OUR STRENGTH COMES FROM OUR CUSTOMERS

BOYNERGRUP

BOYNER PERAKENDE VE
TEKSTİL YATIRIMLARI A.Ş.

ANNUAL REPORT 2013
SUSTAINABILITY REPORT

On April 10, 2014, the Company changed its name from Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. to Boyner Perakende ve Tekstil Yatırımları A.Ş.

OUR STRENGTH COMES FROM OUR CUSTOMERS

ALTINYILDIZ

ANNUAL REPORT 2013

SUSTAINABILITY REPORT

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MESSAGE FROM THE CHAIRMAN

We believe that the main principle underlying our business, "Unconditional Customer Happiness," means constantly asking ourselves, "What would my customer need? What would my customer ask for? How would my customer feel?" Throughout the years, it has always been our customers who have inspired us to maintain steady growth, make substantial investments, think outside the box, and introduce groundbreaking innovations. We wholeheartedly trust our customers.

2013 witnessed the strong impact of a fundamental shift in the world's financial markets and the increasing negative sentiment of global investors toward emerging markets on Turkey. Additionally, social and political developments in the country in the second half of the year adversely affected domestic capital markets and consumption patterns. As a result, the Turkish lira devalued significantly, interest rates increased and inflation exceeded the Central Bank's year-end target.

Nevertheless, the country's economic growth was not so much impacted by this volatility, as Turkey's GDP is estimated to have expanded by 4% in 2013.

At Boyner Group, we embraced our group companies, business and customers more than ever and combined all our forces during the year. The Group reacquired its shares in Boyner Büyük Mağazacılık and Beymen, which had been sold to CVCI back in 2007. We finalized the union between Boyner and YKM, by acquiring the remaining 37% shares of YKM, after we had purchased a 63% stake in 2012. We also spun off the manufacturing business which allowed us to boost our operational productivity. An analysis of the entire operating year, from January 1 to December 31, 2013, reveals that Boyner Group has become Turkey's largest multi-brand retail operator (non-food and non-consumer electronics) with a consolidated turnover* of over TL 2.6 billion. We acquired new unique customers, bringing the total number up from 11.7 million at 2012 year-end to 13.5 million at 2013 year-end. We launched a 10,000-square-meter Beymen store, along with mono-brand boutiques in partnership with seven prominent brands at Istanbul's new shopping mall Zorlu Center with a capital investment of around USD 28 million.

In 2013, we fully consolidated Beymen and Boyner Büyük Mağazacılık for the first time, and thus succeeded in improving our financial figures significantly. As of year's end, our total assets exceeded TL 3.8 billion. When one-off revenues and expenses are excluded, the Group's earnings before interest, taxes, depreciation, and amortization* (EBITDA) for the period January 1-December 31, 2013 amounted to TL 235 million, with the consolidated EBITDA margin rising to 9%.

2014 could turn out to be one of the most uncertain economic periods since the crisis sparked by the collapse of Lehman Brothers. While the anticipated drop in foreign capital inflows will jeopardize the financing of the Turkish current account deficit, the expected fall in domestic demand could put the brakes on economic growth. On the other hand, the depreciation of the Turkish lira and the rebound in the European economy might possibly bolster Turkey's exports with a positive impact on the current account gap, and boost foreign demand thereby fueling economic growth.

Despite all the economic and political headwinds ahead, we hope that Turkey's sound public finances, robust financial sector and dynamic real economy will protect the country against any significant economic setback.

As a result, in 2014, we expect GDP growth to remain below its level of the previous year, the current account deficit to fall, and inflation to hover around 2013 levels.

With our belief in a bright future for Turkey and our Group, we welcome the new year with not one, but a number of ambitious projects. Retail is one of the industries which is deeply affected by and at the same time benefiting from the incredible pace of technological change in mobile and social communications. We have been preparing ourselves for these changes for some time now. In addition to making investments in technology, we greatly benefit from the analytical studies conducted by our Customer Strategies Center -which has just completed its second year of operation- in which we learn more about our customers in order to present them with more customized, sophisticated and targeted offers.

* As calculated in the financial statements of Beymen and Boyner Büyük Mağazacılık, consolidated as of January 1, 2013.

CEM BOYNER
Chairman

We believe that the main principle underlying our business, “Unconditional Customer Happiness,” means constantly asking ourselves, “What would my customer need? What would my customer ask for? How would my customer feel?” before making any decision or taking any action. Throughout the years, it has always been our customers who have inspired us to maintain steady growth, make substantial investments, think outside the box, and introduce groundbreaking innovations. We wholeheartedly trust our customers.

Currently, we are pursuing breathtaking initiatives. 2014’s most important project will be delivering the best goods and services to our customers through brand new, unconventional channels and securing unconditional customer happiness. On one hand, we are working on a new generation platform that will allow us to reach each and every one of our customers individually, embrace them from all angles and redefine the rules of the game in the retail sector. On the other hand, we are also keen on giving our customers maximum convenience, delivering our products and services, anytime, anywhere and in the exact retail format they prefer.

From 2014 onwards, one of our key focus points will be increasing productivity in our operations. We are keen to multiply our sales, transactions, logistics and services capacity, and generate a larger business volume at the same capital and funding level through productivity increases.

In the coming year, we plan to work on a new store format to be positioned between Beymen and Boyner. We will continue working on the design of this format throughout 2014 before launching it in 2015.

How shall we achieve these objectives? Certainly, together with our loyal customers, and nearly ten thousand Boyner Group employees, with passion, courage, responsibility and innovation etched in their very DNA. We will continue recruiting leaders from within the Group to lead our growing businesses, while attracting the best talent to our Group. In 2013, our employees voted Boyner Group as a “Great Place to Work.” In addition to receiving sector-specific awards, we were proud to win a number of awards recognizing our accomplishments in human resources and corporate social responsibility.

In 2013, one of our greatest achievements was to establish democracy in the workplace and cascade this across our supply chain. We have included social compliance as a key variable in the product life cycle assessments of our suppliers in order to ensure product safety.

While working to fulfill our social and environmental responsibilities, we have strengthened our ties with new stakeholders. We partnered up with WWF for the Green Office project, with TAP Foundation for our community investment program, the Pomegranate Arils project, and with Community Volunteers Foundation for our corporate volunteering program.

We base our sustainability efforts on the principles outlined in the UN Global Compact and other domestic and international platforms which we are a signatory of, and thereby translate our commitment into practice. We deem these critical to ensuring the sustainability of life as well as the sustainability of our business.

We hope that 2014 will be a year in which we will both expand our ongoing business lines and gear up innovations. We hope for another year in which we aim to do the best and make a difference in our business, companies, human resources, social and environmental performance -in short, in every area we are involved in. Only then can we continue breaking new ground and multiplying our best practices.

BOARD MEMBERS

HASAN CEM BOYNER
CHAIRMAN (PRESIDENT & CEO)
Cem Boyner studied Business Administration at Robert College/Bogazici University in Istanbul. Mr. Boyner has been with the group for over 35 years since he joined the textiles manufacturing company Altınyıldız in 1978. Under his leadership, renowned for his passion in customer happiness, the Group evolved into an international retail and services conglomerate. Cem Boyner has always been involved in non-governmental organizations throughout his business career. He is the former president of the Turkish Industrialists and Businessmen's Association (TUSİAD). Mr. Boyner was also the first chairman of the Advisory Board of the non-profit mentoring program "More Women in Boardroom." He is a former member of the Board of Directors of the National Retail Federation (NRF), the world's largest retail trade association. Mr. Boyner serves as President at Boyner Perakende ve Tekstil Yatırımları A.Ş. and other Group companies.

LERZAN BOYNER
VICE CHAIRMAN
A graduate of Istanbul's Academy of Economic and Commercial Sciences, Lerzan Boyner has held office at Altınyıldız Group Companies and Boyner Holding since their foundation. In the last 10 years, she has also served as Board Member at Benkar Tüketici Finansmanı ve Kart Hizmetleri A.Ş. As of 2009, Ms. Boyner has been Vice Chairman at Boyner Perakende ve Tekstil Yatırımları A.Ş.

NAZLI ÜMİT BOYNER
BOARD MEMBER
Ümit Boyner currently serves as International Supervisory Board Member at Euler Hermes and International Advisory Board Member at UniCredit SpA. She is the former Chairperson of the Board of Directors of TUSİAD (Turkish Industrialists and Businessmen's Association) where she still serves as Member of the Presidents Council. Ümit Boyner is also a founding member and former President of OSGD (Turkish Corporate Volunteers), founding member and former Vice President of KAGIDER (Women Entrepreneurs Association of Turkey), a founding member and trustee at TOHUM Foundation (Turkish Autism Foundation) and TINA (Turkish Nautical Archeology Foundation), trustee for TEGV (Turkish Education Volunteers) and TESEV (Turkish Economic and Social Studies Foundation), an Advisory Board Member for the Carnegie Endowment for Peace, Middle East Institute and TUSIAD-Brookings Institute-Turkey Program, a Scientific Committee Member at L'Institut du Bosphore (Paris), a Member of the Board at Endeavor Turkey and a certified angel investor at Keiretsu Angel Network. Ms. Boyner earned her Bachelor's degree in Economics and Political Science from the University of Rochester. She was recently honored with the French Legion d'honneur and Premio Europeo Capo Circeo Award for her contributions to the Turkish economy and her active role in NGOs. Ms. Boyner serves as a Board Member at Boyner Perakende ve Tekstil Yatırımları A.Ş. since 2006.

NUR MEHMET İNAL
BOARD MEMBER AND GENERAL MANAGER
A graduate of Boğaziçi University, Nur Mehmet İnal started his professional career in the Audit Department at Arthur Andersen, and went on to serve Altınyıldız Group as Systems and Audit Coordinator, Finance Coordinator, Vice President of the Executive Committee and President of the Executive Committee. Mr. İnal was appointed Vice Chairman of the Holding and Board Member of Boyner Perakende ve Tekstil Yatırımları A.Ş. in 1996. On August 12, 2013, he resigned from the Board of Directors to be replaced by Yavuz Sökün. On January 9, 2014, he rejoined the Board of Directors and also assumed the position of CEO.

TUNCAY TOROS
BOARD MEMBER
After his graduation from Ankara University, Faculty of Political Sciences, Tuncay Toros served as Public Accountant at the Ministry of Finance, General Manager at the State Mint and Stamp Print House, and Finance Coordinator at Kozanoğlu & Çavuşoğlu Group. He has served as Vice Chairman at Boyner Holding A.Ş. and Board Member at Boyner Perakende ve Tekstil Yatırımları A.Ş. since 1984.

SERDAR SUNAY
BOARD MEMBER
A graduate of Boğaziçi University, Serdar Sunay went on to work in the Audit Department at Arthur Andersen and in the Corporate Planning Department of Koç Holding. Subsequently, he served as Business Development Manager at Boyner Holding, Restructuring Project Leader at Boyner Group in collaboration with McKinsey & Co. Turkey Group, General Manager of Benetton Licensing Operations in Turkey and Central Asia, Vice Chairman - Retail Operations at Boyner Holding A.Ş., and Chairman at Benetton Turkey (pursuant to the equal shareholding agreement between Benetton Group SPA Italy and Boyner Holding A.Ş.). Mr. Sunay has served as Board Member at Boyner Perakende ve Tekstil Yatırımları A.Ş. since 2009.

FETHİ PEKİN
INDEPENDENT BOARD MEMBER
Fethi Pekin graduated from Boston University, Department of Political Science and University of Buckingham, School of Law. He is a Managing Partner at Pekin & Pekin Law Firm and has served as Independent Board Member at Boyner Perakende ve Tekstil Yatırımları A.Ş. since 2008.

ELİF ATEŞ ÖZPAK
INDEPENDENT BOARD MEMBER
After graduating from Istanbul University, Faculty of Law, Elif Ateş Özpak completed the Program of Instruction for Lawyers (PIL) at Harvard Law School. She worked as Partner Attorney at Pekin & Pekin Law Firm, Corporate Legal Counsel and Corporate Governance Secretary at Turkcell İletişim Hizmetleri A.Ş. and Partner Attorney at Taboğlu, Ateş and Demirhan Partners Law Office. Since 2008, Ms. Özpak has been a Partner at Crescent Capital, an investment capital fund established to invest in clean energy in Turkey and neighboring countries. She is also a Founding Partner and Board Member of 11880. Since 2012, Ms. Özpak has served as Independent Board Member at Boyner Perakende ve Tekstil Yatırımları A.Ş.

MUSTAFA YAVUZ SÖKÜN
BOARD MEMBER
Yavuz Sökün's 30 years of managerial experience in the textiles industry includes roles of General Manager at Güney Sanayi and Berdan Tekstil. While serving as Board Member at Söktaş, he managed the establishment of Söktaş India, a manufacturer for the Indian market. Mr. Sökün is a graduate of Tarsus American College and Boğaziçi University, Department of Business Administration. He served as Board Member from August 12, 2013 until January 9, 2014.

ZEKİ ÇAPUTLU
BOARD MEMBER
A graduate of Yıldız Technical University, Faculty of Electronic Engineering, Zeki Çaputlu worked as Electronic Engineer at Kaplancalı Holding before arriving at Altınyıldız in 1986 where he served as Chief of Electronics, Energy Manager, Head of Machinery & Energy Group, Head of Enterprises and Machinery Energy Group and then Director of Textile Factories and Operations Group. Mr. Çaputlu currently serves as CEO at Altınyıldız Tekstil ve Konfeksiyon A.Ş. He was a Board Member until January 9, 2014.

MUSTAFA TÜRKAY TATAR
BOARD MEMBER
Mustafa Türkay Tatar started his banking career in the treasury departments of various banks, before assuming the position of Assistant General Manager at Demirbank. From 2001 onwards, he managed the treasury departments of Cıngıllıoğlu Group's finance companies. He joined Arçelik in 2005 to serve as Director of Finance. In late 2011, Mr. Tatar took office at Boyner Holding as Vice President. A graduate of Middle Eastern Technical University, Department of Business Administration, he completed his Master's degree in Business Law at Bilgi University. Mr. Tatar was appointed Board Member at Boyner Perakende ve Tekstil Yatırımları A.Ş. on January 9, 2014.

BOYNER PERAKENDE AT A GLANCE

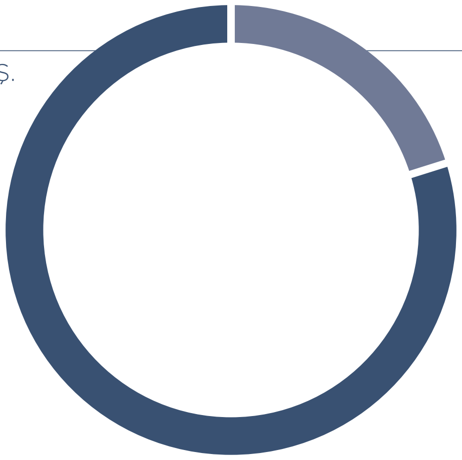
Turkey’s largest publicly traded non-food and non-consumer electronics retail group.

Boyner Perakende has taken a significant step towards creating Turkey’s largest non-food and non-consumer electronics retail group. We repurchased a large portion of Beymen Mağazacılık A.Ş. and Boyner Büyük Mağazacılık A.Ş. shares in late 2011, and consolidated AY Marka Mağazacılık A.Ş. (AY Marka), Beymen Mağazacılık A.Ş. (Beymen) and Boyner Büyük Mağazacılık A.Ş. (BBM) under the umbrella of Boyner Perakende ve Tekstil Yatırımları A.Ş. In 2013, we bought back Beymen’s 50% shareholding and BBM’s 30.05% stake from Fennella S.a.r.l., a subsidiary of Citigroup Venture Capital International (CVCI). Subsequently, we launched a share buyback program for BBM’s free-floating shares (38.5% of total) and reacquired a large portion of these. As a result of these transactions and in line with our Boyner Perakende strategy set in 2011, we have become Turkey’s largest publicly traded non-food and non-consumer electronics retail group.

At the end of 2013, in order to boost Boyner Perakende’s organizational and managerial efficiency, we decided to continue our textile and apparel manufacturing operations under the umbrella of a subsidiary. The machinery, equipment and stock deployed in Boyner Perakende’s textile and apparel manufacturing activities, along with the related employees, were transferred to Altınyıldız’s wholly owned subsidiary Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş., which was subsequently renamed Altınyıldız Tekstil ve Konfeksiyon A.Ş. as of December 23, 2013.

2013 was a year in which we put our strategies into practice, and identified our business lines clearly as retail -our main focus- as well as textile, apparel and other activities. The consolidated turnover* of Group companies totaled TL 2.6 billion in the period from January 1 to December 31, making us Turkey’s largest publicly traded multi-brand non-food and non-consumer electronics retail group .

*Beymen and Boyner Büyük Mağazacılık include the financial statements which are prepared as consolidated in the Management Financial Statements since January 1, 2013.



Boyner Perakende's Shareholding Structure

Shareholder's Trade Name	Share in Capital (TL)	Share in Capital (%)
Boyner Holding A.Ş.	31,645,113	79.11
Other Shareholders and Free-float	8,354,887	20.89
Total	**40,000,000**	**100.00**

Boyner Perakende's Subsidiaries

December 31, 2013			
Subsidiary	**Country**	**Business Line**	**Participation Rate (%)**
AY Marka Mağazacılık A.Ş.	Turkey	Retail	99.99
Boyner Büyük Mağazacılık A.Ş.	Turkey	Retail	96.55
Beymen Mağazacılık A.Ş.	Turkey	Retail	100.00
BYN Gayrimenkul Geliştirme A.Ş.	Turkey	Real Estate Development and Management	99.99
Altınyıldız Tekstil ve Konfeksiyon A.Ş. (previously Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş.)	Turkey	Textile and Apparel Manufacturing, Real Estate Development	99.99
Alticom GmbH	Germany	Textile and Apparel Sales & Marketing	100.00
Altınyıldız Corporation	USA	Textile and Apparel Sales & Marketing	100.00
A&Y LLC	Dubai	Textile and Apparel Sales & Marketing	99.99
Altınyıldız Italia SRL	Italy	Textile and Apparel Sales & Marketing	100.00
Vista Sağlık Hizmetleri Ticaret Danışmanlık A.Ş.	Turkey	Healthcare Services	99.99

OUR HISTORY

The Boyner family first entered the apparel and retail business in the 1970s, starting with men's wear, followed by a wide range of retail and customer-focused services. Today, Boyner Perakende's focus it is primarily in the retail sector.

Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. [Altınyıldız Textile and Apparel Factories Co.] with its new name Boyner Perakende ve Tekstil Yatırımları A.Ş. [Boyner Retail and Textiles Investments Inc.] was established on January 26, 1952 by the Boyner family. Through the years, the company has become immensely successful in the manufacture, domestic sale and export of wool fabrics. In addition to textiles, the Boyner family entered the apparel and retail business in the 1970s, starting with men's wear, followed by a wide range of retail and customer-focused services. Today, Boyner Perakende ve Tekstil Yatırımları A.Ş. is active mainly in the retail sector, as well as in textiles, apparel manufacturing, and real estate. Aside from Boyner Perakende ve Tekstil Yatırımları A.Ş., Boyner Holding holds a 60% stake in Fırsat Elektronik Ticaret ve Sanayi A.Ş. [Fırsat Electronics, Trade and Industry Co.], whose core business is operating the e-commerce web site Morhipo.com, and a 50% stake in BR Mağazacılık Ticaret A.Ş., which runs the Altınyıldız Classics and Beymen Business stores.

After entering the textile and apparel industries in 1952 with the founding of the distinguished textile manufacturer Altınyıldız Mensucat ve Konfeksiyon Fabrikaları, now with its new name Boyner Perakende ve Tekstil Yatırımları A.Ş., the Boyner Family launched the Beymen brand in 1971. Retail activities continued with the establishment in 1981 of Çarşı, which was initially created to market end-of-line products and then quickly transformed into a multi-storey department store. In 1985, Altınyıldız Group of Companies (today's Boyner Holding) introduced Benetton to Turkey following an agreement covering main dealership and manufacturing. Benetton was the first international ready-to-wear brand to enter the Turkish market.

Boyner Holding, which continues to view customers as its most valuable asset, launched the concept of "Unconditional Customer Happiness" in 1987 and started a brand new era for Turkish consumers.

Following the creation of the Çarşı credit card in 1989 which revolutionized the retail business, Boyner Holding started to shift its focus from manufacturing to retail in the early 1990s. The companies Altınyıldız and Çarşı held their IPOs in 1991 and 1996, respectively. Today, Altınyıldız figures among the largest European textile factories and produces the "Altınyıldız" brand of fabrics. In 1997, Altınyıldız launched its first retail brand operation, which would later be called NetWork. The following year, in 1998, in an ambitious initiative outside the retail industry, the Group developed Advantage Card, one of the most important innovations of the last 15 years. In 2002, HSBC acquired Advantage Card with its 1.5 million customers, over 400 contracted merchants and more than 5,000 sales points. Advantage became the pioneer of the installment credit card market in Turkey. In 2000, Altınyıldız's second retail brand Fabrika was born.

Boyner Holding pursued its non-retail operations with the travel company Çarşı Tatil (2001), as well as Back-Up (2003) which introduced a first in Turkey and the world by providing customers round-the-clock (24/7) assistance services. The Group once again confirmed its innovative and creative approach in the apparel industry by launching the T-Box brand in 2003.

Boyner Holding bought back Beymen's 50% stake and Boyner's 30.05% stake from CVCI in 2013. Also in 2013, the Holding acquired the remaining shares of YKM, turning the company into a wholly owned subsidiary.

As part of the Change Program in 2004, BBM changed its trade name from Çarşı to Boyner, and later rolled out the boutique concept stores Boyner Evde and Boyner Sports as a result of investments in cosmetics in 2006, home textiles in 2007 and sportswear in 2008.

In 2007, Citigroup Venture Capital Investment acquired 30% of BBM and a 50% stake in Beymen, reinforcing the leadership position of these companies in the Turkish market and allowing them to grow further. Also in 2007, Altınyıldız launched its third retail brand Que. As Turkey's most prestigious ready-to-wear brand, Beymen not only offered Beymen, Beymen Club and Beymen Home-branded products to customers, but also started to open designer boutiques for numerous world-renowned brands from 2007 onwards. The designer boutique strategy was in line with its philosophy of maintaining and further strengthening its pioneering market position in luxury garments through new investments.

Boyner Holding entered the e-commerce market in 2011 by introducing the web site Morhipo.com and thus assumed a key position in this rapidly growing segment in Turkey. Unlike its rivals, Morhipo.com offers under a single umbrella for both seasonal products and daily promotional campaigns, thereby differentiating itself from special offer sites and translating the Holding's pioneering role into the world of online commerce.

In 2011, Boyner Holding set up BR Mağazacılık (BR), an equal joint venture with Ran Mağazacılık. BR offers our customers the formal business wear brands Altınyıldız Classics and Beymen Business.

In 2012, Boyner Holding sold its 50% stake in Benetton to Benetton International. In the same year, the Holding also sold its majority stake in Back-Up to Affinion, an international company experienced in lifestyle services.

In 2012, BBM acquired the majority shares of YKM, one of Turkey's most established department stores, and thus added a new valuable member to the family.

Boyner Holding bought back Beymen's 50% shares and Boyner's 30.05% shares from CVCI in 2013. Also in 2013, the Holding acquired the remaining shares of YKM, turning the company into a wholly owned subsidiary.

Along with its core businesses of retail and textile manufacturing, Altınyıldız initiated the "IstWest" housing project in partnership with Fer Yapı in 2011, in order to make use of a former factory site. The IstWest development project comprises 999 housing units and 17,500 m^2 of commercial space; customers have already started occupancy following delivery of the units.

Boyner Perakende ve Tekstil Yatırımları A.Ş. also has a partnership with Merkür Ticaret A.Ş. -a subsidiary of Yıldız Holding- in the StarCity Shopping Mall inaugurated in 2010.

Boyner Perakende, whose parent company is Boyner Holding, held its IPO in 1991. Some 20.80% of Boyner Perakende shares are publicly traded on the Borsa Istanbul (BIST) stock exchange.

BOYNER PERAKENDE COMPANIES

Boyner Perakende is comprised of Altınyıldız Tekstil ve Konfeksiyon, which focuses on wool fabric; Boyner Büyük Mağazacılık, the leader in non-food and non-consumer electronics retail; Beymen Mağazacılık, pioneer of the luxury retail segment; AY Marka Mağazacılık, which owns the brands NetWork, Fabrika, Que, Beymen Business, Divarese and T-box; and BYN Gayrimenkul Geliştirme.

Boyner Perakende's operations in the wool fabric segment, which date back to 1952, have continued under the umbrella of **Altınyıldız Tekstil ve Konfeksiyon A.Ş.** [Altınyıldız Textile and Apparel Co.] (AYTK) from late 2013 onwards. Today, AYTK facilities are spread over a covered space of 83,345 m^2, constituting the second largest plant in Europe and ranking among the top 10 in the world. AYTK has about a 40% share in the domestic wool fabric market, and manufactures ready-to-wear products not only for Boyner Perakende companies but also for numerous other domestic and international firms. The company is the top choice of upper segment customers thanks to its high quality standards, productivity and timely delivery.

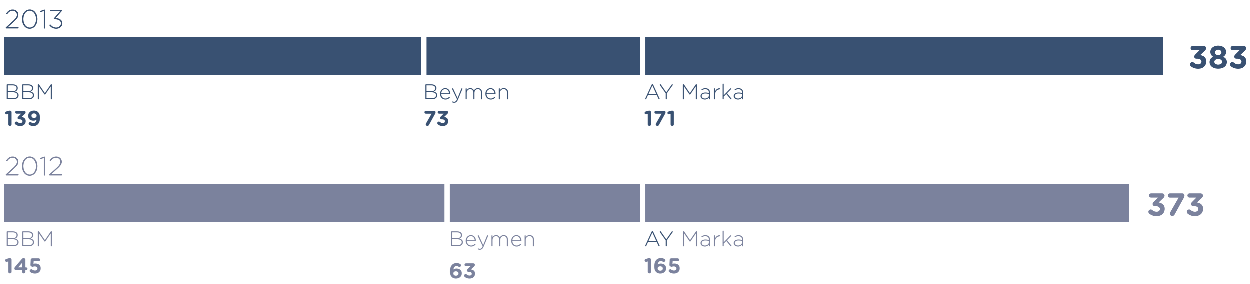
Established in 1981, **Boyner Büyük Mağazacılık A.Ş.** (BBM) opened its first store, then named Çarşı Mağazası, in Istanbul's Bakırköy district. BBM acquired the majority shares of the leading domestic brand YKM (Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Ticaret Sanayi A.Ş. and Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Pazarlama A.Ş.) in 2012, and YKM's remaining shares in the following year. As such, BBM further reinforced its position in the sector in line with the company's objective of brand and consumer diversification in the multi-storey department store segment. BBM serves customers with its department stores, concept stores specialized in a single category (Boyner Evde and Boyner Sports), outlet stores, BSSD/Designers On Sale, Çarşı stores, and since 2012, YKM stores. As of year-end 2013, BBM's 78 Boyner and 61 YKM stores in 37 Turkish provinces have a total selling space of 277,218 m^2, where a yearly average of 5,200 employees welcomed approximately 97 million visitors.

Beymen Mağazacılık A.Ş. (Beymen), which opened up its first store in 1971, today has 73 stores representing a range of retail concepts with an aggregate net selling space of 41,287 m^2. Since its inception, Beymen has ranked among the top players in the Turkish fashion industry and global luxury retail. Today, Beymen offers customers over 450 world brands and the company's store collections are considered to be among the best in their category worldwide.

AY Marka Mağazacılık A.Ş. (AY Marka) was separated from Altınyıldız Tekstil in October 2008 to manage the brands NetWork, Fabrika and Que. The brand Beymen Business joined AY Marka in 2009 -after license rights were leased by BBM- followed by Divarese and T-box in 2010. Today, AY Marka has 159 stores in 26 provinces across Turkey, as well as 12 overseas stores in Abkhazia, Azerbaijan, UAE, Cyprus, Kyrgyzstan, Russia and Saudi Arabia.

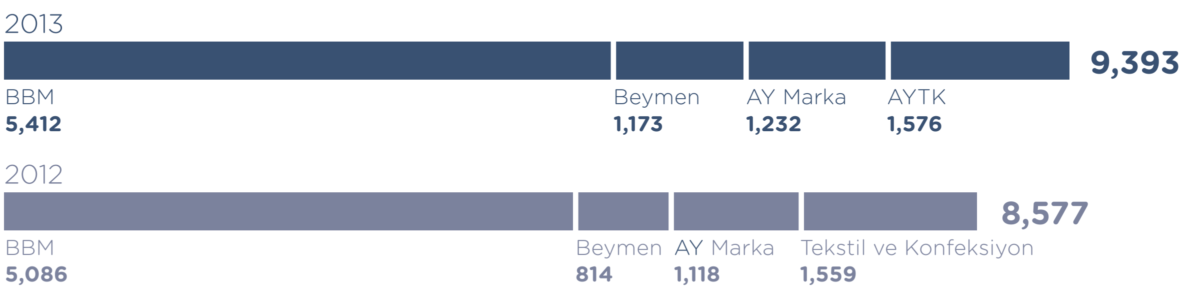
Established in 2007, **BYN Gayrimenkul Geliştirme A.Ş.** (BYN) operates the StarCity Shopping Mall, which was built in 2010 on the former factory site of Altınyıldız, in partnership with Yıldız Holding's subsidiary Merkür Ticaret A.Ş.

Number of Stores



Total Sales Area (thousand sqm)

Number of Employees



Consolidated Net Sales (TL million)

Net Sales (TL million)	2013	2012
BBM (Boyner & YKM consolidated)*	1,415.7	935.1
Beymen*	552.8	449.1
AY Marka	382.4	349.3
Textile and apparel	222.6	306.0
Other operations	172.2	7.2
CONSOLIDATED NET SALES*	1,901.6	597.9

* After May 31, 2013, BBM and Beymen are included in the full consolidation. The above mentioned net sales of BBM and Beymen includes the period between 1 January 2013-31 December 2013.

Consolidated Total Assets (TL million)

Total assets (TL million)	2013	2012
BBM (Boyner & YKM consolidated)	1,072.9	861.2
Beymen	528.1	260.2
AY Marka	343.5	248.7
Textile and apparel*	1,525.8	564.1
Other operations	381.6	376.6
CONSOLIDATED TOTAL ASSETS	3,859.8	1,063.2

*Including the financial asset investments.

BOYNER PERAKENDE COMPANIES

In 2013, one of the Group's most important retail industry developments was Beymen's inauguration of Turkey's largest ready-to-wear store -spanning 10,000 square meters- at Istanbul's Zorlu Center.

The Group expanded its target customer segment in the reporting year with new acquisitions and became Turkey's largest publicly traded non-food and non-consumer electronics retail group. These acquisitions brought the share of retail in the Group's turnover* up to 85%, while textile and apparel account for 8% and other businesses make up the remaining 7%.

As of year-end 2013, in order to reinforce the organizational productivity and managerial efficiency of Boyner Perakende, we decided to assign the textile and apparel manufacturing operation to a subsidiary. As a result, the machinery, equipment and stock deployed in the Group's textile and apparel manufacturing activities, along with related employees, were transferred to Boyner Perakende's wholly owned subsidiary Altınyıldız Tekstil ve Konfeksiyon A.Ş.

The brands under the Group umbrella allow us to reach out to customers from a wide range of socio-economic segments. Due to Turkey's dynamic young population and the rising share of organized retail, we aim to grow further in retail in the coming years.

STORE INVESTMENTS

In 2013, in addition to share acquisitions, Boyner Perakende continued to make store investments at full speed. As such, the Group reached out to customers through a total of 383 stores. One of the Group's most important retail industry developments was Beymen's inauguration of Turkey's largest ready-to-wear store -spanning 10,000 square meters- at Istanbul's Zorlu Center. In the pipeline since 2010, Beymen Zorlu Center was designed by the world-renowned architectural firm Michel Group. Beymen Zorlu Center and its branded boutiques became operational as a result of an investment of USD 28 million.

UNCONDITIONAL CUSTOMER HAPPINESS

"Unconditional Customer Happiness" constitutes the essence of the unique service we provide to all of our customers. Customer happiness is our lifestyle and philosophy.

Boyner Holding put the Unconditional Customer Happiness concept into practice in 1987, starting a brand new era in Turkish customer experience. Over the years, Boyner Holding companies have embraced this main principle in all of their contacts with customers. Unconditional Customer Happiness means ensuring the satisfaction of customers who purchase our high quality products, without any conditions whatsoever.

The main objective of Boyner Holding is to make use of state-of-the-art technology and enhance our products in order to adapt our Unconditional Customer Happiness principle to ever-changing and developing customer needs.

With a view to enhancing this key principle, while monitoring and embracing new initiatives, Boyner Holding completed the establishment of the Customer Strategies Center this year, after having started the Center in 2012. This Center deploys modern methodologies and practices to raise our Unconditional Customer Happiness principle to an even higher level. Currently, the Center is working to set up an infrastructure that will provide expectation-exceeding service to our customers who make around a total of 100 million purchases per year from Boyner Holding stores. The Customer Strategies Center joins forces with Group companies, making use of advanced analytical tools to devise various projects which will present the most personalized offers to suit the needs and expectations of around 13.5 million individual customers.

*Beymen and Boyner Büyük Mağazacılık include the financial statements which have been prepared as consolidated in the Management Financial Statements since January 1, 2013.

MULTI-CHANNEL RETAIL STRATEGY

We are keen to seamlessly implement the Multi-Channel Retail Strategy in all Group companies, and then in between them, in order to manage our storage and logistics operations in accordance with this vision, in a productive manner.

During 2013, Boyner Holding and its companies took numerous measures in line with the Multi-Channel Retail Strategy.

We are working on a system that will enable our customers to enjoy a pleasant, hassle-free and comfortable research and shopping experience at any time and through any channel (Internet, mobile, store, kiosk, call center, catalogue and all other contact points). Our goal is to provide our customers with the exact service they desire at every stage of their shopping journey, from the buying decision to after-sales services, by fully embracing them.

To this end, first of all, we took some actions related to online retail operations and set up e-commerce web sites for our Group companies. Today, customers can shop with us online at www.beymen.com, www.boyner.com.tr, www.divarese.com.tr, www.network.com.tr and www.fabrika-tr.com.

In addition, we launched the BBM mobile application. We are currently expending efforts to roll out the Beymen and AY Marka mobile apps in 2014. We also want to enable customers to carry out shopping transactions, such as product analysis, exchange and return via the channels of their choice, and to provide them with even more efficient product acceptance, storage, transfer and delivery systems. Other schemes planned for launch during 2014 include mobile checkout for payments without visiting the cash register as well as distribution of tablets to sales representatives for inventory check and rapid transfers.

In order to implement all these plans in the most rapid and cost-efficient manner, we are working on a shared infrastructure bringing together our retail companies, to be launched in 2014.

ANALYTICAL RESEARCH STUDIES

In 2013, the Group expanded the number of its registered customers by 20%.

The Customer Strategies Center, which was launched in 2012, works in coordination with Boyner Perakende companies to assess the shopping behavior of customers in a multi-dimensional format, to put forth forecasts and estimates, and to provide customized and personalized offers and opportunities.

By processing detailed data on around 13.5 million Boyner Holding customers, we now have the capability of not only formulating long-term strategies, but also providing specific services appealing to smaller customer segments and short-term needs.

We founded our business on the principle of Unconditional Customer Happiness and deem it critical to measure the performance of Group companies according to customer-related success criteria (KPIs).

Our main service criterion is the speed with which we respond to customers who provide us with their opinions, suggestions and requests, and the quality of our responses. In addition, we monitor the customer focus of Group companies with diverse criteria such as number of customers acquired, share of purchasing customers and customer visit frequency.

WORKING ENVIRONMENT

In all of our Human Resources policies and practices, such as recruitment, promotion, rotation and remuneration, we embrace a fair approach. We categorically reject any discrimination based on race, color, religion, marital status, sexual orientation, gender identity, political view or on factors such as belonging, ethnic identity, health status, familial responsibilities, trade union membership, physical disability or age. We provide equal opportunities to all in recruitment, work relationship, remuneration, training opportunities, promotion, retirement and all other aspects of employment.

The main objective of our Human Resources management and practices is to add value to the Group together with our employees. The Holding's Human Resources Department, whose job definition was revised in early 2012, focused on talent management and employer branding issues and capitalized on Group synergy to achieve concrete results during 2013.

In 2013, Boyner Holding was named a "Great Place to Work" as a result of an employee vote and corporate culture assessment. In the Great Place to Work survey, 93% of our employees said, "I am proud to work here, and recommend it to my friends."

Concrete measures taken to reinforce employee loyalty and enhance performance are expected to bear more fruit in the years to come.

We believe that our customer-oriented approach is a philosophy that should also be applied to our employees.

As a result, we are expending efforts to get to know our employees better, in order to join forces with them for the same goals and ensure their satisfaction. The Holding has a wide range of practices that focus on employees as a whole, or in different groups.

Retail Employees' Day, which began being celebrated in India in 2011 and which continues to be celebrated every year on December 12th, was first celebrated in Turkey by Boyner Holding in 2013. On this special day, meant to honor retail employees and allow employers' to extend their gratitude, the Holding organized various events for field sales staff, and special visits to stores. On December 12, 2013 Boyner Holding employees in 480 stores across Turkey participated in the special celebrations.

As in all our business activities, we measure our Human Resources Management performance by specific KPIs as well as by the awards and certificates we receive. The Group assesses itself every quarter by using a total of 81 metrics divided into categories such as demographic change, employee turnover, equality, productivity and HR efficiency, in addition to comprehensive annual assessments based on employee questionnaires.

THE WAY WE WORK

At Boyner Holding, we manage all our business activities in line with the basic principles inscribed in our DNA; as such, instead of writing down detailed procedures, we outline those main, guiding principles and trust our employees to make the ethically correct decisions.

OUR SEVEN CORE VALUES

Boyner Holding's core values are the strengths and the characteristics that set us apart from others, play a key role in achieving its vision, cannot be copied by competitors, and that are embraced by everyone employed by the Group. These values (core competences) were derived from a variety of methods including a survey of our corporate documents, speeches of our founders and shareholders, feedback from our business partners and the facilitation of working groups of employees.

Our seven values are:

1. We are focused on customer happiness / We are obsessed with the customer.
2. We are creative.
3. We are courageous.
4. We are passionate.
5. We learn constantly.
6. We care.
7. We are part of a great big family.

We encourage all our employees to participate in orientation programs, training seminars and competitions to put these values into practice. Managers also join in special training programs to learn how to promote and develop such values among current or potential employees.

For us, it is vital to celebrate democracy in the workplace through various means. No criterion other than work performance can influence our treatment of employees, who are constantly encouraged to express their opinions and suggestions, and participate in management processes in line with our democratic approach.

DEVELOPING OUR TALENT

While individual companies continue their training efforts as programmed, the Group as a whole also expends efforts to monitor and develop our talent, and recruit our leaders from inside the organization.

At Boyner Holding, there are six levels of development programs, from top-ex education to e-learning at the bottom of the organization. Every manager participates in BIG - the Boyner Group Managers Communication and Development Program, organized since 2003. Over 400 managers join various vision meetings and seminars throughout the year and take an active part in project groups. The objective of the BIG program is to ensure that every manager benefits equally from the experience of the Group's top management, to share the rich know how at to Group, and to identify promising manager candidates.

In 2013, 10 out of 16 job openings, such as Assistant General Manager and other senior managerial positions, were filled by participants of the BIG scheme, in other words, through internal promotion. Boyner Holding's high potential managers have a turnover rate of just 1%.

Another development platform is Boyner Holding Academy -abbreviated as BANG- which organizes training activities to support the continuous development of all Group employees. The common intranet platform Boynerişim also provides numerous articles, presentations, resources, and training opportunities on topics such as Creativity, Customer Happiness, General Culture, Career, Personal Development, Marketing, Retail, Health and Security, Foreign Languages, among others. Additionally, every two months, the Group holds development seminars on a wide range of subjects such as fashion, management, personal development, ethics and values, open to all employees regardless of title or position.

WORKING ENVIRONMENT

Our corporate volunteer program, Boyner Group Volunteers, is a key component of our socially responsible citizens approach. Its aim is to raise employee awareness about responsible citizenship, and to enhance and expand our activities serving the public good with the help of our employees. In 2013, our 397 volunteers carried out 1,648.5 hours of such volunteer activities in service to society.

The e-learning platform BANG Online, developed and tested in 2013, is scheduled to go live in 2014 to further support employee advancement.

OCCUPATIONAL HEALTH AND SAFETY

In 2013, in yet another first for the retail sector, we published the Occupational Health and Safety Guidebook for sales consultants, warehouse employees and head office teams. The guidebook provides comprehensive information on ergonomics, warehouse safety, workplace hygiene, personal hygiene, waste management, good nutrition and stress management. The guidebook was distributed to all employees following relevant training seminars.

Furthermore, AYTK's manufacturing activities underwent an audit by the Fair Labor Association for compliance with international standards of employee health and safety. In addition to fulfilling relevant legal and regulatory requirements, we deem it the highest level corporate responsibility to provide our employees a safe working environment worthy of human dignity.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Corporate responsibility and sustainability constitute a key focus of the Group's efforts. In structuring its sustainable business strategies and activities, the Group focuses on this area with a comprehensive management approach that includes all of our internal and external stakeholders.*

The Group couples its economic and environmental performance with the organization's social performance, which covers topic areas such as occupational health and safety, vocational training and development of employees, equal opportunities and diversity in employment policies, freedom of association, product responsibility, customer health and safety, legal compliance and social investment. In 2013, our corporate responsibility and sustainability efforts were awarded with numerous domestic and international prizes.

Social responsibility activities are managed under the Group's "Corporate Responsibility and Sustainability" operations. General managers and senior management are responsible for encouraging social responsibility, assessing projects, and ensuring employee participation. Our approach to social responsibility activities is focused on providing financial support for the solution of the social issue we focus on, becoming an agent of change and transformation, and playing an active role in addressing problems. We place a special emphasis on a participative and cooperative approach to the management and implementation of social responsibility activities.

Our corporate volunteer program, Boyner Group Volunteers, is a key component of our socially responsible citizens approach. Its aim is to raise employee awareness of responsible citizenship, and to enhance and expand our activities serving the public good with the help of our employees. In 2013, our 397 volunteers carried out 1,648.5 hours of such volunteer activities in service to society.

Our social investment program focuses mainly on areas such as improving the socio-economic position of women; providing training, personal development and democratic participation opportunities to youth; and expanding and supporting arts and culture activities.

*Please see page 74 for the "Sustainability Report."

TARGETS IN 2014

Our Customer Strategies Center is designed to better grasp customer desires and preferences, to fully embrace customers, and to provide them with the best service anytime, anywhere in line with the latest technology trends. The Center is set to gear up its customer-oriented solutions and analytical research studies in 2014.

Due to the economic and political uncertainties in Turkey, 2014 is expected to be a year in which capital inflows will lose steam, financing the current account deficit will become harder, and the anticipated drop in domestic demand will put the brakes on economic growth. On the other hand, the depreciation of the Turkish lira and the relative recovery in the European economy might bolster our export performance and have a positive effect on the external deficit, while rising foreign demand could make a positive contribution to the country's economic growth.

Despite these uncertainties, Turkey's sound public finances, robust financial sector and dynamic real economy will prevent the country from experiencing a serious downturn in the period ahead.

As a result, we expect that in 2014, GDP growth will come in under the prior year's figure, the current account deficit will shrink and inflation will hover around the 2013 level.

We embarked upon the year 2014 by joining all our forces together; our primary target for the year is, as always, to make the best of advanced technologies and enhance our services in order to adapt our Unconditional Customer Happiness principle to the constantly changing and developing customer demands of the new period.

Our Customer Strategies Center is designed to better grasp customer desires and preferences, to fully embrace customers, and to provide them with the best services anytime, anywhere in line with the latest technology trends. The Center is set to gear up its customer-oriented solutions and analytical research studies in 2014.

In multi-channel retail, we are making investments to build an infrastructure that will allow customers to reach us whenever they wish, do their shopping in the most convenient manner of their choosing, and receive their products hassle-free. Constantly revamping e-commerce sites and mobile apps in line with changing needs and reaching customers in locations where we have no physical retail presence are among our key objectives in 2014.

Another top priority for the year is to implement across our businesses a multi-channel strategy that will fully integrate all of our sales channels, including stores, and offer customers the same experience across all these channels. Under this project, scheduled for launch in the beginning of the year, we will receive support from a consulting firm that has cooperated in the past with the world's biggest retailers, and complete the integration of storage, logistics, sales, service channel management and IT processes across Boyner Perakende. Thereby, we shall enhance efficiency and productivity, and reach our ultimate target of bringing our customers a seamless, uninterrupted shopping experience.

Even though technology and digitalization have become integral parts of today's retail landscape, physical stores will remain our core business. We place great importance on our stores since they are where we have one-on-one, personal contact with customers. We plan to make new store investments during 2014.

We are currently working on a young, dynamic and fashion-conscious store format to be positioned between the Beymen and Boyner store concepts. The details of this project will be finalized in 2014 and the new stores will be inaugurated during 2015.

The Customer Strategies Center will continue its efforts at full speed. In 2014, two key objectives will be to bring the turnover percentage of customers who shop with

their credit cards to above the 80% mark in all Group companies and to cut the customer churn rate by 15% on an annual basis.

In 2014, in addition to these activities, we also plan to implement new schemes such as the customer loss forecast, customer-product tendency modeling, and the efficient/dynamic campaign management platform.

In reaching these objectives and setting more ambitious targets and dreams, our greatest asset will undoubtedly be Boyner Group employees: A vast team of individuals who develop new ideas, generate resources, implement plans and projects, constantly strive for better results, and who work with diligence and passion. In 2014, an essential focus for Human Resources Management will be to enhance our internal talent pool, to recruit the best talent to our companies, to strengthen our employer brand, and to further increase employee satisfaction by a couple of percentage points.

