

**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 2018 TO 31 MARCH 2018**

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY-31 MARCH 2018**

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

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

	Notes	Unaudited 31 March 2018	Audited 31 December 2017
ASSETS			
Current assets		2.229.096.528	2.252.346.162
Cash and cash equivalents	4	155.076.871	356.896.837
Trade receivables		338.244.260	366.257.607
- Trade receivables from related parties	7 and 20	52.500.052	54.202.835
- Trade receivables from third parties	7	285.744.208	312.054.772
Other receivables		44.523.141	16.021.620
- Other receivables from related parties	20	27.304.527	4.057.556
- Other receivables from third parties		17.218.614	11.964.064
Inventories	8	1.365.917.488	1.256.687.460
Prepaid expenses		92.002.587	51.173.196
- Prepaid expenses to third parties		92.002.587	51.173.196
Derivative instruments		65.923.105	52.226.406
- Derivative instruments used for hedging	6	65.923.105	52.226.406
Other current assets		167.409.076	145.078.558
- Other current assets from third parties		167.409.076	145.078.558
Non-current assets held for sale		-	8.004.478
Non-current assets		2.337.616.362	2.314.146.981
Financial investments		104.891	104.891
Trade receivables		6.892.281	6.511.521
- Trade receivables from third parties	7	6.892.281	6.511.521
Other receivables		1.855.805	1.887.594
- Other receivables from third parties		1.855.805	1.887.594
Investments accounted for using the equity method		2.008.244	2.001.302
Investment properties	9	34.265.000	34.265.000
Property and equipment	10	408.296.660	410.252.415
- Lands		48.883.306	48.883.306
- Land improvements		459.643	465.666
- Buildings		45.961.523	46.243.884
- Machinery and equipment		8.938.287	9.370.136
- Vehicles		64.339	77.314
- Furniture and fixtures		137.437.795	137.861.716
- Leasehold improvements		161.512.481	164.576.446
- Construction in progress		5.039.286	2.773.947
Intangible assets		1.639.884.971	1.645.958.668
- Goodwill	12	797.708.560	797.708.560
- Rights		2.059.207	375.167
- Brands		473.224.395	473.224.395
- Computer licenses		20.625.695	17.705.256
- Other intangible assets		346.267.114	356.945.290
Prepaid expenses		16.474.104	15.397.681
- Prepaid expenses to third parties		16.474.104	15.397.681
Deferred tax assets		39.951.449	33.232.448
Derivative instruments		183.430.063	160.082.567
- Derivative instruments used for hedging	6	183.430.063	160.082.567
Other non-current assets		4.452.894	4.452.894
- Other non-current assets from third parties		4.452.894	4.452.894
TOTAL ASSETS		4.566.712.890	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 31 MARCH 2018 AND 31 DECEMBER 2017**

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

	Notes	Unaudited 31 March 2018	Audited 31 December 2017
LIABILITIES			
Current liabilities		2.708.403.038	2.482.630.321
Short-term financial liabilities		120.178.985	162.455.889
<i>Short term financial liabilities to third parties</i>		<i>120.178.985</i>	<i>162.455.889</i>
- <i>Bank borrowings</i>	5	<i>120.178.985</i>	<i>162.455.889</i>
Current portion of long-term financial liabilities		753.717.880	574.540.507
<i>Current portion of long term financial liabilities to third parties</i>		<i>753.717.880</i>	<i>574.540.507</i>
- <i>Bank borrowings</i>	5	<i>740.567.206</i>	<i>560.450.912</i>
- <i>Finance lease liabilities</i>	5	<i>13.150.674</i>	<i>14.089.595</i>
Other financial liabilities		708.970	3.873.241
- <i>Other financial liabilities</i>		<i>708.970</i>	<i>3.873.241</i>
Trade payables		1.500.186.428	1.391.321.147
- <i>Trade payables to related parties</i>	7 and 20	<i>24.792.825</i>	<i>21.295.548</i>
- <i>Trade payables to third parties</i>	7	<i>1.475.393.603</i>	<i>1.370.025.599</i>
Payables related to employee benefits		44.818.034	52.828.212
Other payables		2.524.110	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>2.524.110</i>	<i>5.547.885</i>
Deferred revenue		175.047.716	189.547.341
- <i>Deferred revenue to third parties</i>		<i>175.047.716</i>	<i>189.547.341</i>
Corporate tax payable		9.595.921	2.261.072
Short term provisions		80.629.258	73.662.930
- <i>Short term provisions for employee benefits</i>	13	<i>29.705.280</i>	<i>22.510.807</i>
- <i>Other short term provisions</i>	13	<i>50.923.978</i>	<i>51.152.123</i>
Other current liabilities		20.995.736	25.892.097
- <i>Other current liabilities to third parties</i>		<i>20.995.736</i>	<i>25.892.097</i>
Non-current liabilities		1.995.997.833	2.061.074.982
Long term financial liabilities		1.523.065.256	1.595.119.106
<i>Long term financial liabilities to third parties</i>		<i>1.523.065.256</i>	<i>1.595.119.106</i>
- <i>Bank borrowings</i>	5	<i>1.520.938.288</i>	<i>1.591.629.705</i>
- <i>Finance lease liabilities</i>	5	<i>2.126.968</i>	<i>3.489.401</i>
Trade payables		34.183.140	37.310.367
- <i>Trade payables to third parties</i>	7	<i>34.183.140</i>	<i>37.310.367</i>
Other payables		178.566.310	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>3.566.310</i>	<i>208.527</i>
Long term provisions		47.091.874	45.782.522
- <i>Long term provisions for employee benefits</i>		<i>47.091.874</i>	<i>45.782.522</i>
Deferred revenue		30.904.640	27.455.102
- <i>Deferred revenue to third parties</i>		<i>30.904.640</i>	<i>27.455.102</i>
Deferred tax liability		176.624.634	172.223.944
Other long term liabilities		5.561.979	7.975.414
- <i>Other long term liabilities to third parties</i>		<i>5.561.979</i>	<i>7.975.414</i>
TOTAL LIABILITIES		4.704.400.871	4.543.705.303

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

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

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

	Notes	Unaudited 31 March 2018	Audited 31 December 2017
EQUITY		(137.687.981)	22.787.840
Equity attributable to parent		(140.097.358)	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		(27.885.146)	(25.888.544)
- <i>Gain/(loss) on revaluation and re-measurement</i>	15	7.446.333	8.392.742
- <i>Actuarial (loss)/gain arising from employee benefits</i>		(35.331.479)	(34.281.286)
Other comprehensive income/(expenses) to be reclassified to profit or loss		(865.412)	(873.116)
- <i>Currency translation differences</i>		(865.412)	(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		(156.705.763)	(294.651.883)
Non-controlling interest		2.409.377	2.021.346
TOTAL LIABILITIES		4.566.712.890	4.566.493.143

