

**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 2018
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

To the General Assembly of
Boyner Perakende ve Tekstil Yatırımları A.Ş.

Introduction

1. We have reviewed the accompanying condensed consolidated statement of balance sheet of Boyner Perakende ve Tekstil Yatırımları A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2018, the condensed consolidated statement of profit or loss and other comprehensive income, changes in equity, condensed consolidated cash flows and other explanatory notes for the six-month period then ended ("condensed consolidated interim financial information"). 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 condensed 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 financial statements. Consequently, a review on the condensed 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.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34.

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


Gökhan Yüksel, SMMM
Partner

İstanbul, 9 August 2018

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**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018**

TABLE OF CONTENTS	PAGES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS	1 - 3
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY	5
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW	6-7
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	8 - 43
NOTE 1 GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES	8-9
NOTE 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS	9-15
NOTE 3 SEGMENT REPORTING	16-17
NOTE 4 CASH AND CASH EQUIVALENTS	18
NOTE 5 FINANCIAL LIABILITIES	18-21
NOTE 6 DERIVATIVE FINANCIAL INSTRUMENTS	22
NOTE 7 TRADE RECEIVABLES AND PAYABLES	23-24
NOTE 8 INVENTORIES	25
NOTE 9 INVESTMENT PROPERTIES	25-27
NOTE 10 PROPERTY, PLANT AND EQUIPMENT	27-28
NOTE 11 INTANGIBLE ASSETS	29-30
NOTE 12 GOODWILL	30
NOTE 13 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	31-32
NOTE 14 COMMITMENTS	33
NOTE 15 EQUITY	34-36
NOTE 16 REVENUE AND COST OF SALES	37
NOTE 17 OTHER OPERATING INCOME/(EXPENSES)	37
NOTE 18 FINANCIAL INCOME/(EXPENSES)	38
NOTE 19 EARNING/(LOSS) PER SHARE	38
NOTE 20 RELATED PARTY DISCLOSURES	39-40
NOTE 21 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS	41-43
NOTE 22 SUBSEQUENT EVENTS	43

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2018 AND 31 DECEMBER 2017**

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

	Notes	Reviewed 30 June 2018	Audited 31 December 2017
ASSETS			
Current assets		2.273.653.366	2.252.346.162
Cash and cash equivalents	4	160.553.990	356.896.837
Trade receivables		378.886.360	366.257.607
- <i>Trade receivables from related parties</i>	7 and 20	55.773.341	54.202.835
- <i>Trade receivables from third parties</i>	7	323.113.019	312.054.772
Other receivables		55.720.304	16.021.620
- <i>Other receivables from related parties</i>	20	39.219.661	4.057.556
- <i>Other receivables from third parties</i>		16.500.643	11.964.064
Inventories	8	1.353.956.093	1.256.687.460
Prepaid expenses		81.817.098	51.173.196
- <i>Prepaid expenses to third parties</i>		81.817.098	51.173.196
Derivative instruments		78.537.274	52.226.406
- <i>Derivative instruments used for hedging</i>	6	78.537.274	52.226.406
Other current assets		164.182.247	145.078.558
- <i>Other current assets from related parties</i>		164.182.247	145.078.558
Current assets for sale		-	8.004.478
Non-current assets		2.378.952.939	2.314.146.981
Financial investments		104.891	104.891
Trade receivables		5.797.249	6.511.521
- <i>Trade receivables from third parties</i>	7	5.797.249	6.511.521
Other receivables		1.926.321	1.887.594
- <i>Other receivables from third parties</i>		1.926.321	1.887.594
Investments accounted for using the equity method		2.073.336	2.001.302
Investment properties	9	34.265.000	34.265.000
Property and equipment	10	416.300.031	410.252.415
- <i>Lands</i>		48.883.306	48.883.306
- <i>Land improvements</i>		453.623	465.666
- <i>Buildings</i>		45.679.158	46.243.884
- <i>Machinery and equipment</i>		8.536.243	9.370.136
- <i>Vehicles</i>		20.289	77.314
- <i>Furniture and fixtures</i>		140.428.310	137.861.716
- <i>Leasehold improvements</i>		167.603.807	164.576.446
- <i>Construction in progress</i>		4.695.295	2.773.947
Intangible assets		1.630.156.729	1.645.958.668
- <i>Goodwill</i>	12	797.708.560	797.708.560
- <i>Rights</i>		2.404.896	375.167
- <i>Brands</i>		473.224.395	473.224.395
- <i>Computer licenses</i>		19.841.547	17.705.256
- <i>Capitalized development costs</i>		3.526.629	-
- <i>Other intangible assets</i>		333.450.702	356.945.290
Prepaid expenses		20.051.980	15.397.681
- <i>Prepaid expenses to third parties</i>		20.051.980	15.397.681
Deferred tax assets		31.339.332	33.232.448
Derivative instruments		232.485.176	160.082.567
- <i>Derivative instruments used for hedging</i>	6	232.485.176	160.082.567
Other non-current assets		4.452.894	4.452.894
- <i>Other non-current assets from third parties</i>		4.452.894	4.452.894
TOTAL ASSETS		4.652.606.305	4.566.493.143

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 2018 AND 31 DECEMBER 2017**

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

	Notes	Reviewed 30 June 2018	Audited 31 December 2017
LIABILITIES			
Current liabilities		2.859.602.037	2.482.630.321
Short-term financial liabilities		160.179.817	162.455.889
<i>Short term financial liabilities to third parties</i>		<i>160.179.817</i>	<i>162.455.889</i>
- <i>Bank borrowings</i>	5	<i>160.179.817</i>	<i>162.455.889</i>
Current portion of long-term financial liabilities		717.738.326	574.540.507
<i>Current portion of long term financial liabilities to third parties</i>		<i>717.738.326</i>	<i>574.540.507</i>
- <i>Bank borrowings</i>	5	<i>707.946.740</i>	<i>560.450.912</i>
- <i>Finance lease liabilities</i>	5	<i>9.791.586</i>	<i>14.089.595</i>
Other financial liabilities		30.479.050	3.873.241
- <i>Other financial liabilities</i>		<i>30.479.050</i>	<i>3.873.241</i>
Trade payables		1.550.326.948	1.391.321.147
- <i>Trade payables to related parties</i>	7 and 20	<i>23.419.921</i>	<i>21.295.548</i>
- <i>Trade payables to third parties</i>	7	<i>1.526.907.027</i>	<i>1.370.025.599</i>
Payables related to employee benefits		62.792.721	52.828.212
Other payables		2.673.103	6.247.885
- <i>Other payables to related parties</i>	20	<i>-</i>	<i>700.000</i>
- <i>Other payables to third parties</i>		<i>2.673.103</i>	<i>5.547.885</i>
Deferred revenue		196.746.822	189.547.341
- <i>Deferred revenue to third parties</i>		<i>196.746.822</i>	<i>189.547.341</i>
Corporate tax payable		20.109.970	2.261.072
Short term provisions		71.373.869	73.662.930
- <i>Short term provisions for employee benefits</i>	13	<i>23.968.912</i>	<i>22.510.807</i>
- <i>Other short term provisions</i>	13	<i>47.404.957</i>	<i>51.152.123</i>
Other current liabilities		47.181.411	25.892.097
- <i>Other current liabilities to third parties</i>		<i>47.181.411</i>	<i>25.892.097</i>
Non-current liabilities		2.117.113.350	2.061.074.982
Long term financial liabilities		1.645.056.532	1.595.119.106
<i>Long term financial liabilities to third parties</i>		<i>1.645.056.532</i>	<i>1.595.119.106</i>
- <i>Bank borrowings</i>	5	<i>1.644.298.295</i>	<i>1.591.629.705</i>
- <i>Finance lease liabilities</i>	5	<i>758.237</i>	<i>3.489.401</i>
Trade payables		33.839.804	37.310.367
- <i>Trade payables to third parties</i>	7	<i>33.839.804</i>	<i>37.310.367</i>
Other payables		178.897.697	175.208.527
- <i>Other payables to related parties</i>	20	<i>175.000.000</i>	<i>175.000.000</i>
- <i>Other payables to third parties</i>		<i>3.897.697</i>	<i>208.527</i>
Long term provisions		48.406.486	45.782.522
- <i>Long term provisions for employee benefits</i>		<i>48.406.486</i>	<i>45.782.522</i>
Deferred revenue		25.823.879	27.455.102
- <i>Deferred revenue to third parties</i>		<i>25.823.879</i>	<i>27.455.102</i>
Deferred tax liability		181.181.293	172.223.944
Other long term liabilities		3.907.659	7.975.414
- <i>Other long term liabilities to third parties</i>		<i>3.907.659</i>	<i>7.975.414</i>
TOTAL LIABILITIES		4.976.715.387	4.543.705.303

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2018 AND 31 DECEMBER 2017**

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

	Notes	Reviewed 30 June 2018	Audited 31 December 2017
EQUITY		(324.109.082)	22.787.840
Equity attributable to parent		(326.667.188)	20.766.494
Paid-in share capital	15	257.700.000	257.700.000
Adjustments to share capital	15	56.061.369	56.061.369
Share premium	15	565.433	565.433
Other comprehensive income/(expenses) not to be reclassified to profit or loss		(29.103.690)	(25.888.544)
- <i>Gain/(loss) on revaluation and re-measurement</i>	15	7.446.333	8.392.742
- <i>Actuarial gain/(loss) arising from employee benefits</i>		(36.550.023)	(34.281.286)
Other comprehensive income/(expenses) to be reclassified to profit or loss		(839.178)	(873.116)
- <i>Currency translation differences</i>		(839.178)	(873.116)
Impact of business combinations of entities under common control	15	(316.555.195)	(316.555.195)
Restricted reserves	15	33.451.107	33.451.107
- <i>Profit from sales of participation shares or property that will be added to share capital</i>		22.983.739	22.983.739
- <i>Legal reserves</i>		10.467.368	10.467.368
Retained earnings		14.136.249	310.957.323
Net loss for the period		(342.083.283)	(294.651.883)
Non-controlling interest		2.558.106	2.021.346
TOTAL LIABILITIES		4.652.606.305	4.566.493.143