In our view, integrating corporate responsibility and sustainability into all of our business processes and decision-making has been a very valuable achievement. Since our inception, social and environmental responsibility have been integral to our inner functioning and assessment processes, from recruitment to choosing products and suppliers, office construction to employee development. In 2014, we have started work on policies to control our suppliers for social and environmental compliance, to put into practice our disabled-friendly retail initiative, and to bolster democracy in the workplace, and last but not least, to hand over stewardship of our Pomegranate Arils project to the government. Additionally, we plan to launch in late 2014 a new corporate social responsibility project related to entrepreneurship focused on social transformation.

OUR AWARDS

- ETİKA – Turkey's Ethical Companies Award
- Cem Boyner 5th Middle East and Africa Women in Leadership Forum – Male Champion of Change Award
- Great Place to Work 2013 – Turkey's Best Employers Awards
- Great Place to Work 2013 – Equal Opportunities Special Award
- 12th TÜHİD Golden Compass Public Relations Awards – Corporate Communications Award
- 12th TÜHİD Golden Compass Public Relations Awards – UNDP Special Award
- LACP Global Communications Awards 2013-Gold Prize in the Print Book/Booklet category
- LACP Global Communications Awards 2013-Bronze Prize in the Visual Design category
- LACP Global Communications Awards 2013-46th among the Top 100 Communication Activities list
- PERYÖN Human Management Awards – Grand Prize in Outstanding Practices, Creating an Employer Brand category

TRUST

As one of Turkey's strongest brands, Boyner goes from strength to strength in retail by capitalizing on the synergy created with the YKM acquisition. Nearly 100 million visitors in close to 150 stores across the country enjoy a pleasant and secure shopping experience.


boyner
CD
Dior
GUERLAIN
Swarovski şimdi Boyner'de

BOYNER BÜYÜK MAĞAZACILIK A.Ş.

YEAR OF ESTABLISHMENT
1981

NUMBER OF EMPLOYEES
5,412

TOTAL SALES AREA
277,218 m^2

TOTAL NUMBER OF STORES
139

TOTAL SALES VOLUME
TL 1,416 million

TOTAL ANNUAL VISITORS
97 million

RETAIL

BOYNER BÜYÜK MAĞAZACILIK A.Ş.

THE PIONEER OF THE DEPARTMENT STORE CONCEPT IN TURKEY

As of year-end 2013, BBM operates 78 Boyner and 61 YKM stores in 37 Turkish provinces, with a total sales area of 277,218 m^2. In 2013, BBM's 5,412 employees welcomed approximately 97 million visitors.

Boyner Büyük Mağazacılık A.Ş. (BBM) started operations in 1981 as a member of Boyner Holding, one of Turkey's leading groups in non-food retail. The first Boyner store opened under the name "Çarşı" in the Istanbul district of Bakırköy.

After acquiring a 63% stake in the leading domestic retail brand YKM in 2012, BBM purchased the remaining 37% in 2013 and came to control all the outstanding shares of YKM Giyim ve İhtiyaç Maddeleri Ticaret ve Sanayi A.Ş. and YKM Pazarlama A.Ş. This acquisition considerably bolstered BBM's position, which aims to create brand and customer differentiation in the multi-storey retail sector. In 2013, BBM's shareholding structure was revised. In May 2013, we repurchased a 30.05% stake in BBM, previously sold to the CVCI subsidiary Fennella S.a.r.l. After which, Boyner Perakende called back the 38.5% free-floating shares in BBM for a buyback scheme. As a result of this buyback program announced in September 2013, Boyner Perakende brought its stake up to 96.43%. As of December 31, 2013, the shareholding stood at 96.55%.

Following Boyner Holding's retail-focused reorganization under the Boyner Perakende umbrella and the added synergy from YKM, BBM plans to further enhance its achievements in the industry and expand its corporate objectives.

RETAIL

BOYNER BÜYÜK MAĞAZACILIK A.Ş.

As the leading department store chain in Turkey, BBM operates 78 Boyner and 61 YKM stores in 37 Turkish provinces, with a total sales area of 277,218 m^2 as of year-end 2013. Boyner and YKM stores offer a wide array of domestic and international brands in women's, men's and children's apparel, sportswear, shoes, accessories, cosmetics and home design products.

KEY INDICATORS

Number of Stores	31.12.2013	31.12.2012
Boyner	78	79
YKM	61	66
Total	**139**	**145**

Total Sales Area (m^2)	31.12.2013	31.12.2012
Boyner	155,544	148,145
YKM	121,674	122,960
Total	**277,218**	**271,105**

Sales Volume (TL million)	31.12.2013	31.12.2012
BBM & YKM*	1,415.7	935.1

*Including the sales of YKM after its acquisition date September 7, 2012.

Annual Number of Visitors	31.12.2013	31.12.2012
Boyner	50,466,687	46,400,000
YKM	46,483,143	46,300,000
Total	96,949,830	92,700,000

Number of Employees (year-end)	31.12.2013	31.12.2012
Boyner	3,593	3,257
YKM	1,819	1,829
Total	**5,412**	**5,086**

BBM SHAREHOLDING STRUCTURE

Shareholder's Trade Name	Share in Capital (TL)	Share in Capital (%)
Boyner Perakende ve Tekstil Yatırımları A.Ş.	88,896,289.44	96.55
Other Shareholders and Free-float	3,173,710.56	3.45
Total	**92,070,000.00**	**100.00**

MILESTONES

1981 The first Çarşı store was opened in Bakırköy, Istanbul.

1989 Çarşı Credit Card was launched.

1990 The first multi-storey department store was opened in Maslak, Istanbul.

1992 Upon the establishment of Karat Mağazacılık A.Ş., Çarşı Mağazaları became a separate legal entity.

1996 Karat Mağazacılık A.Ş. was transformed into Çarşı Büyük Mağazacılık A.Ş., and 15% of its shares were offered to the public.

1998 A second public offering of a 15% shareholding was carried out. Growth and expansion continued with the opening of four new stores.

2004 The Change Program launched to transition from Çarşı to Boyner.

2007 Fennella S.a.r.l. (a subsidiary of Citi Venture Capital International, CVCI) acquired a 30.5% stake and became a partner.

2010 Annual net sales reached TL 500 million.

2011 Çarşı Stores were relaunched.

2012 The Group acquired majority stakes in YKM A.Ş. and YKM Pazarlama A.Ş.

2013

The Group acquired the remaining minority stakes in YKM A.Ş. and YKM Pazarlama A.Ş. The Company's 30.5% shareholding controlled by CVCI was repurchased. After a share buyback announced in September, Boyner Perakende brought its overall stake to 96.43%. As of December 31, 2013, Boyner Perakende's total shareholding stood at 96.55%.

RETAIL

BOYNER BÜYÜK MAĞAZACILIK A.Ş.

STORE FORMATS

As the leading department store chain in Turkey, BBM operates 78 Boyner and 61 YKM stores in 37 Turkish provinces, with a total sales area of 277,218 m^2 as of year-end 2013. Boyner and YKM stores offer a wide array of domestic and international brands in women's, men's and children's apparel, youth wear & sportswear, shoes, accessories, cosmetics and home design products. BBM-YKM's in-house brands include Asymmetry, Cotton Bar, Limon Company, Mama Ramma, PI, Altimod Man, T-Box, Caramel, Agenda, Bruno Ferrini, Loox, MIA, Men Club and Volt in women's, men's and children's apparel, sportswear and shoes; as well as Boyner Evde and YKM Home in home design products.

In addition, BBM also owns the brands Beymen Club, Beymen Business, BBeymen and Beymen Studio. Boyner stores blend product diversity with quality, reliability and attractive prices.

Having opened its first store in 1981, BBM entered a reorganization phase from 2006 onwards, and started opening "concept" stores focused on a single product category and providing special customer services via a team of experts. BBM now serves customers at multi-storey Boyner stores, concept stores specialized in a single product category (such as Boyner Evde and Boyner Sports), Boyner Outlet stores, BSSD/ stores, Çarşı stores and YKM stores.

In 42 multi-storey stores in 30 Turkish provinces, Boyner stores offer customers a wide range of domestic and international brands in the categories of women's, men's, children's apparel, youth wear & sportswear, shoes, accessories, cosmetics and home design.

Established in 2007, Boyner Evde offers everything from home textiles to furniture, kitchen and bathroom accessories to home design products and small household appliances. Boyner Sports is a specialty store chain marketing sports accessories and casual clothing from over 65 international brands. As an outlet chain offering discount products, Boyner Outlet operates stores in five Turkish cities. In 2009, BBM established another concept store, BSSD. BBM's four BSSD stores in Istanbul and Ankara offer customers end-of-line products from world-renowned brands.

Launched in 2003, the Boyner online web site reached a higher than expected sales volume in 2013, thanks to its soaring sales potential and constant improvements to the operational infrastructure.

In response to requests from customers and from shopping mall investors for mid-range consumer segments in large cities, we relaunched Çarşı stores in 2011. Çarşı retail stores perfectly respond to these particular customers' brand, quality and price expectations with products that offer an attractive combination of price and brand. Çarşı stores are based on a flexible model where each store can decide its own brand positioning according to its respective position in the marketplace, and market its private brands according to customers' needs. Today, there are 14 Çarşı stores in eight Turkish provinces.


kime ne gider?
boyner
Hepsi Boyner

RETAIL

BOYNER BÜYÜK MAĞAZACILIK A.Ş.

	Total Number of Stores	Company Stores	Dealer Stores
Boyner Stores	42	36	6
Boyner Concept Stores	13	9	4
Boyner Evde	7	7	-
Boyner Sports	6	2	4
Boyner Outlet Stores	5	4	1
BSSD Stores	4	4	-
Çarşı Stores	14	11	3
YKM Stores	46	25	21
YKM Outlet	11	11	-
YKM Sports	4	3	1

Established in 1950 in Istanbul's Sultanhamam district as a small shop selling fabrics, YKM is currently active as a department store chain under the umbrella of BBM, with 61 stores (46 multi-storey stores, 11 YKM Outlet stores and four YKM Sports stores) in 30 provinces. YKM boasts 1,700 employees, over 1,000 business partners, around 300 thousand different products, and an annual visitor population of 46.5 million.

In addition to being Turkey's first multi-storey department store, YKM has introduced numerous innovations to the industry including the first payment installment system, the first store credit card, the first dealership system, the first SAP application and the first chip credit card.

At YKM, consumers can find a wide range of goods to meet their needs in clothing, cosmetics, footwear, accessories, sportswear and home design. After a brief interruption in 2013 due to necessary process improvements, YKM's web site will re-enable sales transaction functionality in 2014.

YKM will continue to pursue its mission as a pioneer in the sector with its operations under BBM.

SALES

Sales Volume (TL million)	31.12.2013	31.12.2012
Boyner & YKM	1,415.7	935.1

The sales and marketing strategies of Boyner and YKM stores are built on the principle of Unconditional Customer Happiness. The objective is to offer customers a pleasant shopping experience in all stages, from the identification of need until after-sales service, and to inspire in them the feeling of security. Boyner and YKM differentiate themselves from their rivals by placing the customer at the center through a service-focused approach. Leading the sector in terms of service approach and after-sales services, the Boyner and YKM brands extend the Unconditional Customer Happiness principle to all their suppliers. Boyner and YKM carry out meticulous research studies to encourage supplier firms to comply with Boyner and YKM standards in their service approach and after-sales services, and thus ensure complete customer happiness.

In all store formats, visitors are directed to different shopping categories and are provided with services in diverse product categories on a single visit. Various sales scenarios are planned and implemented to turn the Boyner and YKM brands into one-stop shopping destinations where customers can meet all their needs.

In all marketing activities, the objective is to protect the unique brand images of Boyner and YKM created through the years, and meet the expectations of their brand fans.

MARKETING

In 2012, Boyner Group completed its brand positioning research that commenced with the acquisition of YKM's majority shares; in addition, the Group initiated further studies to facilitate the growth of the Boyner and YKM brands using different positioning strategies. In all marketing activities, the objective is to protect the unique brands images of Boyner and YKM created through the years, and meet the expectations of their brand fans.

Boyner has been conceptualized in such a way as to allow customers to meet all their needs in different shopping categories under a single roof; additionally, Boyner's communication language and strategy has been renewed to live up to the brand claim of closely following the latest trends. According to this new concept, which features Ece Sükan as Boyner's brand ambassador, customers are proposed different product categories that match diverse styles. At the "outfit matching corners" located in stores, customers are offered not only the garment they have in mind, but also products in other categories that match the target garment.

Boyner, which counts 78 stores in its portfolio as of year-end 2013, also reached a higher-than-anticipated sales volume through its web site. The company supported its brand presence in digital channels with social media messaging and apps. Boyner.com.tr boasts 50,000 unique daily visitors, while Boyner is in contact with nearly 300,000 followers on social media every day.

At Boyner stores, 15 different activities were carried out in 2013 to increase interaction with customers. Due to positive customer feedback stemming from the in-store initiatives, more such activities are planned for the year 2014. Boyner stores remained a customer favorite in gift shopping with their varied store concepts, eight different shopping categories, wide range of gift cards and packaging, as well as the Boyner Evde (Home) range of products.

Boyner continued to implement marketing concepts supportive of shopping in different categories in order to reinforce current customer loyalty; the company also entered into partnerships with different brands, and organized activities on university campuses to attract new customers.

In 2013, YKM executed promotional campaigns to strengthen its traditional and budget-friendly brand image that had been formulated in previous years, while pursuing a marketing strategy to reinforce its multi-storey department store image. YKM underpinned this strategy with a visual campaign underlining that every need from clothing to cosmetics, footwear to accessories, sportswear to home design can be met under its roof. Additionally, a special emphasis was placed on the active sportswear category to appeal to young customers, who account for a large proportion of YKM's customer portfolio. This strategy was implemented through all communication channels, and deployed in store windows and interiors, as well as in shopping malls.

Throughout the year, YKM posted daily messages on social media channels most closely followed by young customers; the company also carried out activities in universities to reinforce this relationship with younger consumers.

RETAIL

BOYNER BÜYÜK MAĞAZACILIK A.Ş.

Boyner's web site achieved higher-than-expected sales in 2013 and the brand presence in digital channels was further bolstered with social media messaging and apps.

MARKETING

Following renovation work at YKM stores, the renewal process and the new brands introduced to the store were communicated to customers through campaigns customized for each store; in addition, former customers were invited to the stores once again. New partnerships with various shopping malls also allowed YKM to speed up the new customer acquisition process.

To support gift shopping at YKM stores, the company carried out technical improvements and upgraded its gift packaging, gift card and gift check designs. Furthermore, the launch of YKM Home was completed in 2013 in order to reinforce the company's image as an ideal gift shopping location.

At Çarşı stores, communication and marketing activities were planned for each store individually through due consideration of its unique location. Throughout the year, location-specific announcements were made related to the budget-friendly, high quality products and special offer campaigns.

BBM, YKM and Çarşı stores each have their own loyalty programs managed individually and separately in line with the expectations and shopping habits of the respective brand customers. These programs are key in acquiring new customers, orienting current customers towards different categories, and reinforcing communication with customers.

At the stores, process improvement efforts are regularly carried out based on data collected from loyalty programs, which also cover all store promotional campaigns including brand campaigns. Loyalty programs are used efficiently, particularly during store openings, and in partnerships with supplier brands.

The number of customers registered in the Boyner Anahtar (Key) Program had surpassed the 5.6 million mark as of year-end 2013; in addition, Boyner Anahtar is now used in 83% of all purchases at Boyner stores. YKM Card holders numbered 3.7 million at the end of 2013 and 72% of all store purchases are made with this card.

Furthermore, as part of efforts to ensure Unconditional Customer Happiness, the Group keeps track of keywords related to its brands in various social media channels, and customer feedback and information from stores and all the other channels are closely monitored.


boyner
evde

RETAIL

BOYNER BÜYÜK MAĞAZACILIK A.Ş.

LOYALTY PROGRAMS & CUSTOMER FEEDBACK MANAGEMENT

BBM, YKM and Çarşı stores each have their own loyalty programs managed individually and separately in keeping with the expectations and shopping habits of each brand's customers. These programs are key in acquiring new customers, orienting current customers toward different categories, and reinforcing communication with customers.

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Furthermore, as part of efforts to ensure Unconditional Customer Happiness, the Group keeps track of keywords related to its brands in various social media channels, and customer feedback and information from stores and all the other channels are closely monitored.

In 2013, three Boyner, two YKM and two Çarşı multi-storey department stores were inaugurated. Inefficient stores were placed under review. Key renovations were carried out this year in our current stores, particularly in the YKM store portfolio.

INVESTMENTS

Store Openings in 2013			
YKM	Antalya, Erasta	March 13	2,190 m^2
YKM	Istanbul, Maltepe Park AVM	September 13	2,764 m^2
Boyner	Istanbul, Brandium	March 13	3,540 m^2
Boyner	Gaziantep, AVM	October 13	2,483 m^2
Boyner dealer	Samsun, Samsun AVM	March 13	3,091 m^2
Çarşı dealer	Samsun, Çarşamba	October 13	1,182 m^2
Çarşı dealer	Denizli	November 13	1,170 m^2
			16,420 m^2

Store Closures in 2013			
YKM Outlet (dealer)	Trabzon	September 13	630 m^2
YKM Outlet	Ankara, Ankara Forum Sport	September 13	110 m^2
YKM	Istanbul, Sapphire	September 13	1,622 m^2
YKM (dealer)	Iraq, Erbil Familyfun Darin	March 13	1,759 m^2
YKM (dealer)	Zonguldak, Karadeniz Ereğli	April 13	862 m^2
YKM (dealer)	Mardin, Mardin Movapark	March 13	478 m^2
YKM (dealer)	Yalova Desa	January 13	988 m^2
Boyner Outlet	Istanbul, Hangar AVM	October 13	3,040 m^2
Boyner Beaute (dealer)	Beaute Bodrum	January 13	35 m^2
Boyner Beaute (dealer)	Beaute Marmaris	January 13	41 m^2
Boyner Beaute (dealer)	İzmir Beaute Egs	January 13	142 m^2
Boyner Beaute (dealer)	İzmir Beaute Carrefour	January 13	88 m^2
Boyner Outlet	Denizli	September 13	1,170 m^2
			10,965 m^2

In 2013, despite a fall in the overall number of stores, the company's total sales area increased to 277,218 m^2 due to openings of new multi-storey Boyner and Çarşı stores. The total number of visitors in all stores climbed to 97 million.

RETAIL

BOYNER BÜYÜK MAĞAZACILIK A.Ş.

Boyner Büyük Mağazacılık has a total of 5,412 employees. The four new stores opened in 2013 created employment opportunities for 300 more people.

HUMAN RESOURCES

In 2013, BBM implemented a number of projects in both performance and career management. Following the YKM-BBM integration, each company's best practices in this area were taken into consideration and their systems were fully integrated.

Career Exams
On the basis of its career maps, BBM administers function-specific exams in due consideration of the competence and information level required for each level. Employees willing to do so took the exam, and those with successful scores were invited to career interviews. Employees who passed the interview stage were included in a pool of candidates ready for promotion to a higher level. Employees were also offered transfers and promotions between Boyner and YKM stores.

	Boyner	YKM
2013 Number of promotions/Rate (general, including all positions)	179/5.30%	45/2.27%
2013 Number of Female employee promotion/Rate (general, including all positions)	76/4.50%	25/1.27%

Human Resources Regional Organization
In order to run human resources processes in a more efficient manner, the Human Resources Regional Organization was put into practice across Boyner stores. Later on, this scheme was revised after the integration of YKM and expanded to include this entity as well. As a result, standardized human resources practices are being implemented at all Boyner and YKM in coordination with the central Human Resources Department.

Head office employees from all levels were placed in a special performance potential matrix and development activities were planned for specific groups.

Changes in the Head Office Organization
In 2013, in line with the strategies of Group companies, Supply Chain Operations were organized under the three main categories of Clothing, Non-Clothing and Special Brands. The E-commerce Department, which previously had reported to Supply Chain Operations, was restructured and placed under the Marketing function instead.

The company reshaped the YKM Sales Operations in line with the regional organization. Corporate Sales Operations, which previously had reported to the Sales Operations Department, was restructured and placed under the Marketing function. The departments of Advertising and Public Relations, and Visual Merchandise were positioned in such a way as to provide differentiated services to Boyner and YKM brands, to suit their respective strategies.

In the wake of the integration effort, the Internal Audit Department was restructured to meet the increasing need for organization. After all these organizational changes, job definitions for the head office were revised.

Occupational Health and Safety
Our occupational health and safety efforts are expended with a comprehensive view to provide a healthy and safe work environment for our employees and to promote their mental, physical, spiritual and emotional development. In 2013, 5,476 employees (3,584 Boyner and 1,892 YKM personnel) received Occupational Health and Safety training. In addition, Occupational Health and Safety Councils and risk analysis teams started work to create more healthy and secure work environments, and to ensure employee participation in all these processes. Together with Boyner Group, we published our Occupational Health and Safety Handbook specific to our industry's needs, and shared it with the entire workforce.

Employee Number and Profile

As of December 31, 2013, Boyner Büyük Mağazacılık has a total of 5,412 employees. The four new Boyner and YKM stores opened in 2013 created employment opportunities for 300 more people.

BBM boasts a rather youthful and dynamic workforce. The age average of store employees is 29, while that of head office employees stands at 34. Some 68.5% of employees hold a high school degree or higher, and 30% have earned a Bachelor's or postgraduate degree. Additionally, 80% of head office staff hold a Bachelor's degree or higher.

Personal and Vocational Training Seminars

Training programs are organized on the basis of annual operational objectives, individual projects, and the relevant personal and vocational development needs of store and head office staff. In 2013, some 8,075 employees across BBM and YKM took part in training programs. In parallel with the employee profile, women accounted for 52.15%, that is, over half of all participants (4,211 out of total).

All recently hired employees participate in orientation programs. In order to boost the service quality of store personnel, and in response to store requirements, Internal Trainers regularly organize technical trainings. In order to complete the integration process, technical training seminars and acquaintance, cohesion and motivation programs were held at the head office and stores during the year. In 2014, in accordance with strategic targets, we planned training programs to increase multi-category sales and items purchased per receipt.

Employee Satisfaction

In order to enhance employee motivation and productivity, and ensure the satisfaction of our employees in the workplace, we organized employee-centered events throughout 2013. In a first for the Turkish retail industry, all Boyner Group companies celebrated December 12th as Retail Employees' Day to recognize the diligent work of our store personnel. In addition, the best practices in each store were rewarded and shared with other stores to be implemented across the organization.

QUALITY AND CREATIVITY

As a leading brand, not only in Turkey's luxury retail sector but also globally, Beymen is considered to be the best in its class across the world with the brand's original collections. Viewed as an exemplary brand by companies in other sectors as well, Beymen maintained an industry leading position thanks to its pioneering role in fashion, and the company's emphasis on creativity.

BEYMEN MAĞAZACILIK A.Ş.

YEAR OF ESTABLISHMENT
1971

NUMBER OF EMPLOYEES
1,173

TOTAL SALES AREA
41,287 m^2

TOTAL NUMBER OF STORES
73

NET SALES
TL 553 million

RETAIL

BEYMEN MAĞAZACILIK A.Ş.

LEADING THE INDUSTRY IN TURKISH AND GLOBAL LUXURY RETAIL

Having opened its first store in 1971, Beymen Mağazacılık A.Ş. today boasts a total of 73 domestic and international stores -including foreign partnerships- representing a variety of retail approaches, with a total area of 41,287 m^2.

Since its inception, Beymen has figured among the leading players of not only the Turkish fashion industry, but also the global luxury retail sector. Today, Beymen has over 450 world brands under its umbrella, and the company is considered to be among the best in its class in worldwide retail. Beymen is recognized as a model organization in its own as well as other sectors, due to the company's superior retail experience, customer relations approach and customer happiness practices.

In May 2013, Boyner Perakende bought back a 50% stake in Beymen from Citi Venture Capital International's subsidiary Fennella S.a.r.l. Today, Beymen Mağazacılık A.Ş. is a wholly owned subsidiary of Boyner Perakende.

RETAIL

BEYMEN MAĞAZACILIK A.Ş.

KEY INDICATORS

Number of Stores	2013	2012
Company Owned Stores	**47**	**35**
Beymen Multibrand	11	9
Beymen Monobrand	14	7
Beymen Club	22	19
Dealer Stores	**20**	**23**
Beymen Multibrand	7	9
Beymen Club	13	14
Beymen Total	**67**	**58**
Beymen Multibrand	18	18
Beymen Monobrand	14	7
Beymen Club	35	33
Foreign Partnerships	**6**	**5**
Beymen Multibrand (Erbil, Cairo)	2	2
Beymen Monobrand (Dior, Christian Louboutin)	4	3
SUM TOTAL	**73**	**63**

Net Sales Area (m^2)	2013	2012
Company Owned Stores	**29,777**	**20,035**
Beymen Multibrand	23,389	15,331
Beymen Monobrand	2,397	1,139
Beymen Club	3,991	3,565
Dealer Stores	**6,563**	**9,981**
Beymen Multibrand	4,462	7,748
Beymen Club	2,101	2,233
Beymen Total	**36,340**	**30,016**
Foreign Partnerships	**4,947**	**4,703**
Beymen Multibrand (Erbil, Cairo)	4,405	4,405
Beymen Monobrand (Dior, Christian Louboutin)	542	298
SUM TOTAL	**41,287**	**34,719**

MILESTONES

1969 The first ready-to-wear manufacturing operation in Turkey was launched in cooperation with Italian fashion designer Silvano Corsini.

1971 The first Beymen store was inaugurated in Şişli, Istanbul.

1983 Turkey's first "megastore" opened in Ankara.

1985 The brand Beymen Club was launched.

1987 The "Unconditional Customer Happiness" principle was officially embraced.

1990 The Beymen Home brand launched.

1992 Beymen stores started selling international fashion brands.

The Beymen Academia brand was rolled out.

1994 Beymen Akmerkez was inaugurated.

2003 Beymen Nişantaşı store was opened.

Prada and Dolce & Gabbana products were offered for sale in Turkey for the first time.

2005 Beymen Cairo became the first international store of the brand.

Beymen Kavaklıdere store was opened.

2007 Beymen İstinye Park was inaugurated.

Monobrand boutique retail operations were initiated.

2008 The Beymen Blender concept was launched.

2009 New product categories such as Beymen Chocolate and Beymen Bags were launched.

2010 Beymen Academia Women's Collection was rolled out.

Beymen.com went live.

2011 Beymen Bridal and Beymen Kids categories were created.

2012 Beymen Erbil became the second international store.

2013

Beymen Aqua Florya store, Turkey's largest fashion retail shop Beymen Zorlu Center and the Beymen Club flagship store were all inaugurated. Seven new monobrand boutiques opened in the Zorlu Center.

BEYMEN MAĞAZACILIK A.Ş.

Beymen Mağazacılık comprises a total of 73 stores based on diversified retail approaches.

STORE FORMATS

The Beymen operation also includes a number of formats, including: Beymen Multibrand, Beymen Club and Beymen Shu stores, as well as monobrand boutiques Bottega Veneta, Brunello Cucinelli, Christian Louboutin, Dior, Dolce & Gabbana, Etro, Moschino, Pucci, Stella McCartney, Tod's, YSL and Valentino. Beymen's first foreign investment, Beymen Cairo, is located on the premises of the Four Season Hotel and spans a covered space of 6,000 m^2; its second international investment, Beymen Erbil, is located inside the Divan Hotel and occupies a covered area of 1,000 m^2.

Beymen Multibrand Stores are luxury retail stores with vast covered spaces which include not only Beymen Collections in Women's and Men's Wear, Beymen Collection Men and the Academia collection, but also over 450 upscale and new generation brands in ready-to-wear, footwear, bags, accessories, jewelry, home accessories and children's clothing. The company provides services at its 18 stores in seven Turkish provinces and two overseas stores located in Cairo and Erbil.

Beymen Monobrand Stores are branded boutiques that bring leading international fashion brands under the roof of Beymen. Each boutique reflects the global identity of the related brand. As of today, Beymen Monobrand provides services through 14 company-owned stores and four stores with foreign partnership. These include Bottega Veneta, Brunello Cucinelli, Dior İstinye Park, Dior Zorlu Center, Dolce & Gabbana Women, Dolce & Gabbana Men, Dolce & Gabbana Zorlu Center, Etro, Christian Louboutin İstinye Park, Christian Louboutin Nişantaşı, Moschino, Pucci, Saint Laurent, Stella McCartney, Tod's, Tory Burch and Valentino stores.

Beymen Club Stores are relatively smaller retail spaces where customers can find a wide range of ready-to-wear for both men and women in categories such as casual wear, stylish and business garments, as well as sportswear. Currently, there are 35 Beymen Club stores.

Beymen Shu is a specialized boutique store which sells only the shoe and bag collections of Beymen Collection and worldwide brands.

Since November 2010, Beymen also reaches out to customers via the online shopping site Beymen.com.

In addition, Beymen Mağazacılık offers services for different segments and categories with various brands positioned under the Beymen umbrella. The representatives of this creative tradition include Beymen Collection, Beymen Club and Beymen Academia, as well as Beymen Home, Beymen Chocolate and scarf, bag and leather accessories collections featuring the Beymen logo.

SALES

TL Million	2013	2012
Sales	552.8	449.1

As a result of the increasing brand and product diversity, infrastructure investments, marketing activities and measures to boost operational productivity, sales through Beymen.com rose 162% like for like in 2013.


BEYMEN

BEYMEN MAĞAZACILIK A.Ş.

As a result of the investment projects completed in 2013, Beymen now counts 71 stores across Turkey with an aggregate net sales area of 36,882 m^2 and a total of 1,200 employees.

MARKETING

As the first Turkish company to embrace and implement the Unconditional Customer Happiness concept, Beymen is keen to offer a world-class retail experience with its luxury product and brand portfolio and superior service quality. At Beymen stores, the customer comes before all else; utmost care is taken to ensure that customers enjoy a flawless experience with regard to store atmosphere, products, service and after-sales service.

Beymen is Turkey's leading luxury retail brand, and aims to be a brand that shapes the lifestyles of customers through various communications related activities specifically designed according to season, period, special occasions and product categories. Beymen launches new and different applications on top of conventional channels. The company is one of the most active brands in the industry in terms of digital communications and social media use. Beymen stores play host to various presentations to customers, organizations and special events with designers throughout the year, according to a pre-determined calendar. Additionally, Beymen organizes campaigns and brand partnerships according to the periodic and seasonal dynamics of the industry. At Beymen, campaigns are not limited to price discounting, but rather are designed to offer unique experiences to customers in keeping with their respective lifestyle.

Keen on establishing long-term relationships with customers, Beymen pursues an active marketing strategy complete with various customer relations activities. The Beymen Special Customer Program brings select customers an exclusive experience full of offers in line with their preferences and shopping habits. The program features different segments such as VIP, Platinum, Gold and Beige. Beymen also places special importance on marketing activities geared towards acquiring new customers. The New Customer Welcoming Program includes telephone calls, Beymen World e-mails and special offers to reinforce their relationship with Beymen. Customer activities at Beymen stores are monitored regularly with a variety of criteria such as frequency and volume, and activities are organized to retain customers.

INVESTMENTS

In 2013, Beymen put its signature on Turkey's biggest ready-to-wear store by inaugurating at Istanbul's Zorlu Center shopping mall a brand new store spanning 10,000 square meters, as well as standalone boutiques opened in partnership with seven leading brands. Since 2010, work has been ongoing at Beymen Zorlu Center, which was designed by the world-renowned architecture firm Michel Group. The Beymen Zorlu Center and branded boutiques became operational as a result of a USD 28 million investment. Beymen Zorlu Center features Dior, Dolce & Gabbana (for women and men), Pucci, Stella McCartney, Tory Burch, Valentino, Saint Laurent, Dior boutiques as well as the Beymen Club flagship store.

In 2013, Beymen also opened three new Club stores and the Aqua Florya Beymen store in Istanbul.

As a result of the investment projects completed in 2013, Beymen now counts 71 stores across Turkey with an aggregate net sales area of 36,882 m^2 and a total of 1,200 employees.


BEYMEN

BEYMEN MAĞAZACILIK A.Ş.

Beymen Mağazacılık has 1,173 employees. New stores opened in 2013 provided employment opportunities to 723 people.

HUMAN RESOURCES

Beymen Human Resources works to support and empower Beymen employees who are wholly committed to the company's Unconditional Customer Happiness principle, innovative in their approach and keen to develop themselves and their business. As a result of the career opportunities, training and development programs, motivation and award systems offered to the employees, Beymen ranks among the most preferred employers in the retail industry.

Career and Performance Management

Beymen implements performance management systems that include head office and store employees. Field sales staff are evaluated on a monthly basis through an integrated performance management system and bonus system. Head office employees up to the director level, and field managers are assessed by a performance management system with targets set at the beginning of each year.

The Corporate balanced score card card system covers head office directors and general managers and is focused on annual objectives in the areas of Finance, Customers, Internal Processes and Operation, Human Resources and Development.

In the promotion process, Beymen store managers participate in exams prepared by an Assessment Center to measure their technical aptitude in certain practices and functions. Exam results are evaluated alongside other promotion criteria to create career plans. Aside from the managers, each sales consultant with a superior performance who fulfills certain criteria and is part of the candidate pool passes through such processes specific to her/his level, is prepared for the next level and monitored through a mentorship program.

Furthermore, employee progress in different areas is measured through a wide range of assessment tools such as personality inventories, performance/potentials matrix and performance management. Professional or personal development programs are organized to support employees in this respect. Mentorship is another method frequently used to bolster development.

Beymen prioritizes its own employees in promotions to job openings. In 2013, 19% of all employees (221 personnel) were promoted to the next level.

Number and Profile of Employees

As of December 31, 2013, Beymen Mağazacılık had 1,173 employees who had an average age of 31. Some 62% of the company's employees are graduates of high school or equivalent institutions, while 30% hold an undergraduate or a higher degree.

		WOMEN	MEN	TOTAL
Total		**492**	**681**	**1,173**
Education Level	**Primary School**	39	72	111
	High School	277	456	733
	University	176	153	329
Average Age		**31**	**32**	**31**

The Beymen stores opened in 2013 provided employment for 723 additional employees.

Personal and Occupational Training Seminars

Everyone who starts work at Beymen joins obligatory organizational training programs and participates in technical, personal development and orientation seminars throughout the year.

Technical training, sales, image, textiles, brand, visual organization, written and oral communications, and computer literacy are among the subjects of trainings conducted. Personal development seminar topics include communication skills, stress management, time management and presentation techniques, and individuals attend these trainings according to their preferences. Management seminars cover issues such as Management Skills, Leadership Development Program and Performance Management. Managers participate in these seminars according to the category they are placed in.

In addition to training seminars, Beymen Manager Certification Programs are organized on topics such as Contemporary Fashion Retail, Creating a Brand, Consumer Behavior, Creating Designs and Collections, Management of Luxury Brands, Field Management through Objectives, Managerial Skills, Leadership, Elocution and Eloquence, as well as Social Etiquette.

Company seminars held in 2013 were conducted with the participation of 4,876 individuals who received 50,121 hours of training.

Employee Satisfaction

In addition to organizing personal and professional development seminars, the Boyner Group has become the first company in Turkey to celebrate December 12th Retail Employees' Day to honor its employees, who architect the experience presented to customers. On this special occasion, we recognized the value that employees add to our business through various events.

BRANDS THAT CREATE A DIFFERENCE

AY Marka Mağazacılık shapes the fashion trends in Turkey through its famous and exceptional brands in ready-to-wear, each of which appeals to the style needs of a specific consumer segment. The company continues to further differentiate itself by ensuring customer happiness in all channels, including domestic and overseas stores, and in all aspects including product diversity and after-sales services.


NetWork

AY MARKA MAĞAZACILIK A.Ş.

YEAR OF ESTABLISHMENT

2008

NUMBER OF EMPLOYEES

1,232

TOTAL SALES AREA

33,245 m^2

TOTAL NUMBER OF STORES

171

NET SALES

TL 382.4 million

RETAIL

AY MARKA MAĞAZACILIK A.Ş.

VAST PRODUCT DIVERSITY FOR CUSTOMERS WITH DIFFERENT PROFILES

One of the leading companies which shapes the Turkish ready-to-wear and accessories industries, AY Marka Mağazacılık A.Ş. offers customers such brands as NetWork, Fabrika, Que, Beymen Business, T-box and Divarese through 159 stores located across 26 Turkish provinces as well as 12 overseas shops in Abkhazia, Azerbaijan, UAE, Cyprus, Kyrgyzstan, Russia and Saudi Arabia. AY Marka brands are also delivered to customers through three online stores and sales points situated in Boyner/YKM department stores.

As a deeply-rooted Turkish brand, Altınyıldız launched its first namesake ready-to-wear collection in 1997 and formed a retail marketing department for this purpose. Altınyıldız created the brand NetWork for young professionals in 1999, followed in 2000 by Fabrika, which appeals to a wider customer base. In 2007, the company launched the Que brand.

Following the creation of such successful brands one after the other, Altınyıldız's in-house retail department was transformed into a huge textile retail company. AY Marka Mağazacılık A.Ş. (AY Marka) acquired an independent legal identity in October 2008 as an Altınyıldız subsidiary. AY Marka assumed the design, manufacturing, sales and marketing operations of the Beymen Business brand in 2009 via a 10-year license contract. T-box and Divarese operations followed suit in 2010. In 2011, the company acquired the Divarese brand after running its operations for one year.

RETAIL

AY MARKA MAĞAZACILIK A.Ş.

In line with the importance it places on design and total quality, AY Marka's main target is to become and remain a profitable and leading company. AY Marka plans to achieve that goal while upholding a philosophy of success; prioritizing the interests and happiness of employees, partners, customers and last but not least, the society at large; and by remaining committed to the belief that success is not simply a corporate objective but rather a captivating journey.

In 2014, AY Marka's main goal is to increase the share of company owned store sales in overall sales in order to boost gross profitability. In addition, the company is keen to significantly expand online sales via the web sites it launched in 2013 and increase customer numbers and the share of purchasing customers via CRM studies.

KEY INDICATORS

	Number of Stores		Net Store Area (m²)	
	2012	2013	2012	2013
Company Owned Stores	110	115	22,049	23,182
Dealer Stores	55	56	9,957	10,063
TOTAL	**165**	**171**	**32,006**	**33,245**

Sales Point	NetWork		Fabrika		Que		Divarese		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Company Sales Points	49	57	56	56	20	20	29	32	154	165
Dealer Sales Points	24	27	38	41	5	5	4	4	71	77
Total	**73**	**84**	**94**	**97**	**25**	**25**	**33**	**36**	**225**	**242**

Net Store Area (m²)	NetWork		Fabrika		Que		Divarese		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Company Sales Point	8,800	9,941	9,032	9,402	936	1,016	2,501	2,823	21,269	23,182
Dealer Sales Point	3,464	3,454	5,985	6,086	200	220	308	303	9,957	10,063
Total	**12,264**	**13,395**	**15,017**	**15,488**	**1,136**	**1,236**	**2,809**	**3,126**	**31,226**	**33,245**

*Two T-box stores that have 780 sqm total area are not included in the 2012 figures. There were no T-box store in 2013.

MILESTONES

1997 Altınyıldız entered the ready-to-wear sector with its in-house Retail Department.

1999 NetWork was launched, becoming the first ever brand to appeal to businesswomen in Turkey.

2000 The Group launched Fabrika, as a brand offering apparel ideal for both business and casual wear, by blending fashion with the fast tempo of professional life.

2003 NetWork initiated the first ever cooperation between a designer and brand in the industry.

2007 NetWork joined the Turquality category of brands. Que was launched.

2008 AY Marka acquired an independent legal identity.

2009 Beymen Business joined AY Marka together with 10-year licensing rights.

2010 The Divarese operation and T-box brand became part of AY Marka.

2013

The web sites of NetWork, Fabrika and Divarese went live.

AY MARKA MAĞAZACILIK A.Ş.

AY Marka includes the brands NetWork, Fabrika, Divarese, Que, Beymen Business and T-box.

AY MARKA BRANDS

NetWork
NetWork collections represent a refined style that can be enjoyed by urban women and men both day and night. NetWork products adapt to the fast tempo of everyday modern life, and stand out with their original details and high quality fabric.

The choice of the word "NetWork" as the brand's name is deliberate and meaningful. NetWork's launch corresponded to the beginning of a new millennium that heralded the start of a new age of information and technology across the world. As a result, the NetWork concept was well and widely received as the brand name for dynamic, strong and self-confident collections in tune with the new era. Another reason for the choice of this particular name was the fact that the creation of our collections is the product of a vast network, spanning the manufacture of the yarn, fabric and the garment. In addition, given that business professionals constitute the target customer group, the word "work" has a deep association.

By launching the sub-brand "Limited" in August 2004, NetWork became the first Turkish ready-to-wear brand to offer customers the exclusivity of limited edition garments, produced in a limited number.

NetWork highlights its innovative outlook with lines that embody the brand's collections. In the Summer 2012 season, the brand reached out to customers with three new lines. "NetWork Zone" uses daring cuts and a striking color range to blend the season's trends with modern NetWork designs. Meanwhile, "NetWork Touch" couples the serenity of weekends with timeless NetWork designs to help individuals unwind from the fast tempo of modern life. Finally, "NetWork Black" adds even more pieces to the NetWork wardrobes of both men and women with its light fabrics and colors, bringing the sparkle of nightlife to NetWork's timeless designs, while breathing new life into formal wear with a vast range of tuxedos and evening gowns featuring unmatched quality in terms of fabric and cut.

NetWork, which facilitates the spread of design across everyday life, celebrated its tenth anniversary with the project "10 Artists, 10 Traces." Works by 10 pioneering artists from 10 disciplines, including painting, photography, dance and literature, were exhibited in NetWork stores as part of the project.

Celebrities such as the world-famous film star Sienna Miller, and Sex and the City's "Mr. Big" Chris Noth have taken to the runway as models for NetWork.

In 2011, NetWork launched its perfume Timeless at Istanbul's historic Binbirdirek Cistern with a mesmerizing four-dimensional technology show blending image, sound and music with fragrance.

At Fashion's Night Out, NetWork models appeared in virtual reality at NetWork stores through the use of augmented reality technology.

NetWork's pioneering role among innovative brands is reinforced with products such as the light and chic jackets of the Feel series, which have no padding or undercoating, the seam-free knitwear of the Seamless series, or limited edition shirts manufactured with the thinnest yarn in the world.

The brand also stands out as a "Social NetWork" with its large footprint on Facebook, Twitter and Instagram. NetWork also shares the latest designs and trends from across the world with its followers on the brand's fashion and design blog, "Netlife."

Fabrika
Customers await the launch of Fabrika collections each season with much excitement and anticipation. Having come to life in the year 2000, the brand offers fashion-conscious men and women products ideal for day and night, for weekdays and weekends.

Rising to prominence thanks to its exquisite and chic line, "Fabrika Nite" offers unmatched options for special occasion events, receptions and parties. "Fabrika Ready-to-Fit," on the other hand, makes life easier with its 12 sizes tailored for four different heights. Featuring irreplaceable items for every wardrobe, "Must-Have" has become everyone's favorite clothing line.

RETAIL

AY MARKA MAĞAZACILIK A.Ş.

Que's women's collections portray modern women who are self-confident, keep abreast of the rapidly changing world, and who like to stand out with an extraordinary taste in design.

Fabrika offers everyone the road to building an impeccable personal style with its vast and diverse range of bags, shoes, jewelry and belts. Fabrika is also the first Turkish brand to use nanotechnology fabrics, which are resistant to dust, water and stains.

Fabrika has made a distinguished name for itself since 2000 with its innovative trends, becoming the first choice of stylish women and men.

Divarese

Divarese first entered the fashion world back in 1899 in Italy. Boasting over a century of know-how, Divarese entered the Turkish market in 2000 and started to shape the shoe and bag segments with its innovative and authentic collections.

Reinterpreting seasonal trends through its unique perspective, Divarese produces shoes and bags that transcend the category of mere accessories and offers fashion-lovers the latest trends in its stores.

Divarese stores also offer numerous other international fashion brands that set global trends. Of these, George Hogg is well-known across the world for its original designs, esthetically pleasing lines and impeccable style, and reconfirms its market leading position in shoes every single season.

Much appreciated among stylish women and men, Divarese differentiates itself in the marketplace with its impressive designs.

Que

In the Autumn-Winter 2007-2008 season, Que joined the Turkish ready-to-wear sector as the brand for self-confident, bold and original men and women with a sharp sense of design. Que's relaxed and contemporary designs particularly appeal to multi-faceted, forward, unique and exceptional personalities with a keen awareness of design and quality.

The brand's women collections portray a Que woman who is self-confident, keeps abreast of the rapidly changing world, and who likes to stand out with her extraordinary taste in design. Que's fitted, crisp and ambitious image reinterprets the designs of the past for contemporary women through a 'retro future' effect. The Que men's collection, on the other hand, is a reflection of extraordinary men who opt for materials and designs that break out of the routine. Inspired by all arts disciplines, the Que men's collection reinterprets global trends through a unique approach with its fitted cuts and styling details.

The Que accessories collection features accessories that complement its original apparel designs. The collection stands out with its striking details in patent leather, suede and leather added to shoes, bags, gloves and jewelry.

Beymen Business

In 2009, AY Marka Mağazacılık acquired the license for Beymen Business. Beymen Business is positioned as the brand for women and men who want to appear modern and chic in the fast tempo of today's business environment. The brand particularly targets sociable women and men with similar tastes in weekday and weekend clothing, who have clearly defined preferences, an interest in technology and a busy business travel schedule.

T-box

T-box was created in 2003 with the idea of fitting a simple t-shirt inside a small box. In 2010, the brand joined the AY Marka Mağazacılık family. Later, T-box decided to take its products out of their extraordinary boxes, and breathed new life into the Turkish retail industry as a fresh and original brand. All elements of T-box's brand identity, from its logo to display units, were completely reshaped. As one of the most ingenious concepts in retail, this colorful, dynamic and fun brand achieved high sales volumes in large stores as well as online, which best suits the DNA of this thoroughly modern brand. In the retail sector where consumer demands and tastes change rapidly and expectations are continuously transformed, T-box embraced the strategy of diversifying its sales channels rather than expanding the retail store chain, by taking into account soaring Internet usage, rising online sales volumes, and hearing the encouragement of our clients. In this regard, the 10-year licensing rights of T-box were granted to BBM with a contract executed in 2012. Currently, the brand is offered to customers via Boyner and YKM stores, which have a high-volume of customer traffic, and on the Morhipo.com shopping web site.