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

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

	Notes	Unaudited 1 January - 31 March 2018	Unaudited 1 January - 31 March 2017
INCOME OR LOSS			
Revenue	16	1.135.782.962	876.863.712
Cost of sales (-)	16	(694.470.207)	(546.819.241)
GROSS PROFIT		441.312.755	330.044.471
Marketing expenses (-)		(349.177.167)	(285.921.862)
General administrative expenses (-)		(78.694.561)	(65.723.494)
Research and development expenses (-)		(765.128)	(745.059)
Other operating income	17	93.551.142	73.219.743
Other operating expenses (-)	17	(92.934.411)	(66.389.547)
OPERATING (LOSS)/PROFIT		13.292.630	(15.515.748)
Income from investing activities		1.415.357	43.967
Expenses from investing activities (-)		(4.879.270)	(299.465)
Share of profit of investments accounted for using the equity method		6.942	(3.845)
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/(EXPENSES)		9.835.659	(15.775.091)
Financial income	18	27.249.997	70.029.217
Financial expenses (-)	18	(182.802.711)	(174.976.010)
LOSS BEFORE TAX FROM CONTINUED OPERATIONS		(145.717.055)	(120.721.884)
Corporate tax expense (-)		(11.777.680)	(5.748.617)
Deferred tax income/(loss)		1.177.003	3.121.929
LOSS FROM CONTINUED OPERATIONS		(156.317.732)	(123.348.572)
NET LOSS FOR THE PERIOD		(156.317.732)	(123.348.572)
Loss for the period attributable to			
Non-controlling interest		388.031	144.390
Equity holders of the parent		(156.705.763)	(123.492.962)
Loss per share			
Loss per share from continued operations	19	(0,61)	(2,14)
Loss per share from discontinued operations		-	-
OTHER COMPREHENSIVE LOSS			
Items not to be classified to profit or loss			
Actuarial losses arising from employee benefits		(1.312.741)	(807.885)
Deferred tax income		262.548	161.577
Items to be classified to profit or loss			
Currency translation differences		7.704	10.668
OTHER COMPREHENSIVE LOSS		(1.042.489)	(635.640)
TOTAL COMPREHENSIVE LOSS		(157.360.221)	(123.984.212)
Total comprehensive loss attributable to:			
Non-controlling interests		388.031	144.390
Equity holders of the parent		(157.748.252)	(124.128.602)

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY FOR
THE PERIODS ENDED 31 MARCH 2018 AND 2017**

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

	Paid in share capital	Share premium	Adjustments to share capital	Other comprehensive income/(expenses) to be reclassified to profit or loss	Currency translation differences	Other comprehensive income/ (expenses) not to be reclassified to profit or loss Gain/ (loss) Other income and loss Revaluation reserve of property plant and equipment	Actuarial loss	Impact of business combinations regarding common control transactions	Restricted reserves	Retained earnings/ (accumulated losses)	Net loss for the period	Equity attributable to parent	Non- controlling interest	Total equity
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	-	-	-	-	-	-	-	-	-	(471.103.162)	471.103.162	-	-	-
Total comprehensive income / loss	-	-	-	-	10.668	-	(646.308)	-	-	-	(123.492.962)	(124.128.602)	144.390	(123.984.212)
Revaluation reserve of property, plant and equipment (Note 15)	-	-	-	-	-	(230.765)	-	-	-	230.765	-	-	-	-
Balance at 31 March 2017	57.700.000	138.375.874	56.061.369		(793.836)	13.193.519	(28.481.013)	(316.555.195)	33.451.107	167.694.551	(123.492.962)	(2.846.586)	1.458.079	(1.388.507)
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
Effects of change in accounting policies (Note 2.4)	-	-	-	-	-	-	-	-	-	(3.115.600)	-	(3.115.600)	-	(3.115.600)
Balance at 1 January 2018 (after change in accounting policies)	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	-	-	-
Total comprehensive income / loss	-	-	-	-	7.704	-	(1.050.193)	-	-	-	(156.705.763)	(157.748.252)	388.031	(157.360.221)
Revaluation reserve of property, plant and equipment (Note 15)	-	-	-	-	-	(946.409)	-	-	-	946.409	-	-	-	-
Balance at 31 March 2018	257.700.000	565.433	56.061.369		(865.412)	7.446.333	(35.331.479)	(316.555.195)	33.451.107	14.136.249	(156.705.763)	(140.097.358)	2.409.377	(137.687.981)