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED
30 JUNE 2018 AND 2017**

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

	Notes	Reviewed 1 January - 30 June 2018	Unaudited 1 April - 30 June 2018	Reviewed 1 January - 30 June 2017	Unaudited 1 April - 30 June 2017
INCOME OR LOSS					
Revenue	16	2.461.924.025	1.326.141.063	1.909.967.443	1.033.103.731
Cost of sales (-)	16	(1.430.793.031)	(736.322.824)	(1.146.192.721)	(599.373.480)
GROSS PROFIT		1.031.130.994	589.818.239	763.774.722	433.730.251
Marketing expenses (-)		(731.460.086)	(381.947.670)	(596.665.197)	(310.743.335)
General administrative expenses (-)		(180.506.964)	(101.812.403)	(136.843.327)	(71.119.833)
Research and development expenses (-)		(5.492.451)	(4.727.323)	(1.618.438)	(873.379)
Other operating income	17	161.069.729	67.518.587	107.867.798	34.648.055
Other operating expenses (-)	17	(151.277.950)	(58.343.539)	(85.727.881)	(19.338.334)
OPERATING PROFIT		123.463.272	110.505.891	50.787.677	66.303.425
Income from investing activities		2.460.528	1.045.171	835.327	791.360
Expenses from investing activities (-)		(4.544.021)	-	(726.248)	(426.783)
Share of profit of investments accounted for using the equity method		72.034	65.092	(524)	3.321
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSES)		121.451.813	111.616.154	50.896.232	66.671.323
Financial income	18	60.714.461	33.464.464	113.304.935	43.275.718
Financial expenses (-)	18	(489.505.355)	(306.702.644)	(327.746.052)	(152.770.042)
LOSS BEFORE TAX FROM CONTINUED OPERATIONS		(307.339.081)	(161.622.026)	(163.544.885)	(42.823.001)
Corporate tax expense (-)		(21.688.509)	(9.910.829)	(13.184.727)	(7.436.110)
Deferred tax income/(expense)		(12.296.407)	(13.473.410)	14.637.777	11.515.848
LOSS FROM CONTINUED OPERATIONS		(341.323.997)	(185.006.265)	(162.091.835)	(38.743.263)
NET LOSS FOR THE PERIOD		(341.323.997)	(185.006.265)	(162.091.835)	(38.743.263)
Loss for the period attributable to					
Non-controlling interest		759.286	371.255	404.038	259.648
Equity holders of the parent		(342.083.283)	(185.377.520)	(162.495.873)	(39.002.911)
Loss per share					
Loss per share from continued operations	19	(1,33)	(0,72)	(2,82)	(0,68)
Loss per share from discontinued operations		-	-	-	-
OTHER COMPREHENSIVE LOSS					
Items not to be classified to profit or loss					
Actuarial losses arising from employee benefits		(2.835.920)	(1.523.179)	(2.565.274)	(1.757.389)
Deferred tax income		567.183	304.635	513.055	351.478
Items to be classified to profit or loss					
Currency translation differences		33.938	26.234	(879)	(11.547)
OTHER COMPREHENSIVE LOSS		(2.234.799)	(1.192.310)	(2.053.098)	(1.417.458)
TOTAL COMPREHENSIVE LOSS		(343.558.796)	(186.198.575)	(164.144.933)	(40.160.721)
Total comprehensive loss attributable to:					
Non-controlling interests		759.286	371.255	404.038	259.648
Equity holders of the parent		(344.318.082)	(186.569.830)	(164.548.971)	(40.420.369)

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR THE PERIODS ENDED
30 JUNE 2018 AND 2017

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

	Paid in share capital	Share premium	Adjustments to share capital	Capital advances	Other comprehensive income/(expenses) to be reclassified to profit or loss	Other comprehensive income/(expenses) not to be reclassified to profit or loss		Impact of business combinations regarding common control transactions	Restricted reserves	Retained earnings/(accumulated loss)	Net loss for the period	Equity attributable to parent	Non-controlling interest	Total Equity
					Currency translation differences	Gain/ (loss) on revaluation and re-measurement	Revaluation reserve of property plant and equipment							
Balance at 1 January 2017	57.700.000	138.375.874	56.061.369	-	(804.504)	13.424.284	(27.834.705)	(316.555.195)	33.451.107	648.117.051	(470.245.459)	131.689.822	1.313.689	133.003.511
Effects of restatements (Note 2.5)	-	-	-	-	-	-	-	-	-	(9.550.103)	(857.703)	(10.407.806)	-	(10.407.806)
Balance at 1 January 2017 (restated)	57.700.000	138.375.874	56.061.369	-	(804.504)	13.424.284	(27.834.705)	(316.555.195)	33.451.107	638.566.948	(471.103.162)	121.282.016	1.313.689	122.595.705
Transfers (Note 15)	-	(138.375.874)	-	-	-	-	-	-	-	(332.727.288)	471.103.162	-	-	-
Total comprehensive income/loss	-	-	-	-	(879)	-	(2.052.219)	-	-	-	(162.495.873)	(164.548.971)	404.038	(164.144.933)
Transfer of revaluation fund related to tangible assets (Note 15)	-	-	-	-	-	(352.500)	-	-	-	352.500	-	-	-	-
Capital advances (Note 15)	-	-	-	85.351.820	-	-	-	-	-	-	-	85.351.820	-	85.351.820
Balance at 30 June 2017	57.700.000	-	56.061.369	85.351.820	(805.383)	13.071.784	(29.886.924)	(316.555.195)	33.451.107	306.192.160	(162.495.873)	42.084.865	1.717.727	43.802.592
Balance at 1 January 2018 (reported)	257.700.000	565.433	56.061.369	-	(873.116)	8.392.742	(34.281.286)	(316.555.195)	33.451.107	310.957.323	(294.651.883)	20.766.494	2.021.346	22.787.840
Accounting policy changes (Note 2.4)	-	-	-	-	-	-	-	-	-	(3.115.600)	-	(3.115.600)	-	(3.115.600)
Balance at 1 January 2018 (restated)	257.700.000	565.433	56.061.369	-	(873.116)	8.392.742	(34.281.286)	(316.555.195)	33.451.107	307.841.723	(294.651.883)	17.650.894	2.021.346	19.672.240
Transfers	-	-	-	-	-	-	-	-	-	(294.651.883)	294.651.883	-	-	-
Dividend payment	-	-	-	-	-	-	-	-	-	-	-	-	(222.526)	(222.526)
Total comprehensive income/loss	-	-	-	-	33.938	-	(2.268.737)	-	-	-	(342.083.283)	(344.318.082)	759.286	(343.558.796)
Transfer of revaluation fund related to tangible assets (Note 15)	-	-	-	-	-	(946.409)	-	-	-	946.409	-	-	-	-
Balance at 30 June 2018	257.700.000	565.433	56.061.369	-	(839.178)	7.446.333	(36.550.023)	(316.555.195)	33.451.107	14.136.249	(342.083.283)	(326.667.188)	2.558.106	(324.109.082)

