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BOYNER RETAIL AND TEXTILE INVESTMENTS



BOYNERGRUP



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BOYNER RETAIL AND TEXTILE INVESTMENTS

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FROM THE MANAGEMENT



Chairman's Message



Cem Boyner
Chairman

2015 saw continued decline in global economic growth rate, in addition to the low inflation rates, and the World focused on FED's interest rate decisions to position themselves accordingly. The rapid decline in raw material prices and FED's interest rate hike expectations fueling US Dollar's global appreciation continued throughout the year. As a result, low growth and high exchange rates dynamics in developing countries had a profound effect on global economy.

Turkey in 2015, similar to in 2014, saw economic influences of global geopolitical uncertainty deepened along with two elections. Throughout 2015, while both inflation and interest rates remained high, Turkish Lira depreciated. The political uncertainty lasting until November, combined with geopolitical risks, led to a decrease in foreign capital inflow. Moreover, in 2015, the consumer confidence index fell to its lowest level of the last decade. Despite all of these negative conditions in Turkey, the annual growth rate expected to be in the range of 3.5 - 4% encourages us to be extremely positive about the medium and long-term growth potential of our country.

Despite uncertainties, a non-growing apparel retail market and intense fluctuation in consumer confidence and behavior, Boyner Group managed to grow over 11% in retail sales in this difficult year. However, we did not reach the high goals that we set for ourselves at the beginning of the year. Our consolidated revenue reached TRY 3.4 billion with an 8% increase. The most significant improvement in 2015 was our gross profit margin. Over the last two years, thanks to our innovative approach especially in purchasing and logistics, our annual gross profit margin grew by 2% reaching up to 41.6% level. Our Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), excluding non-recurring income and expenses, exceeded TRY 322 million and our consolidated EBITDA margin was realized as 9.5%.

The two important financial developments in 2015 were; our decision to increase our share capital by TRY 885 million and completing our payment for the shares we bought back from CVCI. Qatar based investor "Mayhoola for Investments" joined as the sole investor to our capital increase, and they became the owner of 30.7% of the shares in BRTI. With the cooperation of "Mayhoola for Investments" we have strengthened our capital structure to level with our growth objectives. Additionally, we improved our investment plans which will shape the future of retail globally. In June, we realized the payment of our shares we purchased from CVCI as scheduled.

In 2015, our Group companies continued their steady growth by strengthening their leading positions in Turkey. Boyner Büyük Mağazacılık, launched various new brands by renewing its product range in 2015, saw its revenues increase by 6% to TRY 1.8 billion with a gross profit margin of 39%. Beymen both increased its performance in the stores and turned its online sales into its 4th biggest store, becoming a prime example for Turkish retail sector with its growth and profitability closing the year with 23% turnover growth. As AY Marka Mağazacılık increased its turnover by 8%, it

showed robust performance by increasing last year's gross profit performance to 48.5%. Altinyıldız, which reached its 2015 goals in fabric production business, established a new investment plan including the purchase of a factory land in Çerkezköy and increased its capital by TRY 100 million. Altinyıldız also made the decision to focus on high added value wool production business and to put an end to apparel production. In this process, Altinyıldız went beyond promoting the legal rights of employees in the apparel department and carried out a unique social plan including extra earning packages, relocation support, day care opportunity, and a pension fund, setting a uniquely good example for Turkey.

With our philosophy of "Unconditional Customer Happiness," and with the power of our analytic operations that we accelerated after 2012, we designed Hopi "the new invention of shopping" and introduced it to our customers in 2015. Hopi is a unique application not only in Turkey, but around the world. By the end of 2015, Hopi, uniting a coalition of more than 40 brands, reached 2.8 million users. Through effective campaigns of our group companies and our business partners in a short 8-month period, the total number of sales passing through Hopi was realized over TRY 1.2 billion.

In 2015, we continued to focus on our business model of "all-line" retail, where our retail companies offer unlimited service to our customers through all possible online and offline channels. In order to increase our operational effectiveness, we established BOYTEM (Boyner Group Supply Center) as a purchasing optimization system, and increased the synergy of supply and production processes in our group companies. We expect to see further operational and financial impact from these projects in 2016 as we experienced in the previous year.

As in 2015, the year 2016 is also beginning with the looming macro-economic and geopolitical difficulties. Global geopolitical uncertainties, slowing growth of the economy in China and negative effects of FED's interest rate hike in developing economies will continue to be on our agenda throughout the year. Furthermore, the high rate of inflation and decreasing export potential will create extra difficulties for our country. However, despite all these complications, we expect 2016 to be an economically better year in comparison to 2015. As in the previous years, we continue to believe in the potential and future of our country and plan our investments accordingly.

In 2016, the foundations of all our decisions will be based on protecting and developing customer happiness as well as enabling profitable and high growth. This year our main focus will be the efficient growth of our business. Through our strategic plans, our goal in 2016 is to both increase our sales at a significant level and increase our profitability over 2015 levels. These plans will mainly focus on projects which will increase the efficiency in our stores.

Boyner Group will make an important investment in 2016. We will be opening the first store of our new project code-named 'Phoenix' in September 2016, in Akmerkez Shopping Mall. Phoenix will bring

a new dimension to department stores and retail in Turkey. The new store will be located on four floors and have approximately a 7,000 m² shopping area.

Boyner Group owes all its success to its employees and their devotion to Boyner Group values. We have always developed ourselves with creativity, courage, passion, and responsibility in pursuit of "Unconditional Customer Happiness". Our values have turned us into a big family with 12.000 members, and in 2016, we will continue to develop new leaders from our family and recruit new talents into our team.

Throughout 2015, we gracefully received the crowning of our achievements with numerous awards. All the while, we remained aware of the fact that our biggest reward is hidden in the glittering light inside our customers' eyes when citing our brands or Boyner Group itself. I believe our customers will be inspired by hundreds of excellent stores and thousands of good employees that serve to perfection with products made at the highest standards.

As a result of our enthusiasm for our business, our customers, our country and the world which we live in, our sustainability projects which we tailor designed in keeping with our responsibilities continued to be one of our main focuses in 2015. We developed insights in democracy and equality at work not only within Boyner Group but also within our suppliers and business partners. With this concept, we established the program "Good for Business: Empowerment Program for Women Entrepreneurs in Boyner Group Supply Chain." In the last month of the year, we launched "Buluşum" a social initiative that we designed to support social entrepreneurs and expand crowd funding in Turkey.

As the world continues to suffer with economic, political and socio-cultural problems, people all over the globe are discussing how to design and shape a new future, sometimes in laboratories, factories, and sometimes in offices or fields to plant the seeds for a better tomorrow. Boyner Group stands as a leader among companies shaping the future as an expert in "making feel good" business for "customer happiness" both in our offline and online stores, and in whichever areas we touch our customers. In 2016, our focus will be expanding our business and making it more productive with this mission and principle. The happiness that we provide our customers in their daily lives, a connection with each individual customer, in addition to goodness and hope, and the difference and value we offer in their lives will be our greatest strengths now and in the future. As Boyner Group, we will continue to believe and trust in our customers.

I would like to extend my gratitude to our customers, employees, shareholders and business partners for Boyner Group's success and high performance in 2015. I sincerely believe that 2016 will be a more exciting and better year. We expect a year in which we continue offering the best and focusing on the most unique products and services for our customers and our country.

Board of Directors

HASAN CEM BOYNER

Chairman

After graduating from Bogazici University with a degree in Business Administration in 1978, Cem Boyner started his career in Altinyıldız, the family owned enterprise. He served as the Chief of Executive Committee of Boyner Group between 1982 and 1994. Cem Boyner was the President of the Board of Directors of Turkish Industry and Business Association (TUSIAD) between 1989 and 1990, and he became the Managing Director of Boyner Group in 1996. After Osman Boyner became the Honorary President in 2010, Cem Boyner replaced him as the Chairman of Boyner Group. Cem Boyner is also the Chairman of Boyner Retail and Textile Investments as well as other Group Companies.

NUR MEHMET İNAL

Board Member And General Manager

Mehmet İnal is a graduate of Bogazici University. Following his position in the audit department of Arthur Andersen, he served as System and Audit Coordinator, Finance Coordinator, Vice Chairman of Executive Committee, and President at Altinyıldız Group respectively. Mr. İnal was appointed as Vice Chairman of Boyner Holding, and a Board Member of Boyner Retail and Textile Investments in 1996. On January 9, 2014, he rejoined the Board of Directors and become the General Manager.

NAZLI ÜMİT BOYNER

Member of Board of Directors

A graduate of the University of Rochester, New York, Ümit Boyner started her career in Chemical Mitsui Bank Credit Marketing Department. Then she worked as Finance Manager at Turcas Petrolculuk A.Ş. and as Investment Director at Türk Petrol Holding A.Ş. Treasury Department respectively. She started working at Boyner A.Ş. in 1996 as Finance Director. Ümit Boyner, who has been serving as a Board Member at Boyner Retail and Textile Investments since 2006, was the President of the Board of Directors of Turkish Industry and Business Association (TUSIAD) between 2010 and 2013.

SERDAR SUNAY

Member of Board of Directors

Serdar Sunay is a graduate of Bogazici University. Following his positions at Arthur Andersen Audit Department and Koç Group Planning Department; he worked as Business Development Manager at Boyner Holding, as Restructuring Project Leader at Mc Kinsey & Co Turkey Group and Boyner Group, as Turkey and Middle Asia Benetton License Operation General Manager, as Boyner Holding A.Ş. Retail Operations Vice Chairman, and as Benetton-Turkey President (in accordance with the equal partnership agreement between Benetton Group SPA Italy and Boyner Holding A.Ş.) respectively. Serdar Sunay is serving as Board Member of Boyner Retail and Textile Investments since 2009.

MUSTAFA TÜRKAY TATAR

Member of Board of Directors and CFO

Türkay Tatar is a graduate of Middle East Technical University (METU) with a degree in Business Administration. He completed his Master's degree in Labor Law at Bilgi University. Tatar started his banking career in the treasury department and resigned as Deputy General Manager at Demirbank after working in various positions. After 2001, he managed treasury departments of all financing companies of Cingilloğlu Group. He joined Arçelik in 2005 as Finance Director. He is serving as Vice President at Boyner Group since the end of 2011. Mr. Tatar was appointed as Board Member at Boyner Retail and Textile Investments on January 9, 2014.

MASSIMO PIOMBINI

Member of Board of Directors

After completing his education at the University of Cattolica del Sacro Cuore with a degree in Business Administration in 1983, Massimo Piombini started his career in Bank America, and then continued his career in the luxury industry working as a high level administrator at Bulgari, Gucci and Bali. He has been working as a Commercial Director in Valentino since 2008, and after the cooperation between Mayhoola for Investments and Boyner Group in 2015, he became a member of the board of directors at Boyner Retail and Textile Investments A.Ş.

ELİF ATEŞ ÖZPAK

Independent Board Member

After graduating from Istanbul University with a degree in 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, as Corporate Legal Advisor and Corporate Governance Secretary at Turkcell İletişim Hizmetleri A.Ş., and as an associate attorney at Ateş & Demirhan Joint Law Firm respectively. She is a partner at Crescent Capital since 2008. She is also a Founding Partner and Board Member at 11880. Elif Ateş Özpak is an Independent Board Member at Boyner Retail and Textile Investments A.Ş. since 2012.

TAYFUN BAYAZIT

Independent Board Member

A graduate of Southern Illinois University with a degree in Mechanical Engineering and a post graduate of Columbia University with a Master's Degree in Finance and International Relations; Bayazıt started his banking career in Citibank. He worked as a senior executive in Çukurova Group for 13 years. He became CEO of Dışbank in 2001. He was appointed as CEO of Fortis Turkey and Global Management Committee in 2005. In April 2007 he returned to Yapı Kredi as Managing Director and General Manager, and then in 2009, he became President at Koç Holding Banking and Insurance Group as well as at Yapı Kredi. Tayfun Bayazıt founded "Bayazıt Danışmanlık Hizmetleri" in August 2011 and has been an independent board member at Boyner Retail and Textile Investments since 2014.

S. METİN AR

Independent Board Member

He graduated from Boğaziçi University Electrical Engineering Department after Robert College then completed his master's degree in London School of Economics. S.Metin Ar started his career in Otis Elevator Company Ltd. in England and worked in various positions in Türkiye Sınai Kalkınma Bankası, Brisa Bridgestone Sabancı Lastik San. Tic. Tic. A.Ş, İş Finansal Kiralama A.Ş., Yatırım Finansman Menkul Değerler A.Ş., Türk Pirelli Kablo ve Sistemleri A.Ş. and Çimentaş İzmir Çimento Fabrikası Türk A.Ş.. Between 2003-2005 he served as the Vice President of Istanbul Menkul Kıymetler Borsası and CEO of Garanti Yatırım Menkul Kıymetler A.Ş. during 1999-2013. During 2012-2014, S.Metin Ar has worked as Chairman of Dream. Metin Ar has been an independent Board Member in Boyner Retail and Textile Investments since 2015.



BOYNER GROUP

OUR HISTORY

1952

The first step in the industry
Altinyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. (Altinyıldız Textile and Apparel Co.) was founded by Boyner family.

1956

First export transaction
 With the intention to become the brand to introduce Turkish fabric to the world, Altinyıldız realizes first export transaction.

1971

Beymen is born
 Boyner Family enters into ready-to-wear and retail with men's clothing under the name **Beymen**. The first Beymen store was opened in Nişantaşı.

1981

The first department store in Turkey
Çarşı Store was established. It brought the concept of department stores and created a breakthrough in the retail sector in Turkey.

1985

Boyner Group brought Benetton to Turkey
 Boyner Group brought Benetton to Turkey. Benetton was the first international ready-to-wear brand to enter Turkish market.

1987

Our Manifest: Unconditional Customer Happiness
 Boyner Group launched the concept of "Unconditional Customer Happiness" and started a new era for Turkish consumers. **Unconditional Customer Happiness** became a unique and registered brand of the Group.

1989

Installment for Cash Price
 A groundbreaking innovation in Turkey again from Boyner Group, a credit card allowing installment shopping against cash price to improve consumer's purchasing power: Çarşı Credit Card was launched.

1991

Altinyıldız went public
 Boyner Retail and Textile Investments (then named Altinyıldız Mensucat), whose primary shareholder is Boyner Holding, held its Initial Public Offering.

1997

The birth of a brand
 One of the largest European textile factories and owner of "Altinyıldız" brand launched its first retail brand operation, which would later be called **Network**.

1998

Advantage Card was offered to consumers
 With the **Advantage Card**, we became the pioneer of the installment credit card in the Turkish market.

2003

24/7 customer support
 With 24/7 Support Line Back-up we brought a brand new service to Turkey and the world.

2003

We put big innovations into little boxes
 T-Box brand placed apparels in little boxes and once more proved innovative and creative aspect of the group.

2004

Çarşı became Boyner
 Boyner Büyük Mağazacılık started to serve its customers with renovated stores by changing the name Çarşı to **Boyner**.

2010

Starcity founded
 As Boyner Retail and Textile Investments A.Ş., we opened Starcity Shopping Mall with the partnership of Merkür Ticaret A.Ş incorporated by Yıldız Holding

2011

A rapid access to e-commerce market
 We entered the e-commerce market with **morhipo.com**. Unlike its rivals, Morhipo.com offers a single umbrella for both seasonal products and daily promotional campaigns, thereby differentiating itself from special offer sites and translating Boyner Group's pioneering role into the world of online commerce.

2011

BR Mağazacılık established
 We set up **BR Mağazacılık (BR)** with our partner Ran Mağazacılık. BR offers our customers the formal business wear brands Altinyıldız Classics and Beymen Business.

2012

A new family member
 We acquired **YKM**, one of Turkey's most established department stores, and thus added a new valuable member to the Boyner Group Family.

2013

The integration of our shareholding structure
 In order to integrate and consolidate the shares in our group companies, Boyner Holding took back 50% share of Beymen, and 30.05% share of Boyner from CVCI.

2013

Biggest ready-to-wear clothing store: Beymen Zorlu
 Beymen opened Turkey's largest ready-to-wear store over 10,000 m² shopping space in Zorlu Center İstanbul.

2014

Transformation from Boyner Holding to Boyner Group
 Boyner retail companies gathered under a single roof. Moreover, with the **Boyner Group** title the corporate identity and logo were renewed.

2015

Hopi, the new invention of shopping
 Boyner Group's new invention **Hopi**, brand new look in the retail sector was introduced.

2015

Massive Investment to Boyner Group
 With the decision to increase the owner's equity up to 885 million TL, Boyner Retail and Textile Investments partnered with Qatar based Mayhoola for Investments.

2015 AT A GLANCE

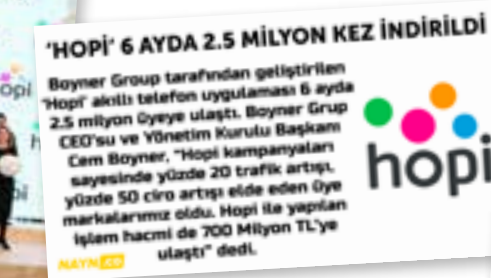


We have expanded our business

- Massive Investment to Boyner Group – Mayhoola for Investments has partnered with Boyner Retail and Textile Investments
- Boyner Group has increased the equity of Morhipo.com by 150 million TL in their fifth birthday
- Altinyıldız increased its equity by 100 million TL

Groundbreaking innovations

- "Click and Collect (TIKLA GEL)" combined online shopping with stores.
- Hopi was launched
- A Rapid Start: Hopi reached 2.5 million members in 6 months
- Beymen and Boyner became the first companies to sell products on Instagram with like2buy
- Morhipo and 1V1Y joined forces in e-commerce
- beymen.com became the 4th largest store of Beymen



Recent developments

- BR Mağazacılık moved to their new office building
- Boyner renewed its logo
- "House of Camellia" and "North of Navy" were launched
- Boyner Fresh, the new concept of Ayşe Boyner, has met with fashion lovers
- Boytem expanded its reach



BOYTEM

Retail in campuses

- Retail course opened for the third time in Bahçeşehir University
- Boyner Group has opened a retail class in Özyeğin University
- A Certificate Program for Retail Management was started in Bilgi University
- Boyner Grup's digital projects were covered in Digital Marketing class in Boğaziçi University



Continous training

- Education is everywhere with BANGonline
- Boyner Up education program launched
- Aymarka – Yıldız Yolu Career Planning Training became a finalist in "Perakende Güneşi" Awards



We are a huge family

- Beymen Müzikacıları became finalist in Music Awards
- BİGerçek Başarı'15 Awards found its winners
- Memnuniyet Gazetesi was published
- Groundbreakers rewarded
- Our ads for December 12 and March 8 gained huge publicity.



Colorful stores throughout the year

- Irina Shayk became the face of Network
- Boyner - Street Art Windows
- Boyner - Star Wars Project
- Morhipo partnership with Bora Kozanoğlu to support windsurfing
- Beymen New Year Windows
- Beymen Club became official costume sponsor of Eczacıbaşı Voleybol Team
- BR Mağazacılık to sponsor Karşıyaka Basketbol Team



We are responsible

- Good for Business, a training and development program for female entrepreneurs who are a part of Boyner Group supply chain, has been established
- Bulusum.biz is live
- Network – Music for Peace partnership
- Boyner Group was at G7 Summit for Economical Support for Women
- The 25th anniversary exclusive products of Morçatı are on sale in the "PaylaşTık" (weshare) section of Morhipo.com
- We joined the IFC SheWorks initiative
- With Yuvarla, we transferred our online donations to NGOs
- We became the first member of WeConnect International from Turkey

2015 Awards

- **Pomegranate Arils**
selected as a model project in the United Nations
- **Hopi and Morhipo**
leading mobile applications of 2015
DigitalAge
- **Morhipo.com**
became the fastest growing e-commerce web site
Europe500
- **Boyner Group's**
Good for Business, chosen as the best practice by
ILO and UNEP
- Three awards for **Hopi** from
Kristal Elma Awards
- **Hopi**
'The Best Mobile Innovator' from
Mobile Excellence Awards
- Four awards for **Hopi** from
MediaCat Felis Awards
- **Boyner Grup**
was named the most innovative company by
Boğaziçi Üniversitesi
- Big Business Award for **İyiliğe Dönüştür** (Cycle into Favor) from
Çevko Yeşil Nokta Sanayi Awards and Award of Effectiveness
from TISK Social Responsibility Awards
- Highest Rate of Women Employee Group Award for
Boyner Group from
Capital
- **Deran Taşkiran and Elif Çapçı**
named one of Turkey's 50 most powerful female CEOs from
The Economist Magazine
- A 'Lifetime Honor Award' to **Ümit Boyner** from
MediaCat Womentowatch
- **Cem Boyner**
was on the list of
Business of Fashion 500
- **AY Marka Yıldız ol Yıldız Kal**
(Be a Star and Stay as a Star) became the finalist at Perakende
Güneşi Awards



OUR VALUES

• We are focused on Customer Happiness

We focus on offering creative product, service, and experience and providing improvement in every angle that reaches out to our customers. Making our customers feel important and prioritized in every action is essential for us.

• We are Creative

We have the ability to explore and implement creative solutions and approaches and projecting and implementing the un-attempted and the undone. We continuously assess and develop our business manners.

We support a new generation of ideas in our team. Our ability to ask "Why not?" is a corporate trait. Our source of inspiration for innovativeness is our customers.

• We are Courageous

We can make quick decision, be flexible when necessary, and accept and support change favorably. Driving change in a timely manner when required is part of our core values.

• We are Passionate

We work eagerly to be the leader in our business. We create motivational and inspiring environment for our team members. Our positive attitude is reflected in our team members. We focus on objectives and work with passion. Working pleasantly is a key characteristic of Boyner Group employees.

• We Learn Continuously

We are always learning and continuously updating our professional expertise. We not only improve and train others, but also obtain information from various sources and create a vision of how our work can develop. Teamwork and individual productive is a prerequisite for all Boyner Group employees.

• We are Responsible

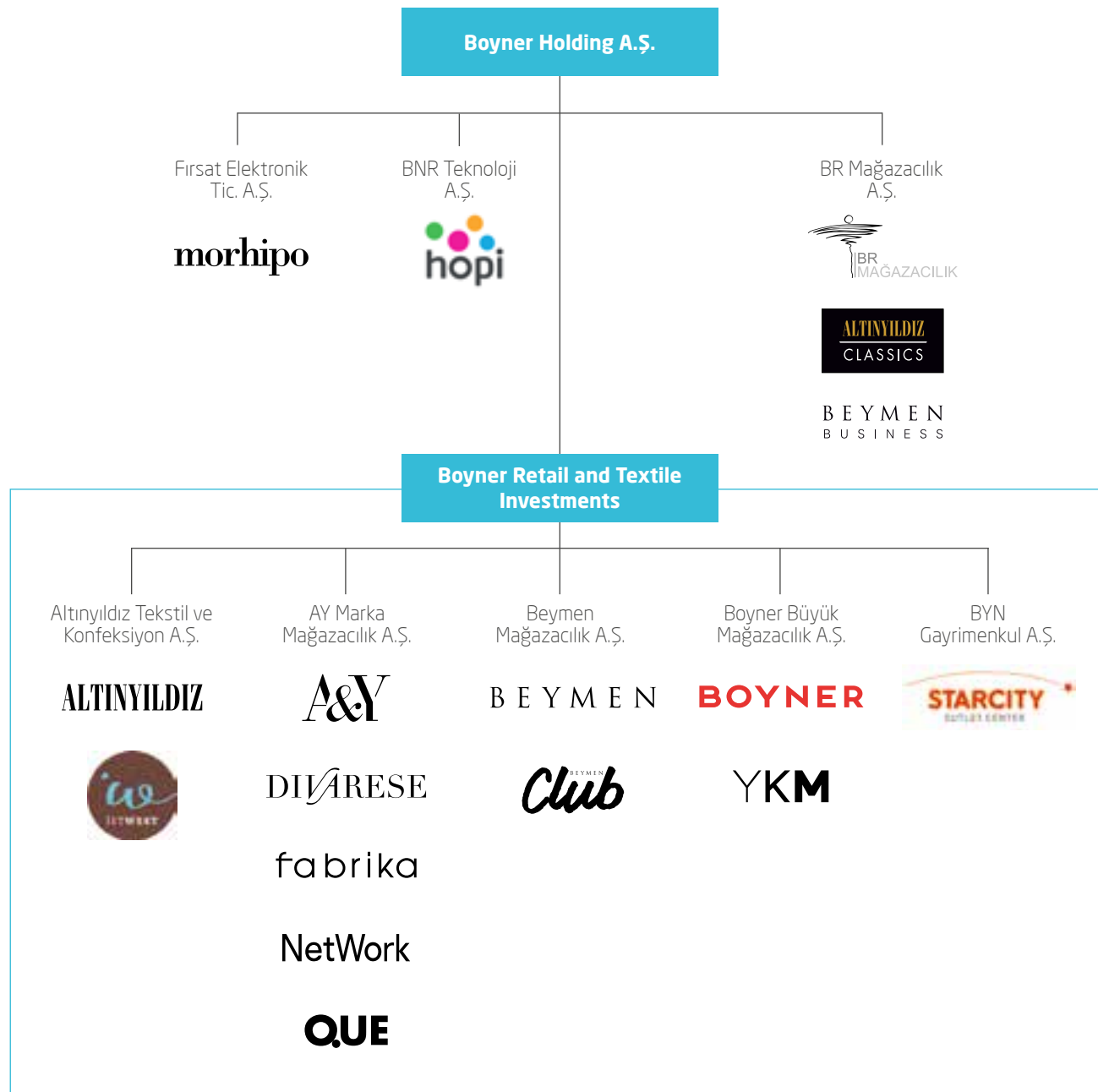
We contribute and support contributions to society. We believe in being "A good person, a good employee, and a good citizen" with moral, clear, accountable, and sustainable approach to colleagues, associates, customers and society. Executing business with manners and actions aware of the social, economic and environmental responsibilities is essential for Boyner Group employees.

• We are a Huge Family

We work with mutual trust, respect, participation, justice, and collaboration—like a family. We provide all Boyner Group employees the opportunity to work and get promotions based solely on their merits and performance. We provide an equal opportunity for all employees to develop. Our main principle is to enjoy and share the security and warmth of a family.



BOYNER RETAIL AND TEXTILE INVESTMENTS



Turkey's largest publicly traded non-food and non-consumer electronics retail company.

In order to gather all Boyner Group Retail Companies under the same roof, we changed our title Altinyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş. to Boyner Retail and Textile Investments. This helped us to have a trade name that includes all of our actual operation areas.

Boyner Retail and Textile Investments A.Ş. consisting of Altinyıldız Textile and Apparel Co. based on wool textile sector, the leader of department stores Boyner Büyük Mağazacılık, the leader of luxury retail sector Beymen Mağazacılık, Network, Fabrika, Que, Beymen Business and Divarese brands embodied by AY Marka Mağazacılık and BYN Real Estate Development companies.

BOYNER

1981

In 1981 **Boyner Büyük Mağazacılık A.Ş. (BBM)**, opened its first Çarşı store in Bakırköy. In 2012, the company acquired the major shares of YKM ((Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Ticaret Sanayi A.Ş. and Yeni Karamürsel Giyim ve İhtiyaç Maddeleri Pazarlama A.Ş.) which is one of the biggest brands of the retail sector and in the following year, 2013, it acquired the rest of the shares of the company. Therefore, BBM worked to promote diversity of brands and consumers in the department store sector. This strategy proved successful. BBM operates in department stores, concept stores, (Boyner Home and Boyner Sports) Outlet Stores, BSSD/ Designers On Sale, Çarşı Stores and since 2012, YKM Stores. **Since the end of 2015, Boyner Büyük Mağazacılık has reached 281,013 m² sales areas with 124 stores in 37 cities in Turkey, and hosted 110 million visitors with 5,243 employees.**

BEYMEN

1971

Opening its first store in 1971, **Beymen Mağazacılık A.Ş. (Beymen)** today owns 84 stores that represent different aspects of merchandising in total 44,728 m² net sales area. Since the day of its establishment, Beymen has become one of the pioneers of the luxury retail fashion sector in Turkey. **Today, Beymen that embodies more than 600 world brands is known to have the best collections of the world.**

ALTINYILDIZ

1952

Since 1952, **Altinyıldız** has operated in wool textile sector and has been continuing under the name of Altinyıldız Textile and Apparel Co. ("AYTK") since the end of 2013. Altinyıldız has a **40% share in domestic wool fabric market.**

A&Y

2008

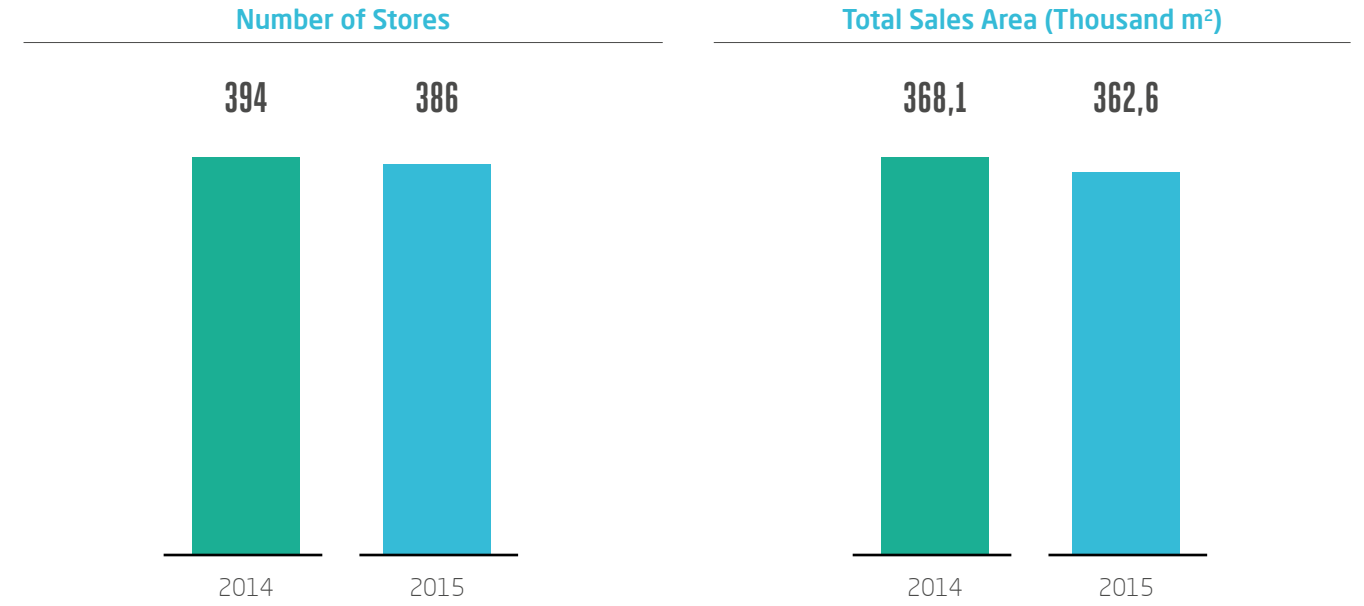
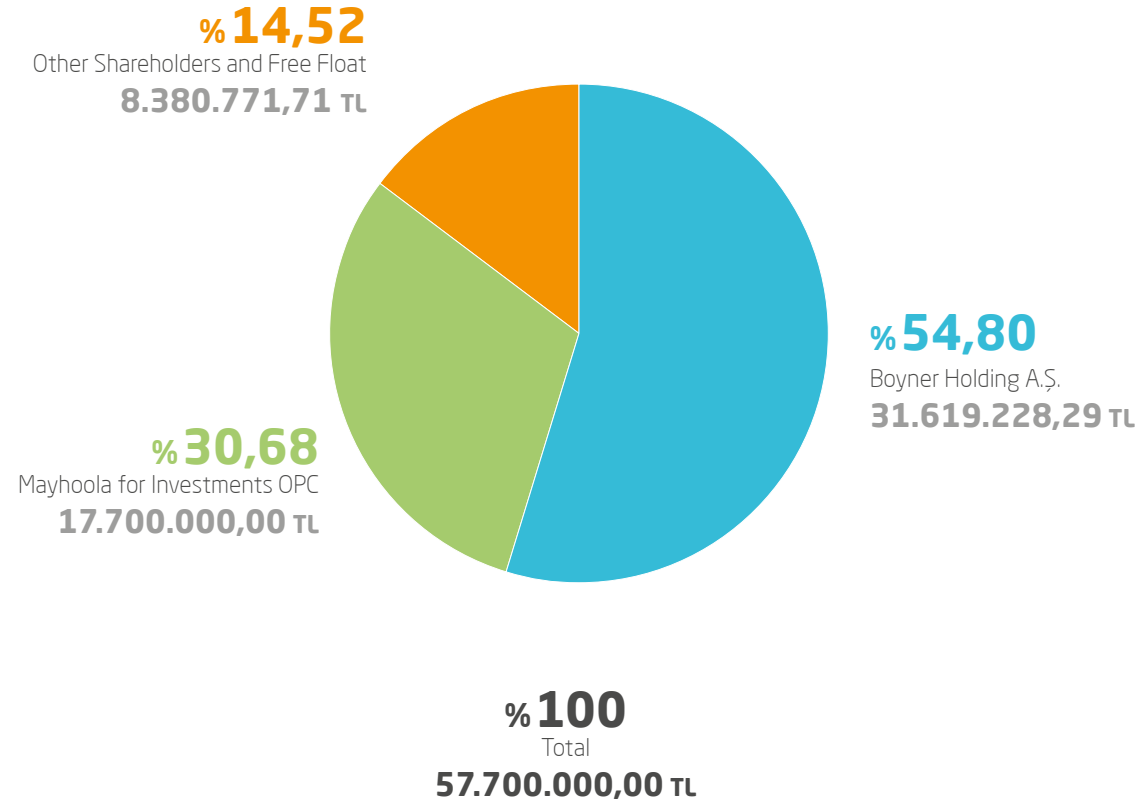
Splitting from Altinyıldız in October 2008 and forming separate **AY Marka Mağazacılık A.Ş. (AY Brand)**, has become an individual company with Network and Que brands. In 2009, Beymen Business brand and in 2010, Divarese Operation joined AY Marka. **Today AY Marka serves not only in 28 cities of Turkey with 174 stores but also in 4 stores in Azerbaijan, Kyrgyzstan, Northern Iraq and in Albania.**