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED 31 MARCH 2018 AND 2017**

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

	Notes	Unaudited 1 January - 31 March 2018	Unaudited 1 January - 31 March 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES		(27.179.161)	(52.677.518)
Net loss for the period		(156.317.732)	(123.348.572)
Net loss for the period from continuing operations		(156.317.732)	(123.348.572)
Adjustments to reconcile loss for the period		355.324.679	250.414.828
Depreciation and amortization	10 and 11	34.243.209	32.472.826
Adjustments related to impairment		23.421.490	8.065.543
<i>Adjustments related to impairment on receivables</i>	7	2.470.830	502.542
<i>Adjustments related to impairment on inventory</i>	8	20.776.325	6.542.650
<i>Adjustments related to other impairments</i>		174.335	1.020.351
Adjustments related to provisions		46.542.278	29.187.394
<i>Adjustments related to provision for employment termination benefits</i>		24.720.739	11.909.517
<i>Adjustments related to provision for litigation</i>	13	1.269.176	882.054
<i>Adjustments related to other provisions</i>	13	20.552.363	16.395.823
Adjustments related to interest (income)/expense		111.377.926	72.031.544
<i>Adjustments related to interest income</i>	18	(5.281.980)	(11.541.036)
<i>Adjustments related to interest expenses</i>		115.911.884	91.415.608
<i>Rediscount expenses</i>		5.180	(3.409.200)
<i>Rediscount income</i>		742.842	(4.433.828)
Adjustments related to unrealized gain/ (loss) foreign currency differences		75.027.429	35.810.410
Adjustments related to fair value gain/ (loss)		(37.044.195)	(24.569.101)
<i>Adjustments related to fair value changes of derivative instruments</i>	6	(37.044.195)	(24.569.101)
Adjustments related to the sale of non-current assets		(902.978)	255.498
<i>Adjustments to gain on sales of property and equipment</i>		(902.978)	255.498
Share of profit of investments accounted for using the equity method		(6.942)	3.845
<i>Adjustments related to undistributed profit of associates</i>		-	13.134
<i>Adjustments related to undistributed profit of joint ventures</i>		(6.942)	(9.289)
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) expense		10.600.677	2.626.688
Other adjustments		88.125.257	94.530.181
Changes in net working capital		(103.504.714)	(64.461.307)
Adjustments related to (increase)/decrease in inventories		(131.896.060)	(35.374.517)
Adjustments related to (increase)/decrease in trade receivables		6.155.240	23.273.013
<i>(Increase) / decrease in trade receivables from related parties</i>		1.492.515	11.675.956
<i>(Increase) / decrease in trade receivables from third parties</i>		4.662.725	11.597.057
Adjustments related to decrease (increase) in other receivables		(4.678.606)	2.808.593
<i>(Increase) / decrease in other receivables from related parties</i>		544.155	1.782.789
<i>(Increase) / decrease in other receivables from third parties</i>		(5.222.761)	1.025.804
Adjustments related to (increase)/decrease in prepaid expenses		(41.905.814)	(21.207.194)
<i>Decrease / (increase) in prepaid expenses to third parties</i>		(41.905.814)	(21.207.194)
Adjustments related to increase (decrease) in employee benefits payable		(8.010.178)	(6.273.525)
Adjustments related to increase/ (decrease) in trade payables		117.617.758	23.387.240
<i>Increase/ (decrease) in trade payables to related parties</i>		3.386.850	4.295.752
<i>Increase/ (decrease) in trade payables to third parties</i>		114.230.908	19.091.488
Adjustments related to increase in other payables		2.636.530	(13.753.743)
<i>Increase / (decrease) in other payables to related parties</i>		(700.000)	(2.444.600)
<i>Increase / (decrease) in other payables to third parties</i>		3.336.530	(11.309.143)
Adjustments related to increase / (decrease) in deferred revenue		(13.783.270)	(44.154.990)
<i>Increase / (decrease) in deferred revenue to third parties</i>		(13.783.270)	(44.154.990)
Adjustments related to increase / (decrease) in other working capital		(29.640.314)	6.833.816
<i>Increase / decrease in other assets related to operations</i>		(22.330.518)	(12.872.675)
<i>Increase / decrease in other liabilities related to operations</i>		(7.309.796)	19.706.491
Rent payments		(98.247.886)	(107.485.354)
Rent received		300.685	385.379
Employee termination benefits paid		(18.772.045)	(6.702.116)
Payments for other provisions	13	(1.520.815)	(666.612)
Other cash outflows		(4.441.333)	(813.764)

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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED 31 MARCH 2018 AND 2017**

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

	Notes	Unaudited 1 January - 31 March 2018	Unaudited 1 January - 31 March 2017
B. CASH FLOWS FROM INVESTING ACTIVITIES		(21.421.164)	(22.877.324)
Cash inflows from share sales or capital decrease of associates and / or joint ventures		4.063.950	-
Purchases of property, equipment and intangible assets		(26.572.529)	(23.083.446)
<i>Purchases of property and equipment</i>	10	(17.797.487)	(18.325.857)
<i>Purchases of intangible assets</i>	11	(8.775.042)	(4.757.589)
Proceeds from disposal of property, equipment and intangible assets		1.087.415	206.122
<i>Proceeds from disposal of property and equipment</i>		1.087.415	206.122
C. CASH FLOWS FROM FINANCING ACTIVITIES		(153.227.345)	9.607.493
Interest paid		(122.749.078)	(91.517.501)
Interest received	18	5.281.980	11.541.036
Proceeds from financial liabilities		203.462.589	523.555.497
<i>Proceeds from loans</i>		199.304.365	482.141.063
<i>Proceeds from factoring transactions</i>		-	39.688.200
<i>Proceeds from other financial liabilities</i>		4.158.224	1.726.234
Payment of financial liabilities		(215.432.139)	(486.351.111)
<i>Cash outflows due to the payments of bank borrowings</i>		(202.805.768)	(403.032.492)
<i>Cash outflows due to the payments of factoring liabilities</i>		(3.164.271)	(81.933.737)
<i>Cash outflows due to the payments of other financial liabilities</i>		(9.462.100)	(1.384.882)
Increase/(decrease) in other payables from related parties		(23.790.697)	52.379.572
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(201.827.670)	(65.947.349)
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		7.704	10.668
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(201.819.966)	(65.936.681)
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	155.076.871	121.697.156

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 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 Company is jointly controlled by Boyner Holding and Mayhoola for Investment LLC (“Mayhoola”) as of 31 March 2018 and 31 December 2017. The Company is registered to CMB and 15% of its shares offered to İstanbul Stock Exchange (“ISE”) for the first time in 1991.

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

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

The table below sets out the subsidiaries fully consolidated, the proportion of ownership interest and the effective interest of the Group in these subsidiaries as of 31 March 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	31 March 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 ⁽¹⁾	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

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

As of 31 March 2018, the Group has retail space of 367.090 square meters (298.639 square meters of its own stores and 68.451 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 375 stores (296 own stores and 79 other) (31 December 2017: 381 stores (294 own stores and 87 other)).

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

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

Associates	Country of registration	Nature of business	31 March 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 31 March 2018 have been approved and authorized for issue on 10 May 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 Turkish subsidiaries maintains their books of accounts and prepares their statutory financial statements in accordance with the principles issued by CMB, the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiary maintains its books of account in accordance with the laws and regulations in force in the countries in which they operate. These condensed interim consolidated financial statements have been prepared under historical cost conventions except for the financial assets and investment properties carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

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

2.1 Basis of presentation (Continued)

Going Concern Assumption

The condensed interim consolidated financial statements have been prepared assuming that the Company and its consolidated subsidiaries will continue as a going concern on the basis that they will be able to realize its assets and discharge its liabilities in the normal course of business. As of 31 March 2018, the total current liabilities of the Group exceed its total current assets by TRY 479.306.510 (31 December 2017: TRY 230.284.159). In addition, as of 31 March 2018, total equity of the Company is reversed to negative TRY 137.687.981 (31 December 2017: 22.787.840 positive) due to current year losses and accumulated losses.

As of 31 December 2017, the Group’s short term liabilities exceeded its current assets and it has been determined that two out of three of the Group’s capital and legal reserves are uncovered due to the current period loss. In this context and in order to comply with the legal requirements, in the meeting of Board of Directors held on 27 February 2018, the Group management decided to prepare proforma interim balance sheet based on the going concern assumption in accordance with TCC 376 based on the values of valuation report of its subsidiary BBM. According to the proforma balance sheet, it was determined that the assets of the Company covers the receivables of the creditors. Accordingly, on 23 March 2018 it was announced on Public Disclosure Platform that there is no requisite to take prescribed measures described in paragraph 2 and 3 of TCC Article 376.