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

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 JUNE 2018 AND 2017**

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

Notes	Reviewed 1 January - 30 June 2018	Reviewed 1 January - 30 June 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES	171.672.053	(37.912.149)
Net loss for the period	(341.323.997)	(162.091.835)
Net profit/(loss) for the period from continuing operations	(341.323.997)	(162.091.835)
Adjustments to reconcile loss for the period	754.112.554	499.324.649
Depreciation and amortization	10 and 11 69.618.456	65.685.412
Adjustments related to impairment	13.517.663	7.447.048
<i>Adjustments related to impairment on receivables</i>	7 2.474.614	889.272
<i>Adjustments related to impairment on inventory</i>	8 10.623.260	4.973.086
<i>Adjustments related to other impairments</i>	10 419.789	1.584.690
Adjustments related to provisions	57.897.925	45.614.813
<i>Adjustments related to provision for employment termination benefits</i>	38.099.126	24.460.271
<i>Adjustments related to provision for litigation</i>	13 1.695.784	4.170.421
<i>Adjustments related to other provisions</i>	18.103.015	16.984.121
Adjustments related to interest (income)/expenses	213.276.423	168.367.705
<i>Adjustments related to interest income</i>	(8.347.127)	(18.547.497)
<i>Adjustments related to interest expenses</i>	234.008.198	191.565.150
<i>Rediscount expense</i>	3.354.861	(1.420.378)
<i>Rediscount income</i>	(15.739.509)	(3.229.570)
Adjustments related to unrealized gain/ (loss) foreign currency differences	277.800.419	8.096.697
Adjustments related to fair value gain/ (loss)	(98.713.477)	29.554.712
<i>Adjustments related to fair value changes of derivative instruments</i>	6 (98.713.477)	29.554.712
Adjustments related to the sale of non-current assets	(1.857.035)	(109.079)
<i>Adjustments to gain/loss on sales of property and equipment</i>	(657.394)	(109.079)
<i>Adjustments to losses/(gains) arised from sale of intangible assets</i>	(1.199.641)	-
Share of profit of investments accounted for using the equity method	(72.034)	524
<i>Adjustments related to undistributed profit of associates</i>	-	524
<i>Adjustments related to undistributed profit of joint ventures</i>	(72.034)	-
Adjustments for (income) expense caused by sale or changes in share of associates, joint ventures and financial investments	3.940.528	-
Adjustments related to tax (income)/losses	33.984.916	(1.453.050)
Other adjustments	184.718.770	176.119.867
Changes in net working capital	(18.347.912)	(148.529.325)
Adjustments related to decrease/(increase) in inventories	(111.129.410)	24.152.888
Adjustments related to decrease/(increase) in trade receivables	(33.215.194)	32.174.963
<i>Decrease/(increase) in trade receivables from third parties</i>	(31.102.137)	60.705.718
<i>Decrease/(increase) in trade receivables from related parties</i>	(2.113.057)	(28.530.755)
Adjustments related to decrease (increase) in other receivables	(4.031.151)	7.668.799
<i>Decrease/(increase) in other receivables from related parties</i>	544.155	2.313.743
<i>Decrease/(increase) in other receivables from third parties</i>	(4.575.306)	5.355.056
Adjustments related to (increase)/decrease in prepaid expenses	(35.298.201)	(22.292.427)
Adjustments related to decrease/(increase) in deferred revenue	2.835.075	(45.320.219)
Adjustments related to increase/(decrease) in employee benefits payable	9.964.509	(2.392.358)
Adjustments related to increase/(decrease) in trade payables	154.343.721	(112.255.802)
<i>Increase/ (decrease) in trade payables to related parties</i>	2.312.068	2.457.786
<i>Increase/ (decrease) in trade payables to third parties</i>	152.031.653	(114.713.588)
Adjustments related to increase/(decrease) in other payables	64.869	(50.456.949)
<i>Increase / (decrease) in other payables to related parties</i>	-	(19.410.050)
<i>Increase / (decrease) in other payables to third parties</i>	64.869	(31.046.899)
Adjustments related to increase / (decrease) in working capital	(1.882.130)	20.191.780
<i>Increase / decrease in other assets related to operations</i>	(19.103.689)	(563.874)
<i>Increase / decrease in other liabilities related to operations</i>	17.221.559	20.755.654
Rent payments	(176.066.353)	(191.536.011)
Rent income	1.643.139	830.919
Employee termination benefits paid	(39.318.351)	(22.295.639)
Payments for other provisions	13 (5.203.137)	(931.255)
Other inflows (outflows) of cash	(3.823.890)	(12.683.652)

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 CASH FLOWS
FOR THE PERIODS ENDED 30 JUNE 2018 AND 2017**

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

	Notes	Reviewed 1 January - 30 June 2018	Reviewed 1 January - 30 June 2017
B. CASH FLOWS FROM INVESTING ACTIVITIES		(54.362.937)	(49.461.014)
Cash inflows from share sales or capital			
decrease of associates and / or joint ventures		4.063.950	-
Cash outflows from purchases of tangible and intangible assets		(60.525.417)	(50.548.493)
<i>Purchases of property and equipment</i>	10	(46.363.973)	(43.204.051)
<i>Purchases of intangible assets</i>	11	(14.161.444)	(7.344.442)
Proceeds from disposal of property, equipment and intangible assets		2.098.530	1.087.479
<i>Proceeds from disposal of property and equipment</i>		898.889	1.087.479
<i>Proceeds from disposal of intangible assets</i>		1.199.641	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		(313.685.901)	166.968.834
Interest paid		(237.341.531)	(184.909.772)
Interest received		8.347.127	18.547.497
Cash inflows due to capital advances	15	-	85.351.820
Proceeds from financial liabilities		516.317.221	1.037.138.168
<i>Proceeds from bank borrowings</i>		481.693.099	990.254.785
<i>Proceeds from factoring transactions</i>		32.310.245	39.688.200
<i>Proceeds from other financial liabilities</i>		2.313.877	7.195.183
Payment of financial liabilities		(564.378.127)	(1.207.293.582)
<i>Cash outflows due to the payments of bank borrowings</i>		(550.080.160)	(1.056.432.884)
<i>Cash outflows due to the payments of factoring liabilities</i>		(5.704.436)	(147.962.976)
<i>Cash outflow due to other financial liabilities payments</i>		(8.593.531)	(2.897.722)
Dividends paid		(222.526)	-
Increase in other payables to related parties		(36.408.065)	418.134.703
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(196.376.785)	79.595.671
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		33.938	(879)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(196.342.847)	79.594.792
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	356.896.837	187.633.837
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	160.553.990	267.228.629

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 2018**

(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 2018 and 31 December 2017 is Boyner Holding. The Company is registered to CMB and 15% of its shares offered to İstanbul Stock Exchange (“ISE”) for the first time in 1991.

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

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

The table below sets out the subsidiaries fully consolidated, the proportion of ownership interest and the effective interest of the Group in these subsidiaries as of 30 June 2018 and 31 December 2017. The Company together with its consolidated subsidiaries will be referred to as the “Group” hereafter.

Subsidiary	Country of registration	Nature of business	30 June 2018 Effective ownership (%)	31 December 2017 Effective ownership (%)
AY Marka Mağazacılık A.Ş. (“AY Marka”)	Turkey	Retail Operations	100,00	100,00
Boyner Büyük Mağazacılık A.Ş. (“BBM”)	Turkey	Retail Operations	100,00	100,00
Beymen Mağazacılık A.Ş. (“Beymen”)	Turkey	Retail Operations	100,00	100,00
Altınyıldız Tekstil ve Konfeksiyon A.Ş. (“AYTK”)	Turkey	Sales and Marketing of Textile Products	100,00	100,00
BOYP Corporation (*)	USA	Sales and Marketing of Textile Products	100,00	100,00
A&Y LLC	Dubai	Sales and Marketing of Textile Products	100,00	100,00
Nişantaşı Turistik İşletmeleri A.Ş. (“Nişantaşı Turistik”)	Turkey	Restaurant Operations	75,00	75,00
İzkar Giyim Ticaret ve Sanayi A.Ş. (“İzkar”)	Turkey	Retail Operations	74,60	74,60
Beymen İç ve Dış Ticaret (“Beymen İç ve Dış”)	Turkey	Export-Import	100,00	100,00

(*) The name of Altınyıldız Corporation has been changed as BOYP Corporation by the official decision taken on 9 November 2017.

As of 30 June 2018, the Group has retail space of 373.288 square meters (303.231 square meters of its own stores and 70.057 square meters of others) (31 December 2017: 371.879 square meters (298.999 square meters of its own stores, and 72.880 square meters of others)) and operates in 386 stores (305 own stores and 81 other) (31 December 2017: 381 stores (294 own stores and 87 other)).

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**NOTES TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018**

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

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

The Group’s subsidiary Beymen’s associates and joint ventures accounted for using the equity method and the rates of effective ownership as of 30 June 2018 and 31 December 2017 are as follows:

Associates	Country of registration	Nature of business	30 June 2018 Effective ownership (%)	31 December 2017 Effective ownership (%)
Christian Dior İstanbul Mağazacılık A.Ş. (“Christian Dior”) (*)	Turkey	Commerce	-	49,00
Christian Louboutin Mağazacılık A.Ş. (“Christian Louboutin”)	Turkey	Commerce	30,00	30,00

(*) The subsidiary contract between Beymen and Christian Dior has been ended as of 2 January 2018, the Group sold its %49 shares of Christian Dior with the amount of EUR 900.000 which is TRY 4.063.950.

The condensed interim consolidated financial statements as at 30 June 2018 have been approved and authorized for issue on 9 August 2018 by the Board of Directors.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

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

In accordance with the TAS 34, entities are allowed to prepare a complete or condensed set of interim financial statements. In this framework, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements prepared for the year ended 31 December 2017.

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

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**NOTES TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018**

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

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

2.1 Basis of presentation (Continued)

Going Concern Assumption

The condensed interim consolidated financial statements have been prepared assuming that the Company and its consolidated subsidiaries will continue as a going concern on the basis that they will be able to realize its assets and discharge its liabilities in the normal course of business. As of 30 June 2018, the total current liabilities of the Group exceed its total current assets by TRY 585.948.671 (31 December 2017: TRY 230.284.159). In addition, as of 30 June 2018, total equity of the Company is reversed to negative TRY 324.109.082 (31 December 2017: TRY 22.787.840 positive) due to current year losses and accumulated losses.

In accordance with the decision of Board of Directors dated 28 May 2018, it was decided to increase the capital by TRY 400 million in order to strengthen the financial structure of the Group, to improve the liquidity position and to establish a balance sheet structure to support sustainable and profitable growth. The application was made to the CMB on 26 June 2018 for the approval of the capital increase. Additionally, the Group expects its profitability to increase in the last quarter of the year due to the effects of seasonality in the sector in which it operates and aims to reduce its costs within 2018 by purchasing and logistics efficiency plans and also anticipates to improve its current account ratio by transforming its short term liabilities into 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 2018 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 2018 are prepared in accordance with the accounting policies that were used in the consolidated financial statements as at 31 December 2017 except for the adoption of new and amended TFRS interpretations effective as of 1 January 2018 which are summarized below.

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**NOTES TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018**

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

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

2.4 Changes in accounting policies

New and amended International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 30 June 2018 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 2018. The effects of these standards and interpretations on the Group’s financial position and operations are explained in the related sections.

a) *The new standards, amendments to published standards and interpretations effective applicable to 30 June 2018:*

- TFRS 9, “Financial instruments”
- TFRS 15, “Revenue from contracts with customers”
- Amendment to TFRS 15, “Revenue from contracts with customers”

The impact of these amendments on the financial position and performance of the Group has explained in the paragraphs below.