RETAIL

AY MARKA MAĞAZACILIK A.Ş.

The brands NetWork, Fabrika, Divarese, Que, Beymen Business and T-box are all under the AY Marka umbrella.

MARKETING

AY Marka makes a point of ensuring customer happiness in every facet of its business, from product diversity to after-sales services. The company blends the power, know how and experience of its brands with new business methods. AY Marka offers customers with distinct profiles a wide range of products to help them express themselves in the best manner, and devises strategies in tune with the target audience and promise of every individual brand.

Boasting a flexible structure and a young and well-trained team keen on producing solutions in line with the dynamism of today's modern life, AY Marka strives to elevate its brands to even higher levels with the company's original designs and total quality approach.

INVESTMENTS

Investments in 2013 (TL thousand)	
New Store Investments and Renewals	6,151
IT and Other	2,353
Total	**8,504**

In 2013, the company opened a total of 13 new stores – 11 seasonal stores and two outlet stores. Of these, the Zorlu NetWork store stands out with its groundbreaking concept and appeals to customers with an elegant look and a tech-savvy language rich in visual and digital effects.

Another key investment in 2013 was the SAP Project for which the company expended huge efforts. The new IT infrastructure, which became operational in late 2013, will enable the company to make quicker and better decisions related to productivity improvements and strategic management in all business processes in 2014.

Meanwhile, we expect the company's e-commerce stores that opened in the second half of the year to rapidly figure among our biggest and most profitable retail ventures.

HUMAN RESOURCES

AY Marka Human Resources is a proactive department which plays a key role in the company's strategic decision-making processes. In line with company goals and in cooperation with other departments, Human Resources operates with a results-oriented approach and a focus on success.

Career and Performance Management
AY Marka employees build their own career on the basis of their individual performance. Every employee is the leader of his or her business. In managerial promotions, the company gives priority to personnel according to their individual competence and performance. AY Marka does its utmost to recruit the company's managers from within the organization. When job openings arise, priority is given to current employees as well as external candidates proposed by personnel via the recruitment program, "Benim de Pay'ım var," that is "I have a Share, too." The qualifications necessitated by the position opening are announced to employees. Internal candidates who consider themselves as fit for the job can file an application with their respective manager and the Human Resources Department.

At AY Marka, promotion is directly related to success and can function both vertically or horizontally. Any change in authority and responsibility is accompanied with an associated change in remuneration. In order to transition to the next level, the candidate must possess the knowledge and experience outlined in the target job definition. The most important criterion here is the individual's performance level. At AY Marka, career advancement is not limited to in-house positions. Employees can also be shifted to other Group companies according to their performance.

Number and Profile of Employees
As of December 31, 2013, AY Marka has 1,232 employees who have an average age of 30. Some 70% of employees are graduates of high schools or equivalent institutions, while 23% of company personnel hold a Bachelor's degree or higher.

Personal and Professional Development Training

All AY Marka personnel participate in orientation training. The training seminars administered in 2013 included professional topics such as Sales Techniques, Customer-Focus, Inventory, Cash Registers and CRM, as well as personal development courses such as Optimum Equilibrium. Some 1,912 employees participated in training program organized in 2013.

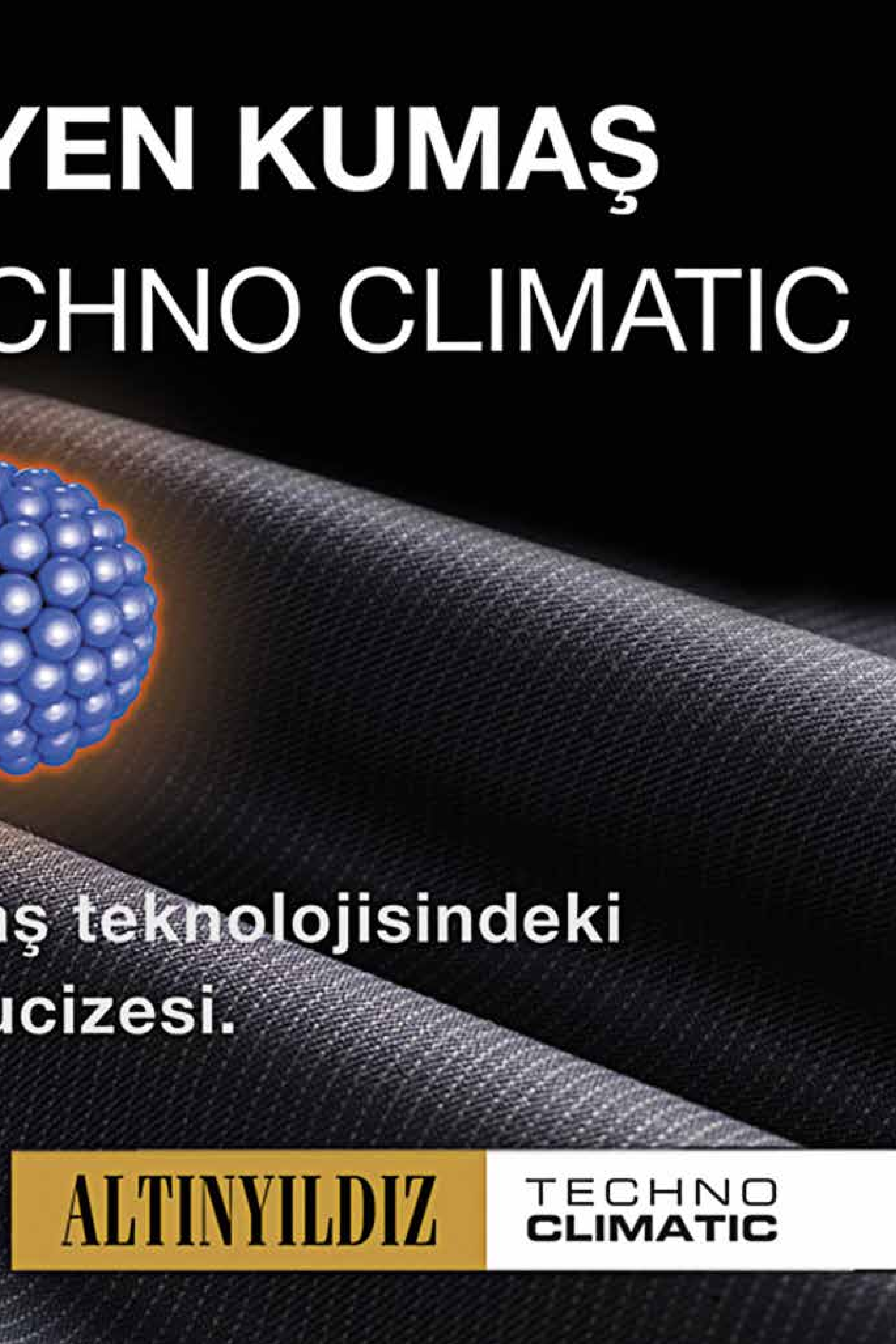
Employee Satisfaction

In order to enhance employee motivation and productivity, and ensure the satisfaction of personnel in the work place, we contributed to employees' social, intellectual and professional advancement through a diverse range of events. As in all other Boyner Group companies, we celebrated December 12th as Retail Employees' Day with small surprises for field employees. Interesting anecdotes from our customers and company personnel were published in book format under the title "My Stories" and shared with employees.

In 2013, we also launched the "Star Sales Personnel" initiative. Furthermore, we emphasized the trust we place in our employees by honoring their proposals of new recruits through the "I have a Share, too" project.

		WOMEN	MEN	TOTAL
Total		523	709	1,232
Education Level	**Primary School**	19	62	81
	High School	370	494	864
	University	134	153	287
Average Age		29	31	30


TERLETMEY
ALTINYILDIZ TEC
Altınyıldız'ın kuma
son mu


YEN KUMAŞ
CHNO CLIMATIC
aş teknolojisindeki
ucizesi.
ALTINYILDIZ
TECHNO
CLIMATIC

ALTINYILDIZ TEKSTİL VE KONFEKSİYON FABRİKALARI A.Ş.

YEAR OF ESTABLISHMENT

1952

TEXTILE CAPACITY

8.5 million meters

TEXTILE MANUFACTURING VOLUME

7.9 million meters

TOTAL NET SALES

TL 222.6 million

TOTAL NUMBER OF EMPLOYEES

1,576

TEXTILE AND APPAREL

ALTINYILDIZ TEKSTİL VE KONFEKSİYON FABRİKALARI A.Ş.

ADVANCED QUALITY STANDARDS, HIGH PRODUCTIVITY AND TIMELY MANUFACTURING

The machinery, equipment and inventory used in the manufacturing activities of Altınyıldız Tekstil ve Konfeksiyon Fabrikaları A.Ş., along with related personnel, were transferred to Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. as of year-end 2013. On December 23, 2013, Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. was renamed Altınyıldız Tekstil ve Konfeksiyon A.Ş.

Active in the wool fabric industry since 1952, Altınyıldız moved to its new Çerkezköy manufacturing site in 2011. Spread across 83,345 m² of covered space, Altınyıldız facilities today are the second largest in Europe and rank in the top 10 worldwide.

Altınyıldız carried out its first export operation in 1956. The company held its IPO in 1991 and earned ISO 9001 quality certification in 1992. In 1996, Altınyıldız was accepted into the Australian Super Fine Wool Growers Association. In 1997, the company established its own 5.5 MW Integrated Heat and Power Plant, which was later transferred to the new plant in Çerkezköy in 2011.

Altınyıldız has the largest sales potential in the domestic wool fabric segment, where the company has a 40% market share. Altınyıldız carries out overseas sales through its sales offices in Germany and the USA and via sales representatives in France, the UK, Italy, Denmark, Japan and Taiwan.

Altınyıldız exports its products to over 50 countries including France, the USA, Spain, Russia, the UK, Germany, Italy and Japan.

In 2003, Altınyıldız was issued a patent for the Formula 1 technology imported from Italy, and the company invested USD 1 million in its finishing machinery. Thanks to these machines, the company made a significant breakthrough by implementing modern, high-technology and chemical finishes and producing special fabric series such as "Powertech," "Powerplus," "Linenplus" and "Silktouch." The company's technological advances continued with the launch of stain- and water-resistant "Altınyıldız Nano" in 2010, followed in 2011 by "Techno" which maintains its fresh new appearance for years, and "Techno Climatic" which reflects infrared rays and thus insulates the body against heat. By adding these series to its product portfolio, Altınyıldız has further enhanced the company's innovative and competitive position in the textile industry.

TEXTILE AND APPAREL

ALTINYILDIZ TEKSTİL VE KONFEKSİYON FABRİKALARI A.Ş.

Today, Altınyıldız facilities are spread over a covered space of 83,345 m^2, constituting the second largest plant in Europe and ranking among the top 10 in the world.

AYTK entered the ready-to-wear sector after signing a consultancy and technical cooperation agreement with Italy's Forall Group in 1995. In 1997, the first Altınyıldız-branded men's collection was offered to customers. In September 1999, Altınyıldız women's collection followed, and the "NetWork" brand was created. The next year, the brand "Fabrika" was launched, followed by "Que" in 2007.

As a result of the vast expansion of the company's business volume due to the creation and launch of a number of new brands, AY Marka Mağazacılık was separated from Altınyıldız in 2008 and was given a legal identity as an independent retail company.

In addition to supplying for its Group brands, AYTK also manufactures ready-to-wear for numerous domestic and overseas firms. The company has become the choice of top-tier customers owing to its advanced quality standards, high productivity and timely manufacturing. In addition to the Group brands Altınyıldız Classics, NetWork, Fabrika, Que, Beymen Business and Beymen Club, the company produces for world-renowned brands such as Ann Taylor, Express, Tommy Hilfiger, Massimo Dutti, Zara, H&M and Banana Republic.

KEY INDICATORS

	Textile	Ready-to-Wear
Year of Establishment	1952	1971
Capacity (in-house)	8,500,000 meters	405,000 units
Production Volume (2013)	7,920,000 meters	1,240,000 units
Net Sales (2013)	TL 129.7 million	TL 115.6 million
Number of Employees (year-end)	905	671

MILESTONES

Milestones

1952 Altınyıldız Tekstil ve Konfeksiyon A.Ş. was founded.

1956 The company's first exports were carried out.

1991 The company held its IPO.

1992 ISO 9001 Quality Certification was obtained.

1996 The Australian Super Fine Wool Growers Association accepted the company for membership.

1997 The Integrated Heat and Power Plant was established.

Altınyıldız launched its first own-brand collection.

1999 The NetWork brand was created for businessmen and women.

2000 The brand Fabrika was launched.

2003 The company patented the Formula 1 technology.

2007 The design brand Que was launched.

2008 AY Marka Mağazacılık gained a separate legal identity.

2010 Altınyıldız started to produce fabric with nanotechnology.

2011 The Techno Climatic series was added to the product portfolio.

2011 The ISO 14064 Scope 3 study was approved by BSI.

2013

In late 2013, the Company transferred its textile and garment operations to the wholly owned subsidiary Altınyıldız Tekstil ve Konfeksiyon A.Ş.

TEXTILE AND APPAREL

ALTINYILDIZ TEKSTİL VE KONFEKSİYON FABRİKALARI A.Ş.

AYTK carries out around 75% of its domestic textile sales through 15 primary dealers centered in Istanbul. These dealers distribute the company's products across Turkey via their sub-dealers.

SALES AND MARKETING

The impact of Far Eastern exports on the industry coupled with the recession that hit world markets prompted Altınyıldız Tekstil to carry out a restructuring program in late 2012. As a result, the company rationalized its less profitable products and customers, especially in the domestic market. This more efficient and bottom-line focused system will start to bear fruit in 2014 and is expected to lead to a rise in fabric sales for the company.

Since a sales strategy that is solely product-focused is vulnerable to global price competition, AYTK embraced a strategy that integrates product and service in its overseas sales and moved towards service and product development initiatives.

AYTK carries out around 75% of its domestic textile sales through 15 primary dealers centered in Istanbul. These dealers in turn distribute the company's products across Turkey via their sub-dealers. The other sales channels for the domestic market are apparel retail chains and Boyner Group companies. In 2013, 10% of domestic sales were to Boyner Group company BR Mağazacılık, which is in charge of the retail operations of Beymen Business and Altınyıldız Classics brands across Turkey.

Around 75% of AYTK's domestic ready-to-wear sales are to its biggest customer, AY Marka. Some 20% of company sales are made to other Boyner Group companies, such as BR Mağazacılık, Beymen and BBM.

Exports are carried out via AYTK sales offices in Germany and the USA, and the company's sales representatives in France, the UK, Italy, Denmark, Japan and Taiwan. Overseas sales account for around 29% of the company's total sales. In 2013, exports stood at TL 63.8 million.

Sales Volume	2011	2012	2013
Textile (million meters)	14.1	11.1	7.5
Ready-to-wear (units)	1.6	1.5	1.3

Sales Volume (TL million)	2011	2012	2013
Consolidated Net Sales*	340	306	222.6
Textile	244	200	129.7
Ready-to-wear	130	125	115.6

* Intra-company sales were eliminated while calculating consolidated net sales.

RESEARCH AND DEVELOPMENT

In 2014, the company plans to target highly profitable markets and products with limited capital investment requirements, while working to ensure a healthy cash flow from sales. In addition, the company prioritizes the latest fashions, and its R&D Department has initiated efforts to design collections and product palettes for this purpose. As for the dealership system, AYTK will abandon the model of producing for inventory and transition to the product delivery method focused on the order and deadline model, already in use for export customers.

INVESTMENTS

In order to sustain its manufacturing quality and productivity in 2013, Altınyıldız Tekstil invested TL 2.9 million in machinery, TL 1.9 million to move its head office to Çerkezköy, TL 0.5 million in information technology and TL 0.6 million in other investments, totaling TL 5.9 million.

As of December 31, 2013 Altınyıldız Tekstil had 1,576 employees, who had an average age of 36. In 2013, 331 new employees were recruited to the company.

HUMAN RESOURCES

Our human resources approach is based on creating working environments that uphold human dignity and treating all employees equally. Staff are offered equal opportunities in recruitment, employment, remuneration, participation in training, promotion, retirement and all other work related aspects. We deem unacceptable any discrimination based on color, gender, religion, marital status, sexual orientation, political ideology or membership, ethnic identity, health condition, family responsibilities, trade union activity or membership, physical disability or age.

We view unionization as a right and sign collective labor agreements with our unionized employees. Our work ethic principles and practices are detailed in writing. We consider internal communications activities with company personnel as a way to establish an in-house democracy and enable employees to participate in decision-making processes related to themselves via different communication channels.

Our kindergarten service helps the company's female employees to maintain a balance between family and professional life, and we make a point of establishing gender equality in all company processes.

Personal and Professional Development Training
Altınyıldız Tekstil organizes training programs on managerial and functional area related topics to achieve the best business results in line with the company vision, mission, values and objectives, in an ongoing and inclusive fashion. The underlying philosophy of training programs is to increase the productivity and development of individuals, teams and the organization as a whole, and to help employees improve their skills. All newly recruited personnel take part in orientation, occupational health and safety and on-the-job training programs. In 2013, 1,245 employees participated in the company's training seminars.

Number and Profile of Employees
As of December 31, 2013, Altınyıldız Tekstil had 1,576 employees, who had an average age of 36. In 2013, 331 new employees were recruited to the company.

Human Resources	Women	Men	Total
Number of Employees	661	915	1,576
Average Age	34	37	36

ISTWEST

PROJECT START DATE

2011

PROJECT DELIVERY DATE

2013

TOTAL AREA

70 decares

PROJECT SCOPE

571 private residences
428 apartments
75 stores

SHAREHOLDING STRUCTURE

Altınyıldız 47.5%
Fer Yapı 52.5%

STARCITY

PROJECT START DATE

2007

PROJECT DELIVERY DATE

2010

TOTAL AREA

134,000 m^2

PROJECT SCOPE

137 stores
8 movie theaters
50,739 m^2 parking lot

SHAREHOLDING STRUCTURE

BYN Gayrimenkul 40%
Merkür Tic. A.Ş. 60%

OTHER INVESTMENTS

ISTWEST HOUSING PROJECT - STARCITY SHOPPING MALL

DEVELOPMENT PROJECTS FOR LIVING OR INVESTMENT

ISTWEST HOUSING PROJECT

The İstWest housing development project has been carried out by Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. (renamed Altınyıldız Tekstil ve Konfeksiyon A.Ş. as of December 23, 2013) on the former Altınyıldız factory site near Istanbul Atatürk airport, in partnership with the construction company FerYapı. The project was initiated in April 2011 and was completed in December 2013.

The project is situated on a land parcel spread across 70 decares in Yenibosna, Istanbul in close proximity to the airport. The project's earnings will be shared according to a revenue sharing model in which Altınyıldız has a 47.5% stake and Fer Yapı has a 52.5% stake.

The sales of 110,000 m^2 of residential space and 17,500 m^2 of commercial space started in April 2011. As of year-end 2013, 85% of the development's housing units were sold. The project was completed in only two and a half years, and the residential units started being delivered to homeowners in June 2013.

The development project comprises 571 private residences, 428 apartments and 75 stores located in the shopping square. Presented as Istanbul's most chic "Living Development," IstWest's diversity has played a key role in turning it into one of the city's top real estate developments.

STARCITY SHOPPING MALL

Established under the umbrella of Altınyıldız in 2007, BYN Gayrimenkul Geliştirme A.Ş. runs the StarCity shopping mall operation initiated on the former Altınyıldız factory site in 2010 jointly with Yıldız Holding's subsidiary Merkür Ticaret A.Ş. Some 40% of the project revenues go to BYN Gayrimenkul, which owns the land, and the remaining 60% to Merkür Ticaret A.Ş., which has constructed the retail development. StarCity shopping mall was built as an outlet center in consideration of the socio-economic profile of the surrounding community.

As of December 2013, 96% of the gross leasable area had been leased.

Total construction area: 134,000 m^2
Total leasable area: 46,000 m^2
Number of stores: 137 shops and eight movie theaters
Accessible via three gates
Indoor and outdoor parking space totaling 50,739 m^2

SUSTAINABILITY

WE CONDUCT OUR BUSINESS WITH A TRANSPARENT AND ACCOUNTABLE APPROACH

SUSTAINABILITY MANAGEMENT AND STAKEHOLDERS

We conduct our business operations in line with a transparent and accountable management approach, and include internal and external stakeholders in all processes.

Sustainability constitutes our core corporate policy in shaping our business strategies and activities. The main pillars of our sustainability policy include: providing employees with a working environment that respects human dignity; ensuring the unconditional happiness of customers; minimizing the environmental footprint of our manufacturing and other operations; putting our signature on eco-friendly practices; having a favorable social and environmental impact on our supply chain; carrying out social development projects in collaboration with NGOs and public agencies; and encouraging voluntary social efforts taken on by our employees. If we detect any deficiency or insufficiency in our social and environmental performance measurements, we take the necessary corrective measures in line with action plans, and conduct our activities with the goal of pursuing continuous improvement.

We invite our stakeholders to join our activities on national and international platforms and transfer the best practices we learn to our business lines. We are a member of the UN Global Compact Advisory Group on Supply Chain Sustainability and preside over its working group in Turkey. Seven out of the 17 Turkish companies to have signed the UN Global Compact Women's Empowerment Principles are under the umbrella of Boyner Holding.

Under the coordination of the Corporate Responsibility and Sustainability Department, Group companies carry out a variety of sustainability related activities.

The Group's sustainability working groups include the following:
- Greenhouse Gas Inventory Quality Team
- Clean Production Working Group
- Green Office Team
- Supply Chain Sustainability Team
- Occupational Health and Safety Coordination Team
- Working Group on "Touching Employees' Hearts"

The activity areas identified according to the priorities and needs of our companies and stakeholders:

Our Environmental Performance
- Energy Efficiency
- Water Efficiency
- Waste Management
- Clean Production

Our Social Performance
- Occupational Health and Safety
- Human Rights
- Non-Discrimination
- Anti-Corruption

Community
- Community Investments Programs
- Corporate Volunteerism
- Strategic Philanthropy

Product
- Quality
- Safe Use of Chemicals
- Social Compliance in the Supply Chain
- Innovation

In structuring sustainable business strategies and activities, we focus on this area with a comprehensive management approach that includes all of our internal and external stakeholders.

Our Stakeholders	Our Communication Channels	Our Objective
Our Customers	• Sales and CRM Teams • Call Center Operators • Sales Teams	• We strive to put the Unconditional Customer Happiness principle into action. • We strive to anticipate the needs of customers beforehand and provide them with services that exceed their expectations.
Our Suppliers	• Supply Teams • Quality and Social Compliance Audit and Monitoring Teams	• We strive to create a sustainable supply chain structure.
Our Employees	• Intranet • Boyner Group Managers Communications and Development Group • Boyner Group Volunteers • Trade Union	• We strive to establish a culture of democracy in the Group and ensure employee participation in management and their happiness.
Our Shareholders	• General Assembly • Investor Relations Management • Corporate Governance, Annual and Sustainability Report	• Notification, Transparency
Environment	• Sustainability Working Groups • Boyner Group Volunteers • NGO Memberships	• We strive to improve our environmental performance and raise environmental awareness among employees.
Society	• Boyner Group Volunteers • NGO Memberships • Social Responsibility Projects	• We strive to contribute to people-centered socio-economic development, the establishment of gender equality, social inclusion of disadvantaged social groups, and protection of the environment. • We strive to contribute to the dialogue and cooperation between the public and private sectors and civil society.

STAKEHOLDERS

We are a member of the following NGOs:

- AMPD - Association for Shopping Malls and Retailers, www.ampd.org.tr
- ASKON - Anatolian Lions Association, www.askon.org.tr
- BMD - United Brands Association, www.birlesmismarkalar.org.tr
- ÇERSAD - Association of Çerkezköy Industrialists
- ÇTSO - Çerkezköy Chamber of Industry and Commerce, www.cerkezkoytso.org.tr
- İGSD - Istanbul Association for Garment Manufacturers
- İHKİB - Istanbul Union of Ready-to-Wear and Garment Manufacturers
- İSO - Istanbul Chamber of Industry, www.iso.org.tr
- BCSD Turkey – Business Council for Sustainable Development – Turkey, www.tbcsd.org
- İTHİB - Istanbul Association for Textile and Raw Material Exporters, www.ithib.org.tr
- İTKİB - Istanbul Association for Textile Garments Exporters, www.itkib.org.tr
- İTO - Istanbul Chamber of Commerce, www.ito.org.tr
- KALDER - Quality Association, www.kalder.org
- UN Global Compact, www.globalcompact.org
- NRF - National Retail Federation, www.nrf.com
- ÖSGD - Corporate Volunteers Association, www.osgd.org
- PERYÖN - Turkish Human Resources Management Association, www.peryon.org.tr
- TGSD - Association for Turkish Garment Industrialists, www.tgsd.org.tr
- TOBB - Turkish Union of Chambers and Exchanges, www.tobb.org.tr
- TTTSD - Association for Turkish Textile Finishers, www.tttsd.org.tr
- TÜHİD - Turkish Public Relations Association, www.tuhid.org
- TÜSİAD - Turkish Industry and Business Association, www.tusiad.org.tr
- TÜTSİS - Trade Union of Textile Employers, www.tekstilisveren.org
- TÜYİD - Turkish Association for Investor Relations, www.tuyid.org
- Yeni Bosna Sports Club, www.yenibosnasporkulubu.com
- YENSAV - Yeni Bosna Industrial Zone Environmental Development Foundation IGDS - Intercontinental Group of Department Stores, www.igds.org
- IADS - International Association of Department Stores, www.iads.org

Boyner Grubu Gönüllüleri

EXPANDING SUSTAINABILITY IN ALL OUR SCOPE OF INFLUENCE

Boyner Group Volunteers (BGG)

Our generously awarded corporate volunteer program, Boyner Group Volunteers, is a key component of our socially responsible citizenship approach.

Boyner Group Volunteers is an corporate team committed to their jobs as well as to volunteerism and to volunteer work. In 2013, 397 volunteers carried out 1,648.5 hours of voluntary social work. The number of employees who participated in the activities rose from 276 in 2012 to 397 in 2013.

Set up in 2002, BGG contributes to society through the projects and activities that they plan annually. The group also plays a key role in encouraging employees to embrace the concept of volunteerism and to become an active participant in resolving social problems. BGG carries out social development projects, activities and campaigns that expand our corporate responsibility and sustainability approach in line with our ethical principles, and continuously widens its area of influence with the participation of our stakeholders.

BGG has created its own database for corporate development efforts and measures the social contribution and impact of every activity the organization undertakes.

BGG Activities in 2013

Campaigns: As part of our book campaign, our volunteers sent 1,500 books and specially written motivation letters to the libraries of four primary schools. We also collected toys for the kindergarten class of a primary school. We collected plastic bottle caps that led to the donation of 11 wheelchairs. We participated in a campaign dubbed “Doggy Says” organized by the Yedikule Animal Shelter, and collected certain categories of waste from our stores and offices as requested by the shelter and delivered these materials to the shelter premises. We also carried out the “Van is Freezing” project together with our employees and customers across Turkey, and sent various winter items to survivors of the Van earthquake living in encampments. During our annual Blood Donation campaign, we not only raised awareness about the issue but we also made blood donations to the Turkish Red Crescent.

Activities: On April 23rd National Children's Festival, our volunteers visited children in various health centers and kindergartens such as 70. Yıl Fizik Tedavi Merkezi, Cerrahpaşa Hastanesi Çocuk Servisi, Bahçelievler Çocuk Yuvası, Lösev Antalya, Erciyes Üniversitesi Onkoloji Bölümü, and Gümüşhane Çocuk Yuvası. On Father's Day, we visited Darülaceze, an institution for the elderly and disabled; and on Mother's Day, we organized a design workshop for mothers. We played host to a party for hearing disabled youngsters and gave volunteer support to Yedikule Animal Shelter.

Projects: In cooperation with the Association for Solidarity with Asylum Seekers and Migrants (ASAM), we embarked upon the project "Different Colors, Different Cultures" in 2011. As part of the initiative, we organized events to facilitate the social inclusion of refugee and asylum-seeking children, to support their emotional development, and to enable their integration into society.

In the project "Meslek Lisesi Memleket Meselesi" organized by the Private Sector Volunteers Association, our volunteers act as mentors to prepare vocational high school students for their chosen professions. As part of the "Pomegranate Arils" initiative spearheaded by Boyner Holding, our Human Resources executives provided career consultancy to young women.

SUPPLY CHAIN SCOPE OF INFLUENCE

To create a sustainable supply chain, we started to carry out social compliance audits of 45 of our suppliers in 2013, on top of our existing quality controls.

Under this initiative, we audit and monitor our suppliers for their performance in industrial rights, protection of human dignity, occupational health and safety, non-discrimination, waste management, safe usage of chemicals, energy and water consumption, good governance, transparency, and accountability.

Areas of Audit and Monitoring
- Management systems
- Work hours
- Payments and vested benefits
- Non-discrimination policy
- Disciplinary procedures
- Working conditions of pregnant, nursing and young employees
- Child workers and forced labor
- Access to health services
- Service safety
- Fire safety
- Building safety
- Safe use of chemicals
- Safe use of electricity
- Waste, energy and water management
- Workplace hygiene
- Occupational health and safety

In 2014, we plan to increase the number of suppliers audited by 100% and offer training programs to suppliers to encourage them to put sustainability into practice in their workplaces.

We translated into Turkish and distributed the publication entitled “Supply Chain Sustainability: A Practical Guide to Continuous Improvement” by the UN Global Compact. We are a member of the UN Global Compact Advisory Group on Supply Chain and preside over its working group in Turkey.

Comprehensive Supply Chain
In 2013, we embraced the “Comprehensive Supply Chain” work model and took the first relevant action at Boyner Büyük Mağazacılık. As part of this model, meant to bring economically disenfranchised groups into the supply chain, we cooperated with the Foundation for the Support of Women’s Work (KEDV). Their economic enterprise “Nahıl” produced the visuals for our retail shop windows.

In 2013, we started to offer seminars on “Supply Chain Sustainability” and “Safe Procurement” to all of our procurement and supply managers.

OUR WORKING ENVIRONMENT

Democracy in the Workplace
The Boyner Group supports the creation of an open communications environment where all employees can express their ideas and suggestions freely, and encourages all personnel to share their suggestions via the corporate intranet. When disagreements arise in the workplace, managers lend an objective ear to every party involved. Our management philosophy is based on the pillars of transparency, openness, accountability, participation, compliance with legal and regulatory requirements, and responsibility towards society.

Principle of Equal Treatment
Boyner Perakende offers employees equal opportunities in recruitment, employment process, remuneration, participation in training, promotion, retirement and all other work related aspects.
We deem unacceptable any discrimination based on color, gender, religion, marital status, sexual orientation, political ideology or membership, ethnic identity, health condition, family responsibilities, trade union activity or membership, physical disability or age.

Equal Opportunities
In 2013, we expanded our equal opportunities practices to include our suppliers. The company started to audit its suppliers for various issues such as the percentage and working conditions of women in accordance with applicable legislation.

EMPOWERMENT
WOMEN'S PRINCIPLES
EQUALITY MEANS BUSINESS
UN WOMEN
UNITED NATIONS GLOBAL COMPACT

Having signed the UN Global Compact Women's Empowerment Principles in 2011, we started to report our work in this area from 2012 onwards. In 2014, we will renew our Equal Opportunity Model certification obtained in 2011 from the Women Entrepreneurs' Association of Turkey and the World Bank. The Women in Leadership Forum recognized our Chairman Cem Boyner with the Male Champion of Change Award in 2013. In addition, Boyner Group was presented with the Great Place to Work Turkey – Special Award for Equal Opportunity and Supporting Women.

Women and Men Equality in the Group

Percentage of women employees	46%
Percentage of women among head office employees	55%
Percentage of women among store employees	67%
Percentage of women among blue-collar employees	43%
Percentage of women managers	38%
Percentage of women participants in training and development programs	47%
Percentage of women in employees promoted in 2013	40%

We periodically monitor the maternity leaves taken by female employees, and make sure that these women continue to work in the same or a similar position upon their return.

Number of women on maternity leave in 2013	157
Number of women on return from maternity leave in 2013	105

We devised a dashboard where we can consolidate data on gender equality and carry out systematic monitoring. We produce reports on SAP to keep track of the following data in three- or six-monthly periods.

- Breakdown: Head office/store, manager/others, full-time/flex-time
- Seniority
- Training and Development
- Absence
- Resignation, dismissal
- Kindergarten services

In 2013, we focused our equal opportunity efforts at BBM on the rights of disabled individuals. Our objective was to analyze the needs of disabled citizens in the retail industry, to identify how much our disabled employees benefit from equal opportunity practices in the workplace, and to translate all these analyses into practice. We checked the accessibility level at all of our locations, and eradicated all the problems of access identified at seven stores. We included 38 stores in our 2014 work plan for renewal. We added the topic of "Appropriate Treatment of Disabled Customers" to our orientation program in 2013. Additionally, experts from our stakeholder the Alternatif Yaşam Derneği (Association for Alternative Living) conducted a "Training Program for Trainers" for our in-house training team.

Freedom of Association

Employees fully enjoy all their rights to freely organize. Blue collar personnel working at Altınyıldız Tekstil ve Konfeksiyon A.Ş. are unionized and collective labor agreements are applied at these workplaces.

Committee of Ethics

Each Boyner Group company has a Council of Ethics set up to analyze any warning, complaint or denunciation related to violation of Group Values and Working Principles and to make the necessary assessments. The ethical behavior and transparency clearly defined in the Group Values and Working Principles booklet are deemed the responsibility of all employees. Relevant policies and practices were also announced to all managers.

In 2013, we were named by ETİKA (EDMER Center for Ethical Values) as one Turkey's ethical businesses.

The Council of Ethics carries out the analysis needed on those issues brought to its attention, and proposes various sanctions including dismissal in the event that violations are found. Issues which cannot be resolved by the concerned company's Council of Ethics can be settled by the Boyner Perakende Council of Ethics.

Anti-Corruption

In the "Business Relations" and "Confidentiality" chapters of the Boyner Holding Work Principles booklet, ethical rules that bind all employees including the Chairman, Board Members and other senior managers are clearly defined.

Accordingly, carrying out any business activity that could lead to commercial rivalry with Boyner Holding is considered a conflict of interest.

Principle of Confidentiality

All documents and information are deemed confidential if their disclosure can place Boyner Holding at a competitive disadvantage, violate the rights of Group personnel, and compromise the privacy of customers, suppliers and employees. The sharing of such documents and information with third parties, and taking these outside of the Group are considered unethical behavior.

Disclosing or sharing with third parties any information such as customer data or financial figures, which could lead to unfair competition or commercially jeopardize our companies, especially publicly traded ones, is unacceptable.

All senior managers including Board Members are also barred from disclosing any company secrets and/or confidential information.

Occupational Health and Safety

We consider that work conditions suitable for human dignity are part of our employees' rights to a safe and healthy life. We make a point of creating workplaces that are healthy, safe, and, last but not least, enjoyable for Group personnel. We encourage and support our employees to invest in their own mental, physical and spiritual development. To this end, we offer the workforce various opportunities in areas such as exercise, healthy nutrition, ergonomics, and employee clubs for leisure activities. In 2013, 5,858 Group personnel participated in occupational health and safety training. In 2014, we plan to take these efforts to a higher level using e-learning programs. Additionally, in 2013, we shared with our employees our "Handbook on Health, Safety and Fun at Work."

Human Resources Practices

In all of our Human Resources policies and practices such as recruitment, promotion, transfer, rotation and remuneration, we embrace an equitable approach and categorically reject all discrimination based on language, race, skin color, gender, political orientation, belief, religion, denomination, age, physical disability and the like.

We operate in compliance with all applicable laws, rules and regulations. Our unionized employees are covered by collective labor agreements; thus, the agreement reached between the trade union and Company management applies to all employees regardless of differences.

The Human Resources departments of all Group companies conduct development programs specific to their respective business. Two development programs, BIG and BANG, are open to the participation of all Group employees.

The objective of the BIG program launched in 2003 is to ensure that every manager benefits equally from the experiences of the Group's top management, to share the rich know how of the Group, and to identify promising manager candidates. BANG, on the other hand, functions as a platform of training and development that organizes common activities for the entire Group.

Our Compensation Policy

At our companies, we implement a fair and egalitarian remuneration system. In this system, characteristics such as age and gender are not taken as criteria. Each position corresponds to a certain point value and salaries are managed according to this system.

In our stores, the salaries of sales consultants and expert sales consultants are determined according to their occupational position. While recruiting for these positions, everyone is remunerated equally. Individual differences are rewarded with bonuses calculated on the basis of sales performance.

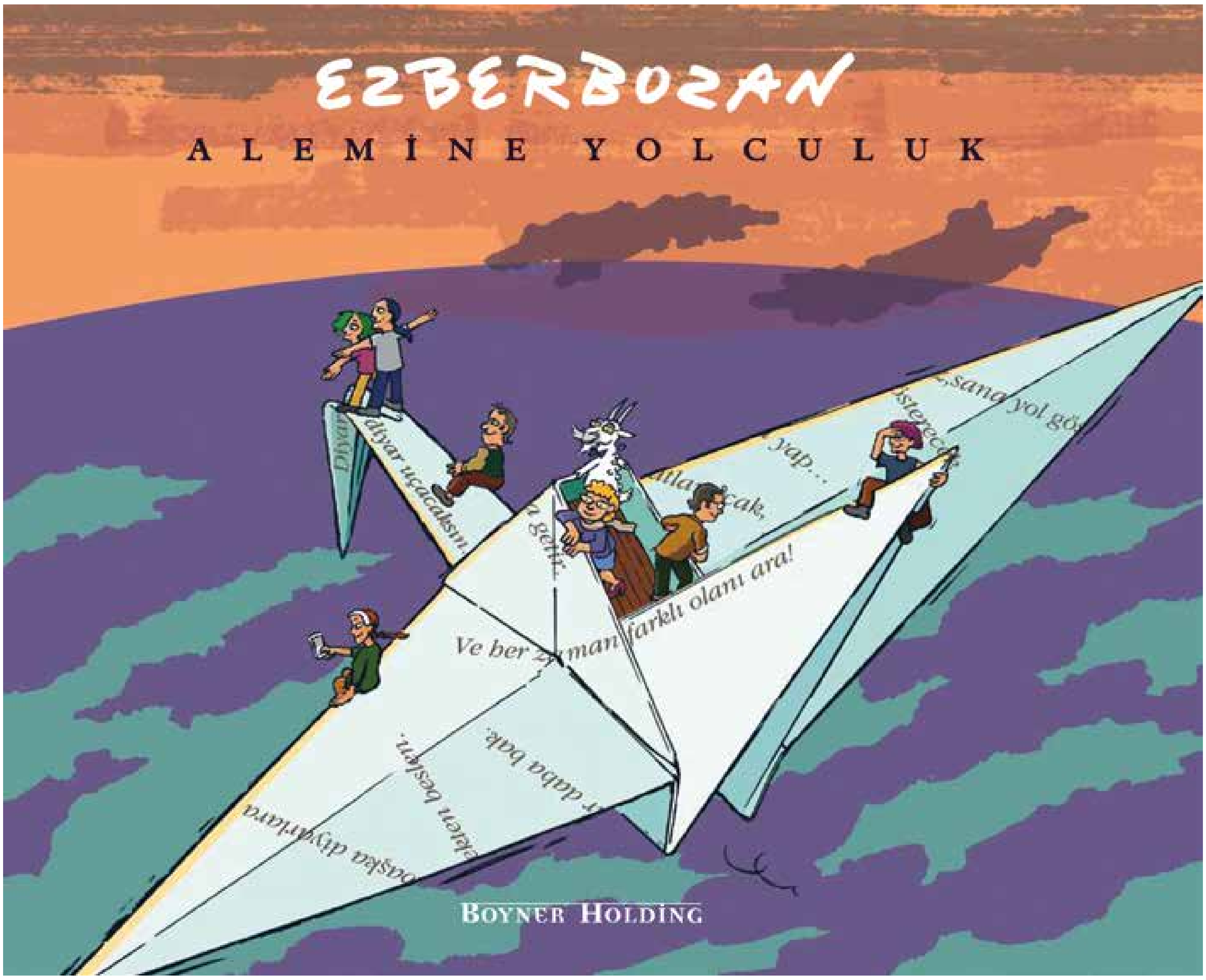
Our Fringe Benefits for Employees

In all Group companies, employees are extended fringe benefits covering their meal, transportation and private health insurance expenses; they are also issued Group discount cards. The side benefits enjoyed by unionized personnel are outlined in collective labor agreements

Employee Communication

The Group regularly provides company-related information to employees and collects their opinions and suggestions via the intranet system, "**Boynerişim**." The Boynerişim network offers Group employees up-to-date news and information on job openings in Group companies, the achievements of these companies, campaigns specific to employees, the history of the company, manager profiles, conferences organized by the Group, corporate social responsibility projects and volunteer activities.

Boynerişim is not only a news source for employees, but also a platform where personnel can share their creative ideas as well as personal ads. Through the internal stakeholder network, we have achieved our objective of gathering all Group employees around a common platform.



Booklet on Corporate Culture

Boyner Group's various activities, which break from the routine, inspired publication of the corporate culture booklet "Ezberbozanlar Alemine Yolculuk," translated as "Voyage to the World of Groundbreakers." The text presents employees the Group's work principles.

Boyner Holding is a passionate, creative, audacious, responsible, great big family which takes inspiration from its customers and never ceases to learn.

Hobby Clubs for Employees

We organize hobby clubs for our employees as places where they can relax after their busy daytime work, socialize and interact. Open to all Boyner Group employees, the various hobby clubs announce their activities via Boynerişim.

Partnerships with Universities

The Boyner Group strives to grow by sharing its experiences acquired in the business world. To this end, we have established strong relations with universities, the ideal location for our professionals to share about their work experience. At the conferences and panel discussions where our companies are invited, employees share with students their vocational know how while gaining access to large numbers of young undergraduates. These activities allow us to introduce numerous university students across Turkey to the basics of the retail industry. In order to take our relationship with universities to a higher level, in 2011-2012, we started offering "Retail Management" classes at Bahçeşehir University in cooperation with the CO-OP career center. We also initiated the "Retail and Store Management" certificate program at Bilgi University. These programs continued throughout 2013. Our partnerships with universities allow Group personnel to share their professional experience with students and set an example for members of the younger generation who are considering a career in the retail industry.

As part of our partnerships with universities, vocational colleges and vocational high schools, we offer internship opportunities to young individuals in order to allow them to gain experience in the profession and business line of their choice.

Community Investment Program

The Group also joins forces with individuals, institutions and agencies that work for the democratization and development of Turkey, and implements projects to contribute to the betterment of society. We especially cooperate with institutions that place an emphasis on human rights, gender equality, the environment and diversity. In addition to our donations to various NGOs, we also sponsored the Istanbul Biennial and the Sustainable Living Film Festival in 2013.

Pomegranate Arils: Stronger Young Women, Happier Futures

The project Pomegranate Arils: Stronger Young Women, Happier Futures was initiated in 2009 with the cooperation of the Ministry of Family and Social Policy, Boyner Holding and its subsidiaries and with the support of the UNFPA, General Directorate of Child Services, and the Human Management Association of Turkey (PERYÖN). In 2013, we continued the initiative through a collaboration with the Family Health and Planning Foundation of Turkey (TAPV). In 2013, we continued the initiative through a collaboration with the Family Health and Planning Foundation of Turkey (TAPV).

The project's objective is to provide support to young women aged 18-24, who were raised in orphanages and subjected to social and economic exclusion, in order for them to continue their education, bolster their personal development, and to prepare them for the job market by improving their job-seeking skills. As such, a group of mentors provide these young women in need with social and economic guidance, and help them in overcoming problems associated with gender discrimination.

From 2009 through 2012, 162 young women from across Turkey completed a two-week educational program and received a year of mentorship support. Some 51% of the young women who participated in the project became employed, 33% continued their education and 16% are active job seekers.

In 2013, as part of the Pomegranate Arils: Stronger Young Women, Brighter Futures / Child Empowerment Program, we initiated efforts to support the development of children aged 13-18 and who were raised in the dormitories of the General Directorate of Child Services, in the following areas:

- Personal and psychological development,
- Socialization and social inclusion,
- Capacity to assume responsibilities,
- Continuous education and academic achievement, and
- Guidance in the choice of a profession.

Under the child development project, our objectives are as follows:

- Supporting public employees (such as care personnel, vocational teachers, group and dormitory managers, and directors) through various training programs;
- Increasing cooperation among public agencies (national employment agency İŞKUR, and Ministry of National Education); and
- Enhancing partnerships with local stakeholders (local government, NGOs, universities).

In 2013; we carried out needs analysis studies in seven provinces (Bursa, Samsun, Sivas, Ankara, İzmir, Diyarbakır, Konya) with the participation of staff from 445 institutions; as a result, we organized needs-based training programs in four provinces (Sivas, Bursa, Diyarbakır, Samsun) for 305 directors, care staff, group and dormitory managers and vocational teachers.

In 2014, we plan to continue organizing training programs in these provinces and monitor how they affect the children's development.

The ultimate goal of the project is to hand over the model developed by the Pomegranate Arils initiative to the General Directorate of Child Services through training seminars for relevant public employees and new educators, and thus expand it to all children under protection across Turkey.

Environmental Awareness

In order to minimize the adverse ecological footprint of our products and services, Group companies develop and implement projects to diminish the consumption of raw and intermediary material, energy and water.

Our environmental awareness includes not only the performance of our companies but also that of our supply chain. To this end, we carry out social compliance audits to track the energy, water and waste management of our suppliers pursuant to applicable laws and regulations.

Group company head offices and stores separate their solid waste and work with certified waste elimination companies. Our manufacturing plant operates within the limits of an organized industrial zone. Plant management collaborates with the municipality to eliminate domestic and waste, while also making use of the organized zone's water treatment facilities. Additionally, we make use of recyclable bags and packaging at our stores.