BYN REAL ESTATE DEVELOPMENT

2007

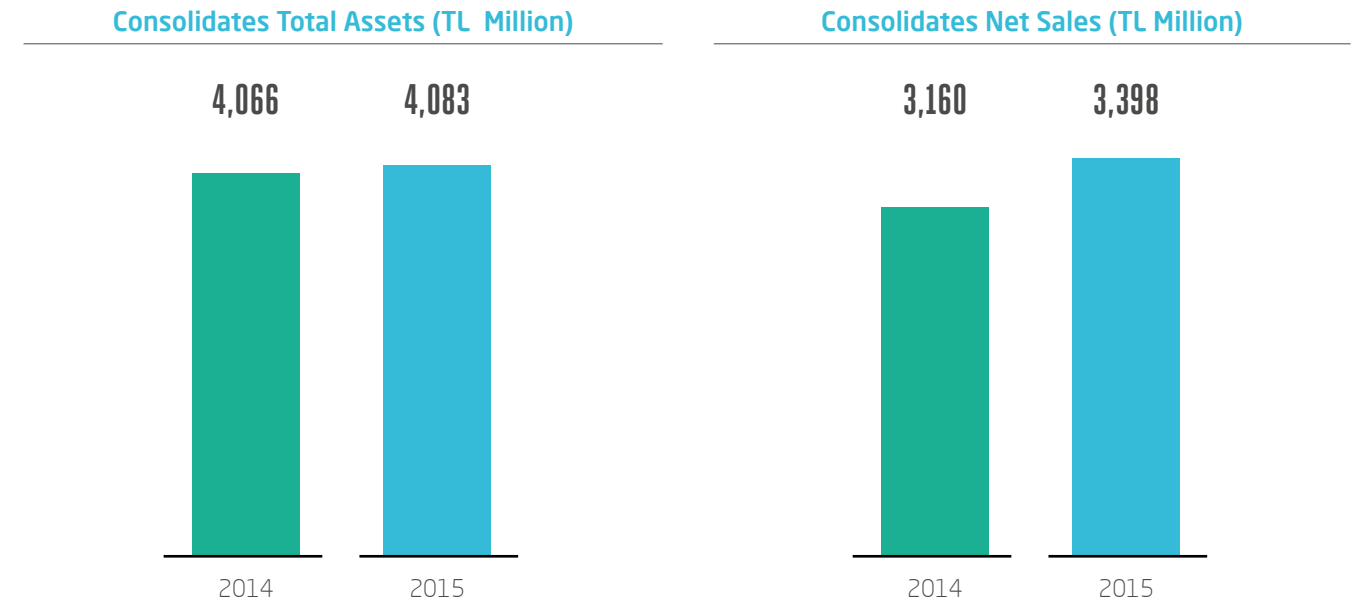
Established in 2007, **BYN Real Estate Development (BYN)**, leads Starcity Shopping Mall operation, which established in 2010 next to the previous factory area of Altinyıldız. It leads the operation associating with Merkür Ticaret A.Ş. incorporating by Yıldız Holding.

Boyer Retail and Textile Investments Partnership Structure



Boyer Retail Subsidiaries

Subsidiary	Country of Registration	Field of Activity	Participation Rate (%)	
			31 December 14	31 December 15
AY Marka Mağazacılık A.Ş.	Türkiye	Retail	100	100
Boyerer Büyük Mağazacılık A.Ş.	Türkiye	Retail	96,58	99,08
Beymen Mağazacılık A.Ş.	Türkiye	Retail	100	100
Altınyıldız Tekstil ve Konfeksiyon A.Ş.	Türkiye	Textile and Apparel Manufacturing, Real Estate Development	100	100
BYN Gayrimenkul A.Ş.	Türkiye	Real Estate Management	100	100
Alticom	Almanya	Textile Products Sales and Marketing	100	100
Altınyıldız Corporation	ABD	Textile Products Sales and Marketing	100	100
A&Y LLC	Dubai	Textile Products Sales and Marketing	100	100
Vista Sağlık Hizmetleri Ticaret Danışmanlık A.Ş.	Türkiye	Health Services	100	-
Nişantaşı Turistik İşletmeleri A.Ş. ("Nişantaşı")	Türkiye	Restaurant Management	-	75
İzkar Giyim Ticaret ve Sanayi A.Ş. ("İzkar")	Türkiye	Retail	49,6	75
Beymen İç ve Dış Ticaret A.Ş.	Türkiye	Export-Import	-	100
Anka	Türkiye	Retail	-	100



OUR WORKING ENVIRONMENT

Our Employees are at the heart of our business

As Boyner Group, our essential comprehension of working environment is based on **providing trust and happiness to our employees**. As we approach our customers with the strategy of "Unconditional Customer Happiness," and we care for our employees with the same strategy. In all of the Boyner Group companies, it is very important for us to provide **opportunity to work in a democratic working environment and to keep the satisfaction of our employees at the highest level**. It is critically important to get to know our employees, and we have developed several programs for them. We are aware of the fact that we owe our success to our employees.

We work with our core values printed in our DNA. Instead of describing procedures in details, we follow our main principals and trust of our employees, we encourage and right decisions.

We do not tolerate discrimination

We embrace an approach of justice in our Human Resources policy for recruitment, promotion, transfer, rotation, and payment. We do not discriminate based on race, gender, religion, marital status, sexual preferences, gender identity, political view, ethnical identity, medical conditions, family responsibilities, union activities or membership, physical disabilities or age. We offer equal opportunities for recruitment, process, payment, training, promotion, retirement and all conditions of employment.

OCCUPATIONAL HEALTH AND SAFETY

Safe working environment is a right to life

We believe that a safe working environment is a right to life. It is our responsibility to inform our employees about safety and to make it a part of our working environment. To ensure this we offer our employees an "Occupational health and safety manual and ensure that we provide training and development campaigns to sustain it".

CORPORATE RESPONSIBILITY AND



SUSTAINABILITY

Not only financial support, but an active role in solutions

Corporate Responsibility and Sustainability is represented in the highest level of management. We are conducting sustainability projects hand in hand with Human Resources department with the conscience that sustainability starts at home. We manage sustainability with a management approach focused in all our activities and strategies.

As in past years, "this year" we have, under our program of community investment, we mainly focused on activities of strengthening female socio-economical position, youth education, personal development and democracy, universalizing and supporting art and culture activities.

Our social activities as well as our economical and environmental activities include occupational health and safety, training and development of our employees, equality and variety in employment, freedom of organization, product responsibility, customer health and safety, legal conformity and community investment.

Social responsibility projects are part of "Corporate Responsibility and Sustainability". Stimulating a social responsibility, project evaluation and participating of employees are also part of our headquarters' mission. Due to our approach to social responsibility, our aim is not only a financial support, we also actively involve in the process of problem solving.

We give high importance to participation and corporation while directing and applying social responsibility projects. We continue to support an institutional voluntary program, **Boyner Group Volunteers**, as part of our approach to be responsible citizens. Our goal is to expand and strengthen works for the public good with consciousness of being responsible citizens.

You can find detailed information about our activities on corporate responsibility and sustainability in the "Sustainability Report" on page 89.

TALENT MANAGEMENT

Management perception based on merit

In all of our businesses we evaluate performance on Management of Human Resources by defined critical success factors, awards programs in our fields and by certificates. In addition, both annually and every three months, we evaluate ourselves based on 81 metrics on criteria of demographic variation, employee turnover, equality and effectiveness of HR applications.

In 2015, we assigned young executives from our companies to grow our organization and new projects. Additionally, we include special talents to our team; senior executives from several sectors

including telecom to digital sector and from FMCG to community sector joined us by choosing to work with Boyner Group and corroborate with us.

Now we have our e-learning platform

Parallel to the strategy for our customers, our education and development programs are personalized, flexible and various. In 2015, we established BANGonline e-Learning platform for all Boyner Group employees. This resource is available to our employees anytime anywhere.

With a the cooperation of TurkcellAkademi BANGonline was established to provide our employees with a variety of educational topics online including sales experience, presentation skills, effective communication and basic financial information. Moreover, with this program we are maximizing internal communication and development by providing accessibility to special activities within the company and video messages from management.

We continue to support internal transfers

In 2015, our Human Resources system was redesigned to better fit Boyner Group's corporate culture. The new system is a world standard "grading" infrastructure, which is business base, supports performance, promotes talent and experience, matches focus with continuous development. This "Promotion System" breaks with established hierarchy, promotes from within the group and the company, and offers new opportunities through expansion. In Boyner Group, we continued to support internal transfers.

We established a systematic structure for internal transfers in order to promote synergy, give accessibility and flexibility in career opportunities to keep the most talented employees within the group.

DECEMBER 12 RETAIL EMPLOYEES' DAY

Our internal communication project spread to the whole sector

"December 12 Retail Employees' Day" was created to thank our retail employees who work 6 days a week with dedication, high tempo and never failing high energy commitment to customer service. In 2014, the day we created in the previous year, to promote retail employees' connection and satisfaction with Boyner Group and to promote a new concept of the retail experience within the wider community, was brought under the banner of Tüm Alışveriş Merkezleri ve Perakendeciler Federasyonu (TAMPF). And made a new tradition that is celebrated by 2 million retail employees in all sectors of Turkey.

2016 STRATEGIES AND PROJECTS

2016 Strategies and Projects

Always one step forward

2015 was a year of fulfillment for a number of the long-term projects we have been developing. Our strategic plan, as always, focuses on the philosophy of "Unconditional Customer Happiness." From day one, this philosophy has led us to constantly revise and innovate our selves, our services and our products. This philosophy helped us meet the ever-changing demands of our customers by always being one step ahead of the latest developments.

A new world in Retail

Having this motivation, we introduced our long-term project "Hopi A new Invention in Shopping" to our customers. Exciting interest with the launching campaign naming "Everyone has a Hopi", Hopi reached 1 million downloads in the first two weeks. By the end of 2015, 2.8 million customers started to actively use Hopi.

With Hopi, we created a new world based on our customers' requests, which shattered the traditional retail environment.

Hopi's focus is being the best

Our current goal is to expand this brand new world: In 2016 new features will be added to Hopi to make our customers shopping life easier. We are planning to bring life two new features Hopi Wallet and a feature that helps find a product by photo. We are hoping to get a raid responds to this innovative effort by seeing 5 million members by the end of 2016.

Continuing to invest in the future

Besides our new approaches, we continue to innovate ourselves with our current work. In 2014, we invested in a new strategy in an important milestone for Boyner Group "All Line" by saying "We are ready to the future of retail". 2015, was a maturity year of our 'All Line' strategy that helped us to reach our customers from every channel. With our mobile and web based systems, in 2015, we continued to bring perfection to the idea of one channel perception that helped in our store services work in one channel. In 2016, we continue our investment to the future of retail with "All Line" strategy to help our customers' current needs.

New approaches to increase efficiency

Boyner Group always evaluates every step we take with an aspect of productivity. In 2015, we reviewed purchasing strategies and established Boyner Supply Chain Center in order to bring life to a new strategic approach. We will see the influence of the productivity growth by checking our companies' financial charts. With the help of foreign expertise we continue to work on our productivity growth projects in Logistics and storage areas, and waiting to bring it to life in the following season.

Another area that we supply productivity growth by using our team power is in our "outlet" business. Starting in 2016 we will offer our customers end of season products on the website Hangar.com. With just one click, our customers will reach off-season products that they can purchase at reasonable prices; we foresee that Hangar.com will be an important channel to sell off-season products.

Going beyond the ordinary

In 2016, we are getting ready to go beyond the ordinary in the retail sector with a lively brand, nickname Phoenix. In fall, we are planning to open the first "department store" of this new project that will settle in between Beymen and Boyner.

We are equipping the idea of "Available fashion" with new technologies and new ideas of serving our customers tastes.

We arranged every meter square of this format in detail including the architecture of our stores and products that we will offer in the stores. With out a doubt, we believe that our customers will also feel the same excitement as soon as they step in our stores.

"New invention" again

In the year 2015, we were proud to bring life to a new innovation in the area of social responsibility. As Boyner Group we enjoy both going beyond the ordinary, make new inventions and support others to do so. We are aware of the fact that, there are millions of inventors like us and millions of good ideas waiting to be invented. Our platform "Buluşum" was established to promote and advertise entrepreneurs and give funds to their creative ideas that will support the social community. We believe that selecting and supporting the best projects for the social community will improve our country's future. Therefore, we created "Buluşum" as a "mass-funding platform" which has produced a number of successful examples around the world. As Boyner Group, our customers and employees will continue to support new inventions from our country in 2016.

Tıkla Gel 30.000 CUSTOMER



ALL-LINE RETAIL

We are leading the sector with our All-Line business model

Developing technologies and daily changing channels bringing together the new shopping and serving requests. This means reshaping the retail sector. Therefore, for the last five years, we are going through a period of integrated service to our customers through a not 'online' but an All-Line' channel in the retail sector. As a result of this progress, Boyner Group embraced the strategy of "All-Line" retail. In the first half of 2014, we took action with the vision of becoming a pioneer and leader in the area of multi-channel retailing and in 2015 we started in all group companies a transition to multi-channel retail, however this multi-channel system appears as a single channel. We are integrating physical, online and mobile channels into one and with this leading business model in our sector, we are offering a constant service to our customers.

Transition to World standard service

The result of global research shows that turnover and the value of brands are highly increased for the brands which embrace multi-channel retailing and transmitted all of its service and experience according to this way. With this state of mind, we work hard to renovate in the necessary areas and to make the aspect of multi-channel retailing highly effective. The initiatives of our team members who work in this transition project include identifying and managing the technologies and applications of multi-channel retailing, creating possible cooperative studies, establishing a center of information and proficiency, and following the goal and KPI of the companies.

Step by step to the peak at e-commerce

Step by step to the peak of e-commerce, we highly achieved our goals for 2015 through the strategy of multi-channel retailing, and we integrated the service of multi-channel retailing in all of our group companies. We continued to work on establishing a system to provide our customers a significant and a perfect experience of shopping via any kind of channel (internet, mobile, store) whenever they need. With this aim, we continue to work to enrich and the variety of products, the customer experience, the proficiency of service on the websites of our five group companies, and transform them into a strong e-trading websites. With the help of www.beymen.com, www.beymenclub.com, www.boyner.com.tr, www.ykm.com.tr, www.divarese.com.tr, www.network.com.tr, www.fabrika-tr.com, www.altinyildizclassics.com.tr; www.morhipo.com We create a perfect customer experience and satisfaction by offering all our services through our online channels, and by making the shopping suitable for a new user experience and a habit. In 2016, we are aiming to offer this opportunity to our online customers for all of our brands with our new additional websites.

Retail Innovation of the year: Click and Collect

In 2015, all around Turkey, we opened the "Tıkla Gel (Click and Collect)" delivery points for the orders of our morhipo.com.tr and boyner.com.tr. We also started to offer return and repair services to our morhipo.com.tr and boyner.com.tr customers from

"Tıkla Gel" points in Boyner&YKM where shopping meets the store. In this way, we achieved extra sales opportunities by increasing the frequency of online visiting customers and gained new customers for our department stores. 7.8% of our customers received their online products from our department stores. Besides offering the products and services in our stores for our online customers, we offered a product search and wide stock advantages of our online channels to our store customers.

By this aim, we established a pilot practice named "Order from the Store" in most of our department stores of Boyner Group. Our sales representatives started to provide our customers the products that they were unable to find in the stores by searching in the online website using their tablets and mobile devices. By this channel, we can offer our customers a chance to use the method of "in store payment without a cash desk" via "mobile check out". This application helped us to make an important step to renovate the customer experience in our offline channels and meet the demands of the customer in the store. In 2016, we are planning to spread this pilot practice in all of our stores.

Logistic infrastructure is ready for "All-Line" growth

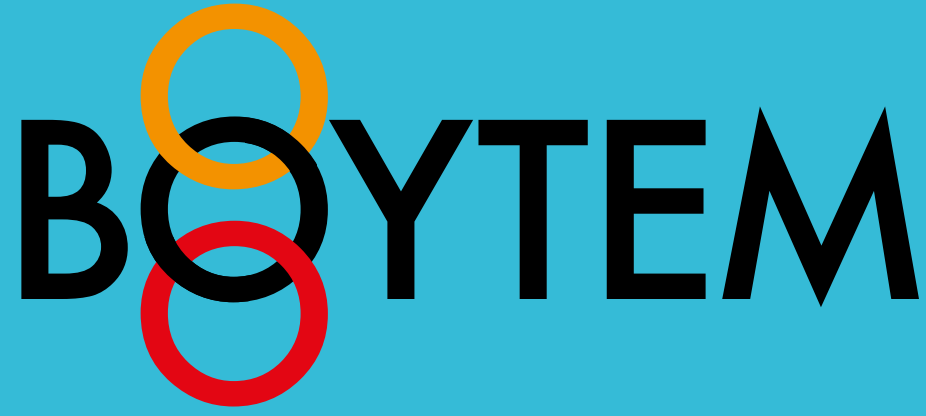
The year 2015 became a year of optimizing e-trade storehouse operations, establishing renovations based on speed and quality for the service to our customers. We developed the e-trade product flow within Boyner Group companies, and we found solutions to offer a bigger product range for our customers by using group synergy. With these solutions, we made progress on operational flow within the companies, and improved the projects based on sharing stocks in a more efficient structure. In the following term, we completed to establish the logistic infrastructure that supports "All-Line"'s growth. We prepared a road map of logistic infrastructure projects for the year 2016 and beyond.

New functions for Mobile on the way

In 2015, we continued to invest in our mobile applications based on customer demands and worldwide mobile shopping growth. In 2016, we will carry our customers' mobile experience to a new level while continuing to improve their desktop experience with new additional feature. With this aim, in 2015 we achieved significant progress in activating "Card Holding" and "Rapid Payment" functions.

2016 will also be the year of a stage to other innovations on mobile shopping. With the help of 'beacons' that we situated in our stores, and our data investments, we will bring our customers instant information about our store campaigns and services and offer them personalized offers.

In 2016, by improving the communication between offline and online channels, we will continue to develop, supervise and invest in the process of operation, IT, frontface, and customer experience.



BOYTEM
(Boyner Group Supply
Chain Center)

We focused on efficient manufacturing with Group synergy

Starting in the last quarter of 2014, in a short period, Boyner Group saw big gains in Production Consolidation Project. Our Group companies combined their powers on manufacturing and purchasing, and sat at a table with manufacturers with the support of our holding coordination team. **Minimizing the number of our manufacturers, we had long-term high-level negotiations with quality manufacturers.** During these negotiations we did not limit ourselves to ready-to-wear clothing area. To achieve significant gains, we worked with manufacturers to bring the sector as a whole; we increased efficiency in purchasing by using our synergy and Group power in the sectors of footwear and raw materials (zippers, thread, box, packages, labels, hangers, etc). We reflected our Group synergy in the market and helped our manufacturers to reach higher quality materials.

Power in cooperation

In this process, we moved with the attention to the sensitivity of our brands in quality. **Sitting together as a Group with our manufacturers, and developing new and powerful strategies together, we started our works on capacity planning.** We had a chance to give opportunity to manufacturer-company partners to work together by sharing the Group portfolio with the group. We separated our ways with our manufacturers who are unable to provide social compatibility. In addition, with the criteria of manufacturer performance reports, we started improvement operations for our manufacturers that showed low performance. We established a strategic partnership with the manufacturers, which helped succeed in this process and had high productions to improve our efficiency.

Professional approach in the purchase

To increase professionalism in purchasing, we had operations within the group in the last one and a half years. To improve quality control process, we organized periodical meetings to share information between-brands. After visiting world fairs, we shared information we gained about new trends, new kinds of fabrics, and all other raw materials through in-service seminars. At the same time, through constant communication with our vendors, we provided all necessary operational process to help our brands connect with customers and the latest trends. With the help of 'Manufacturer Days' within the Group, new manufacturers and new products had an opportunity to have face-to-face meeting with our brands.

Keep working for optimal returns

Starting in 2014, for special brands within the Group, **synergy-purchasing wind** was launched. Today, it continues to excite and motivate those under BOYTEM's roof.

We started working on the Fall - Winter 2016/17 season with this project in mind under the roof of BOYTEM (Boyner Group Supply Chain Center) we continued our coordination duty to bring together our companies and manufacturers, and continue our hard work in strength in order to share updated information and to optimize efficiency in production and purchasing process.

Sustainable Supply Chain

We perform our operation with the aim of providing social compliance in the environment, social safety and in our strategic cooperates. **Our operation involves audit and improvements to guarantee social and environmental compliance of our product.** Therefore, our retail sector works ensure that our textile and ready to wear market is ready for global competition and to develop their capacity and their corporation process.



HOPİ

The first in the world and the first in Turkey

In 2015, we created "The App of Shopping: Hopi" combining our retail experience and our philosophy of "Unconditional Customer Happiness" with a mobile technology. Hopi as a mobile shopping and a loyalty platform is the result of a three year long intensive project starting with the question "What do our customers want?"

Becoming the first in Turkey and in the world, Hopi has two unique rapid widespread features: "The Credit" and personalized campaigns.

A platform offering a bag instead of a purse

Hopi works with an award point system called "Paracik". It provides users to win Paracik credits from shopping with member brands and spend these credits with 2, 3, 5, and even 10 times their value. Every 1 Paracik credit is worth 1 TL provides a "disproportionate earning potential". In the past, big spending equaled small rewards, but with Hopi small purchases equals big rewards. In other words, in the past customers bought a bag and earned a wallet, with Hopi we created a model where customers now earn a bag by buying a wallet.

Big data and personalization

The second feature of Hopi is the reorganization of its customer through massive data and CRM software. Hopi understands our customers' choices, expectations, and their lifestyle; offers them personalized offers and campaigns. Hopi knows our customers better by analyzing the habits of shopping and improves itself. Hopi constantly upgrades itself and looks different to its user from the first day to the next week.

A win-win relationship between customers and brands

With this feature, Hopi gives a chance to member brands to offer personalized campaigns to significant masses according to their shopping habits. Offering the right campaign to the right customer at the right time brings traffic to member brands; a new customer, an average cart, turnover and an increase in second shopping. Hopi, "A new invention in shopping," is the way to create a win-win relationship between brands and customers, and innovate the retail sector.

One million downloads in the first two weeks

Tolga Çevik came to our lives with an entertaining commercial; Hopi was downloaded by one million people in the first two weeks. With this successful performance, Hopi has become one of the apps in the world that reached one million download in a very short time.

150 thousand people check Hopi every day

Continuing successful demographics, Hopi closed 2015 with 2.8 million members. Hopi also brought its customers a chance to use QR Hopi identity in their shopping. 150 thousand people started to check their Hopi every day, and 20 thousand people went shopping with using Hopi.

Hopi users earned 61 million TL worth of "Paracik"

Changing the habits of shopping in Turkey, Hopi offered its users nearly a thousand campaigns from member brands in 2015. 35% of the Paracik campaigns of Hopi were the campaigns of personalized campaign according to customer habits and demands. Hopi members earned 61 million Paracik credits worth 61 million TL, and they have spent 55 million Hopi Paracik credits so far.

Different campaigns from member brands

Bringing together the leading brands of Turkey, the brand network of Hopi continued to grow throughout the year. At the beginning Hopi had an ecosystem heavily focused on Boyner Group brands. However, Hopi finished 2015 by joining with over 40 members from several other sectors. Today, Hopi offers campaigns from nearly 50 members of several different sectors including food, technology, ready-made clothing, shoes, kid's product, cosmetics, hotel reservations, rent a car, cargo, and valet. With the aim of offering its members a 360 shopping experience, Hopi is expanding its member network with the sectors of food, fuel and airline.

In 2015, number of shopping unit of Hopi reached up to 3.5 million and the total turnover reached over 1.2 billion TL.

Hopi is the star of 2015

Hopi left its mark in 2015, not only with its successful results, but also with its prizes. Hopi became the leader of three categories in the research of "Remarkable Mobile Applications of 2015" led by Digital Age magazine and Mobile Marketing Association Turkey (MMA Turkey). In the research, Hopi has become the first in the following categories: "The Most Sensational Application", "The Best Shopping Application", and "The Best Communicating Application".

Hopi, won the Mobile Excellence Awards in big data management in the Best Mobile Analytics category, and is a finalist in the Business Intelligence Solution category of the Sales and Customer Service Program of the Stevie Awards.

Goal of 2016: Shopping Machine Hopi

Hopi has drawn attention with its success in the international arena. In 2016 Hopi's goal is to reach 5 million users, to increase its active users by a factor of 2.5, and to increase the number of member brands up to 100. With its upcoming mobile payment feature in 2016, Hopi will become a shopping machine that combines a campaign, loyalty, and payment together.



BOYNERGRUP

BOYNER RETAIL AND TEXTILE INVESTMENTS COMPANIES





BOYNER BÜYÜK MAĞAZACILIK A.Ş.

By the end of 2015, Boyner Büyük Mağazacılık is operating as the biggest department store in Turkey with its 124 stores and 281,013m² sales area situated in 37 cities across Turkey.

BOYNER

YKM

Milestones

- 1981 First Çarşı store opened in Istanbul Bakırköy.
- 1989 Çarşı Credit card was launched.
- 1990 First department store "Çarşı Maslak" opened.
- 1992 Çarşı Stores became corporate with the establishment of Karat Mağazacılık A.Ş.
- 1996 Karat Mağazacılık A.Ş. turned into Çarşı Büyük Mağazacılık A.Ş. and the first IPO of 15% was held.
- 1998 SPO of another 15%. Growth and development became rapid by establishing 4 new stores.
- 2004 Çarşı was renamed as Boyner.
- 2006 Third share offer for 9,9% was carried out.
- 2007 30.05% partnership established with Fennella S.a.r.l (Citi Venture Capital International, CVCI)
- 2010 Annual net sales increased 500 million TL.
- 2011 Çarşı Brand reunited with customers.
- 2012 Majority shares of YKM A.Ş. and YKM Pazarlama A.Ş. were purchased.
- 2013 Minority shares of YKM A.Ş. and YKM Pazarlama A.Ş. were also purchased. 30.05% CVCI shares of the company was purchased by Boyner Retail and Textile Investments. Following the call in September, the proportion of public shares went down under 4%.
- 2014 Boyner Büyük Mağazacılık A.Ş. took over YKM A.Ş. and YKM Pazarlama A.Ş.
- 2015 Boyner closed its stocks to public. Changing its logo, Boyner started a major renovation process, and got ready for 2016 with new exclusive brands and a new infrastructure.



STORE FORMATS

Starting at the end of 2015, we as Boyner Büyük Mağazacılık A.Ş. provides services as a leader of store chains in Turkey with 124 stores with distinctive concepts located in 281.013-m2 total sales area.

We have been pioneering the sector combining a variety of products with the spirit of quality, reliability, and perception of reasonable prices. With the process of renovation starting from 2006, focusing on significant product category and with a professional team, we opened "concept" stores that serve exclusive consumers.

In 2012 Boyner merged with YKM Stores, one of the oldest and strongest players in the sector.

Today in all of the Boyner and YKM stores, we are offering our customers various products from both local and international brands, from sportswear to footwear and accessory, from cosmetics to house decoration products women, men, kids, youths. We are also meeting our customers with "Boyner-YKM exclusive brands such as Mammamma, Monster High, Barbie, North of Navy, T-Box, Cotton Bar, Beymen Studio, Limon, House Of Camelia, Black Pepper and with products of Boyner Home in our women, men, kids, youth, sportswear and shoes departments.

Boyner Büyük Mağazacılık; is still serving with Boyner Department Stores (Boyner and YKM Stores), concept stores which expertise in a single category, (Boyner Sports Stores), Boyner Outlet Stores, BSSD Stores and with Fresh Company Stores that we launched in 2015.

	Total Number of Stores	Company Owned Stores	Dealer Stores
Boyner ve YKM Stores	90	62	28
Çarşı & Fresh Company Stores	9	6	3
Concept Stores	8	5	3
Outlet Stores	13	12	1
BSSD Stores	4	4	0
Total	124	89	35

Boyner and YKM Stores; offering its customers various local and international products of sportswear, footwear, accessory, cosmetics, and house decoration for women, men, kids, and youth in 90 multi-story Boyner and YKM stores.

Boyner Sports Stores; are exclusive stores selling more than 65 international products including various sporting clothes, daily clothing, active sports clothing.

Boyner&YKM Outlet; offering discounted products in 13 stores in 8 cities across Turkey.

BSSD Stores; opened in 2009 with another format of the "concept store." With our four BSSD Stores in Istanbul and Ankara we are still offering off-season international brands. In 2007, Boyner Home was opened as a store selling products of home textiles, furniture and decorations.



Çarşı and Fresh Company stores offer alternative products in a more affordable range.

What Fashion is, it's all in Boyner

Our most important progress in 2015 has been to support our motto "What is fashion will be all in Boyner". With the concept of Boyner Fresh, we had a chance to bring the brands of fashion of the world to our customers. We met our male and female customers with variety of strong products with the brands of House of Camellia and North of Navy. In 2016, we will be adding 13 new more brands to our Boyner and YKM Stores.