- Amendment to TAS 40, “Investment property”
- Amendments to TFRS 2, “Share based payments”
- Annual improvements 2014-2016;
- TFRIC 22, “Foreign currency transactions and advance consideration”

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

b) *The new standards, amendments and interpretations that are issued but not effective as at 30 June 2018:*

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

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

- Amendment to TFRS 9, “Financial instruments”
- Amendment to TAS 28, “Investments in associates and joint venture”
- TFRIC 23, “Uncertainty over income tax treatments”
- Annual improvements 2015-2017
- Amendments to TAS 19, “Employee benefits’ on plan amendment, curtailment or settlement”

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

- TFRS 16 “Leases”

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**NOTES TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018**

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

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

2.4 Changes in accounting policies (Continued)

TFRS 9 “Financial instruments”

Financial investments

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group’s financial assets carried at amortized cost comprise “trade receivables”, “other receivables” and “cash and cash equivalents” in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables because of a specific events, Group measures expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and/or for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

**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 2018**

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

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

2.4 Changes in accounting policies (Continued)

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of “derivative instruments” in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group’s financial instruments consist of currency swaps.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of “financial assets” in the statement of financial position. When the financial assets carried at fair value through other comprehensive income are sold fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables net of deferred finance income, are calculated using the effective interest method based on the collection amount in the subsequent period instead on the amount at the invoice date. Short term trade receivables with no determined interest rate are measured at the original invoice amount if the effect of interest accrual is not significant. In accordance with TFRS 9, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications. Change in the provision for expected credit loss is recognized in other operating income/(expense).

Transition to TFRS 9 “Financial instruments”

Group has applied TFRS 9 “Financial instruments”, which has replaced TAS 39 on the transition date, 1 January 2018. The amendments include the classification and measurement of financial assets and liabilities and the expected credit risk model which will replace incurred credit risk model. Effect of transition is accounted based on the simplified approach. In accordance with this method, Group recorded the cumulative effect related to the transition of TFRS 9 in retained earnings on the first application date. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with TAS 39.

**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 2018**

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

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

2.4 Changes in accounting policies (Continued)

Changes related to the classification of financial assets and liabilities are as follows and these changes in the classification do not result in changes in measurement of assets except for financial assets (*).

Financial assets	Original classification under TAS 39	New classification under TFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative instruments	Fair value through statement of profit or loss	Fair value through statement of profit or loss
Financial assets (*)	Available for sale financial assets	Fair value through other comprehensive income

Financial liabilities	Original classification under TAS 39	New classification under TFRS 9
Borrowings	Amortized cost	Amortized cost
Financial lease liabilities	Amortized cost	Amortized cost
Factoring liabilities (**)	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost

(*) Financial assets carried at cost due to the lack of fair value information in accordance with TAS 39 are carried at their fair values in accordance with TFRS 9.

(**) Factoring liabilities classified in financial liabilities are related to the liabilities as a result of “with recourse” factoring activities and classified as financial assets and liabilities accounted at amortized cost based on the business model of the Group.

TFRS 15 “Revenue from contracts with customers”

In accordance with the transition of TFRS 15 “Revenue from contracts with customers” which has replaced TAS 18, Group started to defer its revenue related to the discount coupons given to customers as part of its campaign activities and record deferred revenue in the balance sheet.

Effect of transition is accounted based on the simplified approach. In accordance with this method, Group recorded the cumulative effect related to the transition of TFRS 15 in retained earnings on the first application date. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with TAS 18.

**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 2018**

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

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

2.4 New and amended International Financial Reporting Standards (Continued)

The effects of TFRS 9 and TFRS 15 on the consolidated financial statements as of 1 January 2018 are as follows:

	2018
Retained earnings – 1 January – calculated in accordance with TAS 39 and TAS 18	310.957.323
Deferred revenue – discount cheques given	(2.733.182)
Increase in provision for doubtful receivables (Note 7)	(1.261.176)
Tax effect	878.758
<hr/>	
Adjustments related to the changes in accounting policies	(3.115.600)
Retained earnings – 1 January – calculated in accordance with TFRS 9 and TFRS 15	307.841.723

2.5 Comparatives and restatement of prior periods’ financial statements

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

The Group’s 33,33% associate, Nile Bosphorus was carried at cost in prior periods. The Group decided that they do not have any significant influence over the investment based on the assessment made by the Group management as of 31 December 2017. As a result of the subsequent evaluations, the Group has provided provision for the investment amounting to TRY 5.472.508 as of 1 January 2015. In addition, the Group provided provision for the trade receivables amounting to TRY 3.252.007. As a result of these adjustments, provision provided for the investment of Nile Bosphorus amounting to TRY 5.472.508 and long term trade receivables amounting to TRY 3.252.007, and the retained earnings as of 31 December 2014 decreased by TRY 8.724.515 (31 December 2015: decreased by TRY 9.550.103, 31 December 2016: decreased by TRY 10.407.806), net profit of the period decreased by TRY 857.703 as of 31 December 2016 (31 December 2015: decreased by TRY 825.588).

	Previously reported 31 December 2016	Restated 31 December 2016	Difference
Trade receivables from related parties (long term)	4.935.298	-	(4.935.298)
Investments accounted for using the equity method	5.472.508	-	(5.472.508)
Retained earnings	648.117.051	638.566.948	(9.550.103)
Net loss for the period	(470.245.459)	(471.103.162)	(857.703)
<hr/>			
Equity attributable to parent	131.689.822	121.282.016	(10.407.806)
<hr/>			
Non-controlling interest	1.313.689	1.313.689	-
<hr/>			
Total equity	133.003.511	122.595.705	(10.407.806)

**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 2018**

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

NOTE 3 - SEGMENT REPORTING

The business operations of the Group are organized and managed with respect to the range of products and services provided by the Group. The information regarding the business activities of the Group as of 30 June 2018 and 2017 comprise the performance and the management of textile products and retail store operations.

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

The segment analysis for the period ended 30 June 2018 is as follows:

1 January - 30 June 2018	Retail Operations	Textile	Undistributed	Elimination	Total
Revenue	2.362.631.539	117.904.817	19.271.416	(37.883.747)	2.461.924.025
Gross profit	1.007.353.410	23.850.739	15.195.806	(15.268.961)	1.031.130.994
Capital expenditures (based on balance sheet)	54.034.600	1.513.807	4.977.010	-	60.525.417
Depreciation and amortization expenses	49.373.225	1.970.057	18.275.174	-	69.618.456
Net income/(loss) for the period	46.199.949	(12.874.281)	(353.746.152)	(20.903.513)	(341.323.997)
30 June 2018	Retail Operations	Textile	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	3.657.416.657	336.803.231	2.305.817.517	(1.647.431.100)	4.652.606.305
Total assets	3.657.416.657	336.803.231	2.305.817.517	(1.647.431.100)	4.652.606.305
Segment liabilities	3.263.764.778	183.560.106	2.637.237.236	(1.107.846.733)	4.976.715.387
Total liabilities	3.263.764.778	183.560.106	2.637.237.236	(1.107.846.733)	4.976.715.387

**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 2018**

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

NOTE 3 - SEGMENT REPORTING (Continued)

The segment analysis for the periods ended 30 June 2017 and 31 December 2017 is as follows:

1 January - 30 June 2017	Retail Operations	Textile	Undistributed	Elimination	Total
Revenue	1.843.126.042	96.039.435	14.422.016	(43.620.050)	1.909.967.443
Gross profit	752.359.751	11.806.811	13.366.777	(13.758.617)	763.774.722
Capital expenditures (based on balance sheet)	45.403.505	4.440.027	704.961	-	50.548.493
Depreciation and amortization expenses	42.099.170	2.248.096	21.338.146	-	65.685.412
Net income/(loss) for the period	7.237.846	(17.670.056)	(132.557.988)	(19.101.637)	(162.091.835)
31 December 2017	Retail Operations	Textile	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	3.303.113.346	327.421.065	2.252.233.517	(1.316.274.785)	4.566.493.143
Total assets	3.303.113.346	327.421.065	2.252.233.517	(1.316.274.785)	4.566.493.143
Segment liabilities	2.950.014.064	158.394.552	2.217.429.003	(782.132.316)	4.543.705.303
Total liabilities	2.950.014.064	158.394.552	2.217.429.003	(782.132.316)	4.543.705.303

The reconciliation of EBITDA as of 30 June 2018 and 2017 is as follows:

	1 January - 30 June 2018	1 January - 30 June 2017
Revenue	2.461.924.025	1.909.967.443
Gross profit	1.031.130.994	763.774.722
EBITDA	191.070.269	116.581.644
Adjustments:		
Reclassification in accordance with the format recommended by CMB	31.480.106	7.994.696
Foreign currency gains	(21.004.446)	(12.376.472)
Rediscount income	(70.346.138)	(44.135.153)
Term difference income	(19.610.603)	(11.652.035)
Foreign currency losses	54.290.711	17.958.710
Term difference expenses	36.276.757	20.399.720
Rediscount expense	51.873.825	37.799.926
Non-recurring (income)/expenses, per Group Management, net (*)		
Other non-recurring operational expenses	18.581.667	7.940.700
Adjusted EBITDA (*)	241.132.042	132.517.040

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

**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 2018**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of the cash and cash equivalents as of 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Cash	6.114.293	10.973.283
Banks (*)	122.309.904	284.693.198
- Time deposit (**)	62.251.177	194.206.123
- Demand deposit (***)	60.058.727	90.487.075
Credit card receivables	24.410.576	54.783.401
Cheques given for collection	7.719.217	6.446.955
	160.553.990	356.896.837

(*) The Group has restricted cash amounting to TRY 36.552.156 as of 30 June 2018 (31 December 2017: TRY 93.880.520).

(**) The time deposits of the Group which consist of overnights, have interest rate of 17,87 % in average as of 30 June 2018 (31 December 2017: 14,10%).

