------------|----------------------------|
|   | <b>Goods</b>        | <b>Services</b>   | <b>Interest/<br/>Other</b> | <b>Goods</b>        | <b>Services</b>   | <b>Interest/<br/>Other</b> |
| <b>Shareholders</b>   |                     |                   |                            |                     |                   |                            |
| Boyner Holding A.Ş.   | 5.448               | 5.201.299         | 3.963.634                  | 6.139               | 6.073.685         | 340.093                    |
| <b>Associates</b>   |                     |                   |                            |                     |                   |                            |
| Christian Louboutin Mağazacılık A.Ş.                              | 174.142             | -                 | -                          | 1.978.063           | -                 | -                          |
| <b>Other related parties</b>                                      |                     |                   |                            |                     |                   |                            |
| BR Mağazacılık A.Ş.   | 9.788.360           | 231               | -                          | 7.435.563           | -                 | -                          |
| Fırsat Elektronik A.Ş.  | -                   | 3.442             | 9.426                      | 548.114             | 546.372           | -                          |
| Ran Konfeksiyon Tekstil Deri Yan Ürünler İth. ve İhr. Turizm Ltd. | -                   | 61.549            | 144.000                    | -                   | -                 | 144.000                    |
| Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.           | -                   | 88.165            | -                          | -                   | 75.000            | -                          |
| Alsis Sigorta Acentalığı A.Ş.                                     | -                   | 2.722.878         | -                          | -                   | 4.451.288         | -                          |
| BNR Teknoloji A.Ş.  | -                   | 2.498.054         | -                          | -                   | 1.728.004         | -                          |
| Christian Dior Couture  | 2.626.967           | -                 | -                          | 1.312.685           | -                 | -                          |
| Christian Louboutin Couture                                       | 1.737.374           | -                 | -                          | -                   | -                 | -                          |
| Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.          | 524                 | -                 | -                          | 156.810             | -                 | -                          |
| Nişantaşı Turizm İşletmeleri A.Ş.                                 | -                   | 1.958             | -                          | -                   | -                 | -                          |
|   | <b>14.332.815</b>   | <b>10.577.576</b> | <b>4.117.060</b>           | <b>11.437.374</b>   | <b>12.874.349</b> | <b>484.093</b>             |

| <b>Sales</b>   | <b>30 June 2016</b> |                  |                            | <b>30 June 2015</b> |                  |                            |
|--|---------------------|------------------|----------------------------|---------------------|------------------|----------------------------|
|  | <b>Goods</b>        | <b>Services</b>  | <b>Interest/<br/>Other</b> | <b>Goods</b>        | <b>Services</b>  | <b>Interest/<br/>Other</b> |
| <b>Shareholders</b>  |                     |                  |                            |                     |                  |                            |
| Boyner Holding A.Ş.  | 14.103              | 60.000           | 7.590.253                  | 32.499              | 63.000           | 8.564.169                  |
| <b>Associates</b>  |                     |                  |                            |                     |                  |                            |
| İzkar Giyim Tic. ve San. A.Ş.  | -                   | -                | -                          | 5.030.229           | -                | -                          |
| Christian Dior İstanbul Mağazacılık A.Ş.                             | 2.886               | 197.266          | -                          | 2.667               | 142.560          | -                          |
| Christian Louboutin Mağazacılık A.Ş.                                 | 8.320               | 729.033          | 359.976                    | 54.192              | 125.685          | -                          |
| <b>Joint ventures</b>  |                     |                  |                            |                     |                  |                            |
| Elif Co.   | -                   | -                | -                          | 2.647.463           | -                | -                          |
| <b>Other related parties</b>   |                     |                  |                            |                     |                  |                            |
| BR Mağazacılık A.Ş.  | 24.305.518          | -                | 426.023                    | 28.847.828          | 453.605          | 1.634.071                  |
| Fırsat Teknoloji A.Ş.  | 22.362.643          | 626.236          | 831.607                    | 9.181.834           | 598.439          | 528.315                    |
| Ran Konfeksiyon Tekstil Deri ve Yan Ürünler İth. ve İhr. Turizm Ltd. | 2.040.580           | 61.549           | -                          | 1.801.137           | -                | 184.269                    |
| Boyner Bireysel Ürünler Satış ve Paz. A.Ş.                           | -                   | -                | 18.400                     | 4.394               | 15.525           | -                          |
| Alsis Sigorta Acentalığı A.Ş.  | -                   | 39.000           | -                          | -                   | 36.000           | -                          |
| BNR Teknoloji A.Ş.   | 1.700               | 267.102          | -                          | 4.569               | 1.672.526        | 1.025                      |
| Era Mağazacılık A.Ş.   | 1.085.866           | -                | -                          | 1.504.038           | 369.922          | -                          |
| Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.             | 3.391               | -                | -                          | -                   | -                | -                          |
|  | <b>49.825.007</b>   | <b>1.980.186</b> | <b>9.226.259</b>           | <b>49.110.850</b>   | <b>3.477.262</b> | <b>10.911.849</b>          |