Our Activities

Carbon Footprint

Since 2011, we have regularly calculated the carbon footprint of Altınyıldız Tekstil ve Konfeksiyon A.Ş. (AYTK) in all areas of production and administration. Our goal is to decrease our emissions to combat climate change. In 2011, we received the ISO14064 Scope 3 document upon the approval of BSI.

Carbon Footprint: 2012-2013 CO_2-e Emissions (tons)

	2012	2013	Reduction 2012-2013
Scope 1	15,009.77	12,301.88	18.04%
Scope 2	28,135.31	3,954.29	85.95%
Scope 3	26,066.58	18,205.36	30.16%
Total CO_2-e	**69,211.66**	**34,461.54**	**50.21%**

Our Integrated Power and Heat Plant, which became totally operational in 2013, has helped minimize electric and stream purchases falling under Scope 2. As such, we have eradicated power loss due to the external purchase of electricity and decreased our overall consumption.

AYTK's Emission Sources and Greenhouse Gas Protocol is based on the ISO 14064-1 Standard. As a result, we have included in our calculations emission sources such as those falling under Scopes 1 and 2 as defined by the Standard, as well as Scope 3. As for emission factors, we have utilized the methodologies and measurements of IPCC. Additionally, we have made use of the emission values of Turkish public agencies, the LCA reports of private companies, measurements demanded by AYTK from external bodies, the coefficients of NGGIP, and values provided by UNFCCC.

Scope 1: Direct Emissions: Emissions directly released into the atmosphere by our enterprises: natural gas, fuel oil, LPG tanks, air conditioners, fire extinguishers.

Scope 2: Indirect Emissions from Electric Energy: Emissions related to our consumption of purchased electricity and steam from the outside. Since they are generated at the source, we have no control over such emissions.

Scope 3: Other Indirect Emissions: Emission sources and sinks related to the activities of companies whose services we purchase, and over which we have no control. These include recycling processes that function like a carbon sink. We do not have direct access to their precise emission values: domestic and hazardous waste, waste water, raw materials, personnel service buses, taxi fees, logistics activities, domestic and international air travel fees.

Clean Production

Altınyıldız Tekstil ve Konfeksiyon A.Ş. carries out its manufacturing operations at its Çerkezköy plant spread across a 83,345 square meter tract. Manufactured products include water-, stain-, shine- and wrinkle-resistant fabrics, as well as Techno-Climatic fabrics. The plant launched the Clean Manufacturing Project in 2011 to reduce the consumption of raw material, energy and water during the manufacturing process, to eliminate hazardous waste in an eco-friendly way, to decrease all emissions and waste, and to decrease the adverse ecological and health impact of our products throughout their life cycle. To this end, and in line with the objective of diminishing water consumption (by recycling condensed water or reusing it in the form of steam, collecting cooling water for use as hot water, switching to the membrane system in potable water and installing valve jackets wherever necessary), we cut consumption by 15.76% over the prior year.

	2012	2013	Reduction Rate
Water Consumption (m^3)	914,485	770,345	15.76%

Furthermore, we activated our Integrated Power and Heat Plant and made new investments in machinery and lighting in 2013, which allowed us to reduce our carbon footprint by a considerable margin.

Energy Efficiency in Buildings

In 2012, we started to calculate the energy consumption at head offices of Group companies, as per article 7.3.1 of the ISO 14064-1 standard. The scope is limited to the head offices of Group companies and emission sources including those related to energy consumption inside the premises. The study inventory was based on the calculations of IPCC, UNFCC and various national bodies. All emissions related to internal consumption were included in the study.

Scope 1: Natural gas usage, HFC leaks via air conditioners, fire extinguishers, LPG tanks.

Scope 2: Electricity.

Scope 3: Waste water. (Since the waste water generated in office buildings is channeled to the grid, it creates CO_2 emissions inside the companies. Such water consumption is tracked by individual companies.)

Natural gas, electricity, fire extinguisher filling, LPG tanks and waste water are monitored via utility bills. Meanwhile, HFC leaks via air conditioners are calculated through inventory checks. These data are requested from the relevant departments via data forms, and archived by the Corporate Responsibility and Sustainability Department, which carries out the necessary calculation. The resulting total CO_2 emission is divided by total area (m^2) in order to arrive at a productivity index.

Company	Total Emission (tons of CO_2-e)		Unit Emission (tons of CO_2-e/ m^2)		Water Consumption (m^3)	
	2012	2013	2012	2013	2012	2013
AYTK	467.09	418.24	0.0778	0.0697	4,533.00	3,753.00
AY Marka	402.93	425.62	0.1215	0.1284	3,309.33	3,953.00
Beymen	285.76	269.22	0.0977	0.0921	1,436.14	1,825.56
BBM*	485.20	775.53	0.0899	0.0834	3,823.00	5,346.00

*2012 figures do not include YKM.

Green Office

In 2012, Boyner Büyük Mağazacılık joined forces with WWF-Turkey to receive Green Office certification. To this end, the company restructured the internal organization of the head office, and replaced the materials with eco-friendly ones meeting Green Office criteria. The eco-friendly reorganization of the interiors required a special focus on changing employee behavior.

BBM head office employees set up a "Green Team" in order to fulfill all the Green Office requirements. The 46-strong BBM Green Team worked to prevent excessive consumption of water, paper and electricity inside the building, ensure the correct separation of waste, and raise employee awareness about the issue. The team organized awareness campaigns to ensure that these capital investments are supported by employee actions. During these campaigns, personnel were encouraged to decrease their use of water, paper and electricity. The work was given the in-house brand "Green Touch." In addition, the visual design team came up with the eye-catching "Activist Pandas" concept that increased the visibility of the campaign across the company. Messages were delivered to employees via seven 3-D panda bears, which encouraged their participation in the Green Office activities. Additionally, a green consumption manifesto was issued.

	Electricity Consumption (KwH)		Electricity Consumption per Square Meter (KwH/ m²)		
Boyner + YKM	**2012**	**2013**	**2012**	**2013**	**Change**
Electricity Consumption (KwH)	1,135,713	1,256,851	141.96	135.15	-4.80%
Total Area (m²)	8,000	9,300			16.25%
Water Consumption (m³)	6,401	5,346			-16.48%

As a result of the Green Office related activities, our electricity consumption dropped by 4.80% and water consumption fell by 16.48%.

Carbon Disclosure Project

The Carbon Disclosure Project (CDP) was created in 2000 to collect data and create resources in order to help companies, investors and governments in their fight against climate change. BBM's emission data values for the inventory year 2012 were entered in the CDP system. The operational boundary has been chosen as the BBM building and the calculation was limited to Scope 1 and Scope 2.

Scope 1: Diesel Used in Vehicles; Natural Gas Emissions; Diesel Used in Construction Equipment and Generators; Emissions from Air Conditioners; LPG Emissions; Emissions from Coolers and Refrigerators; Emissions from Fire Extinguishers.

Scope 2: Electricity-induced Emissions.

BBM Emissions in 2012 and 2013

	2012* (tons of CO_2-e)	2013 (tons of CO_2-e)
Scope 1	531.11	843.61
Scope 2	630.97	671.29
Total	**1,162.08**	**1,514.90**

* Excludes emissions by YKM.

The emission rise in the year 2013 is related to the increase in total head office area and the acquisition of YKM. Unlike the previous calculations on Energy Efficiency in Buildings, these calculations include emissions whose resources are to be found outside the buildings.

APPENDIX

References to the UN Global Compact

UN Global Compact	Relevant Section
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Our Management Philosophy, Code of Ethics, Our Work Environment/Principle of Equal Treatment/Equal Opportunity
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Our Influence on the Supply Chain, Principle of Equal Treatment
Labor	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Our Influence on the Supply Chain, Freedom to Organize
Principle 4: The elimination of all forms of forced and compulsory labor;	Our Influence on the Supply Chain
Principle 5: The effective abolition of child labor;	Our Influence on the Supply Chain
Principle 6: The elimination of discrimination in respect of employment and occupation.	Our Work Environment/Principle of Equal Treatment/Equal Opportunity
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Sustainability Management and Stakeholders/Environmental Awareness,
Principle 8: Undertake initiatives to promote greater environmental responsibility; and	Sustainability Management and Stakeholders/Environmental Awareness, Our Influence on the Supply Chain
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Environmental Awareness
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance Section, Anti-Corruption

Boyner Perakende ve Tekstil Yatırımları A.Ş.
Eski Büyükdere Cad. Park Plaza No: 14 Kat: 15-16 34398
Maslak/İstanbul

Contact person for the further details of Boyner Perakende Sustainability Report

Aysun Sayın

Corporate Responsibility and Sustainability Department
asayin@boynergrup.com

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Corporate Governance Principles Compliance Statement

As a well-established entity with strong corporate foundations, Boyner Holding respects the corporate governance approach strictly since it is considered to be the key of continued successful business practices. Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. (“Company” or “Altınyıldız” or “Group”) equally protects interests of its shareholders and all other stakeholders and aims at maximizing its market value.

In 2013, the Company has complied with all compulsory principles specified on the Communiqué Serial Number IV, Nr: 56 on Determination and Implementation of Corporate Governance Principles where it has complied with majority of noncompulsory principles. Our Company is obliged to have two independent members since it is included in the 3rd Group.

Although the ultimate goal is to comply with all noncompulsory Corporate Governance Principles, full compliance has not yet been fully established because of difficulties in implementing some of the principles and differences between some principles and current market, company structure. We are still working on the principles we have not implemented yet and the plan is to incorporate these principles after completing administrative, legal and technical infrastructure works of our Company in a manner effectively contributing to the company management. Detailed studies related to corporate governance principles and principles not implemented by related departments, yet, as well as conflicts of interests caused by non-compliance, if any, are explained in detail in this report.

Our Company’s Articles of Association have been amended, as required under these legal arrangements, at the 2013 Ordinary General Assembly Meeting. The Board of Directors’ Committees established are still active. Our Company’s web site and annual report are reviewed and revised, as required for compliance with the principles. The updates and practices specified on the legislation shall be taken into consideration for complying with the principles in the future and we will proceed accordingly.

CORPORATE GOVERNANCE COMMITTEE

Elif Ateş ÖZPAK
Independent Board Member
Committee Chairman

Tuncay TOROS
Board Member
Committee Member

CHAPTER I – SHAREHOLDERS

2. Shareholder Relations Unit

Ms. Nesrin Gündüz and Ms. Taliye Yeşilürdü work for the Shareholder Relations Unit. As of December 30, 2013, Ms. Taliye YEŞİLÜRDÜ has been acting as the manager of our Company's shareholder relations unit (investor relations unit). Investor Relations and Corporate Governance Manager Taliye YEŞİLÜRDÜ eligible for all the licensing requirements by the Capital Markets Board and is assigned to perform all company related liabilities arising from the Capital Markets legislation and to assure coordination of corporate governance practices.

Contact information of the personnel in the unit is as follows.

Name-Surname	Phone No	E-mail
Nesrin Gündüz	0 212 496 50 60	nesrin.gunduz@altinyildiz.com.tr
Taliye Yeşilürdü	0 212 366 89 84	tyesilurdu@boynerh.com

The operations of this unit are monitored by the Corporate Governance Committee and their segment is exercise of shareholders' rights; they report to the Board of Directors and assure communication between the Board of Directors and shareholders.

The main activities of the unit are as follows;

- Keeping track of Shareholders' records in an orderly and safe manner, as well as keeping them current;
- Complying with written information requests from Shareholders, with the exception of Company information that has not been disclosed to the public and that is considered to be confidential and trade secret;
- Ensuring that the General Assembly Meeting convenes according to current legislation, the Articles of Association and other internal regulations;
- Preparing documents that may be useful for Shareholders at the General Assembly Meeting;
- Making sure that voting results are recorded and the results are reported to the shareholders;
- Supervising and monitoring all issues regarding public disclosures, including legislation and the Company's disclosure policy.

3. Exercising Shareholders' Right to Information

The Shareholders Relations Unit complied with all information requests from the Shareholders filed within this period, except the information which has not been disclosed to the public or is considered to be confidential and/or a trade secret.

The Company has taken necessary measures to ensure that information requests received are appropriately, correctly and meticulously answered over the phone or in writing in the shortest time possible by the Shareholders Relations Unit as well as by the Director and General Manager in charge of the issue in question.

All the information required for Shareholders to exercise their rights properly has been made available to them via the Company website, the Annual Report, disclosure of material matters and replies to individual requests.

Additionally, our Company's website has a separate section titled "Investor Relations" which provides a wide range of complete, accurate and current information to the investors, in Turkish and English. Our Company's website has not disclosed any information or statement within this period which might have material impact on the use of shareholding rights.

The shareholders' right to request appointment of a private auditor is subject to the legislation and thus our Company's articles of association do not include any provisions on requests of appointing a private auditor.

Two shareholders requested appointment of a private auditor at the Ordinary General Assembly Meeting dated March 28, 2013 and the General Assembly appointed Mr. Mehmet Maç as the private auditor. The report issued by Mr. Mehmet Maç has been presented to the related shareholders.

Besides, the Company operations are being periodically audited by an Independent Auditor appointed by the General Assembly.

4. General Assembly Meetings

Our Company's General Assembly Meeting agenda was announced on March 6, 2013 and the annual Ordinary General Assembly Meeting convene on March 28, 2013 at 13:00 o'clock at the company headquarters residing at the address of Yenibosna, 29 Ekim Cad. No: 22 Bahçelievler – Istanbul.

Agenda of General Assembly Meeting, information note giving detailed explanation of agenda items, annual report, financial statements and reports,

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

suggestions on distribution of dividends and power of attorney template were made available to the shareholders at the company headquarters and on the company's website (www.altinyildiz.com.tr).

All of the share certificates representing the issued capital of our company are bearer stocks and all these shares are dematerialized. Accordingly, the call to the meeting, including the power of attorney template and meeting agenda, was published on the Turkish Trade Registry Gazette and two national newspapers as per the law and the Articles of Association.

Assembly Meeting convened on March 28, 2013 through electronic means with a quorum of 87.05% since total 3,482,354,408 shares out of 4,000,000,000 shares equal to total company capital of TRY 40,000,000 were represented at the meeting.

Only shareholders attended to the meeting; other stakeholders or media had not participated. The voting procedure at the General Assembly Meetings shall be by raising hand provided that the documents evidencing a vote by proxy are submitted as per the Capital Markets Board regulations. Each agenda item is individually voted at the meeting.

A separate item is added to the General Assembly Agenda about 2012 donations and aids in order to inform the shareholders.

Shareholders are entitled to express their opinions and ask questions at the General Assembly Meeting and the questions asked at the meeting were answered by the executives present at the meeting.

Agenda, list of attendants and meeting minutes of the General Assembly Meeting are available at the company headquarters and on the company's website.

5. Voting Rights and Minority Rights
General Assemblies and quorums on these assemblies are subject to the provisions of the Turkish Commercial Code.

Participating shareholders or representatives have a single vote for each share at Ordinary and Extraordinary General Assembly Meetings.

There are no mutual affiliation relationships between any of our shareholders and the Company.

At the General Assembly Meetings, votes are cast by raising hands. The Company may build the Electronic General Assembly Meeting System, or choose to purchase it from dedicated system providers to enable members to participate, express opinions, and make proposals, vote on an electronic environment, pursuant to the provisions of the Communiqué on Attendance at General Assembly Meetings of Joint Stock Companies by Electronic Means.

A secret ballot can be preferred upon the request of shareholders representing one tenth of the capital owned by the shareholders present at the Ordinary General Assembly Meeting.

Shareholders may not vote on issues or cases in which they, their spouses or persons of lineal consanguinity are involved.

Shareholders may be represented at General Assembly Meetings by other shareholders or representatives appointed from outside the Company pursuant to Capital Markets Board regulations on voting by proxy. In addition to their own votes, shareholder representatives are authorized to cast the votes of the shareholder they are representing. The form of the letter of proxy is specified and announced by the Board of Directors pursuant to Capital Markets Board regulations.

6. Dividend Right
There are no company shares which are privileged in terms of receiving dividend and having a say on company management.

Date and procedure of distributing annual dividends to the shareholders shall be decided by the General Assembly upon a proposal to be made by the Board of Directors according to the Capital Markers Law and related regulations. 2012 General Assembly Meeting resolved that profit shall not be distributed since there was loss in 2012.

Our Company's dividend policy was presented to 2011 General Assembly Meeting as per the Capital Market Legislation and the Articles of Association and it is available on the company's website (www.altinyildiz.com.tr).

Our dividend policy revised as per the new Capital Market Legislation shall be presented at 2013 General Assembly Meeting for approval of the shareholders.

7. Transfer of Shares
The Articles of Association do not include any provisions restricting the transfer of shares.

CHAPTER II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy

The Company Disclosure Policy, established by the Board of Directors as per the Corporate Governance Principles of the Capital Markets Board, is available on the corporate website (ww.altinyildiz.com.tr).

The main objective of the Company Disclosure Policy is to ensure that, with the exception of trade secrets, necessary information and announcements are communicated to shareholders, investors, personnel, customers and other related parties under equal conditions and in a timely, correct, complete, understandable, clear and affordable manner. For this purpose, the Company acts on the principle of implementing strategic plans and sharing the results with shareholders, investors, and the Capital Markets community pursuant to the generally-accepted accounting principles and the Capital Markets Legislation, under equal conditions and in a complete, fair, accurate, timely and understandable manner.

The annual report is prepared in a detailed manner so that the public can have to access all information regarding the Company's activities.

Information to be disclosed to the public is published on the website of the Public Disclosure Platform (www.kap.gov.tr) and on the corporate website in a timely, correct, complete, understandable and interpretable manner and at a low cost so as to help concerned individuals and institutions make decisions. Furthermore, "e-YÖNET: Corporate Governance and Investor Relations Portal" of the Central Registry Agency may also be used to inform the shareholders directly and effectively.

As per CMB regulations, the Company made 52 disclosures of material matters in 2013. The disclosures are available via the links provided on the corporate website.

The Company's shares are not traded on international stock exchanges.

9. Corporate Website and Its Contents

The Corporate website of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş., www.altinyildiz.com.tr, is actively used for public disclosures as stipulated under the new Turkish Commercial Code and recommended by the Corporate Governance Principles of the CMB. All public disclosures made by Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. are available on the corporate website. The website has been designed and categorized accordingly. The corporate website provides information regarding Company operations for the past five years. The content and format of the website have been prepared in Turkish as stipulated by the Corporate Governance Principles of the CMB and, bearing in mind the foreign investors, most of the content in Turkish is also available on the website in English.

10. Annual Report

Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş.'s Annual Report provides all the information required as per the applicable Communiqué of the Capital Markets Board and the Corporate Governance Principles.

Detailed Annual Reports are available on the corporate website at www.altinyildiz.com.tr.

CHAPTER III – STAKEHOLDERS

11. Notifying Stakeholders

Attention is paid strictly to notify all of the Company's stakeholders, including shareholders, employees, creditors, customers, suppliers and all potential savers who may be interested in investing in the Company's stocks, in writing whenever possible and, if required, the Company's relations with them are regulated through written agreements to the extent possible.

If stakeholders' rights have not been stipulated by the legislation or under a contract, these rights of titleholders shall be protected in good faith rules within the means of the Company and by safeguarding its reputation.

12. Participation of Stakeholders in Management

The Articles of Association of the Company do not contain a provision that stipulates stakeholders' participation in Company management. Nevertheless, Independent Board of Directors members serve this purpose in a sense by representing all stakeholders, as well as the Company and shareholders in overall management.

The Company is in constant communication with all of its stakeholders. Feedback from stakeholders is processed according to internal procedures and then submitted to senior management so as to develop recommendations for solutions and policies.

The Company attaches great importance to practices regarding quality, efficiency and building corporate identity.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

13. Human Resources Policy
As a Group, we are an equal opportunities employer in terms of recruitment, work relationship, salary, participation in training, promotion, retirement and all other employment-related matters.

We do not tolerate discrimination based on race, color, gender, religion, marital status, sexual orientation, political views or affiliation, ethnicity, health status, family responsibilities, union activity or membership, physical disability or age. The Group's human resources practices are explained in details on "A Glance at Altınyıldız" chapter of this report and "Our Work Environment" article of Sustainability Chapter. Besides, human resource policies and practices are specified when providing detailed information about each company of the group.

Boyner Holding is an extended family. We always strive to work -as a good family does- within the boundaries of mutual trust, respect, participation, fairness and collaboration. We aim to fulfill our objectives by ensuring that our employees remain happy and content with their jobs. We exert ourselves to enhance the success, development and loyalty of our personnel through creation of a fair, respectful, healthy and safe work environment.

Employees working at production department of Altınyıldız Tekstil ve Konfeksiyon A.Ş. enjoy all the rights of freedom for unionization. The Company has unionization. Employees can join the unions if they wish, after completing their initial probation period. Unionized employees receive salaries and other vested benefits as per the Collective Bargaining Agreement.

Occupational Health and Safety
Our Company offers a business and work environment that does not conflict with human dignity. We respect healthy life rights of the employees and thus necessary occupational health and safety measures are in place on all buildings and facilities.

Offering healthier and safer work environments to our employees is as important as assuring that our employees enjoy their works and their work environments. We support and encourage our employees to investment in themselves for their mental, physical, emotional and spiritual developments.

14. Codes of Conduct and Social Responsibility
A management approach embracing all internal and external stakeholders is adopted for structuring corporate responsibility and sustainability business strategies and activities. The keys of our sustainability efforts are offering a work environment not conflicting with human dignity, embracing the principles of unconditional customer satisfaction while serving our customers, minimizing environmental impact of our production activities and operations and launching environment friendly practices, having social and environmental influence with our supply chain, launching community projects and assuring participation and contribution of our business partners.

Our Group Companies have their own Ethical Committees to investigate and evaluate any warnings, complaints and incidents reported about violations of Group Values and Operational Principles.

The Ethical Committee investigates the issues brought to its attention and assesses whether the behavior and/or incident in question complies with Boyner Holding Values and Operational Principles or not, and it might suggest enforcing a range of sanctions, including termination of employment relationship, if it is determined that there has been a violation.

Operational Principles of Ethical Committee
- The Ethical Committee shall conduct its activities without influence and impact of duties and responsibility within the group companies.
- The Ethical Committee shall keep written records of all complaints and reported incidents starting from the beginning of investigation process until it is settled. All documents collected as evidence during the investigation shall be kept as well as the written record. The written record shall be archived when the investigation is over.
- The Ethical Committee offers equal rights of defense to all concerned parties at the stage of assessment and all parties shall be heard equally.
- If required, the Ethical Committee might consult a third party for expert opinion provided that the confidentiality principles are not violated.
- The Ethical Committee shall keep confidential the identity of parties filing a complaint and reporting an incident.
- The Ethical Committee's investigation about the complaint and incidents reported shall be confidential.
- The decisions of Ethical Committee shall be enforced immediately and the outcome of investigation shall be notified to the related units and entities.

Contribution to Society

We are cooperating with entities, institutions and establishments working for democratization and development of Turkey to launch projects aimed at contributing to the society. Since we adopt an approach embracing human rights, gender equality, environment and diversity, we cooperate with entities respecting the same values.

Our Company mainly supports and encourages activities aimed at improving socio-economic status of women, educating the youth, self-improvement and contribution to democratization process as well as culture-art events. Accordingly, we cooperate with non-governmental organizations to structure and launch our social responsibility projects and we implement these projects through volunteer work of our employees and financial support offered by our companies. Details of projects related to contribution to society are available on sustainability chapter of our annual report.

Environmental Awareness

Our Company minimizes the amount of raw materials and auxiliary products, energy and water, categorizes solid wastes and stores them at licensed sites for the purpose of minimizing negative environmental impact of our products and services. We comply with national and international standards in terms of solid wastes, water and air emissions produced after such processes. Our Company has been launching a number of projects in this respect and our goal is to extend these successful practices to our other companies. Our environmental awareness is not a principle embraced on for our Company performance but it applies to the supply chain and we subject our suppliers to social compliance supervisions in order to monitor their energy, water and waste managements and regulatory compliance.

Solid wastes are sorted at our Company's headquarters and stores, and we work with certified companies for waste disposal. Our production facility is located within the organized industrial zone; the municipality assists use for solid wastes and the water treatment facility at the organized industrial zone is used for waste water treatment. Besides, shopping bags and carrier bags used by the customers at our stores are made up of recyclable materials, to the extent possible. Details information about our environmental projects is available on sustainability chapter of our annual report.

CHAPTER IV – BOARD OF DIRECTORS

15. Structure and Composition of the Board of Directors

Members of the Board of Directors shall be divided into two categories; executive and non-executive members.

The Company shall be represented and managed by the Board of Directors, composed of no less than five and no more than nine members and elected by the General Assembly of Shareholders. The General Assembly of Shareholders shall determine the number of members to be elected to the Board of Directors within these limits.

The majority of the Board of Directors shall be composed of non-executive members who do not have any executive role in the Company except for the Board of Directors membership.

Among the non-executive Board of Directors members, there shall be independent members with qualifications listed in the Corporate Governance Principles of the Capital Markets Board.

Non-independent Board of Directors Members shall be elected for minimum one year and maximum three years. Independent Board of Directors members shall be elected for terms of office of up to three years; they can be reelected upon nomination. Any Board member whose term of office is over may be reelected.

In case vacancy comes up for any reason before the term of office expires, other members, with the exception of Independent Board Members, shall be responsible for electing a new member for that vacancy. The new member shall officiate until the first meeting of the General Assembly. After his/her full membership is approved at the first the General Assembly Meeting, his/her term of office will be the same as that of the predecessor.

The General Assembly may at any time replace any of the Board Members, if deemed necessary. The Board of Directors shall elect a Chairman and a Vice Chairman from among its members at the first meeting after the election.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

As of 31.12.2013, details on our Board of Directors members and General Manager are as follows. The Board of Directors' Members are appointed for a period of three years under the resolution passed at the General Assembly Meeting dated March 28, 2013.

Name-Surname	Title	Executive/Independent/ Nonexecutive	Company
H. Cem Boyner	Chairman	Nonexecutive	Boyner Holding A.Ş.
Lerzan Boyner	Vice Chairman	Nonexecutive	Boyner Holding A.Ş.
N. Ümit Boyner	Member	Nonexecutive	Boyner Holding A.Ş.
M. Yavuz Sökün*	Member	Nonexecutive	Boyner Holding A.Ş.
Serdar Sunay	Member	Nonexecutive	Boyner Holding A.Ş.
Tuncay Toros	Member	Nonexecutive	Boyner Holding A.Ş.
Fethi Pekin	Member	Nonexecutive/Independent	Pekin & Pekin Law Firm
Elif Ateş Özpak	Member	Nonexecutive/ Independent	Crescent Capital Advisory Limited
Zeki Çaputlu**	Member/ G. Manager	Executive	Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş.

* Nur Mehmet İnal, who was appointed at the General Assembly Meeting on March 28, 2013, resigned from the Board of Directors on August 12, 2013 and M. Yavuz Sökün was appointed to replace this member. He was reelected to the Board of Directors as of January 9, 2014 and he was appointed as the General Manager.
** Zeki Çaputlu was appointed at the General Assembly Meeting dated March 28, 2013 and he resigned from the Board of Directors on January 9, 2014 and he was replaced by M. Türkay Tatar.

Since our Company is in the 3rd Group, two independent members are sufficient.

16. Operating Principles of the Board of Directors
The Board of Directors shall be authorized to pass and implement resolutions regarding all matters that exclusively fall outside the powers of the General Assembly, as per the provisions of the Turkish Commercial Code.

The Board of Directors shall meet as deemed necessary. The Board of Directors shall also meet as required by company activities upon a call from the Chairman or the Vice Chairman.

A written approval from other Board Members may suffice for the Board of Directors to pass resolutions on proposals brought by one of its members, unless a member requests to discuss the matter.

The wage policy was explained to the shareholders as an individual agenda item on 2011 General Assembly Meeting and the shareholders were offered to discuss the policy. The wage policy issued for this purpose is available on the company website.

Share certificate options or payment plans based on company performance cannot be used as means of paying the Independent Board Members. The compensations of Independent Board Members should be at a level sufficient to preserve their independency.

Call to the meetings can be made over the phone and via e-mail.

The Board of Directors passed 29 resolutions in 2013. All resolutions were passed with majority participation.

The Board Members have not been granted weighted voting rights and/or veto rights.

None of the Board Members voted against resolutions of the Board of Directors in 2013.

The Company has formed a secretariat to inform Board Members about internal services and to provide communication services.

17. Number, Structure and Independency of Committees Established by the Board of Directors
The Company has an Audit Committee, Corporate Governance Committee and Early Risk Assessment Committee. The Corporate Governance Committee also functions as a Nomination Committee and Remuneration Committee.

Independent Board of Directors' Members act as Committee Chairmen. The Operating Principles of the Committees are approved by the Board of Directors and published on our website.

Since our company is in the 3rd Group, it has two independent members and thus our Board of Directors' Members officiate for more than one committee.

The details of the Audit Committee Members are as follows.

Name Surname	Title in the Committee	Education	Title in the Board of Directors
Fethi Pekin	Chairman	Law	Member
Elif Ateş Özpak	Member	Law	Member

The details of the Corporate Governance Committee Members are as follows.

Name Surname	Title in the Committee	Education	Title in the Board of Directors
Elif Ateş Özpak	Chairman	Law	Independent Member
Tuncay Toros	Member	Political Sc.	Member

The details of the Early Risk Assessment Committee Members are as follows.

Name Surname	Title in the Committee	Education	Title in the Board of Directors
Elif Ateş Özpak	Chairman	Law	Independent Member
Serdar Sunay	Member	Bus. Adm.	Member

18. Risk Management and Internal Control Mechanism

In order to protect the shareholders' rights and interests, suggestions are generated against the internal and external risks and the compliance of activities to the budget, regulations, procedures and instructions, laws and generally accepted accounting principles is assessed and audited by the Company executives within their duties and responsibilities.

The audit and security of information technology systems are managed under ISO 27001 (International Information Security Management Systems).

All financial risks including liquidity, loan, exchange rate, and stock management risks are regularly monitored and results are submitted to the Board of Directors.

The Internal Audit Unit established under Boyner Holding also provides services to Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. In addition, establishment of a separate internal audit unit under the Company is in progress.

As a part of the efforts made for conducting a more systematic process of early determination of risks threatening the company, the Early Risk Assessment Committee's Decision of 31.12.2013, which is about establishing a risk department at the Company for classifying risks, determining possibility and their impacts, actuality and monitoring risks on the basis of all group companies, has been presented to the Board of Directors.

19. Strategic Company Goals

Our Company's strategic goals are determined by our Company's executives by considering the economic parameters, market and competition conditions and our Company's short- and long-term goals, and the goal are presented to the approval of the Board of Directors.

These strategies and goals are reviewed and assessed by our Board of Directors.

The progress of these strategies and goals approved by the Board of Directors is further traced and comprehensibly reviewed in meetings of the Board of Directors held frequently within periods of time stipulated by the applicable laws.

The approved yearly budget and its progress levels are reviewed and discussed in the meetings of the Board of Directors by considering the conditions in the market segment of our Company, the position of our Company in that sector, its performance during the period, financial standing and situation and its performances in the past.

Our Company's mission, vision and growth, expansion strategies are reviewed and revised together with budget negotiations and discussions every year.

20. Financial Rights

Footnotes of our financial tables collectively inform the public about payments made to be Board of Directors Members and senior executives in parallel to the general practices. The Annual Ordinary General Assembly Meeting of our Company held on March 28, 2013 resolved that annual amount of TRY 15,000 shall be paid to the independent members of the Board of Directors. Senior management staff is determined to be the Board of Directors Members, general manager and assistant general manager. As of December 31, 2013, the senior management shall receive remuneration and benefits at an amount of TRY 19,375,822.

Our Board of Directors Members or executives cannot borrow, obtain a loan from the company, a guarantee cannot be offered in favor of them or such other transactions which might cause conflict of interest are not allowed.

DIVIDEND POLICY

Dividend Policy and Time of Profit Distribution

As per the legislation in force when the report is issued, the net profit remaining after deducting general expenses of the company and amounts to be paid, retained by the Company such as amortization as well as taxes to be paid as an entity from the revenues calculated at the end of fiscal period shall be distributed as mentioned above, provided that previous year losses, if any, are deducted.

Primary legal reserve:

a) 5% shall be set aside as legal reserve.

First dividend:

b) First dividend at the rate and amount specified by the Capital Markets Board shall be retained from the remaining amount.

Secondary dividend:

c) The General Assembly shall be authorized to decide, after deducting the figures stated in Sub-paragraphs (a) and (b) from the net profit, whether the remaining amount shall be partially or entirely distributed as second dividend or the remaining amount shall be reserved as extraordinary reserves.

Second issue legal reserve

d) After deducting 5 % of the paid capital from the amount allocated for distribution to shareholders and other parties getting a share of the profit, one-tenth of the remaining balance is set aside as second issue legal reserve as per Article 466, Clauses 2, sub clause 3 of Turkish Commercial Code.

e) Unless the legal reserves stipulated by the legal provisions and the primary dividend stipulated for the shareholders in the Articles of Association have been allocated, a resolution shall not be passed to set aside legal reserves or to transfer them to the next year; and unless primary dividends have been distributed in cash and/or as stock dividend, a resolution shall neither be passed to distribute dividends to the Board of Directors, employees, redeemed shareholders/founding partner redeemed shareholders, privileged shareholders, associations and similar entities nor to participate and make donations to such entities.

The date and procedure of distributing annual profit to the shareholders shall be determined by the General Assembly upon a proposal to be made by the Board of Directors on the basis of Capital Markets Law and related legislation.

The profit distribution proposals submitted by the Board of Directors to the General Assembly for approval shall be evaluated according to the ratios stipulated by the Turkish Commercial Code and Capital Markets Board as well as taking into consideration our company's profitability, expectations of shareholders, general economy of the Country and our Company's expansion strategies.

Profit distributed as per the Articles of Association cannot be withdrawn.

Our Company does not have any shares that are privileged in terms of receiving dividends and having a say on the management.

Date of profit distribution

The date and procedure of distributing annual profit to the shareholders shall be determined by the General Assembly upon a proposal to be made by the Board of Directors on the basis of Capital Markets Law and related legislation.

NEW "DIVIDEND POLICY" TO BE SUBMITTED TO THE GENERAL ASSEMBLY FOR APPROVAL

Our Company distributes profit as per the provisions of Turkish Commercial Code, Capital Markets legislation and Tax legislation, other related legislations as well as profit distribution article of the Articles of Association. As per the Corporate Governance Principles, a balance and consistent policy is embraced for the benefits of the shareholders and the Company; long term company strategy, investment and finance policies, profitability and cash position are taken into consideration for determining the profit distribution amount.

As a principle, if the ratio of our consolidated equities to our total assets exceeds 30%, minimum 20% of the distributable period profit calculated as per the Capital Markets Legislation and other related legislations shall be paid by taking into consideration the matters mentioned above. As for bonus share distribution, there is no condition established for the ratio of our equities to our total assets and there are no restrictions regarding the distribution ratio.

The goal is to distribute profit within maximum three months following the General Assembly Meeting but the General Assembly decides the actual date of profit distribution. The General Assembly or, if authorized by the General Assembly, the Board of Directors might resolve to distribute dividends in installments, as allowed under the Capital Markets Legislations.

No dividend advance shall be distributed.

2013 DIVIDEND DISTRIBUTION PROPOSAL

The financial statements, issued for the period between January 1, 2013 and December 31, 2013 as per Capital Markets Board's Communiqué Nr. II.14.1 on Principles of Financial Reporting on Capital Markets and Turkish Accounting Standards/Turkish Financial Reporting Standards, indicate that the profit amounts to TRY 428,195,792 and also the financial statements issued on the basis of legal records indicate that the loss amounts to TRY 220,994,702; thus it is resolved that the matter of not distributing dividends and adding TRY 220,994,702 to the previous year losses shall be presented to the General Assembly for approval.

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
2013 DIVIDEND DISTRIBUTION TABLE (TRY)

		According to the CMB	Legal Records (LR)
	DISTRIBUTION OF PERIOD PROFIT		
1.	Paid up/Issued Capital	40,000,000	40,000,000
2.	Legal Reserves (as stated in legal records)	8,000,000	8,000,000
	If there are any privileges granted under the Articles of Association for profit distribution, information on the privileges.		
3.	Profit of the period	428,036,620	(177,222,339)
4.	Taxes	-	-
5.	NET PERIOD PROFIT (=)	428,036,620	(177,222,339)
6.	Previous Year Losses	-	(43,777,982)
7.	General Legal Reserves	-	-
8.	NET DISTRIBUTABLE PROFIT OF THE PERIOD	428,036,620	(221,000,322)
9.	Donations made within the year	159,172	5,620
10.	NET DISTRIBUTABLE PROFIT OF THE PERIOD INCLUDING DONATIONS	428,195,792	(220,994,702)
11.	First Dividend to the Shareholders		-
12.	To the Privileged Shareholders	-	-
13.	Other Dividends Distributed	-	-
	- To Board of Directors	-	-
	- To the employees	-	-
	- To entities other than shareholders	-	-
14.	Dividend Distributed to Redeemed Shareholders	-	-
15.	Second Dividend to the Shareholders	-	-
16.	General Legal Reserves	-	-
17.	Statutory Reserves	-	-
18.	Special Reserves	-	-
19.	Extraordinary Reserves	428,195,792	(220,994,702)
20.	Other Resources to be distributed	-	-

RISK MANAGEMENT AND INTERNAL AUDIT

The Group believes that increasing uncertainties/risks in the market segment of our Company also offers opportunities and thus our Company sustains its success by turning the uncertainties into an opportunity. Risk management by effectively determining, assessing and managing risks enables eliminating/minimizing damages to be caused by such risks and assures sustainable growth. Since we are aware of the importance of risk management for assuring sustainable management and healthy growth, effective risk management approach is supported and risks related to business process management are evaluated systematically. The Group shall continue to manage risks in the following process according to this approach as well as adding value to all shareholders.

A strong control mechanism, which supports management activities and determines ethical rules and general codes of conduct of the company, should be the basis of effective corporate governance. Risk management and internal audit functions are important and inseparable elements control environment. Risk driven activities and activities minimizing the impact of risks are the main elements of our audit approach.

Risk driven internal audit procedures of our company include the following elements:

i. Foreseeing risks that might prevent realization of strategic business goals,
ii. Instituting-classification of listed, categorized and prioritized risks,
iii. Determining possibility and impacts of identified and classified risks,
iv. Associating key business processes of organization with strategic and process related risks,
v. Planning updates and periodic changes required for revising the Internal Audit Plan as per ever-changing business risks.

DONATIONS AND CHARITIES

As per Article 6 of Capital Markets Board Communiqué Nr. II-19.1 on Dividend, the limit of donations should be determined by the General Assembly, unless otherwise is stated in the Articles of Association, and the donations, related payments made should be declared to the shareholders at the Ordinary General Assembly Meeting. The amount of donations made to associations and foundations in 2013 is TRY 159,172.

Besides, the limit of donations to be made in 2014 shall be determined by the General Assembly Meeting.

LEGAL DISCLOSURES

Information about the lawsuits filed against the Company which might have impact on the financial status and activities of the Company and their possible outcomes

There are no lawsuits which are filed against our Company and might have material negative impact on its financial position and activities.

Information about administrative or judicial sanctions imposed on the Company and members of managing bodies because of violating legislation

There are no administrative or judicial sanctions imposed against the Company and members of managing bodies because of violating legislation.

OTHER ISSUES

The Board of Directors discussed whether the Company capital is uncovered or not as per Article 376 of the Turkish Commercial Code; the financial statements of December 31, 2013, which are issued as per Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS), confirmed that equities of the parent company amount to TRY 348.8 million are reserved and thus the Company is not subject to Article 376 of the Turkish Commercial Code.

AMENDING THE ARTICLES OF ASSOCIATION

The amendments of Articles 4, 17, 20, 21, 22, 23, 24, 26, 27, 32 and 35 of the Articles of Association, which were approved at the Ordinary General Assembly Meeting dated March 28, 2013, are published in the Turkish Trade Registry Gazette dated 19.04.2013 and numbered 8304.

Provided that the related permissions are obtained, the matter of amending following articles on the Company's Articles of Association; Article 2 "Trade Name," Article 4 "Company Headquarters, Article 5, Article 6 "Company Capital," Article 12 "Transfer of Shares," Article 21 "Duties of Auditors," Article 25 "Right to Vote," Article 32 "Distribution of Net Profit"; and the matter of deleting the following articles; Article 8 "Issuing Share Certificates," Article 10 "Form of Share Certificates and Ownership of Shares," Article 11 "Rights and Liabilities related to Owning a Share Certificate," Article 13 "Increasing and Reducing Capital," Article 31 "Determination of Net Profit," Article 33 "Dividend Distribution," Article 34 "Legal Reserves," Article 37 "Board of Directors Members" and Article 38 "Auditors" shall be put to vote for General Assembly's approval at the Ordinary General Assembly Meeting to convene on March 27, 2014.

2013 ORDINARY GENERAL ASSEMBLY MEETING AGENDA

Agenda of 2013 Ordinary General Assembly Meeting of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. to convene on March 27, 2014

1. Opening and Election of Executive Board,
2. Reading, discussing and approval of 2013 Board of Directors' Annual Report,
3. Reading 2013 Independent Auditing Report,
4. Reading, discussing and approval of 2013 Financial Statements,
5. Discussions on releasing the Board of Directors Chairman and Members from 2013 accounts and activities,
6. Discussing the "Dividend Policy" revised as per Capital Markets Board's Communiqué Nr. (II-19.1) on Dividend and submitting it to the General Assembly for approval,
7. Discussing and resolving on the Board of Directors' proposal for 2013 dividend distribution,
8. Putting appointments made for Board of Directors' Memberships to vote at the General Assembly Meeting as per Article 363 of the Turkish Commercial Code determining terms of office,
9. Electing Independent Board of Directors Members and determining terms of office,
10. Informing the Shareholders about the "Wages Policy" applicable to the Board of Directors Members and executives with administrative responsibilities and about the payments to be made under the scope of this policy,
11. Determining amounts to be paid to the Board of Directors,
12. Provided that it is approved by the Capital Markets Board and Turkish Ministry of Customs and Trade; accepting, amending but accepting or rejecting the Board of Directors proposal made for amending following articles in the Company's Articles of Association: Article 2 "Trade Name," Article 4 "Company Headquarters," Article 5, Article 6 "Company Capital," Article 12 "Transfer of Shares," Article 21 "Duties of Auditors," Article 25 "Right to Vote," Article 32 "Distribution of Net Profit"; and also for deleting the following articles; Article 8 "Issuing Share Certificates," Article 10 "Form of Share Certificates and Ownership of Shares," Article 11 "Rights and Liabilities related to Owning a Share Certificate," Article 13 "Increasing and Reducing Capital," Article 31 "Determination of Net Profit," Article 33 "Dividend Distribution," Article 34 "Legal Reserves," Article 37 "Board of Directors Members" and Article 38 "Auditors,"
13. As per the Turkish Commercial Code and Capital Markets Board legislation and based on the proposal made by the Audit Committee; approval of Independent Auditing Company contracted by the Board of Directors,
14. Informing the shareholders about the transfer of assets and personnel of fabric and ready clothing production activities, as per Article 4 of the Communiqué Former Serial IV, Nr. 41 on "Principles Governing Joint Stock Companies Subject to the Capital Markets Law" and our Company's Board of Directors resolution dated 06.12.2013,
15. Authorizing the Board of Directors members for the transactions listed on Articles 395 and 396 of the Turkish Commercial Code numbered 6102; entities mentioned on Articles (1.3.6) of the "Corporate Governance Principles," enclosed to the Capital Markets Board's "Corporate Governance" Communiqué Nr. (II-17.1), shall inform the General Assembly Meeting about the transactions specified on this article,
16. Informing the General Assembly Meeting about the guarantee, pledges, mortgage and securities given by the Company in favor of the 3rd parties as well as revenues or benefits earned, as required under Article 12/4 of the Capital Markets Board's Communiqué Nr. (II-17.1) on "Corporate Governance,"
17. Informing the General Assembly Meeting about 2013 donations and charities and determining the maximum limit of 2014 donations and charities,
18. Expectations, suggestions and closing.

Place of Meeting: Büyükdere Caddesi USO Center Binası No:245/A KAT:B01-Z02 Maslak Şişli İstanbul
Date of Meeting: 27 March 2014
Meeting at: 10:00

RESUME OF INDEPENDENT MEMBER CANDIDATE FOR 2013 ORDINARY GENERAL ASSEMBLY MEETING TO CONVENE ON MARCH 27, 2014

Mr. Tayfun BAYAZIT

Mr. Bayazıt started his banking career at Citibank after majoring in Mechanical Engineering and receiving an MBA degree from Columbia University specializing in Finance and International Relations. After that, he worked as a senior executive at Yapı Kredi, an affiliate of Çukurova Group (Head Deputy Director General and Member of Executive Board), Interbank (General Manager) and Banque de Commerce et de Placements SA, Switzerland (President & CEO) for 13 years. In 1999, he was appointed as the Doğan Holding's Vice Chairman Board of Directors of the and Dışbank's Executive Director. He became CEO of Dışbank in 2001. When Fortis took over majority shares of Dışbank in 2005, he became CEO of Fortis Turkey and a member of Global Management Committee and he was appointed as the Fortis Turkey's Board of Directors Chairman after the 2006 General Assembly Meeting of the bank. In April 2007, he returned to Yapı Kredi as the Executive Director and General Manager and also he became the Board of Directors Chairman of Koç Holding Banking and Insurance Group and Yapı Kredi at the beginning of 2009. Mr. Bayazıt resigned from Yapı Kredi in August 2011 to establish Bayazıt Consultancy Services and he was appointed as the Board of Directors Chairman of Marsh & McLennan Group, Turkey and MB Advisory, an affiliate of Mediobanca, respectively in September 2012 and October 2013. The acting Vice President of TÜSİAD's (Turkish Industry and Business Association) Board of Directors, Mr. Bayazıt also takes an active role in a number of non-governmental organizations.

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION AMENDMENT

PREVIOUS VERSION
TRADE NAME:

Article 2.
Trade Name of the company is "Altınyıldız Mensucat ve Konfeksiyon Fabrikaları Anonim Şirketi."

Hereafter referred to as "Company."