(***) As of 30 June 2018, the pledge on the credit card receivables of the Group is amounting to TRY 12.994.948 (31 December 2017: TRY 17.447.014).

The total insurance coverage on cash and cash equivalents is amounting to TRY 75.400.000 as of 30 June 2018 (31 December 2017: TRY 75.400.000).

NOTE 5 - FINANCIAL LIABILITIES

Short-term financial liabilities

	30 June 2018	31 December 2017
Short-term bank borrowings	160.179.817	162.455.889
	160.179.817	162.455.889

Short-term portion of long term financial liabilities

	30 June 2018	31 December 2017
Short-term portion of long-term financial liabilities	707.946.740	560.450.912
Financial lease liabilities	9.791.586	14.089.595
	717.738.326	574.540.507

**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 2018**

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

Long term financial liabilities

	30 June 2018	31 December 2017
Long-term bank borrowings	1.644.298.295	1.591.629.705
Financial lease liabilities	758.237	3.489.401
	1.645.056.532	1.595.119.106

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

30 June 2018

Currency	Maturity	Interest rate (%)	Short term	Long term
TRY borrowings	2018 - 2022	15,85 – TR Libor+6,25	437.073.739	381.224.576
USD borrowings	2018 - 2022	Libor+4,75 - Libor+4,95	355.643.968	1.012.027.065
EUR borrowings	2018 - 2022	Libor+4,90 - Libor+6,25	75.408.850	251.046.654
			868.126.557	1.644.298.295

31 December 2017

Currency	Maturity	Interest rate (%)	Short term	Long term
TRY borrowings	2018 - 2022	15,85 – TR Libor+6,25	327.273.062	483.770.424
USD borrowings	2018 - 2022	Libor+4,75 - Libor+4,95	369.066.636	859.493.084
EUR borrowings	2018 - 2022	Libor+4,90 - Libor+6,25	26.567.103	248.366.197
			722.906.801	1.591.629.705

The redemption schedule of the financial liabilities as of 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018	31 December 2017
To be paid in 1 year	868.126.557	722.906.801
2019 remaining	311.799.794	565.555.566
2020	765.495.948	541.025.142
2021 and after	567.002.553	485.048.997
	2.512.424.852	2.314.536.506

In relation to the bank loans elaborated as of 30 June 2018 above, there are mortgages given amounting to TRY 124.000.000 (31 December 2017: TRY 124.000.000). In addition, as declared at Public Disclosure Platform on 19 June 2015, ultimate parent of the Group, Boyner Holding pledged its shares in Boyner Perakende related to the loan received from Qatar National Bank.

**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 2018**

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of the financial lease as of 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Total financial lease payments	11.482.654	19.359.947
Interest will be paid in upcoming years (-)	(932.831)	(1.780.951)
	10.549.823	17.578.996
Financial lease liabilities up to 1 year	9.791.586	14.089.595
Financial lease liabilities after 1 year	758.237	3.489.401
	10.549.823	17.578.996

As of 30 June 2018 and 31 December 2017 the summary of short-term financial lease liabilities in terms of foreign currency is as below:

	30 June 2018	31 December 2017
TRY	9.156.706	13.126.277
EUR	634.880	963.318
	9.791.586	14.089.595

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

	30 June 2018	31 December 2017
TRY	758.237	3.352.763
EUR	-	136.638
	758.237	3.489.401

Collateral bills amounting to EUR 102.151 and TRY 495.954 are given regarding to the financial leasing liabilities disclosed above (31 December 2017: EUR 222.607 ve TRY 1.368.677).

As of 30 June 2018 and 31 December 2017, the Group’s long-term bank borrowings are all floating-rate. Therefore it is expected that the carrying value of the financial liabilities that are calculated by effective interest rate method approximate to their fair values.

**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 2018**

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

The reconciliation of net financial liabilities as of 30 June 2018 and 2017 is as follows:

	2018	2017
Opening balance - 31 December - Financial liabilities	2.335.988.743	2.411.746.594
Cash and cash equivalents	(356.896.837)	(187.633.837)
Derivative instruments	(212.308.973)	(129.243.033)
Opening balance - 31 December - Net financial liabilities	1.766.782.933	2.094.869.724
Cash flows from operating activities	(171.672.053)	37.912.149
Cash flows from investing activities	54.362.937	49.461.014
Cash inflows from capital advances	-	(85.351.820)
Interest paid	237.341.531	184.909.772
Interest received	(8.347.127)	(18.547.497)
Changes in derivative instruments	(98.713.477)	29.554.712
Cash flows from other financing activities	302.122.541	(411.880.428)
Closing balance - 30 June - Net financial liabilities	2.081.877.285	1.880.927.626
Cash and cash equivalents	160.553.990	267.228.629
Derivative instruments	311.022.450	99.688.321
Closing balance - 30 June - Financial liabilities	2.553.453.725	2.247.844.576
Opening balance - 31 December - Financial liabilities	2.335.988.743	2.411.746.594
Cash inflows from financial liabilities	516.317.221	1.037.138.168
Cash outflows from debt payments	(564.378.127)	(1.207.293.582)
Other	265.525.888	6.253.396
Closing balance - 30 June - Financial liabilities	2.553.453.725	2.247.844.576

**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 2018**

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

NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2018	31 December 2017
Financial assets arising from swap transactions - short term (*)	78.537.274	52.226.406
Financial assets arising from swap transactions - long term (*)	232.485.176	160.082.567
	311.022.450	212.308.973

(*) The Group has swap contracts, related to foreign currency denominated loans, in order to hedge foreign exchange risk and interest risk as of 30 June 2018 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 30 June 2018, these swap instruments are carried at their fair values through the consolidated statement of profit or loss. As of 30 June 2018, the Group has swap instrument amounting to USD 251.779.824 and EUR 61.488.644 (TRY 1.474.747.748) for its loans.

Movement of derivative instruments are as follows:

	2018	2017
Opening balance - 1 January	212.308.973	129.243.033
The amount recognized in financial expenses	98.713.477	(29.554.712)
Closing balance - 30 June	311.022.450	99.688.321

**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 2018**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	30 June 2018	31 December 2017
Trade receivables	208.616.978	211.544.267
Notes receivables (*)	176.443.935	159.008.601
Less: Provision for doubtful receivables	(52.662.673)	(49.019.622)
Less: Rediscount expense	(9.285.221)	(9.478.474)
Total trade receivables from third parties	323.113.019	312.054.772
Trade receivables from related parties	58.381.150	56.268.093
Less: Rediscount expense	(2.607.809)	(2.065.258)
Total trade receivables from related parties (Note 20)	55.773.341	54.202.835
Total short-term trade receivables	378.886.360	366.257.607

(*) TRY 23.304.530 of the notes receivables was transferred to the factoring institutions (31 December 2017: TRY 3.873.241). The factoring debts related to this transaction have been classified under other financial liabilities.

Long-term trade receivables

	30 June 2018	31 December 2017
Trade receivables from third parties	2.306.536	2.306.536
Notes receivables	4.679.836	5.627.867
Less: Rediscount expense	(1.189.123)	(1.422.882)
Total long-term trade receivables	5.797.249	6.511.521

The collection period of trade receivables vary with the type of product and the agreements entered into with the customer. The average collection period for textile company's sales is 184 days (31 December 2017: 195 days). The average collection period of trade receivables from retail companies sales is 62 days (31 December 2017: 54 days).

**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 2018**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of provision for doubtful receivables as of 30 June 2018 and 2017 is as follows:

	2018	2017
Opening balance - 1 January (according to TMS 39)	49.019.622	54.651.099
Retained earning effect (Note 2.4)	1.261.176	-
Opening balance - 1 January (according to TFRS 9)	50.280.798	54.651.099
Provisions	2.474.614	889.272
Collection of receivables during the current period	(15.721)	(21.066)
Write-offs in the current period (*)	(77.018)	(376.155)
Closing balance - 30 June	52.662.673	55.143.150

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

Short term trade payables

	30 June 2018	31 December 2017
Trade payables	819.664.612	682.152.810
Notes payables (**)	763.132.831	728.211.391
Less: Rediscount income	(55.890.416)	(40.338.602)
Total trade payables to third parties	1.526.907.027	1.370.025.599
Trade payables to related parties	24.334.004	22.021.936
Less: Rediscount income	(914.083)	(726.388)
Total trade payables to related parties (Note 20)	23.419.921	21.295.548
Total trade payables	1.550.326.948	1.391.321.147

The average payment period of trade payables is 182 days for textile company (31 December 2017: 154 days). The average payment period of trade payables for retail companies’ purchases is 147 days (31 December 2017: 146 days).

Long term trade payables

	30 June 2018	31 December 2017
Notes payable (**)	33.839.804	37.310.367
Total long term trade payables	33.839.804	37.310.367

(**) 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 24.399.362 (31 December 2017: TRY 20.533.450) and TRY 33.783.777 (31 December 2017: TRY 37.254.219) respectively.

**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 2018**

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

NOTE 8 - INVENTORIES

The detail of inventories as of 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Raw materials and supplies	39.976.590	33.899.008
Semi-finished goods	27.482.882	26.074.960
Finished goods	38.955.080	35.810.575
Trade goods	1.252.388.170	1.162.664.156
Goods in transit	46.729.145	37.440.042
Auxiliary materials	8.384.124	7.282.248
Real estates	9.571.537	12.424.646
	1.423.487.528	1.315.595.635
Less: Provision for impairment on inventories	(69.531.435)	(58.908.175)
	1.353.956.093	1.256.687.460

The total insurance coverage on inventories is amounting as TRY 1.791.028.311 as at 30 June 2018 (31 December 2017: TRY 1.790.124.601).