d) The top management team comprises of board members, general manager and deputy general managers. As of 30 June 2016, the Group has provided remuneration amounting to TRY 25.862.890 to the top executives (1 January - 30 June 2015: TRY 18.811.556).

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**NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Foreign currency risk**

|   | 30 June 2016                               |               |              |         |          | 31 December 2015                           |               |               |         |          |
|---|--|---------------|--------------|---------|----------|--|---------------|---------------|---------|----------|
|   | TRY Equivalent<br>(Functional<br>Currency) | USD           | EUR          | GBP     | CHF      | TRY Equivalent<br>(Functional<br>Currency) | USD           | EUR           | GBP     | CHF      |
| 1. Trade receivables  | 22.718.431                                 | 6.642.407     | 971.427      | 97.420  | 2.786    | 31.467.316                                 | 9.420.173     | 1.143.152     | 101.515 | 2.786    |
| 2a. Monetary financial assets, (cash and banks account included)  | 11.044.967                                 | 3.339.357     | 416.660      | 12.163  | -        | 6.862.240                                  | 1.919.045     | 388.955       | 10.808  | -        |
| 2b. Non-Monetary financial assets   | 8.872.543                                  | 2.335.390     | 659.760      | 187     | -        | 2.182.702                                  | 136.473       | 562.026       | -       | -        |
| 3. Other  | 18.694.902                                 | 1.399.840     | 4.457.585    | 93.161  | -        | 16.849.633                                 | 2.662.692     | 2.582.532     | 209.579 | -        |
| 4. Current Assets (1+2+3)   | 61.330.843                                 | 13.716.994    | 6.505.432    | 202.931 | 2.786    | 57.361.890                                 | 14.138.382    | 4.676.665     | 321.902 | 2.786    |
| 5. Trade receivables  | -  | -             | -            | -       | -        | -  | -             | -             | -       | -        |
| 6a. Monetary Financial Assets   | -  | -             | -            | -       | -        | -  | -             | -             | -       | -        |
| 6b. Non-monetary Financial Assets   | 544.748                                    | -             | 170.000      | -       | -        | 540.192                                    | -             | 170.000       | -       | -        |
| 7. Other  | 205.235                                    | 65.253        | 5.124        | -       | -        | 206.012                                    | 65.253        | 5.124         | -       | -        |
| 8. Non-Current Assets (5+6+7)   | 749.983                                    | 65.253        | 175.124      | -       | -        | 746.204                                    | 65.253        | 175.124       | -       | -        |
| 9. Total Assets (4+8)   | 62.080.826                                 | 13.782.247    | 6.680.556    | 202.931 | 2.786    | 58.108.094                                 | 14.203.635    | 4.851.789     | 321.902 | 2.786    |
| 10. Trade payables  | 130.117.112                                | 18.384.209    | 23.949.960   | 22.862  | 29.500   | 190.953.419                                | 30.857.776    | 31.738.041    | 48.018  | 59.443   |
| 11. Financial liabilities   | 291.144.400                                | 64.720.945    | 32.414.141   | -       | -        | 294.045.372                                | 66.699.679    | 31.504.716    | -       | -        |
| 12a. Other monetary liabilities   | 2.161.414                                  | 740.564       | 5.779        | -       | -        | 415.289                                    | 77.991        | 40.203        | 14.131  | -        |
| 12b. Other non-monetary liabilities   | 5.047.394                                  | 1.250.834     | 434.330      | 9.360   | -        | 2.478.081                                  | 491.589       | 248.109       | 60.535  | -        |