COMPANY HEADQUARTERS:

Article 4.
Company headquarters is located in Istanbul at the following address: 29 Ekim Caddesi, Merkez Mahallesi, No:22, Yenibosna, Bahçelievler, Istanbul. Upon change of address, the Company shall register the new address to the Trade Registry and publish it on the Turkish Trade Registry Gazette as well as informing the Ministry of Customs and Trade and Capital Markets Board. Notifications made to the registered and published address shall be considered as served to the Company. After leaving its current location, failure to register the new address in due time shall be considered as reason for termination of the Company.

The Company may open branches at home or abroad provided that it notifies the Ministry of Customs and Trade, and the Capital Markets Board beforehand.

Article 5.
The term of the Company is 99 years from the date of registration and announcement. This term may be extended or shortened by the General Assembly resolutions.

COMPANY CAPITAL:

Article 6.
The Company has adopted the Registered Capital System according to the Capital Markets Law Nr. 2499 and the Capital Markets Board authorization Nr. 878, dated August 31, 1994. Registered Capital of the Company is 40,000,000 (forty million) New Turkish liras. The Company issued shares that are worth (1) one New Turkish kurus each.

Nominal value of the shares was changed to 1 (one) New Turkish kurus from 1,000 (thousand) Turkish liras as per the legislation on amendment to the Turkish Commercial Code (TCC) Nr. 5274. As a result of this

NEW VERSION
TRADE NAME:

Article 2.
Trade Name of the company is "Boyner Perakende ve Tekstil Yatırımları Anonim Şirketi."

Hereafter referred to as "Company."

COMPANY HEADQUARTERS:

Article 4.
Company headquarters is located in Istanbul at the following address: Eski Büyükdere Cad. Park Plaza No:14 Kat:15-16 Maslak-Sarıyer/ İSTANBUL. Upon change of address, the Company shall publish the new address on the Trade Registry and the Turkish Trade Registry Gazette as well as informing the Ministry of Customs and Trade and Capital Markets Board. Notifications made to the registered and published address shall be considered to have been made to the Company itself. After leaving its current location, failure to register the new address in due time shall be considered as reason for termination for the Company.

The Company may open branches at home or abroad provided that it notifies the Ministry of Customs and Trade, and the Capital Markets Board beforehand.

Article 5.
The Company is established for an indefinite period of time and it might be terminated due to legal reasons or a resolution passed by the General Assembly as per the related provisions of Turkish Commercial Code.

COMPANY CAPITAL:

Article 6.
The Company has adopted registered capital system as per the provisions of former Act numbered 2499 and it has started using the system following the Capital Markets Board's authorization dated 31.8.1994 and numbered 878.

The upper limit of registered capital of the company is TRY 500.000.000 (five hundred million) and the capital is divided into 50.000.000.000 (fifty billion) bearer shares, each having a nominal value of 1 (one) kurus.

change, total number of shares has decreased; (1) one New Turkish kurus worth 1 (one) share shall be given for 10 (ten) shares that are each worth 1,000 (thousand) Turkish liras. Regarding the aforementioned amendment, shareholders' rights arising from the shares they hold are reserved. Shares that represent the capital are monitored within the scope of registration principles.

Issued capital of the Company is 36,251,712 (thirty six million two hundred fifty one thousand and seven hundred twelve) New Turkish liras. This capital is divided into 3,625,171,200 (three billion six hundred twenty five million one hundred seventy one and two hundred) bearer shares that are each worth 1 (one) New Turkish kurus in nominal value.

The Board of Directors is authorized to increase the capital by issuing bearer shares until it reaches the Authorized Capital limits according to the Capital Markets Law and applicable communiqués. The Board of Directors also has the authority to issue shares over the nominal value. Share amounts that correspond to the capital stock subscribed in cash shall be paid in advance and in cash at the time of subscription.

The Company can issue bonds as well as debt securities in the form of capital market instruments as per the Board of Directors resolution according to Article 13 of the Capital Markets Law. The Board of Directors has the authority to put limitations on new shares acquired by shareholders.

The upper limit of registered capital authorization granted by the Capital Markets Board covers a period of (5 years) between 2014 and 2018. Even if the company does not reach the upper limit of registered capital by the end of 2018, the Board of Directors shall be entitled pass a resolution for increasing the capital provided that an authorization is granted by the Capital Markets Board for the upper limit previously approved or a new upper limit and the General Assembly reauthorizes the Board of Directors for a maximum period of 5 years.

The issued capital of the company is TRY 40.000.000 (Forty million) and this issued capital is fully paid up without any unlawful conduct.

Company shares are bearer shares. The shares representing the capital are monitored on the basis of dematerialization principles.

The company capital might be increased or reduced, if required, as per the Turkish Commercial Code and Capital Markets Regulation.

The Board of Directors is entitled to increase the issued capital by issuing new shares up to the upper limit of registered capital, if required, pursuant to the provisions of Capital Markets Law. The Board of Directors is entitled to pass resolutions on issuing shares below or above the nominal value as well as restricting the shareholders right to acquire new shares. The Board of Directors shall not exercise the authority of restricting shareholders' right to acquire shares in a manner creating in equality between the shareholders.

ISSUE OF STOCKS:

Article 8.
The Board of Directors can resolve to issue stock in denominations of one, five, fifty, hundred, thousand, ten thousand, hundred thousand and one million. They can be changed with the stocks that were issued previously. After changing them with the new ones, the Board of Directors shall dispose the old ones with a Board of Directors resolution.

DELETED.

FORM OF STOCKS AND OWNERSHIP OF SHARES:

Article 10.
The Stocks shall be issued according to the sample that was stipulated as per applicable communiqués of the Capital Markets Board and that was approved during the registration process.

Stocks are considered to be owned by the ones who hold the dividend stocks and thus, payment is made to them.

DELETED.

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION AMENDMENT

RIGHTS AND OBLIGATIONS REGARDING OWNERSHIP OF STOCKS:

Article 11.
Ownership of stock in any manner shall connote to accepting the Articles of Association as well as all General Assembly resolutions that have been passed up to that date.

Including dividend stock and legal reserves, all rights and obligations that are bestowed by the stock as per the Turkish Commercial Code shall belong to the owner of the stock.

DELETED.

TRANSFER OF SHARES:

Article 12.
Bearer shares shall be transferred by handing over the shares.

TRANSFER OF SHARES:

Article 12.
The transfer of bearer shares is subject to the Capital Markets legislations and provisions of the Turkish Commercial Code.

INCREASE OR REDUCTION IN CAPITAL:

Article 13.
Company capital may be increased when necessary with the resolution of the Board of Directors and as per the provisions of the Capital Markets Law.

Capital shall be increased by adding to the capital the extraordinary legal reserves and the money that have been saved in the appraisal surplus fund account or by former partners bringing in new capital by using their preemptive rights, or by acquiring new partners.

Capital shall be reduced equally per each share according to the provisions of the Turkish Commercial Code.

DELETED.

DUTIES OF THE AUDITOR:

Article 21.
Auditor shall be responsible for performing the duties stated in Article 397 of the Turkish Commercial Code No. 6109 as well as carrying out the audits so as to ensure that the company is well managed and its interests are protected.

DUTIES OF THE AUDITOR:

Article 21.
Auditor shall be responsible for performing the duties stated in Article 397 and following articles of the Turkish Commercial Code No. 6102 as well as carrying out the audits so as to ensure that the company is well managed and its interests are protected.

RIGHT TO VOTE:

Article 25.
Each share represents one vote in the General Assembly meetings.

In order to be able to exercise this right, owners of bearer shares are required to present evidence to the Company showing the number of shares they own and their values at least five days prior to the meeting. This will allow them to obtain their General Assembly entrance card that displays the number of shares as

RIGHT TO VOTE:

Article 25.
Each share has right to one vote. If a share is owned by more than one shareholder, only a represented appointed among one of them or appointed externally shall be entitled to attend to the General Assembly Meeting and vote.

The Turkish Commercial Code, Capital Markets Law and relation legislations govern the voting procedures.

well as the number of voting rights and the person who owns them.

The entrance card shall be valid for the second and following meetings if the quorum is not established in the first meeting or if the meeting is canceled.

As per Article 415/4 of the Turkish Commercial Code, shareholder is not obliged to keep documents evidencing share ownership or the share certificates at the company, credit institution or any other institution in order to have the right to attend to the General Assembly meeting and right to vote.

If the parties joining to the transactions, considered to be material as per the Corporate Governance Principles, are related parties, the related parties shall not vote at the General Assembly meetings.

DETERMINING NET PROFIT:

Article 31.
Net profit is calculated by deducting the costs that are required to be paid and set aside like all expenses, depreciation, reserves and salaries as well as deducting compulsory taxes levied on the corporate entity of the Company and taxes that are due at the end of the accounting year from revenues that are earned from Company's activities in the accounting year. As per the provisions of the Capital Markets Board, the Company may not decrease its annual profits by applying prices, wages and prices that are clearly different than precedents set by other enterprises or individuals that it has direct or indirect relations in terms management, auditing or capital.

DELETED.

DISTRIBUTION OF NET PROFIT:

Article 32.
As stipulated in the aforementioned Article, net profit shall be determined by deducting the previous year's losses, if any, and shall then be distributed as follows:

Primary legal reserve:
a) 5% shall be set aside as legal reserve.

Primary dividend:
b) After putting aside the legal reserve and dividend shares, which are stated in Paragraph 1, 15 percent of the remaining profit may be distributed to the Board Members and officers on the condition that the Board of Directors pass a resolution to do so.

Secondary dividend:
c) The General Assembly shall be exclusively authorized to decide where to allocate the remaining amount, after deducting the figures stated in Sub-paragraphs (a) and (b) from the net profit.

PROFIT DETERMINATION AND DISTRIBUTION:

Article 32.
The profit of the period remaining after deducting general expenses of the company and amounts to be paid, retained by the Company such as amortization as well as taxes to be paid as an entity from the revenues calculated at the end of fiscal period, as indicated on the annual balance sheet, shall be distributed as mentioned above, provided that previous year losses, if any, are deducted.

General legal reserve:
a) 5 % shall be set aside as legal reserve until it reaches up to 20 % of the paid up capital, as per the provisions of Turkish Commercial Code.

First dividend:
b) First dividend shall be allocated over the remaining amount, by adding the donations made within the year, in any, and the allocation shall be as per the Dividend Policy to be determined by the General Assembly and pursuant to the Turkish Commercial Code and Capital Markets Legislation,

c) After the deducting the foregoing amount, the General Assembly shall be authorized to resolve to distribute dividend to the Board of Directors Members as well as officers, servants and workers, foundations established for various purposes

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION AMENDMENT

Namely:

c.1.) Upon resolution of the General Assembly, whole or part of the remaining balance may be distributed to all shareholders as a second dividend, in proportion to the shares they own;

c.2.) A portion of the remaining balance may be distributed to the shareholders, and the rest may be allocated for legal reserves;

c.3) All of the remaining balance may be allocated for legal reserves, without distributing a second dividend to shareholders.

Second issue legal reserve:

d) After deducting 5 % of the paid capital from the amount allocated for distribution to shareholders and other parties that get a share of the profit, one-tenth of the remaining balance is set aside as second issue legal reserve as per Article 519, Clauses 2 and 3 of the Turkish Commercial Code.

e) Unless the legal reserves stipulated by the legal provisions and the primary dividend stipulated for the shareholders in the Articles of Association have been allocated, a resolution shall not be passed to set aside legal reserves or to transfer them to the next year; and unless primary dividends have been distributed in cash and/or as stock dividend, a resolution shall not be passed to distribute dividends to the Board of Directors and officers as well as to servants and personnel.

and entities, establishments having similar characteristics.

Second Dividend:

d) The amount remaining from the net profit of the period after deducting the amounts mentioned on paragraphs (a), (b) and (c) can be partially or entirely distributed by the General Assembly as second dividend or it might retained as reserves pursuant to Article 521 of the Turkish Commercial Code.

General Legal Reserves:

e) One tenth of the amount to be distributed to the shareholders and other entities receiving a dividend, after deducting 5 % dividend, shall be added to the general legal reserves pursuant to Article 519, paragraph 2 of the Turkish Commercial Code.

Resolutions for allocating other legal reserves, carrying over profit to the next year and distributing dividend to the Board of Directors members, officers, servants, workers, foundations established for various purposes and such entities and/or establishment unless the legal reserves to be allocated under the law are allocated and dividend and/or shares are distributed to the shareholders as specified on the articles of association.

f) Dividend shall be equally distributed to all shares existing as of the date of distribution regardless of dates of issue and acquisition.

g) The General Assembly Meeting shall decide on the procedure and time of distributing the dividends agreed for distribution based on a proposal to be made by the Board of Directors.

A dividend distribution resolution passed by the General Assembly Meeting as per the provisions of the articles of association cannot be reversed.

DIVIDEND DISTRIBUTION:	DELETED.
Article 33. Primary dividend shall be distributed to the shareholders within the period established by the Capital Markets Board. The General Assembly shall determine and establish the date and method of dividend distribution from net profit.	
LEGAL RESERVES:	DELETED.
Article 34. Legal reserves shall be allocated until it reaches 20% of the issued capital. However, if the legal reserves fall under 20% of the issued capital for any reason, allocation shall continue in the subsequent years. There shall be no limitations on other legal reserves.	
BOARD OF DIRECTORS MEMBERS:	DELETED.
Article 37. The Board Chairman and Board Members, who were performing their duties at the time of approval of the Articles of Association, shall remain in office until the next General Assembly.	
AUDITORS:	DELETED.
Article 38. Auditors, who were performing their duties at the time of approval of the Articles of Association, shall remain in office until the next General Assembly.	

STATEMENT OF RESPONSIBILITY ISSUED AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUÉ NR. II-14.1 ON PRINCIPLES OF FINANCIAL REPORTS ON THE CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION ON APPROVAL OF ANNUAL REPORT

RESOLUTION: 05.03.2014
NUMBER OF RESOLUTION: 10

According to the information we have obtained as a result of our duties and responsibilities at the Company, we hereby inform you that the Annual Report, which is issued by our Company for the period of 01.01.2013 – 31.12.2013 in the format specified on the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) and CMB as per the Capital Markets Board's Communiqué (Communiqué) Nr. II-14.1 on Financial Reporting on Capital Markets and then audited by Başaran Nas Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Price Waterhouse Coopers), has been:

- Reviewed by us,
- The annual report has misleading statement on material issues or missing information which might cause the statement to be misleading as of making the statement and
- According to the information we have obtained as a result of our duties and responsibilities at the Company, the Annual Report issued pursuant to the Communiqué accurately illustrates the business development and performance, financial position of the enterprise including the consolidated items as well as material risks and uncertainties threatening the Company,

and we hereby declare that we are responsible for the statement made herein.
Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş.

Fethi Pekin	**Elif Ateş Özpak**	**Mustafa Türkay Tatar**
Audit Committee Chairman	Audit Committee Member	BOD Member

INDEPENDENT AUDITOR'S REPORT

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT

To the Board of Directors
of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş.

1. As part of our audit, we have assessed whether the financial information and the assessment and explanations of the Board of Directors presented in the annual report of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. ("the Company") its subsidiaries and its joint-ventures (collectively referred to as the "Group") prepared as of 31 December 2013 are consistent with the audited financial statements as of the same date.

2. Management is responsible for the preparation of the annual report in accordance with "the Communique on Determining the Minimum Contents of Company Annual Reports".

3. Our responsibility is to express an opinion on whether the financial information provided in the annual report is consistent with the audited financial statements on which we have expressed our opinion dated 4 March 2014.

   Our assessment is made in accordance with the principles and procedures for the preparation and issuing of annual reports in accordance with Turkish Commercial Code No. 6102 ("TCC"). Those principles and procedures require that an audit is planned and performed to obtain reasonable assurance whether the financial information provided in the annual report are free from material misstatement regarding the consistency of such information with the audited financial statements and the information obtained during the audit.

   We believe that the assessment we have made is sufficient and appropriate to provide a basis for our opinion.

4. Based on our opinion, the financial information and the assessment and explanations of the Board of Director's in the accompanying annual report of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. are consistent with the audited financial statements as at 31 December 2013.

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

Cihan Harman
Partner, SMMM

İstanbul, 5 March 2014

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Cad. No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey
www.pwc.com/tr *Telephone: +90 (212) 326 6060, Facsimile: +90 (212) 326 6050*

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2013
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş.

1. We have audited the accompanying consolidated financial statements of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. (the "Company"), its subsidiaries and its joint-ventures (collectively referred to as the "Group") which comprise the consolidated statement of financial position as of 31 December 2013, and the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The consolidated financial statements of the Group as of 31 December 2012 before the restatements disclosed in Note 2.5 were audited by other auditors whose report, dated 5 March 2013, expressed a qualified opinion on those consolidated financial statements stating that there was an uncertainty in the provision for net realizable value of inventories recognized in the consolidated financial statements as at 31 December 2012 due to the ongoing discussion on the networking capitals of acquired companies during the acquisition accounting performed by the Group related to the acquisition of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Ticaret ve Sanayi A.Ş. ("YKM") and Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Pazarlama A.Ş. ("YKM Pazarlama") by Boyner Büyük Mağazacılık A.Ş. ("BBM"), joint venture of the Group. Moreover, it was emphasized that the Group's associate, Nile Bosphorus Retail and Trading Company ("Nile Bosphorus") which should be accounted for by using equity method, carried at cost since the associate did not prepare its financial statements in accordance with financial reporting standards issued by Capital Markets Board ("CMB") and lack of audit evidence regarding the recoverability of the receivables from Nile Bosphorus amounting to 2.496.286 TRY.

Group's responsibility for financial statements

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Cad. No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey
www.pwc.com/tr *Telephone: +90 (212) 326 6060, Facsimile: +90 (212) 326 6050*

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Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the CMB. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for qualified opinion

4. The Group's associate, Nile Bosphorus Retail and Trading Company ("Nile Bosphorus") which is required to be accounted for by using the equity method, is carried at cost at the amount of TRY 5.472.508 in the consolidated financial statements since the associate does not prepare its financial statements in accordance with financial reporting standards issued by CMB. Furthermore, considering the economic turmoil and the uncertainty in the political environment in Egypt, we could not ensure ourselves regarding the recoverability of the receivables from Nile Bosphorus amounting to TRY 2.993.125.

Qualified opinion

5. In our opinion, except for the possible effects of the matters described in paragraph 4, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the TAS (Note 2).

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Emphasis of matters

6. As explained in the Note 2.5, we have also audited the adjustments made to restate the consolidated financial statements as of 31 December 2012 and 2011. In our opinion, such adjustments are appropriate and have been properly applied.

7. As explained in the Note 3, Group has obtained the control over its formerly joint ventures, Beymen and BBM due to the acquisitions made on 31 May 2013 by increasing its interests from 49,99% and 29,99% to 100% and 96,55%, respectively. Group has appointed independent experts for the fair value calculations of the assets and liabilities of the acquired entities in order to account for the acquisitions in accordance with TFRS 3 - "Business Combinations". Since the work of such experts has not been completed yet as of the date of this report, the acquisition accounting has been performed based on the provisional work of the experts as of 31 December 2013. After the completion of such studies, the goodwill accounted for and the fair value of the acquired assets and liabilities might be different.

Reports on independent auditor's responsibilities arising from other regulatory requirements

8. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

9. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it.. On the other hand, the Company formed the mentioned committee on 30 December 2013 and it is comprised of two members. The committee has met one time since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.

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Additional paragraph for convenience translation into English

10. The accounting principles described in Note 2 to the consolidated financial statements (defined as "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of "Business combinations of entities under common control". Accordingly, the accompanying consolidated financial statements of Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

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

Cihan Harman, SMMM
Partner

İstanbul, 4 March 2014

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

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ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013, 2012 AND 2011

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

	Notes	Audited 31 December 2013	Restated (Note 2.5) Audited 31 December 2012	Restated (Note 2.5) Audited 31 December 2011
ASSETS				
Current Assets		**1.630.693.677**	815.544.602	786.815.671
Cash and cash equivalents	5	**289.556.875**	35.704.305	23.811.285
Trade receivables	9	**378.482.245**	307.973.668	305.239.698
-Trade receivables from related parties	*9,30*	*38.710.794*	*34.741.042*	*34.320.600*
-Trade receivables from third parties	*9*	*339.771.451*	*273.232.626*	*270.919.098*
Other receivables	10	**44.571.064**	23.527.885	2.383.993
-Other receivables from related parties	*10,30*	*37.428.301*	*22.965.143*	*1.824.400*
-Other receivables from third parties	*10*	*7.142.763*	*562.742*	*559.593*
Inventories	11	**814.280.963**	397.615.742	408.946.724
Prepaid expenses	12	**27.631.057**	3.655.213	4.568.999
Other current assets	19	**76.171.473**	46.637.789	39.320.972
		1.630.693.677	815.114.602	784.271.671
Non-current assets held for sale		**-**	430.000	2.544.000
Non-current assets		**2.229.185.522**	247.741.838	238.132.293
Financial investments	6	**121.284**	121.618	119.709
Trade receivables	9	**13.353.049**	32.062	83.301
-Trade receivables from related parties	*9, 30*	*2.993.125*	-	-
-Trade receivables from third parties	*9*	*10.359.924*	*32.062*	*83.301*
Other receivables	10	**1.479.303**	483.777	603.817
-Other receivables from third parties	*10*	*1.479.303*	*483.777*	*603.817*
Investments accounted for using the equity method	6	**12.141.961**	56.177.478	42.270.190
Investment properties	13	**121.350.000**	111.802.000	107.433.149
Property, plant and equipment	14	**269.256.111**	52.626.748	61.942.501
Intangible assets		**1.776.219.567**	20.171.272	19.517.092
-Goodwill	*3*	*942.584.717*	-	-
-Other intangible assets	*15*	*833.634.850*	*20.171.272*	*19.517.092*
Prepaid expenses		**847.324**	1.580.862	1.422.425
Deferred income tax assets	28	**25.021.839**	4.746.021	4.740.109
Other non-current assets	19	**9.395.084**	-	-
TOTAL ASSETS		**3.859.879.199**	1.063.286.440	1.024.947.964

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

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013, 2012 AND 2011

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

	Notes	Audited 31 December 2013	Restated (Note 2.5) Audited 31 December 2012	Restated (Note 2.5) Audited 31 December 2011
LIABILITIES				
Current liabilities		**2.181.439.576**	923.581.843	744.047.785
Short-term financial liabilities	7	**528.033.425**	263.525.543	147.777.147
Current portion of long-term financial liabilities	7	**390.944.712**	168.139.269	120.991.989
Other financial liabilities	8	**58.629.605**	75.160.111	99.314.672
Trade payables	9	**919.037.377**	225.005.695	256.058.751
-Trade payables to related parties	*9, 30*	*50.347.023*	*129.481.564*	*113.109.195*
-Trade payables to third parties	*9*	*868.690.354*	*95.524.131*	*142.949.556*
Payables related to employee benefits	18	**17.980.710**	8.287.678	7.838.939
Other payables	10	**129.745.739**	53.097.314	18.449.012
-Other payables to related parties	*10, 30*	*41.349.748*	*52.306.029*	*17.744.180*
-Other payables to third parties	*10*	*88.395.991*	*791.285*	*704.832*
Deferred revenue	12	**98.922.159**	118.849.999	81.512.509
Income tax payable	28	**6.827.836**	-	2.726.710
Short term provisions		**22.433.341**	8.930.741	7.299.143
-Provisions for employee benefits	*16*	*10.894.799*	-	-
-Other short term provisions	*16*	*11.538.542*	*8.930.741*	*7.299.143*
Other current liabilities	19	**8.884.672**	2.585.493	2.078.913
Non-current liabilities		**1.322.173.085**	143.152.989	217.259.623
Long term financial liabilities	7	**376.561.976**	116.163.486	190.920.925
Trade payables		**-**	-	200.867
-Trade payables to third parties		-	-	*200.867*
Other payables	10	**732.289.853**	37.472	-
-Other payables to third parties	*10*	*732.289.853*	*37.472*	-
Long term provisions		**21.536.781**	11.326.033	10.187.814
-Provisions for employee benefits	*18*	*21.536.781*	*11.326.033*	*10.187.814*
Deferred revenue	12	**12.449.263**	42.374	211.863
Deferred income tax liability	28	**179.335.212**	15.497.553	15.328.537
Other non-current liabilities		**-**	86.071	409.617
EQUITY		**356.266.538**	(3.448.392)	63.640.556
Equity attributable to parent		**348.767.251**	(8.514.286)	57.280.127
Paid-in share capital	20	**40.000.000**	40.000.000	40.000.000
Adjustments to share capital	20	**56.061.369**	56.061.369	56.061.369
Other comprehensive income/expense not to be reclassified to profit or loss		**17.662.801**	64.000.609	68.528.884
-Gain/(loss) on revaluation and re-measurement	*20*	*29.805.030*	*74.881.785*	*74.881.785*
-Other losses		*36.560*	*(1.936.404)*	-
-Actuarial gain / (losses) arising from employee benefits		*(12.178.789)*	*(8.944.772)*	*(6.352.901)*
Other comprehensive income/expense to be reclassified to profit or loss		**(935.086)**	(425.270)	(673.370)
-Currency translation differences		*(935.086)*	*(425.270)*	*(673.370)*
Impact of business combinations of entities under common control	20	**(307.876.666)**	(238.892.452)	(238.892.452)
Restricted reserves	20	**33.451.107**	33.451.107	33.451.107
Retained earnings		**82.367.106**	98.821.488	69.159.858
Net profit / (loss) for the year		**428.036.620**	(61.531.137)	29.644.731
Non-controlling interest		**7.499.287**	5.065.894	6.360.429
TOTAL LIABILITIES		**3.859.879.199**	1.063.286.440	1.024.947.964

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

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

	Notes	Audited 2013	Restated (Not 2.5) Audited 2012
INCOME OR LOSS			
Revenue	21	**1.901.596.416**	597.910.275
Cost of sales (-)	21	**(1.175.022.725)**	(403.213.161)
GROSS PROFIT		**726.573.691**	194.697.114
Marketing expenses (-)	22	**(512.156.850)**	(150.466.992)
General administrative expenses (-)	22	**(130.609.454)**	(39.781.914)
Research and development expenses (-)	22	**(5.024.714)**	(691.095)
Other operating income	24	**131.623.517**	41.537.011
Other operating expense (-)	24	**(125.979.428)**	(28.940.362)
OPERATING PROFIT		**84.426.762**	16.353.762
Income from investing activities	25	**627.018.402**	399.137
Expense from investing activities (-)	25	**(3.124.579)**	(791.654)
Share of profit of investments accounted for using the equity method		**7.003.197**	13.245.825
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSE		**715.323.782**	29.207.070
Financial income	26	**14.520.391**	27.681.381
Financial expense (-)	27	**(296.203.234)**	(118.903.051)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**433.640.939**	(62.014.600)
-Taxes on income	*28*	***(10.666.708)***	-
-Deferred tax income / (loss)	*28*	***5.618.611***	*(811.072)*
PROFIT / (LOSS) FROM CONTINUED OPERATIONS		**428.592.842**	(62.825.672)
NET INCOME / (LOSS) FOR THE PERIOD		**428.592.842**	(62.825.672)
Profit for the period attributable to			
Non-controlling interest		**556.222**	(1.294.535)
Equity holders of the parent		**428.036.620**	(61.531.137)
Earnings / (loss) per share			
Earnings / (loss) per share from continued operations		10,70	(1,54)
Earnings / (loss) per share from discontinued operations		**-**	-
OTHER COMPREHENSIVE INCOME			
Items not to be classified to profit or loss			
Actuarial gain / (losses) arising from employee benefits	18	**(3.879.274)**	(3.239.839)
Other gain / (loss)		**435.514**	(1.936.404)
Deferred income tax	28	**775.855**	647.968
Items to be classified to profit or loss			
Currency translation differences		**(509.816)**	248.100
OTHER COMPREHENSIVE LOSS		**(3.177.721)**	(4.280.175)
TOTAL COMPREHENSIVE INCOME / (LOSS)		**425.415.121**	(67.105.847)
Total comprehensive income attributable to			
Non-controlling interest		**686.820**	(1.294.535)
Equity holders of the parent		**424.728.301**	(65.811.312)

Altınyıldız bought out the Fennella's shares at Beymen and BBM in the ratio of 50,00 % and 30,05 %, respectively. In a business combination achieved in stages, the acquirer's previously held interest is remeasured to fair value at the acquisition date and a gain or loss is recognized in the income statement. One-time fair value increase amounting to 625.612.315 TRY related to this transaction has been accounted for as "fair value gains of the previously held interest in the acquiree" (Note 3-a and Note 4).

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

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

			Other comprehensive income not to be reclassified to profit or loss	Other comprehensive income to be reclassified to profit or loss									
				Gain/(loss) on revaluation and re-measurement		Other gain/ losses							
	Paid in share capital	Adjustments to share capital	Currency translation differences	Revaluation reserve of property, plant and equipment	Actuarial (loss)/gain	Shares of investments in associates to be classified from other comprehensive income to net income	Impact of business combinations regarding common control transactions	Restricted reserves	Retained earnings	Net income / loss for the period	Equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2012	40.000.000	56.061.369	-	74.881.785	-	-	-	33.451.107	74.769.445	28.031.002	307.194.708	-	307.194.708
Impact of amendment in TAS 19 "Employee benefits" (Note 2.5)	-	-	-	-	(6.352.901)	-	-	-	4.169.273	2.183.628	-	-	-
Impact of accounting policy changes in accordance with the resolution of POAASA (Note 2.5)	-	-	-	-	-	-	(246.371.207)	-	-	-	(246.371.207)	-	(246.371.207)
Impact of merger BBA (Note 2.5)	-	-	-	-	-	-	7.478.755				7.478.755	6.360.429	13.839.184
Impact of restatements (Note 2.5)	-	-	(673.370)	-	-	-	-	-	(9.778.860)	(569.899)	(11.022.129)	-	(11.022.129)
Balance at 1 January 2012 (restated)	40.000.000	56.061.369	(673.370)	74.881.785	(6.352.901)	-	(238.892.452)	33.451.107	69.159.858	29.644.731	57.280.127	6.360.429	63.640.556
Transfers	-	-	-	-	-	-	-	-	29.644.731	(29.644.731)	-	-	-
Impact of subsidiary included to the scope of consolidation	-	-	-	-	-	-	-	-	16.899	-	16.899	-	16.899
Total comprehensive loss	-	-	248.100	-	(2.591.871)	(1.936.404)	-	-	-	(61.531.137)	(65.811.312)	(1.294.535)	(67.105.847)
Balance at 31 December 2012	40.000.000	56.061.369	(425.270)	74.881.785	(8.944.772)	(1.936.404)	(238.892.452)	33.451.107	98.821.488	(61.531.137)	(8.514.286)	5.065.894	(3.448.392)
Balance at 1 January 2013	40.000.000	56.061.369	-	74.881.785	-	-	-	33.451.107	102.817.346	(62.944.608)	244.266.999	-	244.266.999
Impact of amendment in TAS 19 " Employee benefits" (Note 2.5)	-	-	-	-	(8.944.772)	-	-	-	6.352.901	2.591.871	-	-	-
Impact of accounting policy changes in accordance with the resolution of POAASA (Note 2.5)	-	-	-	-	-	-	(246.371.207)	-	-	-	(246.371.207)	-	(246.371.207)
Impact of merger BBA (Note 2.5, 20)	-	-	-	-	-	-	7.478.755	-	-	(145.729)	7.333.026	5.065.894	12.398.920
Impact of restatements (Note 2.5)	-	-	(425.270)	-	-	(1.936.404)	-	-	(10.348.759)	(1.032.671)	(13.743.104)	-	(13.743.104)
Balance at 1 January 2013(restated)	40.000.000	56.061.369	(425.270)	74.881.785	(8.944.772)	(1.936.404)	(238.892.452)	33.451.107	98.821.488	(61.531.137)	(8.514.286)	5.065.894	(3.448.392)
Transfers	-	-	-	-	-	-	-	-	(61.531.137)	61.531.137	-	-	-
Total comprehensive income	-	-	(509.816)	-	(3.234.017)	435.514	-	-	-	428.036.620	424.728.301	686.820	425.415.121
Revaluation reserve of property, plant and equipment (Note 20)	-	-	-	(45.076.755)	-	-	-	-	45.076.755	-	-	-	-
Transactions with non-controlling interest - Acquisition of AYTK (Note 2.5, 20)	-	-	-	-	-	-	(12.105.679)	-	-	-	(12.105.679)	(7.992.104)	(20.097.783)
Transactions with non-controlling interest- Acquisition of YKM (Note 2.5, 20)	-	-	-	-	-	-	(56.878.535)	-	-	-	(56.878.535)	(15.170.741)	(72.049.276)
Non-controlling interests from acquisition of subsidiary	-	-	-	-	-	1.537.450	-	-	-	-	1.537.450	24.909.418	26.446.868
Balance at 31 December 2013	40.000.000	56.061.369	(935.086)	29.805.030	(12.178.789)	36.560	(307.876.666)	33.451.107	82.367.106	428.036.620	348.767.251	7.499.287	356.266.538

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

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

	Notes	Audited 2013	Restated (Not 2.5) Audited 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES		**233.524.732**	**38.322.923**
Net income / (loss) for the period		**433.640.939**	**(62.014.600)**
Adjustments to reconcile profit / (loss) for the period		**(348.347.609)**	**110.359.528**
Adjustments to reconcile profit / (loss) for the period	14,15,23	64.771.971	17.280.704
Depreciation and amortization	9	1.120.944	766.128
Provision for doubtful receivables	18	3.791.662	2.182.183
Provision for employee benefits	11	3.206.706	385.314
Provision for impairment of inventories		124.313.920	87.242.332
Adjustments related to interest income and expense	25	(625.612.315)	-
Changes in the fair value of the interest previously held		4.794.895	-
Provision for short-term employee benefits	16	983.578	1.631.598
Other short-term provisions	24	(9.452.300)	(4.096.071)
Gain arising from the change in the fair value of investment properties	25	2.104.492	(46.483)
(Gain)/loss on sale of non-current assets	24	3.570.355	4.574.823
Store impairment expenses	24	(12.446.229)	-
Change in the contingent consideration arising from acquisition of subsidiary	25	90.000	439.000
Loss on sale of non-current assets held for sale		90.414.712	-
Changes in net working capital		**152.837.316**	**(7.421.980)**
Increases/decreases in inventories		570.754	10.945.668
Increases/decreases in trade and other receivables due from related parties		(20.570.290)	(27.192.769)
Prepaid expenses		57.144.328	(21.561.190)
Other current and non-current assets		(1.840.394)	755.349
Deferred revenue		(68.179)	(7.316.817)
Payables related to employee benefits		(60.245.238)	37.167.956
Increases/decreases in trade payables		(1.240.771)	448.739
Increases/decreases in trade and other payables due to related parties		314.164.756	(47.301.500)
Other liabilities		(120.925.121)	50.733.352
Payments of other short-term provisions		(8.550.316)	183.034
Payments of employee termination benefits	16	(246.820)	-
Kıdem tazminatı ödemeleri	18	(5.355.393)	(4.283.802)
Net cash generated from operating activities		**(4.605.914)**	**(2.600.025)**
Income taxes paid / returned		(9.458.397)	(2.726.710)
Collection of doubtful receivables	9	4.852.483	126.685
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(188.239.731)**	**(27.573.909)**
Cash change from the acquisition of shares in other entities or funds or debt instruments	3	(91.832.671)	-
Purchase of tangible and intangible assets	14,15	(76.553.577)	(13.568.095)
Proceeds from sale of tangible and intangible assets		-	420.624
Proceeds from sales of non-current assets held for sale		340.000	1.675.000
Purchase of investment properties	13	(95.700)	(272.780)
Subsidiary included to the scope of consolidation		-	15.034
Income from associates accounted for using the equity method		-	(15.843.692)
Payment to non-controlling interest for the acquisition of AYTK shares		(20.097.783)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		**209.077.385**	**895.906**
Interest payments		(131.547.048)	(88.132.928)
Other interest income and commissions		3.205.145	861.749
Cash inflows from bank borrowings		337.419.288	88.167.085
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**254.362.386**	**11.644.920**
EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(509.816)**	**248.100**
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D))		**253.852.570**	**11.893.020**
(DECREASE)/INCREASE IN RESTRİCTED CASH	5	**(11.789.080)**	**1.581.724**
(DECREASE)/INCREASE IN RESTRİCTED CASH			
E. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	5	**35.704.305**	**23.811.285**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	**289.556.875**	**35.704.305**

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

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. ("Company" or "Altınyıldız") incorporated in Istanbul by Boyner Holding A.Ş. ("Boyner Holding") at 26 January 1952. The ultimate parent of the Company as at 31 December 2013 and 2012 is Boyner Holding. Altınyıldız is registered to Capital Market Board ("CMB") and 15% of its shares were listed on the Borsa İstanbul ("BIST") for the first time in 1991.

The main address of the Company is "Eski Büyükdere Caddesi No:14 Park Plaza K:15-16 Maslak-Sarıyer/İstanbul" and the address of the Company's production facilities is "Çerkezköy Organize Sanayi Bölgesi 2. Kısım Yıldırım Beyazıt Mahallesi Barbaros Caddesi No:71 Tekirdağ".

The main activities of the Company are manufacturing and marketing of woolly textile and ready-to-wear products. At the end of year 2013, the Group Management decided to continue its textile and ready to wear manufacturing operations within the structure of Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. which is a fully owned subsidiary of Altınyıldız in order to increase the efficiency of its organization and effectiveness of organization. Consequently, machinery and equipment used in the production of textile and ready-to-wear clothing and inventories along with related employees have been transferred to Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. and the title of the Company has been renamed as Altınyıldız Tekstil ve Konfeksiyon A.Ş. in line with its activities. The Company operates in retail industry through its subsidiaries AY Marka Mağazacılık A.Ş. ("AY Marka"), Boyner Büyük Mağazacılık A.Ş. ("BBM") and Beymen Mağazacılık A.Ş. ("Beymen") and in real estate industry, textile and ready-to-wear clothing industries through its subsidiaries BYN Gayrimenkul Geliştirme A.Ş. ("BYN") and Altınyıldız Tekstil ve Konfeksiyon A.Ş. ("AYTK" formerly known as Altınyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş.).

The Company's subsidiaries Alticom GmbH incorporated in Germany and Altınyıldız Corporation incorporated in USA operates in foreign markets for the sale and marketing of textile products. The Company together with its consolidated subsidiaries will be referred to as the "Group" hereafter.

The Group whose main activities are manufacturing, marketing and production of combined woolly textiles and ready-to-wear clothing products, retail operations and real-estate development, owns retail space of 351.751 square meter (2012: 32.006 square meter) with 383 stores nationwide (2012: 110 stores).

The consolidated financial statements as at and for the period 31 December 2013 have been approved and authorized for issue on 4 March 2014 by the Board of Directors. The General Assembly and specified regulatory bodies have the right to make amendments to the financial statements after issue.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the consolidated financial statements of the Group have been prepared accordingly.

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(AMOUNTS EXPRESSED IN TURKİSH LIRA (“TRY”) UNLESS OTHERWISE STATED.)

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

2.1 Basis of presentation (Continued)

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

Going concern assumption

The consolidated financial statements including the accounts of the parent and its subsidiaries have been prepared assuming that the Group will continue as a going concern on the basis that the group will be able to realize its assets and discharge its liabilities in the normal course of business.

As of 31 December 2013, the Group’s total current liabilities exceeded its total current assets by 550.789.205 TRY. In 2014, the Group is planning to decrease its current borrowings through restructuring its existing short term borrowings with long term borrowings.

2.2 New and amended international financial reporting standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2013 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

a) In accordance with TAS 8 paragraph 28, Standards, amendments and TFRICS applicable in annual periods starting from 1 January 2013:

- TAS 1 (amendment), “Presentation of financial statements”, regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially classifiable to profit or loss subsequently (reclassification adjustments). The amendment affects disclosures only and has no impact on the financial position or performance of the Group.

- TAS 19 (amendment), “Employee benefits”, is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The standard requires past service cost to be recognized immediately in profit or loss. There is a new term “re-measurement” and re-measurement will be recognized in OCI and no longer be recognized in profit or loss. The effect on financial position and performance of Company of the change has been disclosed in 2.5 retroactively.

- TFRS 10, ‘Consolidated financial statements’; is effective for annual periods beginning on or after 1 January 2013. The objective of TFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The amendment is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

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

2.2 New and amended International Financial Reporting Standards (Continued)

- TFRS 11, 'Joint arrangements'; is effective for annual periods beginning on or after 1 January 2013. TFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The amendment is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- TFRS 12, 'Disclosures of interests in other entities'; is effective for annual periods beginning on or after 1 January 2013. TFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The amendment did not have any impact on the financial position or performance of the Group.

- TFRS 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2013. The amendment also provide additional transition relief in TFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before TFRS 12 is applied. The amendment did not have any impact on the financial position or performance of the Group.

- TFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. The amendment is disclosed in Note 13 by the Group.

- TAS 27 (revised 2011), 'Separate financial statements'; is effective for annual periods beginning on or after 1 January 2013. TAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of TAS 27 have been included in the new TFRS 10. The amendment did not have any impact on the financial position or performance of the Group.

- TAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of TFRS 11. This amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

- TFRS 7 (amendment), "Financial instruments: Disclosures", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare TFRS financial statements and those that prepare US GAAP financial statements. The amendment affects disclosures only and did not have any impact on the consolidated financial statements of the Group.

- TFRS 1 (amendment), "'First time adoption', on government loans", is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to TFRS. This amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

2.2 New and amended International Financial Reporting Standards (Continued)

- Annual Improvement project to TFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments affect five standards: TFRS 1 "First time adoption of TFRS", TAS 1 "Financial statement presentation", TAS 16 "Property plant and equipment", TAS 32 "Financial instruments; Presentation" and TAS 34 "Interim financial reporting". This amendment did not have any impact on the financial position or performance of the Group.

- TFRIC 20, "Stripping costs in the production phase of a surface mine" is effective for annual periods beginning on or of 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The Standard is not applicable for the Company and did not have any impact on the financial position or performance of the Group.

b) In accordance with TAS 8 paragraph 30, Standards, amendments and interpretations issued but not yet effective and not early adopted by Group

Standards, amendments and interpretations that has been published as of date approved of financial statements but not been entered in force for current reporting period and not been early performed by Group are as below. Unless otherwise indicated, the Group will perform the required changes of the effect on financial statements and notes after new Standards and interpretations enter in force.

- TAS 32 (amendment), "'Financial instruments: Presentation", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in TAS 32, "Financial instruments: Presentation", to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The standard does not have an impact on the financial position or performance of the Group.

- Amendments to TFRS 10, 12 and TAS 27 on consolidation for investment entities are effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made TFRS 12 to introduce disclosures that an investment entity needs to make. The standard does not have an impact on the financial position or performance of the Group.

- TAS 36 (amendments), "Impairment on assets", is effective for annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The standard does not have an impact on the financial position or performance of the Group.

- TAS 39 (amendments), "Financial instruments: Recognition and measurement", is effective for annual periods beginning on or after 1 January 2014. These amendments address on novation of derivatives and hedge accounting and will allow hedge accounting to continue in a situation where a derivative is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The standard does not have an impact on the financial position or performance of the Group.

- TFRIC 21, 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of TAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The standard does not have an impact on the financial position or performance of the Group.

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

2.2 New and amended International Financial Reporting Standards (Continued)

- TFRS 9 'Financial instruments' – classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace TAS 39, 'Financial instruments: Recognition and measurement'. TFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the TAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The amendment does not have an impact on the financial position or performance of the Group.

- TFRS 9, 'Financial instruments', regarding general hedge. These amendments to TFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The amendment does not have an impact on the financial position or performance of the Group.

- Amendment to TAS 19 regarding "Defined Benefit Plans"; is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment does not have an impact on the financial position or performance of the Group.

- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards:
- TFRS 2, 'Share-based payment'
- TFRS 3, 'Business Combinations'
- TFRS 8, Operating segments'
- TMS 16; Property, plant and equipment' and TAS 38,'Intangible assets'
- TFRS 9, Consequential amendments to TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets',
- TAS 39, Financial instruments – Recognition and measurement'

- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:

- TFRS 1; 'First time adoption'
- TFRS 3, Business combinations'
- TFRS 13,'Fair value measurement' and
- TAS 40, 'Investment property'

2.3 Compliance with TAS

The Group prepared its consolidated financial statements as of 31 December 2013 in accordance with Communiqué Serial II, No: 14.1 and the related announcements.

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

2.4 Presentation and functional currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group. The functional currency of the Company's subsidiaries, Altınyıldız İtalya SRL and Alticom GmbH is Euro ("EUR") and Altınyıldız Corporation is United States Dollars ("USD"). In the consolidated financial statements, EUR and USD amounts presented in the balance sheet are translated into Turkish Lira at the TRY exchange rate for purchases of EUR and USD at the balance sheet date, amounts in the statement of comprehensive income have been translated into TRY, at the average TRY. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

The foreign currency exchange rates used for the purpose of consolidation are as follows:

	31 December 2013		31 December 2012		31 December 2011	
Currency	Period End	Period Average	Period End	Period Average	Period End	Period Average
USD	2,1343	1,9017	1,7826	1,7922	1,8889	1,6697
EUR	2,9365	2,5297	2,3517	2,3043	2,4438	2,3215

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.

In accordance with the decision taken in the CMB meeting numbered 20/670 held on 7 June 2013, and in compliant with the announcement related to the format of financial statements and its accompanying notes, comparative figures have been reclassified to conform to the changes in presentation in the current period.

Effective from 1 January 2013, the group adopted the amendment to revised IAS 19 "Employee Benefits" and accounting policy changes after Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards resolution related with "Accounting of mergers including joint controlled entities" published in 21 July 2013 and restated the previous year's consolidated financial statements. Also, the group has detected errors in the previous year's consolidated financial statements and corrected them retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". In accordance with IAS 1 (Revised) "Presentation of Financial Statements", when the financial statements are subject to a restatement of prior year financial statements, an entity should present three statements of financial position. Accordingly, the Group presented the consolidated balance sheet as of 31 December 2013 comparatively with the restated consolidated balance sheets prepared as of 31 December 2012 and 2011.