130% Growth

Boyner Online Sales Site, started in 2003, and YKM Online Sales Site, restarted to operate in 2014 after an intermission due to renovation expanded the sales of 2015 130% by results of rapid growing sales potential and operational works of renovation.

SALES

With the philosophy of "Unconditional Customer Happiness" like in the previous years, also in the year 2015, we strictly worked on determining our customers' needs in all process of shopping to be able to let our customers have a perfect shopping experience. Focusing our customers in all shopping process, we continuously offer them new brands and new services.

In all of our life style categories, we continued to offer our customers the right season, the right brand associations, the right display, and millions of high quality brands with perfect shopping order and service,

In the year 2015, we worked on a better and faster service by clarifying and simplifying our operational standards in both Boyner and YKM stores.

Omni-channel shopping experience

Omni-channel shopping experience is increasing day by day in our stores across Turkey. In this experience, our main focus is make both Boyner and YKM stores as the only stores that our customers will meet their needs.

All the orders of products from Boyner and YKM stores and online stores are offered to our customers as they wish via transfer in between stores and special delivery and we offer return/change in whatever channel they requested.

Training

In 2015, we started our Boyner UP e-learning program.

We are spreading Boyner UP by both intense training at our stores and using technology. This program gives us a chance to give prompt information to both our employees and to our customers. By the help of our trained employees, the rate of happy shopping experience is increasing.

By means of this operations, we put working implementations based on customer happiness into practice, and by the end of 2015 we made all of our stores a lot more productive.

Marketing

The year 2015 became the year of innovation from variety of brands and products, to customer experience and from supply chain process to sales channels. Our communication strategy was established based on keeping these innovations alive and explaining them to our customers.

We crowned this changing and innovation process with a new logo that represents distinctive components of Boyner. First time in the New Year season, we introduced our new logo to our customers with a commercial campaign named "A Gift Would Change a Life" starring Gülse Birsal, Ezgi Mola, and Tugay Kerimoğlu.

Turkish retail world. Eight street artists whose works decorated several buildings of Istanbul decorated the windows of Boyner and YKM with their colorful artwork. By carrying street art to our store buildings we met the visitors of Boyner and YKM department stores with attractive works of street art.

With the cooperation of Disney Turkey, we created a special concept for the legendary movie series "Star Wars Episode 7: The Force Awakens" and we prepared special surprises for our customers in our 49 stores.



BOYNER

Our new logo reflects the modern, dynamic, lively, warm, sincere and reliable nature of Boyner Büyük Mağazacılık. It also reflects our goal of reinforcing the sense of Fashion.

According to the lifestyle they represented, we launched new brands and Boyner Fresh concept and offered them to fit our customer's tastes. With innovative and modern fiction we created brand new seasons, and meet them with our customers and



Year of Boyner in social media

In the period of increasing digital communication, we actively communicate with our customers via current and new fields. As a result of different campaigns settings, we increased 410% of our Instagram followers, 653% of our Youtube followers, 44% of our Twitter followers and 39% of our Facebook followers. Additionally, in 2015, we started activities in 2 new fields: Snapchat and Periscope.

We became the first brand in Turkey to use Like2buy, Info Card, Shoppable truviv ads and Instagram ads.

The turnover gained from social fields increased 484%. We made 3.17% of our e-commerce sales as well as we explained the innovations in Boyner through social media. By this way, we met the expectations of our customers.





Loyalty Programs & Customer Notification Management

We have the "key" for shopping

The Key Card that is opening doors to opportunities of Boyner stores for our customers is increasing day by day. Through the loyalty programs, our customers have a chance to get informed regularly by advantages according to their own requests and purchasing habits. With Hopi that has come to life in May, we supply our customers to register and own credits, and gaining the shopping return in following terms.

By the end of 2015, number of customers who are registered to Boyner Key and YKM Card Program increased over 11 million 400 thousand. 87% of shopping is done using Boyner Key/YKM Card in our stores.

There are two kinds of loyalty programs managed in our Boyner and YKM stores. Our goal is to design different programs according to our customers' expectations and shopping habits, to gain new customers, to keep our current customers, to regain our passive customers, to guide the customers to different categories, and to increase the number of products per invoice, customer cart, and the flow of customer visits. This year, we are growing with the help of commercial banks, brand partnerships, local and personalized on demand campaigns.

With our philosophy of "Unconditional Customer Happiness" we listened to the voices of our customers through all kinds of channels and meet their needs rapidly. In 2016, by planning to integrate the voices of our customers in all the process of the company, we are aiming to include all kinds of requests in the occupations of the company.

In order to explore the insight of our customers, we cooperate with the anthropologists and determine our customers' natural shopping attitudes. Through the determination, we revise the process of our customer and stores. According to the insight of our customers, we design the training of our employees including cashiers and store assistants, customer relations, and sales consultant. Following every transaction we have an e-mail survey for an instant observation in our customer expectations.

Investments

Our total sales area reached 281,013 m² in the year 2015.

Stores opened in 2015

Opened Store	Location	Opening date	Net Sales Area
Boyner (Bayi)	Çanakkale Burda 17	April 15	2.054 m ²
Boyner (Bayi)	Adapazarı Agora	May 15	1.620 m ²
Boyner (Bayi)	Diyarbakır Forum	June 15	2.995 m ²
TOTAL			6.669 m²



(TL)	2015
New Store Investments and Renewals	15.459.722
Fixed Assets	10.680.861
Brands	22.835.000
Hardware Software and Others	5.904.936
Total Investments	54.880.519

HUMAN RESOURCES



Number and Profile of Employees

By December 31, 2,648 male and 2,595 female were employed reaching a total of 5,243 under Boyner Büyük Mağazacılık.

Boyner Büyük Mağazacılık has a young and dynamic staff. Average employee age in stores and head office is 30. While 56% of our employees have high school degree or higher, nearly 41% have Bachelor's and postgraduate degree. 80% of our head office employees have Bachelor's and postgraduate degree.

Selection and Recruitment

Bringing the project of İş'te Kariyerim (My Job Career) in 2015, we started to publish our internal job announcements via our intranet portal Mybox. Through the project of İş'te Kariyerim, our store employees had a chance to explore career paths, and to apply for positions in the head office. After going through the applications, the applicants who considered being available attended interviews. Six of our employees were recruited by this way to our head office.

Store Organization

As the Department of Human Resources, we brought the project named KÜME (Career, Payment, Motivation, Education) in 2015. With this project, we had a chance to configure our store organization, giving opportunities to internal promotion, drawing a route to career, a bonus system rewarding the sales, supporting our field teams with education and motivation. Starting as a pilot program in ten of our stores, we are planning to expand this project in all of our stores in 2016.

Internal Communication

In the field of Internal Communication, apart from announcing the developments in our company to our employees of our Head Office and Stores via e-mail, we continued the use our Mybox intranet portal as an active way of communication starting from 2014.

Information such as latest news of Boyner Büyük Mağazacılık, announcements for recruitment and promotions, celebration of important days, and training documents are shared in the portal.

As a result of studies conducted with the data processing department, we renovated our intranet portal Mybox with a brand new front face design. Our portal has been synchronized with mobiles and tablets. In 2016, Mybox will be enriched with solutions to facilitate the experience of users and to fulfill the daily needs of our employees.

In addition, in the year 2015, we also started Communication Meetings to share the company strategy and the vision of our General Manager. As a parallel to these meetings, once every three months, we continued to publish video messages from our General Manager informing about developments and the company goals.

Reward and Recognition

This year, a new corporate Rewards Program named "Success from You and Praise from Us" has been established with the aim of showing gratitude to employees who made a difference in their job and were high performers within Boyner Büyük Mağazacılık.

Our rewards program has six categories (Best of the Month, Best of the Year, This is it, Most Improved, Leadership, The Most Creative). The rewards program features a selection of prizes to give maximum flexibility and satisfaction to our winning employees.

Together with this new program, successful employees in both the Head Office and in our Retail Stores will be known by not only by their departments, local stores, close friends and managers but by the entire company.

Motivation

In Boyner Büyük Mağazacılık, we organized some activities for the Employee Engagement of and Motivation on the special days throughout the year. On Mother's Day and Father's Day, we celebrate our employees by sending letters to their children to make them feel that they are part of "a big family".

December 12th Retail Employees' Day

Our annual "December 12th Employees Day" Boyner Büyük Mağazacılık celebrated this important day with its employees.

During the Day, Our Vice Presidents and Directors visited the stores. Like in the previous years, a special breakfast, lunch and dinner and a cake were served and Employees' Day Chocolates were offered to all our employees.

For the first time of the year, a newspaper named **Memnuniyet Gazetesi** was delivered by Boyner group to all employees. The newspaper delivered on the morning of December 12 included the news of messages from General Director, news from Group companies, articles, announcement of Employees Day, names of employees, and information about employees who recently got married and had babies.

On the December 12 Retail Employees' day a special video was also sent to all of Boyner Büyük Mağazacılık employees via Boyner UP (e-learning) system operated by our Education & Progress Department. Additionally, the team of Boyner.com.tr also celebrated this special day of our employees.

Training and Development

In 2015, we increased our investment in education by establishing another department for Training and Development. **With a glorious launch event at our Head Office and in our stores we launched "Boyner UP (A Specialty Program) on October 2015.** Boyner UP is an institutional academy designed through the rapid dynamics of retail.

As part of Boyner UP Academy, in cooperating with Bilgi University, there are career programs run for our directors. In these year-long programs we aim to develop our employees' personal, technical (marketing, fashion and retail sectors) and leadership growth.

Thanks to our partnership with **Pearson** this program has been accredited by the **Business and Technology Education Council (BTEC)**, and by the end of their training our District and Store Managers will have a certificate of proficiency from BTEC, which has international validation. With this certificate, they will also have an opportunity to register in graduate programs abroad and can be exempted from certain classes they would have had to take in this course. Boyner UP Academy structure will be a good example for the retail sector in Turkey.

Since October 2015, a number of training programs for our District Managers have started, including **Communication, Management of Personal Conditional Leadership and Strategic District Management.** For 2016, 11 more training courses have been planned for the Boyner UP District Management training framework. Our Store Managers began structured courses like **Communication, Strategic Store Management and Personal Conditional** in December 2015. In 2016, 10 more training courses will be held under the training framework.



For our Category Sales Managers, structured courses like Relationship Management, Becoming a Team and We Are a Big Family will be held in 2016. For our other positions, a number of structured courses will also be held under the training framework in 2016.

Within the scope of Boyner UP Academy, **Hap Bilgi Sistemi** (An Information System) called **Power UP** was established. Power UP is a revolutionary Education Technology platform that runs five days a week with five different subjects in order to reinforce our Consultants and Cashiers. The platform works through Turkcell Academy (LMS) and helps us reach approximately 5000 of our employees. This application is freely accessible on computers, tablets and mobile phones. With this system, started in October 2015, we send several different videos four days a week to our employees. Video titles include, **"Haftanın Kombini** (The Combination Of The Week), **Boyner Güzel Konuşur Güzel Görünür**, (Boyner Speaks Well And Looks Good), **Haftanın Fırsatı**, (Opportunity of the Week), **İşimizin Kendi Dili Var**" (Our Job has Its Own Language), and on Fridays, we do evaluation by **"Bu Hafta Ne Öğrendik?"** (What Have We Learned This Week?). 68 of these short, entertaining, accessible and memorable videos were sent in 2015.

Again under the roof of Boyner UP, **Kategori Ürün Bilgisi** (A Category Product Information) training started via an e-Learning system. In 2016, we are planning to give training, specially developed based on gender, to all of our employees.

In 2015, 27,279 total hour of training were provided to our 5,138 employees at the Head Office and Department Stores.

Moreover, orientation training for our employees' first day of work were planned and applied in 2015. 10 training centers were established all around Turkey, and provided our new employees training in Kurumsal Oryantasyon (Corporate Orientation), Değerlerimiz (Our Values), İşimiz Müşterimiz (Our Job is Our Customer), and İnsan Kaynakları (Human Resources). This training, call **"Boyner'in Dünü Bugünü Yarını"** (The Past The Present and The Future) of Boyner, was given to 2,571 employees in 2015.

At our Head Office, three month in-service training called **Moda Perakendesinde Merchandising Eğitim Programı**" (A Merchandising Training Program On Fashion Retailing) and **"Moda Tasarımında Photoshop ve İllüstrator Temel Eğitimi"** (Basic Training on Photoshop and Illustration in Fashion Designing) exclusively for Visual and Purchasing Team were completed with İstanbul Moda Akademisi (Istanbul Fashion Academy). Moreover, for our Purchasing Team, online and in-class English courses started. In 2015, 27 of our employees completed their in-class courses, and in 2016, 40 of our employees will continue to their online courses.

For 2016, "personalized proficiency and specialty reinforcement trainings" are planned for Career and Talent Management. The goal is to support the retail career of our employees by

integration with a Career System. Moreover, the establishment of “İK Akademi” (HR Academy) especially for Department Of Human Resources is a business plans for 2016.

Another important project of 2016 is called “Eğitim Koçları” (Training Coaches). This project aims to give instant feedback before, during, and after customer service by the Sales Consultants in our stores. With this project we will be a pioneer, once again, in the retail sector of Turkey. We are planning to start this project in early 2016 in our 11 stores, and then to establish it in our multi-story stores. Therefore, we aim to give our customers a positive experience with a high quality standard.

Another business plan of 2016 is a new “Sales Training” designed especially for our Sales Consultants. With the attendance of our entire store Sales Consultants, we are aiming to increase our service quality and customer happiness.

Occupational Health and Safety

The objective of our Occupational Health and Safety practices is to provide a healthy and safe workplace to our employees and to support their intellectual, physical and emotional development. We do not limit our practices by legal requirements. We go beyond and take measures that will improve the lives of our employees.

In 2015, 1015 employees 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.

More Safety Measures: Fewer Accidents

We work on raising awareness by training and informing our employees about possible accidents due to procedure and code violation.

With the result of our accident analysis in our depots, in 2014 we started a project of standardization in order to invest in our infrastructure and to inform our employees, in 2015 this project was renamed “Anadolu Yakası Depo Projesi” (Anatolian Side Depots Project). In our stores, we regularly manage preventive measures to protect both our employees and customers, and we work together with our experts and store managers to raise awareness and turn it into a behavior.

The project that we started with the slogan İş'te Sağlık (Health at Work) for our employees to receive more efficient and sustainable preventive-protective health services is continuing with OSGB which cooperates with our Head Office and Stores throughout Turkey.

Corporate Responsibility and Sustainability

Boyner Büyük Mağazacılık works to reduce the environmental impact of our products and services, while also reducing industrial waste and emissions. Since 2013, our corporate management has committed our company to act in an environmentally responsible manner. To this end, we joined the **Yeşil Ofis Projesi** (Green Office Project) of Doğal Hayatı Koruma Derneği (World Wide Fund for Nature) and signed the **Binalarda Enerji Verimliliği** (Energy Efficiency in Buildings) pledge. With these principals, we are implementing our improvement plans, emission calculation program and we report to our stakeholders.

All of these programs concerning the environment are also valid not only for our company performances, but for our supply chain as well. With the scope of these works, we observe the compliance of our vendors in regulations according to their business branches, and with our contracts and inspections, we have receive positive feedback regarding our program of compliance.

Energy Efficiency in Buildings (EEB)

We are one of the first companies to sign the pledge of “Energy Efficiency in Buildings (EEB) manifesto published by The World Business Council for Sustainable Development (WBCSD) in 2013. We signed the pledge of EEB manifesto not only under the name of Boyner Büyük Mağazacılık but as Boyner Group, and within this scope we prepare concurrent reports.

You can see the details of our EEB reports on page 107.

GREEN OFFICE

In 2012, with the cooperation of Boyner Büyük Mağazacılık and WWF (World Wide Fund for Nature) we started our green office projects. Within this context, the interior structure of our head office was renovated to be earth friendly while we focused on green consumption, and the consumption of our employees. In June 2014, Boyner Büyük Mağazacılık was rewarded with a Certificate of Green Office by WWF under the earth friendly works of the Head Office.

In 2015, four sources of consumption observed closely under the framework of Green Office.

Consumption of Electric, Natural gas, Water and Paper by the Head office were tracked by monthly reports, and we tracked both consumption material and green house gasses.

For the details of the tracking reports, see page 120 of our Sustainability Report

SUPPLY CHAIN SUSTAINABILITY

“Supply Chain Sustainability” is a keystone for our production process and network. With this principle and by our philosophy of “Unconditional Customer Happiness” we are able to provide our customers transparency and accountability for our products.

With our activities under the title of supply chain sustainability, we achieve our goal of creating environmental, social and economical value, protecting brand integrity by business continuity, managing effective sources and operational costs, and encourage our vendors to do as well.

In this way, we supervise and observe our vendors. Our aim is to ensure our customer buy safe products and to standardize the quality of our products.

For the details of our activities on supply chain sustainability, see the Sustainability Report on page 122.

CONTRIBUTE TO SOCIETY

CYCLE INTO FAVOR



56 tons of clothes turn into goodness by our yearlong project “Cycle into Favor” with the participation of our employees and our customers!

BWith the project of “Cycle into Favor” hosted by Boyner and YKM Stores, our initial goal is to provide our customers re-usage/ recycling of our own and other brands of products in the retail textile sector. In Boyner and YKM stores we announced a program for recycling unused textile products from our customers. We announced to our customers and employees, in the press, social media, in our stores that with this program we would reduce waste by recycling and reusing.

Consumed materials can regain value even if they are not recyclable. Materials seen as trash and a scrap could be recycled as an added value. Therefore, we aspired to add value to the textile waist.

In this respect, we contemplated this project with the cooperation of Lokman Hekim Health Foundation and utilized their experience of their gaining sources from waste projects.

Since this project started in October 2014, 3,771 packages of clothes were collected with the help of our customers. In 2015, 4,769 items of clothing were delivered to the needy by the agency of Lokman Ekim Foundation. 4,100 kg of clothes were separated for recycling, and 13,064 items of donated clothes were sold. The income earned from charity fairs and recycling of raw materials was transferred to the funds of student loans owned by our project partner Lokman Hekim Health Foundation. With the Cycle into Favor project, we reached social contribution under various categories.

Cycle into Favor

In 2015, Boyner was awarded with “Cycle into Favor” by ÇEVKO’s Yeşil Nokta Sanayi Ödülleri (Green Point Industry Awards) under The Major Business category. At the same time, our project was awarded “Effectiveness” in the TISK Corporate Responsibility Awards.

YUVARLA (ROUND UP)

In November 2014, Boyner.com.tr established the Yuvarla (Round Up) project. The aim of this project, operated by Digital retailers, is to increase the culture of charitable giving with our customers. Since its inception, Yuvarla has served as a conceptual model for Turkey’s nongovernmental organizations. Yuvarla has provided support for nongovernmental organizations dealing with education, youth, health, gender equality, and environment. With Yuvarla project, our goal is to expand the value created by our customers, and create a value for the whole community.

With “Yuvarla”, we offered our customers a chance to support nongovernmental organizations. After finishing their shopping, our customers, if they wish, they could round up their total purchase and easily support whichever nongovernmental organization they wished.

In 2015, customers’ charitable donations totaled 17,493 via www.boyner.com.tr by supporting the culture of charitable giving.



BEYMEN MAĞAZACILIK A.Ş.

Beymen's refined combinations consisting of more than 600 world famous brands and private label collections are defined as the world's pioneering examples and Beymen is appreciated as the leader of luxury retail with its customer service and retailing formats not only in Turkey but all around the world.

BEYMEN

BEYMEN
Club

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 Nişantaşı, İstanbul.
- 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 Beymen Home brand launched.
- 1992 Beymen stores started selling international fashion brands.
- 1992 Beymen Academia brand launched.
- 1994 Beymen Akmerkez was inaugurated.
- 2003 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.
- 2005 Beymen Kavaklıdere store was opened.
- 2007 Beymen İstinye Park was inaugurated.
- 2007 Monobrand boutique retail operations were initiated.
- 2008 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 Kids category was created.
- 2012 Beymen Erbil became the second international store.
- 2013 Beymen Aqua Florya store, Turkey's largest fashions retail shop Beymen Zorlu Center, and the Beymen Club flagship stores were all inaugurated. Seven new monobrand boutiques opened in the Zorlu Center.
- 2014 Akasya AVM Beymen and Monobrand boutiques were inaugurated.
- 2015 Beymen Mavibahçe Store was inaugurated.



LEADING PLAYER IN THE INDUSTRY OF TURKISH AND GLOBAL LUXURY RETAIL

Having opened its first store in 1971, Beymen Mağazacılık A.Ş today, boasts a total of 84 domestic and international stores -including foreign partnerships- representing a variety of retail approaches, with a total area of 44,728 m2.

In May 2013, Boyner Retail bought back a 50% stake in Beymen from Citi Venture Capital International's subsidiary Fenella S.a.r.l (former name, Altınyıldız). Today, 100% of Beymen Mağazacılık A.Ş is under Boyner Retail.

Since its inception, Beymen has figured among the leading players in not only the Turkish fashion industry, but also the global luxury retail sector. Today, Beymen has over 600 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 "Unconditional Customer Happiness" principles.

Key Indicators

Number of Stores	2014	2015	Total Sales Area (m ²)	2014	2015
Company Owned Stores	53	56	Company Stores	31.910	31.241
Beymen Multibrand	11	12	Beymen Multibrand	24.755	23.613
Beymen Monobrand	18	17	Beymen Monobrand	2.851	2.745
Beymen Club	24	27	Beymen Club	4.304	4.883
Dealer Stores	22	22	Dealer Stores	7.339	8.540
Beymen Multibrand	9	10	Beymen Multibrand	5.208	6.499
Beymen Club	13	12	Beymen Club	2.131	2.041
Beymen Total	75	78	Beymen Total	39.249	39.781
Beymen Multibrand	20	22	Foreign Partnership	4.947	4.947
Beymen Monobrand	18	17	Beymen Multibrand (Erbil, Kahire)	4.405	4.405
Beymen Club	37	39	Beymen Monobrand (Dior, Christian Louboutin)	542	542
Foreign Partnership	6	6	GRAND TOTAL	44.196	44.728
Beymen Multibrand (Erbil, Kahire)	2	2			
Beymen Monobrand (Dior, Christian Louboutin)	4	4			
GRAND TOTAL	81	84			



STORE FORMATS

Including **Beymen Multibrand** stores and **Beymen Club**, "monobrand" boutiques such as **Bottega Veneta**, **Brunello Cucinelli**, **Christian Louboutin**, **Celine**, **Dior**, **Dolce&Gabbana**, **DVF**, **Etro**, **Emilio Pucci**, **IRO**, **Stella McCartney**, **Saint Laurent**, **Tod's**, **Tory Burch** and **Valentino** are also under the operation of Beymen. Beymen's first foreign investment, Beymen Cairo is located on the premises of the Four Season Hotel and its second international investment, Beymen Erbil, is situated in the Divan Hotel. Total sales area of international stores covers 4,405 m2.

Beymen Multibrand Stores are luxury retail stores with vast covered spaces and its own design and productions which include not only **Beymen Collections** in **Women's** and **Men's Wear**, **Beymen Collection Men**, **The Academia collection**, and **Blender**, but also over 600 upscale and new generation brands in ready- to-wear, footwear, bags, accessories, jewelry, home accessories and children's clothing.

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 stores provide services through total 21 boutiques of which 17 company-owned stores and 4

stores with foreign partnership. These include Bottega Veneta İstinye Park, Brunello Cucinelli İstinye Park, Christian Louboutin İstinye Park, Christian Louboutin Nişantaşı, Celine İstinye Park, Dior İstinye Park, Dior Zorlu Center, Dolce&Gabbana Women İstinye Park, Dolce&Gabbana Men İstinye Park, Dolce&Gabbana Zorlu Center, DVF Akasya, Etro İstinye Park, Emilio Pucci Zorlu Center, IRO Akasya, Saint Laurent Zorlu Center, Stella McCartney Zorlu Center, Tod's Nişantaşı, Tods Akasya, Tory Burch Zorlu, Tory Burch Akasya and Valentino Zorlu 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. By the end of 2015, Beymen Club owns 39 stores. Since November 2010, Beymen reaches out to customers via the online shopping site Beymen.com, and since March 2015 beymenclub.com.

Beymen Mağazacılık, 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 Home**, **Beymen Chocolate** and scarf, **bag**, shoes and leather accessory collections featuring the **Beymen Logo**.



SALES

As a result of the increasing brand and product diversity, infrastructure investments, marketing activities and measures to boost operational productivity, sales through Beymen.com in 2015 **grew by 88%** compared to the previous year. In addition to that, in 2015,

Tıkla Gel service, which is a branch of omni-channel project, came out. By this means, customers who shopping on beymen.com can receive their orders from the stores, try them on in the stores and they can also return or change the items from the stores.

With the results of the projects that came to life in 2015, Beymen now counts 82 stores across Turkey with total net sales area of 40,323 m² and a total of 1,506 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 concerning 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. Customers are hosted in small groups in events held by significant designers and artists of the world, and had the opportunity to chat with the experts, review the products and the collection and make customized purchases. Attendance rate to these events were relatively high and were covered in the media. 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.

Beymen Exclusive Customer Program: The One 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 regularly monitored by a variety of criteria such as frequency and volume, and activities are organized to retain customers. Regaining customers who paused shopping for a period of time is a significant focus of CRM activities.

In the process of customer management store and online shopping habits of our customers are observed, and it is focused to introduce them cross channels. It is the main purpose of CRM activities to increase the customer data and to create available data about customers.

Since the use of social media and "mailing" is regularly increasing, customers are informed about current trends via digital magazine besides product and collection promotions in social media.

BEYMEN IN SOCIAL MEDIA

Beymen showed 246% growth in Instagram and reached 370 thousand followers. Beymen became the first in Turkey to use Like2buy, and offered its customers an opportunity to shop through their Instagram accounts. In 2015, Beymen Club Instagram account showed 217% growth and reached 200 thousand followers.

Moreover, in 2015, we opened two more Instagram accounts for Beymen Blender and Mr. Beymen and met them with their followers. Beymen Facebook reached 157 thousand followers while Blender Facebook reached 57 thousand, and Beymen Club Facebook reached 78 thousand followers. Furthermore, Beymen Twitter reached 30.8 thousand followers while Beymen Club Twitter reached 14.5 thousand followers. In addition, in 2015, we opened Beymen and Beymen Blender Snapchat accounts.



Beymen.com
grew by
88% in 2015
compared to
the previous
year.

INVESTMENTS

In 2015, Beymen opened Bodrum Yalıkavak and İzmir Mavıbahçe Stores, and Beymen Club opened Mavıbahçe, Point Bornova, Samsun Piazza and İzmit Sembol Stores. In addition to that, Beymen also opened a monobrand Botique and counts **84 stores with an aggregate net sales area of 44,728 m² and a total of 1,416* employees.**



* İzkar and Nişantaşı operations are not included.

HUMAN RESOURCES



Beymen Human Resources works to support and empower Beymen employees who are wholly committed to the company's Unconditional Customer Happiness principle. As a result career opportunities, training and development programs, motivation and award systems are offered to the employees, Beymen ranks among the most preferred employer 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 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.

Beymen store managers attend to the "Evaluation Center" during promotion. Also, they participate in the evaluation exam which technical information regarding all functions are measured. 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 employees in promotions. In 2015, 10% of our employees (158 personnel) were promoted to a higher level.

In 2015, in the most of the departments, the structure of organization, operation modes and process were observed and renovated in order to increase productivity in the head office and stores, to strengthen and maintain the profile of employees. Therefore, new career paths were determined.

In order to enhance staff loyalty, the organization of **Promotion Awards** was organized for the first time in 2015.

In order to energize the number of tourist customers, Sales Consultants who can speak foreign languages including English, Arabic and Russian were recruited. In order for University graduates to consider retailing as a career path and for sustaining resources of recruitment, several organizations under concept of the project called "Adım Adım Anadolu" (Step by Step Anadolu) were established in the universities in and outside Istanbul, and several presentations and interviews were organized. By this way, full time and trainee Sales Consultants were recruited.

Number and Profile of Employees

In 2015, with our newly opened stores, our increasing turnover and with our developing business branches such as e-trade; 144 head office and 496 of store employees, in total 640, were recruited.

As of December 31 2015, Beymen Mağazacılık had a total of 1,506 employees. Average age was 32 and 34 in our of stores and head office respectively.

52% of our employees are graduates of high school and equivalent degree while 36% of our employees are graduates of undergraduate and graduate degree.

Beymen Trainings

Anyone employed in Beymen attends orientation trainings as well as other training programs throughout the year under the main titles of beginners, sales managements and personal development for employees. Trainings are held on e-Learning platforms and at the workplace.

Beginners Trainings: This section includes Orientation, My Career Journey in Beymen Begins, Past, Today and History of Fashion, Brand/Season trainings, Personal Image Principals, Human Resources Processes, Basic Occupational Health and Safety trainings and Apprenticeship programs in Beymen.

Sales Trainings: Involves My Career Journey in Beymen Continues, Terminal and Cash Usage, Product Review, Customer Relations, Color of Life, Denim Training, Men's Style Training, MTM-

Special Sewing Trainings, Boutique Brands Training, Cashier Team Training, Private Shopper Training, Visual Arrangement Standards Training, Analysis with Colors, Mystery Shopper Practice.

Manager Trainings: Includes Store Manager Development Program, Coaching and Feedback, Leadership Development Program, Performance Management, Competence Based Interviewing Techniques, Team Work and Management, Leadership, Working with Y Generation programs.

Personal Development Trainings: Includes Training the Trainer, Time and Stress Management, Effective Communication, Presentation Techniques, Conflict Management / Persuasion Skills, Emotional Intelligence, Using the Power of Emotions, Writing Techniques, MS Office Programs and Foreign Language trainings.

Company seminars held in 2015 were conducted with the participation of 5,077 individuals and a total of 21,361 hours of training were received.

Occupational Health and Safety

Our occupational health and safety efforts are expended with a comprehensive view to providing a healthy and safe work environment for our employees and to promote their mental, physical, spiritual and emotional development.

In 2015, 559 employees received Occupational Health and Safety trainings. 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. In addition to that, our Head Office and Store employees received trainings of Fire-Search-Rescue, certificated First-Aid.





AY MARKA MAĞAZACILIK A.Ş.

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

DIVARESE

fabrika

NetWork

QUE

Milestones

- 1997 Altinyıldız 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 Fabrika brand offering fashionable ready to wear products for daily and business styles was established.
- 2003 NetWork initiated the first ever cooperation between a designer and brand in the industry.
- 2007 NetWork joined the Turquality category of brands.
- 2007 Que was launched.
- 2008 AY Marka acquired an independent legal identity.
- 2009 Beymen Business joined AY Marka together with 10-year licensing rights.
- 2010 Divarese operation became a part of AY Marka.
- 2013 The online shopping websites of NetWork, Fabrika, and Divarese, went live.
- 2014 AY Marka moved to its new head office.



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, Divarese and George Hogg through 174 stores located in 28 Turkish provinces as well as 4 overseas shops in Azerbaijan, Kyrgyzstan, Northern Iraq and Albania. AY Marka brands are also delivered to customers through three online bases and sales points situated in Boyner/YKM department stores.

As a deeply rooted Turkish brand, Altinyıldız launched its first namesake ready-to-wear collection in 1997 and formed a retail-marketing department for this purpose. Altinyıldız 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, Altinyıldız's in-house retail department was transformed into a huge textile retail company.

AY Marka acquired an independent legal identity in October 2008 as part of Boyner Retail Institution. AY Marka assumed the design, manufacturing, sales and marketing operations of the Beymen Business brand in 2009 via a 10 year license contract. Divarese operations followed suit in 2010 and after one year of operation in 2011 Divarese brand was acquired.