| 13. Current Liabilities (10+11+12)  | 428.470.320                                | 85.096.552    | 56.804.210   | 32.222  | 29.500   | 487.892.161                                | 98.127.035    | 63.531.070    | 122.684 | 59.443   |
| 14. Trade payables -  | 66.884.250                                 | 23.114.546    | -            | -       | -        | 59.073.112                                 | 20.316.795    | -             | -       | -        |
| 15. Financial Liabilities   | 680.467.883                                | 190.211.571   | 40.591.587   | -       | -        | 611.205.962                                | 126.273.084   | 76.804.615    | -       | -        |
| 16a. Other monetary liabilities   | -  | -             | -            | -       | -        | 239.005                                    | 82.200        | -             | -       | -        |
| 16b. Other non-monetary liabilities   | 104.546                                    | 36.130        | -            | -       | -        | 105.052                                    | 36.130        | -             | -       | -        |
| 17 Non-current liabilities (14+15+16)   | 747.456.679                                | 213.362.247   | 40.591.587   | -       | -        | 670.623.130                                | 146.708.208   | 76.804.615    | -       | -        |
| 18. Total liabilities (13+17)   | 1.175.926.999                              | 298.458.799   | 97.395.797   | 32.222  | 29.500   | 1.158.515.292                              | 244.835.244   | 140.335.684   | 122.684 | 59.443   |
| 19. Net assets of off balance sheet   | -  | -             | -            | -       | -        | -  | -             | -             | -       | -        |
| derivative items (liability) position (19a-19b)   | -  | -             | -            | -       | -        | -  | -             | -             | -       | -        |
| 19a. Total amount of assets hedged  | -  | -             | -            | -       | -        | -  | -             | -             | -       | -        |
| 19b. Total amount of liabilities hedged   | -  | -             | -            | -       | -        | -  | -             | -             | -       | -        |
| 20. Net foreign assets / (liability) position (9-18+19)   | (1.113.846.173)                            | (284.676.552) | (90.715.241) | 170.709 | (26.714) | (1.100.407.198)                            | (230.631.609) | (135.483.895) | 199.217 | (56.657) |
| 21. Net foreign currency asset / (liability)<br>/(position of monetary items (IFRS 7.B23)<br>(=1+2a+5+6a-10-11-12a-14-15-16a) | (1.137.011.661)                            | (287.190.071) | (95.573.380) | 86.721  | (26.714) | (1.117.602.603)                            | (232.968.307) | (138.555.469) | 50.174  | (56.657) |
| 22. Fair value of derivative instruments<br>used in foreign currency hedge  | 47.886.339                                 | 21.100.364    | (4.109.872)  | -       | -        | 59.760.767                                 | 23.227.000    | (2.446.519)   | -       | -        |
| 23. Partial total amount of foreign currency assets hedged  | -  | -             | -            | -       | -        | -  | -             | -             | -       | -        |
| 24. Partial total amount of foreign currency liabilities hedged   | 957.246.879                                | 252.661.860   | 70.573.125   | -       | -        | 842.305.204                                | 192.972.763   | 88.500.000    | -       | -        |
| 25. Export  | 21.989.861                                 | 1.740.190     | 5.051.956    | 115.272 | -        | 69.860.221                                 | 7.181.526     | 15.671.898    | 851.915 | -        |
| 26. Import  | 249.510.799                                | 12.510.012    | 65.221.329   | 399.160 | -        | 539.684.819                                | 41.641.785    | 140.011.977   | 608.101 | 72.072   |