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

	Previously reported 31 December 2012	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Restatements and classifications related to the prior periods	Impact of accounting policy changes in accordance with the resolution of POAASA Impact of BBA merge	Restated 31 December 2012
ASSETS							
Current Assets	**801.479.558**	**-**	**-**	**-**	**(1.516.974)**	**15.582.018**	**815.544.602**
Cash and cash equivalents	31.337.065	-	-	-	4.367.240	-	35.704.305
Trade receivables	311.776.366	-	-	-	(4.367.240)	564.542	307.973.668
-Trade receivables from related parties	*34.852.688*	-	-	-	-	*(111.646)*	*34.741.042*
-Trade receivables from third parties	*276.923.678*	-	-	-	*(4.367.240)*	*676.188*	*273.232.626*
Other receivables	23.335.848	-	-	-	-	192.037	23.527.885
-Other receivables from related parties	*22.965.143*	-	-	-	-	-	*22.965.143*
-Other receivables from third parties	*370.705*	-	-	-	-	*192.037*	*562.742*
Inventories	382.989.005	-	-	-	14.328.947	297.790	397.615.742
Prepaid expenses	-	5.167.247	-	-	(1.516.974)	4.940	3.655.213
Other current assets	51.611.274	(5.167.247)	-	-	(14.328.947)	14.522.709	46.637.789
	801.049.558	**-**	**-**	**-**	**(1.516.974)**	**15.582.018**	**815.114.602**
Non-current assets held for sale	430.000	-	-	-	-	-	430.000
Non-current assets	**493.224.074**	**-**	**(246.371.207)**	**-**	**934.166**	**(45.195)**	**247.741.838**
Financial investments	192.436	-	-	-	-	(70.818)	121.618
Trade receivables	32.062	-	-	-	-	-	32.062
Other receivables	458.154	-	-	-	-	25.623	483.777
Investments accounted for using the equity method r	306.966.390	-	(246.371.207)	-	(4.417.705)	-	56.177.478
Investment properties	110.702.705	-	-	-	1.099.295	-	111.802.000
Property, plant and equipment	52.693.240	-	-	-	(66.492)	-	52.626.748
Intangible assets	20.171.272	-	-	-	-	-	20.171.272
-Other intangible assets	*20.171.272*	-	-	-	-	-	*20.171.272*
Prepaid expenses	-	1.580.862	-	-	-	-	1.580.862
Deferred income tax asset	426.953	-	-	-	4.319.068	-	4.746.021
Other non-current assets	1.580.862	(1.580.862)	-	-	-	-	-
TOTAL ASSETS	**1.294.703.632**	**-**	**(246.371.207)**	**-**	**(582.808)**	**15.536.823**	**1.063.286.440**

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

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

	Previously reported 31 December 2012	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Restatements and classifications related to the prior periods	Impact of accounting policy changes in accordance with the resolution of POAASA Impact of merger BBA	Restated 31 December 2012
Current Liabilities	**921.960.914**	**-**	**-**	**-**	**(1.516.974)**	**3.137.903**	**923.581.843**
Short-term financial liabilities	433.181.786	(168.139.269)	-	-	(1.516.974)	-	263.525.543
Current portion of long-term financial liabilities	-	168.139.269	-	-	-	-	168.139.269
Other financial liabilities	75.160.111	-	-	-	-	-	75.160.111
Trade payables	263.972.657	-	-	-	(39.073.373)	106.411	225.005.695
-Trade payables to related parties	*168.779.644*	-	-	-	*(39.073.373)*	*(224.707)*	*129.481.564*
-Trade payables to third parties	*95.193.013*	-	-	-	-	*331.118*	*95.524.131*
Payables related to employee benefits	-	8.287.678	-	-	-	-	8.287.678
Other payables	22.006.077	(10.869.337)	-	-	39.073.373	2.887.201	53.097.314
-Other payables to related parties	*10.718.559*	-	-	-	*39.073.373*	*2.514.097*	*52.306.029*
-Other payables to third parties	*11.287.518*	*(10.869.337)*	-	-	-	*373.104*	*791.285*
Deferred revenue	-	118.709.545	-	-	-	140.454	118.849.999
Short term provisions	8.428.845	501.896	-	-	-	-	8.930.741
-Other short term provisions	*8.428.845*	*501.896*	-	-	-	-	*8.930.741*
Other current liabilities	119.211.438	(116.629.782)	-	-	-	3.837	2.585.493
Non-current liabilities	**128.475.719**	**-**	**-**	**-**	**14.677.270**	**-**	**143.152.989**
Long term financial liabilities	116.163.486	-	-	-	-	-	116.163.486
Other liabilities	-	37.472	-	-	-	-	37.472
Provisions for employee benefits	12.146.316	-	-	-	(820.283)	-	11.326.033
Deferred revenue	-	42.374	-	-	-	-	42.374
Deferred income tax liability	-	-	-	-	15.497.553	-	15.497.553
Other non-current liabilities	165.917	(79.846)	-	-	-	-	86.071
EQUITY	**244.266.999**	**-**	**(246.371.207)**	**-**	**(13.743.104)**	**12.398.920**	**(3.448.392)**
Equity attributable to parent	**244.266.999**	**-**	**(246.371.207)**	**-**	**(13.743.104)**	**7.333.026**	**(8.514.286)**
Paid in share capital	40.000.000	-	-	-	-	-	40.000.000
Adjustments to share capital	56.061.369	-	-	-	-	-	56.061.369
Other comprehensive income/ expense not to be reclassified to profit or loss	74.881.785	-	-	(8.944.772)	(1.936.404)	-	64.000.609
-Gain/(Loss) on revaluation and re-measurement	*74.881.785*	-	-	-	-	-	*74.881.785*
-Other losses	-	-	-	-	*(1.936.404)*	-	*(1.936.404)*
-Actuarial gain/(losses)arising from employee benefits		-	-	*(8.944.772)*	-	-	*(8.944.772)*
Other comprehensive income/ expense to be reclassified to profit or loss	-	-	-	-	(425.270)	-	(425.270)
-Currency translation differences		-	-	-	*(425.270)*	-	*(425.270)*
Impact of business combination of entities under common control	-	-	(246.371.207)	-	-	7.478.755	(238.892.452)
Restricted reserves	33.451.107	-	-	-	-	-	33.451.107
Retained earnings	102.817.346	-	-	6.352.901	(10.348.759)	-	98.821.488
Net loss for the period	(62.944.608)	-	-	2.591.871	(1.032.671)	(145.729)	(61.531.137)
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**5.065.894**	**5.065.894**
TOTAL LIABILITIES	**1.294.703.632**	**-**	**(246.371.207)**	**-**	**(582.808)**	**15.536.823**	**1.063.286.440**

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

2.5 Comparatives and restatement of prior periods’ financial statements (Continued)

	Previously reported31 December 2012	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Impact of accounting policy changes in accordance with the resolution of POAASA Impact of merger BBA	Restated 31 December 2012
Revenue	597.910.275	-	-	-	-	597.910.275
Cost of sales	(405.676.804)	-	2.245.017	218.626	-	(403.213.161)
Gross profit	**192.233.471**	**-**	**2.245.017**	**218.626**	**-**	**194.697.114**
Marketing expenses (-)	(152.588.825)	-	994.821	1.127.012	-	(150.466.992)
General administrative expenses (-)	(39.677.981)	-	-	834.434	(938.367)	(39.781.914)
Research and development expenses (-)	(703.486)	-	-	12.391	-	(691.095)
Other operating income	9.146.952	32.390.059	-	-	-	41.537.011
Other operating expense (-)	(6.102.660)	(22.838.583)	-	881	-	(28.940.362)
Operating(loss)/profit	**2.307.471**	**9.551.476**	**3.239.838**	**2.193.344**	**(938.367)**	**16.353.762**
Income from investing activities	-	399.137	-	-	-	399.137
Expense from investing activities (-)	-	(791.654)	-	-	-	(791.654)
Share of profit of investments accounted for using the equity method	18.314.420	-	-	(5.068.595)	-	13.245.825
Operating profit before financial income/ expense	**20.621.891**	**9.158.959**	**3.239.838**	**(2.875.251)**	**(938.367)**	**29.207.070**
Financial income	60.721.317	(32.789.196)	-	(250.740)	-	27.681.381
Financial expense (-)	(142.797.735)	23.630.237	-	766.302	(501.855)	(118.903.051)
Profit/(loss) before tax from continuing operations	**(61.454.527)**	**-**	**3.239.838**	**(2.359.689)**	**(1.440.222)**	**(62.014.600)**
Tax expense from continuing operations	**(1.490.081)**	**-**	**(647.967)**	**1.326.976**	**-**	**(811.072)**
-Deferred tax income/(loss)	(1.490.081)	-	(647.967)	1.326.976	-	(811.072)
Net loss for the period	**(62.944.608)**	**-**	**2.591.871**	**(1.032.713)**	**(1.440.222)**	**(62.825.672)**
Profit for the period attributable to						
-Non-controlling interest	-	-	-	-	(1.294.535)	(1.294.535)
-Equity holders of the parent	(62.944.608)	-	2.591.871	(1.032.713)	(145.687)	(61.531.137)

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

	Previously reported 31 December 2011	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Restatements and classifications related to the prior periods	Impact of accounting policy changes in accordance with the resolution of POAASA Impact of merger BBA	Restated 31 December 2011
ASSETS							
Current Assets	**770.246.846**	**-**	**-**	**-**	**(156.858)**	**16.725.683**	**786.815.671**
Cash and cash equivalents	20.807.728	-	-	-	3.003.557	-	23.811.285
Trade receivables	306.729.121	-	-	-	(3.003.557)	1.514.134	305.239.698
-Trade receivables from related parties	*34.320.600*	-	-	-	-	-	*34.320.600*
-Trade receivables from third parties	*272.408.521*	-	-	-	*(3.003.557)*	*1.514.134*	*270.919.098*
Other receivables	1.950.540	-	-	-	-	433.453	2.383.993
-Other receivables from related parties	*1.824.400*	-	-	-	-	-	*1.824.400*
-Other receivables from third parties	*126.140*	-	-	-	-	*433.453*	*559.593*
Inventories	389.373.746	-	-	-	19.275.188	297.790	408.946.724
Prepaid expenses	-	4.719.716	-	-	(156.858)	6.141	4.568.999
Other current assets	48.841.711	(4.719.716)	-	-	(19.275.188)	14.474.165	39.320.972
	767.702.846	**-**	**-**	**-**	**(156.858)**	**16.725.683**	**784.271.671**
Non-current assets held for sale	2.544.000	-	-	-	-	-	2.544.000
Non-Current Assets	**480.664.714**	**-**	**(246.371.207)**	**-**	**3.854.997**	**(16.211)**	**238.132.293**
Financial investments	190.527	-	-	-	-	(70.818)	119.709
Trade receivables	83.301	-	-	-	-	-	83.301
Other receivables	549.210	-	-	-	-	54.607	603.817
Investments accounted for using the equity method	288.641.397	-	(246.371.207)	-	-	-	42.270.190
Investment properties	106.334.735	-	-	-	1.098.414	-	107.433.149
Property, plant and equipment	62.008.993	-	-	-	(66.492)	-	61.942.501
Intangible assets	19.517.092	-	-	-	-	-	19.517.092
-Other intangible assets	*19.517.092*	-	-	-	-	-	*19.517.092*
Prepaid expenses	-	1.422.425	-	-	-	-	1.422.425
Deferred income tax asset	1.917.034	-	-	-	2.823.075	-	4.740.109
Other non-current assets	1.422.425	(1.422.425)	-	-	-	-	-
TOTAL ASSETS	**1.250.911.560**	**-**	**(246.371.207)**	**-**	**3.698.139**	**16.709.472**	**1.024.947.964**

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

ALTINYILDIZ MENSUCAT VE KONFEKSİYON FABRİKALARI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

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

2.5 Comparatives and restatement of prior periods' financial statements (continued)

LIABILITIES	Previously reported 31 December 2011	Impact of the template of financial statement issued by CMB	Impact of accounting policy changes in accordance with the resolution of POAASA	Impact of amendment in TAS 19	Restatements and classifications related to the prior periods	Impact of accounting policy changes in accordance with the resolution of POAASA Impact of merger BBA	Restated31 December 2011
Current liabilities	**741.334.359**	**-**	**-**	**-**	**(156.862)**	**2.870.288**	**744.047.785**
Short-term financial liabilities	268.917.961	(120.983.952)	-	-	(156.862)	-	147.777.147
Current portion of long-term financial liabilities	-	120.983.952	-	-	-	8.037	120.991.989
Other financial liabilities	99.314.672	-	-	-	-	99.314.672	
Trade payables	255.732.030	-	-	-	-	326.721	256.058.751
-Trade payables to related parties	*113.109.195*	-	-	-	-	*113.109.195*	
-Trade payables to third parties	*142.622.835*	-	-	-	-	*326.721*	*142.949.556*
Payables related to employee benefits	-	7.838.939	-	-	-		7.838.939
Other payables	25.978.915	(9.914.359)	-	-	-	2.384.456	18.449.012
-Other payables to related parties	*15.772.640*	-	-	-	-	*1.971.540*	*17.744.180*
-Other payables to third parties	*10.206.275*	*(9.914.359)*	-	-	-	*412.916*	*704.832*
Deferred revenue	-	81.364.931	-	-	-	147.578	81.512.509
Provision for current period income tax	2.726.710	-	-	-	-	-	2.726.710
Payables related to employee benefits	7.193.803	105.340	-	-	-	-	7.299.143
-Other short term provisions	*7.193.803*	*105.340*	-	-	-	-	*7.299.143*
Other current liabilities	81.470.268	(79.394.851)	-	-	-	3.496	2.078.913
Non-Current Liabilities	**202.382.493**	**-**	**-**	**-**	**14.877.130**	**-**	**217.259.623**
Long term financial liabilities	190.920.925	-	-	-	-	-	190.920.925
Other liabilities	200.867	-	-	-	-	-	200.867
Provisions for employee benefits	10.639.221	-	-	-	(451.407)	-	10.187.814
Deferred revenue	-	211.863	-	-	-	-	211.863
Deferred income tax liability	-	-	-	-	15.328.537	-	15.328.537
Other non-current liabilities	621.480	(211.863)	-	-	-	-	409.617
	-						
EQUITY	**307.194.708**	**-**	**(246.371.207)**	**-**	**(11.022.129)**	**13.839.184**	**63.640.556**
Equity attributable to parent	**307.194.708**	**-**	**(246.371.207)**	**-**	**(11.022.129)**	**7.478.755**	**57.280.127**
Paid in share capital	40.000.000	-	-	-	-	-	40.000.000
Adjustments to share capital	56.061.369	-	-	-	-	-	56.061.369
Gain/(loss) on revaluation and re-measurement	74.881.785	-	-	-	-	-	74.881.785
Other comprehensive income/ loss not to be classified to profit or loss	-	-	-	(6.352.901)	-	-	(6.352.901)
-Actuarial gain / (losses) arising from employee benefits	-	-	-	*(6.352.901)*	-	-	*(6.352.901)*
Other comprehensive income/ expense to be reclassified to profit or loss	-	-	-	-	(673.370)-		(673.370)
-Currency translation differences	-	-	-	-	*(673.370)*	-	*(673.370)*
Impact of business combinations of entities under common control transactions	-	-	(246.371.207)	-	-	7.478.755	(238.892.452)
Restricted reserves	33.451.107	-	-	-	-	-	33.451.107
Retained earnings	74.769.445	-	-	4.169.273	(9.778.860)	-	69.159.858
Net profit / (loss) for the year	28.031.002	-	-	2.183.628	(569.899)	-	29.644.731
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**6.360.429**	**6.360.429**
TOTAL LIABILITIES	**1.250.911.560**	**-**	**(246.371.207)**	**-**	**3.698.139**	**16.709.468**	**1.024.947.964**

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

i) The Impact of amendment in TAS 19 "Employee Benefits"

In accordance with the amendment in the standard, which is effective from 1 January 2013, the actuarial gain and losses related to employee benefits are required to be accounted for under other comprehensive income. The Group recognized the actuarial gain and losses related to employee benefits in the consolidated statement of income and other comprehensive statement of income until the period then ended 31 December 2012. The Group applied the amendment in the standard retrospectively in accordance with the related changes in the accounting policies and the actuarial gain and losses disclosed in the related disclosures have been reversed from the consolidated statement of income and accounted in the other comprehensive income. As at 31 December 2012, actuarial losses amounting to 6.352.901 TRY – net of deferred income taxes (31 December 2011: 4.169.273 TRY) has been transferred from retained earnings, the actuarial losses amounting to 2.591.871 TRY – net of deferred income taxes which was accounted for in the consolidated statement of income (31 December 2011; 2.813.628 TRY) has been transferred from the net income of the period to "Actuarial gain / (losses) arising from employee benefits" under equity.

ii) Impact of accounting policy change after POAASA resolution related with "Business combinations of entities under common control"

According to resolution which is mandatory to apply retrospectively for annual reporting periods after 31 December 2012, business combinations of entities under common control should be accounted for by using pooling of interest method and goodwill should not be recognized in financial statements. Group accounted for business combinations of entities under common control according to TFRS 3 "business combinations" standard before this resolution. Goodwill amounting to 246.371.207 TRY (31 December 2011: 246.371.207 TRY) that arose in the business combinations of entities under common control in the prior years accounted for in the "Impact of business combinations of entities under common control" account under equity.

BBA Beymen Boğaziçi Alboy Mağazacılık Sanayi ve Ticaret A.Ş. ("BBA") which were owned by Boyner Holding in the ratio of 99,98% along with its net assets has been transferred by way of merger to AYTK which is a subsidiary of Altınyıldız in the ratio of 99,92%. Mentioned merger transaction was registered to the trade registry gazette at 29 August 2013. As a result of the transaction, 25% of Altınyıldız's previous shares at the rate of 99,92% have been transferred to Boyner Holding. This transaction has also been accounted for retrospectively in accordance with the resolution above and the reserve generated from this transaction amounting to 7.478.755 TRY (31 December 2011: 7.478.755 TRY) has been accounted for under "Impact of business combination of entities under common control". On 29 November 2013, 25% of shares from Boyner Holding and 1% of shares from other shareholders were purchased in return of cash amounting to 12.105.679 TRY. As a result of this acquisition, negative reserve amounting to 12.105.679 TRY has been accounted for under "Impact of business combination of entities under common control" similarly.

iii) Changes in the format of CMB financial statements

According to CMB's announcement regarding the format financial statements and disclosures, Group made classifications in previous years' consolidated financial statements in line with current year presentation changes which are summarized as follows:

- Short-term prepaid expenses amounting to 5.167.247 TRY (31 December 2011: 4.719.716 TRY) have been classified from other current assets account to short term prepaid expenses account, long term prepaid expenses amounting to 1.580.862 TRY (31 December 2011: 1.422.425 TRY) have been classified from other non-current assets to long term prepaid expenses account by Group.

- Short term portion of long term liabilities amounting to 168.139.269 TRY (31 December 2011: 120.983.952 TRY) have been classified from short-term liabilities to short term portion of long term liabilities account by Group.

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

iii) Changes in the format of CMB financial statements (Continued)

- Advances received amounting to 118.143.244 TRY (31 December 2011: 80.986.950 TRY) and prepaid expenses amounting to 566.301 TRY (31 December 2011: 377.981 TRY) have been classified from other non-current liabilities to short term deferred revenue account and short term deferred revenue amounting to 42.374 TRY (31 December 2011: 211.863 TRY) have been classified from other long term liabilities to long term deferred revenue account by Group.

- Payables to personnel amounting to 6.286.420 TRY (31 December 2011: 3.910.422 TRY) and payables related to social security premiums amounting to 2.001.258 TRY (31 December 2011: 3.928.517 TRY) have been classified from other payables to related parties to employee benefits account by Group.

- Taxes payable amounting to 2.581.659 TRY (31 December 2011: 2.075.420 TRY) have been classified from other payables to related parties to other short term liabilities account by Group.

- Expense accruals amounting to 501.896 TRY (31 December 2011: 105.340 TRY) have been classified from short term liabilities to other short term provisions by Group.

- Deposits and guarantees taken amounting to 37.472 TRY (31 December 2011: None) have been classified from long term liabilities to other payables account by Group.

- Foreign exchange gains from continuing operations in consolidated profit and loss and other comprehensive income statements amounting to 14.929.645 TRY as of 31 December 2012 and financial income from credit sales amounting to 17.859.551 TRY have been classified from financial income to other income from continuing operations, profit from sale of tangible assets amounting to 399.137 TRY have been classified from other income from continuing operations to other income from investing activities, loss on sale of tangible assets amounting to 791.654 TRY have been classified from other loss from continuing operations to other loss from investing activities, foreign exchange loss from continuing operations amounting to, 11.726.368 TRY and financial loss from credit sales amounting to 11.903.869 TRY have been classified from financial expenses to other expenses from continuing operations by Group.

iv) Impact of restatements and classifications identified in prior period consolidated financial statements

- Clearing cheques amounting to 4.367.240 TRY (31 December 2011: 3.003.557 TRY) previously classified in other receivables at consolidated balance sheet as of
31 December 2012 have been reclassified to cash and cash equivalents, inventories in transit amounting to 14.328.947 TRY (31 December 2011: 19.275.188 TRY) previously classified to other current assets have been reclassified to inventories, prepaid financial expenses related to bond issued amounting to 1.516.974 TRY (31 December 2011: 156.858 TRY) previously classified in other current assets have been reclassified in short term liabilities, other payable amounting to 39.073.373 TRY previously classified in trade payables to related parties have been reclassified in other payables to related parties, deferred income tax liabilities amounting to 4.254.619 TRY (31 December 2011: 4.117.752 TRY) previously classified in deferred income tax asset have been reclassified in deferred income tax liability.

- The land in Antalya and the shop in Unkapanı with the cost value of 66.492 TRY (31 December 2011: 66.492 TRY) previously classified in tangible assets as of 31 December 2011 have been reclassified as investment properties. Fair values of these properties were determined by using independent expert's report. Accordingly, the retained earnings have been increased by 981.207 TRY as a result of, the fair value difference amounting to 1.032.803 TRY (31 December 2011: 1.032.803 TRY) and the related deferred income tax liabilities amounting to 51.596 TRY (31 December 2011: 51.596 TRY).

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

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

iv) Impact of restatements and classifications identified in prior period consolidated financial statements (Continued)

- Group accounted for deferred income tax liabilities related to BYN and AYTK's properties which have been calculated by using 5% on the increase in their values at period ended 31 December 2012 and 2011. According to Turkish tax legislation, companies liable to pay 20% of real estate sale income as corporate tax if their core business is real estate development. Group accounted for deferred income tax liability amounting to 11.242.934 TRY (31 December 2011: 11.210.785 TRY) considering the impact of tax rate which has been changed from 5% to 20%. As a result, the retained earnings decreased by 11.210.785 TRY (31 December 2011: 11.159.282 TRY) and profit for the period increased by 32.149 TRY (31 December 2011: 51.503 TRY) after that restatement as of 31 December 2012 and the net loss for the period increased by 32.149 TRY in consolidated profit and loss and other comprehensive income for the period ended at 31 December 2012 (31 December 2011: 51.503 TL).

- Group reversed deferred income tax asset amounting to 280.101 TRY (31 December 2011: 1.152.800 TRY) calculated over consolidation adjustments of the consolidated balance sheet for the period ended at 31 December 2012. Accordingly, the retained earnings decreased by 1.152.800 TRY (31 December 2011: 372.647 TRY) and the net loss for the period increased by 1.432.901 TRY (31 December 2011: 1.525.447 TRY) after that restatement.

- Group reassessed their provision for employee benefits and assumptions used as of 31 December 2012 and 2011 and prior years' provision for employee benefits calculation has been restated retrospectively. Recalculated provision for employee benefits is lowered by 820.283 TRY(31 December 2011: 451.407 TRY) and deferred tax asset effect is calculated as 164.056 TRY (31 December 2011: 90.281 TRY) in consolidated balance sheet as of 31 December 2012. As a result of this restatement, the retained earnings increased by 361.126 TRY (31 December 2011: 27.446 TRY) and the net loss for the period decreased 295.101 TRY (31 December 2011: 333.680 TRY).

- Currency translation differences previously accounted in the consolidated statements of income in the prior periods, accounted for under other comprehensive statement of income. As a result of this restatement, the net loss for the period decreased by 425.270 TRY (31 December 2011: 673.370 TRY)

- Profit eliminations related to transactions between consolidated subsidiaries and the investments which were accounted for using equity method restated retrospectively in the period ended at 31 December 2013.After that restatement and the net loss for the period increased by 2.481.301 TRY (31 December 2011: None) in the consolidated profit and loss and the other comprehensive income for the year ended at 31 December 2012.

2.6. Summary of significant accounting policies

Principles of consolidation

Consolidated financial statements include the parent company, Altınyıldız, and its subsidiaries AY Marka, BBM, Beymen, BYN and AYTK for the year ended at 31 December 2013. Subsidiaries are consolidated at the same date that the control transferred to the parent company.

Basis of consolidation

The consolidated financial statements include the accounts of the Group on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB financial reporting standards and Group's accounting policies. The results of Subsidiaries are included or excluded from their effective dates of acquisition or disposal, respectively.

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

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

2.6. Summary of significant accounting policies (Continued)

Basis of consolidation (Continued)

Control is provided with influence on financial and operational policy in order to obtain economic benefit from enterprise benefit.

Subsidiaries are companies over which the company has the power to control the financial and operating policies for the benefit of the Company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of ownership interest owned directly and indirectly by itself, or (b) although not having the power to exercise more than 50% of the ownership interest, and/or as a result of agreements by certain the company members and companies owned by them whereby the company exercises control over the ownership interest of the shares held by them; otherwise the power to exercise control over the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The table below sets out all consolidated companies and shows the proportion of ownership interest and the effective interest of the Company in these subsidiaries for the period ended 31 December 2013 and 2012:

			31 December 2013	31 December 2012
Subsidiary	Country of registration	Nature of business	Effective ownership (%)	Effective ownership (%)
AY Marka	Turkey	Retail Store Operations	99,99	99,99
BBM [1]	Turkey	Retail Store Operations	96,55	-
Beymen [1]	Turkey	Retail Store Operations	100,00	-
BYN	Turkey	Real Estate Development	99,99	99,99
AYTK [2]	Turkey	Products Real Estate Development	99,99	75,09
Alticom GmbH ("Alticom")	Germany	Sale and Marketing of Textile Products	100,00	100,00
Altınyıldız Corporation ("Altınyıldız Corp")	USA	Sale and Marketing of Textile Products	100,00	100,00
A&Y LLC	Dubai	Sale and Marketing of Textile Products	99,99	99,99
Altınyıldız Italia SRL [3]	İtaly	Sale and Marketing of Textile Products	100,00	100,00
Altınyıldız Pars A.Ş. [4]	İran	Sale and Marketing of Textile Products	-	99,99
Vista Sağlık Hizmetleri Ticaret Danışmanlık A.Ş. ("Vista Sağlık")	Turkey	Health Services	99,99	99,99

[1] According to board of directors resolution dated 31 May 2013 it has been decided anonymously to purchase 50,01% shares of Beymen Mağazacılık A.Ş, 30,05% shares of Boyner Büyük Mağazacılık A.Ş from Fennella Sarl an establishment of Citi Venture Capital International share transfer agreement signed as of 31 May 2013. In addition, 34,77% of the shares of BBM were acquired by way of call back option and 1,73% of the shares of BBM were acquired directly from stock market (Note 3).
[2] BBA which were owned by Boyner Holding in the ratio of 99,98% along with its net assets has been transferred by way of merger to AYTK which is a subsidiary of Altınyıldız in the ratio of 99,92%. Mentioned merger transaction was registered to the trade registry gazette at 29 August 2013. Impact of BBA merger has been retrospectively applied and as explained in Note 2.5 BBA and AYTK merger has been accounted for in the financial statements as of 31 December 2012 and 2011. On 29 November 2013, 25% of shares from Boyner Holding and 1% of shares from other shareholders were purchased in return of cash amounting to 20.097.783 TRY.
[3] Pursuant to the resolution of the Board of Directors dated 5 November 2012, the sales office in Italy, namely, Altınyıldız İtalya SRL, whose principal activity is Sales and Marketing of Textile Products, will be closed. The subsidiary is closed on 9 January 2014.
[4] According to the resolution of the Board of Directors resolution dated 4 April 2013 Altınyıldız Pars A.Ş. shares has taken over by LOM Renkli Giyim Ürünleri Pazarlama A.Ş. without charge and liquidation process at LOM Renkli Giyim Ürünleri Pazarlama A.Ş. still on going.

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

2.6. Summary of significant accounting policies (Continued)

Subsidiaries are included in the scope of consolidation starting from the date the control on their activity passed to the Group and are no longer consolidated firm from the date that control ceases. Accounting policies of subsidiaries are changed with Group's accounting policies in order to be consistent.

The subsidiaries acquired or sold during the year were included in the consolidated financial statements from the date of acquisition or until the date of disposal.

The balance sheets and statements of income of the Subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is netted off against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are netted off during the consolidation. The cost of, and the dividends arising from, shares held by the Group in its Subsidiaries are netted off from shareholders' equity and income for the year, respectively.

The non-controlling shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. When the losses applicable to the non-controlling shareholders exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling shareholders are charged against the non-controlling interest.

Equity method

Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. The equity method is used for accounting of associates and joint ventures. Investment in associates accounted for under the equity method of accounting is carried in the consolidated balance sheet at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated statements of income reflect the Group's share of the results of operations of the associates.

Associates accounted under the equity method considering Group's total shares proportion which are owned directly or indirectly from their subsidiaries. Non-controlling interests are calculated according to effective rate of shares owned via subsidiary.

Valuated investments using equity method presented by adding or excluding of change after acquisition date in acquired net assets and excluding provision for decrease in purchase value at consolidated balance sheet. Consolidated income statement presents shares after operations of Group's associates. It would be necessary to change book value of subsidiary in such case of a change in equity resulting from income or loss of subsidiary has not reflected yet. The portion of change related with the Group is accounted under Group's own equity. Profit from transactions of Group and subsidiary, corrected by the share of Group in that subsidiary accordingly.

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

2.6. Summary of significant accounting policies (Continued)

Equity method (Continued)

The table below sets out Group's subsidiaries and joint ventures accounted using equity method and shows the proportion of ownership interest and the effective interest of the Company in these subsidiaries: for the period ended 31 December 2013 and 2012:

			31 December 2013	31 December 2012
Subsidiary	Country	Nature of business	Effective ownership (%)	Effective ownership (%)
İzkar Giyim Ticaret ve Sanayi A.Ş. ("İzkar")	Turkey	Commercial	49,60	-
Christian Dior İstanbul Mağazacılık A.Ş. ("Christian Dior")	Turkey	Commercial	48,94	-
Nile Bosphorus Retail and Trading Company ("Nile Bosphorus")	Egypt	Commercial	33,33	-
Elif Co. For General Trading Ltd. ("Elif Co")	Iraq	Commercial	50,00	-
Christian Louboutin Mağazacılık A.Ş. ("Christian Louboutin")	Turkey	Commercial	29,99	-

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Accounting estimates

The preparation of financial statements in accordance with the CMB Accounting Standards require the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are mainly related with deferred income tax assets, provisions, provision for leasehold improvements, determination on provision for intangible assets, provision for net realizable value of inventories and fair value of real estate held for sale.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below.

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

2.6. Summary of significant accounting policies (Continued)

Sales of goods - wholesale

The group manufactures and sells a range of textile and ready wear products in the wholesale market. Sales of goods are recognized when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied. Accumulated experience is used to estimate and provide for the discounts and returns.

In such cases of receiving cash and cash equivalents in return to sales, revenue amount is the mentioned cash and cash equivalents. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as financial income.

Sale of goods-retail

The group operates a chain of retail outlets for selling textile and read wear products. Sales of goods are recognized when a group entity sells a product to the customer. Retail sales are usually in cash or by credit card. It is the group's policy to sell its products to the retail customer with a right to return within a particular time. Accumulated experience is used to estimate and provide for such returns at the time of sale.

Rent income obtained from investment properties

Rent income from investment properties is recognized on an accrual basis. Revenue is realized when economic benefits arising from the transaction have passed, and when the amount of such income can be reliably measured. Rent discounts and similar promotions granted to existing tenants from time to time are netted off from rent revenues as they are not rent incentives for acquisition of new contracts.

Land Subject to Revenue Sharing Agreements ("LSRSA")

Group made profit sharing agreement with Fer Gayrimenkul İnşaat A.Ş. for a project of constructing office, housing and commercial units on the land owned by Group's subsidiary AYTK as of 29 September 2010. As this land is subject to profit sharing agreement made with construction company, classified to inventories at fair value at 30 September 2011 and it will be carried with the same amount until sale will realize. Sale is recognized when risk and rewards of ownership of land is transferred to the ultimate customers (that is the customers of the construction entities) and when the sales proceeds are reliably determinable.

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

2.6. Summary of significant accounting policies (Continued)

Other income

Other income realized by Group recognized according to terms as follows:

- Rent and copyrights income - according to substance over form about the agreements, on accruals basis,
- Interest Income - Interest income is accrued using the effective interest method which brings the remaining principal amount,
- Dividend income - Dividend payables are recognized in the period that the profit distribution is declared.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, credit card receivables, deposits held at call with banks and other short-term liquid investments with original maturities of 3 months or less.

Trade receivables

Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. Estimate is made for the doubtful provision when the collection of the trade receivable is not probable. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost is determined by the monthly moving weighted average method. semi-finished goods and finished goods take share from production cost Net realizable value less costs to sell is the estimated sales price in the ordinary course of business, less the estimated costs necessary to make the sale. The cost of borrowings is not included in the costs of inventories.

Investment properties

According to TAS 40 "Investment properties" ; Land and buildings those are held for long term rental yields or value increase or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are accounted for using the fair value model at the financial statements.

Disposal of investment properties performed in circumstances such as disposal of or going out of use of these investments with no possible economical proceeding in the future. In subsequent periods, profit or loss due to the revaluation of fair value of investment property are accounted for under current period's profit or loss.

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

2.6. Summary of significant accounting policies (Continued)

Property, plant and equipment

All property and equipment is initially recorded at cost and recorded at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the related accounts and any gain or loss resulting from their disposal is included in the statement of income.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset ready for use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. If the asset recognition criteria are met, the expenditures are capitalized as an additional cost of property and equipment.

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Except for the land and construction in progress, depreciation is computed on a straight-line basis over the estimated useful lives. The depreciation terms are as follows:

	Useful Life (Year)
Machinery	5-15
Equipment and installations	3-20
Motor vehicles	4-5
Furniture and fixtures	3-16
Leasehold improvements	3-15

Expected useful life, residual value and amortization method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal.

Gains or losses on disposals or suspension of property, plant and equipment are determined by sales revenue less net book value and collected amount and included in the related other income or other expense accounts, as appropriate.

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

2.6. Summary of significant accounting policies (Continued)

The property, plant and equipment revaluation reserve has been transferred to retained earnings account when revaluated assets were sold.

Intangible assets

Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized based on their economic lives (5-15 years).

Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognized at fair value at the acquisition date.

The Group has assessed the useful lives of trademarks as indefinite due to the fact that there is no foreseeable limit to the period over which trademarks are expected to generate net cash inflows for the Group.

Customer and franchise network

Customer and franchise network acquired in a business combination are recognized at fair value at the acquisition date. They are amortized over their estimated useful lives of 10-20 years.

Favorable lease contracts

Favorable lease contracts acquired in a business combination are recognized at fair value at the acquisition date. They are amortized over their estimated useful lives of 10-15 years.

Business combinations and goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with TFRS 3 (Note 3).

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination.

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

2.6. Summary of significant accounting policies (Continued)

The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquire. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income. The recoverable amount of property and equipment is the greater of net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life while the net selling price is the amount obtainable from the sale of an asset after cost of sales deducted. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

Financial investments

Classification

The group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and held to maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those with maturities greater than 12 months are classified as non-current assets. The Group's receivables are classified as "trade and other receivables" in the statements of financial position.

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

2.6. Summary of significant accounting policies (Continued)

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the related investments within 12 months of the balance sheet date.

Held to maturity financial assets

Debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity, excluding the financial assets classified as originated loans and advances to customers are classified as "held-to-maturity financial assets". Held-to-maturity financial assets are carried at amortized cost using the effective yield method.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Loans and receivables are carried at amortized cost using the effective yield method. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed for translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in the income statement; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity. Held-for-trading derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income. Dividends on available-for sale equity instruments are recognized in the statement of income as part of financial income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. If the market for a financial asset is not active and the fair value of the financial asset cannot be measured reliably, aforementioned financial assets are accounted for cost minus impairment in the consolidated financial statements.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are accounted in equity net of tax under "financial assets fair value reserve". When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are transferred to the consolidated income statement. If the difference between the cost and the fair value of the available-for-sale securities is permanent, gains and losses are transferred to the consolidated income statement.

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

2.6. Summary of significant accounting policies (Continued)

Trade payables

Trade payables are initially recorded at original invoice amount and carried at amortized cost less due date expense. Due date expense is accounted for under cost of sales. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings.

In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

2.6. Summary of significant accounting policies (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Foreign currency conversion rates used by the Group for the related period ended are as follows:

	USD/TRY	EUR/TRY
31 December 2013	2,1343	2,9365
31 December 2012	1,7826	2,3517
31 December 2011	1,8889	2,4438

Lease transactions

Financial leases

Financial leases - The Group as the lessee

Leasing of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leasing. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Financial costs of leasing are distributed over the lease period with a fixed interest rate. The property, plant and equipment acquired under financial leases are depreciated over the useful lives of the assets. If there is a decrease in the value of the property, plant and equipment under financial leasing, the Group provides impairment. The foreign exchange and interest expenses related with financial leasing have been recorded in the income statement. Lease payments have been deducted from leasing debts.

Operating leases - The Group as the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

Earnings per share

Earnings per share are determined by dividing net income by the weighted average number of shares that have been outstanding during the period concerned. The weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding increase in resources.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

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

2.6. Summary of significant accounting policies (Continued)

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, head of group, vice general managers, vice head of group and factory managers) and Board members, in each case together with the companies controlled by/or affiliated with them, associated companies and other companies within the Group are considered and referred to as related parties.

Advertisement and promotion expenses

Advertisement campaigns including advertisement, catalog and promotion expenses for new products are recorded as expense at the same time Group can reach these assets.

Income taxes

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity. In such case, the tax is recognized in shareholders' equity.

The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

Deferred income tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred income tax assets and deferred income tax liabilities are offset accordingly.

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

2.6. Summary of significant accounting policies (Continued)

Provision for employee benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnity payments to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The Group uses projected unit credit method to determine the provision for employee termination benefits in the consolidated financial statements. Group calculated employee termination benefits provisions based on projection method and experience on employee termination benefit entitlement and total employment period from previous years and discounted employee termination benefit provisions with government bond rates.

As a result of the amendment in TAS 19 effective for annual periods beginning on or after 1 January 2013, actuarial gain and losses arising from the calculations related to the liabilities related to employee benefits shall be recognized directly in other consolidated comprehensive income. In this context, service and interest cost arising from the calculation of provision for employee termination benefits have been recognized in the statement of income, actuarial gain and losses have been recognized in other comprehensive income for the period 1 January – 31 December 2013. In the context of this amendment, the Group has calculated the accumulated actuarial gain and losses for the period after 1 January 2005, and transferred the accumulated actuarial gain and losses from retained earnings to actuarial gain / (losses) arising from employee benefits on the balance sheet as at 31 December 2012 (Note 2.5).

Unused vacation rights

Unused vacation rights accrued in the consolidated financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date.

Customer loyalty programmes

The group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. The reward points are recognized as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognized as deferred revenue at their fair value. Revenue from the reward points is recognized when the points are redeemed. Breakage is recognized as reward points are redeemed based upon expected redemption rates. There is no expiration date for the reward points.

Gift vouchers

Gift vouchers sold by the Group to its customers are classified under deferred revenue. Moreover, gift vouchers are recorded as income as they are used by the customers. The Group also accounts for income for the estimated amount of gift vouchers that are not expected to be used by the customers. There is no expiration date for gift vouchers.

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

2.6. Summary of significant accounting policies (Continued)

Statement of cash flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Subsequent events

Post year/period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Post year/period-end events that are not adjusting events are disclosed in the notes when material.

Segment reporting

The Group has three business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; textile and ready-to-wear clothing, retail operations, real estate development and management. These segments are managed separately because they are affected by different economic conditions in terms of risks and returns. The Group Management determined figures of which calculated by making adjustments and reclassifications over the "Earnings Before Interest Tax Depreciation and Amortization" ("EBITDA") figure generated from the financial statements prepared in accordance with TAS for assessing the performance of segments. Adjustments and reclassifications are deducting non-recurring incomes, adding back the offsetting effect of the time difference and foreign exchange gains and losses generated from commercial operations in accordance with CMB's Communiqué and adding non-recurring expenses of which criteria are determined by the Group Management.

Operating segments are reported in a manner consistent with the reports provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

2.7 Significant accounting estimations

Preparation of consolidated financial statements requires presenting amounts of assets and liabilities as of reporting date, presenting contingent assets and liabilities and estimations which can affect income or expense amounts presented at reporting date. Accounting makes their evaluations considering estimations, past experience, other factors and reasonable expectations for situations in the future. Results may vary even if management made their estimation using their best knowledge. Estimations which can affect assets and liabilities in the next financial reporting period stated below.

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

i) Deferred income tax assets

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/(loss). The fully or partially recoverable amount of deferred income tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

ii) Provisions

As explained in Note 2.6, provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the law suits and court cases opened against it at 31 December 2013 and for the ones where the Group estimates more than 50% probability of losing them necessary provisions are accounted for in the consolidated financial statements.

iii) Impairment on leasehold improvements

As explained in Note 2.6, property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated, on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executed an impairment estimate on the leasehold improvements on stores by considering the continuity of each store.

iv) Impairment on intangible assets

As explained in Note 2.6, intangible assets such as trademarks with indefinite useful lives are not amortized. Instead, those assets are tested whether there is impairment on the carrying amount of them. The Group performs this test for intangible assets by comparing the brand's carrying amount to the discounted cash flow projections of the assets which are calculated on the basis of Group's ten year business plans. The Group has performed an impairment test on intangible assets at 31 December 2013 and has not identified any impairment as a result of this test (Note 16).

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

2.7 Significant accounting estimations (Continued)

v) Provision for net realizable value of inventories

Pursuant to accounting policy stated in Note 2.6, inventories are valued at the lower of cost or net realizable value less costs to sell. Group reviews their inventories whether they have any decrease in value or not in line with their net realizable value. Estimations made by the management regarding sale price and sale expenses of inventories after the period of sale for certain inventories. Management determines their sale price estimations considering current market conditions and fluctuations in prices.

In a case of unexpected changes in market conditions, impairment estimations are subject to change as they are calculated based on Group's estimation and assumptions.

vi) Fair value of investment properties

In the consolidated financial statement, basic assumptions used in valuation reports during the finding fair values of real estates classified as investment property is defined below:

Report of an appraisal company which holds CMB license used for accounting of Group's land in Antalya and shop in Unkapanı at fair value which are carried at cost before 2013. Prior years' financial statements have been restated to fair value as of 30 June 2013 (Note 2.5)

In the consolidated financial statements, the following assumptions used by valuation experts, that is the selection of the valuation method, the discount rate, the rent increase per annum, the capitalization rate (which is the discount rate used to determine the terminal value) and determination of the market comparable m^2 values are considered critical and thus disclosed below in tabular format.

31 December 203	Valuation report date	Valuation ratio	Increase in discount rate	Annual rental rate	Capitalization TRY (full)	Precedent m^2 value
Starcity AVM (a)	30.12.2013	Revenue reduction	%10	%3,00	-	-
Antalya Arsa (b)	05.08.2013	Precedent comparison	-	-	-	200
Unkapanı Dükkan (c)	06.08.2013	Precedent comparison	-	-	-	1.400

(a) As at 31 December 2013, Starcity Shopping Mall ("Starcity") located in İstanbul - Bahçelievler district on 34.119,06 m^2 is classified under investment properties and on April 2010 the shopping mall was opened. BYN Gayrimenkul A.Ş. and Merkür İnşaat Ticaret A.Ş. are the owner of the Starcity with the portions respectiveley 2/5 and 3/5. Management of the Mall is conducted by Merkür İnşaat Ticaret A.Ş..

Starcity mall accounted at fair value amounting to TRY 300.600.000 as of 31 December 2013 which is 2/5 of TRY 120.240.000 according to valuation report prepared by Standart Gayrimenkul Değerleme ve Danışmanlık A.Ş. at 30 December 2013. (31 December 2012: 110.692.000 which is 2/5 of TRY 276.730.000.)

(b) Group's land located in Antalya, Kepez district with 4.647 m2 surface area which is classified under investment properties as of 31 December 2013, accounted at fair value of 935.000 TRY determined by an appraisal company's report which company holds CMB license with 2013/5900 number as of 5 August 2013.

(c) Group's shop located in İstanbul, Fatih district with 125 m2 surface area which is classified under investment properties as of 31 December 2013, accounted at fair value of 175.000 TRY determined by Elit Gayrimenkul Değerleme A.Ş.' report which company holds CMB license with 2013/5901 number as of 6 August 2013.

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

2.7 Significant accounting estimations (Continued)

vii) Provision for doubtful receivables

In the event there is a situation which makes impossible for the Group to collect the overdue receivables, a provision for loss is provided for the trade receivables. The amount of the provision is determined with the assessment of the payment performance of the customer and trade receivable aging. Provision for doubtful receivables is the accounting estimation that is based on the past payment performance and financial situations of the customers.

viii) Provision for contingent consideration

Contingent consideration which is related with the acquisition of Beymen's shares and of which details are disclosed in Note 3, has been estimated to be 13.995.750 TRY (7.500.000 US dollars) and its present value has been calculated based on the discount rate of 6,00% and at the purchase price allocation as at 31 May 2013, 12.446.229 TRY was taken into consideration. As of 31 December 2013, calculation of contingent consideration has been reviewed by the management and it has been reversed and accounted for under other operating income due to the remote probability of the occurrence of payment mainly related to the significant increase in US dollars/TRY rate which will be used in the calculation (Note 24).

ix) Fair values of value of intangible assets acquired in a business combination

Fair values of trademarks have been determined by using the "relief from royalty method". In the relief from royalty approach, projected revenues are taken into consideration and royalty rates are determined by comparison of entities which serve as a model. In this valuation approach, royalty rates that are necessary to possess the trademarks are determined and amount of the benefits generated for possessing the trademark is determined. Significant assumptions are; a) projected revenues, b) determination of the discount rate used for calculation of present values of sales amounts and c) determination of royalty rate. Weighted average cost of capital has been used as the discount rate.