AY Marka's main target is to become and remain a profitable and leading company. To achieve that goal while upholding a philosophy of success; AY Marka is 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 2015 number of customers visiting our stores rose by 29% reaching up to 12 million. In 2015 we closed the stores which we believed to be ineffective and opened 19 new stores. Two franchising stores were transferred to AY Marka as well. Additionally, our total investment budget increased by 34% and reached up to 14.4 million TL.

In 2016, AY Marka mainly focuses on projects to boost sales income and gross profitability, and laying out a foundation of a new innovation. With this sense, we are planning to create micro activities on every sales channel to provide high level benefits of our brands in the market, and projects to help increase strength in our brands at market and expand them to the masses.

Number of Stores	NetWork		Fabrika		NetWork Fabrika		Que		Divarese		Outlet		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Company Sales Points	30	33	21	21	26	29	5	5	28	29	13	17	123	134
Dealer sales Points	9	7	7	9	4	9	0	0	0	0	15	15	35	40
International	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	39	40	28	30	30	38	5	5	28	29	28	32	158	174

Store Area (m ²)*	NetWork		Fabrika		NetWork Fabrika		Que		Divarese		Outlet		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Company Sales Point	6.469	7.246	4.514	4.265	7.370	8.510	540	453	2.287	2.402	3.724	5.008	24.904	27.884
Dealer Sales	1.602	1.287	960	1.205	730	2.118	0	0	0	0	3.187	3.917	6.479	8.527
International	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	8.071	8.533	5.474	5.470	8.100	10.628	540	453	2.287	2.402	6.911	8.925	31.383	36.411

* International stores are not included.

AY MARKA BRANDS

NetWork

Joining Turkey's ready-to-wear garments in 1999, NetWork is a creative and dynamic brand feeding with multi cultural structure of 21st century, and enriching itself with new expansions.

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.

NetWork has always following a clear line corresponding to the beginning of the new millennium that heralded the start of a new age of information and technology across the world, points out the demands in communication of working groups. Moreover, it represents a collection of ready-to-wear clothing from idea to design, and a process from sewing to presentation.

Since the day of its establishment, NetWork has realistically represented dynamism in the daily lives of modern and urban people in the fashion world. It combines the quality and design that meets the changing demands of working men and women.

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's main focus is its innovative posture with lines in its collection. Following its creations of "NetWork Touch" that brings joy to men and women's wardrobe, "NetWork Black" that brings a new spark on the night chicness with a wide range of tuxedo and evening gowns with unmatched quality in terms of fabric and cut; NetWork appeared in consumers with a **brand new collection in Winter 2015: NetWork Timeless.**

Setting off with a motto of Timelessness, Timeless collection cuts across all the boundaries of seasons and timelessness, and offers all the NetWork women and men all time clothing opportunity. The collection consists of all season clothing from winter to summer.

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. World famous top model **Irina Shayk was the face of the brand** in 2015 Fall/Winter Season.

NetWork which gives high importance to innovation and technology signed a cooperation of a big fashion-technology in 2015 gathering with the Korean technology master Samsung. Samsung put its new wearable technology GearS2 up for the market in NetWork stores.

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.



Digital Network

NetWork plans its digital communication strategy through consolidating its effectiveness in the digital world, following digital trends around the world, adopting developments, and applying strategies accordingly.

The digital strategy of 2015 was established in order to strengthen brand perception, create interaction with customers, and to provide traffic to e-commerce and NetWork stores. These strategies were supported by digital activations. The Valentine's Day project, NetLove, increased e-commerce sales by 300%. Participation of the followers provided a big interaction.

In 2015, number of followers on Instagram increased by 462%, Twitter by 18%, LinkedIn by 131%, and Youtube by 38%.

In 2015, the effective usage of efficient names had an important role in our digital communication strategies of NetWork. With the cooperation of 10 fashion bloggers, and 16 Instagram phenomenons we reached more than 8 million people. In 2015, NetWork became the first brand in Turkey to have a live fashion/trunk show with 2015's new digital channel Periscope. The event was hosted by Ece Sukan at Zorlu NetWork collection offering.

In addition, in 2015, a new application, Begendiginial was launched to provide sales over Instagram. During the New Year's season, the first "Social Shop" application of Turkey was established via #NetWishes event. Our customers purchased the gifts from NetWork New Year's tree by sharing them on social media. Besides its power in social media, NetWork introduces new trends and new designs via its design and fashion blog Netlife.

Social Responsibility

During the New Year's season, NetWork carried out a special social responsibility project for Barış İçin Müzik Vakfı (Music for Peace Foundation). Since 2005, this foundation has given free music classes to disadvantaged youth.

In the stores, music themed New Year's ornaments and necklaces, inspired by the love of music were sold. Included with these products were exclusively designed cards by the famous caricaturist Behiç Ak. The profits of these products were donated to The Music for Peace Foundation.

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 ideal and chic line, Fabrika Nite offers unmatched options for special occasion events, receptions, and parties. Fabrika Must Have brings a new interpretation to permanent forms and designs with little touches of color, sewing, and offers you to find your favorite, irreplaceable items without trying them on.

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 for stylish women and men.

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 mainly appeal to multifaceted, forward, unique and exceptional personalities with a keen awareness of design and quality.

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. 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 to 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. In August 2015, Que designs met more people with its new location in Istinye Park and with its modern conceptual store.



Fabrika



Que Mağaza



Que



Divarese



Divarese

Divarese was created in the town Varese of Italy in 1870 by the shoemaker Santino Troli and his son Luigi. The brand Divarese signed several initials in shoe sector around the world. Until the 19th century, shoe production was custom made and custom ordered. After the import of shoe knitting machine by the father and son, the idea of shoe making was totally changed and it was a base for the serial production of shoe making.

Calzaturificio di Varese brand was turned into "Divarese" after being acquired by Benetton. Since 2010, the brand has been the pioneer of the fashion in shoes and bags within AY Marka Mağazacılık. In 2015, with the idea of going back to its Italian roots, the brand decided its code words would be: Italian, Sexy and Timeless.

The season trends of Divarese are Italian in style; the concept is more than just a shoe, handbag and accessory, the latest designs are the envy of fashion lovers. The timeless quality of the Oxford shoe has made it a classic, and when you think of it, the first brand that comes to mind is George Hogg, a subsidiary of Divarese.

In August 2015, the brand opened its first flagship store with its renovated concept in Istinye Park. Since then, it also opened in İzmir Mavişehir and Point Bornova. Out of respect for its Italian roots, the brand cooperated with other famous Italian brands. Driving shoes exclusively designed shoes for the Fiat500 were offered for sale. In select stores, Illy Italian coffee corners were set up, and these Italian brands were connected by several campaigns.



George Hogg

Quality and chic lines distinguish the timeless and classic world iconic brand George Hogg. This English brand offers a variety of products including shoes, gloves, belts, and bags, which were available for the first time in Divarese stores in Istinye Park and Boyner stores in 2015.

A symbol of world-renowned quality and reliability, its shoes and textile products packaged in its iconic metal boxes, George Hogg brings a modern critic of the classic English style with its own unique designs.

Beymen Business

In 2009, AY Marka Mağazacılık acquired the license for Beymen Business, and took it under its roof. 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, and who have clearly defined preferences, an interest in technology and a busy business travel schedule.

Online Sales Channel

AY Marka Mağazacılık uses all sales channels in the retail sector actively, NetWork has launched its online sales on July 2013 while Fabrika and Divarese in September 2013.



Beymen Business

Online domestic sales channels have become the highest profit sales channel in a short time and have been placed among the first 5 stores performing the highest sales performance.

Our online channel providing many services such as free shipping, free tailoring modifications, 30 days return, in-store delivery and in-store product change will include Que by the second quarter of 2016.

Customer happiness at all phases

Creating customer happiness at all phases including variety of products and after sales service is one of the most important values of AY Marka. AY Marka blends in the power of brands, knowledge and experience with new working styles. AY Marka gives all customers a wide range of products for their self-expressions, and develops a strategy for its target group of the brands.

AY Marka with its flexible structure, has a young well-appointed team that provides solution to the millennium's dynamics, and it aims to carry its brands to a higher platform with an apprehension of unique design and quality.

In 2015, we opened 19 new stores and took over two dealer stores within AY Marka. Our new stores are located in Afyon, Çanakkale, Adapazarı, Kocaeli, and Bursa in addition to İstanbul, Ankara, and İzmir.

İNSAN KAYNAKLARI



AY Marka Human Resources is a proactive department, which plays an effective role in the company's strategic decision-making processes. Within the company goals and cooperation with other departments, Human Resources operate with a results-oriented approach and a focus on success. Providing a democratic work environment and employee satisfaction are key principals for us. Just as "Unconditional Customer Happiness" is a key principal for us, we apply this principal to our employees as well.

In 2015, Ay Marka Mağazacılık expanded its operations by 19 new stores and 136 new employees.

Career and Performance Management

AY Marka employees build their 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'im var" (I have a Share, too). Employees are informed about in-house positions and their requirements if any*

The process of our Human Resources provides our employees a flexible career advantages, and a plan to career developments. The promotion systems is run on a graded basis. In Ay Marka, career opportunities are not limited to the positions within the company, but also with the Group Companies.

In 2015, a Performance Management System was established, and objectives were planned by the end of the year. In 2015, a total number of 61 managers were promoted.

Number and Profile of Employees

As of December 31 2015, Ay Marka had a total number of 1,454 employees. The average age of employees is 31. The average age in the Head Office is 36, while in the store the average is 30.

	FEMALE	MALE	TOTAL
Average Age	30	32	31
Head Office	34	37	36
Stores	29	31	30
Total Personnel	605	829	1.434
Head Office	148	180	328
Stores	457	649	1.106

Personal and Professional Development Training

In 2015, Ay Marka employees had various training via the integration, career development and rewarding program called "Yıldız Ol Yıldız Kal" ("Be a Star, Stay as A Star"). *23 training programs including; fashion, art, style, aesthetic, retailing mathematics, and personal shopper were given. In 2015, training hours totaled 12,929 hours, while a total number of 584 employees were given Occupational Health and Safety training.*

In 2015 Social Retailing Days, "Yıldız Ol Yıldız Kal" ("Be a Star, Stay as A Star"), training program became the finalist in the category of Human Resources Programs. By the end of 2015, it was nominated in the category of Distinctive HR Projects of Peryön. The result of the contest will be declared in mid 2015.

Employee Satisfaction

In order to enhance employee motivation and productivity, and ensure the satisfaction of personnel in the workplace, we contributed to employees' social, intellectual and professional advancement through a diverse range of events. December 12th Retail Employee's Day has been celebrated in AY Marka, as in all Boyner Group companies. On other special days, we honored our employees with gifts and celebrations. .

Organizational Development Management

In 2015, PI Personality Inventory was established for recruitment. Moreover, our employees were able to utilize PI Personality Inventory in their performance management feedback.

Based on organizational needs, job titles were rewritten. For our retail employees, a career program to promote sustainable success was launched. Within our Be A Star Stay A Star program, we created a pathway to help our colleagues from the first day of their career to becoming a star.

We established infrastructure and clear goals to facilitate our employee Performance Tracking System, which is run by our holding's HR department.





ALTINYILDIZ TEKSTİL VE KONFEKSİYON A.Ş.

Altinyıldız is one of the biggest integrated wool fabric production facilities in Europe operating in textile since 1952.

ALTINYILDIZ

Milestones

- 1952 Altinyıldız Tekstil ve Konfeskiyon A.Ş was founded.
- 1956 The company's first exports were carried out.
- 1971 Apparel Department is founded.
- 1991 Altinyıldız went public.
- 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.
- 1997 Altinyıldız 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 Tasarım markası olan Que hayata geçirildi.
- 2008 AY MArka Mağazacılık gained a separate legal identity.
- 2010 Altinyıldız 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. Altinyıldız Turkey is the first and sole company that performs emission calculations in its sector.
- 2013 The Company transferred its 100% textile and garment operations to the wholly owned subsidiary Altinyıldız tekstil ve Konfeskiyon A.Ş. By relocating the whole team in Çerkezköy, Altinyıldız has acquired a strong and dynamic structure and therefore reflected this synergy more efficiently in 2014.
- 2014 The ISO 14064 Scope 3 study was acquired from BSI.
- 2015 As part of TUBITAK 1501 Industrial R&D Projects Grant Programme, an R&D project related to textile and garment were granted by TUBITAK.
- 2015 Paid capital increase by 100 Million TRY, and a new investment operation including the purchase of 125,000 m² open area and factory buildings in Çerkezköy OSB established.
- 2015 ISO9001 certificate was renewed.





EFFECTIVE PRODUCTION SYSTEMS, QUALITY PRODUCT, EXCELLENT SERVICE

Altinyıldız carried out its first export operation in 1956. The company earned ISO 9001 quality certification in 1992. In 1996, Altinyıldız 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.

Altinyıldız has the largest sales potential in the domestic wool fabric segment, Altinyıldız carries out overseas sales through its sales offices the USA and via sales representatives in Germany, the Netherlands, France, the UK, Russia, Finland, Australia and Spain.

In 2003, Altinyıldız was issued a patent for the Formula 1 technology imported from Italy, and the company invested 1 million dollars 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 "Altinyıldız 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, Altinyıldız has further enhanced the company's innovative and competitive position in the textile industry.

KEY INDICATORS

	Textile	Apparel
Capacity (in-house)	10.000.000 meters	450.000
Production Volume (2015)	9.205.083 meters	1.022.787
Net Sales (2015)	203,8 million TL.	119,2 milyon TL.
Number of Employees	1076	577

Altinyıldız 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 **Altinyıldız-branded men's collection** was offered to customers. In September 1999, Altinyıldız women's collection has been launched. The same year, "**NetWork**" brand is 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 Altinyıldız in 2008 and was given a legal identity as an independent retail company. In addition to supplying for its Group brands, Altinyıldız 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 Altinyıldız 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, Calvin Klein, Brooks Brothers and Banana Republic.

Produced 9,2 million meter long wool fabric

With the production of 9,2 million meter long wool fabric Altinyıldız is the market leader of wool fabric sector in Turkey, and in 2015, it continued this success by effective production systems, high quality products, and excellent customer service. Altinyıldız strengthens its position by conformity with product, design and quality.

In 2015, by increasing the amount of paid capital to 100 million TL, it established a new investment operation of purchasing factory area and buildings in Çerkezköy. With this operation, a 125,000 m² open and 45,000 m² covered area factory buildings, which is one of the largest integrated textile factories of Europe located in Çerkezköy OSB was purchased.

SALES AND MARKETING

The effect of imports from the Far East and the recession in the world market has motivated Altinyıldız to reorganize. To achieve our strategic goals and increase our export market share, in 2015 we worked to strengthen our export marketing teams.

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

Altinyıldız still carries out around 70% of its domestic textile sales through 12 primary supply centered in Istanbul. These suppliers distribute the company's products across Turkey via their sub-distributors. Another sales channel for the domestic market are apparel retail chains and Boyner Group companies.

In 2015, by increasing the amount of paid capital in 100 million TL, it established a new investment operation of purchasing factory area and buildings in Çerkezköy.

Sales Amount	2014	2015
Textile (Million Meters)	9,4	9,2
Apparel (Million amounts)	1,2	1,1

In 2015, 15% of domestic sales were at Boyner Group Company BR Mağazacılık, which is in charge of Beymen Business and Altinyıldız Classics brands across Turkey. *Altinyıldız has sold approximately 88% of its domestic market sales to its biggest customer AY Marka, 8% to other Boyner Group Companies (BR Mağazacılık, BBM, Beymen).*

Exports are carried out via Altinyıldız sales offices the USA, and the company's sales representatives in Germany, the Netherlands, France, the UK, Russia, Finland, Australia and Spain. In 2015, approximately 22% of the total sales were made in foreign markets, gathering almost 69 million TL

Net Sales	2014	2015
Consolidated Net Sales*	277,1	306,0
Textile	182,8	203,8
Apparel	110,9	119,2

The market leader in variety, design and technology

In 2015, Altinyıldız's specialty fabrics, unique blends and a range of innovative products continued to add value to both Boyner group companies, and to domestic and international customers. In response to our customers' needs we offered a unique variety of products including stain resistant and wrinkle free fabrics.

In 2015, Altinyıldız focused on products including ready to wear clothing groups and functional and nano technology fabrics made from specialty fibers, high technology stitches and strong designs. Again in 2015, Altinyıldız was the leader in the Turkish market.

RESEARCH AND DEVELOPMENT

In world of fashion high design quality and value added products are preferred. Therefore, Altinyıldız aims to design unique and contemporary collections and develop target population oriented design concepts in the fashion market and to present these products to customers as soon as possible. New trends and customer suggestions and demands are key to the company's new product development and diversification of current product activities.

In 2015, Altinyıldız worked hard on research and product development in order to produce high value products. We continued to improve our internationally recognized brand through high performance and functional products, collections with unique designs reflecting the most current trends in fashion, and special products made of unique threads and fibers.

Moreover, in 2015, we gained support from TUBITAK for a research and development project under the auspices of TUBITAK 1501 R&D Projects Grant Program. As a result of this R&D project, we developed a washable suit.

HUMAN RESOURCES



Altinyıldız's integrated production facility, with around 1.650 employees, is always transparent and accessible, and is more than just a company, it is a big family. The Human Resources Department, in addition to managing business relations, cares deeply about employee happiness, health, development, and motivation. "Etik Kurul" (Ethics Committee) and "Bir Fikrim var" (I have an Idea) boxes are used to evaluate all kinds of complaints and suggestions. These evaluations are performed carefully and fairly in order to not disturb our employees.

Because we put employee satisfaction first, we organize a variety of social activities both inside and outside the workplace. At the same time, we encourage employees to participate in social and environmental projects that help them touch society and the environment. In 2015, our employees were involved with volunteer projects like "İyiliğe Dönüştür" (Turn it to Goodness), and "Meslek Lisesi Koçları Programı" (Vocational High School Coaches Programme) of the Özel Sektör Gönüllüleri Derneği (Private Sector Volunteers Society).

Rather than restrict and pressure our employees, we value creativity and difference by always supporting development and initiative. We never accept any programs that violate basic human rights. We believe that the principals of efficiency can best be achieved through our employees' happiness and desire to work.

Personal and Professional Development Training

Our priority is always employee development. We organize both professional and personal development in our in our onsite and offsite training programs. We are incentivized to provide trainings for larger number of employees, and cooperate in projects with many educational institutions.





All our employees receive Occupational Health and Safety Training. 100% of our employees received these trainings. In 2015, 332 employees received Basic Occupational Health and Safety Training, 423 employees Revised Occupational Health and Safety Training. In total, 755 employees received training in Basic Occupational Health and Safety.

Our goal is not to just inform but to effect change in employee behavior. Our Basic Occupational Health and Safety department discusses with employees who use the machines to identify risks and evaluate employee feedback to develop safety measures. Our company has "Ramak Kala Kutuları" (Near Miss Boxes) to collect information from our employees to identify potential hazards.

In 2015, Altinyıldız provided Occupational Health and Safety training for lock-label, working at heights, electrical safety, chemical safety, search and rescue, fire, and first aid. In addition to this, Basic Occupational Health and Safety Training was made fun through a theater activity.

Environmental Awareness

In 2015, we continued to measure our efforts to minimize the amount of raw materials and auxiliary products used and by using less energy and water for the purpose of these products and services; there by minimizing adverse environmental impact.

We continued our efforts to get the ISO14001 Environmental Management System Certificate. With this in mind, we organized information and auditor training. We created an environmental policy, and with this policy we organized employee training, waste management, and conducted studies on the effective use of natural resources.

Corporate Carbon Footprint - ISO 14064-1 Standard

Since 2011, we have regularly calculated the carbon footprint of Altinyıldız Tekstil ve Konfeksiyon A.Ş. (AYTK) in all areas of production and administration. Our goal is to decrease our emissions to combat climate change.

Altinyıldız's Emission Sources and Greenhouse Gas Protocol are based on the ISO 14064-1 Standard. As a result, AYTK 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.

Throughout the year, we organize in-service trainings and provide individual training requests.

In 2015, Altinyıldız provided seven different trainings with participation of 171 of our employees. 20 of our employees were provided several other opportunities for training outside the company based on their demands.

Employee Motivation

In Altinyıldız, our human resources policy is focused on employee satisfaction and motivation. In this regard, we provide a variety of fun and educational activities throughout the year. 2015 was full of these kinds of activities. As in previous years, departmental football teams were organized and held tournaments played in Çerkezköy Organized Industrial Area. In May and August, two company picnics were held for the families of our employees. In these activities, Altinyıldız chose its own singers.

2015 was also the year of the little ones; April 23rd was celebrated with a show put on by the Day Care of Altinyıldız for our employees. In August, a graduation ceremony was held for the students with the participation of parents and administrators.

Occupational Health and Safety

While there are both more and less dangerous jobs in our factories, Occupational Health and Safety Training is important for all our employees in order to create a safe working environment and to help them understand the dangers.

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, which they are generated at the source, as a result 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 as 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, and domestic and international air travel costs.

For our calculations, 2011 is taken as basis. Total emissions according to years are provided in the following table.

	2011	2012	2013	2014
Scope 1	5.652	15.010	24.148	29.073
Scope 2	43.223	27.593	4.452	2.612
Scope 3	31.551	26.067	18.206	24.444
Total Ton CO ₂ -e	80.426	68.670	46.806	56.129

Our cogeneration facility, which began part-time operations in 2012 and full time operations since 2013, is our main reduction source. However, there are fluctuations in our total emissions depending on the change in our production. When our textile and apparel production is normalized with our emissions, we observe the changes in the table below. **There has been 9.48% reduction since our base year 2011 until 2014.**

Change in Emissions depending on production	Change Rate in Years		
	2011 - 2012	2012 - 2013	2013 - 2014
2011 - 2014	- 9,94%	- 1,05%	2,35%
	- 9,48%		

Our emissions decreased in 2012 and 2013 but increased in 2014. The main reason for this increase is the calculations performed by adding our values to the emission factors during calculation of raw material items evaluated under Scope 3. This new methodology reduced the uncertainties in our calculations but caused an increase in our emissions.

When changes in emissions depending on production are reviewed under Scope 1 and Scope 2, reduction rates observed each year. **There has been approximately 16% reduction since our base year 2011 until 2014.**

Change in Emissions Depending on Production	Change Rates in Years Scope 1 - Scope 2		
	2011 - 2012	2012 - 2013	2013 - 2014
2011 - 2014	%-8,06	%-2,54	%-5,45
	% -15,92		

Areas We Have Improved:

- Our Integrated Power and Heat Plant, which became totally operational in 2013, has helped minimize our electric and steam purchases falling under Scope 2. As such, we have eradicated power loss due to the external purchase of electricity and decreased our overall consumption.
- We used another output of our cogeneration facility, which is steam, in our processes and lowered our steam purchase in 2013 and zeroed it in 2014.

Our operations were verified by BSI in 2012 and 2014.





OTHER ACTIVITIES

OTHER ACTIVITIES

İSTWEST

- PROJECT START DATE 2011
- PROJECT DELIVERY DATE 2013
- TOTAL AREA 70 Decares
- SCOPE OF PROJECT 571 Residences,
428 Houses,
75 Stores

PROJECTS FOR LIVING AND INVESTMENT

İSTWEST HOUSING PROJECT

Presented as Istanbul's most chic "Living Development," and composed of 571 residences, 428 housing units and 75 commercial stores in its shopping mall, IstWest's diversity has played a crucial role in turning it into one of the city's top real estate developments.

Covering a total area of 110,00 m² of housing units and a 17,500 m² commercial area, the IstWest housing development project has been carried out by Altinyıldız Gayrimenkul Yatırım ve Geliştirme A.Ş. (renamed Altinyıldız Tekstil ve Konfeksiyon A.Ş. as of December 23, 2013) on the former Altinyıldız factory site near Istanbul Atatürk airport, in partnership with the construction company FerYapı.

The project, commenced in April 2011, was completed in only two and a half years, and the residential units started being delivered to homeowners in June 2013. A protocol was signed with FerYapı on December 26, 2014 for the project that was completed in December 2013. Houses and store stocks were distributed. According to the Protocol, as of December 31, 2014, land stock had been removed from the records and 89 apartment units and store stocks were added to the records. In 2015, 26 of 63 apartments were sold, and the sales operations are will be ongoing in 2016.

STARCITY SHOPPING MALL

StarCity Shopping Mall, covering a total area of 134,000 m² with rentable area of 46,000 m², comprises 137 stores and 8 movie theaters. Established under the umbrella of Altinyıldız in 2007, BYN Gayrimenkul Geliştirme A.Ş. runs the StarCity shopping mall operation initiated on the former Altinyıldız 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.*

STARCITY

- PROJECT START DATE 2007
- PROJECT DELIVERY DATE 2010
- TOTAL AREA 134.000 m²
- SCOPE OF PROJECT 137 Shops,
8 Movie Theater,
50.739 m² Parking Lot
- PARTNERSHIP STRUCTURE BYN Gayrimenkul %40
Merkür Tic. A.Ş. %60





2015
SUSTAINABILITY
REPORT

ACTIVITY AREAS

Our Social Performance

- Human Rights
- Non-Discrimination
- Employee Rights
- Participation of Employees
- Occupational Health and Safety
- Anti-Corruption
- Stakeholder Relations & Participation

Our Environmental Performance

- Energy Efficiency
- Water Efficiency
- Waste Management
- Clean Production
- Safe Use of Chemicals

Supply Chain

- Social Compatibility
- Chemical Compatibility

Product

- Quality
- Safe Use of Chemicals

Community

- Community Investments Programs
- Corporate Volunteering
- Strategic Philanthropy
- Participation of Stakeholders



SUSTAINABILITY MANAGEMENT AND OUR STAKEHOLDERS

SUSTAINABILITY MANAGEMENT

A work environment that respects human dignity, environmentally friendly practices, community investment and customer happiness is the cornerstone of our sustainability activities. In 2015, we supported these with new and effective projects. All of these activities were planned through the participation and support of our stakeholders in both existing and new platforms.

We consider sustainability a key policy in our entire value chain, and we worked with the related participation of departments in Boyner Group Companies with the leadership of Corporate Responsibility and Sustainability Department.

Sustainability Work Groups

- Supply Chain Sustainability Project Team
- Occupational Health and Safety Coordination Committee
- Ethics Committee
- Green Office Project Team / Green Team

PARTICIPATION OF STAKEHOLDERS

In accordance with our business strategy, we prioritize participation of our stakeholders in our social and environmental activities guided by our corporate responsibility and sustainability. For our projects that we started and continued in the year, we support the participation of our stakeholders by establishing integrated opportunities in the projects.

Stakeholders	Dialog Channels	Objective
Customers	<ul style="list-style-type: none"> • Sales Channels and CRM activities • Call Center • Product Quality Teams 	<ul style="list-style-type: none"> • Implementation of our Unconditional Customer Happiness principle in every channel we encounter
Our employees	<ul style="list-style-type: none"> • Intranet • Improvement Programs • Boyner Group Volunteers • Trade Union • Occupational Health and Safety Committee • Ethics Committee of Group Companies 	<ul style="list-style-type: none"> • In-corporate Democracy • Performance and motivation of our employees
Our Suppliers	<ul style="list-style-type: none"> • Supply Teams • Quality and Social Compliance Teams • Audit and Monitoring Teams 	<ul style="list-style-type: none"> • To improve synchronously with our suppliers
Our Shareholders	<ul style="list-style-type: none"> • General Assembly • Investor Relations Management • Corporate Governance Committee • Annual Report • Public Awareness Platform and Stock Market 	<ul style="list-style-type: none"> • Notification • Transparency
Environment	<ul style="list-style-type: none"> • Sustainability work groups • Boyner Group Volunteers • NGO Memberships 	<ul style="list-style-type: none"> • To improve our environmental performance and participation of employees
Community	<ul style="list-style-type: none"> • NGO Memberships • Social Responsibility Projects • Sponsorship Programs • Boyner Group Volunteers 	<ul style="list-style-type: none"> • To contribute to people- centered socioeconomic development, establishment of gender equality, social inclusion of disadvantaged social groups, and protection of the environment • To contribute to the dialog and cooperation between the public and private sectors and civil society..

OUR MEMBERSHIPS

Local Partnership



İSTANBUL
SANAYİ ODASI



International Partnerships



OUR WORK ECOSYSTEM

Overall Employment

Total number of employment in 2015:

9.952*



We recruited 216 more employees in newly opened stores in 2015.



Number of Employees:

- Boyner Büyük Mağazacılık A.Ş.

5.243

- Boyner Perakende ve Tekstil Yatırımları A.Ş.

116

- Beymen Mağazacılık A.Ş.**

1.506

- AY Marka Mağazacılık A.Ş.

1.434

- Altınyıldız Tekstil ve Konfeksiyon A.Ş.

1.653

* Includes Boyner Retail Companies only.

** Nişantaşı and İzkar operations are included.

OUR CORPORATE CULTURE "EZBERBOZAN ALEMİ" (THE WORLD OF GROUND BREAKERS)

"Ezberbozan Alemi" "The World of Groundbreakers" was established to transfer our seven core values to all of our employees.

Boyner Group's characteristics, cannot be copied by competitors as they set us apart from others, play a key role in achieving this vision, and are embraced by everyone employed by the Group are defined by our shareholders, employees and suppliers. Once again, the basic values of our group were revealed by one-to-one interviews over the last year with more than 400 employees at different levels.

In this study, the letters and statements of Boyner Group Honorary President Osman Boyner, other founding presidents and Board Presidents and the documents prepared were reviewed. Following this process, we promoted a set value that we named The World of Groundbreakers. The World of Groundbreakers transfers our seven core values - focusing on customer happiness, pushing the limits of creativity, courage, passion, continuous learning, responsibility, and being a part of a big family - to all our employees.



PUSULA (COMPASS)

Boyner Group' core values, customer happiness, creativity, passion, courage, continuous learning, responsibility, and being a part of a big family can be seen as they are represented in the retail stores through compass, a values handbook.

Examples of how to represent these seven core values in our stores have been prepared.



OUR VALUES

• We are Focused on Customer Happiness

We focus on offering creative product, service, and experience and providing improvement in every area that connects to our customers. Making our customers feel important and prioritized them in every action is essential for us.

• We are Creative

We have the ability to explore and implement creative solutions and approaches and projecting and implementing the un-attempted and the untested. We continuously assess and develop or business methods. We support a new generation of ideas in our team. Our ability to ask "Why not?" is a corporate feature. Our source of inspiration for innovativeness is our customers.

• We are Courageous

We can make quick decision, be flexible when necessary, and accept and support change. Driving change in a timely manner when required is part of our core values.

• We are Passionate

We Work eagerly to be the leader in our business. We create motivational and inspiring environment for our team members. Our positive attitude is reflected in our team members. We focus on objectives and work with passion. Satisfaction with work is a key characteristic of Boyner Group employees.

• We Learn Continuously

We are always learning and continuously updating our professional expertise. We not only improve and training others, but also obtain information from various sources and create a vision of how our work can develop. Teamwork and individual productive is a prerequisite for all Boyner Group employees.

• We are Responsible

We contribute and support contributions to society. We believe in being "A good person, a good employee, and a good citizen" with moral, clear, accountable, and sustainable approach to colleagues, associates, customers and society. Executing business with manners and actions conscious of the social, economic and environmental responsibilities is essential for Boyner Group employees.

• We are a Huge Family

We work with mutual trust, respect, participation, justice, and collaboration—like a family. We provide all Boyner Group employees the opportunity to work and get promotions based solely on their merits and performance. We provide an equal opportunity for all employees to develop. Our core principle is to enjoy and share the security and warmth of a family.