The movement of the impairment on inventories during the periods ended as of 30 June 2018 and 2017 is as follows:

	2018	2017
Opening balance - 1 January	(58.908.175)	(43.334.645)
Changes during the period	(10.623.260)	(4.973.086)
Closing balance - 30 June	(69.531.435)	(48.307.731)

NOTE 9 - INVESTMENT PROPERTIES

	1 January 2018	Additions	Disposals (-)	Change in fair value	30 June 2018
Fair value					
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	34.090.000	-	-	-	34.090.000
	34.265.000	-	-	-	34.265.000

**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 2018**

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

NOTE 9 - INVESTMENT PROPERTIES (Continued)

	1 January 2017	Additions	Disposals (-)	Change in fair value	30 June 2017
Fair value					
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	32.820.000	-	-	-	32.820.000
	32.995.000	-	-	-	32.995.000

As of 30 June 2018, rental income from investment properties amounted to TRY 959.146 (1 January - 30 June 2017: TRY 299.384).

The fair value of land and buildings

As of 30 June 2018 and 31 December 2017, the fair value of land and buildings of the Group was determined by an independent expert. Increase in the revaluation amount has been recognized as other operating income in the statement of comprehensive income.

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

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

	30 June 2018		
	Quoted in active markets for identical assets prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Store at Unkapanı	-	175.000	-
Istwest stores	-	34.090.000	-
	-	34.265.000	-

**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 2018**

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

NOTE 9 - INVESTMENT PROPERTIES (Continued)

	31 December 2017		
	Quoted in active markets for identical assets prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Store at Unkapanı	-	175.000	-
Istwest stores	-	34.090.000	-
	-	34.265.000	-

Valuation techniques used to derive level 2 fair values

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

NOTE 10 - PROPERTY PLANT AND EQUIPMENT

	1 January 2018	Additions	Disposals (-) (*)	Transfers	30 June 2018
Cost					
Land	48.883.306	-	-	-	48.883.306
Land improvements	481.736	-	-	-	481.736
Buildings	48.062.546	-	-	-	48.062.546
Plant, machinery and equipment	112.181.933	222.926	(494.671)	-	111.910.188
Furniture and fixtures	265.155.223	19.041.447	(270.536)	1.487.705	285.413.839
Motor vehicles	943.914	4.925	(261.602)	-	687.237
Leasehold improvements	321.231.930	21.956.147	(913.027)	1.558.455	343.833.505
Construction in progress	2.773.947	5.138.528	-	(3.217.180)	4.695.295
	799.714.535	46.363.973	(1.939.836)	(171.020)	843.967.652
Accumulated depreciation (-)					
Land improvements	(16.070)	(12.043)	-	-	(28.113)
Buildings	(1.818.662)	(564.726)	-	-	(2.383.388)
Plant, machinery and equipment	(102.811.797)	(1.056.764)	494.616	-	(103.373.945)
Furniture and fixtures	(127.293.507)	(17.904.010)	211.988	-	(144.985.529)
Motor vehicles	(866.600)	(9.630)	209.282	-	(666.948)
Leasehold improvements	(156.655.484)	(19.936.880)	362.666	-	(176.229.698)
	(389.462.120)	(39.484.053)	1.278.552	-	(427.667.621)
Net book value	410.252.415				416.300.031

(*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 419.789 during the period 1 January - 30 June 2018.

**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 2018**

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

NOTE 10 - PROPERTY PLANT AND EQUIPMENT (Continued)

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

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

As of 30 June 2018, depreciation expense amounting to TRY 34.574.240 (30 June 2017: TRY 30.649.007) has been charged in marketing expenses, TRY 1.699.393 (30 June 2017: TRY 2.109.148) has been charged in cost of sales, TRY 3.139.777 (30 June: TRY 3.172.139) in general and administrative expenses and TRY 70.643 (30 June 2017: TRY 11.501) in research and development expenses.

As of 30 June 2018 total amount of insurance on tangible assets TRY 1.454.637.483 (31 December 2017: TRY 1.210.183.322).

**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 2018**

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

NOTE 11 - INTANGIBLE ASSETS

	1 January 2018	Additions	Disposals(-)	Transfers	30 June 2018
Cost					
Licences	17.245.251	2.582.495	-	171.020	19.998.766
Brands	473.224.395	-	-	-	473.224.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Capitalized development cost	-	3.526.629	-	-	3.526.629
Computer licenses	40.420.452	8.052.320	-	-	48.472.772
	1.103.140.103	14.161.444	-	171.020	1.117.472.567
Accumulated amortization (-)					
Licences	(16.870.084)	(723.786)	-	-	(17.593.870)
Favorable rent contract	(118.823.521)	(12.962.566)	-	-	(131.786.087)
Franchise agreements	(73.036.834)	(7.974.455)	-	-	(81.011.289)
Customer network	(23.444.360)	(2.557.567)	-	-	(26.001.927)
Computer licenses	(22.715.196)	(5.916.029)	-	-	(28.631.225)
	(254.889.995)	(30.134.403)	-	-	(285.024.398)
Net book value	848.250.108				832.448.169
	1 January 2017	Additions	Disposals(-)	Transfers	30 June 2017
Cost					
Licences	14.879.312	1.724.308	-	4.493	16.608.113
Brands	473.224.395	-	-	-	473.224.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	30.308.070	5.620.134	-	158.394	36.086.598
	1.090.661.782	7.344.442	-	162.887	1.098.169.111
Accumulated amortization (-)					
Licences	(14.430.575)	(1.679.208)	-	-	(16.109.783)
Favorable rent contract	(92.898.389)	(12.962.566)	-	-	(105.860.955)
Franchise agreements	(57.087.924)	(7.974.455)	-	-	(65.062.379)
Customer network	(18.329.227)	(2.557.567)	-	-	(20.886.794)
Computer licenses	(13.207.153)	(4.569.821)	-	-	(17.776.974)
	(195.953.268)	(29.743.617)	-	-	(225.696.885)
Net book value	894.708.514				872.472.226

As of 30 June 2018 depreciation expense amounting to TRY 21.152.043 (30 June 2017: TRY 22.076.329) has been charged in marketing expenses, TRY 8.953.368 (30 June 2017: TRY 7.650.544) has been charged in general and administrative expenses, TRY 5.354 (30 June 2017: TRY 7.337) in cost of sales and TRY 23.638 (30 June 2017: TRY 9.407) in research and development expenses

**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 2018**

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

NOTE 11 - INTANGIBLE ASSETS (Continued)

Brands

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

As a result of the impairment tests performed based on the assumptions explained at the accompanying notes to the consolidated financial statements as of 31 December 2017, no impairment has been identified. As of 30 June 2018, the Group did not perform impairment test since there were no indicators of impairment.

NOTE 12 - GOODWILL

The Group applied acquisition accounting for business acquisitions. Subsidiaries which had been purchased or sold are fully consolidated from the date on which the control is transferred to the Group, and they are deconsolidated from the date that control ceases. As of 30 June 2018 and 31 December 2017, the breakdown of goodwill is as follows:

	30 June 2018	31 December 2017
Beymen share purchase	452.982.078	452.982.078
BBM share purchase	343.147.354	343.147.354
İzkar share purchase	1.579.128	1.579.128
	797.708.560	797.708.560

As a result of goodwill impairment test by using the assumptions which had been explained in the explanatory notes of the consolidated financial statements as of 31 December 2017, no impairment has been identified. As of 30 June 2018, no impairment tests performed since there were no indicators of impairment.

**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 2018**

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

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

As of 30 June 2018 short term provision for employee benefits amounting to TRY 23.968.912 (31 December 2017: TRY 22.510.807) mainly consists of provision for unused vacation rights and bonus provision.

Other short term provisions

Other short term provision as of 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Provision for sales returns and price differences	17.090.350	22.539.046
Provision for litigations	11.423.061	11.024.480
Other (*)	18.891.546	17.588.597
	47.404.957	51.152.123

(*) As of 30 June 2018, a significant portion of other provisions consists of USD denominated exit costs which will be paid to Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. for the closing of Wepublic store.

The movement of other short term provisions is as follows:

	1 January 2018	Additions	Provisions paid	30 June 2018
Provision for sales returns and price differences	22.539.046	15.080.173	(20.528.869)	17.090.350
Provision for litigations	11.024.480	1.695.784	(1.297.203)	11.423.061
Other	17.588.597	5.208.883	(3.905.934)	18.891.546
Total	51.152.123	21.984.840	(25.732.006)	47.404.957

	1 January 2017	Additions	Provisions paid	30 June 2017
Provision for sales returns and price differences	17.394.899	14.679.361	(13.169.573)	18.904.687
Provision for litigations	7.258.895	4.170.421	(755.234)	10.674.082
Other	176.021	2.304.760	(176.021)	2.304.760
Total	24.829.815	21.154.542	(14.100.828)	31.883.529

**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 2018**

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

NOTE 13 - 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 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
A. Total amount of GPMs which the Company provided on behalf of its own legal entity	96.459	115.100
B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation	360.143.044	337.100.694
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	-	-
	360.239.503	337.215.794

The details of GPM are given as of 30 June 2018 and 31 December 2017 are as follows:

Currency	30 June 2018		31 December 2017	
	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
TRY	265.137.852	265.137.852	283.002.606	283.002.606
EUR	8.206.451	43.569.689	7.499.992	33.866.212
USD	11.299.134	51.531.962	5.394.357	20.346.976
		360.239.503		337.215.794

**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 2018**

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

NOTE 14 - COMMITMENTS

As of 30 June 2018 and 31 December 2017, annual lease liabilities that are non-cancellable over one year maturity and not included in the Group’s consolidated financial statements are as follows:

Operating vehicles lease commitments:

	30 June 2018	31 December 2017
Payable within 1 year	5.059.006	3.934.597
Payable within 1 - 5 years	8.899.700	6.220.945
	13.958.706	10.155.542

Operating stores leasing commitments:

	30 June 2018	31 December 2017
Payable within 1 year	233.550.643	219.799.247
Payable within 1 - 5 years	34.623.689	30.774.304
Longer than 5 years	3.515.807	4.944.581
	271.690.139	255.518.132

Operating office leasing commitments:

	30 June 2018	31 December 2017
Payable within 1 year	3.605.255	3.426.871
	3.605.255	3.426.871

The commitments of the Group related to export operations as of 30 June 2018 amounting to USD 6.104.428 (31 December 2017: USD 375.576).