The Group management plans to increase its gross profit by increasing its retail revenue in 2018 and to reduce its costs through wholesale purchase and logistic efficiency plans. In addition, the Group foresees that profitability will increase in the last quarter of the year due to the effects of seasonability in the sector which it operates, will obtain an operating profit which is inline with the planned profitability, will turn short-term liabilities into long-term liabilities by aiming to improve the current ratio in a positive way.

2.2 Seasonality of operations

The condensed interim consolidated financial statements may include the effects of the seasonal variations. Therefore, the results of business operations for the first three months up to 31 March 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 31 March 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.

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

2.4 Changes in accounting policies

New and amended International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 March 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 performance have been disclosed in the related paragraphs.

a) The new standards, amendments to published standards and interpretations effective applicable to 31 March 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 31 March 2018:

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 IAS 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”

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

2.4 Changes in accounting policies (Continued)

IFRS 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 as a result of a specific events, Group measures expected credit loss from these receivables by the life-time 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:

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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 life-time 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.

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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.

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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	(1.261.176)
Tax effect	878.758
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).

The reconciliation of these restatements with the prior period’s financial statement is as follows:

	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)
Equity attributable to parent	131.689.822	121.282.016	(10.407.806)
Non-controlling interest	1.313.689	1.313.689	-
Total equity	133.003.511	122.595.705	(10.407.806)

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NOTE 3 - SEGMENT REPORTING

The business operations of the Group are organized and managed with respect to the range of products and services provided by the Group. The information regarding the business activities of the Group as of 31 March 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 31 March 2018 is as follows:

1 January - 31 March 2018	Retail Operations	Textile	Undistributed	Elimination	Total
Revenue	1.100.249.485	58.074.925	11.483.652	(34.025.100)	1.135.782.962
Gross profit	436.325.307	10.676.440	7.408.042	(13.097.034)	441.312.755
Capital expenditures (based on balance sheet)	24.338.403	391.349	1.842.777	-	26.572.529
Depreciation and amortization expenses	24.328.486	980.507	8.934.216	-	34.243.209
Net income/loss for the period	(10.351.229)	545.206	(127.394.411)	(19.117.298)	(156.317.732)
31 March 2018	Retail Operations	Textile	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	3.379.603.692	332.996.870	2.273.453.988	(1.419.341.660)	4.566.712.890
Total assets	3.379.603.692	332.996.870	2.273.453.988	(1.419.341.660)	4.566.712.890
Segment liabilities	3.041.021.425	166.388.756	2.370.980.899	(873.990.209)	4.704.400.871
Total liabilities	3.041.021.425	166.388.756	2.370.980.899	(873.990.209)	4.704.400.871

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

1 January - 31 March 2017	Retail Operations	Textile	Undistributed	Elimination	Total
Revenue	855.121.195	44.914.666	6.686.020	(29.858.169)	876.863.712
Gross profit	328.548.689	5.026.391	5.989.102	(9.519.711)	330.044.471
Capital expenditures (based on balance sheet)	18.950.986	3.929.801	202.659	-	23.083.446
Depreciation and amortization expenses	20.758.733	1.131.231	10.582.862	-	32.472.826
Net income/loss for the period	(24.076.125)	(15.802.270)	(70.479.550)	(12.990.627)	(123.348.572)

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NOTE 3 - SEGMENT REPORTING (Continued)

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 31 March 2018 and 2017 is as follows:

	1 January - 31 March 2018	1 January - 31 March 2017
Revenue	1.135.782.962	876.863.712
Gross profit	441.312.755	330.044.471
EBITDA	44.078.868	16.697.735
Adjustments:		
Reclassification in accordance with the format recommended by CMB	14.864.979	7.198.163
<i>Foreign currency gains</i>	(7.829.029)	(7.692.560)
<i>Rediscount income</i>	(55.427.487)	(44.141.482)
<i>Term difference income</i>	(8.243.972)	(4.635.588)
<i>Foreign currency losses</i>	19.662.117	16.997.163
<i>Term difference expenses</i>	15.670.004	21.456.309
<i>Rediscount expense</i>	51.033.346	25.214.321
Non-recurring (income)/expenses, per Group Management, net (*)	5.953.577	4.010.485
<i>Other non-recurring operational expenses</i>	5.953.577	4.010.485
Adjusted EBITDA (*)	64.897.424	27.906.383

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

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NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 March 2018	31 December 2017
Cash	4.786.668	10.973.283
Banks (*)	119.037.763	284.693.198
- Time deposit (**)	59.509.200	194.206.123
- Demand deposit (***)	59.528.563	90.487.075
Credit card receivables	24.685.120	54.783.401
Cheques given for collection	6.567.320	6.446.955
	155.076.871	356.896.837

(*) Group has restricted cash amounting to TRY 30.456.485 as of 31 March 2018. (31 December 2017: TRY 93.880.520).

(**) The time deposits of the Group, which consist of overnights, have interest rate of 13,32% in average as of 31 March 2018 (31 December 2017: 14,10%).

(***) As of 31 March 2018, the pledge on the bank deposit of the Group is amounting to TRY 12.274.316 (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 31 March 2018 (31 December 2017: TRY 75.400.000).

NOTE 5 - FINANCIAL LIABILITIES

Short-term financial liabilities

	31 March 2018	31 December 2017
Short-term bank borrowings	120.178.985	162.455.889
	120.178.985	162.455.889

Short-term portion of long-term financial liabilities

	31 March 2018	31 December 2017
Short-term portion of long-term financial liabilities	740.567.206	560.450.912
Financial lease liabilities	13.150.674	14.089.595
	753.717.880	574.540.507

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

Long-term financial liabilities

	31 March 2018	31 December 2017
Long-term bank borrowings	1.520.938.288	1.591.629.705
Financial lease liabilities	2.126.968	3.489.401
	1.523.065.256	1.595.119.106

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

31 March 2018

Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY borrowings	2018 – 2022	15,85 – TR Libor+6,25	409.659.444	439.214.321
USD borrowings	2018 – 2022	Libor+4,75 – Libor+4,95	401.089.422	832.669.990
EUR borrowings	2018 – 2022	Libor+4,90 – Libor+6,25	49.997.325	249.053.977
			860.746.191	1.520.938.288

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	248.366.19
			722.906.801	1.591.629.705

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

	31 March 2018	31 December 2017
To be paid in 1 year	860.746.191	722.906.801
2019 remaining	439.109.850	565.555.566
2020	572.960.287	541.025.142
2021 and after	508.868.151	485.048.997
	2.381.684.479	2.314.536.506

In relation to the bank loans elaborated as of 31 March 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.