Democracy in the Workplace

In Boyner Group, open communication is supported for all employees to express own ideas and suggestions freely. Employees are encouraged to share ideas and opinions through intranet, an internal communication channel. In all of our organizations, open communication is supported not only through specified channels, but with the belief that sharing any ideas, suggestions or criticisms will improve our businesses.

Boyner Group's management approach is based on transparency, openness, accountability, and mechanism that support participation. When disagreements arise in the workplace managers lend an objective ear to every party involved regardless of status.

We believe in providing employee rights, and beyond that, providing human rights in our workplaces and suppliers within the context of our "democracy in the workplace policy."

We aim to establish a work environment that respects human dignity. To ensure fairness and equality through our policy of equality, we establish necessary mechanisms. We recognize the freedom of association and collective bargaining of all Boyner Group and supply network employees, and provide a suitable environments for their demands.

Our Principle of Equal Treatment

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.

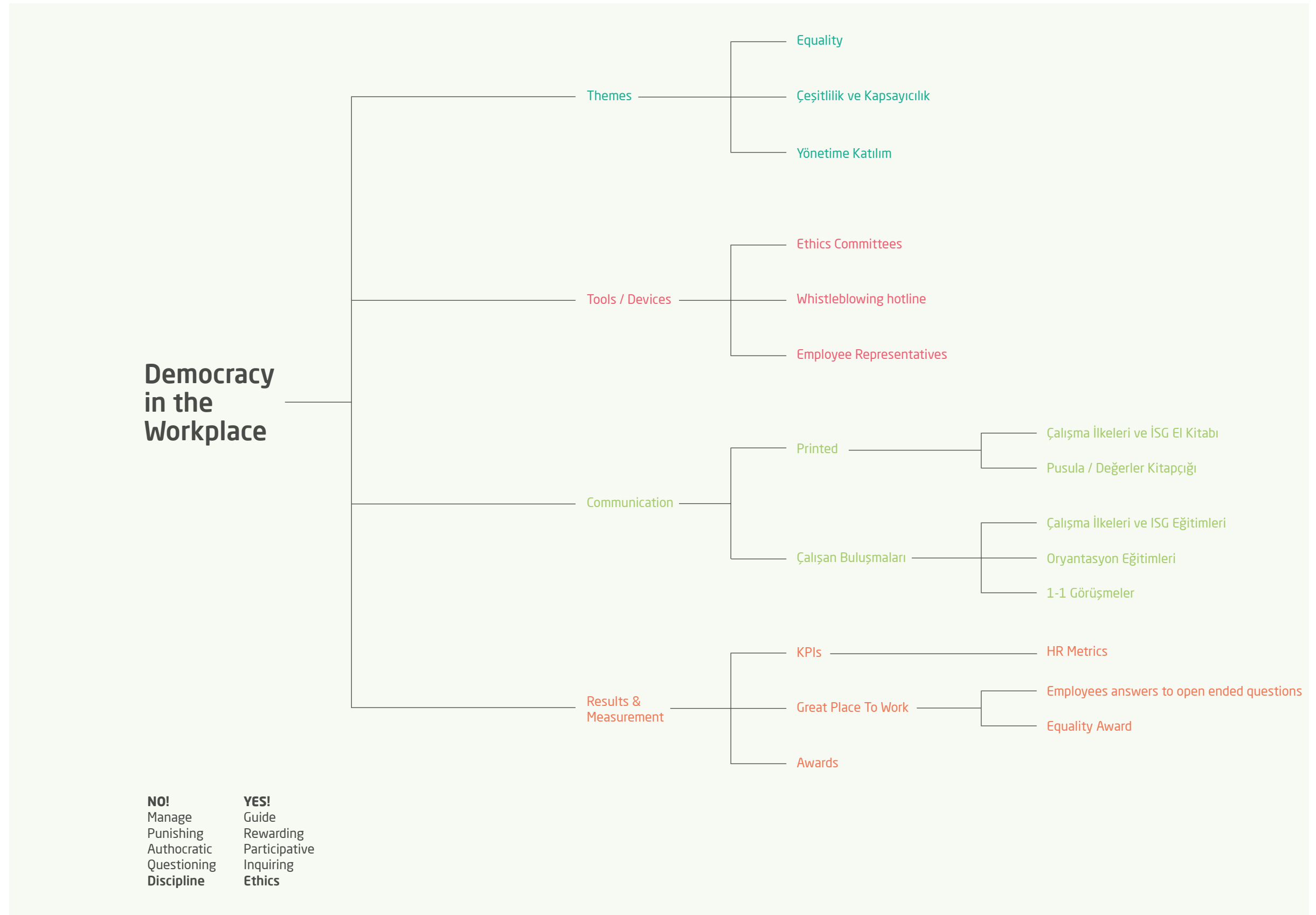
Boyner Retail and Textile Investments, offers employees equal opportunities in recruitment, the employment process, remuneration, participation in training, promotion, retirement and all other work related aspects.

We approach each of our employees with dignity and respect

Within Boyner Group, in all our Human Resources policies and practices, such as recruitment, promotion, transfer, rotation and remuneration, we embrace a fair approach; and work in accordance with all current laws and regulations in all business processes.

Equal Opportunities

We do our utmost to practice equal opportunity in ads, interview questions of recruitment processes, job postings, career planning and training and development of employees in Boyner Group workplaces.



Gender Equality at BOYP

- Number of women employees

%46

- Number of women employees in Head offices

%48

- Number of women employees in Stores

%46

- Number of blue collar women employees

%46

- Number of women managers

%41

- Number of women employees joining training & development

%42

- Number of women employees promoted in 2015

%47



Establishment of Gender Equality

We have developed a control panel to consolidate our data on gender equality and perform systematical monitoring. We produce reports on SAP to keep track of the following data in three or six monthly periods.

We carry out not only our activities on sustaining gender equality in our Group Companies but also track and audit our suppliers that produce our special brands and prepare necessary regulatory action plans for their improvement and provide consultancy to our manufacturers. In 2015, our supply chain and other operations worked to strengthen the role of women with two initiatives.

We joined SheWorks

In 2015, Boyner Group joined "Sheworks" a global initiative of the World Bank. We initiated a program to empower women in the supply chain, increasing the number of female managers in stores of Anatolia and providing awareness of gender equality in the community. In our annual reports, we report these initiatives in the SheWorks platform, and share our activities with other members of platform via webinar.

In purchasing, we were the first members of WEConnect Turkey

WEConnect, a global initiative, works in Turkey to connect female entrepreneurs with companies to supply their services and products.

In 2015, to promote the empowerment of women, the Turkish branch of the global WEConnect platform helped women acquire corporate customers. We became the first member in Turkey on the purchasing side to bring female entrepreneurs in to our supply chain. We got involved to support the development of female entrepreneurs in Turkey and to evaluate the potential opportunities of receiving services from women producers in our product procurement process.

WEConnect
INTERNATIONAL

Our programs on March 8th World's Women's Day

Since 2008, we share our perspective and policy with the public on gender equality with special ads for World Women's Day on March 8. Every year, we emphasize citizenship rights of women and be a voice in eliminating discrimination against women with these ads. Besides policies and practices required in every aspect of life regarding gender equality, we support the efforts in establishing an agenda on gender equality.

We support all of our managers, particularly our senior management, to attend events in order to establish awareness in the public regarding this matter.

Besides printed and visual press interviews, we share our activities and messages in events held by universities and non-governmental organizations. We actively participate in local and international platforms and share our practices with other companies in experience sharing meetings to popularize them. Our platforms and programs that provide gender equality are:

- KAGİDER & World Bank - Equal Opportunities Model
- UN Global Compact & UN Women - Kadınların Güçlenmesi Prensipleri (Women's Empowerment Principles - WEPs)
- KALDER - "Yönetim Kadının da Hakkıdır" (Executive is The Right of Women) Manifesto
- United Nations Global Compact
- Women In Boardroom Platform
- TÜSİAD - Gender Equal Opportunities Work Team
- World Bank SheWorks Initiative
- WEConnect Turkey




Development of Our Employees

Boyner Group follows equal opportunity principle in training and development areas and provides several training and developmental programs in Group companies. All trainings provided for our employees are - personal development, professional development, occupational health, and safety- are tracked by attendance, training time and training investment metrics refracted by gender.

- 2015
• Number of employees attended in trainings:

12.576

 Percentage of female attendees
%42

Participation of employees in training and development activities

- Number of employees participated in Boyner Büyük Mağazacılık training

5.138 Number of female employees attended: **2.290**

- Number of employees participated in Boyner Department Store training

116 Number of female employees attended: **51**

- Number of employees participated in Beymen training

3.396 Number of female employees attended: **1.268**

- Number of employees participated in AY Marka training

1.036 Number of female employees attended: **424**

- Number of employees participated in Altınyıldız training

2.890 Number of female employees attended: **1.220**

BIG-BANG Effect

Since 2003, all managers working in Boyner Group are included in "Boyner Group Managers Communication and Development Program" (BIG). The objective of BIG program is to help managers to get to know the group and other managers better, to help all managers benefit from the experiences of senior management, to share know-how within the group and to provide development opportunities. We organize meeting, seminars and competitions and develop projects in BIG.

Boyner Group Akademi ve Nitelik Gelişimi - BANG- (Boyner Group Academy and Quality Improvement) is a platform where training activities for all group employees take place for continuous improvement. "Boynerişim" is a common platform accessible to all employees where we provide tens of articles, presentations, resources, training and development opportunities about creativity, customer happiness, general knowledge, career, personal development, marketing, retail, health and safety, foreign languages. 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.

Parallel to the strategy for our customers, our education and development programs are personalized, flexible and various. In 2015, we established BANGonline e-Learning platform for all Boyner Group employees. This resource is available to our employees anytime anywhere.

Our Compensation Policy

In our companies, we implement a fair and egalitarian compensation 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 2015, our Human Resources System was redesigned in accordance with Boyner Groups company culture, business focused, supporting performance culture, promoting talent and expertise, and always focusing development to fit a global compensation system of infrastructure that is commonly used in Turkey. Hay Group, who we work with in this compensation project, offers another service called "Piyasa-Ücret Araştırması" ("Market Wage Survey"). Boyner Group has been part of this project for four years. Both within and without of our own sector, we are aware of pay structure for equivalent positions in rival companies and consider them in our own pay structure.

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 with similar authorization and responsibilities is compensated equally.

Individual differences are rewarded with bonuses calculated on the basis of sales performance.

In Boyner Group companies, employees are extended fringe benefits covering their meal, transportation, and private health insurance expenses; they are also issued Group discount cards. Depending on the requirements of the duty, vehicle and mobile phone may be provided to management positions. The side benefits enjoyed by unionized personnel working in Boyner Group are outlined in the collective labor agreements.

Occupational Health and Safety

We deem safe working conditions, compatible with human dignity, as a right of life for our employees.

Within the year, we are providing training and seminars of "Occupational Health and Safety" for our employees, and help them to be aware of important issues in their daily work environment. Our information activities are shared via in-house system within the Group.

We aim to increase our employees' health and wellbeing, by upgrading their knowledge and giving practical advice through our "Occupational Health and Safety" handbook. We also inform our visitors via informative and instructive cards in our workplaces especially prepared for visitors.



Occupational Health and Safety at Boyner Group in 2015

- In 2015, the number of employees who attended Basic OHS Training, both newly recruited and renewals was

2.923

	Total Male Employees	Total Female Employees	Total
Total Employees in OHS training	6012	5552	11564
Total Number of employees attended OHS training in 2015	1606	1317	2923
Total Number of employees attended First Aid training	1578	579	2157
Total Number of employees attended First Aid training in 2015	458	340	798
Total Number of First Aid certificate owners	313	123	436
Total Number of First Aid certificate owners in 2015	101	46	147

In addition to compliance with the laws, we handle occupational health and safety to create workplaces, which are not conflicting with human dignity, and to establish the wellbeing and happiness of our employees. In this context, we provide practical information about healthy nutrition, right posture, ergonomics, and personal care to our employees and share calories of the meals at the cafeterias of our offices and form healthy diet corners. Moreover, every year, we provide activities with the participation of our employees in our OHS themed week.

To take more preventive measures, whether there is workforce loss or a situation that requires medical attention or not, we record all accidents occurring in all workplaces or that are related to work. This helps us analyze the base problems and increases awareness in the organization about near misses.

We are committed to our employees protecting themselves. We encourage our employees to report and recommend any necessary measures to be taken. We encourage our employees to identify and report potential risks to prevent greater possible setbacks. We take these actions not because it is our legal responsibility, but because we care for our employees.

We keep statistics on occupational accidents and form regulatory action plans by our base problem analysis. In 2015, total occupational accidents including no workforce loss notifications were 126. The rate of occupational accidents to total employees is 1.27 %. Mainly, accident notifications are incidents such as slipping and falling that do not cause workforce loss. Both additional physical measures are taken, and post-accident informatory meetings are held for employees.

Freedom of Association

Our employees have the freedom of association and membership of our employees in nongovernmental organizations and political parties cannot be restricted. Blue-collar employees working in Altinyıldız Tekstil ve Konfeksiyon A.Ş. are members of a union, and our employees reserve the right to sign collective labor agreement via the worker's union that represents them.

Committee of Ethics

With the guidance of our business policies, Our Group Companies have their own Ethic Committees besides Boyner Perakende ve Tekstil Yatırımları A.Ş. Objectives of these committees are investigating and evaluating warnings, complaints and incidents violating of Group and operational principles.

A communication channel has been created in all Boyner Group companies for the employees to report ethical issues or situations when faced via special e-mail addresses of ethics committees of each company. In the case event considered unethical, employees can make complaints and report the situation to their own ethics committee. Verification investigations are carried out to solve any situation. The details of internal investigation are recorded through a reporting system in case the case is verified. The Committee of Ethics carries out any analysis needed on those issues brought to its attention and proposes various sanctions including dismissal in the event that violations are found.

In 2015, in addition to its current members, employee representatives were included in decision-making processes to create an ethic system within of The Committee of Ethics. Through the internal communication system, employees were informed about the elections of the Committee of Ethics. The elected employee representative has the same voting rights as the other members of the Ethics Committee.

In Boyner Group Operational Principles booklet, all employees are deemed liable for ethical behavior and transparency.

Our fight against corruption

We guarantee to operate in compliance with anti-corruption regulations and provide honest and transparent service. With this policy, we aim to prevent bribery and corruption in all Boyner Group activities, to comply with legal regulations, ethical and professional principles, and universal rules. Boyner Group's anti-corruption policy covers all business partners of Boyner Group as

well as those acting on behalf of Boyner Group, and all Boyner Group employees. Boyner Group Anti-Corruption Policy covers all Boyner Group employees including board members and persons or organizations working on behalf of Boyner Group, including outsourced companies and their employees, suppliers, consultants, lawyers and external auditors.

Our Anti-Corruption Policy;

- Legal regulations,
- Human Resources Code of Practice and Collective Labor Agreements,
- Principles pledged to comply by participating in UN Global Compact,
- Corporate Management Principles,
- Boyner Group Ethical Principles

Regulation and modification of ethical principles is under Boyner Group Management authority. Necessary sanctions are applied in case of violation of these principles practiced by Boyner Group Employees. Boyner Ethics Committee has the authority to review and report these issues. Boyner Group employees report any situations encountered or suspected regarding bribe and corruption to the notification address of Boyner Group Ethics Committee.

Reaching out the employees: Our Communication Platforms

Boyner Group facilitates activities in order to provide communication with employees. We reach out to our employees through internal and external channels, and with these channels we share the information from both our yearly operations and current news. Through our intranet platform "Boynerişim," we share current news of about available positions in our group companies, individual achievements of our companies, special campaigns for employees, history of our corporation, information about our managers, our conferences, projects under corporate responsibility, and voluntary activities.

Our basic communication channel Boynerişim was designed as a platform to provide two-sided communication. Moreover, this platform also provides our employees a chance to share their creative ideas and their own announcements. Through the internal stakeholder network, we are gathering all Group employees around a common platform.

In addition to our internal communication channels, with Boyner Group website, we are empowering the communication with our stakeholders from both inside and outside corporation, and we provide updated information about our company via social media.

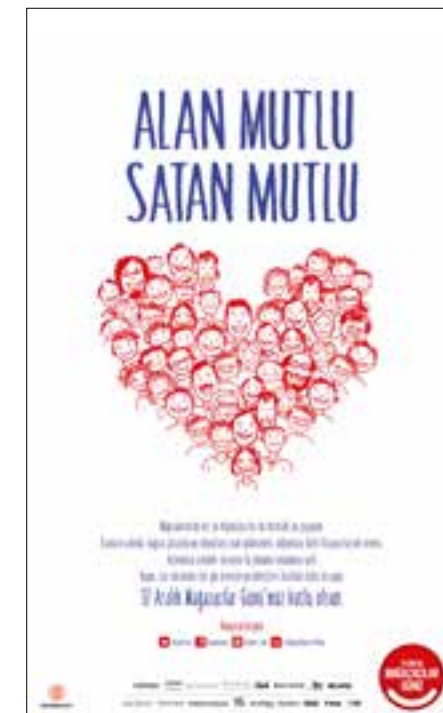
Retail Summit within the Group



Since 2011 we have shared new projects and plans to our employees via Boyner Group Retail Meeting. This yearly meeting enables senior managers to share their knowledge. During this one-day event, Boyner Group company managers listen to inspiring speakers, experts and the best examples of their sector.

Every year, retail meeting gather our board members, general managers, vice general managers, department managers and store managers on a common ground. This gives us a chance to share our developments in our group.

Retail is Our Business: December 12th Retail Employee's Day



A gift to all employees in the retail sector: December 12th Retail Employee's Day

In 2013, Boyner Group, for the first time in Turkey, began to celebrate this special day, December 12th Retail Employee's Day for all store employees.

This day has become an annual tradition that our head office employees support store employees with little surprises in our stores. In 2015, we celebrated December 12th Retail Employees Day and had an impact on the retail sector. Because not only Boyner, but also other retail companies have embraced Retail Employee's Day.

This year, we celebrated December 12th Retail Employees Day for the third time by publishing "Memnuniyet" (Satisfaction), an internal newspaper for our employees.

As Boyner Group, we invited all retailers under the hashtag #BenDeBuradayım (I am here too) putting their names altogether. In addition, through the "Memnuniyet" newspaper, we created a new channel to inform our employees about their achievements, rewards, voluntary activities, and innovative and developmental programs.





Environmental Awareness

Boyner Büyük Mağazacılık works to reduce the environmental impact of our products and services, while also reducing industrial waste and emissions. Since 2013, our corporate management has committed our company to act in an environmentally responsible manner. To this end, we joined the **Yeşil Ofis Projesi** (Green Office Project) of Doğal Hayatı Koruma Derneği (World Wide Fund for Nature) and signed the **Binalarda Enerji Verimliliği** (Energy Efficiency in Buildings) pledge. With these principals, we are implementing our improvement plans, emission calculation program and we report to our stakeholders.

All of these programs concerning the environment are also valid not only for our company performances, but for our supply chain as well. With the scope of these works, we observe the compliance of our vendors in regulations according to their business branches, and with our contracts and inspections, we have receive positive feedback regarding our program of compliance.

With the project of **"Cycle into Favor"** hosted by Boyner Büyük Mağazacılık started in 2014, with the cooperation of Lokman Hekim Health Foundation, we utilize their experience of their gaining sources from waste projects, and work on providing re-usage/recycling.

Below you can find the details of projects about energy efficiency, and oscillation decrease.

Altinyıldız Tekstil ve Konfeksiyon A.Ş.

Corporate Carbon Foot Print - ISO 14064 - 1 Standard

Since 2011, we have regularly calculated the carbon footprint of Altinyıldız Tekstil ve Konfeksiyon A.Ş. (AYTK) in all areas of production and administration. Our goal is to decrease our emissions to combat climate change.

AYTK's Emission Sources and Greenhouse Gas Protocol are based on the ISO 14064-1 Standard. As a result, AYTK 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 and 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 as 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, and domestic and international air travel fees.

For our calculations, 2011 is taken as basis. Total emissions according to years are provided in the following table.

	2011	2012	2013	2014	2015
Scope 1	5,652	15,010	24,148	29,073	29,200
Scope 2	43,223	27,593	4,452	2,612	3,046
Scope 3	31,551	26,067	18,206	24,444	22,412
Total Ton CO ₂ -e	80,426	68,670	46,806	56,129	54,658

Our cogeneration facility, which has operating from time to time as of 2012 and full time since 2013, is our main reduction source. However, there are fluctuations in our total emissions depending on the change in our production. When our textile and apparel production is normalized with our emissions, we observe the changes in the table below. There has been 5.35% reduction since our base year 2011 until 2014.

Change in Emissions Depending on Production	Change Rate in Years Scope 1 - Scope 2 - Scope 3			
	2012	2013	2014	2015
2011	-9.94%	-1.05%	2.35%	1.62%
		-5.35%		



Our emissions dropped in 2012 and 2013 but increased in 2014. The main reason for this increase is the calculations performed by adding our values to the emission factors during calculation of raw material items evaluated under Scope 3. This new methodology reduced the uncertainties in our calculations but caused an increase in our emissions. When changes in emissions depending on production are reviewed under Scope 1 and Scope 2, reduction rates observed each year. There has been 8.11% of reduction since our base year 2011 until 2015.

Change in Emissions Depending on Production	Change Rate in Years Scope 1 – Scope 2			
	2012	2013	2014	2015
2011	-8.06%	-2.54%	-5.45%	6.20%
		-8.11%		

Areas We Have Improved:

- *Our Integrated Power and Heat Plant, which became totally operational in 2013, have helped minimize our electric and steam purchases falling under Scope 2. As such, we have eradicated power loss due to the external purchase of electricity and decreased our overall consumption.*
- *We used another output of our cogeneration facility, which is steam, in our processes and lowered our steam purchase in 2013 and zeroed in 2014.*

Energy Efficiency in Buildings

As the first company to sign a declaration of energy efficiency in buildings prepared by Business World Sustainable Development Association, since 2012 we have measured energy consumptions of building where Group company general managements are located.

The scope is limited to the head offices of Group companies and emission sources including those related to energy consumption inside the premises. Considering the buildings, our consumptions are restricted to natural gas and electricity. Natural gas was evaluated under Scope 1 as it is not purchased as heating but natural gas.

Scope 1: Natural Gas consumption

Scope 2: Electricity

Natural gas and Electricity consumption data are read from the invoice and recorded in data forms. 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.

Natural Gas Emission factors were calculated according to the values indicated in 2006 "IPCC Guidelines for National Greenhouse Gas Inventories", while Grid values announced by TEIAS annually are considered for electricity consumption. Total amounts were considered in the calculation in previous years. As of 2014, they are monitored based on company. This is because Altinyıldız Tekstil ve Konfeksiyon A.Ş. Head Office is Yenibosna was relocated in our manufacturing center in Çerkezköy, and all offices were distributed to different locations in the manufacturing plant. Also, AY Marka Mağazacılık changed its office in the inventory year. Boyner Perakende ve Tekstil Yatırımları A.Ş. opened a new office in Park Plaza and increasing both its employees and the total square meters of the space.

In 2015, Beymen Mağazacılık increased its total area by opening additional offices on the 2nd floor of Oycan Plaza. Unfortunately, the total area and the data of the company is currently available.



AY Marka Mağazacılık A.Ş.

Energy Efficiency in Buildings

Since 2012, we calculate and report energy consumption of our head offices.

AY Marka Mağazacılık A.Ş. had a total of 3200m² in its Fazıl Kaftanoğlu Cad. No: 15, Seyrantepe / Istanbul address between 2011 and 2012; as of September 2014, moved to 6000m² Yenibosna office in Merkez Mahallesi 29 Ekim Cad. No: 22 Yenibosna Bahçelievler / Istanbul. There has been a significant increase in 2014 consumptions due to the increase in total area of the office building and the energy consumed during relocation and construction. In 2015, Ay Marka Mağazacılık finished its first year in the new office building, and total consumption results showed a decrease. 2015 results will be taken as a basis for future results.

AYMM	Total Consumption Kwh	Unit Consumption Kwh / m ²	Total Consumption Ton CO ₂ -e	Unit Emission Ton CO ₂ -e
2012	527,227.00	164.76	281	0.0878
2013	560,649.00	175.20	299	0.0934
2014	1,248,704.64	320.18	588	0.1508
2015	695,890.12	115.98	323	0.0538



Beymen Mağazacılık A.Ş.

Energy Efficiency in Buildings

Since 2012, we calculate and report energy consumption of our head offices. Beymen Mağazacılık A.Ş. is operating in Büyükdere Caddesi Oycan Plaza Kat: 8-9 Maslak / Istanbul address. Our company increased its total working area in 3,317 m² by operating on the second floor. In 2015, a significant decrease was observed in both consumption and emission.

Beymen Mağazacılık A.Ş.	Total Consumption Kwh	Unit Consumption Kwh / m ²	Total Consumption Ton CO ₂ -e	Unit Emission Ton CO ₂ -e
2012	641,734.28	219.47	287	0.0982
2013	590,827.36	202.06	270	0.0923
2014	619,327.52	211.81	255	0.0872
2015	576,822.92	173.90	219	0.0660



Boyner Perakende ve Tekstil Yatırımları A.Ş.

Energy Efficiency in Buildings

Since 2012, we calculate and report energy consumption of our head offices.

Boyner Perakende ve Tekstil Yatırımları A.Ş. operated on 15th and 16th floors of Eski Büyükdere Caddesi Park Plaza Maslak / İstanbul in 2011, but in May 2012, 2nd floor of the same building and on May 2014, 3rd floor was added to the head office. These two expansions increased the total area in Square meters while consumptions made due to relocation and installation increased our energy load as well. As of April 2012, natural gas and electricity consumption of common areas, which was invoiced under contribution fee during the previous period, are included in energy consumption invoices by the resolution of Plaza management and included in our calculation.

In 2015, even though the third floor was a separate company and therefore not considered part of the energy consumption, the increase in energy usage compared to the previous years is a result of shared area.

Boyner Perakende ve Tekstil Yatırımları A.Ş.	Total Consumption Kwh	Unit Consumption Kwh / m ²	Total Consumption Ton CO ₂ -e	Unit Emissions Ton CO ₂ -e
2012	187,252.00	65.56	101	0.0354
2013	209,506.00	73.36	118	0.0413
2014	476,115.52	146.02	212	0.0782
2015	526,366.44	152.00	203	0.0586



Boyner Büyük Mağazacılık A.Ş.

Energy Efficiency in Buildings

Since 2012, we calculate and report energy consumption of our head offices.

Boyner Büyük Mağazacılık A.Ş. has completed its merge with YKM by the end of 2012 and began operating at Büyükdere Cad. No: 245/A Uso Center Zemin Kat Maslak / İstanbul. 2012 values were calculated for the former office at Büyükdere Cad. Noramin İş Merkezi No: 55 K: B-1 Maslak / İstanbul. 2013 was our basis year in our new location. When the basis year and 2015 are compared, we observe 7.94% decrease in consumption per square meters and 25.17% in the change of Unit Emission.

Boyner Büyük Mağazacılık A.Ş.	Total Consumption Kwh	Unit Emission Kwh / m ²	Total Consumption Ton CO ₂ -e	Unit Emission Ton Ton CO ₂ -e
2012	872,736.88	161.62	411	0.0761
2013	1,545,551.69	166.19	739	0.0795
2014	1,518,001.39	146.02	586	0.0616
2015	1,422,855.68	153.00	553	0.0595



Boyner Büyük Mağazacılık GREEN OFFICE

Boyner Büyük Mağazacılık (BBM) and World Wide Fund for Nature (WWF) began to cooperate for green office implementation in 2012. In this context, head office in-structure was renovated as environment-friendly while also focusing on consumption habits of employees and green consumption at the same time.

In June 2014, Boyner Büyük Mağazacılık has acquired Green Office Certificate from World Wide Fund for Nature (WWF) through the actions taken to become a green office.

In 2015, four consumption sources were tracked in the frame of Green Office.

Electricity, Natural Gas, Water and Paper consumed in the head office are monitored and reported monthly and recorded both in type of consumption and its greenhouse gas equivalent CO₂-e

	Consumption	Electricity Kwh	Natural Gas m ³	Water (liters)	Total Paper Consumption KG
Total Annual Consumption	2013	1,256,851	45,233.00	5,407.00	9,612.93
	2014	1,041,805	41,412.00	5,070.00	11,594.47
	2015	982,232	48,505.00	5,039.00	7,724.46
Annual Consumption per person	2013	3,065.49	110.32	13.19	23.45
	2014	2,264.79	90.03	11.02	25.21
	2015	2,192.48	108.27	11.25	17.24
	% Change 2013 - 2014	-26.12%	-18.40%	-16.42%	7.50%
	% Change 2014 - 2015	-3.19%	20.27%	2.05%	-31.59%
Daily Consumption per person	2013	12.41	0.45	0.05	0.09
	2014	9.10	0.36	0.04	0.10
	2015	8.70	0.43	0.04	0.07
	% Change 2013 - 2014	-26.71%	-19.05%	-17.10%	6.64%
	% Change 2014 - 2015	-4.35%	18.83%	0.84%	-32.41%
Annual Consumption by sqm	2013	135.15	4.86	0.58	1.03
	2014	112.02	4.45	0.55	1.25
	2015	105.62	5.22	0.54	0.83
	% Change 2013 - 2014	-17.11%	-8.45%	-6.23%	20.61%
	% Change 2014 - 2015	-5.72%	17.13%	-0.61%	-33.38%
% Change 2013 - 2015	-21.85%	7.23%	-6.81%	-19.65%	

Green office consumptions are monitored periodically, and consumption is kept to a minimum with current situation analysis and seasonal measures.

We reached the following numbers when to try to find CO₂-e equivalents by adding these consumption values. Similarly, a decrease in emission targets both per person and per m² equivalent is observed as 3%.

	Emission tCO ₂ -e	Electricity	Natural Gas	Paper	Total Emissions
Total Emission Ton CO ₂ -e	2013	672	88	5	766
	2014	492	94	6	592
	2015	464	88	4	556
	% Change 2013 - 2014	-26.79%	6.34%	20.61%	-22.64%
	% Change 2014 - 2015	-5.69%	-6.11%	-33.38%	-6.04%
Annual Emission per person Ton CO ₂ -e	2013	1.64	0.22	0.01	1.87
	2014	1.07	0.20	0.01	1.29
	2015	1.04	0.20	0.01	1.24
	% Change 2013 - 2014	-34.74%	-5.22%	7.50%	-31.05%
	% Change 2014 - 2015	-3.16%	-3.59%	-31.59%	-3.53%
Emission per sqm Ton CO ₂ -e	2013	0.0723	0.0095	0.0005	0.0823
	2014	0.0529	0.0101	0.0007	0.0637
	2015	0.0499	0.0095	0.0004	0.0598
	% Change 2013 - 2014	-26.79%	6.34%	20.61%	-22.64%
	% Change 2014 - 2015	-5.69%	-6.11%	-33.38%	-6.04%
% Change 2013 - 2015	-30.95%	-0.16%	-19.65%	-27.32%	

Employee Participation

"Green Team" formed by Boyner Büyük Mağazacılık head office employees work as group that gathers periodically to develop projects for preventing the consumption of excess water, paper and electricity, distribution of wastes, increasing the awareness of employees and changing employee habits in the building.

Green team promotes employee participants by its organizations. In 2015, "Kazak Günü" (Sweater Day) announced by World Wide Fund for Nature (WWF), and organized in Boyner Büyük Mağazacılık Head Office. This organization created awareness in our employees and provided participation of this process. On "Sweater Day", the climate of the Head Office was dropped 2-3 degrees and our employees were asked by the environmental messages to come to work wearing their most colorful sweaters. At the end of the day, Human Resources gave a gift representing The Green Office activity to the employee who was wearing the most colorful sweater.