Fair values of favorable lease contracts are determined by comparing the rents in the lease contracts owned by the companies and rents in the market and amounts of the ones that are designated to be as favorable, discounted to its present values. Weighted average cost of capital has been used as the discount rate. Rents in the market have been determined by an independent valuation company.

Fair values of franchise and customer network are based on the projected future revenues of franchises and customers registered in a customer loyalty programme. Similarly, weighted average cost of capital has been used as the discount rate.

NOTE 3 - BUSINESS COMBINATIONS

The Group applies acquisition method for company acquisitions. Subsidiaries acquired or sold during the year are included in consolidated financial statements beginning from acquisition date or until the disposal date.

a) Boyner and Beymen acquisitions

Interests of Altınyıldız in its associates accounted for equity method was 49,99% and 29,99% for Beymen and BBM, respectively, and Fennella S.a.r.l. ("Fennella"); which is an establishment of Citi Venture Capital International ("CVCI") is the other shareholder in Beymen and BBM. On 31 May 2013, Altınyıldız purchased Fennella's shares in the ratio of 50.01% at Beymen and 30,05% at BBM's shares and signed a share purchase agreement with Fennella on the same date.

NOTE 3 - BUSINESS COMBINATIONS (Continued)

As a result of the transaction, the change in the control has been regarded as a business combination achieved in stages in accordance with Business Combinations "TFRS 3". Within this framework, Beymen and BBM which had been accounted for using the equity method until 31 May 2013, have been included in the scope of consolidation from 1 June 2013 forth and interests in the ratio of 3,5% arising from publicly traded shares have been accounted for as non-controlling interest. Accordingly, in a business combination achieved in stages, the acquirer's previously held interest is re-measured to fair value at the acquisition date and a gain or loss is recognized in the income statement.

According to the articles of share purchase agreement dated 31 May 2013, Altınyıldız will pay minimum 287.000.000 US dollars in return of the Fennella's shares in Beymen in the ratio of 50,01%. 11.000.000 US dollars out of this amount was paid in cash at 31 May 2013 which is the share transfer date and remaining balance will be paid in two installments amounting to 30.500.000 US dollars and 245.500.000 US Dollars on 2 June 2014 and 5 June 2015, respectively. In addition to these payments, in the event of 50% of the value that will be calculated by using the 2014 financial statements of Beymen exceeds the minimum value which had been determined as 266.680.000 US dollars, an additional payment to Fennella may be made with an upper limit of 89.820.000 US dollars. For the purchase of the shares of Fennella in Beymen in the ratio of 50,00% by Altınyıldız, payables amounting to 276.000.000 US dollars with due dates of 2 June 2014 and 5 June 2015, have been discounted to its value at 31 May 2013 by 6% which is the general borrowing cost rate of Altınyıldız in terms of US dollars. As a result of the calculation, difference amounting to 28.915.808 US dollars (53.959.789 TRY) has been taken into consideration during the determination of goodwill within the application of purchase price allocation in accordance with TFRS 3, instead of accounting for under income statement.

According to the articles of share purchase agreement dated 31 May 2013, Altınyıldız will pay 96.700.000 US dollars in return of the Fennella's shares in BBM in the ratio of 30,05% on 5 June 2015. Mentioned amount have been discounted to its value at 31 May 2013 by 6%, difference amounting to 10.706.012 US dollars (19.978.489 TRY) has been taken into consideration during the determination of goodwill within the application of purchase price allocation in accordance with TFRS 3, instead of accounting for under income statement.

As a result of the acquisition of Fennella's shares in BBM in the ratio of 30,05% on 31 May 2013, Altınyıldız's share in BBM increase to 60,04% and on 6 September 2013 pursuant to CMB's Communiqué Serial IV No. 8 on "Communique on Principles Regarding Proxy Voting at Shareholders' Meetings of Publicly Held Joint Stock Corporations, Proxy Solicitation and Tender Offer" terminal call price has been determined by CMB as 7,0835 TRY and the call commenced on 9 September 2013 for a duration of 10 business days. By way of mentioned call, shares in the ratio of 34,77% have been purchased in return of 226.752.899 TRY. Additionally, Altınyıldız purchased BBM shares at the ratio of 1,74% from other shareholders of BBM in return of 9.784.608 TRY. Mentioned acquisitions have been taken into consideration during the determination of goodwill within the application of purchase price allocation in accordance with TFRS 3.

Main assumptions used for the determination of fair values of Altınyıldız's previously held interest in Beymen and BBM have been specified below. Mentioned studies have been prepared by a valuation company which is authorized by CMB.

BBM whose shares are traded in Borsa İstanbul ("BİST") with a ratio of 39,96%, "BİST value" (company's value based on its own share prices), "discounted cash flows" and "net asset value" methods have been used and BBM's market price has been determined by using the weighted average of these three methods. Pursuant to CMB's bulletin dated 23 August 2013, in accordance with CMB's Communiqué Serial IV No. 8 on "Communique on Principles Regarding Proxy Voting at Shareholders' Meetings of Publicly Held Joint Stock Corporations, Proxy Solicitation and Tender Offer", in the fair value studies it has been found to be more appropriate to use call price calculated previously for the determination of BİST value (31 May value: 3,4329 US dollars) and according to this calculation BBM's BİST value has been determined to be as 649.742 thousand of TRY and BBM's value according to the weighted average of the three methods mentioned above determined as 615.736 thousands of TRY.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

For Beymen's value at 31 May 2013, "discounted cash flows", "comparable company method" and "net asset value" methods have been used and Beymen's market price has been determined as 1.012.978 thousands of TRY by using the weighted average of these three methods.

In this context, in the "discounted cash flows" methods used for the determination of fair values of Beymen and BBM, companies free cash flow projections which are based on budgets covering a five year period have been taken into consideration. Projected free cash flows after the five year period have been calculated by using the estimated growth rates. Projected free cash flows have been discounted to their present values. Information such as growth rates of the sector in which companies operate in, gross domestic product per capita and price indices have been externally generated. Estimations related to variables such as trade goods prices, working capital requirement and capital expenditures have been based on the Group's forecasts and prior period realizations.

Consequently, fair values increases of Beymen and BBM amounting to 470.018.541 TRY and 155.593.774 TRY, respectively, determined as a result of the valuation of Altınyıldız's share in Beymen and BBM with the ratios of 49,99% and 29,99%, respectively at 31 May 2013, have been accounted for under income from investment activities (Note 25).

All acquisition transactions mentioned above are considered collectively in the determination of goodwill. Although fair values of assets and liabilities acquired as a result of the purchase of Beymen and BBM's shares are based on the best estimation of the management, as of the date of this report fair value exercises commenced with the independent valuation experts have not been finalized yet. In the course of mentioned studies identified intangible assets are mainly comprised of trademarks, customer loyalty programs, rent and franchise contracts. Mentioned intangible assets have been recognized at fair value at the acquisition date except for the BBM trademark.

In the course of acquisition, in the context of TFRS 3, purchase price allocation is required to be exercised for all of the subsidiaries and associates in the consolidated financial statements of acquire. BBM, acquired 63% shares of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Ticaret ve Sanayi A.Ş. ("YKM") that operates in retail sector and 20,62% of Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Pazarlama A.Ş. ("YKM Pazarlama") that is a subsidiary of YKM. Due to the fact that fair value studies related with this acquisition has been made provisionally at the date when shares of BBM were acquired, at the initial accounting for business combination applied for the acquisition of BBM's shares it has been assumed that any significant change at the fair values of intangible assets have not been anticipated. Negotiations with the selling shareholders of YKM and YKM Pazarlama on the acquired entities net assets at the date of acquisition and value of working capital have been finalized at the date of issue of consolidated financial statements as of 31 December 2013 and their effects have been reflected to the consolidated financial statements.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

Fair value of assets and liabilities arising from acquisition at the action date of purchase is as follows:

Fair Value	BBM	Beymen	Total
Cash and cash equivalents	141.284.478	32.338.563	173.623.041
Trade receivables	49.719.156	53.069.375	102.788.531
Other receivables	5.500.135	56.642.854	62.142.989
Inventories	311.094.583	109.348.098	420.442.681
Prepaid expenses	12.581.148	8.820.764	21.401.912
Other current assets	29.575.480	8.189.421	37.764.901
Financial investments in associates	-	9.024.231	9.024.231
Tangible assets	136.900.061	56.896.444	193.796.505
Intangible assets	335.309.332	600.922.313	936.231.645
Deferred income tax assets	6.837.631	7.348.438	14.186.069
Other non-current assets	1.030.286	65.402	1.095.688
Financial investments	-	3.812	3.812
Financial liabilities	(300.534.200)	(102.608.735)	(403.142.935)
Trade payables	(419.386.344)	(98.755.340)	(518.141.684)
Payables related to employee benefits	-	(6.825)	(6.825)
Other payables	(4.206)	(6.757.795)	(6.762.001)
Deferred revenue	(15.670.228)	(25.117.254)	(40.787.482)
Income tax payable	(3.499.600)	(2.119.925)	(5.619.525)
Short term provisions	-	(5.435.481)	(5.435.481)
Other short term liabilities	-	(10.402.531)	(10.402.531)
Long term financial liabilities	-	(11.177.575)	(11.177.575)
Long term deferred revenue	-	(11.936.805)	(11.936.805)
Other long term liabilities	(5.868.983)	-	(5.868.983)
Provision for employee benefits	(16.317.967)	(2.210.719)	(18.528.686)
Other long term payables	-	(67.429)	(67.429)
Deferred income tax liability	(45.531.871)	(118.610.505)	(164.142.376)
Non-controlling interests	(17.830.416)	-	(17.830.416)
Net total assets	**205.188.475**	**547.462.796**	**752.651.271**
Acquired assets (A)	198.109.474	547.462.796	745.572.270
Net assets of non-controlling interests	7.079.002	-	7.079.002
Fair value of initially held shares (B)	(184.659.258)	(506.387.734)	(691.046.992)
Cash paid portion of total cost (C)	-	(20.527.100)	(20.527.100)
Liability due to acquisition (D)	(397.010.887)	(461.083.811)	(858.094.698)
Payables related to Fennella S.a.r.l	(160.473.380)	(461.083.811)	(621.557.191)
Purchased shares from the stock market	(9.784.608)	-	(9.784.608)
Shares acquired by way of tender call	(226.752.899)	-	(226.752.899)
Contingent consideration (E)	-	(12.446.229)	(12.446.229)
Purchased cash and cash equivalents (F)	141.284.478	32.338.563	173.623.041
Total net cash paid (C+D+E+F)	**(255.726.409)**	**(461.718.577)**	**(717.444.986)**
Goodwill obtained through acquisitions (G) (*)	106.041.968	-	106.041.968
Goodwill (-A-B-C-D-E+G)	**489.602.639**	**452.982.078**	**942.584.717**

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

50% of Beymen's market value which will be computed by multiplying the Earnings Before Interest Tax Depreciation and Amortization ("EBITDA") figures by 10,5 which is derived from the financial statements of Beymen as of 31 December 2014 prepared in accordance with the CMB Financial Reporting Standards after deducting net liabilities will be compared with the minimum consideration amounting to 266.680.000 US dollars determined by the share purchase agreement dated 31 May 2013 and the remaining differences will be additionally paid to Fennella. Upper limit for the additional payment has been determined as 89.820.000 US dollars. Possible contingent consideration has been estimated to be 13.995.750 TRY (7.500.000 US dollars) and its present value has been calculated based on the discount rate of 6,00% and at the purchase price allocation as at 31 May 2013, 12.446.229 TRY was taken into consideration. As of 31 December 2013, calculation of contingent consideration has been reviewed by the management and it has been reversed and accounted for under other operating income due to the remote probability of the occurrence of payment mainly related to the significant increase in US dollars/TRY rate which will be used in the calculation (Note 24).

At the purchase method applied during the acquisition of BBM's shares at the ratio of 30,05%, Altınyıldız determined the non-controlling interest over the proportion of the acquired entities net identifiable assets. Non-controlling interests amounting to 17.830.416 TRY generated from the BBM's acquisition of YKM and YKM Pazarlama has been determined in line with the above method.

Asset and liability amounts acquired in a business combination as of 31 December 2013 has been stated as assets and liabilities acquired in a business combination in the related notes.

From 1 June 2013 forth, as a result of inclusion of Beymen and BBM to the scope of consolidation, acquisition of Beymen and BBM contributed to the consolidated revenue and net profit for the period by 1.124.392.195 TRY and 26.340.854 TRY, respectively.

b) BBA Merger

In the BBA merger described in Note 2.5, on 29 August 2013 25% of AYTK has been transferred to Boyner Holding. This transaction has also been accounted for retrospectively. Details of the transaction in 2012 and 2011 are as follows:

	2012	2011
Assets	15.536.823	16.709.472
Liabilities	(3.137.903)	(2.870.288)
Net total assets	**12.398.920**	**13.839.184**
Net assets acquired (A)	12.398.920	13.839.184
AYTK share value for net assets held (non-controlling shares) (B)	(5.065.894)	(6.360.429)
Losses from BBA attributable to shares of equity holders (C)	145.729	-
Impact of business combinations under common control (A+B+C) (Note 20)	**7.478.755**	**7.478.755**

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

	2013
Value of AYTK non-controlling interest (A)	7.992.104
Payables related to acquisition (B)	(20.097.783)
Impact of business combinations under common control (A+B) (Note 20)	(12.105.679)

As disclosed in the table above, on 29 November 2013, 25% of shares from Boyner Holding and 1% of shares from other shareholders were purchased in return of cash amounting to 12.105.679 TRY. As a result of this acquisition, negative reserve amounting to 12.105.679 TRY has been accounted for under "Impact of business combination of entities under common control".

NOTE 4 - SEGMENT REPORTING

The Group's business operations are organized and managed with respect to the range of products and services provided by the Group. Information regarding the Group's business activities as of 31 December 2013 and 2012 comprise the earnings and profits obtained from operations i.e., textile and ready-to-wear products, retail store operations and real estate development and management.

The Group Management determined figures of which calculated by making adjustments and reclassifications over the "Earnings Before Interest Tax Depreciation and Amortization" ("EBITDA") figure generated from the financial statements prepared in accordance with TAS for assessing the performance of segments. Adjustments and reclassifications are deducting non-recurring incomes, adding back the offsetting effect of the time difference and foreign exchange gains and losses generated from commercial operations in accordance with CMB's Communiqué and adding non-recurring expenses of which principles are determined by the Group Management. EBITDA obtained from these amounts are defined as "Adjusted EBITDA".

Segment analysis for the periods ended 31 December 2013 is as follows:

1 January-31 December 2013	Textile and ready wear clothes	Retail Operations	Real Estate Development and Management	Undistributed	Elimination	Total
Revenue	222.619.749	1.614.022.608	172.220.946	-	(107.266.887)	1.901.596.416
Gross profit/ (loss)	12.867.045	682.019.761	35.493.249	-	(3.806.364)	726.573.691
Capital expenditures (based on balance sheet)	5.916.970	70.636.607	-	-	-	76.553.577

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NOT 4 - SEGMENT REPORTING (Continued)

31 December 2013	Textile and ready wear clothes	Retail Operations	Real Estate Development and Management	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	**1.525.814.038**	**1.944.575.677**	**381.640.931**	**-**	**7.848.553**	**3.859.879.199**
Total assets	**1.525.814.038**	**1.944.575.677**	**381.640.931**	**-**	**7.848.553**	**3.859.879.199**
Segment liabilities	**1.715.456.498**	**1.790.338.036**	**330.822.390**	**-**	**(333.004.263)**	**3.503.612.661**
Total liabilities	**1.715.456.498**	**1.790.338.036**	**330.822.390**	**-**	**(333.004.263)**	**3.503.612.661**
Other segment information						
Depreciation and amortization expenses	**8.827.865**	**55.944.106**	**-**	**-**	**-**	**64.771.971**

Segment analysis for the periods ended 31 December 2012 is as follows:

1 January-31 December 2012	Textile and ready wear clothes	Retail Operations	Real Estate Development and Management	Undistributed	Elimination	Total
Revenue	305.960.658	350.574.063	7.152.505	-	(65.776.951)	597.910.275
Gross profit/ (loss)	35.073.975	152.177.271	6.568.458	-	877.410	194.697.114
Investment expenses (based on balance sheet)	2.985.565	10.582.530	-	-	-	13.568.095

31 December 2012	Textile and ready wear clothes	Retail Operations	Real Estate Development and Management	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	564.118.905	248.877.403	376.582.596	-	(126.292.464)	1.063.286.440
Total assets	564.118.905	248.877.403	376.582.596	-	(126.292.464)	1.063.286.440
Segment liabilities	617.418.832	235.760.826	297.401.413	-	(83.846.239)	1.066.734.832
Total liabilities	**617.418.832**	**235.760.826**	**297.401.413**	**-**	**(83.846.239)**	**1.066.734.832**
Other segment information						
Depreciation and amortization expenses	9.321.789	7.958.915	-	-	-	17.280.704

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NOT 4 - SEGMENT REPORTING (Continued)

Reconciliation of EBITDA as of 31 December 2013 is as follows:

	31 December 2013		31 December 2012
	CMB Financial Statement	**Group Management Financial Statement (*)**	**CMB Financial Statement**
31 December 2013			
Revenue	**1.901.596.416**	**2.623.816.590**	597.910.275
Gross profit	**726.573.691**	**1.013.273.393**	194.697.114
EBITDA	**780.095.753**	**831.476.266**	46.487.774
Adjustments:			
Reclassification in accordance with the format recommended by CMB (Note 2.5)	**19.184.004**	**21.271.481**	(9.158.959)
Foreign currency gains	*(53.313.471)*	*(58.089.290)*	*(14.929.645)*
Unearned financial income from trade receivable and payable	*(22.206.304)*	*(31.454.753)*	*(17.859.551)*
Term difference income	*(12.475.726)*	*(16.653.631)*	-
Foreign currency losses	*68.165.910*	*73.100.380*	*11.903.869*
Term difference expenses	*22.860.682*	*28.885.924*	-
Unearned financial expense from trade receivable and payable	*16.152.913*	*25.482.851*	*11.726.368*
Non-recurring (income)/expenses per Group Management (**)	**(611.451.464)**	**(618.058.868)**	22.951.500
Fair value gains of the previously held interest in the acquiree (Note 25)	*(625.612.315)*	*(632.219.719)*	-
Acquisition of subsidiaries conditional payment amount change (Note 24)	*(12.446.229)*	*(12.446.229)*	-
Collection from doubtful receivables (Obtained through BBA merge)	*(4.049.043)*	*(4.049.043)*	-
Acquisition related expenses	*10.001.000*	*10.001.000*	-
Consultancy expenses	*3.518.000*	*3.518.000*	-
Other non-recurring operational expenses	*17.137.123*	*17.137.123*	*22.951.500*
Adjusted EBITDA (**)	**187.828.293**	**234.688.879**	60.280.315

(*) The financials prepared based on the assumption of the consolidation of BBM and Beymen starting from 1 January 2013 are monitored separately and used as performance measure for the better understanding of the Group performance.

(**) Adjusted EBITDA and non-recurring income/expenses are not defined by TFRS. These items determined by the principles defined by the Group management comprises incomes/expenses which are assumed by the Group management that they 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 audit, are disclosed by the Group management separately for better understanding and measurement of the Company's sustainable performance.

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NOTE 5 - CASH AND CASH EQUIVALENTS

The details of the cash and cash equivalents as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Cash	3.693.992	62.067
Banks	43.866.746	27.414.284
- Time deposits(*)	18.291.920	18.292.645
- Demand deposits(**)	25.574.826	9.121.639
Credit card receivables	239.721.246	1.215.329
Cheques	2.274.891	7.012.625
	289.556.875	35.704.305

(*) Group's time deposits consist of overnight and average interest rate is 7% as of 31 December 2013 (31 December 2012: 8%).
(**) Group has restricted cash amounting to 14.245.636 TRY as of 31 December 2013(31 December 2012: 2.456.556 TRY).

Cash and cash equivalents include the following for the purposes of the statements of cash flow:

	31 December 2013	31 December 2012
Cash and cash equivalents	289.556.875	35.704.305
Change in restricted cash	(11.789.080)	1.581.724
	277.767.795	37.286.029

Group's credit card receivables are pledged amounting to 10.214.571 TRY as of 31 December 2013. (31 December 2012: None).

The total insurance on cash and cash equivalents is amounting to 77.707.896 TRY as of 31 December 2013 (31 December 2012: 7.014.550 TRY).

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

The details of the financial investments and investments in associates as of 31 December 2013 and 2012 are as follows:

	31 December 2013		31 December 2012	
	Share %	Amount	Share %	Amount
Doğu Yatırım Holding A.Ş.	< 1%	104.891	< 1%	104.891
Alsis Sigorta Acentalığı A.Ş.	< 1%	12.250	< 1%	12.584
Beymen Ayrıcalıklı Yapı Geliştirme A.Ş.	< 1%	2.400	< 1%	2.400
BNR Teknoloji A.Ş.	< 1%	1.400	< 1%	1.400
Lom Renkli Giyim Ürünleri Pazarlama A.Ş.	< 1%	343	< 1%	343
Total		121.284		121.618

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

Financial investments are valued at cost and below 1%.

	31 December 2013		31 December 2012		31 December 2011	
	Effective ownership ratio (%)	**Amount**	Effective ownership ratio (%)	Amount	Effective ownership ratio (%)	Amount
Subsidiaries						
Associates accounted for using the equity method						
İzkar	**49,60%**	**1.304.448**	-	-	-	-
Christian Dior	**49,00%**	**4.275.449**	-	-	-	-
BBM	**-**	**-**	29,99%	29.433.613	29,99%	29.995.129
Beymen	**-**	**-**	49,99%	26.743.865	49,99%	12.275.061
Accounted at cost						
Nile Bosphorus (*)	**33,33%**	**5.472.508**	-	-	-	-
Joint ventures						
Associates accounted for using the equity method						
Christian Louboutin	**30%**	**1.089.556**	-	-	-	-
Elif Co (**)	**50%**	**-**	-	-	-	-
		12.141.961		56.177.478		42.270.190

(*) Since Nile Bosphorus does not prepare its financial statements for the period ended 31 December 2013 and 2012 in accordance with TFRS, the Company's investment in Nile Bosphorus is not accounted for under equity method; instead the investment is carried at cost.
(**) In 2013,Group due to losses caused by Elif Co. investments valued using the equity method showed the amount as zero. As at 31 December 2013, financial losses which are not accounted in the consolidated financial statements due to the gap between the amount of investment and the cost of the investment for the investments accounted for using equity method, is amounting to 1.882.553 TRY.

The summary of financial information of investments valued using equity method is as follows:

	İzkar		**Christian Dior**		**Elif Co**		**Christian Louboutin**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Total assets	**9.810.379**	3.789.394	**23.550.091**	5.959.865	**8.188.854**	2.982.383	**7.126.136**	4.065.616
Total liabilities	**7.570.356**	1.727.661	**14.824.690**	3.051.410	**12.688.070**	3.716.533	**3.494.038**	2.777.182
Revenue	**15.829.878**	13.779.863	**12.220.993**	9.594.877	**6.335.654**	2.440.740	**11.597.930**	4.509.399
Net income / (loss)	**1.325.690**	1.251.684	**377.535**	1.822.889	**(3.234.977)**	(1.029.953)	**2.343.664**	1.238.432

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NOTE 6 - FINANCIAL ASSETS AND INVESTMENTS IN ASSOCIATES (Continued)

	BBM		Beymen	
	2013 (*)	2012	**2013 (*)**	2012
Total assets	**901.225.122**	861.200.118	**349.617.190**	260.228.702
Total liabilities	**781.091.966**	731.942.548	**276.596.413**	203.157.863
Revenue	**522.563.426**	935.090.980	**214.256.161**	449.057.079
Net income / (loss)	**(3.329.641)**	7.577.092	**16.341.451**	32.515.806

(*) Presents the summary of financial information at 31 May 2013.

Changes in investments during the periods ended 31 December 2013 are as follows:

	31 December 2013	31 December 2012	31 December 2011
Investments at the beginning of period	**56.177.478**	42.270.190	31.064.394
Amount related with current year profit (*)	**10.412.538**	15.833.119	-
Assets acquired through merger (Note 3)	**9.024.231**	-	-
Disposal from investments accounted for using equity method due to change in the scope of the consolidation	**(65.434.677)**	-	-
Amount related with equity	**1.972.964**	(1.936.404)	-
Impact of equity reclassification	**(10.573)**	10.573	-
Additions to investments in associates	**-**	-	34.118.773
Impact of transition to equity method	**-**	-	(22.912.977)
	12.141.961	56.177.478	42.270.190

(*) Transactions in Group netted off which are related with net current year profit.

NOTE 7-FINANCIAL LIABILITIES

The details of the short-term financial liabilities as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Interest free bank borrowings (*)	**9.719.740**	1.827.017
Short term bank borrowings	**378.817.996**	125.993.260
Bond issued (**)	**139.495.689**	135.705.266
	528.033.425	263.525.543

(*) Interest free bank borrowings consist of %0 interest rate loans which were borrowed for SSI payments as of 31December 2013 and 2012.
(**) Pursuant to the permission given by Capital Markets Board on 26 September 2013,the commercial paper with a nominal value of 140.000.000 TRY maturing 363 days, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities + 4.50% floating interest rate has been offered to qualified investors.

Pursuant to the permission given by the Capital Markets Board on 1 October 2012, the commercial paper with a nominal value of 150.000.000 TRY maturing in 364 days starting from 3 October 2012 with a fixed interest of 11,77% has been offered to qualified investors. The said commercial paper has no coupon payments and its amortization will be done in a single transaction at the maturity date. The interest on the said commercial paper has been paid in advance.

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

Short-term portion of long-term financial liabilities are stated below:

	31 December 2013	31 December 2012
Short-term portion of long-term financial liabilities (*)	**353.124.026**	161.796.173
Short-term portion of long-term bonds	**25.031.199**	-
Financial lease liabilities	**12.789.487**	6.343.096
	390.944.712	168.139.269

(*) BBM related to the acquisition of the YKM obtained credit amounting to 68.451.149 TRY as of 31 December 2013 relating to redemption schedule has been updated in January 2014. If this update was made in 2013, the Group's long-term loan amounting to 30 million TRY payment would be classified in the short-term liabilities.

The summary of long-term financial liabilities for the period ended 31 December 2013 and 2012 is stated below:

	31 December 2013	31 December 2012
Long-term bank borrowings	**137.690.272**	110.943.051
Bond issued (*)	**234.077.872**	-
Financial lease liabilities	**4.793.832**	5.220.435
	376.561.976	116.163.486

(*) Pursuant to the permission given by Capital Markets Board on 16 September 2013, the commercial paper with a nominal value of 60.000.000 TRY maturing 727 days, a quarterly coupon and principal payment on the maturity date, benchmark Government Debt Securities + 5.50% floating interest rate has been offered to qualified investors.

Bond which is issued from BBM, consecutive to registering Capital Market Board, consists of 100.000.000 TRY nominal value in 6 November 2012, 36 months maturity, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities + 4.50% interest rate bond. As of 31 December 2013 annual accumulated interest rate is determined as 12.94%.

Bond which is issued from BBM, consecutive to registering Capital Market Board, consists of 100.000.000 TRY nominal value in 23 December 2013, 36 months maturity, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities + 5.00% interest rate bond. As of 31 December 2013 annual accumulated interest rate is determined as 13.62%.

The summary information of short-term and long-term bank borrowings as of 31 December 2013 and 2012 is as follows:

31 December 2013

Currency	**Maturity**	**Interest Rate (%)**	**Short term**	**Long term**
TRY interest free borrowings	**2014**	**-**	**9.719.740**	**-**
TRY borrowings	**2014-2016**	**7,25%-16,66%**	**631.626.376**	**113.289.254**
USD borrowings	**2014-2015**	**6,76%-7,03%**	**62.992.085**	**5.122.320**
EUR borrowings	**2014-2017**	**5%-7%**	**37.323.561**	**19.278.698**
			741.661.762	**137.690.272**

31 December 2012

Currency	Maturity	Interest Rate (%)	Short term	Long term
TRY interest free borrowings	2013	-	1.827.017	-
TRY borrowings	2013-2014	11,6%	153.650.816	42.602.610
USD borrowings	2013	7,5%-9%	90.514.275	-
EUR borrowings	2013-2014	8,6%-9%	43.624.342	68.340.441
			289.616.450	110.943.051

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of the financial liabilities and bonds as of 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Within 1 year	**906.188.650**	425.321.716
2014	**-**	95.503.680
2015	**253.781.524**	7.144.560
2016	**117.293.397**	7.740.322
2017 and after	**693.223**	554.489
	1.277.956.794	536.264.767

In relation to the bank loans elaborated as of 31 December 2013 above, there are mortgages of 40.000.000 EUR and 200.000.000 TRY (31 December 2012: 40.000.000 EUR and 200.000.000 TRY) and guarantee notes amounting to 200.000.000 TRY (31 December 2012: 200.000.000 TRY) on the mall classified by the Group as investment property at a fair value of 120.240.000 TRY (Note 8) and the land classified by the Group as plant area inventory at a value of 89.852.283 TRY (Note 11).

The redemption schedule of the financial lease as of 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Total financial lease payments	**18.815.092**	12.539.966
Interest will be paid in upcoming years (-)	**(1.231.773)**	(976.435)
	17.583.319	11.563.531
Financial lease liabilities up to 1 year	**12.789.487**	6.343.096
Financial lease liabilities after 1 year	**4.793.832**	5.220.435
	17.583.319	11.563.531

The summary of short-term financial lease liabilities as of 31 December 2013 and 2012 is as below:

	31 December 2013	31 December 2012
EUR	**321.529**	463.409
USD	**3.632.360**	4.581.146
TRY	**8.835.598**	1.298.541
	12.789.487	6.343.096

The summary of long term finance lease liabilities is as below:

	31 December 2013	31 December 2012
EUR	**6.590**	262.775
USD	**1.363.558**	3.746.861
TRY	**3.423.684**	1.210.799
	4.793.832	5.220.435

Letter of guarantees amounting to 617.918 USD, 8.433 Euro and 2.261.142 TRY has given in return to financial leasing liabilities which details provided above (31 December 2012: 883.070 USD, 19.677 Euro and 1.712.800 TRY).

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NOTE 8 - OTHER FINANCIAL LIABILITIES

Group has other financial liabilities amounting to 58.629.605 TRY as of 31 December 2013 (31 December 2012: 75.160.111 TRY). Group's other financial liabilities comprises its receivables which transferred to factoring companies as of 31 December 2013 and 2012. Group transfers their trade receivables to local factoring companies with recourse. Since risks related with negotiated receivables has not been transferred to factoring companies and factoring companies have right to recourse when amounts collected before due date cannot be collected completely or partially by factoring companies, negotiated receivable amount has not been excluded and amount provided from factoring companies presented as other financial liabilities in related financial statement.

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 December 2013	31 December 2012
Trade receivables	**219.905.702**	150.116.055
Notes receivables (*)	**153.398.763**	137.637.173
Less: Provision for impairment of receivables	**(26.703.737)**	(10.399.538)
Less: Unearned financial income on term sales	**(6.829.277)**	(4.121.064)
Total trade receivables from third parties	**339.771.451**	273.232.626
Trade receivables from related parties	**40.269.991**	35.371.295
Less: Unearned financial income on term sales from related parties	**(1.559.197)**	(630.253)
Total trade receivables from related parties (Note 30)	**38.710.794**	34.741.042
Total short-term trade receivables	**378.482.245**	307.973.668

(*) A portion of the notes receivable amounting to 58.629.605 TRY has been transferred to factoring institutions (31 December 2012 –75.160.111 TRY). The factoring debts related to this transaction have been classified under 'other financial liabilities' account (Note 8).

Long-term trade receivables

	31 December 2013	31 December 2012
Trade receivables from related parties (Note 30)	**2.993.125**	-
Trade receivables from third parties	**14.545.000**	35.000
Less: Unearned financial income on term sales from non-related parties	**(4.185.076)**	(2.938)
Total long-term trade receivables	**13.353.049**	32.062

The collection period of trade receivables vary with the type of product and the agreements entered into with the customer such that the average period of collection is 155 days (31 December 2012: 148 days) for local sales of ready-to-wear clothes, 30 days (31 December 2012: 53 days) for export ready wear products, 185 days (31 December 2012: 200 days) for local textile sales and 60 days (31 December 2012: 65 days) for textile exports. The average collection terms of trade receivables from retail sales is 84 days (31 December 2012: 62 days).

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Current period movement of allowance for doubtful receivables of 31 December 2013 and 2012 are as follows:

	2013	2012
At the beginning of the period - 1 January	**10.399.538**	9.760.095
Provisions	**1.120.944**	766.128
Receivables from business combination	**21.907.755**	-
Current term right-off (*)	**(1.872.017)**	-
Collection of receivable in current term (-)	**(4.852.483)**	(126.685)
At the end of the period 31 December	**26.703.737**	10.399.538

(*) Relates to doubtful receivables which are reversed from records.

Trade payables

	31 December 2013	31 December 2012
Trade payables	**470.265.709**	64.345.557
Notes payables	**413.443.016**	31.711.316
Less: Unearned financial income on term sales from non- related parties	**(15.018.371)**	(532.742)
Total trade payables from third parties	**868.690.354**	95.524.131
Trade payables from related parties	**50.963.420**	131.694.893
Less: Unearned financial income on term sales from related parties	**(616.397)**	(2.213.329)
Total trade payables from related parties (Note 30)	**50.347.023**	129.481.564
Total trade payables	**919.037.377**	225.005.695

The average payment terms of trade payables for textile purchases is 148 days for local purchases (31December 2012: 133 days), and 190 days for imports (31 December 2012: 199 days); and for ready-made clothing purchases, it is 155 days for local purchases (31 December 2012: 148 days) and 100 days for imports (31 December 2012: 120 days). The average payment terms of trade payables for retail purchases is 133 days (31 December 2012: 142 days).

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES

The details of other receivables as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Other receivables from customer	**6.428.308**	366.138
Receivables from insurance companies	**386.069**	-
Deposits and guarantees given	**177.858**	85.099
Due from personnel	**143.457**	111.505
Other	**7.071**	-
Total other receivables	**7.142.763**	562.742
Other receivables from related parties (Note 30)	**37.428.301**	22.965.143
	44.571.064	23.527.885

As of 31 December 2013 and 2012 details of long-term other receivables shown as below:

	31 December 2013	31 December 2012
Deposits and guarantees given to third parties	**1.479.303**	483.777
Total long-term other receivables	**1.479.303**	483.777

The details of other short term receivables as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Short-term liabilities arising from business combinations	**63.525.434**	-
Other	**24.870.557**	791.285
Total other payables	**88.395.991**	791.285
Other payables to related parties (Note 30)	**41.349.748**	52.306.029
Total other payables	**129.745.739**	53.097.314

(*) Maturity of the debt related to acquisitions is 2 June 2014. 6% which is approximate borrowing rate in terms of US dollar, has been used for the calculation of the present value.

As of 31 December 2013 and 2012 details of long-term other payables shown as below:

	31 December 2013	31 December 2012
Long term liabilities arising from business combinations	**672.069.129**	-
Deposits and guarantees received	**202.454**	-
Other	**60.018.270**	37.472
Total long-term other payables	**732.289.853**	37.472

(*) Maturity of the debt related to acquisitions is 5 June 2015. 6% which is approximate borrowing rate in terms of US dollar, has been used for the calculation of the present value.

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NOTE 11 - INVENTORIES

The details of inventories as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Trade goods	**598.249.189**	43.766.161
Real estates (*)	**89.852.283**	225.743.750
Finished goods	**53.379.721**	62.475.067
Raw materials and supplies	**41.527.200**	39.122.771
Semi-finished goods	**19.037.398**	27.505.472
Goods in transit	**21.406.651**	-
Auxiliary materials	**7.056.358**	344.059
	830.508.800	398.957.280
Less: Provision for impairment on inventories	**(16.227.837)**	(1.341.538)
	814.280.963	397.615.742

(*) Land of factory classified from inventories to investment properties subsequent to reconstruction permit stated in signed revenue sharing in return to land share agreement between AYTK and Fer Gayrimenkul Geliştirme ve İnşaat A.Ş. as of 30 September 2011. As of 31 December 2013 the delivery of the completed sections of the project has begun and the resulting income is accounted in the accompanying consolidated financial statements.

The total insurance on tangible fixed assets is amounting as 965.713.086 TRY as at 31 December 2013 (31 December 2012: TRY 181.204.172).

The movements of the impairment in inventories in the period are as follows:

	2013	2012
At the beginning of the period - 1 January	**1.341.538**	956.224
Inventory provision in current period	**3.206.706**	385.314
Inventories acquired in a business combination	**11.679.593**	-
At the end of the period – 31 December	**16.227.837**	1.341.538

NOTE 12 - PREPAID EXPENSES AND DEFERRED REVENUE

Deferred revenue - Current

	31 December 2013	31 December 2012
Advances received (*)	**57.554.759**	118.283.698
Gift voucher	**15.237.590**	65.000
Product return documents (**)	**10.814.538**	-
Customer loyalty points	**9.004.271**	-
Income related to mall contribution	**3.992.440**	-
Other	**2.318.561**	501.301
	98.922.159	118.849.999

(*) As of 31 December 2013 the amount of 15.958.726 TRY consists of part of advances in real estate sales (31 December 2012: 115.067.786 TRY).
(**) Product return documents consist of unused registries merchandise which are given to customers at the retail sales rebate as of balance sheet date.

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NOTE 12 - PREPAID EXPENSES AND DEFERRED REVENUE (Continued)

Deferred revenue - Non-current

As of 31 December 2013 the amount of 12.449.263 TRY non-current deferred revenue consists of income related to mall contribution. As of 31 December 2012 the amount of 42.374TRY non-current deferred revenue consists of bank deferred revenue.

Prepaid expenses

	31 December 2013	31 December 2012
Advances given for inventories	**17.248.319**	1.341.044
Prepaid expenses - rent	**3.930.791**	195.898
Prepaid expenses - insurance	**2.031.946**	857.818
Other	**4.420.001**	1.260.453
	27.631.057	3.655.213

NOTE 13 - INVESTMENT PROPERTIES

Cost	1 January 2013	Additions	Transfers	Fair Value Changes	31 December 2013
Starcity AVM	**110.692.000**	**95.700**		**9.452.300**	**120.240.000**
Antalya land	**935.000**	**-**	**-**	**-**	**935.000**
Unkapanı store	**175.000**	**-**	**-**	**-**	**175.000**
	111.802.000	**95.700**	**-**	**9.452.300**	**121.350.000**

Cost	1 January 2012	Additions	Transfers	Fair Value Changes	31 December 2012
Starcity AVM	106.323.149	272.780	-	4.096.071	110.692.000
Antalya land	935.000	-	-	-	935.000
Unkapanı store	175.000	-	-	-	175.000
	107.433.149	272.780	-	4.096.071	111.802.000

Cost	1 January 2011	Additions	Transfers	Fair Value Changes	31 December 2011
Starcity AVM	106.234.000	89.149	-	-	106.323.149
Antalya land	935.000	-	-	-	935.000
Unkapanı store	175.000	-	-	-	175.000
	107.344.000	89.149	--		107.433.149

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NOTE 13 - INVESTMENT PROPERTIES (Continued)

Comparison between the cost values of investment properties and their fair values as of 31 December 2013 is as follows:

Name	Date of expertise report	Fair value (TRY)	Cost value (TRY)
Starcity AVM	30 December 2013	120.240.000	41.653.169
Antalya land	5 August 2013	935.000	66.492
Unkapanı store	6 August 2013	175.000	43.961

Rent income from investment properties is amounting to 8.425.852 TRY (31 December 2012: 7.152.505 TRY).

Fair valued of land and buildings

As of 31 December 2013 and 2012, the fair value of the Group's land and buildings was determined by an independent appraisal. 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 December 2013	
	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			
Land and buildings			
Starcity Mall	-	**120.240.000**	-
Antalya Land	-	**935.000**	-
Unkapanı Store	-	**175.000**	-
	-	**121.350.000**	-

		31 December 2012	
	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			
Starcity Mall			
Antalya Land	-	110.692.000	-
Unkapanı Store	-	935.000	-
Starcity Mall	-	175.000	-
	-	111.802.000	-

Valuation techniques used to derive level 2 fair values

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

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NOTE 14 - PROPERTY PLANT AND EQUIPMENT

The movements in property and equipment and related accumulated depreciations for the six-month periods ended 31 December 2013 and 2012 are as follows:

Cost	**1 January 2013**	**Additions**	**Disposals (-)**	**Transfers**	**Impairment (*)**	**Assets acquired through business combinations**	**31 December 2013**
Land	-	-	-	-	-	62.934	62.934
Plant, machinery and equipment	123.319.079	2.970.211	(1.234.540)	-	-	589.800	125.644.550
Furniture and fixture	11.622.611	25.623.891	(258.847)	9.588.333	-	70.864.442	117.440.430
Motor vehicles	405.797	-	(21.000)	-	-	481.484	866.281
Leasehold improvements	62.745.360	29.676.517	(3.648.186)	7.408.390	(5.741.856)	108.613.156	199.053.381
Construction in progress	2.390.809	8.172.895	44.208	(18.469.344)	-	13.184.689	5.323.257
	200.483.656	**66.443.514**	**(5.118.365)**	**(1.472.621)**	**(5.741.856)**	**193.796.505**	**448.390.833**
Accumulated depreciation (-)							
Plant, machinery and equipment	103.161.165	6.534.165	(1.090.888)	-	-	-	108.604.442
Furniture and fixture	8.752.206	11.284.778	(35.070)	-	-	-	20.001.914
Motor vehicles	405.797	73.438	(2.989)	-	-	-	476.246
Leasehold improvements	35.537.740	18.570.807	(1.884.926)	-	(2.171.501)	-	50.052.120
	147.856.908	**36.463.188**	**(3.013.873)**	-	**(2.171.501)**	-	**179.134.722**
Net book value	**52.626.748**				**(3.570.355)**		**269.256.111**

Cost	**1 January 2012**	**Additions**	**Disposals (-)**	**Transfers**	**Impairment (*)**	**31 December 2012**
Plant, machinery and equipment	122.347.918	3.276.907	(2.650.390)	344.644	-	123.319.079
Furniture and fixture	15.294.548	575.108	(4.247.045)	-	-	11.622.611
Motor vehicles	405.797	-	-	-	-	405.797
Leasehold improvements	60.586.369	5.631.237	(525.918)	3.125.742	(6.072.070)	62.745.360
Construction in progress	2.681.043	3.180.152	-	(3.470.386)	-	2.390.809
	201.315.675	12.663.404	(7.423.353)	-	(6.072.070)	200.483.656
Accumulated depreciation (-)						
Plant, machinery and equipment	99.152.022	6.614.059	(2.604.916)	-	-	103.161.165
Furniture and fixture	11.974.761	995.620	(4.218.175)	-	-	8.752.206
Motor vehicles	405.797	-	-	-	-	405.797
Leasehold improvements	27.840.594	9.420.514	(226.121)	-	(1.497.247)	35.537.740
	139.373.174	17.030.193	(7.049.212)	-	(1.497.247)	147.856.908
Net book value	**61.942.501**				**(4.574.823)**	**52.626.748**

(*) Net impairment loss amounting to 3.570.355 TRY consist of reversed leasehold improvements from closing stores for the period 1 January-31 December 2013.(31 December 2012: 4.574.823 TRY).

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NOTE 14 - PROPERTY PLANT AND EQUIPMENT (Continued)

Depreciation expense of 24.578.661 TRY (31 December 2012: 7.211.176 TRY) has been charged in marketing expenses and 3.987.911 TRY (31 December 2012: 8.471.036 TRY) has been charged in cost of sales and 4.132.160 TRY (31 December 2012: 1.340.400 TRY) in general and administrative expenses and 17.213 TRY (31 December 2012: 7.581) in research and development expenses
(Note 23).

As of 31 December 2013 total amount of insurance on tangible fixed assets 773.164.481 TRY
(31 December 2012: 477.458.906 TRY)

NOTE 15 - INTANGIBLE ASSETS

The movements in intangible assets and related accumulated for the year ended 31 December 2013 is as follows:

Cost	1 January 2013	Additions	Disposals (-)	Transfers	Assets acquired through business combinations	31 December 2013
Rights	6.640.525	689.629	-	1.472.621	-	8.802.775
Brands	18.273.867	8.037.374	-	-	253.015.730	279.326.971
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	-	1.383.060	(4.430)	-	4.923.942	6.302.572
	24.914.392	10.110.063	(4.430)	1.472.621	830.189.677	866.682.323
Accumulated amortization (-)						
Rights	4.743.120	302.365	-	-	-	5.045.485
Favorable rent contract	-	15.122.993	-	-	-	15.122.993
Franchise agreements	-	9.303.531	-	-	-	9.303.531
Customer network	-	2.983.828	-	-	-	2.983.828
Computer licenses	-	596.066	(4.430)	-	-	591.636
	4.743.120	28.308.783	(4.430)	-	-	33.047.473
Net book value	20.171.272					833.634.850

Cost	1 January 2012	Additions	Disposals (-)	Transfers	31 December 2012
Rights	6.339.051	904.691	(603.217)	-	6.640.525
Brands	18.273.867	-	-	-	18.273.867
	24.612.918	904.691	(603.217)	-	24.914.392
Accumulated amortization (-)					
Rights	5.095.826	250.511	(603.217)	-	4.743.120
Net book value	19.517.092	-	-	-	20.171.272

Brands

a) Brand values amounting to 18.273.867 TRY are consist of T-Box brand purchased from Boyner Holding on 1 October 2010 amounting to 17.368.000 TRY and Divarese brand purchased from Vincenzo Schilacci and Step SRL on 15 July 2011 amounting to 905.867 TRY.

b) Valuation calculation of brands owned by Beymen has been completed and classified to assets acquired through business combinations. Since fair value calculation of brands owned BBM has been not completed as of report date, trademarks have not been accounted in the consolidated financial statements as of 31 December 2013 and they are classified under goodwill.