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

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

	31 March 2018	31 December 2017
Total financial lease payments	16.774.478	19.359.947
Interest will be paid in upcoming years (-)	(1.496.836)	(1.780.951)
	15.277.642	17.578.996
Financial lease liabilities up to 1 year	13.150.674	14.089.595
Financial lease liabilities after 1 year	2.126.968	3.489.401
	15.277.642	17.578.996

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

	31 March 2018	31 December 2017
TRY	12.264.744	13.126.277
EUR	885.930	963.318
	13.150.674	14.089.595

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

	31 March 2018	31 December 2017
TRY	2.126.968	3.352.763
EUR	-	136.638
	2.126.968	3.489.401

Collateral bills amounting to EUR 164.929 and TRY 661.272 are given regarding to the financial leasing liabilities disclosed above (31 December 2017: EUR 222.607 and TRY 1.368.677).

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

The reconciliation of net financial liabilities as of 31 March 2018 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	27.179.161	52.677.518
Cash flows from investing activities	21.421.164	22.877.324
Interest paid	122.749.078	91.517.501
Interest received	(5.281.980)	(11.541.036)
Changes in derivative instruments	(37.044.195)	(24.569.101)
Cash flows from other financing activities	97.434.891	(18.916.626)
Closing balance - 31 March - Net financial liabilities	1.993.241.052	2.206.915.304
Cash and cash equivalents	155.076.871	121.697.156
Derivative instruments	249.353.168	153.812.134
Closing balance - 31 March - Financial liabilities	2.397.671.091	2.482.424.594
Opening balance - 31 December - Financial liabilities	2.335.988.743	2.411.746.594
Cash inflows from financial liabilities	203.462.589	523.555.497
Cash outflows from debt payments	(215.432.139)	(486.351.111)
Other	73.651.898	33.473.614
Closing balance - 31 March - Financial liabilities	2.397.671.091	2.482.424.594

NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2018	31 December 2017
Financial assets arising from swap transactions - short term (*)	65.923.105	52.226.406
Financial assets arising from swap transactions - long term (*)	183.430.063	160.082.567
	249.353.168	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 31 March 2018 and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 31 March 2018, these swap instruments are carried at their fair values through the consolidated statement of profit or loss. As of 31 March 2018, the Group has swap instrument amounting to USD 265.217.591 and EUR 61.450.498 (TRY 1.346.415.755) for its loans.

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NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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	37.044.195	24.569.101
Closing balance - 31 March	249.353.168	153.812.134

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 March 2018	31 December 2017
Trade receivables	195.789.282	211.544.267
Notes receivables (*)	149.968.806	159.008.601
Less: Provision for doubtful receivables	(52.673.112)	(49.019.622)
Less: Rediscount expense	(7.340.768)	(9.478.474)
Total trade receivables from third parties	285.744.208	312.054.772
Trade receivables from related parties	54.775.578	56.268.093
Less: Rediscount expense	(2.275.526)	(2.065.258)
Total trade receivables from related parties (Note 20)	52.500.052	54.202.835
Total short-term trade receivables	338.244.260	366.257.607

(*) TRY 708.970 of the notes receivables is 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

	31 March 2018	31 December 2017
Trade receivables from third parties	2.306.536	2.306.536
Notes receivables	6.051.967	5.627.867
Less: Rediscount expense	(1.466.222)	(1.422.882)
Total long-term trade receivables	6.892.281	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 188 days (31 December 2017: 195 days). The average collection period of trade receivables from retail companies’ sales is 54 days (31 December 2017: 54 days).

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of provision for the doubtful receivables as of 31 March 2018 and 2017 is as follows:

	2018	2017
Opening balance - 1 January (according to TAS 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 (Note 17)	2.470.830	502.542
Collection of receivables during the current period	(1.498)	(18.275)
Write-offs in the current period (*)	(77.018)	(376.155)
Closing balance – 31 March	52.673.112	54.759.211

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

Short term trade payables

	31 March 2018	31 December 2017
Trade payables	721.294.488	682.152.810
Notes payables (**)	793.805.302	728.211.391
Less: Rediscount income	(39.706.187)	(40.338.602)
Total trade payables to third parties	1.475.393.603	1.370.025.599
Trade payables to related parties	25.408.786	22.021.936
Less: Rediscount income	(615.961)	(726.388)
Total trade payables to related parties (Note 20)	24.792.825	21.295.548
Total trade payables	1.500.186.428	1.391.321.147

The average payment period of trade payables is 178 days for textile company (31 December 2017: 154 days). The average payment period of trade payables for retail companies’ purchases is 141 days (31 December 2017: 146 days).

Long term trade payables

	31 March 2018	31 December 2017
Notes payable (**)	34.183.140	37.310.367
Total long term trade payables	34.183.140	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 21.126.283 (31 December 2017: TRY 20.533.450) and TRY 34.127.112 respectively (31 December 2017: TRY 37.254.219).

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NOTE 8 - INVENTORIES

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

	31 March 2018	31 December 2017
Raw materials and supplies	41.341.769	33.899.008
Semi-finished goods	25.273.104	26.074.960
Finished goods	37.681.350	35.810.575
Trade goods	1.299.047.099	1.162.664.156
Goods in transit	24.759.561	37.440.042
Auxiliary materials	7.927.567	7.282.248
Real estates	9.571.538	12.424.646
	1.445.601.988	1.315.595.635
Less: Provision for impairment on inventories	(79.684.500)	(58.908.175)
	1.365.917.488	1.256.687.460

The total insurance coverage on inventories is amounting to TRY 1.779.798.311 as at 31 March 2018 (31 December 2017: TRY 1.790.124.601).

The movement of the impairment on inventories during the period ended as of 31 March 2018 and 2017 is as follows:

	2018	2017
Opening balance - 1 January	58.908.175	43.334.645
Changes during the year	20.776.325	6.542.650
Closing balance - 31 March	79.684.500	49.877.295

NOTE 9 - INVESTMENT PROPERTIES

	1 January 2018	Additions	Disposals (-)	Change in fair value	31 March 2018
Fair value					
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	34.090.000	-	-	-	34.090.000
	34.265.000	-	-	-	34.265.000

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NOTE 9 - INVESTMENT PROPERTIES (Continued)

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

Rent income from investment properties is TRY 222.973 as at 31 March 2018 (1 January - 31 March 2017: TRY 113.108).