OUR CHAIN OF VALUES

SUPPLY CHAIN SUSTAINABILITY

Supply chain sustainability is the basis of our production and service network and our production process. In our work in this area, we continue to value transparency for the products we offer to our customers in accordance with our Unconditional Customer Happiness principles and accountability to ensure the social compliance and flexibility of our supply network.

Our Supply Chain Sustainability includes the objectives to improve the economic, social and environmental effects in the process of our products, to provide human dignity in the workplace with our cooperates in our logistic network and:

- to create long term environmental, social and economic value,
- to maintain continuity of the business, and to protect the integrity of the brand,
- to manage efficient source and business costs, and to encourage our suppliers to do the same.

With "Cleaner production principles," "labor rights" and "chemical safety," Boyner Group follows the suppliers' compliance to the standards with contracts, and started the social compliance observations in 2013. Textile production and operating in the textile and apparel field Altinyıldız Tekstil ve Konfeksiyon brings products to the market as EKOTEX certified in 2014 and follows the chemical safety of suppliers providing products to the Group with "3rd Party Laboratory Analysis". To control the production process of the materials we offer to our customers, to ensure the materials used by our suppliers for our products to consumers' health, and to provide security and health of our products we work with conforming analysis and observation of our Corporate Responsibility and Sustainability team in addition to our occupational health and safety contract.

As a result of all these activities, we have identified the issues that we are preparing incomplete and inadequate regulatory action plans in order to enable the positive action. Located value of the chain of production of our private brands, which we began in 2013. We continued our work in the domain of 2014, and we have expanded in 2015. In addition, the sustainability of our business processes, our work with our partners in the field of logistics, we have re-examined in 2015 for our sphere of influence and we created our direct and indirect application step.

As a result of these operations, we are establishing improvement plans to provide positive actions for the areas we observed and regulated. In addition to our chain of value on our special production, we expanded the effect of that we started in 2013 in 2015. Furthermore, we designed our application steps for sustainability of our work process in 2015 with our cooperatives in logistics.

AREAS OF AUDIT AND MONITORING

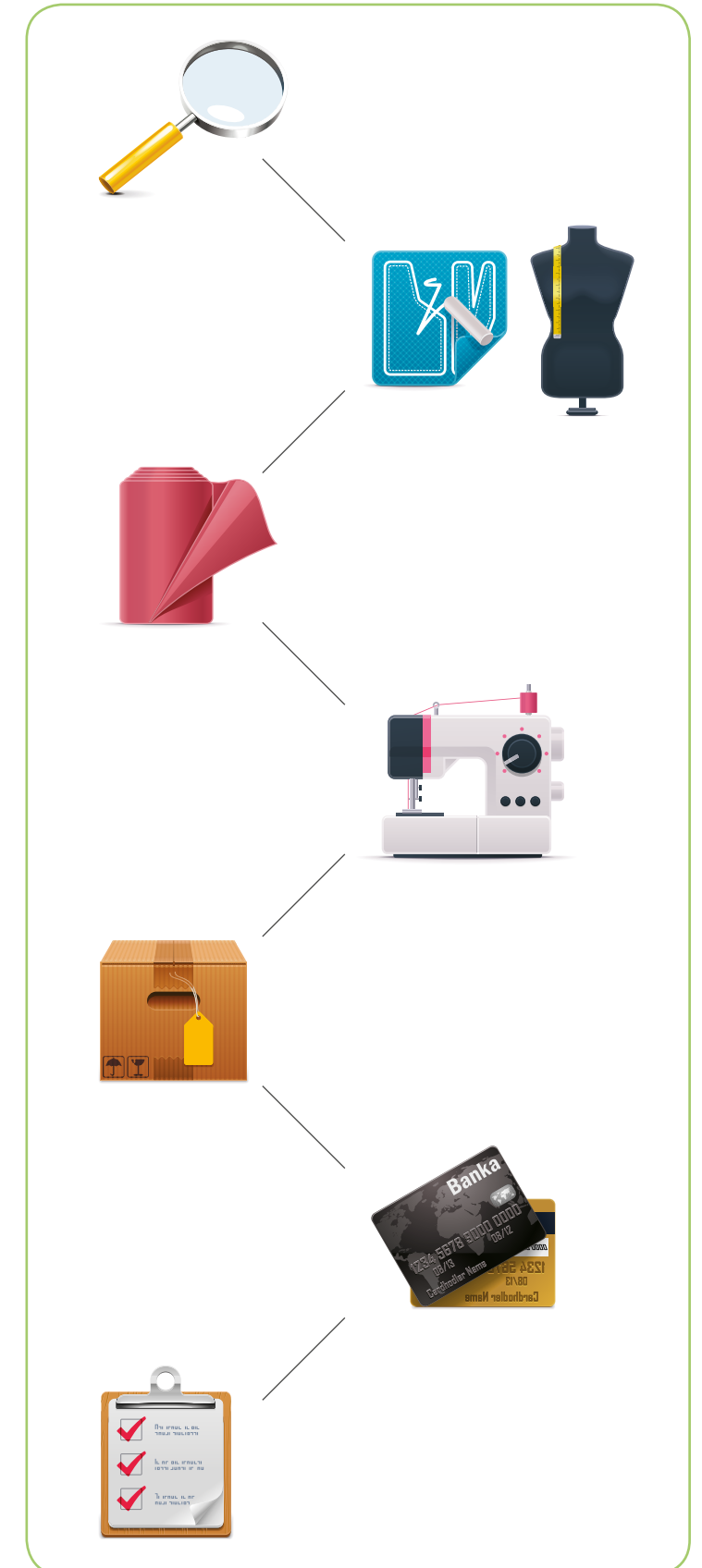
- Management systems
 - > Legal documents
 - > Informing the employees and basic employee participation mechanisms
 - > Labor contracts
 - > Labor records

Right to Labor and Occupational Health and Safety

- Working hours and leaves
 - > Night work
 - > Overtime hours
 - > Weekly and annual leaves
- Payments and social benefits
 - > Minimum Wage
 - > Payment methods
 - > Overtime payments
- Non-discrimination policy
 - > Equality principle
- Disciplinary procedure
 - > Right to Defend
- Working conditions of pregnant and young employees
 - > Working conditions
 - > Working hours
 - > Annual leaves
- Child workers and forced labor
- Access to health services
 - > Routine examination leaves of pregnant women
 - > Notification of occupational accidents
 - > First aid training
- Service safety
- Fire Safety
 - > Emergency trainings
 - > Emergency responsible
 - > Preventive and protective equipment
- Building Safety
- Safe use of chemicals
 - > Information Sheets
 - > Personal Protection Equipment
- Electrical safety
 - > Certification
 - > Preventive measures
- Safe use of machinery
 - > Training
 - > Notification
 - > Personal Protection Equipment
- Waste management, energy and water management
 - > Certification
- Workplace hygiene
 - > Training

Value Chain of Boyner Group

- Research & Development
- Design
- Purchase/ Raw Material
- Production
- Logistics
- Sales
- After Sales Services



Social Compliance Milestones:

- In 2012, Boyner Group signed the United Nations Global Compact (UNGC). Based on the principles of this compact we pledged to **uphold human rights, prevent forced labor, prevent child labor, prevent discrimination in employment, protect the environment, and respect the right to be unionized.** Included in this pledged to abide by 10 principles is the comment to fight against corruption.
- After signing the UNGC on a global level, Boyner Group became the first and only company from Turkey to participate in the Consultant Committee of Supply Chain Sustainability, and has continued this since 2013.
- In Turkey, Supply Chain Sustainability Working Group operated by the Global Compact Turkey Secretariat, which is part of TUSIAD, has been led by Boyner Group since 2013.
- In 2013, we translated and distributed the publishing called Practical Manual on Constant Improvement of "Supply Chain Sustainability" prepared by the Global Consultant Committee of Supply Chain Sustainability in United nations Global Compact, and in 2014 we added an extra issue to the publishing, and provided the activities of expansion with our shareholders.
- We designed a "Manual of Supply Chain Social Compliance" including our zero tolerant points by the concept of Boyner Group supply pool, and with all of our suppliers expected to follow the social criteria and parallel to our inspections.
- We started our inspection with the scope of Boyner Group Social Compliance in March 2013. Through the operations regarding Social Compliance, in the end of 2015, total number of suppliers we approached by inspections is 410.
- With all of our depots and logistics partners, we redesigned and activated our business contracts and our observation mechanisms including law concerns including especially occupational health and safety in 2015.



Summit meeting of Boyner Group Suppliers

In 2014 and 2015, we organized summit meetings in order to update our suppliers with the scope of our operations regarding social and chemical compliance.

With these meetings that we started to hold in June 2014, we met with **232** of our suppliers.

And on April 28 and 29 2015, we organized Boyner Group Supplier Meetings with the theme of **"Sürekli İyileşme" ("Constant Goodness")**. In 2015, as part of our operations in supply chain sustainability, we met our **245** producers in the category of fabric, apparel, shoes, bags and accessories, and under the themes of "Social Compliance of Working Standards, Occupational Health and Safety", "Product safety of Chemical Compliance" and "Supply Chain Optimization Project".

The steps that we take in Summit Meetings of Suppliers includes; to developed our chain value, to increase awareness in order to improve together with our suppliers and including them to our responsible production process:

Strategic alliance



PRODUCT SAFETY

The chemicals used during the production of our products, which were produced for Boyner group brands, are controlled and monitored as part of responsibility for our community, environment, and our customers. **In order to maintain the safety of our products, we are operating a third party, cooperating with an expert lab and providing procurement principles with chemical tests.**

We provide necessary measures about chemical safety under the commitments and/or contracts. These measures are also designed in accordance to our responsible purchasing principals to provide safety of the products that we offer to our customers in our multi story stores and in our special brands.

We provide consultancy through our sustainability department to our suppliers about the regulations they need to be harmonized and the in the areas of compliance.



Boyner Group Supply Chain Women Entrepreneurs Empowerment Program

We perform social compliance audits on the companies in our supply chain. With the 180 criteria in our audit we consider if there has been discrimination against women in the workplace, including working conditions, wages, social rights, pregnant and breastfeeding women, working hours and working environment, and we ensure legal compliance.

In the last quarter of 2014, in parallel with our "comprehensive supply chain" approach, we initiated to build our cooperation with International Finance Corporation (IFC) in order to increase the capacities of the female entrepreneurs within our supply chain. As a result, we established **Boyner Group Supply Chain Women Entrepreneurs Empowerment Program**

Within the scope of this program we started identifying women entrepreneurs in our supply network. In December 2014, in partnership with IFC, we worked to find women entrepreneurs in management, as well as identify women's leadership skills, organizational capacity of institutions, support the requirements of management based on their own definitions. A needs assessment analysis of this program was undertaken.



In 2015, immediately after the completion of the needs assessment study, women entrepreneurs were selected from the Boyner Group Supply Chain for education, counseling, and individual and institutional capacity building programs such as mentoring and networking.

Good for Business: A Program to Empower Women Entrepreneurs in Boyner Group Supply Chain continued between May-August 2015. 17% of companies, which are part of Boyner Group supply network, are registered to female employees, and 14% of these companies have female bosses. In this program, there are women entrepreneurs who are both owners and managers.

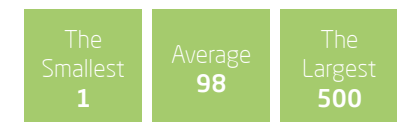
23 women from 20 companies participated in Good for Business, in 2015.

Women Suppliers Joining "Good for Business" Program:

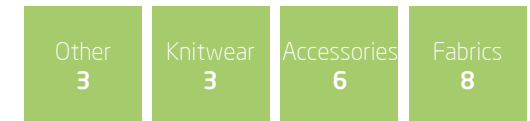
Companies' connections with BoynerGroup based on the years



Scales of the participating companies based on number of employees



Types of the joining companies based on their products



A 12 weeklong project was designed to develop social, financial and business talent of women entrepreneurs.

Topics covered in the program;

- Strategic Planning
- Product Development
- B2B Marketing
- Leadership
- Communication
- Human Resources
- Social Compliance
- Finance

The program was designed by IFC with the "Business Edge" methodology that is used in SME training. The entire program was revised according to the principles of gender equality and with a women empowerment perspective. Moreover, in this 12-week period, several organizations held inspiring meetings with guest speakers, meetings with financial corporates, women bankers, and network and introductory meetings with export brands. In addition, there was a Supplier Fair organization.

Participants in the projects are as follows;

- Pioneering Banks in women bankers such as Garanti Bankası, Şeker Bank, TEB.
- Boyner Group Supply Teams, H&M, Li&Fung and WEConnect Turkey in Buyer meetings.
- Inspiring guests and companies and corporates which holds dynamics such as Arya Women Investment, Boston Consulting Group (BCG), International Labor Organization (ILO) Women Entrepreneurs Association of Turkey (KAGİDER), and a social entrepreneur program Befit.

Special vendor fair area for women suppliers

Within the program for women entrepreneurs, from our supply chain, who are participants in Good for Business, the expectation is more than just their work for Boyner Group; we support the development of their capacity and provide them with new opportunities.



Within the saturated program of our equal opportunity and improvement policy, we organized "Buyer Meetings" in order to put together companies that operate global purchasing and production with our suppliers. We organized the end of the Good For Business program with a fair that provides women suppliers to reach outside Boyner opportunities. Women suppliers in our supply chain, had an opportunity showcase their products for a full day to the teams that product for global brands, and they developed business associations.



The Project is a Global Model!

- *Boyner Group became "A Good Model" with Good for Business, in UNGC- Supply Chain Sustainability Meeting (2015/ New York)*
- *Boyner Group became "Good Model" with Good for Business, in UN Women- Women Economic Empowerment Meeting (2015/ Berlin)*

In New York 2015, Boyner Group was the first and the only representative from Turkey to introduce "Good For Business" program as a model at UN Global Compact Sustainable Supply Chain Council conference.

Boyner Group, signed the UN Global Compact in 2012, was elected to Sustainable Supply Chain Council Board, and became the first and only company to be elected to Global Advisory Council. At the same time, we are the president of the same council group in Turkey. For three years, "Sustainable Supply Chain Council Group" has been working to identify good practices in order to expand the sustainability of supply chain in private sector.

In 2016, Boyner Group is going to present our project "Good for Business" which works to empower women in supply chains, as a "good model" at the annual meeting of Women Empowerment Principles (WEPS).

OUR TARGET IN 2016

In September 2015, an independent researcher started an evaluation, through February 2016, of Social Effect Analysis. After that, in 2016, we will establish the second year operations of the program following the result of the analysis and what we learned from the project in the first year. This year, we will continue the second part of the program with the participation of women entrepreneurs in our supply network. Moreover, taking the year 2014 as basis, we will follow the financial results of the program by observing the financial growth and new customer relation of the participants' companies of each program. *We aim to succeed in this program not only for women entrepreneurs but also for the growth of the business.* All our observation programs including effect analysis were designed with links to financial tools. Our effect analysis will initially be presented at the United Nations Global Compact-Women's Empowerment Principles 2016 Annual Event on March 15-16 in New York.

CONTRIBUTION TO SOCIETY



Pomegranate Arils: Stronger Young Women, Happier futures

Güçlü genç kadınlar, mutlu yarınlar.

Originating in 2009, our project, **Pomegranate Arils: Stronger Young Women, Happier Tomorrows** is being coordinated by the Ministry of Family and Social Policies and Boyner Holding and its subsidiaries. The project receives technical support from the UNFPA, General Directorate of Child Services (GDSCS), and the Human Management Association of Turkey (PERYÖN) and in cooperation with Family Health and Planning Foundation of Turkey (TAPV).

This project aims to promote the continuing education of young female high school graduates, age 18-24, who grew up in orphanages and are exposed to social and economical discrimination. The project teaches them how to be ready for the business market by developing their skills and personal development. Moreover, it works to contribute to a solution of problems caused by gender discrimination and establish a mentoring system with socio-economical guidance.



The transformative mentoring, which has been applied for the first time in Turkey, takes into account the psycho-social situation of disadvantaged groups, their motivation, their conditions and their skills. The group that we work with includes those who have difficulty in life and no support mechanisms. Long-term support is given in this project. The Pomegranate Arils that we work together have been subjects of transformation and have become positive models in their environments. At the same time, with the help of professional members in the orphanages, the project was aimed to reach to a larger group.

This project aimed to accommodate the youth, to provide gender equality, and to prevent discrimination of disadvantaged groups. **Pomegranate Arils**, which is the first empowerment-based project established by the private sector applied in orphanages. The project has two terms, 2009-2012 and 2013-2015.

Our "Pomegranate Arils" life changes

Between 2009 and 2013, 162 young women received 15 daylong training and yearlong mentoring support across Turkey. In 2015, 77% of the total young women involved joined had joined the business world, while 10% of them are still continuing their education and 13% of them are actively searching for a job.

Between 2013 and 2015, with the experience from the first term of the project, we organized training programs for team members (job members, group and house responsibilities and care members) working in the Child and Care Houses operated by General Directorate of Child Services, in order to develop their skills for supporting the personal development of the youth cared for in these houses.

As a result of these training programs, we aimed to promote these team members to encourage the youth who are under the care of the institution to discover their skills and support them in getting education according to their skills and interests. In addition, we aim to establish an observation and evaluation system for the lives of the youth under caretaking during their time in the institution and later. We aimed to provide support for the youth staying in the Child and care Houses operated by GDCS with the following:

- Knowing themselves,
- Personal and psychological development,
- Socialization & acceptance by community,
- Taking responsibility and becoming an individual,
- Development of values,
- Continuous education and academic success,
- Higher education in accordance to interests,
- Getting ready for business life through trainee opportunities,
- Receiving counseling for job selection,
- Reaching the correct information, source, and role models

Cooperation with local governments in four pilot provinces - Sivas, Diyarbakır, Bursa and Samsun- where studies for **Child Empowerment Program** are ongoing have accelerated the project.

In 2015, through the long-term training for the personnel of the institution and later for the trainers, we aimed to transfer the model developed by Pomegranate Arils project to the General Directorate of Child Services. Through this channel, we aim to reach all the children under protection of the state in Turkey. Training for the trainers, materials to be used by trainers, and the first pilot programs were completed in 2015. Within the scope of the project a distant training was provided for the participants who attended the training in the second term. Enocta distant learning platform sponsored the distant training.

Pomegranate Arils -Distant Learning Platform

In 4 provinces preset in 2013-2014 period of the project and focusing on needs analysis and training programs, implementation of Pomegranate Arils - Enocta distant learning platform was started in 2014 including various task groups and 91 select participants. The Joint work Launched in July 2014 was carried out in 2015, and it is projected to continue until the end of 2016.

Breakdown of distant learning participants by provinces:

Bursa	Diyarbakır	Samsun	Sivas
%24	%22	%37	%17

Titles of the trainings offered by the Pomegranate Arils - Enocta distant learning platform:

- Body language
- Communication Starts with Understanding
- Techniques for Coping with Stress
- Stress Management for Employees
- Bodily Techniques for Coping with Stress
- Maintaining Healthy Relations
- Mental and Emotional Cooperation
- Anger Management
- Management of Motivation
- Focusing on our Strengths
- Methods to Cope with Depression
- Conflict Resolution (for Managers)
- Conflict Resolution
- Effective Problem Solving
- Problem Solving Techniques
- Coping With Difficult People
- Today's Leaders
- Personal Impression for Impact in Professional Life
- Professional Attitude in Business Life
- Negotiation Skills
- Decision Making
- Fundamental Coaching Skillset
- Coaching with Challenging Questions

The social effect analysis of the project in the second term will be prepared by Assist. Prof. Elif Gökçeşlan Çiftçi from Hacettepe University. Social effect analysis will be completed in March 2016, and will be shared with the Ministry and the community. In addition, there will be "A Guidebook for Appliers." The project will share the information and the model chiefly with the Ministry, the institutions and projects that support gender equality and work with disadvantaged groups. In 2016, the project will be passed on the Ministry with all its materials and information.

PROJECT PUBLICATIONS

Pomegranate Arils: Many supporting publishing involving the information of activities of the project were established. "Sociological Evaluation Report" which analyses the years of the project between 2009 and 2012 prepared by sociologist Nihan Bozok. The report contains both the analysis of goals of the project and the details of the mentoring process. **Project partners also used the report, which was prepared based on the interviews with mentors and Pomegranate Arils, in order to plan the further years of the project.** Moreover, within the project, in 2011, an education document called "Pomegranate Arils Training Manual" was organized.

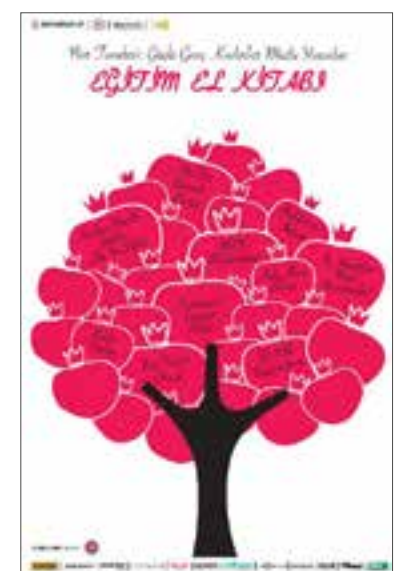
In 2014, "Pomegranate Arils Career-Planning Manual" was organized. Prior to the onset of 2nd term studies, the project issued the publication entitled "Career Planning Manual" which is required particularly by the population of high school age and used by the people dealing with this age group and likewise accessible via the website. This manual was sent to the organizations under GDCS.

Planned publications for 2016;

Within the scope of Pomegranate Arils, the operations in 2015 including the project of "Social Effect Analysis" and the publishing of "Pomegranate Arils Career-Planning Manual" will be shared in 2016 with project shareholders.

For Project publishing:

<http://www.nartaneleri.com/>



YUVARLA (ROUND UP)

In 2013, the project called "Yuvarla" (Round Up) was established through digital channels such as www.network.com.tr, www.divarese.com.tr, www.fabrika-tr.com and www.boyner.com.tr. Since its inception, Yuvarla has served as a conceptual model for Turkey's nongovernmental organizations. Yuvarla has provided support for nongovernmental organizations dealing with education, youth, health, gender equality, and environment. With Yuvarla project, our goal is to expand the value created by our customers, and create a value for the whole community.

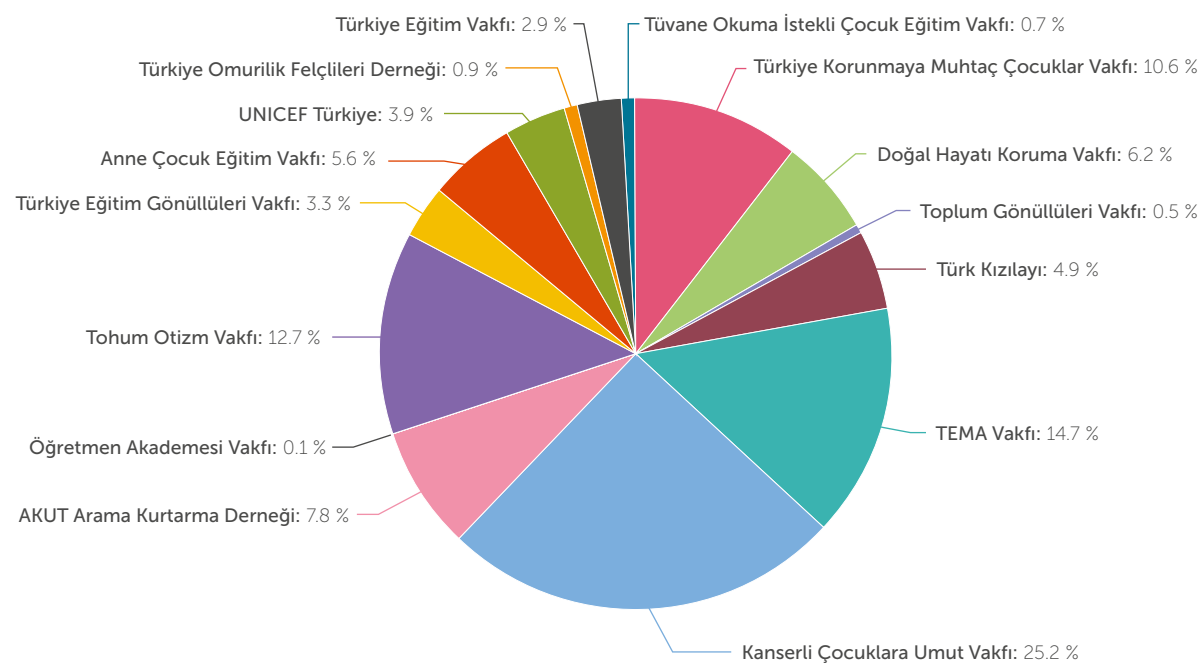
Our customers "Rounded Up" 24 thousand and 174 times.

With "Yuvarla", we offered our customers a chance to support nongovernmental organizations. After finishing their shopping, our customers, if they wish, could round up their total purchase and easily support whichever nongovernmental organization they wished.

When Yuvarla started in 2014, a total number of 24,174 charitable donations were made in 2015 by supporting the charitable donation culture through our digital channels.

The chart below shows the donations from

www.boyner.com.tr
www.network.com.tr
www.divarese.com.tr
www.fabrika-tr.com
 via Yuvarla in 2015.



İYİLİĞE DÖNÜŞTÜR - CYCLE INTO FAVOR

56 tons of clothes were turned to goodness by our yearlong project "Cycle into Favor" with the participation of our employees and our customers!

With the project of "Cycle into Favor" hosted by Boyner and YKM Stores, our initial goal is to provide our customers re-usage/recycling of our own and other brands of products in the retail textile sector. In Boyner and YKM stores we announced a program for recycling unused textile products from our customers. We announced to our customers and employees, in the press, social media, in our stores that with this program we would reduce waste by recycling and reusing.

Consumed materials can regain value even if they are not recyclable. Materials seen as trash and a scrap could be recycled as an added value. Therefore, we aspired to add value to the textile waist.

In this respect, we planned this project with the cooperation of Lokman Hekim Health Foundation and utilized their experience in gaining sources from waste projects.

Within the scope of Turn it to Goodness project, the unused products brought to our stores by our customers were collected, and sent to the depot of Lokman Hekim Health Foundation in Gebze. In Gebze, the products were sorted out according to the categories below:

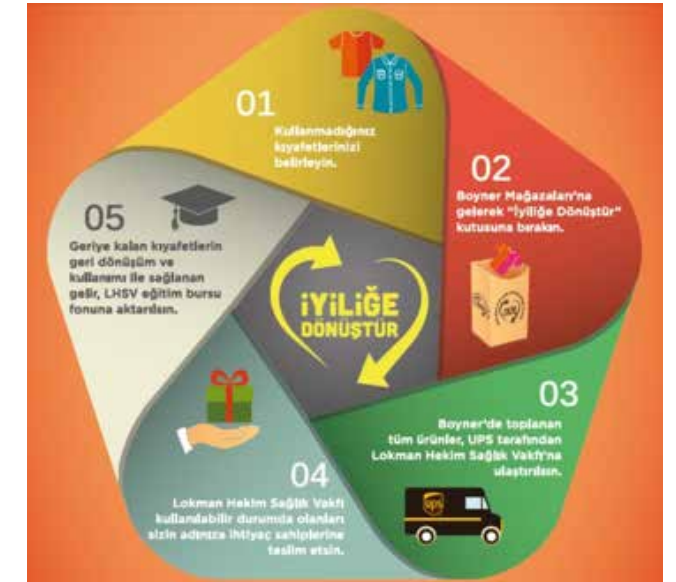
- Clothes in wearable/usable condition
- Non wearable/not usable with 100% organic raw material
- Non wearable/not usable with nonorganic raw material

With the cooperation of Lokman Hekim we decided how to make the products in these categories valuable (according to social and environmental benefits).

Cycle into Favor project, with its recycling system, provides both a large amount of support to the environment, and an income to our project partner Lokman Hekim Health Foundation's scholarship.

With the help of our customers who brought to Boyner and YKM stores their unused clothes they wished to give away, wearable clothes are transferred to the ones in need while non wearable ones are recycled instead of being turned into a waste.

With the active participation of our customers, in this campaign, we strengthen the project model, which is sustainable, constant, economical, social, and environmental with our cooperation. Our collection boxes placed in our stores, and the depots of Lokman Hekim were filled up from the first day of the project.



Since this project started in October 2014, 3,771 packages of clothes were collected with the help of our customers as a result of our invitations in 2015.

- In 2015, 4,769 items of clothing were delivered to the needy by the agency of Lokman Hekim Foundation.
- 4,100 kg of clothes were separated for recycling.
- 13,064 items of donated clothes were sold.
- Income profit of Lokman Hekim Foundation from charity sales and recycling raw material is 34,800 TL. This profit was transferred into 10 month long scholarship of 20 medical students.

By this way, with the help of Cycle into Favor project, we achieved various social benefits

Cycle into Favor was Honored!

In 2015, Boyner was awarded for "Cycle into Favor" by ÇEVKO's Yeşil Nokta Sanayi Ödülleri (Green Point Industry Awards) under The Major Business category. At the same time, our project was awarded "Effective" in the TİSK Corporate Social Responsibility Awards.



BOYNER GROUP VOLUNTEERS ("BGV")



Boyner Grup Gönüllüleri

"Boyner Group volunteers is a corporate team with passion for business, voluntarism, and charity"

We are an exciting, passionate, and ambitious organization, which provides social benefits by making life more colorful. We are a contributing corporate partner with the responsibility of targeting and contributing to social and environmental problems with innovative, courageous, proactive, and creative approaches.

Since 2002 Boyner Group Volunteers (BGV) has been contributing to resolve social problems through projects and activities in the subject fields that are decided each year.

Our volunteers promote corporate responsibility and sustainability by ensuring that our stakeholders participate in their organizations. Boyner Group Volunteers create their projects by giving shape to their activities and campaigns under the titles of support to needed social inclusion of disadvantaged groups, fund raising, increasing motivation, support for non-governmental organizations, and improvement of environmental awareness and strategic philanthropy.

Under the framework of corporate development, Boyner Group Volunteers (BGV) keep their own database to measure the social contribution and impact of all activities and projects carried out within the year.

The database also keeps records on the fields of interest of our workers and subjects they would like to act on as volunteer thus determining the personal interests and volunteer supports that may offer, it gives us the opportunity to describe developmental areas directed to improve the volunteer involvement.

In 2015, BGG continued to volunteer in areas including: supporting disadvantaged groups, health, education, animal rights, and encourage-motivation.

Moreover, in 2015, with the cooperation of Private Sector Volunteer Foundation, our volunteer employees participated in the "Vocational School Coaching Program." Our volunteers offered coaching and mentoring to 26 students for the years 2015-2017, and started several projects with these student partners. In 2016, our goal is to expand the support and benefit area of this project for the students.

Furthermore, in 2016, we aim to establish new communication campaigns and new systematic structure for the Boyner Group Volunteers.

BULUŞUM

In 2015, Boyner Foundation designed Buluşum as a web-based platform, which supports social entrepreneurs and aims to expand strategic donating. In Buluşum, our goal is to organize projects for social benefits with the support of "el veren" (donators).

Through this digital platform, Buluşum gathers ideas and projects that promote social development while supporting people and institutions, and it will continue its operations in 2016 for everyone who has a project and a work plan to benefit society. We will support Buluşum through our social investment program, and we will pioneer organizing new social enterprises.

www.bulusum.biz



Report contact info;

Boyner Perakende ve Tekstil Yatırımları A.Ş.