**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 2018**

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

NOTE 15 - EQUITY

The shareholders and the shareholding structure of the Company as at 30 June 2018 and 31 December 2017 are as follows:

	<u>30 June 2018</u>		<u>31 December 2017</u>	
	Share	Amount (TRY)	Share	Amount (TRY)
Boyner Holding	42,80%	110.293.940	42,80%	110.293.940
Mayhoola for Investments LLC (*)	42,68%	109.975.820	42,68%	109.975.820
Other shareholders and free float (**)	14,52%	37.430.240	14,52%	37.430.240
Paid-in capital (***)	100,00%	257.700.000	100,00%	257.700.000
Inflation adjustment difference in share capital		56.061.369		56.061.369
Total adjusted capital		313.761.369		313.761.369

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

Mayhoola for Investments LLC entered into a share sale and purchase agreement for the acquisition of Boyner Perakende ve Tekstil Yatırımları A.Ş. shares from Boyner Holding A.Ş. for a nominal value of TRY 6.924.000 amounting to 12% of the total issued share capital of Boyner Perakende, at a total consideration of TRY 25 per share in two tranches. Following the completion of the first tranche, Mayhoola's shareholding in Boyner Perakende has been increased from approximately 30.68% to approximately 35.38% and Boyner Holding's shareholding has been decreased from approximately 54.8% to 50.1%. As a result of share purchase in two tranches, Mayhoola's share is approximately 42.68% and Boyner Holding's share is approximately %42.80.

(**) Represents shareholding less than 10%.

(***) The Prospectus regarding the increase of the registered capital from TRY 57.700.000 to TRY 257.700.000 by 346.62% via rights issue within the authorized capital ceiling of TRY 500.000.000 has been approved by CMB on 7 July 2017.

The newly issued shares representing the TRY 200.000.000 share capital increase proceeded TRY 114.580.165 in the rights issue during the subscription period between 12 July 2017 - 11 September 2017 and the remaining unsubscribed new shares which were offered for sale in the Primary Market of Borsa Istanbul for 2 business days during 14 - 15 September 2017 proceeded TRY 633.456 which totaled in the amount of TRY 115.213.621. In consequence of sale in the primary market, share premium amounting to TRY 565.433 accounted under “Share premium”. An amount of TRY 85.351.820. was set-off from the proceeds that equal to the cash received from one of our main shareholders Mayhoola For Investment LLC in advance of the share capital increase corresponding to Mayhoola's rights issue contribution.

**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 2018**

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

NOTE 15 - EQUITY (Continued)

As of 30 June 2018, the registered share capital of the Company is TRY 257.700.000 (31 December 2017: TRY 257.700.000) and the Company’s share capital consists of 25.770.000.000 issued shares with TRY 0,01 nominal value each (31 December 2017: 25.770.000.000)

Capital reserves

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

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

Restricted reserves:

	30 June 2018	31 December 2017
Legal reserves	10.467.368	10.467.368
Legal reserves arising from tax exemption related to the gain from sale of subsidiary (*)	1.080.833	1.080.833
Legal reserves arising from tax exemption related to the gain from the sale of investment property share (*)	21.902.906	21.902.906
	33.451.107	33.451.107

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

**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 2018**

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

NOTE 15 - EQUITY (Continued)

Revaluation funds

The details of revaluation funds as of 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Revaluation fund related to the land on which the factory plant was located	78.824.810	78.824.810
Revaluation fund related to the land classified as investment property	15.722.470	15.722.470
Total of revaluation funds	94.547.280	94.547.280
Classification of the special fund arising from the sale of investment property	(15.722.470)	(15.722.470)
Effect of deferred tax	(3.943.025)	(3.943.025)
Transfers to accumulated losses	(67.435.452)	(66.489.043)
	7.446.333	8.392.742

The movement of revaluation funds as of 30 June 2018 and 31 December 2017 is as follows:

	2018	2017
Opening balance - 1 January	8.392.742	13.424.284
Transfers to accumulated losses (*)	(946.409)	(352.500)
Closing balance - 30 June	7.446.333	13.071.784

(*) Revenue is recognized when the risk and benefits of the real estate inventories are transferred to buyer as explained in Note 8. Revaluation fund associated with income recognized during the periods ended 30 June 2018 and 2017 are transferred to accumulated loss.

Impact of business combinations under common control

The detail of impact of business combinations under common control as of 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Impact of the acquisition of BBM	(48.574.625)	(48.574.625)
Impact of the acquisition of Beymen	(202.724.939)	(202.724.939)
Merge impact of BBA	7.478.755	7.478.755
Acquisition of AYTK shares from non-controlling interest	(12.105.679)	(12.105.679)
Acquisition of YKM shares from non-controlling interest	(56.878.535)	(56.878.535)
Impact of the acquisition of Nişantaşı Turistik	(3.750.172)	(3.750.172)
	(316.555.195)	(316.555.195)

**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 2018**

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

NOTE 16 - REVENUE AND COST OF SALES

Sales

	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Domestic sales	2.956.233.653	1.604.327.041	2.298.120.706	1.245.673.024
Export sales	28.443.252	13.394.908	20.179.096	10.315.180
Other sales	15.494.541	5.882.699	8.461.703	4.169.549
Sales returns (-)	(367.329.070)	(185.644.842)	(282.334.543)	(133.693.229)
Sales discounts (-)	(170.918.351)	(111.818.743)	(134.459.519)	(93.360.793)
	2.461.924.025	1.326.141.063	1.909.967.443	1.033.103.731

Cost of sales

	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Cost of trade goods sold	(1.329.053.023)	(687.199.352)	(1.086.902.594)	(582.857.776)
Cost of finished goods sold	(98.886.902)	(49.123.472)	(58.234.888)	(16.157.383)
Cost of services given and real estate sold	(2.853.106)	-	(1.055.239)	(358.321)
	(1.430.793.031)	(736.322.824)	(1.146.192.721)	(599.373.480)

NOTE 17 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Rediscount income	70.346.138	14.918.651	44.135.153	(6.329)
Store investment contribution income	27.577.632	16.604.963	20.721.521	14.873.313
Foreign exchange income	21.004.446	13.175.417	12.376.472	4.683.912
Term difference income from sales	19.610.603	11.366.631	11.652.035	7.016.447
Royalty income	6.865.126	6.283.156	5.062.226	3.316.031
Other	15.665.784	5.169.769	13.920.391	4.764.681
	161.069.729	67.518.587	107.867.798	34.648.055

Other operating expenses

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Foreign exchange losses	54.290.711	34.628.594	17.958.710	961.547
Rediscount expenses	51.873.825	840.479	37.799.926	348.874
Term difference expenses from purchases	36.276.757	20.606.753	20.399.720	11.180.142
Other	8.836.657	2.267.713	9.569.525	6.847.771
	151.277.950	58.343.539	85.727.881	19.338.334

**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 2018**

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

NOTE 18 - FINANCIAL INCOME / (EXPENSES)

Financial income

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Foreign exchange gains	51.285.281	29.800.468	92.867.791	35.089.508
Interest income	8.347.127	3.065.147	18.547.497	7.006.461
Other	1.082.053	598.849	1.889.647	1.179.749
	60.714.461	33.464.464	113.304.935	43.275.718

Financial expenses

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Foreign currency losses	229.946.246	174.847.316	106.189.987	37.140.110
Interest expenses arising from bank borrowings	196.328.475	97.264.358	152.155.954	80.271.512
Credit card early collection interest	33.538.236	18.106.516	18.679.538	10.496.496
Term difference expenses	10.050.544	5.870.143	13.958.036	6.983.945
Factoring expenses	935.172	783.368	11.508.293	4.642.133
Interest expenses arising from bills and bonds	-	-	7.948.437	4.112.240
Other	18.706.682	9.830.943	17.305.807	9.123.606
	489.505.355	306.702.644	327.746.052	152.770.042

NOTE 19 - EARNING / (LOSS) PER SHARE

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

	1 January - 30 June 2018	1 January - 30 June 2017
Loss for the current period (TRY)	(342.083.283)	(162.495.873)
Weighted average number of shares (*)	257.700.000	57.700.000
Loss per share of the Company (TRY)	(1,33)	(2,82)

(*) Per share of TRY 1 nominal value.