The fair value of land and buildings

As of 31 March 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)

	31 March 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	-

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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	31 March 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	97.795	(221.730)	-	112.057.998
Furniture and fixtures	265.155.223	8.249.267	(221.749)	-	273.182.741
Motor vehicles	943.914	4.925	-	-	948.839
Leasehold improvements	321.231.930	7.009.141	(397.021)	-	327.844.050
Construction in progress	2.773.947	2.436.359	-	(171.020)	5.039.286
	799.714.535	17.797.487	(840.500)	(171.020)	816.500.502
Accumulated depreciation (-)					
Land improvements	(16.070)	(6.023)	-	-	(22.093)
Buildings	(1.818.662)	(282.361)	-	-	(2.101.023)
Plant, machinery and equipment	(102.811.797)	(529.590)	221.676	-	(103.119.711)
Furniture and fixtures	(127.293.507)	(8.619.200)	167.761	-	(135.744.946)
Motor vehicles	(866.600)	(17.900)	-	-	(884.500)
Leasehold improvements	(156.655.484)	(9.768.376)	92.291	-	(166.331.569)
	(389.462.120)	(19.223.450)	481.728	-	(408.203.842)
Net book value	410.252.415				408.296.660

(*) Disposals include the impairment on leasehold improvements of closed stores amounting to TRY 174.335 during the period 1 January - 31 March 2018.

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NOTE 10 - PROPERTY PLANT AND EQUIPMENT (Continued)

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

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

As of 31 March 2018, depreciation expense amounting to TRY 16.731.473 (2017: TRY 15.021.931) has been charged in marketing expenses, TRY 852.538 (2017: TRY 1.062.928) has been charged in cost of sales, TRY 1.632.683 (2017: TRY 1.555.495) in general and administrative expenses and TRY 6.756 (2017: TRY 5.751) in research and development expenses.

As of 31 March 2018 total amount of insurance on tangible assets TRY 1.213.106.564 (31 December 2017: TRY 1.149.068.326).

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NOTE 11 - INTANGIBLE ASSETS

	1 January 2018	Additions	Disposals(-)	Transfers	31 March 2018
Cost					
Licences	17.245.251	1.873.638	-	171.020	19.289.909
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 costs	-	1.069.117	-	-	1.069.117
Computer licenses	40.420.452	5.832.287	-	-	46.252.739
	1.103.140.103	8.775.042	-	171.020	1.112.086.165
Accumulated amortization (-)					
Licences	(16.870.084)	(360.618)	-	-	(17.230.702)
Favorable rent contract	(118.823.521)	(6.481.283)	-	-	(125.304.804)
Franchise agreements	(73.036.834)	(3.987.227)	-	-	(77.024.061)
Customer network	(23.444.360)	(1.278.783)	-	-	(24.723.143)
Computer licenses	(22.715.196)	(2.911.848)	-	-	(25.627.044)
	(254.889.995)	(15.019.759)	-	-	(269.909.754)
Net book value	848.250.108				842.176.411
	1 January 2017	Additions	Disposals(-)	Transfers	31 March 2017
Cost					
Licences	14.879.312	1.317.763	-	-	16.197.075
Brands	473.224.395	-	-	-	473.224.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	30.308.070	3.439.826	-	-	33.747.896
	1.090.661.782	4.757.589	-	-	1.095.419.371
Accumulated amortization (-)					
Licences	(14.430.575)	(842.312)	-	-	(15.272.887)
Favorable rent contract	(92.898.389)	(6.481.283)	-	-	(99.379.672)
Franchise agreements	(57.087.924)	(3.987.227)	-	-	(61.075.151)
Customer network	(18.329.227)	(1.278.783)	-	-	(19.608.010)
Computer licenses	(13.207.153)	(2.237.116)	-	-	(15.444.269)
	(195.953.268)	(14.826.721)	-	-	(210.779.989)
Net book value	894.708.514				884.639.382

As of 31 March 2018 depreciation expense amounting to TRY 10.601.992 (2017: TRY 11.065.997) has been charged in marketing expenses, TRY 4.410.387 (2017: TRY 3.751.471) has been charged in general and administrative expenses, TRY 2.677 (2017: TRY 4.550) in cost of sales and TRY 4.703 (2017: TRY 4.703) in research and development expenses.

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NOTE 11 - INTANGIBLE ASSETS (Continued)

Brands

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

As a result of the impairment tests performed based on the assumptions explained at the accompanying notes to the consolidated financial statements as of 31 December 2017, the Group did not identify any impairment as of 31 December 2017. As of 31 March 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 31 March 2018 and 31 December 2017, the breakdown of goodwill is as follows:

	31 March 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 31 March 2018, no impairment tests performed since there were no indicators of impairment.

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

Short term provision for employee benefits amounting to TRY 29.705.280 as at 31 March 2018 (31 December 2017: TRY 22.510.807) consists of provision for unused vacation rights, performance and bonus provision.

Other short term provisions

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

	31 March 2018	31 December 2017
Provision for sales returns and price differences	16.330.988	22.539.046
Provision for litigations	12.208.772	11.024.480
Other (*)	22.384.218	17.588.597
	50.923.978	51.152.123

(*) As of 31 March 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	31 March 2018
Provision for sales returns and price differences	22.539.046	14.320.811	(20.528.869)	16.330.988
Provision for litigation	11.024.480	1.269.176	(84.884)	12.208.772
Other	17.588.597	6.231.552	(1.435.931)	22.384.218
Total	51.152.123	21.821.539	(22.049.684)	50.923.978

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

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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 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	31 December 2017
The GPM’s given by the Group		
A. Total amount of GPMs which the Company provided on behalf of its own legal entity	115.100	115.100
B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation	362.336.396	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	-	-
	362.451.496	337.215.794

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

Currency	<u>31 March 2018</u>		<u>31 December 2017</u>	
	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
TRY	271.624.655	271.624.655	283.002.606	283.002.606
EUR	10.176.091	49.530.089	7.499.992	33.866.212
USD	10.457.786	41.296.752	5.394.357	20.346.976
		362.451.496		337.215.794

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NOTE 14 - COMMITMENTS

As of 31 March 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:

	31 March 2018	31 December 2017
Payable within 1 year	4.390.720	3.934.597
Payable within 1 - 5 years	7.337.879	6.220.945
	11.728.599	10.155.542

Operating stores leasing commitments:

	31 March 2018	31 December 2017
Payable within 1 year	226.209.941	219.092.879
Payable within 1 - 5 years	40.546.839	25.123.354
	266.756.780	244.216.233

Operating office leasing commitments:

	31 March 2018	31 December 2017
Payable within 1 year	3.591.044	3.426.871
	3.591.044	3.426.871

The commitments of the Group related to export operations as of 31 March 2018 amounting to USD 6.483.505 (31 December 2017: USD 375.576).