Eski Büyükdere Cad. Park Plaza No:14 Kat:15 - 16 34398 Maslak / İstanbul Boyner. For more information on Retail Sustainability Report please contact to Aysun Sayın, Corporate Social Responsibility and Sustainability Department / asayin@boynergrup.com

Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

United Nations Women’s Empowerment Principles References

1.

Establish high-level corporate leadership for gender equality

2.

Treat all women and men fairly at work - respect and support human rights and nondiscrimination

3.

Ensure the health, safety and well-being of all women and men workers

4.

Promote education, training and professional development for women

5.

Implement enterprise development, supply chain and marketing practices that empower women

6.

Promote equality through community initiatives and advocacy

7.

Measure and publicly report on progress to achieve gender equality



BOYNERGRUP



CORPORATE GOVERNANCE COMPLIANCE REPORT

CHAPTER 1 - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

As a well-established entity with a strong corporate foundation, Boyner Group strictly respects corporate governance approach as it is considered to be a key to continued successful business practices. Boyner Retail and Textile Investments (Boyner Perakende ve Tekstil Yatırımları A.Ş., the Company) ("Company" or "Boyner Perakende" or "Group") equally protects interests of its shareholders and all other stakeholders and aims at maximizing its market value.

In fiscal period 2015, compulsory principles among the Corporate Governance Principles enclosed to the Capital Markets Board's "Corporate Governance" Communiqué Nr. (II-17.1) were rigorously followed, while non-compulsory ones were mostly adopted by the Company. In this regard, the studies implemented during 2015 for the purpose of further enhancing compliance with Corporate Governance Principles are briefly mentioned in related chapter.

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 principles that differ with the current market and company structure. We are still working on the principles we have not yet implemented and the plan to incorporate them after completing administrative, legal and technical infrastructure work in our Company in a manner that effectively contributes to company management.

Corporate Governance Principles Compliance Report 2015 was drafted following the unique format introduced in the Board Bulletin dated 27.01.2014 Nr.2014/2 of the Capital Markets Board.

Principles, other than those currently being implemented, not applied do not result in a conflict of interest among stakeholders.

Non-cumpolsory Corporate Governance Principles Which Have Not Yet Adopted By Our Company

Explanation that have to be declared by our Company as per Article 8 of CCG related to the non-adopted noncompulsory Corporate Governance Principles, are principally stated herein below:

- 1.3.10. Our Company has not yet drawn up a "Policy on Donations and Aids" nor submitted it for the approval of the general assembly. However, at the Ordinary General Assembly Meeting in 2014 information was given on donations and aids granted within 2013 under a separate point of the general assembly's agenda and the donation limit for 2014 was decided. In this scope, implementation of donations and aids are foreseen without any restrictions about the organizations to be supported.
- 1.3.11. General Assembly meetings are open for public attendance. Stakeholders and media are allowed to watch the meetings. However, there is no provision on this matter in our articles of association.
- 1.5.2. Our Company acts with due diligence to ensure minority rights are exercised in accordance with the provisions of the Turkish Commercial Code. Although it is not clearly regulated

by the articles of association, the independent structure of board of directors and the right of voting and principles of e-general assembly as per provision of CMB were specified in our articles of association and thus voting rights were ensured in accordance with the provisions of the Turkish Commercial Code. Although the right to request a special auditor is not regulated as a personal right to our articles of association, under the Article 438 of the Turkish Commercial Code and in order to exercise their rights appropriately, when they deem necessary, each shareholder is entitled to ask the general assembly for clarification on certain instances through a special audit, even if this is not part of the agenda, or in case they had previously used their rights to request review the relevant information. In 2015 shareholders did not ask for such an audit.

- 2.1.3. As our company is in the 2nd Group as of 2015, explanations in English in exceptional cases are made on the following day. In addition, financial sheets and annual report in English are made available in the shortest time via the official website.
- 3.1. There is no special compensation policy for company employees. Employees receive their compensation according to their legal rights.
- 4.2.4. Studies on the effectiveness of risk management and internal audit systems are ongoing.
- 4.2.5. The chairman of the board and the general manager of our company are two separate persons. A clear differentiation of their authorizations and statement of this distinction in written in the articles of association and will be comprehensively handled in the next period.
- 4.4.5. It is not stated in written form by in-house regulations how to hold the meetings of Board of Directors. Compliance with this principle will be comprehensively handled in the next period.
- 4.4.7. Our members of the Board of Directors are trusted by based on their careers, their competencies, and their essential contributions within the principles of confidentiality. No restrictions were introduced regarding the duties of the board members outside the Company and likewise, in the general assembly, the intra-group and non-group duties assumed by the candidate members. Because of important contributions by independent board members to the Board of Directors, there is no need for such restriction.
- 4.5.5. Board of Directors consists of 9 members, and 3 Independent Board members. Committee assignments are based on the experience and knowledge of our board members. Assignments are based on current regulations and some of our board members are assigned to more than one committee.
- 4.6.1. Our Company's Board of Directors and senior managers have determined the remuneration policy, and the remuneration of senior executive management is parallel to the performance of the Company, its long-term sustainable and improvement based on performance beyond just the financial field.
- 4.6.5. General Assembly determines the benefits and fees for our Company's Board of Directors and senior managers. Moreover, the financial statements of our Board members and senior executives are publicly disclosed to the public in accordance to general practice.

CHAPTER II - SHAREHOLDERS

2.1. Investor Relations Department

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 is granted Capital Market Activities Advanced Level License and Corporate Governance Rating Expert License by the Capital Markets Board and at the same time she is a member of our Corporate Governance Committee. She is also in charge of coordinating the fulfillment of Company with its liabilities arising from the Capital Markets legislation and corporate governance applications.

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

Name Surname	Duties
Taliye Yeşilürdü	Investor Relations Unit Manager
Dilge Aşut*	Investor Relations Unit Attendant

* As of January 12, 2015, Dilge Aşut, a full time employee of our Company, has been assigned as Officer in Charge of Investor Relations Department and the necessary statement was carried forward to public disclosure platform.

The Corporate Governance Committee monitors the operations of this unit, 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.

Investor Relations Department operates directly under Mr. M. Türcay TATAR, a Board member, and the CFO. Investor Relations Department submits a report to the Board of Directors, once a year minimum, pertaining to the activities carried out. Investor Relations Department submitted its Activity Report-2015 to the Board of Directors on March 7, 2016.

The Investor Relations Department is responsible for informing the shareholders and prospect investors about the Company's operations, financial status, and strategies; excluding confidential information and trade secrets and without leading to information inequality. When required the Investor Relations Department takes opinions of other departments and coordinates other units and managing the bidirectional communication between the shareholders and the company managers.

The department has answered over 300 inquires over the telephone or through e-mails over the year. Maximum care must be taken when meeting the requests of the customers.

2.2. Exercising Shareholders' Right to Information

No discrimination takes place against shareholders if they choose to exercise their rights to obtain and inspection information, with the exception of trade secrets, all information is shared with shareholders. All questions brought to the attention of Investor Relations Department, excluding confidential information and trade secrets, are answered over the telephone or in written form after discussions with the most authorized person in the field.

Our Company's website has a separate section entitled "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 a material impact on the use of shareholding rights.

Although the right to request a special auditor is not regulated as a personal right in our articles of association, under the Article 438 of the Turkish Commercial Code and in order to exercise their rights properly, when they deem necessary, each shareholder is entitled to ask from General Assembly for clarification of certain instances through a special audit even if this is not involved in the agenda in case they had previously used their rights to take information and to inspect. In 2015, shareholders did not ask for such an audit. Moreover, an Independent Auditor appointed by the General Assembly periodically audits Company operations.

2.3. General Assembly

The agenda of General Assembly meeting of our Company was declared on March 11, 2015 and the annual Ordinary General Assembly Meeting was held on April 2, 2015 at 12:00pm at the headquarters of our subsidiary Boyner Büyük Mağazacılık A.Ş. residing at the address of Büyükdere Caddesi USO Center Binası No: 245/A KAT: B01-Z02 Maslak- Şişli/İstanbul.

Invitation to the General Assembly meetings is done by the Board of Directors in accordance with provisions of Turkish Commercial Code (TCC), Capital Markets Law, and The Articles of Association of the Company. On the day the resolution is made by Board of Directors to make a General Assembly meeting; necessary statements are carried forward to advise the public via the Public Disclosure Platform and the Electronic General Assembly System. In addition, methods stipulated by the legislation, in a way to ensure coverage for greatest possible number of shareholders, announcement of any General Assembly meeting is posted on our website (www.boyner-perakende.com) 21 days prior to the General Assembly meeting, at the latest.

Before any General Assembly meeting, documents related to the points of the agenda are announced for public information following legal procedures and legislation in all notifications. Three weeks before the General Assembly meeting and within the framework of the agenda points of the General Assembly, the annual activity report, financial statements, corporate governance compliance report, proposal on distribution of dividends, independent auditing report, amendment proposals to Articles of Association including the former and new versions wherein changes are adopted -if any amendments will be made to the Articles of Association-, Remuneration Policy, Dividend Policy, and CVs of candidate members of the Board of Directors, including the independent ones, are made available at the Company headquarters and website ensuring easiest access for examination of the shareholders. In addition, informative documents about the agenda points provide a detailed explanation for individual agenda points and other information anticipated in the principles for the General Assembly meetings are offered to the investors.

CHAPTER III - PUBLIC DISCLOSURE AND TRANSPARENCY

Accordingly, the call to meeting, including the power of attorney template and meeting agenda, was published on March 11, 2015 through the Public Disclosure Platform, Electronic General Assembly System, Turkish Trade Registry Gazette and a national newspaper as per the provisions of the legislation and the Articles of Association.

Ordinary Assembly Meeting convened on April 2, 2015 through electronic means with a quorum of 89.7% since total 35,874,230,842 shares out of 40,000,000 shares equal to total company capital of TRY 40,000,000 were represented at the meeting. Only shareholders attended the meeting; other stakeholders and media did not participated. The shareholders at the aforementioned meeting submitted no proposals for the agenda.

For the ease of participation, our General Assembly meetings are held in the headquarters of our subsidiary, Boyner Büyük Mağazacılık A.Ş., and making use of Electronic General Assembly System (EGAS). The venue of General Assembly meetings is planned to enable participation by all shareholders.

Furthermore, the power of attorney template for the shareholders who are represented with a power of attorney in the General Assembly meeting is made available on our website and in the newspaper. Minutes of the meetings are accessible through our website, as well as through EGAS and PDP. Likewise, the minutes are available at the company headquarters for the examination of our shareholders and given to those who makes requests.

Shareholders are entitled to express their opinions and ask questions at the General Assembly Meetings. But our investors at the meeting directed no questions.

The wage policy was explained to the shareholders as an individual agenda item on General Assembly Meeting dated April 2, 2015 and the shareholders were offered to discuss the policy. The wage policy issued for this purpose is available on the company website.

As a separate point added to the agenda of the General Assembly Meeting, information was given to shareholders on donations and aids granted within 2015 and the donation and aids upper limit for 2015 was decided to be 0.05% (five per ten thousand) of the Company's turnover in 2014.

2.4. Voting Rights and Minority Rights

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.

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.

There is no provision set forth in our Articles of Association, which anticipates or hinders the representation of minority in the management or which defines the minority as less than one-twentieth of the capital.

2.5. Dividend Rights

There are no company shares, which are privileged in terms of receiving dividend and having a say in company management.

At the Ordinary Assembly Meeting convened on April 2, 2015, financial statements belonging the year 2014 prepared as per the CMB Communiqué and the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) indicate that the profit amounts to 225,956,139-TL and also the financial statements issued on the basis of Tax Procedural Law indicate that the loss amounts to 189,501,590,30-TL; thus the Board's proposal of not distributing dividends and adding 189,501,590,30-TL to the previous year losses and approval of dividends distribution table; and dividends distribution table agreed.

Our dividend policy revised as per the new Capital Market Legislation has been approved by our shareholders at the Ordinary Assembly Meeting dated March 27, 2014 and is available online on Company website. Our dividend policy is also included in the Company activity report.

2.6. Transfer of Shares:

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

3.1. Corporate Website and Its Contents

The Corporate website of Boyner Perakende ve Tekstil Yatırımları A.Ş.; www.boynerperakende.com 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 Boyner Perakende ve Tekstil Yatırımları 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 has been prepared in Turkish as stipulated by the Corporate Governance Principles of the CMB and, bearing in mind foreign investors, most of the content in Turkish is also available on the website in English.

The Company Disclosure Policy updated as per the Capital Markets Board Communiqué Nr. II-15.1 on Exceptional Cases as well as the "Guidance on Exceptional Cases" was approved by the Corporate Governance Committee and adopted at the meeting of the Board of Directors dated July 14, 2014 and the former official website address www.altinyildiz.com.tr was changed in parallel with our new title to become www.boynerperakende.com. Similarly, the website of the company was reviewed to introduce any necessary revisions in terms with full compliance with the Corporate Governance Principles.

3.2. Annual Report

Boyner Perakende ve Tekstil Yatırımları A.Ş. Annual Report provides all the information required as per the applicable Communiqué of the Capital Markets Board and the Corporate Governance Principles. Activity reports, prepared in detail, are available on line in www.boynerperakende.com website.

CHAPTER IV - STAKEHOLDERS

4.1. Disclosure to Stakeholders

Attention is paid strictly to notify all of the Company's stakeholders, including shareholders, employees, creditors, customers, suppliers and all potential investors 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.

Information flow to employees is maintained together with various organizations, meeting regularly with the managers and via the intranet. Certain important announcements and messages are forwarded through e-mail to all employees.

Stakeholders may elevate any transaction which they think consider illegal or unethical to the attention of Boyner Group Council of Ethics Corporate via Governance Committee or Audit Committee. The review and finalization of any complaints concerning the accounting, internal audit and independent audit of the company; and the evaluation of notifications from company workers concerning accounting and independent audit are carried out by the Audit Committee with respect to the principle of confidentiality.

4.2. 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 the 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. No company employee is a member to any trade union, except for some workers of a subsidiary, Altınyıldız Tekstil ve Konfeksiyon A.Ş.

Corporate Responsibility and Sustainability (CRS) Department organizes the required communication groups and meetings in order to ensure participation of internal and external stakeholders in decision-making mechanisms and to receive the opinions and recommendations of the same. In this regard, communication is managed by the CRS department details of which can be found in the sustainability chapter of the activity report.

Under the heading "participation in management" of the "Boyner Group Work Principles" booklet, employee participation in the management was converted into a written form.

CHAPTER V - BOARD OF DIRECTORS

4.3. 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 detail on "A Glance at Boyner Perakende" 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.

In the "Boyner Group Work Principles" booklet, policies and practices of Human Resources were converted into written form.

During the recruitment process, the candidates are extensively informed about their anticipated tasks and human resources procedures. Human resources procedures after the recruitment are integrally managed ensuring the participation of employees.

For the purpose of achieving the group strategies and specified company targets in this direction, Boyner Group has a performance management procedure so that the entire management team can properly guide employees and focus on employee and corporate development through continual feedbacks. Performance management is a fair process where the Employee and their manager may together identify goals and skills, which are required by the current role of the relevant person and would contribute to the targets of the company. Mid-year and end-of-year performance evaluations are mutually negotiated and also shared with the human resources department.

Hence, our company features a fair performance evaluation system. A core values of Boyner Group, competencies key to any position, and work targets are evaluated by this system.

Employee representatives are taking part in the Occupational Health and Safety Committee acting to establish welfare and wellbeing of our employees. Employee representatives are assigned upon approval of our workers and they have full authority in bringing the complaints and suggestion of our employees to the attention of the Committee and in the formation of Committee resolutions.

Human resources processes over Boyner Group involves studies to ensure standardization and productivity.

Occupational Health and Safety

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

In addition to the trainings on Occupational Health and Safety, we keep our employees informed through the "handbook on pleasant and healthy working environment" to which they can refer for practical information. Details of the works performed in the field of Occupational Health and Safety are given in the sustainability chapter.

4.4. Ethical Principles 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 happiness 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.

"Boyner Group Work Principles" were converted into written form and is communicated to the Boyner Group workers as a booklet. "Group Values and Working Principles" are also available for public access on Boyner Group website.

Council of Ethics

Each Boyner Group company as well as Boyner Perakende ve Tekstil Yatırımları A.Ş has Councils of Ethics set up to analyze any warnings, complaints or denunciations related to violation of Boyner Group Work Principles or the law and to make the necessary assessments.

In the case of any condition or event considered unethical, employees may raise a complaint before the council of ethics in their company will be informed about the situation. In an attempt to resolve the situation, initially verification investigation shall be conducted. When verified, details of the internal inquiry shall be saved under the reporting system. In order to help the employees of Boyner Group companies report on any ethical issues or conditions, e-mail addresses were generated for each company's Council of Ethics creating a communication channel employees can use should they encounter any unethical situations. The Council of Ethics carries out an need analysis on those issues brought to its attention, and along with the verification attempts proposes various sanctions including dismissal in the event that violations are found. Issues that cannot be resolved by the concerned company's Council of Ethics can be settled by the Boyner Perakende Council of Ethics.

All applications elevated to the Boyner Perakende Council of Ethics in 2015 including those concerning the complaints raised by our employees pertaining to discrimination were finalized provided the required investigational and reporting studies. Council of Ethics has made decisions about the sanctions assessing what had been determined by reports of investigation.

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 institutions 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 the 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 works of our employees and financial support offered by our companies. Details of projects related to the contribution to society are available in 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 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 just a principle embraced for our Company performance, but it applies to our 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 manufacturing plant within our subsidiary operates in an organized industrial zone. The municipality assists use for solid wastes and the water treatment facility at the organized industrial zone is used for wastewater treatment. Details information about our environmental projects is available on sustainability chapter of our annual report.

5.1. Structure and Composition of the Board of Directors

Members of the Board of Directors are divided into two, namely executive and nonexecutive 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 elected by the General Assembly of Shareholders.

The majority of the Board of Directors shall be board member who do not have executive functions and who are not employed in another administrative position of the company except for being a member of the Board of Directors.

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 a minimum of 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.

In the 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.

As of 31.12.2015, details on our Board of Directors members and General Manager are as follows. The Board of Directors' Members is appointed for a period of three years under the resolution passed at the General Assembly Meeting dated March 28, 2013.

Name Surname	Title	Executive / Nonexecutive / Independent	Duties in Other Organizations
H. Cem Boyner	President	Executive	Intra-group - Boyner Holding A.Ş. - Chairman of the Board - Boyner Büyük Mağazacılık A.Ş. - Chairman - AY Marka Mağazacılık A.Ş. - Chairman - Beymen Mağazacılık A.Ş. - Chairman - Altinyıldız Tekstil ve Konfeksiyon A.Ş. - Chairman - BYN Gayrimenkul A.Ş. - Chairman - BR Mağazacılık A.Ş. - Chairman - Chairman of the Board in other Group Companies
Massimo Piombini	Member	Nonexecutive	Non-group - Valentino S.p.A., Commerce Director in Italy and Board member and/or Director in Valentino Group Companies
N. Ümit Boyner	Member	Nonexecutive	Intra-group - Boyner Holding A.Ş. - Board Member - Boyner Büyük Mağazacılık A.Ş. - Board Member - Beymen Mağazacılık A.Ş. - Board Member - Altinyıldız Tekstil ve Konfeksiyon A.Ş. - Board Member - Board Member in other Group Companies Non-group - Euler Hermes - Board Member - Unicredit SA - Advisory Board Member
Mustafa Türkay Tatar*	Member	Executive	Intra-group - Boyner Holding A.Ş.- Vice President and CFO - Boyner Büyük Mağazacılık A.Ş. - Group President - AY Marka Mağazacılık A.Ş. - Board Member - Altinyıldız Tekstil ve Konfeksiyon A.Ş. - Board Member - BYN Gayrimenkul A.Ş. - Financial Coordinator - Board Member in other Group Companies
Serdar Sunay	Member	Executive	Intra-group - Boyner Holding A.Ş. - Vice President - Boyner Büyük Mağazacılık A.Ş.- Board Member - AY Marka Mağazacılık A.Ş. - Board Member - Beymen Mağazacılık A.Ş. - Board Member - Altinyıldız Tekstil ve Konfeksiyon A.Ş. - Board Member - BYN Gayrimenkul A.Ş. - Board Member - Board Member in other Group Companies
Nur Mehmet İnal*	Member / General manager	Executive	Intra-group - Boyner Holding A.Ş. - Vice President - Boyner Büyük Mağazacılık A.Ş. - Board Member - AY Marka Mağazacılık A.Ş. - Board Member - Beymen Mağazacılık A.Ş. - Board Member - Altinyıldız Tekstil ve Konfeksiyon A.Ş. - Board Member - BYN Gayrimenkul A.Ş. - Board Member - BR Mağazacılık A.Ş. - Board Member - Member in other Group Companies
Tayfun Bayazıt**	Member	Nonexecutive / Bağımsız	Intra-group - Boyner Büyük Mağazacılık A.Ş. - Independent Board Member Non-group - Doğan Şirketler Grubu Holding A.Ş. - Independent Board Member - Migros Ticaret A.Ş. - Independent Board Member - TAV Havalimanları Holding A.Ş. - Independent Board Member - Board Member in other Group Companies excluding Stock Market

Name Surname	Title	Executive / Nonexecutive / Independent	Duties in Other Organizations
Elif Ateş Özpak	Member	Nonexecutive/ Independent	Non-group - Crescent Capital Advisory Limited - Turkey Representative - 11880 BN Telekom Haberleşme Ticaret A.Ş. - Vice President - Doğa Çevre Teknolojileri ve Mamülleri Makina Sanayi ve Ticaret A.Ş. - Chairman of the Board - Kuzeykaya Elektrik Üretim A.Ş. - Board Member - Modern İş Sistemleri Ticaret A.Ş. - Board Member
Sabri Metin Ar***	Member	Nonexecutive/ Independent	Non-group - Borusan Yatırım ve Pazarlama A.Ş. - Board Member - Türk Pirelli - Chairman of the Board - Canyon Venture Partners International Financial Advisors - Chairman Of General assembly - Columbia Hudson Ventures L.L.C. (Oregon/U.S.A) ve Reydel Automotive (Paris/Fransa) Board Member

* Pursuant to the resolution of the Board of Directors dated January 9,2014 replacing the Board Members Zeki ÇAPUTLU and Mustafa Yavuz SÖKÜN, who have resigned, Nur Mehmet İNAL and Mustafa Türkay TATAR were elected as members of Board of Directors, and it is resolved to present this election to the General Assembly for approval as per TCC Article 363. At the Ordinary Assembly Meeting convened on March 27, 2014, the appointments made for Board of Directors' Memberships and the predecessors be in charge until the end of their duty period agreed.

** Because of the resignation of our 6 year-long Independent Board Member Fethi PEKİN due to CMB's issued II-17.1 Corporate Governance Communiqué, our Board of Directors approved the duty of Tayfun BAYAZIT dated April 10, 2014 in accordance the report of Corporate Governance Committee, and by approval per in 6102 TCC Article 363, he was assigned as Independent Board Member until the first General Assembly and finish his remain assignment after the approval of the General Assembly. This assignment was approved on the general Assembly dated April 2, 2015

*** Due to our company being the 3rd party position, according to CMB's II-17.1 issue and 6.1 , two independent members were sufficient for the Board. According to the list in the article of CMB dated in January 13, 2015 and issue 2015/1, because of our company being in the 2nd party position, the number of our Independent Board Member was supposed to increase in 3. (1/3 of the total number 9 of the board members). Because of this reason, our Board Member Tuncay Toros resigned, and following the report of Corporate Governance Committee, on March 2, 2015, Metin AR was assigned to the related position with approval as per in 6102 TCC article 363, and this assignment was approved in the general assembly dated April 2, 2015.

Tasks undertaken by Mr. Tayfun Bayazit outside the Boyner Group are listed on page 158 our Annual Report.

In our company, separate individuals are charged as Chairman of Board and general manager/CEO. Attention is paid to ensure that Board Members are able to spare adequate time for Company affairs. There are, however, no restrictions to prevent their assignment in another task(s) outside our Company. Such a restriction is not deemed necessary, particularly taking into account that the work experience and field insight of independent members delivers an essential contribution to the Board of Directors.

Resolution of Board of Directors on April 28, 2014:

- Mustafa Türkay Tatar shall become Chief Financial Officer (CFO),
- Serdar Sunay shall be responsible for retail activities and investments,

all and each acting as an executive board member.

Our company has 3 independent members. Until June 19, 2015, total number of female members were three (33%) in our Board of Directors, however after this date the number of female members declined to two (22%). In Company's board of directors, neither a number nor a specific time have been determined for the percentage of female members, however, we are evaluating this.

The number of nominees for independent member offered to the Corporate Governance Committee, which holds duty of Nomination Committee, is 2. The statement of candidacy and resumes of the candidates were evaluated in the Corporate Governance Committee and in the General Assembly dated February 27, 2015 and elected as independent members. No issue related to canceling their membership has been observed during 2015.

Independency statements by our Independent Board members are given in the activity report under the section related to ordinary general assembly's agenda in 2014.

5.2. Operating Principles of the Board of Directors

The agenda of the meetings of Board of Directors is determined as follows: the relevant units notify the matters to Company's senior management and Board members provided that it is explicitly mandated in Articles of Association of the Company that those matters should be resolved by a Board decision. 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.

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

The Board of Directors shall meet as frequently as required by company activities. The Board of Directors ended up with a total of 41 resolutions in 2015, three made in meetings about strategic issues. In general, all members attended the meetings. During fiscal period 2015, no opposition occurred. The questions that arise during meeting are not recorded. The Board Members have not been granted weighted voting rights and/or veto rights.

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

In 2015, any related party transactions or any significant transactions were not present which were not approved by the independent members and therefore were needed to be submitted for the approval of General Assembly. Boyner Holding A.Ş affiliates/ subsidiaries hold a "Director Liability Insurance" also assuring the Board Members and Senior Managers with a coverage of USD 50,000,000.

5.3. 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 acts as Committee Chairmen. The Operating Principles of the Committees are approved by the Board of Directors and published on our website.

Board of Directors consists of 9 members, and 3 Independent Board members. Committee assignments are based on the experience and knowledge of our board members. Assignments are based on current regulations and some of our board members are assigned to more than one committee.

Board of Directors considers that the expected benefit was attained through the committee works.

The details of the Audit Committee Members are as follows.

Name Surname	Title in the committee	Education	Title in the Board of Directors
Tayfun Bayazit*	President	Bus. Adm.	Independent Member
Elif Ateş ÖZPAK	Member	Law	Independent Member

* On April 28, 2014, Independent Board Member Tayfun Bayazit was appointed as the Head of Auditing Committee. Table 2

Working principles of Audit Committee are declared on the company website. In 2015, the Audit Committee has submitted to Board of Directors its decisions in written about election of an independent auditor; its opinions regarding the correctness

and compliance of annual and interim financial statements to the facts and to the accounting principles adopted by the partnership

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	President	Law	Independent Member
Nazlı Ümit Boyner*	Member	Economics	Member
Taliye Yeşilürdü*	Member	Bus. Adm.	-

* On April 28, 2014, Nazlı Ümit Boyner and Taliye Yeşilürdü, manager of Investor Relations Department, were appointed as committee members of Corporate Governance Committee.

Working principles of the Corporate Governance Committee are declared on the company website. The committee reviews the corporate governance practices and Corporate Governance Principles Compliance Report and coordinates studies of investor relations department. Also functions as a Nomination Committee and Remuneration Committee.

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	President	Law	Independent Member
Sabri Metin Ar*	Member	Bus. Adm.	Independent Member

* Base on the Board's decision of August 6, 2015, S. Metin Ar was appointed to the Early Risk Assessment Committee after the resignation of Lerzan Boyner.

Early Risk Assessment Committee works to ensure early detection of risks, which may endanger the existence, development, or future of the Company; to implement necessary precautions regarding the detected risks and to manage risks. Working principles of the Committee, which meets 6 times annually to make decisions, are declared on the company website.

5.4. 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.

Configuration of an internal audit unit within the company has been completed, and it is functioning in coordination with the Group companies.

As a part of the efforts made for conducting a more systematic process of early determination of risks threatening the company, a risk department has been established at the Company for classifying risks, determining possibility and their impacts, actuality and monitoring risks on the basis of all group companies.

The Risk Department is ongoing with its efforts to establish a risk management system within the Group companies. The Risk Department undertakes Risk Management and Reporting in coordination with other units and reports to CFO. Main risks faced by the Group are monitored under four major titles: financial risks, strategic risks, operational risks, and legal risks which are reported to Risk Management Committee and Board of Directors at regular intervals. Details of risk management can be found in the dedicated chapter of the annual report.

5.5. Company's Strategic Goals

Our Company's executives determine our Company's strategic goals by considering the economic parameters, market and competition conditions and our Company's short- and long-term goals. The goals are presented for approval by 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 comprehensively reviewed in meetings of the Board of Directors held in each quarter 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 the sector, its performance during the period, financial standing and situation and its performances in the past.

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

5.6. Financial Rights

The "Remuneration Policy for the Members of the Board of Directors and Senior Level Managers" of our Company covering all kind of rights, benefits, wages offered to the members of the Board of Directors and senior level managers in addition to the applicable criteria in determination of the same and basis of pricing was submitted for the examination of our shareholders on our website through the "Information Note" which was put online three weeks in advance of the Ordinary General Assembly dated April 2, 2015 and then put into practice following the General Assembly. The sum of payments made under the framework of Remuneration Policy for the Members of the Board of Directors and Senior Level Managers is evaluated by Corporate Governance Committee (Remuneration Committee).

Footnotes for 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. At the ordinary General Assembly meeting of our Company held on April 2, 2015, a monthly gross payment of 8,100.- TL to the independent members of the Board of Directors has been decided.

Our Board of Directors Members and executives cannot borrow or obtain loans from the company. Moreover, guarantees cannot be offered in their favor in any transactions which might cause conflict of interest.

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 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 of the 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 the 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 GRANTS

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 2015 is 991.041,- TL'dir.

CAPITAL MARKET INSTRUMENTS ISSUED IN 2015

Capital Increase

After its meeting dated April 29, 2015, the Company's Board of Directors issued the following decisions to public via KAP for the purpose of consolidating the equity structure: (i) within the recorded equity ceiling of TRY 500,000,000, current issued capital amount of TRY 40,000,000 shall be increased to TRY 57,700,000 and the all shall be paid in cash; (ii) within the authorization given to Boards of Directors based on the Article 6 of Articles of Association, by "totally" restricting the rights to receive new shares of current shareholders in capital increase, the amount of TRY 17,700,000 shall be increased and the total of 1,770,000,000 shares which represent this amount (with face value of 1 piaster for each exported share and without any privilege) shall be sold to Qatar based company Mayhoola for Investments OPC as private placement of securities for TRY 885,000,000 (for each share with TRY 1 face value, TRY 50) total capital based on the articles of Contributions to the Capital Agreement dated April 29, 2015 of which the Company and the shareholder of the Company Boyner Holding A.Ş. are the parties and with the consent of Mayhoola for Investments OPC's regarding the terms and conditions of the Agreement; (iii) the issued shares for capital increase shall be "publicly-traded" shares. For this purpose, the Company appealed to the Capital Market Board on May 5, 2015. Within the scope of export document approved by the Capital Market Board dated June 1, 2015 (no 14/674), based on the capital increase from TRY 40,000,000 to TRY 57,700,000, the exported shares with TRY 17,700,000 face value, by "totally" restricting the rights to receive new shares of current shareholders in capital increase, and with TRY 50 for each share with TRY 1 face value and with the total of TRY 885,000,000 was sold to Mayhoola for Investments OPC on June 19, 2015 at Borsa İstanbul A.Ş. Wholesale Market (Toptan Satışlar Pazarı - "TSP"). The capital increase was registered officially on July 28, 2015.