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

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS AS AT 30 JUNE 2016**

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

**NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

**Foreign currency risk (Continued)**

As of 30 June 2016 and 31 December 2015, the foreign currency sensitivity analysis table is as below:

|   | 30 June 2016                  |                               |                               |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | Profit/Loss                   |                               | Equity                        |                               |
|   | Foreign currency appreciation | Foreign currency depreciation | Foreign currency appreciation | Foreign currency depreciation |
| <b>Change of USD against TRY by 10%:</b>              |                               |                               |                               |                               |
| 1- USD net assets / liabilities                       | (82.374.007)                  | 82.374.007                    | -                             | -                             |
| 2- USD hedged from risks (-)                          | 48.841.557                    | (52.870.501)                  | -                             | -                             |
| <b>3- USD net effect (1+2)</b>                        | <b>(33.532.450)</b>           | <b>29.503.506</b>             | -                             | -                             |
| <b>Change of EUR against TRY by 10%:</b>              |                               |                               |                               |                               |
| 4- EUR net assets / liabilities                       | (29.068.792)                  | 29.068.792                    | -                             | -                             |
| 5- EUR hedged from risks (-)                          | 12.703.451                    | (23.202.769)                  | -                             | -                             |
| <b>6- EUR net effect (4+5)</b>                        | <b>(16.365.341)</b>           | <b>5.866.023</b>              | -                             | -                             |
| <b>Change of other currencies against TRY by 10%:</b> |                               |                               |                               |                               |
| 7- Other currencies net assets / liabilities          | 58.182                        | (58.182)                      | -                             | -                             |
| 8- Other currencies hedged from risks (-)             | -                             | -                             | -                             | -                             |
| <b>9- Other currencies net effect (7+8)</b>           | <b>58.182</b>                 | <b>(58.182)</b>               | -                             | -                             |
| <b>TOTAL (3+6+9)</b>                                  | <b>(49.839.609)</b>           | <b>35.311.346</b>             | -                             | -                             |
|   | 31 December 2015              |                               |                               |                               |
|   | Profit/Loss                   |                               | Equity                        |                               |
|   | Foreign currency appreciation | Foreign currency depreciation | Foreign currency appreciation | Foreign currency depreciation |
| <b>Change of USD against TRY by 10%:</b>              |                               |                               |                               |                               |
| 1- USD net assets / liabilities                       | (63.769.698)                  | 63.769.698                    | -                             | -                             |
| 2- USD hedged from risks (-)                          | 25.162.855                    | (31.452.113)                  | -                             | -                             |
| <b>3- USD net effect (1+2)</b>                        | <b>(38.606.843)</b>           | <b>32.317.585</b>             | -                             | -                             |
| <b>Change of EUR against TRY by 10%:</b>              |                               |                               |                               |                               |
| 4- EUR net assets / liabilities                       | (27.850.616)                  | 27.850.616                    | -                             | -                             |
| 5- EUR hedged from risks (-)                          | 11.979.360                    | -                             | -                             | -                             |
| <b>6- EUR net effect (4+5)</b>                        | <b>(15.871.256)</b>           | <b>27.850.616</b>             | -                             | -                             |
| <b>Change of other currencies against TRY by 10%:</b> |                               |                               |                               |                               |
| 7- Other currencies net assets / liabilities          | 69.088                        | (69.088)                      | -                             | -                             |
| 8- Other currencies hedged from risks (-)             | -                             | -                             | -                             | -                             |
| <b>9- Other currencies net effect (7+8)</b>           | <b>69.088</b>                 | <b>(69.088)</b>               | -                             | -                             |
| <b>TOTAL (3+6+9)</b>                                  | <b>(54.409.011)</b>           | <b>60.099.113</b>             | -                             | -                             |

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