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NOTE 15 - EQUITY

The shareholders and the shareholding structure of the Group at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018		31 December 2017	
	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 54,80% to 50,10%. 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.

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NOTE 15 – EQUITY (Continued)

As of 31 March 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 (31 December 2017: 25.770.000.000) issued shares with TRY 0,01 nominal value each.

Legal Reserve

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

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

Restricted reserves

	31 March 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.

Revaluation funds

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

	31 March 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

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NOTE 15 - EQUITY (Continued)

The movement of revaluation funds as of 31 March 2018 and 2017 is as follows:

	2018	2017
Opening balance - 1 January	8.392.742	13.424.284
Transfers to accumulated losses (*)	(946.409)	(230.765)
Closing balance - 31 March	7.446.333	13.193.519

(*) Revenue is recognized when the risk and benefits of the real estate inventories disclosed in Note 8, are transferred to buyer. Revaluation fund associated with income recognized during the periods ended 31 March 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 31 March 2018 and 31 December 2017 is as follows:

	31 March 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)

NOTE 16 - REVENUE AND COST OF SALES

Sales	1 January - 31 March 2018	1 January - 31 March 2017
Domestic sales	1.351.906.612	1.052.447.682
Export sales	15.048.344	9.863.916
Other sales	9.611.842	4.292.154
Sales returns (-)	(181.684.228)	(148.641.314)
Sales discounts (-)	(59.099.608)	(41.098.726)
	1.135.782.962	876.863.712
Cost of sales		
	1 January - 31 March 2018	1 January - 31 March 2017
Cost of trade goods sold	(641.853.671)	(504.044.818)
Cost of finished goods sold	(49.763.429)	(42.077.505)
Cost of services given and real estate sold	(2.853.107)	(696.918)
	(694.470.207)	(546.819.241)

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NOTE 17 - OTHER OPERATING INCOME / (EXPENSES)

Other operating income

	1 January - 31 March 2018	1 January - 31 March 2017
Rediscount income	55.427.487	44.141.482
Store investment contribution income	10.972.669	5.848.208
Term difference income from sales	8.243.972	4.635.588
Foreign exchange income	7.829.029	7.692.560
Other	11.077.985	10.901.905
	93.551.142	73.219.743

Other operating expenses

	1 January - 31 March 2018	1 January - 31 March 2017
Rediscount expenses	51.033.346	25.214.321
Foreign exchange losses	19.662.117	16.997.163
Term difference expenses from purchases	15.670.004	21.456.309
Provision expense of doubtful receivables (Note 7)	2.470.830	502.542
Other	4.098.114	2.219.212
	92.934.411	66.389.547

NOTE 18 - FINANCIAL INCOME / (EXPENSES)

Financial income

	1 January - 31 March 2018	1 January - 31 March 2017
Foreign exchange gains	21.484.813	57.778.283
Interest income	5.281.980	11.541.036
Term difference income	483.204	709.898
	27.249.997	70.029.217

Financial expenses

	1 January - 31 March 2018	1 January - 31 March 2017
Interest expenses arising from bank borrowings	99.064.117	71.884.442
Foreign currency losses	55.098.930	69.049.876
Credit card early collection interest	15.431.720	8.183.042
Term difference expenses	4.180.401	6.974.092
Factoring expenses	151.804	6.866.160
Interest expenses arising from bills and bonds	-	3.836.197
Other	8.875.739	8.182.201
	182.802.711	174.976.010

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NOTE 19 - EARNING PROFIT / (LOSS) PER SHARE

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

	1 January - 31 March 2018	1 January - 31 March 2017
Loss for the current period (TRY)	(156.317.732)	(123.348.572)
Weighted average number of shares (*)	257.700.000	57.700.000
Loss per share of the Company (TRY)	(0,61)	(2,14)

(*) Per share of TRY 1 nominal value.

NOTE 20 - RELATED PARTY DISCLOSURES

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

	31 March 2018		31 December 2017	
	Trade	Other	Trade	Other
<i>Receivables from shareholders</i>				
Boyner Holding A.Ş.	-	24.792.034	32.016	2.574.360
<i>Receivables from associates</i>				
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	4.890	-
<i>Receivables from other related parties</i>				
BR Mağazacılık A.Ş.	15.228.020	-	13.705.820	-
BNR Teknoloji A.Ş.	8.562	-	264.706	-
Fırsat Teknoloji A.Ş.	37.245.377	2.512.493	40.146.784	1.483.196
Bassae Bireysel Ürünler Satış ve Pazarlama A.Ş.	-	-	40.359	-
Alsıs Sigorta Acentalığı A.Ş.	18.093	-	8.260	-
Total	52.500.052	27.304.527	54.202.835	4.057.556

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NOTE 20 - RELATED PARTY DISCLOSURES (Continued)

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

	31 March 2018		31 December 2017	
	Trade	Other	Trade	Other
<i>Payables to shareholders</i>				
Boyner Holding A.Ş. (*)	257.215	175.000.000	2.338.000	175.000.000
<i>Payables to associates</i>				
Christian Louboutin Mağazacılık A.Ş.	156.958	-	955.970	-
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	7.739	-
<i>Payables to other related parties</i>				
BNR Teknoloji A.Ş.	1.675.914	-	358.538	-
BR Mağazacılık A.Ş.	15.831.624	-	15.363.748	-
Alsis Sigorta Acentalığı A.Ş.	6.847.002	-	2.245.218	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	24.112	-	19.276	-
Fırsat Teknoloji A.Ş.	-	-	2.387	700.000
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	-	-	4.672	-
	24.792.825	175.000.000	21.295.548	175.700.000

(*) As at 31 March 2018 and 31 December 2017, the maturity of other payable is 5 years and the interest rate is the average monthly borrowing rate of the Company.

c) Purchase and sale of goods and services to related parties as of 31 March 2018 and 2017 are as follows:

Purchases	31 March 2018			31 March 2017		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
<i>Shareholders</i>						
Boyner Holding A.Ş.	875	1.042.718	7.973.575	2.923	719.483	13.193
<i>Associates</i>						
Christian Louboutin Mağazacılık A.Ş.	210.290	-	-	87.165	-	-
<i>Other related parties</i>						
BR Mağazacılık A.Ş.	9.288.473	153.513	-	7.569.136	113.520	-
Fırsat Elektronik A.Ş.	-	34.355	-	-	102.021	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	54.340	-	-	54.340	-
Alsis Sigorta Acentalığı A.Ş.	-	5.530.696	840.381	-	5.134.959	865.748
BNR Teknoloji A.Ş.	-	2.607.506	864.457	-	2.922.189	695.477
	9.499.638	9.423.128	9.678.413	7.659.224	9.046.512	1.574.418