**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 2018**

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

NOTE 20 - RELATED PARTY DISCLOSURES

a) Receivables due from related parties as of 30 June 2018 and 31 December 2017 are as follows:

	<u>30 June 2018</u>		<u>31 December 2017</u>	
	<u>Trade</u>	<u>Other</u>	<u>Trade</u>	<u>Other</u>
Receivables from shareholders				
Boyner Holding A.Ş.	3.600	38.406.034	32.016	2.574.360
Receivables from associates				
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	4.890	-
Receivables from other related parties				
Fırsat Elektronik Sanayi ve Ticaret A.Ş.	31.791.360	813.627	40.146.784	1.483.196
BR Mağazacılık A.Ş.	23.919.424	-	13.705.820	-
BNR Teknoloji A.Ş.	32.376	-	264.706	-
Bassae Bireysel Ürünler Satış ve Pazarlama A.Ş.	26.581	-	40.359	-
Alsis Sigorta Acentalığı A.Ş.	-	-	8.260	-
Total	55.773.341	39.219.661	54.202.835	4.057.556

b) Payables due to related parties as of 30 June 2018 and 31 December 2017 are as follows:

	<u>30 June 2018</u>		<u>31 December 2017</u>	
	<u>Trade</u>	<u>Other</u>	<u>Trade</u>	<u>Other</u>
Payables to shareholders				
Boyner Holding A.Ş. (*)	364.096	175.000.000	2.338.000	175.000.000
Payables to associates				
Christian Louboutin Mağazacılık A.Ş.	219.012	-	955.970	-
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	7.739	-
Payables to other related parties				
BR Mağazacılık A.Ş.	16.181.685	-	15.363.748	-
Alsis Sigorta Acentalığı A.Ş.	4.165.029	-	2.245.218	-
BNR Teknoloji A.Ş.	2.439.043	-	358.538	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	40.503	-	19.276	-
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	8.773	-	4.672	-
Fırsat Elektronik Sanayi ve Ticaret A.Ş.	1.780	-	2.387	700.000
	23.419.921	175.000.000	21.295.548	175.700.000

(*) As at 31 December 2017, the maturity of other payable is 5 years. However, in accordance with the decision of Board of Directors dated 28 May 2018, payables due to Boyner Holding will be used for the capital increase of the Company. The interest rate is determined based on the average monthly TRY denominated borrowing rate of the Company.

**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 2018**

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

NOTE 20 - RELATED PARTY DISCLOSURES (Continued)

c) Purchase and sale of goods and services to related parties as of 30 June 2018 and 2017 are as follows:

Purchases	30 June 2018			30 June 2017		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
<i>Shareholders</i>						
Boyner Holding A.Ş.	1.021	2.065.095	16.149.149	272	1.387.375	13.304
<i>Associates</i>						
Christian Louboutin Mağazacılık A.Ş.	439.848	-	-	204.671	-	-
<i>Other related parties</i>						
BR Mağazacılık A.Ş.	21.858.126	309.381	-	17.898.020	254.870	-
BNR Teknoloji A.Ş.	-	6.208.517	1.436.515	-	3.341.866	1.696.642
Alsıs Sigorta Acentalığı A.Ş.	-	6.059.658	-	-	5.068.781	92.700
Fırsat Elektronik Sanayi ve Ticaret A.Ş.	-	138.070	-	-	256.365	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	98.952	-	-	103.510	22.880
	22.298.995	14.879.673	17.585.664	18.102.963	10.412.767	1.825.526

Sales	30 June 2018			30 June 2017		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
<i>Shareholders</i>						
Boyner Holding A.Ş.	4.374	84.000	2.789.897	-	72.000	13.284.149
<i>Associates</i>						
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	-	1.485	218.827	-
Christian Louboutin Mağazacılık A.Ş.	-	196.021	-	-	177.599	-
<i>Other related parties</i>						
Fırsat Elektronik Sanayi ve Ticaret A.Ş.	24.886.605	1.087.745	2.551.272	37.976.118	713.592	1.132.327
BR Mağazacılık A.Ş.	16.674.927	2.762.626	3.082.346	16.917.992	2.321.176	2.427.306
Alsıs Sigorta Acentalığı A.Ş.	-	46.000	-	-	12.140	-
BNR Teknoloji A.Ş.	1.201	311.508	-	-	395.477	-
Boğaziçi Yatçılık ve Turizm A.Ş.	2.000	-	-	-	-	-
	41.569.107	4.487.900	8.423.515	54.895.595	3.910.811	16.843.782

d) The top management team comprises of board members, general manager and deputy general managers. As of 30 June 2018, the Group has provided remuneration amounting to TRY 42.241.741 to the top executives (1 January - 30 June 2017: TRY 22.927.831). The Group has no post-employment benefits nor share-based payment for the top management.

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 2018

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

NOTE 21 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk

Foreign currency position as of 30 June 2018 and 31 December 2017 is set out in the table below:

	30 June 2018					31 December 2017				
	TRY Equivalent (Functional currency)	USD	EUR	GBP	CHF	TRY Equivalent (Functional currency)	USD	EUR	GBP	CHF
1. Trade receivables	25.521.952	4.545.362	871.052	27.977	-	31.880.183	6.644.685	1.488.977	18.428	-
2a. Monetary financial assets, (cash and banks account included)	19.162.066	3.275.751	777.448	15.837	-	55.132.247	4.340.580	8.574.100	8.594	-
2b. Non-monetary financial assets	2.896.833	75.537	480.155	517	-	2.625.507	39.240	547.126	1.368	-
3. Other	22.765.948	309.743	3.865.744	138.655	-	20.053.681	1.700.138	2.956.226	57.495	-
4. Current assets (1+2+3)	70.346.799	8.206.393	5.994.399	182.986	-	109.691.613	12.724.643	13.566.429	85.885	-
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	371.644	-	70.000	-	-	316.085	-	70.000	-	-
7. Other	190.126	35.723	5.124	-	-	154.109	34.723	5.124	-	-
8. Non-current assets (5+6+7)	561.770	35.723	75.124	-	-	470.194	34.723	75.124	-	-
9. Total assets (4+8)	70.908.569	8.242.116	6.069.523	182.986	-	110.161.807	12.759.366	13.641.553	85.885	-
10. Trade payables	217.473.216	24.158.094	20.174.344	5.748	33.062	195.491.728	25.922.255	21.597.856	37.489	-
11. Financial liabilities	431.687.698	77.980.127	14.323.011	-	-	396.597.057	97.846.347	6.096.871	-	-
12a. Other monetary liabilities	16.374.810	3.590.274	122	-	-	17.462.989	4.415.666	178.837	-	-
12b. Other non-monetary liabilities	27.588.268	1.926.381	3.444.145	86.435	-	16.321.926	1.307.496	2.517.705	4.229	-
13. Current liabilities (10+11+12)	693.123.992	107.654.876	37.941.622	92.183	33.062	625.873.700	129.491.764	30.391.269	41.718	-
14. Trade payables	33.783.777	7.407.586	-	-	-	37.254.219	9.876.778	-	-	-
15. Financial liabilities	1.263.073.719	221.901.696	47.285.213	-	-	1.107.995.918	227.867.410	55.033.293	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	3.881.186	36.130	699.994	-	-	136.279	36.130	-	-	-
17. Non-current liabilities (14+15+16)	1.300.738.682	229.345.412	47.985.207	-	-	1.145.386.416	237.780.318	55.033.293	-	-
18. Total liabilities (13+17)	1.993.862.674	337.000.288	85.926.829	92.183	33.062	1.771.260.116	367.272.082	85.424.562	41.718	-
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)	(1.922.954.105)	(328.758.172)	(79.857.306)	90.803	(33.062)	(1.661.098.309)	(354.512.716)	(71.783.009)	44.167	-
21. Net foreign currency asset / (liability) / (position of monetary items (IFRS 7.B23) (=1+2a+3+5+6a-10-11-12a-14-15-16a))	(1.894.753.128)	(326.871.198)	(76.263.322)	176.721	(33.062)	(1.647.581.691)	(353.208.330)	(69.882.430)	47.028	-
22. Fair value of derivative instruments used in foreign currency hedge	311.022.450	47.755.959	17.558.549	-	-	212.308.973	42.607.062	11.427.172	-	-
23. Partial total amount of foreign currency assets hedged	-	-	-	-	-	-	-	-	-	-
24. Partial total amount of foreign currency liabilities hedged (Note 6)	1.474.747.748	251.779.824	61.488.644	-	-	1.503.493.020	325.713.757	60.886.568	-	-
25. Export	26.298.523	3.383.575	2.447.444	165.181	-	50.095.726	7.061.101	5.508.078	65.148	-
26. Import	386.591.283	15.972.365	65.809.447	772.740	20.533	652.382.138	31.314.516	128.699.008	1.402.942	44.724

**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 2018**

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

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

Foreign currency risk (Continued)

Foreign currency position as of 30 June 2018 and 31 December 2017 is set out in the table below:

	30 June 2018			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	(149.936.741)	149.936.741	-	-
2- USD hedged from risks (-)	2.071.983	(24.045.024)	-	-
3- USD net effect (1+2)	(147.864.758)	125.891.717	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(42.397.840)	42.397.840	-	-
5- EUR hedged from risks (-)	5.849.436	(25.631.332)	-	-
6- EUR net effect (4+5)	(36.548.404)	16.766.508	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	39.171	(39.171)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	39.171	(39.171)	-	-
TOTAL (3+6+9)	(184.373.991)	142.619.054	-	-
	31 December 2017			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	(133.718.651)	133.718.651	-	-
2- USD hedged from risks (-)	56.961.771	(115.103.182)	-	-
3- USD net effect (1+2)	(76.756.880)	18.615.469	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(32.413.618)	32.413.618	-	-
5- EUR hedged from risks (-)	28.569.589	(28.569.589)	-	-
6- EUR net effect (4+5)	(3.844.029)	3.844.029	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	22.438	(22.438)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	22.438	(22.438)	-	-
TOTAL (3+6+9)	(80.578.471)	22.437.060	-	-

**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 2018**

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

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

Fair value disclosure

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

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

30 June 2018

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	311.022.450	-	311.022.450
Total assets	-	311.022.450	-	311.022.450

31 December 2017

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	212.308.973	-	212.308.973
Total assets	-	212.308.973	-	212.308.973

NOTE 22 - SUBSEQUENT EVENTS

None.

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