As of 31 December 2013 depreciation expense of 24.609.647 TRY (31 December 2012: 90.099 TRY) has been charged in marketing expenses and 3.620.197 TRY (31 December 2012: 83.260 TRY) has been charged in general and administrative expenses and 45.771 TRY (31December 2012: 77.152 TRY) in cost of sales and 33.168 TRY (31 December 2012: None) in research and development expenses (Note 23).

On 22 Mart 2012, the Group decided to close a total of 18 T-Box stores in order to continue T-Box sales on BBM and internet channels. It is one of 13 stores covered during the period 1 January-
31 December 2012 and 5 stores covered during the period 1 January-31 December 2013. As a result of impairment tests as of 31 December 2013, no brand impairment identified.

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NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

Short term provision for employee benefits amounting to 10.894.799 TRY as of 31 December 2013 consists of provision for unused vacation, performance and bonus provisions.

Other short term provisions

Other short term provision as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Provision for returns and price differences	**8.310.125**	8.428.845
Litigation provisions	**3.228.417**	501.896
	11.538.542	8.930.741

The movement of other short term provisions is as follows:

	1 January 2013	**Acquired through business combinations**	**Additions**	**Paid in provisions**	**31 December 2013**
Litigation provisions	**501.896**	**1.871.043**	**983.578**	**(128.100)**	**3.228.417**
Sales returns and price differences provisions	**8.428.845**	**-**	**-**	**(118.720)**	**8.310.125**
Total	**8.930.741**	**1.871.043**	**983.578**	**(246.820)**	**11.538.542**

Contingent assets and liabilities

a) Guarantees given as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Given mortgages [(1)]	**258.730.000**	294.068.000
Given guaranteed bills [(2)]	**352.590.202**	216.600.987
Given guarantees [(3)]	**281.536.360**	162.604.206
Given letter of guarantees	**89.245.613**	385.254
	982.102.175	673.658.447

(1) The mortgages on investment properties amounting to 20.000.000 EUR (58.730.000 TRY) and 200.000.000 TRY.
(2) The guaranteed bills of 200.000.000 TRY on investment properties.
(3) The guarantees given amounting to 281.536.360 TRY portions by the Parent Company to Boyner Holding A.Ş., Ay Marka Mağazacılık A.Ş. and Altınyıldız for the loans they have used.

Details of guarantees given with foreign currency as of 31 December 2013 and 2012 are as below:

	31 December 2013		31 December 2012	
Currency	**Original Amount**	**TRY Equivalents**	Original Amount	TRY Equivalents
TRY	**851.995.575**	**851.995.575**	442.283.757	442.283.757
USD	**27.592.524**	**58.890.722**	11.814.679	21.060.847
EUR	**24.251.659**	**71.215.878**	89.430.558	210.313.843
		982.102.175		673.658.447

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NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, Pledges and Mortgages

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
The CPMs given by the Group		
A. CPM's given in the name of its own legal personality	**698.065.815**	511.054.241
B. CPM's given on behalf of the fully consolidated companies	**281.536.360**	162.604.206
C. CPM's given on behalf of third parties for ordinary course of business	**2.500.000**	-
D Total amount of other CPM's given	**-**	-
i. Total amount of CPM's given on behalf of the majority shareholder	**-**	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	**-**	-
iii Total amount of CPM's given on behalf of third parties which are not in scope of C	**-**	-
	982.102.175	673.658.447

As of 31 December 2013 and 2012, there are no other guarantees, securities, and mortgages given by the Group.

Pursuant to share purchase agreement as explained in business combinations Note 3, in return to liability arisen from agreement 60,4 % shares of BBM and all of Beymen shares are put in pledge on behalf of Fennella. The pledge condition will be terminated when total liability paid until 5 June 2015.

b) Guarantees received for trade receivables as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Guarantee bill received	**88.004.132**	36.624.278
Guarantee letters received	**47.145.626**	7.106.440
Mortgages received	**36.083.000**	23.808.000
Securities and bill guarantees received	**7.962.193**	6.688.180
Guarantee cheques received	**10.041.789**	10.992.569
	189.236.740	85.219.467

Details of guarantees received for trade receivables as of 31 December 2013 and 2012 are as follows:

	31 December 2013		31 December 2012	
Currency	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
TRY	**174.227.166**	**174.227.166**	74.369.807	74.369.807
USD	**5.069.629**	**10.820.109**	5.015.333	8.940.333
EUR	**1.426.686**	**4.189.465**	811.891	1.909.327
		189.236.740		85.219.467

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NOTE 17 - COMMITMENTS

Payment commitments related to operational and financial leases as of 31 December 2013 and 2012 are as follows:

Operating lease commitments (vehicles):

	31 December 2013	31 December 2012
In 1 year	2.684.599	1.312.388
1 - 5 years	1.119.140	584.066
	3.803.739	1.896.454

Operating leasing commitments (Stores):

	31 December 2013	31 December 2012
In 1 year	131.855.400	35.427.203
1 - 5 years	183.958.565	88.184.217
5 - 10 years	18.914.782	19.707.880
	334.728.747	143.319.300

Finance leasing commitments:

	31 December 2013	31 December 2012
In 1 year	12.789.487	6.343.096
1 - 5 years	4.793.832	5.220.435
	17.583.319	11.563.531

Operating leasing commitments (Office):

	31 December 2013	31 December 2012
In 1 year	13.453.289	11.204.010
1 - 5 years	11.585.614	22.649.434
	25.038.903	33.853.444

The export commitments of the Group as of 31 December 2013 amounts to 8.278.923 USD (31 December 2012: 10.291.184 USD).

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NOTE 18 - EMPLOYEE BENEFITS

Short term provision for employee benefits

Short term provision for employee benefits as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Payables to personnel	10.997.361	6.286.420
Social security premiums	6.983.349	2.001.258
	17.980.710	8.287.678

Long term provision for employee benefits

Under the Turkish Labor Law, the Group is required to pay employee benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2242 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on May 23, 2002.

The amount payable consists of one month's salary limited to a maximum of 3.254,44 TRY for each period of service as of 31 December 2013 (31 December 2012: 3.033,98 TRY). The retirement pay provision ceiling is revised semi-annually, and 3.438,22 TRY which is effective from 1 January 2014, is taken into consideration in the calculation of provision for employee benefits (invalided between 31 December 2012 and 1 January 2013: 3.129.25 TRY). Liability of employee benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/(gain) is accounted in the statement of comprehensive income under revaluation reserves.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2013 and 2012 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 6% (31 December 2012: 5%) and a discount rate of 9,80% (31 December 2012: 8,75%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

The provision for employee benefits has showed below in statement of comprehensive income and balance sheet:

	31 December 2013	31 December 2012
Recognized amounts during period	2.325.710	1.299.300
Financial liability from employee benefits	1.465.953	882.883
Ending balance	3.791.663	2.182.183

	31 December 2013	31 December 2012	31 December 2011
Provision for employee benefits	21.536.781	11.326.033	10.187.814
	21.536.781	11.326.033	10.187.814

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NOTE 18 - EMPLOYEE BENEFITS (Continued)

The movement of employee benefits is as follows:

	2013	2012
Opening period - 1 January	**11.326.033**	10.187.814
Cost of service	**2.325.710**	1.299.300
Cost of interest	**1.465.953**	882.882
Liability obtained through business combinations	**7.895.204**	-
Actuarial losses/earnings	**3.879.274**	3.239.839
Paid compensation (-)	**(5.355.393)**	(4.283.802)
Period - 31 December	**21.536.781**	11.326.033

NOT 19 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2013	31 December 2012
Carry forward VAT	**56.040.239**	37.707.151
Other VAT receivables	**18.378.015**	8.815.096
Income accruals	**550.525**	-
Work advances	**421.730**	-
Advances to employees	**118.225**	1.441
Other	**662.739**	114.101
	76.171.473	46.637.789

Other non-current assets

Group's other non-current assets consist of long term VAT receivables amounting to 9.395.084 TRY.

Other current liabilities

	31 December 2013	31 December 2012
Taxes payable	**8.219.704**	2.237.164
Other	**664.968**	348.329
	8.884.672	2.585.493

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NOTE 20 - EQUITY

The shareholders of Altınyıldız and their respective shareholding structure at 31 December 2013 and 2012 are as follows:

	31 December 2013		31 December 2012	
	Share	Amount (TRY)	Share	Amount (TRY)
Boyner Holding A.Ş.	79,11%	31.645.113	79,11%	31.645.113
Public offering and other shareholders (*)	20,89%	8.354.887	20,89%	8.354.887
Paid in capital	100,00%	40.000.000	100,00%	40.000.000
Inflation adjustment difference in share capital		56.061.369		56.061.369
Total adjusted capital		96.061.369		96.061.369

(*) Represents shareholdings of less than 10%.

As of 31 December 2013, the registered share capital of the Parent Company is 40.000.000 TRY.As of 31 December 2012 and 2011, the Parent Company share capital consists of 4.000.000.000 issued shares of 1 nominal value each.

Legal reserve

a) The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital.

b) The second legal reserve is calculated after the first legal reserve and dividends, at the rate of 10% per annum. This reserve could use to divide losses from damages.

Retained earnings on the legal statuary could be dividend based upon legal judgment as above mentioned.

Restricted reserve includes all legal reserve, gain on sale of subsidiary and gain on sale of investment properties are as follows:

	31 December 2013	31 December 2012
Legal reserves	10.467.368	10.467.368
Legal reserves as gain sales of share of subsidiary with exempted from tax (*)	1.080.833	1.080.833
Legal reserves as gain sales of share of investment property with exempted from tax (*)		
Legal reserves	21.902.906	21.902.906
	33.451.107	33.451.107

(*) According to tax legislation of judgments, gains on proportion of 75% of sales of share of subsidiary and investment property on located asset side will be exempt from tax if the gains are recognized on the special fund account at the least for period of five years. Exempted amount of gains must not be transferred another account or recall from the company just as it could be added up to capital in legal time of five years.

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

NOTE 20 - EQUITY (Continued)

Revaluation funds

The detail of revaluation funds as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Related to the land on which the plant is located	**78.824.810**	78.824.810
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 sale of investment property	**(15.722.470)**	(15.722.470)
Deferred income tax effect	**(3.943.025)**	(3.943.025)
Transfer to retained earnings	**(45.076.755)**	-
	29.805.030	74.881.785

The movement of revaluation funds as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Revaluation funds - beginning of period	**74.881.785**	74.881.785
Transfer to retained earnings (*)	**(45.076.755)**	-
	29.805.030	74.881.785

(*) The deliveries of completed parts of the project (stated in Note 11) have started. Revaluation fund associated with the part which is accounted as income in the financial statements has been transferred to retained earnings.

Impact of business combinations under common control

The detail of impact of business combinations under common control as of 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
BBM impact of share purchases	**(43.646.268)**	(43.646.268)
Beymen impact of share purchases	**(202.724.939)**	(202.724.939)
BBA merge impact	**7.478.755**	7.478.755
AYTK acquisition of shares from non-controlling interest	**(12.105.679)**	-
YKM acquisition of shares from non-controlling interest	**(56.878.535)**	-
	(307.876.666)	(238.892.452)

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NOTE 21 - REVENUE AND COST OF SALES

Sales

	2013	2012
Domestic sales	1.954.680.490	666.994.211
Foreign sales	72.871.400	64.118.353
Other sales	1.313.067	835.975
Real estate sales	163.643.610	-
Sales returns (-)	(162.927.731)	(80.312.260)
Sales discount (-)	(127.984.420)	(53.726.004)
	1.901.596.416	597.910.275

Cost of sales

	2013	2012
I. Cost of finished goods sold	201.159.523	234.888.896
II. Cost of trade goods sold	837.135.504	167.740.218
III. Cost of service provided and real estate sold	136.727.698	584.047
Cost of Sales (I+II+III)	1.175.022.725	403.213.161

Cost of sales

	2013	2012
Outsourced benefits and services	16.751.031	20.905.893
Indirect material expenses	11.670.261	17.456.851
Building-machinery rent expenses	10.244.649	8.945.634
Indirect labor expenses	8.344.862	4.666.892
Depreciation and amortization expenses	7.780.925	8.548.188
	54.791.728	60.523.458

NOTE 22 - MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	2013	2012
Marketing expenses	512.156.850	150.466.992
General administrative expenses	130.609.454	39.781.914
Research and development expenses	5.024.714	691.095
	647.791.018	190.940.001

Research and development expenses

	2013	2012
Wages and salaries	3.620.099	320.508
Depreciation and amortization expenses	50.381	7.581
Other	1.354.234	363.006
	5.024.714	691.095

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NOTE 22 - MARKETING AND GENERAL ADMINISTRATIVE EXPENSES (Contunied)

Marketing expenses

	2013	2012
Wages and salaries	153.162.904	53.050.608
Rent expenses	146.676.064	36.426.562
Sales, commissions and premium expenses	52.419.782	-
Depreciation and amortization expenses	49.188.308	7.301.275
Outsourced benefits and services	41.996.617	15.323.874
Advertisement, brand and store expenses	40.012.931	25.176.648
Other	28.700.244	13.188.025
	512.156.850	150.466.992

General administrative expenses

	2013	2012
Wages and salaries	60.305.381	19.936.671
Outsourced benefits and services	20.514.501	2.882.659
Service charge of the parent	16.382.165	6.955.089
Rent expenses	10.836.856	2.596.070
Depreciation and amortization expenses	7.752.357	1.423.660
Other	14.818.194	5.987.765
	130.609.454	39.781.914

NOTE 23 - EXPENSE BY NATURE

Personnel expenses

	2013	2012
Marketing expenses	153.162.904	53.050.608
General administrative expenses	60.305.381	19.936.671
Research and development expenses	3.620.099	320.508
Cost of goods sold	8.344.862	4.666.892
	225.433.246	77.974.679

Depreciation and amortization expenses

	2013	2012
Marketing expenses	49.188.308	7.301.275
General administrative expenses	7.752.357	1.423.660
Research and development expenses	50.381	7.581
Cost of goods sold	7.780.925	8.548.188
	64.771.971	17.280.704

(AMOUNTS EXPRESSED IN TURKİSH LIRA ("TRY") UNLESS OTHERWISE STATED.)

NOTE 24 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	2013	2012
Foreign currency gain	**53.313.471**	14.929.645
Unearned finance income from trade receivables and payables	**22.206.304**	17.859.551
Term difference income	**12.475.726**	-
Change in the contingent consideration arising from acquisition of subsidiary (Note 3)	**12.446.229**	-
Increase in fair value of investment properties (Note 13)	**9.452.300**	4.096.071
Income related to doubtful receivables	**4.852.483**	-
Rent income	**2.716.313**	1.750.458
Commission income	**2.146.414**	61.665
Other	**12.014.277**	2.839.621
	131.623.517	41.537.011

Other expenses from operations

	2013	2012
Foreign currency loss	**68.165.910**	11.903.869
Term difference expense	**22.860.682**	-
Unearned finance expense from trade receivables and payables	**16.152.913**	11.726.368
Commission expenses	**5.739.810**	239.938
Expenses related to closed stores	**3.570.355**	4.574.823
Other	**9.489.758**	495.364
	125.979.428	28.940.362

NOTE 25 - INCOME FROM INVESTING ACTIVITIES

Income from investing activities

	2013	2012
Fair value gains of the previously held interest in the acquiree (Note 3)	**625.612.315**	-
Gain on sales of fixed assets	**930.087**	399.137
Other	**476.000**	-
	627.018.402	399.137

Loss from investing activities

	2013	2012
Loss on sales of fixed assets	**3.034.579**	352.654
Loss on sales of non-current assets	**90.000**	439.000
	3.124.579	791.654

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NOTE 26 - FINANCIAL INCOME

Financial income

	2013	2012
Foreign exchange gains	11.315.246	26.819.632
Interest income	3.205.145	861.749
	14.520.391	27.681.381

NOT 27 - FINANCIAL EXPENSES

Financial expenses

	2013	2012
Foreign currency losses	119.210.947	16.598.182
Interest expenses from loans	91.867.532	63.203.044
Interest expense arising from forward agreements	33.457.420	-
Expenses related to bills and bonds	28.450.408	4.624.767
Factoring expenses	7.201.125	24.901.037
Credit card commissions and negotiation expenses	6.759.878	5.878.771
Bank commission expenses	5.869.309	-
Interest expenses related to employee benefits	1.465.953	882.882
Other	1.920.662	2.814.368
	296.203.234	118.903.051

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NOTE 28 - INCOME TAX ASSETS AND LIABILITIES

a) Corporate Tax

The Turkish corporation tax rate for 2013 is 20% (31 December 2012: 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation through addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

Taxes on profit for the period consist of the following:

	31 December 2013	31 December 2012
Corporate tax calculated	**7.872.995**	-
Prepaid taxes (-)	**(6.664.684)**	-
Tax payable acquired through business combinations (Note 3)	**5.619.525**	-
	6.827.836	-

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

	2013	2012
Current period corporate tax expense	**(10.666.708)**	-
Deferred tax income/(expense)	**5.618.611**	(811.072)
Total tax income/(expense)	**(5.048.097)**	**(811.072)**

The reconciliation of the tax expense in the consolidated statement of comprehensive income is as follows:

	2013	2012
Profit before tax	**433.640.939**	(62.014.600)
Corporate tax as percentage of 20%	**(86.728.188)**	12.402.920
Non-deductible expenses	**(2.416.216)**	(526.976)
Income excluded from tax	**408.097**	-
Carry forward tax losses not calculated over deferred income tax	**(37.811.841)**	(17.606.190)
Adjustments not calculated over deferred income tax	**7.551.269**	3.662.884
Consolidation adjustments not calculated over deferred income tax	**113.280.371**	497.782
Other	**668.411**	758.508
Total tax expense	**(5.048.097)**	**(811.072)**

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NOTE 28 - INCOME TAX ASSETS AND LIABILITIES (Contunied)

b) Deferred income tax assets and liabilities:

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

	31 December 2013		31 December 2012		31 December 2011	
	Temporary differences	**Deferred income tax asset / (liability)**	Temporary differences	Deferred income tax asset/(liability)	Temporary differences	Deferred income tax asset/(liability)
Tangible/Intangible fixed asset	**829.333.607**	**(166.109.209)**	30.744.789	(6.148.961)	31.483.469	(6.296.696)
Unearned expense on trade receivable and payable, net	**6.207.889**	**(1.241.578)**	(2.068.158)	413.632	(6.554.868)	1.310.973
Inventories	**(22.369.827)**	**4.473.966**	(2.778.899)	555.780	(2.831.040)	566.208
Employee benefit	**(32.431.580)**	**6.486.316**	(11.326.033)	2.265.207	(10.187.814)	2.037.563
Provision for doubtful receivables	**(10.170.436)**	**2.034.087**	(5.782.092)	1.156.418	(5.522.736)	1.104.547
Provision for sales returns and price difference	**(8.226.816)**	**1.645.363**	(8.428.845)	1.685.769	(7.193.803)	1.438.761
Deferred revenue and customer loyalty points	**(26.143.616)**	**5.228.722**	-	-	-	-
Loss from deferred tax	**(24.447.181)**	**4.889.436**	(5.928.090)	1.185.618	(3.602.110)	720.422
Revaluation differences of properties associated with income statement	**78.586.831**	**(15.717.366)**	64.173.807	(12.679.973)	60.154.758	(12.016.846)
Other	**(19.209.177)**	**3.996.890**	(4.074.882)	814.978	(2.733.205)	546.640
Deferred income tax asset/ (liability), net		**(154.313.373)**		(10.751.532)		(10.588.428)
Deferred income tax asset		**25.021.839**	-	4.746.021	-	4.740.109
Deferred income tax liability		**(179.335.212)**	-	(15.497.553)	-	(15.328.537)

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NOTE 28 - INCOME TAX ASSETS AND LIABILITIES (Continued)

Movements in deferred income taxes for the six-month periods ended 31 December 2013 and 2012 are as follows:

	2013	2012
Beginning of period - 1 January	**(10.751.532)**	**(10.588.428)**
Tax income/(expense) for current period	5.618.611	(811.072)
Amounting to recognized to capital	775.855	647.968
Deferred tax asset/liability acquired through business combinations, net	(149.956.307)	-
Ending of period - 31 December	**(154.313.373)**	**(10.751.532)**

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

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

NOTE 29 - EARNINGS / (LOSSES) PER SHARE

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

	2013	2012
Profit/(loss) for the current period (TRY)	428.036.620	(61.531.137)
Weighted average number of shares (*)	40.000.000	40.000.000
Earnings/(losses) per share of the Parent Company (TRY)	10,70	(1,54)

(*) Per share of TRY 1 nominal value.

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NOTE 30 - RELATED PARTY DISCLOSURES

a) Trade receivables due from related parties as of 31 December 2013 and 2012 is as follows:

	31 December 2013		31 December 2012	
	Trade	Other	Trade	Other
Receivables from shareholders				
Boyner Holding A.Ş.	2.423.688	37.428.301	27.969	22.965.143
Receivables from subsidiaries				
Boyner Büyük Mağazacılık A.Ş. (*)	-	-	11.621.185	-
YKM A.Ş. (*)	-	-	1.674.063	-
Beymen Mağazacılık A.Ş. (*)	-	-	1.326	-
Receivables from associates				
Nile Bosphorus Retail And Trnd. Comp. (**) (***)	2.993.125	-	-	-
İzkar Giyim Tic Ve San AŞ. (***)	757.354	-	-	-
Christian Dior İstanbul Mağazacılık A.Ş (***)	64.522	-	-	-
Receivables from joint ventures				
Elif Co. For General Trading Ltd. (***)	8.102.125	-	-	-
Christian Louboutin Mağazılık A.Ş (***)	91.913	-	-	-
Receivables from other related parties				
BR Mağazacılık A.Ş.	12.679.596	-	14.445.979	-
Fırsat Teknoloji A.Ş.	6.760.707	-	1.947.803	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith.ve İhr. Turizm Ltd.	2.725.900	-	5.022.717	-
Era Mağazacılık A.Ş.	5.033.464	-	-	-
Nişantaşı Turizm İşletmeleri A.Ş.	24.149	-	-	-
Vista şahıs ortaklardan alacaklar	32.841	-	-	-
Christian Louboutin	9.693	-	-	-
Boyner Bireysel Ürünler Satış ve Pazarlama A.Ş.	4.842	-	-	-
Total	41.703.919	37.428.301	34.741.042	22.965.143

(*) As explained Note 3, BBM and Beymen subject to full consolidation, related party transactions have been eliminated as of 31 December 2013.
(**) Long-term receivables due from related parties.
(***) Beymen is subjected to full consolidation. There are related party balances as of 31 December 2013.

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NOTE 30 - RELATED PARTY DISCLOSURES (Contunied)

b) Trade payables due to related parties as of 31 December 2013 and 2012 is as follows:

	31 December 2013		31 December 2012	
	Trade	**Other**	Trade	Other
Payables to shareholders				
Boyner Holding A.Ş.	**4.133.225**	**41.349.748**	970.779	51.877.513
Payables to subsidiaries				
Beymen Mağazacılık A.Ş. (*)	**-**	**-**	8.999.703	-
Boyner Büyük Mağazacılık A.Ş. (*)	**-**	**-**	1.189	-
Payables to associates				
İzkar Giyim Tic Ve San AŞ. (**)	**25.267**	**-**	-	-
Payables to other related parties				
BNR Teknoloji A.Ş.	**39.001.601**	**-**	118.943.473	-
BR Mağazacılık A.Ş.	**5.339.645**	**-**	-	-
Alsis Sigorta Acentalığı A.Ş.	**1.833.086**	**-**	566.420	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	**4.706**	**-**	-	-
Fırsat Teknoloji A.Ş.	**3.138**	**-**	-	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith.ve İhr. Turizm Ltd.	**6.355**	**-**		
Dividend payable	**-**	**-**	-	428.516
	50.347.023	**41.349.748**	129.481.564	52.306.029

(*) As explained Note 3, BBM and Beymen subject to full consolidation, due to related parties have been eliminated as of 31 December 2013.
(**) Beymen is subjected to full consolidation. There are related party balances as of 31 December 2013.

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NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

c) Purchase details stated below from related parties as of 31 December 2013 and 2012 are as follows:

	31 December 2013			31 December 2012		
Purchases	**Goods**	**Services**	**Interest/ Other**	Goods	Services	Interest/ Other
Shareholders						
Boyner Holding A.Ş.	**36.272**	**18.673.738**	**5.917.425**	-	8.334.055	2.071.202
Subsidiaries						
Boyner Büyük Mağazacılık A.Ş. (*)	**-**	**-**	**1.416.667**	-	9.766	8.135.110
Beymen Mağazacılık A.Ş. (*)	**679.352**	**-**	**1.112.255**	1.633.364	11.131	470.207
Joint ventures						
BR Mağazacılık A.Ş.	**10.099.571**	**-**	**-**	2.220.072	25.000	-
Fırsat Teknoloji A.Ş.	**-**	**-**	**-**	-	-	-
Ran Konfeksiyon Tekstil Deri Yan Ürünler Ith. ve İhr. Turizm Ltd.	**-**	**-**	**234.313**	795.416	8.384	120.096
Fırsat Elektronik A.Ş.	**13.846**	**475.461**	**-**	-	-	
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	**-**	**131.750**	**-**	-	101.400	-
H.F. Boyner Biraderler Eksport A.Ş.	**-**	**-**	**-**	-	-	-
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	**-**	**-**	**-**	-	-	-
Benetton Giyim San. Tic. A.Ş. (**)	**-**	**-**	**-**	2.657	-	-
YKM A.Ş.	**-**	**-**	**-**			1.794
Alsis Sigorta Acentalığı A.Ş.	**-**	**4.361.088**	**-**	-	2.081.258	-
BNR Teknoloji A.Ş.	**-**	**340.139**	**200.790**	-	259.240	239.938
Nişantaşı Turizm İşletmeleri A.Ş.	**-**	**22.027**	**-**	-	-	-
Era Mağazacılık A.Ş.	**-**	**-**	**127.183**	-	-	-
Bofis Turizm ve Ticaret A.Ş. (***)	**-**	**-**	**-**	-	510.915	-
	10.829.041	**24.004.203**	**9.008.633**	4.651.509	11.341.149	11.038.347

(*) As of 31 December 2012, BBM and Beymen are Group's subsidiaries. Realized on 31 May 2013 as a subsidiary through share purchases were included in the consolidation. Related party transactions in the year 2013 include transactions until 31 May 2013.
(**) The transactions made through the date that these companies no longer a subsidiary as of 24 September 2012.
(***) The transactions made through the date that these companies no longer a subsidiary as of 13 November 2012.

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NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

d) Sales detail stated below to related parties as of 31 December 2013 and 2012 are as follows:

	31 December 2013			31 December 2012		
Sales	**Goods**	**Services**	**Interest/ Other**	Goods	Services	Interest/ Other
Shareholders						
Boyner Holding A.Ş.	**-**	**1.832.843**	**3.186.871**	-	1.507.368	632.114
Subsidiaries						
Beymen Mağazacılık A.Ş. (*)	**2.021.384**	**150.000**	**-**	6.661.148	10.176	-
Boyner Büyük Mağazacılık A.Ş. (*)	**6.249.655**	**163.470**	**223.602**	32.584.214	303.058	-
YKM A.Ş. (*)	**-**	**-**	**-**	2.079.141	-	-
Payables to associates						
İzkar Giyim Tic. ve San. A.Ş.	**6.460.539**	**-**	**-**	-	-	-
Payables to joint ventures						
Elif Co. For General Trading Ltd.	**2.402.397**	**-**	**-**	-	-	-
Other related parties						
BR Mağazacılık A.Ş.	**48.811.562**	**198.555**	**1.327.377**	42.445.577	172.283	-
Fırsat Teknoloji A.Ş.	**14.354.877**	**-**	**3.432.411**	5.982.415	18.960	-
Nişantaşı Turizm İşletmeleri A.Ş.	**-**	**383.115**	**-**	-	-	-
Alsis Sigorta Acentalığı A.Ş.	**-**	**-**	**-**	-	66.820	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler Ith. ve İhr. Turizm Ltd.	**4.263.017**	**275.078**	**1.499**	4.786.047	399.522	-
Benetton Giyim San.Tic. A.Ş. (**)	**-**	**-**	**-**	1.570.254	26.681	-
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	**-**	**32.187**	**-**	-	-	-
H.F. Boyner Biraderler Export A.Ş	**1.618**	**-**	**-**	-	-	-
Christian Louboutin	**1.440**	**-**	**-**	-	-	-
Era Mağazacılık A.Ş.	**1.343.880**	**454.383**	**-**	-	-	-
	85.910.369	**3.489.631**	**8.171.760**	96.108.796	2.504.868	632.114

(*) As of 31 December 2012, BBM and Beymen are Group's subsidiaries. Realized on 31 May 2013 as a subsidiary through share purchases were included in the consolidation. Related party transactions in the year 2013 include transactions until 31 May 2013.
(**) The transactions made through the date that these companies no longer a subsidiary as of 24 September 2012.

e) The top management team comprises of board members, general manager and deputy general managers. 31 December 2013, the Group has provided as remuneration total of 19.375.822 TRY to the top executives (31 December 2012: top executives remuneration total of 12.067.889 TRY).

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's management policies and implementations related to risks arising from financial instruments are stated in the following:

i. Funding risk

The funding risk on the present and potential liabilities is monitored through providing sufficient amount of funding commitments from loan providers with high funding potential.

ii. Credit risk

Credit risk is the risk of loss arising from one of the parties to a transaction that does not fulfill his liabilities in relation to a financial instrument. The Group tries to monitor its credit risk through limiting the transactions made with certain parties and by continuous evaluation of the credibility of its related parties.

Majority of the trade receivables are due from third parties and related parties. The Group has established an effective control system over the dealers and the credit risk arising from these transactions are followed up by the management. The Group has a high number of customers; hence its credit risk is dispersed. In managing the risk arising from non-related parties, the Group receives bank guarantees, credit insurance, mortgages on real estate and guarantee cheques and notes based on a principle to secure its receivables to the highest extent possible.

The collection of payments against exports is secured by Letter of Credit, guarantee letters, or advance payment methods.

The credit risks incurred by the Group by type of financial instruments as of 31 December 2013 and 2012 are set out in the table below:

	31 December 2013					
	Trade Receivables		Other Receivables			
	Related parties	Third parties	Related parties	Third parties	Deposits in bank	Other
Maximum credit risk incurred as of the reporting date (1)(Note 6,10,11)	**41.703.919**	**350.131.375**	**37.428.301**	**8.622.066**	**43.866.746**	**245.690.129**
- The part of maximum risk under guarantee with collaterals, etc	-	101.878.962	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired [2]	30.259.746	307.372.001	37.428.301	8.622.066	43.866.746	
The part under guarantee with collaterals, etc	-	72.692.980	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	20.901.809	-	-	-	-
- The part under guarantee with collaterals, etc [3]	-	20.901.809	-	-	-	-
	-	-	-	-		
C. Carrying value of financial assets that are past due but not impaired	11.444.173	21.857.565	-	-	-	-
- The part under guarantee with collaterals, etc	-	8.284.173	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	26.703.737	-	-	-	-
- Impairment (-)	-	(26.703.737)	-	-	-	-
- The part under guarantee with collaterals, etc	-	-				
	-	-	-	-		
- E. Off-balance sheet items with credit risk	-	-	-	-	-	-

[1] The indicated totals represent the maximum credit risks incurred as of the reporting date without taking into consideration the guarantees held or other elements that improve creditability.
[2] The indicated totals comprise customers with which no collection problems have been encountered or those which have succeeded to realize payment even if delayed.
[3] The Group has obtained guarantee notes of 20.901.809 TRY against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

ii. Credit risk (Continued)

	31 December 2012					
	Trade Receivables		Other Receivables			
	Related parties	Third parties	Related parties	Third parties	Deposits in bank	Other
Maximum credit risk incurred as of the reporting date [1] (Note 6,10,11)	**34.741.042**	**273.264.688**	**22.965.143**	**1.046.519**	**27.414.284**	**8.290.021**
- The part of maximum risk under guarantee with collaterals, etc	-	85.219.467	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired [2]	34.741.042	230.717.326	22.965.143	1.046.519	27.414.284	8.290.021
The part under guarantee with collaterals, etc.	-	62.271.374	-	-	-	-
B. . Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	22.387.813	-	-	-	-
- The part under guarantee with collaterals, etc. [3]	-	22.387.813	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	20.159.549	-	-	-	-
- The part under guarantee with collaterals, etc.	-	560.280	-	-	-	-
D. Impairment (-)	-	-	-	-	-	-
- Past due (gross carrying amount)	-	6.350.495	-	-	-	-
- Impairment (-)	-	(6.350.495)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-

[1] The indicated totals represent the maximum credit risks incurred as of the reporting date without taking into consideration the guarantees held or other elements that improve creditability.
[2] The indicated totals comprise customers with which no collection problems have been encountered or those which have succeeded to realize payment even if delayed.
[3] The Group has obtained guarantee notes of 22.387.813 TRY against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

The trade receivables that are past due but not impaired are as stated below:

Trade receivables	**31 December 2012**	**31 December 2012**
1-30 days overdue	**3.750.467**	7.855.608
1-3 months overdue	**2.179.652**	7.182.944
3-12 months overdue	**24.378.494**	2.931.346
More than 12 months overdue	**2.993.125**	2.189.651
Total	**33.301.738**	20.159.549
The part secured with guarantee, etc (-)	**8.284.173**	560.280

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

iii. Liquidity risk

The Group is eligible to use banks as well as its suppliers and shareholders as funding resources. The Group's liquidity risk is continuously evaluated through determining and monitoring changes in funding conditions required for achieving the targets set within the scope of the Group's strategy.

The Group manages its liquidity risk by monitoring expected and actual cash flows on regular basis and by maintaining continuity of funds and borrowing reserves through matching the maturities of financial assets and liabilities.

As of 31 December 2013 and 2012, the liquidity risk arising from the Group's financial liabilities consist of the following:

31 December 2013

Maturities accordance with agreements	Carrying value	Total cash outflows accordance with contract	Less than 3 months	3-12 months	1-5 Years
Non-Derivative Financial Liabilities					
Financial liabilities	1.295.540.113	1.381.225.597	428.020.603	515.789.505	437.415.489
Trade payables third and related parties	919.037.377	1.081.327.750	624.007.124	456.138.969	1.181.657
Other financial liabilities	58.629.605	58.629.607	18.161.008	40.468.599	-
Other payables (Note 10)	862.035.592	936.505.682	31.271.268	100.226.602	805.007.812
	3.135.242.687	**3.457.688.636**	**1.101.460.003**	**1.112.623.675**	**1.243.604.958**

31 December 2012

Maturities accordance with agreements	Carrying value	Total cash outflows accordance with contract	Less than 3 months	3 - 12 years	1 - 5 years
Non-Derivative Financial Liabilities					
Financial liabilities	547.828.298	590.991.538	199.866.305	282.144.048	108.981.185
Trade payables due to third and related parties	225.005.695	227.751.766	117.222.207	110.529.559	-
Other financial liabilities	75.160.111	76.094.314	51.448.167	24.646.147	-
Other payables (Note 10)	53.134.786	53.134.786	14.061.413	39.073.373	-
	901.128.890	**947.972.404**	**382.598.092**	**456.393.127**	**108.981.185**

iv. Price risk

The Group monitors its price risk through sales for hedging purposes, cost, and profitability analyses and following up on changes in market conditions.

v. Foreign currency risk

The Group carries foreign currency risk because of its foreign currency loans and payables abroad. The risk is decreased at a certain rate due to the exports and foreign currency receivables from the local market.

The rate of net foreign currency position to equity is monitored by the management on regular basis.

The foreign currency risk is anticipated to decrease upon using local resources to cover some of the purchases made abroad.

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

v. Foreign currency risk (Continued)

Foreign currency position as of 31 December 2013 and 2012 is set out in the table below:

	31 December 2013					31 December 2012					
	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF	IRR
1. Trade receivables	34.468.982	12.464.000	2.562.990	97.069	-	22.611.229	5.265.978	5.433.102	155.730	-	-
2a. Monetary financial assets, (cash and banks account included)	9.858.143	1.514.331	2.225.480	25.911	-	22.154.576	10.783.851	1.176.830	41.716	42	303.970.231
2b. Non-Monetary financial assets	10.953.832	2.173.054	2.135.351	12.937	-	11.932.194	5.989.465	530.135	3.015	-	-
3. Other	10.940.699	2.038.562	2.142.576	84.900	-	118.148	2.742	48.161	-	-	-
4. Current Assets (1+2+3)	66.221.656	18.189.947	9.066.397	220.817	-	56.816.147	22.042.036	7.188.228	200.461	42	303.970.231
5. Trade receivables	-	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	
6b. Non-monetary Financial Assets	909.255	58.666	267.000	-	-	376.155	89.621	15.860	-	-	1.240.300.000
7. Other	-	-	-	-	-	-	-	-	-	-	
8. Non-Current Assets (5+6+7)	909.255	58.666	267.000	-	-	376.155	89.621	15.860	-	-	1.240.300.000
9. Total Assets (4+8)	67.130.911	18.248.613	9.333.397	220.817	-	57.192.302	22.131.657	7.204.088	200.461	42	1.544.270.231
10. Trade payables	163.888.953	24.178.423	38.213.782	19.985	-	80.353.321	28.136.292	12.695.771	3.542	-	2.290.555.601
11. Financial liabilities	104.269.535	31.216.064	12.819.714	-	-	139.183.172	53.346.472	18.747.183	-	-	-
12a. Financial liabilities	66.973.903	30.324.850	766.662	71	-	191.496	-	51.360	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	714.916	176.333	94.095	62.457	-	-
13. Current Liabilities (10+11+12)	335.132.391	85.719.337	51.800.158	20.056	-	220.442.905	81.659.097	31.588.409	65.999	-	2.290.555.601
14. Trade payables	-	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	25.771.166	3.038.878	6.567.440	-	-	72.350.074	2.101.908	29.171.753	-	-	-
16a. Other monetary liabilities	686.875.985	321.827.290	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	12.645	-	5.377	-	-	-
17. Non-current liabilities (14+15+16)	712.647.151	324.866.168	6.567.440	-	-	72.362.719	2.101.908	29.177.130	-	-	-
18. Total liabilities (13+17)	1.047.779.542	410.585.505	58.367.598	20.056	-	292.805.624	83.761.005	60.765.539	65.999	-	2.290.555.601
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)	(980.648.631)	(392.336.892)	(49.034.201)	200.761	-	(235.613.322)	(61.629.348)	(53.561.451)	134.462	42	(746.285.370)
21. Net foreign currency asset / (liability) / (position of monetary items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.003.452.417)	(396.607.174)	(53.579.128)	102.924	-	(247.312.258)	(67.534.843)	(54.056.135)	193.904	42	1.986..585.370
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-	-	-	-	-	-
23. Partial total amount of foreign currency assets hedged	-	-	-	-	-	-	-	-	-	-	-
24. Partial total amount of foreign currency liabilities hedged	-	-	-	-	-	-	-	-	-	-	
25. Export	84.422.904	27.973.389	15.836.227	637.859	-	62.510.613	10.816.280	14.828.772	427.656	-	-
26. Import	295.511.042	39.571.714	91.883.615	399.866	62.932	128.546.590	51.516.825	15.314.538	121.359	5.777	-

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

v. Foreign currency risk (Continued)

Foreign currency sensitivity

As of 31 December 2013 and 2012, a potential change of 10% in Turkish Lira against the foreign currencies stated below will decrease the Group's profit by the amounts stated below. This analysis is based on the assumption that variables, especially the interest rates, will remain constant.

31 December 2013

	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	**(83.736.463)**	**83.736.463**	**-**	**-**
2- USD hedged from risks (-)	**-**	**-**	**-**	**-**
3- USD net effect (1+2)	**(83.736.463)**	**(83.736.463)**	**-**	**-**
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	**(14.398.893)**	**14.398.893**	**-**	**-**
5- EUR hedged from risks (-)	**-**	**-**	**-**	**-**
6- EUR net effect (4+5)	**(14.398.893)**	**14.398.893**	**-**	**-**
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	**70.493**	**(70.493)**	**-**	**-**
8- Other currencies hedged from risks (-)	**-**	**-**	**-**	**-**
9- Other currencies net effect (7+8)	**70.493**	**(70.493)**	**-**	**-**
TOTAL (3+6+9)	**(98.064.863)**	**98.064.863**	**-**	**-**

31 December 2012

	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	(10.986.048)	10.986.048	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	(10.986.048)	10.986.048	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(12.596.047)	12.596.047	-	-
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	(12.596.047)	12.596.047	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	20.762	(20.762)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	20.762	(20.762)	-	-
TOTAL (3+6+9)	**(23.561.333)**	**23.561.333**	**-**	**-**

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NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

vi. Interest rate risk

The Group is exposed to interest risk because of its interest generating assets and liabilities. The Group's activities are exposed to the risk of interest rate fluctuations when the interest -sensitive assets and liabilities are depreciated at different times and amounts or when their prices are revised. The said interest rate risk is continuously monitored and managed by the company management by balancing the Company's interest-sensitive assets and liabilities.

For the purpose keeping the effect of interest rate fluctuations on the financial debts at a minimum level, the company management maintains the "fixed interest/variable interest" and "TRY/foreign currency" balances in these liabilities.

Interest risk sensitivity

The financial instruments of the Group which are sensitive to interest rates are stated in the following:

	31 December 2013	31 December 2012
Financial instruments with fixed interest		
Financial assets	**18.291.920**	18.292.645
Financial liabilities	**569.663.912**	416.729.913
Financial instruments with floating interest		
Financial assets	**-**	-
Financial liabilities	**725.876.201**	131.098.385

If the interest on loans with variable interest denominated in TRY, USD and Euro on renewal dates were higher/lower by 100 basis points with all other variables remaining constant as of 31 December 2013, the current period profit before tax would be lower/higher by 362.938 TRY as a result of high/low interest expenses arising from loans with variable interest (31 December 2012: 65.549 TRY).

vii. Capital risk management

In capital management, the Group aims to enable continuity of the Group's operations and to maintain the most suitable capital structure so as to provide earnings to its partners and benefits to other shareholders and to decrease capital cost.

In order to maintain or re-arrange the capital structure, the Group may change the amount of dividends paid to shareholders, return the capital to shareholders, issue new shares, and sell its assets in order to decrease the level of its borrowings.

The Group monitors the share capital by using the debt/equity ratio. This ratio is found by dividing the net total debts to total equity. The net total debt is calculated by deducting the cash and cash equivalents from the total financial debts (long or short term).

	31 December 2013	31 December 2012
Financial liabilities	**1.354.169.718**	622.988.409
Less: Cash and cash equivalents	**(289.556.875)**	(35.794.305)
Net financial liabilities	**1.064.612.843**	587.194.104
Total equity	**356.266.538**	(3.448.392)
Net financial liabilities/Total equity Ratio	**%33,5**	(%5.872)

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NOTE 32 - FAIR VALUE DISCLOSURES AND FINANCIAL INSTRUMENTS

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: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)
Level 2: Other valuation techniques includes direct or indirect observable inputs
Level 3: Valuation techniques does not contains observable market inputs

As of 31 December 2013 and 2012, the Group does not have any financial assets and liabilities followed by the fair value.

NOTE 33 - SUBSEQUENT EVENTS

a) According to the Board of Directors of Altınyıldız on 27 January 2014, it is decided to increase registered capital limit from 40.000.000 TRY to 500.000.000 TRY. Applied limit will be effective from 2014 to 2018. After obtaining necessary approvals from Capital Markets Board and the Republic of Turkey the Ministry of Customs and Trade, the decision will be submitted to General Assembly.

b) According to the Board of Directors of Altınyıldız on 27 January 2014, it is decided to change the name from "Altınyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş." to "Boyner Perakende ve Tekstil Yatırımları A.Ş." After obtaining necessary approvals from Capital Markets Board and the Republic of Turkey the Ministry of Customs and Trade, the decision will be submitted to General Assembly.

c) At the BBM's Board of Directors meeting held on 3 March 2013, it has been decided to participate to the capital increase decision amounting to 100.000.0000 TRY at YKM and pursuant to Articles 136, 155 and 156 of Turkish Commercial Code no. 6102 and other articles related to merger and Articles 18, 19 and 20 of Corporate Tax Law with CMB's Communiqué II-23_2 related to Merges and Spin-offs; it has been decided that, YKM with the registration number 1604,60 at Istanbul Trade Registry Office and YKM Pazarlama with the registration number 138851 at Istanbul Trade Registry Office along with all of their assets and liabilities to be merged with BBM by way of take over. In this respect, additionally it has been decided that a merger agreement and other documents will be prepared and the Company apply the facilitations defined in the facilitated methods in the Turkish Commercial Code's and CMB's Communiqué II-23_2 related to Merges and Spin-offs, not to request independent audit report, merger report and expert opinion and without obtaining the approval of General Assembly to approve solely with the decision of the Board of Directors. The merger will be realized over the entities financial statements as at 31 December 2013. It has been decided to carry out all necessary actions until finalization of the merger including applications to Ministry of Customs and Trade, CMB, Trade Registry Office. All of the independent members of the Board of Director voted in favor of the decision. BBM that owns all of the voting shares of YKM will contribute to the capital increase of YKM amounting to 100.000.000 TRY in order to enhance the financial structure of YKM by way of inclusion of its receivables from YKM amounting to 100.000.000 TRY to its capital.

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WWW.FINARKURUMSAL.COM • TEL +90 212 269 37 20

Boyner Perakende ve Tekstil Yatırımları A.Ş.
Eski Büyükdere Cad. Park Plaza No: 14 Kat: 15-16 34398
Maslak/İstanbul
Tel: +90 (212) 366 89 00
Fax: +90 (212) 345 09 20
www.boynergrup.com

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