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NOTE 20 - RELATED PARTY DISCLOSURES (Continued)

Sales	31 March 2018			31 March 2017		
	Goods	Services	Interest/ Other	Goods	Services	Interest/ Other
<i>Shareholders</i>						
Boyner Holding A.Ş.	-	42.000	1.079.454	104.160	36.000	9.532.087
<i>Associates</i>						
Christian Dior İstanbul Mağazacılık A.Ş.	-	131.656	-	1.485	130.853	-
Christian Louboutin Mağazacılık A.Ş.	-	97.974	-	-	87.542	-
<i>Other related parties</i>						
BR Mağazacılık A.Ş.	10.234.198	60.759	-	7.568.001	79.017	24.544
Fırsat Teknoloji A.Ş.	13.627.974	531.294	1.823.828	11.983.517	312.595	541.727
Alsis Sigorta Acentalığı A.Ş.	-	23.001	-	-	21.000	-
BNR Teknoloji A.Ş.	201	153.757	-	-	1.175.156	-
	23.862.373	1.040.441	2.903.282	19.657.163	1.842.163	10.098.358

- d) The top management team comprises of board members, general manager and deputy general managers. As of 31 March 2018, the Group has provided remuneration amounting to TRY 11.631.525 to the top executives (1 January - 31 March 2017: TRY 10.583.634).

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NOTE 21 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk

	31 March 2018					31 December 2017				
	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF
1. Trade receivables	26.923.837	5.478.519	1.026.797	52.719	-	31.880.183	6.644.685	1.488.977	18.428	-
2a. Monetary financial assets, (cash and banks account included)	20.077.553	4.411.602	532.061	12.075	-	55.132.247	4.340.580	8.574.100	8.594	-
2b. Non-monetary financial assets	2.813.826	36.181	547.276	1.299	-	2.625.507	39.240	547.126	1.368	-
3. Other	24.145.289	1.974.874	3.194.691	143.936	-	20.053.681	1.700.138	2.956.226	57.495	-
4. Current assets (1+2+3)	73.960.505	11.901.176	5.300.825	210.029	-	109.691.613	12.724.643	13.566.429	85.885	-
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	340.711	-	70.000	-	-	316.085	-	70.000	-	-
7. Other	166.007	35.723	5.124	-	-	154.109	34.723	5.124	-	-
8. Non-current assets (5+6+7)	506.718	35.723	75.124	-	-	470.194	34.723	75.124	-	-
9. Total assets (4+8)	74.467.223	11.936.899	5.375.949	210.029	-	110.161.807	12.759.366	13.641.553	85.885	-
10. Trade payables	230.791.853	32.157.588	21.201.849	85.287	33.062	195.491.728	25.922.255	21.597.856	37.489	-
11. Financial liabilities	451.972.677	101.569.911	10.454.103	-	-	396.597.057	97.846.347	6.096.871	-	-
12a. Other monetary liabilities	14.574.927	3.688.489	1.942	-	-	17.462.989	4.415.666	178.837	-	-
12b. Other non-monetary liabilities	24.398.661	1.447.386	3.831.003	6.579	-	16.321.926	1.307.496	2.517.705	4.229	-
13. Current liabilities (10+11+12)	721.738.118	138.863.374	35.488.897	91.866	33.062	625.873.700	129.491.764	30.391.269	41.718	-
14. Trade payables	34.127.112	8.642.182	-	-	-	37.254.219	9.876.778	-	-	-
15. Financial liabilities	1.084.239.381	211.486.413	51.178.412	-	-	1.107.995.918	227.867.410	55.033.293	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	3.549.784	36.130	700.000	-	-	136.279	36.130	-	-	-
17. Non-current liabilities (14+15+16)	1.121.916.277	220.164.725	51.878.412	-	-	1.145.386.416	237.780.318	55.033.293	-	-
18. Total liabilities (13+17)	1.843.654.395	359.028.099	87.367.309	91.866	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)	(1.769.187.172)	(347.091.200)	(81.991.360)	118.163	(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+7-10-11-12a-14-15-16a)	(1.744.393.264)	(345.643.865)	(78.077.633)	123.443	(33.062)	(1.647.581.696)	(353.208.330)	(69.882.430)	47.028	-
22. Fair value of derivative instruments used in foreign currency hedge	249.353.168	42.889.004	16.433.912	-	-	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)	1.346.415.755	265.217.591	61.450.498	-	-	1.503.493.020	325.713.757	60.886.568	-	-
25. Export	14.735.366	1.797.977	1.528.396	47.028	-	50.095.726	7.061.101	5.508.078	65.148	-
26. Import	212.705.418	9.526.544	38.036.824	426.657	16.280	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 31 MARCH 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 sensitivity table as of 31 March 2018 and 31 December 2017 is as follows:

	31 March 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	(137.062.844)	137.062.844	-	-
2- USD hedged from risks (-)	20.977.613	(91.920.853)	-	-
3- USD net effect (1+2)	(116.085.231)	45.141.991	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(39.907.654)	39.907.654	-	-
5- EUR hedged from risks (-)	30.795.429	(30.795.429)	-	-
6- EUR net effect (4+5)	(9.112.225)	9.112.225	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	51.781	(51.781)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	51.781	(51.781)	-	-
TOTAL (3+6+9)	(125.145.675)	54.202.435	-	-
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
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BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AS AT 31 MARCH 2018**

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

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

Fair value disclosures

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

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

31 March 2018

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	249.353.168	-	249.353.168
Total assets	-	249.353.168	-	249.353.168

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

The decision to start working for the public offering of the portion which is not exceeding 49% of the current capital of Beymen Mağazacılık A.Ş. the Group’s subsidiary within the framework of market conditions, is announced to public opinion with material event disclosure on 20 December 2017. The explanatory note on the public offering of Beymen shares was approved by the Capital Market Board on 27 April 2018 and announced on the Public Disclosure Platform. As announced by the Public Disclosure Platform statement dated 4 May 2018, The Board of Directors of Boyner Perakende ve Tekstil Yatırımları A.Ş. has decided to cancel Beymen Mağazacılık A.Ş.'s initial public offering as a result of the low demand stemming from the recent high volatility in Emerging Financial Markets. The Board will evaluate the transaction in the future.

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