On September 23, and 25, 2015; a total amount of 140 million TL debt instrument was redeemed, and the primary capital and coupon payment were paid off.

Moreover, our company offered 211 million TL in different types and maturity of debt instruments based on the nominal value of the Turkish lira for the domestic market. These denominated debt instruments were approved by the Capital Markets Board and declared in public disclosure platform on December 9, 2015.

Issue of Debt Instrument

Our company had a 300 million TL high grade bond dated September 7, 2015 and with a certificate number 130/BA -1107 for public offering with the sales information below.

ISIN code of debt instrument	Issue shape	Dates of Sale	Due date	Issue Nominal Amount	Interest Rate	Call date
Bond	Sales to qualified investors	October 5, 2015	725 days	110.000.000 TL	Floating (benchmark GDS + 4.00%) with quarterly coupon payment	September 29, 2017

LEGAL DISCLOSURES

Trade Title	: Boyner Perakende ve Tekstil Yatırımları A.Ş.
Address	: Eski Büyükdere Cad. Park Plaza No:14 Kat:15-16 Maslak-Sarıyer/ İSTANBUL
Trade Registry and Nr.	: İstanbul Ticaret Sicili / 45451
Website Address	: www.boynerperakende.com, www.boynergrup.com
Registered Capital Cap.	: 500.000.000 TL
Issued Cap.	: 57.700.000 TL
BIST Code	: BOYP

Information on the extraordinary general assembly meeting(s) held if any

No Extraordinary General Assembly was held during the year.

Information on any changes made in the Company Primary Contract during the year

No changes were made in the Company Primary Contract during the year.

Subsidiary Report

Pursuant to Article 199 of the Turkish Commercial Code No.6102 which came into force on July 1, 2012, the Board of Directors of Boyner Perakende ve Tekstil Yatırımları A.Ş. is liable within the first 3 months of the year of activity to issue a report on previous year's relations of the Company with the controlling shareholder, as well as subsidiaries of the controlling shareholder and annotate the conclusion part of that report in its activity report.

It is written in the Report prepared by the Board of Directors of Boyner Perakende ve Tekstil Yatırımları A.Ş. that "We have concluded that in all transactions of Boyner Perakende ve Tekstil Yatırımları A.Ş. with its controlling shareholder, as well as subsidiaries of the controlling shareholder throughout 2015, based on our best knowledge of conditions at the moment when the transaction was carried out or precaution was taken or taking a precaution was avoided, an appropriate counter-performance was gained per each transaction and there is no precaution which through its application or avoidance of application may result in loss of company, and therefore no transactions or precautions which entail an offset are existing".

Information about the lawsuits filed against the Company which might have an 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. Notes on this issue are available on Footnote number 17 of our financial statements for the period between January 1, 2015 and December 31, 2015.

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

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

Notes regarding special auditing and public auditing within the accounting period.

Ordinary public audits were carried out within 2014, and no significant official notification was delivered to us.

Statement of Shareholder's Equity

As of December 31, 2015, shareholders' equity of 616,533,226- TL and issued capital of TRY 57,700,000- TL is preserved.

Information on the company's own shares acquired by the company

In the fiscal period between January 1, 2015 and December 31, 2015 the company has no shares, which it has acquired to own.

2015 ORDINARY GENERAL ASSEMBLY AGENDA

1. Opening and election of the Chairmanship Committee.
2. The presentation for discussion and approval of the Annual Report of the Company for the year 2015 as prepared by the Board of Directors.
3. The presentation of the summary of the Independent Audit Report for the year 2015.
4. The presentation for discussion and approval of the Financial Statements of the Company for the year 2015.
5. Approval of the changes in the memberships of the Board of Directors under Article 363 of the Turkish Commercial Code.
6. Release of each member of the Board of Directors from liability for the affairs of the Company for the year 2015.
7. Approval, approval with modifications, or rejection of the Board of Directors' proposal on distribution of profits for the year 2015.
8. Resolution of the number of the members of the Board of Directors and their terms of office, and election of the members of the Board of Directors including the independent board members accordingly.
9. In accordance with the Corporate Governance Principles, presentation to the shareholders and approval by the General Assembly, of the "Remuneration Policy" for the members of the Board of Directors and the Senior Executives and the payments made thereof.
10. Resolution of the monthly gross salaries to be paid to the members of the Board of Directors.
11. In line with the approvals of the Capital Markets Board and the Ministry of Customs and Trade, approval, approval with modifications, or rejection of proposal to amend Article 17 on "Duties and Powers Of Directors", Article 26 on "Quorums, A- Meeting Quorum", Article 27 on "B- Decision Quorum", Article 32 on "Determination and Distribution of Profit" and Article 35 on "Announcements" of the Company's Articles of Association.
12. Presentation of amendments to the "Dividend Policy" within the context of the amendments to the Company's Articles of Association to the approval of the General Assembly.
13. Approval of the appointment of the Independent Audit Firm as selected by the Board of Directors, in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations.
14. Presentation to the shareholders, of the donations made by the Company in 2015, and resolution of an upper limit for donations for the year 2016.
15. In accordance with the Capital Markets Board legislation, presentation to the shareholders, of the securities, pledges and mortgages granted in favor of the third parties in the year 2015 and of any benefits or income thereof.
16. Authorizing the shareholders holding the management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree as per the provisions of articles 395 and 396 of the Turkish Commercial Code and presentation to the shareholders, of the transactions carried out thereof in the year 2015 pursuant to the Corporate Governance Communique of the Capital Markets Board.
17. Wishes and opinions.

Meeting place : Büyükdere Caddesi USO Center Binası No:245/A KAT:801-202 Maslak Şişli İstanbul
 Meeting date : April 5, 2016
 Meeting at : 11:30am

ADDITIONAL INFORMATION:

1. RESUMES AND STATEMENTS OF INDEPENDENT MEMBER CANDIDATES FOR 2015 ORDINARY GENERAL ASSEMBLY MEETING**TAYFUN BAYAZIT**

Mr. Bayazit started his banking career at Citibank after majoring in Mechanical Engineering at the University of Southern Illinois and receiving an MBA degree from Columbia University specializing in Finance and International Relations. He worked as a senior executive in Çukurova Group for 13 years. He became CEO of Dışbank in 2001. He was appointed to CEO of Fortis Turkey and Global Management Committee in 2005. 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. Tayfun Bayazit founded "Bayazit Danışmanlık Hizmetleri" in August 2011 and is an independent board member at Boyner Perakende ve Tekstil Yatırımları A.Ş. and Boyner Büyük Mağazacılık A.Ş. since 2014.

Other Duties

Tayfun Bayazit is the founding partner of Bayazit Yönetim Danışmanlık Hizmetleri Ltd. Şti. He is also independent board member in Doğan Şirketler Grubu Holding, A.Ş., Migros Ticaret A.Ş., and TAV Havalimanları Holding A.Ş. Mr. Bayazit is also Country Chairman of Marsh & McLennan Group Turkey, board members in Marsh Sigorta ve Reasürans Brokerliği A.Ş., Marsh Italia SpA, Primist Gayrimenkul Geliştirme ve Yatırım AŞ, Beşiktaş Gayrimenkul Geliştirme San. Ve Tic. Ltd. Şti., Bomonti Gayrimenkul Pazarlama İnşaat ve San. Tic. A.Ş., Pulcra Chemicals ve Embarq Turkey and Chairman of Taaleri Portföy Yönetimi AŞ, as well as a member of Advisory Board of Taaleritehdas Asset Management Ltd. Finland. He is also an academic in Koç University.

BAĞIMSIZLIK BEYANI

Boyner Perakende ve Tekstil Yatırımları A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun "Kurumsal Yönetim İlkeleri Tebliği"nde belirlenen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

- Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendisi, eşi ve ikinci dereceye kadar kan ve sıhrı hısımları arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkimin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olmadığımı ya da önemli nitelikte ticari ilişki kurmadığımı,
- Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanunî denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışan veya yönetim kurulu üyesi olmadığımı,
- Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,
- Mevzuata uygun olması şartıyla, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmayacağımı,
- 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,
- Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığını koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,
- Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiği görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,
- Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmamış olduğumu,
- Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,
- Yönetim kurulu üyesi olarak seçileceğim tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.

ADI SOYADI : TAYFUN BAYAZIT

İMZA

BAĞIMSIZLIK BEYANI

Boyner Perakende ve Tekstil Yatırımları A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun "Kurumsal Yönetim İlkeleri Tebliği"nde belirlenen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

S. METİN AR

He graduated from Boğaziçi University Electrical Engineering Department after Robert College. He completed his master's degree in London School of Economics. S.Metin Ar has started his career in Otis Elevator Company Ltd. in England as a project analyst and worked in various positions in Türkiye Sinai Kalkınma Bankası, then he worked as Vice President in Brisa Bridgestone Sabancı Lastik San. Tic. A.Ş., and board members in İş Finansal Kiralama A.Ş., Yatırım Finansman Menkul Değerler A.Ş., Türk Pirelli Kablo ve Sistemleri A.Ş. and Çimentoaş İzmir Çimento Fabrikası Türk A.Ş.

He also served as Vice President of İstanbul Menkul Kıymetler Borsası during 2003-2005, CEO of Garanti Yatırım Menkul Kıymetler A.Ş. between 1999-2013. between 2012-2014, S.Metin Ar has worked as Chairman of Dream.

Other Duties

S. Metin Ar is the independent member board of Borusan Yatırım ve Pazarlama A.Ş. He is also working as CEO of Türk Pirelli , Vice President of Canyon Venture Partners International Financial Advisors and Turkmen Holding A.Ş., and board member of Doğu Turizm and Columbia Hudson Ventures L.L.C (Oregon/USA), and Reydel Automotive (Paris/France)

- Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendisi, eşi ve ikinci dereceye kadar kan ve sıhrî hısımları arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkimin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olmadığımı ya da önemli nitelikte ticari ilişki kurmadığımı,
- Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışan veya yönetim kurulu üyesi olmadığımı,
- Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,
- Mevzuata uygun olması şartıyla, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmayacağımı,
- 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,
- Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığını koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,
- Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiği görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,
- Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmamış olduğumu,
- Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,
- Yönetim kurulu üyesi olarak seçileceğim tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.

ADI SOYADI : Sabri Metin AR

İMZA



BAĞIMSIZLIK BEYANI

Boyner Perakende ve Tekstil Yatırımları A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun "Kurumsal Yönetim İlkeleri Tebliği"nde belirlenen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

ELİF ATEŞ ÖZPAK

After graduating from Istanbul University with a degree in 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, as Corporate Legal Advisor and Corporate Governance Secretary at Turkcell İletişim Hizmetleri A.Ş., Elif Ateş Özpak is an Independent Board Member at Boyner Perakende ve Tekstil Yatırımları A.Ş. since 2012.

Other Duties

She is a partner at Crescent Capital since 2008 and as an associate attorney at Ateş & Demirhan Joint Law Firm respectively. She is also a Founding Partner and Board Member at 11880. She is also the board member of Kuzeykaya Elektrik Üretim A.Ş. ile Modern İş Sistemleri Ticaret A.Ş.

See page 8-9 for resumes of other board members

- a) Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendisi, eşi ve ikinci dereceye kadar kan ve sıhrî hısımları arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkimin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olmadığımı ya da önemli nitelikte ticari ilişki kurmadığımı,
- b) Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışan veya yönetim kurulu üyesi olmadığımı,
- c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,
- d) Mevzuata uygun olması şartıyla, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmayacağımı,
- e) 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,
- f) Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığını koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,
- g) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiği görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,
- h) Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmamış olduğumu,
- i) Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,
- j) Yönetim kurulu üyesi olarak seçileceğim tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.

ADI SOYADI : Elif Ateş ÖZPAK

2. 2015 DIVIDEND DISTRIBUTION PROPOSAL and TABLE

The financial statements, issued for the period between January 1, 2015 and December 31, 2015 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, which were subject to the audit of independent auditing company called Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. indicate that the loss amounts to 381,635,408-TL (net loss of period attributable to the parent partnership) also the legal, financial statements issued on the basis of Tax Procedural Law indicate that the loss amounts to 318,429,910-TL thus it is resolved that the matter of not distributing dividends and adding 318,429,910-TL - to the previous year losses, and Dividends Distribution Table for 2015 shall be presented to the General Assembly for approval. Dividends Distribution Table for 2015 is given herein below.

BOYNER RETAIL AND TEXTILE INVESTMENTS DIVIDENDS DISTRIBUTION TABLE FOR 2015 (TL)					
1	Paid/Issued Capital		57.700.000		
2	Legal Reserves (as stated in legal records)		31.307.168		
	If a privilege is set forth for distribution of profit in the articles of association, information about such privilege		NONE		
		Based on CMB	Based on Legal Records		
3	Profit/Loss of Period (1)	(385.128.641)	(318.429.910)		
4	Taxes (+/-) (2)	3.515.931	-		
	Consolidated, Uncontrollable Equity of Participations (-)	22.698			
5	Net Profit/Loss of Period (=)	(381.635.408)	(318.429.910)		
6	Losses From Previous Years (-)	-	(410.494.216)		
7	General Legal Reserves (-)	-	-		
8	NET DISTRIBUTABLE PROFIT/LOSS FOR THE PERIOD (=)	(381.635.408)			
9	Donations made within the year	991.041			
10	Net Distributable Profit/Loss of the Period Including Donations	(380.644.367)			
11	First Dividend to the Shareholders	-			
	Cash				
	Free of charge				
	Total				
12	Dividend Distributed to 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 Reserve				
20	Other Resources to be Distributed				
	INFORMATION REGARDING THE RATIO OF DISTRIBUTED DIVIDEND				
	DIVIDEND INFORMATION PER SHARE				
	GROUP	TOTAL DIVIDEND DISTRIBUTED (TRY)		TOTAL DIVIDEND DISTRIBUTED / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND CORRESPONDING TO A SHARE WITH A NOMINAL VALUE OF TRY1
		CASH (TRY)	FREE OF CHARGE (TRY)	PERCENT (%)	AMOUNT (TRY) PERCENT (%)
NET	A(*)				
	B				
	TOTAL	-	-	-	-

(1) Consists of the total "Operating Activities Period Loss Before Tax".

(2) Consists of the total "Net Expense for the Period" and "Deferred Tax Income".

3. REMUNERATION POLICY FOR BOARD MEMBERS AND SENIOR EXECUTIVES

This policy document defines the remuneration system and practices for our Directors and other top level management having an administrative responsibility in the Company, as further defined in the regulations of the Capital Markets Board.

In all of our Human Resources policies and practices such as recruitment, promotion, transfer, rotation and remuneration, we are adopting a fair approach, and we find it unacceptable to make discrimination due to language, color, race, sex, political thoughts, beliefs, religion, sect, age, physical disability or similar other reasons. The same principle covers and is applicable also for the Top Level management.

In determination of remuneration, available market conditions are taken into consideration in such manner to be competitive with the roles in the relevant functions and in the relevant markets where our Company operates. Such information is collated through yearly independent wage studies.

Only with respect to independent members of the Board of Directors, a fixed remuneration is determined in the annual ordinary meeting of the General Assembly of Shareholders every year.

Remuneration is paid to the executive members of the Board of Directors and Chairman pursuant to and under the policy designed for top level management as detailed below.

Costs (travel, telephone, insurance, etc. expenses) incurred by our Directors in the course of performance of their duties towards our Company may be borne and paid by our Company.

Top Level Managers' remuneration is composed of fixed and performance-based monetary and non-monetary payments. Depending on the fields of responsibility in the Company, the fixed portion of Top Level Manager remuneration is determined in accordance with international standards and legal liabilities by also taking into consideration the macroeconomic data, wage levels in the market, the Company's size and long-term targets and goals.

Top Level Manager premiums are calculated according to the Company's performance and individual performance. Information about the criteria is summarized below:

Company's performance: This performance is determined by measurement at the end of the period of the degree of achievement of financial and operational targets (market share, exports, foreign operations, efficiency, etc.) assigned for the Company at the beginning of every year. In determination of targets of the Company, included among the substantial principles taken into consideration are the sustainability of success, and improvements as regards the past years.

4. DIVIDEND DISTRIBUTION POLICY

Our Company conducts a Dividend Policy within the framework of the provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Regulations and other relevant legislation as well as the provisions of our Articles of Association governing the distribution of profits. In line with the Corporate Governance Principles, a balanced and consistent policy is embraced for the benefits of the shareholders and the Company; long term company strategy, investment and financing 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 distributable profit calculated under Capital Markets Board regulations shall be distributed in cash by taking into consideration the matters mentioned above. As for gratis 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.

It is expected to distribute dividend within three months following the General Assembly Meeting at the latest but the General Assembly decides the actual date of the dividend distribution. The General Assembly or, if authorized by the General Assembly, the Board of Directors may decide to pay the dividend in installments in line with Capital Markets Board regulations.

The General Assembly may decide to distribute the dividend in advance in line with Capital Markets Board regulations and other related regulations.

5. BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION AMENDMENT DRAFT

Old Version

Duties and Power of the Board of Directors:

Article 17.

The board of directors is empowered to resolve and execute on all matters excluding the matters that the general assembly is exclusively empowered to resolve on.

Board of directors shall issue an internal directive within the scope of this article and in line with the articles of 367, 419 and other related articles of the Turkish Commercial Code numbered 6102. Such internal directive shall regulate the management of the Company and determine duties, descriptions, and reporting obligations in relation to management of the Company.

Provisions of the Article 375 of the Turkish Commercial Code are preserved. Board of Directors shall convene whenever necessary, at least once a year. The Board of Directors shall also convene whenever necessary or upon the invitation of the president or deputy president.

The Board of Directors may resolve on the regular matters requested by one of the members by the written consents of the board members as long as none of the members request for a meeting.

Those who are entitled to attend board of directors of the Company may also attend such meetings electronically, pursuant to Article 1527 of the Turkish Commercial Code. The Company may either establish an Electronic Meeting System, allowing right holders to attend such meetings and vote electronically pursuant to the provisions of the Regulation Regarding Electronically Held Assemblies of Joint Stock Companies, or may purchase services from systems created for such purpose. In accordance with this provision, right holders and their representatives shall be allowed to use their rights specified in the relevant legislation, over that system in all general assembly meetings.

New Draft

Duties and Power of the Board of Directors:

Article 17.

The board of directors is empowered to resolve and execute on all matters excluding the matters that the general assembly is exclusively empowered to resolve on.

Board of directors shall issue an internal directive within the scope of this article and in line with the articles of 367, 419 and other related articles of the Turkish Commercial Code numbered 6102. Such internal directive shall regulate the management of the Company and determine duties, descriptions, and reporting obligations in relation to management of the Company.

Provisions of the Article 375 of the Turkish Commercial Code are preserved. Board of Directors shall convene whenever necessary, at least two times within a year. The Board of Directors shall also convene whenever necessary or upon the invitation of the president or deputy president.

The Board of Directors may resolve on the regular matters requested by one of the members by the written consents of the board members as long as none of the members request for a meeting.

Those who are entitled to attend board of directors of the Company may also attend such meetings electronically, pursuant to Article 1527 of the Turkish Commercial Code. The Company may either establish an Electronic Meeting System, allowing right holders to attend such meetings and vote electronically pursuant to the provisions of the Regulation Regarding Electronically Held Assemblies of Joint Stock Companies, or may purchase services from systems created for such purpose. In accordance with this provision, right holders and their representatives shall be allowed to use their rights specified in the relevant legislation, over that system in all general assembly meetings.

The Board of Directors convenes by the attendance of board members with simple majority. The Board of Directors resolves with the affirmative votes of simple majority of the board members attending the board meeting.

Old Version

New Draft

However, the board of directors convenes with the absolute majority of the board members in order to discuss matters listed below (" Board of Director's Material Transactions") and such matters are resolved with the affirmative votes of the simple majority of the board members on the condition that there is no negative vote by the members other than the independent board members. If there is a negative vote by the members other than the independent board members, then such a transaction shall not be realized.

Purchase and Disposals

1. Within the framework of the transactions to be realized in a single transaction or consecutive transactions (i) intergroup transactions; (ii) ordinary transactions that the company engages into in line with the previous implementations of the company (iii) excluding the transaction in relation to BNY Gayrimenkul Gelistirme A.S. provided that it is below the materiality criteria indicated under the capital markets regulation and Turkish Commercial Code and on the condition for that transaction to be in relation to a single transaction or consecutive transactions to be in relation to assets and activities over the amount 20.000.000 USD (including but not limited to revenues in disposals) or any activity (or material part of any activity) or acquisition or sale of shares or share options. For the avoidance of doubt, the quorums indicated under the Article 26 of these articles of association will be applicable for the transactions that fulfil the materiality criteria under the capital markets regulation and Turkish Commercial Code.

Capital Increase and Approval of Share Transfers

2. Without prejudice to the matters required under the relevant legislation, issuance or allotment of shares in any Group company in an amount within the registered capital ceiling, debt convertible to capital or issuance of any other securities convertible to capital to any 3rd person; or entitling any 3rd person with the right to contribute or contribution option to the shares in any Group company in an amount within the registered capital ceiling, debt convertible to capital or issuance of any other securities convertible to capital (by means of restricting the pre-emptive rights and privileges of the existing shareholders)

Old Version

QUORUMS
A - MEETING QUORUM:

Article 26.
General Assembly shall convene with the attendance of the shareholders representing at least ¼ of the Company capital.

In the event that this quorum cannot be reached at the first meeting, the General Assembly of Shareholders shall be invited to a meeting for the second time.

The General Assembly of Shareholders may pass resolutions regardless of the amount of share capital represented by the shareholders attending to such second meeting. Relevant provisions of the Article 421 of the Turkish Commercial Code numbered 6102 and Capital Markets Law are applicable for the discussion and decision quorums for the matters requiring amendment to articles of association.

New Draft

Accounts

3. To change the major accounting principles of the Company, without prejudice to the conditions under the regulation and accounting standards accepted in Turkey at times.

Re-organization

4. Company to become a party to simplified merger and/ or demerger transactions with a different company within the group.

QUORUMS
A - MEETING QUORUM:

Article 26.
General Assembly shall convene with the attendance of the shareholders representing at least ¼ of the Company capital.

In the event that this quorum cannot be reached at the first meeting, the General Assembly of Shareholders shall be invited to a meeting for the second time.

The General Assembly of Shareholders may pass resolutions regardless of the amount of share capital represented by the shareholders attending to such second meeting. Relevant provisions of the Article 421 of the Turkish Commercial Code numbered 6102 and Capital Markets Law are applicable for the discussion and decision quorums for the matters requiring amendment to articles of association.

General Assembly resolution in relation to the transactions mentioned below (Material GAM Transactions) shall be passed by the 85,5% affirmative votes of the shareholders present at such meeting in a quorum representing at least 85,5% of capital of the Company.

Purchase and Disposals

1. Within the framework of the transactions to be realized in a single transaction or consecutive transactions (i) intergroup transactions; (ii) ordinary transactions that the company engages into in line with the previous implementations of the company (iii) excluding the transaction in relation to BNY Gayrimenkul Gelistirme A.S. provided that it is above the materiality criteria indicated under the capital markets regulation and Turkish Commercial Code or any activity (or material part of any activity) or acquisition or sale of shares or share options.

Old Version

New Draft

Establishment of encumbrance

2. Establishing real encumbrance over the assets, liabilities and real estate of the Company in a manner overreaching the materiality criteria indicated under the Capital Markets regulation.

Company Activities

3. In relation to scope and type of Company activities, inclusion of a new scope of activity, exclusion of an existing scope of activity, terminating the Company activities, changing Company's place of main activities.

Re-organisation

4. Company to become a party to simplified merger and/or demerger transactions with a different company within the group.

Increasing the registered capital ceiling

5. Increasing the registered capital ceiling in the Company's articles of association

Consolidation, sub-division or Conversion of the Capital

6. Consolidation, sub-division or conversion of the Capital of the Company

Capital Decrease

7. Capital decrease, redeem of the shares, changing the rights in relation to any share class

Dividend

8. Establishing and revision of the dividend principles or revising the dividend principles, notwithstanding the required conditions under the regulation.

Auditors

9. Changing the auditors and financial year of the Company.

Incorporation Documents

10. Amendment of the articles of association excluding the amendments required by the relevant regulation and/or any technical amendments.

Old Version

New Draft

Liquidation

11. To take legal action for the liquidation of the company; to apply for the appointment of an equity receiver or liquidator.

De-listing from the Stock Exchange and to become non-public.

12. Company to be delisted from the Stock exchange and become non-public.

In relation to the interpretation this article and article 17 of the Articles of Association:

Group shall mean the company and the direct and indirect subsidiaries of the Company.

Encumbrance shall mean mortgage, pledge, lien, option, right to purchase, pre-emption right, and guarantee or to constitute any type of guarantee (including the safekeeping agreement) assignment of receivables as a trust or security, any agreement or obligation to realize the above.

B-DECISION QUORUM:

Article 27.

General Assembly shall resolve with the majority of the existing votes provided that there is no contrary provision under the Turkish Commercial Code numbered 6102 and Capital Markets Law. **However, General Assembly resolution in relation to the matters mentioned in the Article 26 of this Articles of Association shall be passed by the 85.5% affirmative votes of the shareholders present at such meeting in a quorum representing at least 85.5% of capital of the Company.**

B-DECISION QUORUM:

Article 27.

General Assembly shall resolve with the majority of the existing votes provided that there is no contrary provision under the Turkish Commercial Code numbered 6102 and Capital Markets Law.

Old Version**Determination and Distribution of Profit:**

Article 32.

The net profit of the Company shall be the amount remaining after the deduction of the amounts to be paid or set aside by the Company, such as general expenses and various amortization costs and the taxes shall be paid by the Company and previous years losses from the Company's revenues.

The net profit to be determined as mentioned above shall be distributed as follows:

General Legal Reserve:

a) Five per cent (5%) of the Net Profit shall be set aside as General Legal Reserve such accumulated reserve reaches 20% of the paid-up capital of the Company.

First Dividend

b) The remaining profits may be set aside by inclusion of any donation amount if any to be distributed as first dividend in line with the dividend distribution policy to be determined by the general assembly in accordance with the Turkish Commercial Code and Capital Markets Regulation.

c) Following the deductions above, the General Assembly is entitled to distribute the remaining profit to the members of the board of directors, employees, to foundations established for various purposes and to real persons and institutions in the same nature.

Second Dividend:

d) Upon the deduction of the amounts determined under (a), (b), (c) from the net profit, the General Assembly may distribute the remaining amount fully or partially as the second dividend or set aside as extraordinary reserves in accordance with the article 521 of the Turkish Commercial Code.

No resolution shall be passed to distribute profit shares to the members of the Board of Directors, employees to foundations established for various purposes and to real persons and institutions in the same nature set aside other reserves or transfer profits to the following year, until and unless the statutory reserves and the first dividends to the shareholders are set aside and paid in cash.

f) The profit is distributed in equal basis of the existing shares as of the profit distribution date regardless of their issuance or acquisition date

New Draft**Determination and Distribution of Profit:**

Article 32.

The net profit of the Company shall be the amount remaining after the deduction of the amounts to be paid or set aside by the Company, such as general expenses and various amortization costs and the taxes shall be paid by the Company and previous years losses from the Company's revenues.

The net profit to be determined as mentioned above shall be distributed as follows:

General Legal Reserve:

a) Five per cent (5%) of the Net Profit shall be set aside as General Legal Reserve **until** such accumulated reserve reaches 20% of the paid-up capital of the Company.

First Dividend

b) The remaining profits may be set aside by inclusion of any donation amount if any to be distributed as first dividend in line with the dividend distribution policy to be determined by the general assembly in accordance with the Turkish Commercial Code and Capital Markets Regulation.

c) Following the deductions above, the General Assembly is entitled to distribute the remaining profit to the members of the board of directors, employees, to foundations established for various purposes and to real persons and institutions in the same nature.

Second Dividend:

d) Upon the deduction of the amounts determined under (a), (b), (c) from the net profit, the General Assembly is **authorized to distribute** the remaining amount fully or partially as the second dividend or set aside as extraordinary reserves in accordance with the article 521 of the Turkish Commercial Code.

No resolution shall be passed to distribute profit shares to the members of the Board of Directors, employees to foundations established for various purposes and to real persons and institutions in the same nature set aside other reserves or transfer profits to the following year, until and unless the statutory reserves and the first dividends to the shareholders are set aside and paid in cash.

f) The profit is distributed in equal basis of the existing shares as of the profit distribution date regardless of their issuance or acquisition date

Old Version

g) The General Assembly of Shareholders shall decide on the date and the method of the distribution of profits to the shareholders, upon the proposal of the Board of Directors.

The profits distributed in accordance with the provisions of these Articles of Association shall not be reclaimed. Provisions of the article 512 of the Turkish Commercial Code are reserved.

ANNOUNCEMENTS:

Article 35.

Announcements of the Company are made in a newspaper referred to in Article 35 of the Turkish Commercial Code and in a newspaper being published in the city of the head offices of the Company.

The provisions of the relevant communiqué are applicable on advertisements required to be published pursuant to the Capital Markets Law.

New Draft

g) The General Assembly of Shareholders shall decide on the date and the method of the distribution of profits to the shareholders, upon the proposal of the Board of Directors.

The profits distributed in accordance with the provisions of these Articles of Association shall not be reclaimed. Provisions of the article 512 of the Turkish Commercial Code are reserved.

General Assembly may resolve for the distribution of advance dividend to the shareholders within the framework of Capital Markets Board regulations and related regulation.

ANNOUNCEMENTS:

Article 35.

Any announcement concerning the company shall be made by publishing on the website of the company, public disclosure platform and Turkish trade registry gazette provided that timing complies with the requirements of the Turkish Commercial Code.

Capital Markets Board's regulations are reserved. Matters that are not indicated under Capital Markets Board regulations are published on the website of the Company.



BOYNERGRUP

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SERMAYE PİYASASI KURULUNUN
II-14.1. SAYILI SERMAYE PİYASASINDA FİNANSAL RAPORLAMAYA İLİŞKİN ESASLAR TEBLİĞİ NİN 9.
MADDESİ GEREĞİNCE HAZIRLANAN SORUMLULUK BEYANI

FAALİYET RAPORUNUN KABULÜNE İLİŞKİN YÖNETİM KURULU'NUN

KARAR TARİHİ: 10.03.2016

KARAR SAYISI: 11

Şirketimizce hazırlanan ve Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Price Waterhouse Coopers) tarafından denetlenen 01.01.2015 - 31.12.2015 dönemine ait, Sermaye Piyasası Kurulu'nun (SPK) Seri II-14.1 sayılı "Sermaye Piyasasında Finansal Raporlamaya İlişkin Esaslar Tebliği" ("Tebliğ") uyarınca Türkiye Muhasebe Standartları/Türkiye Finansal Raporlama Standartları ("TMS/TFRS") ve SPK tarafından belirlenen formatlar ile uyumlu olarak hazırlanan Faaliyet Raporu'nun, SPK düzenlemeleri doğrultusunda;

- * Tarafımızca incelendiğini,
- * Şirketimizdeki görev ve sorumluluk alanımızda sahip olduğumuz bilgiler çerçevesinde, önemli konularda gerçeğe aykırı bir açıklama veya açıklamanın yapıldığı tarih itibarıyla yanıltıcı olması sonucunu doğurabilecek herhangi bir eksiklik içermediğini,
- * İşin gelişimi ve performansını ve konsolidasyon kapsamındaki diğer işletmelerin finansal durumunu, karşı karşıya olunan önemli risk ve belirsizliklerle birlikte dürüstçe yansıttığını

bilgilerinize sunar, yapılan açıklamadan dolayı sorumlu olduğumuzu beyan ederiz.

Saygılarımızla,

Boyner Perakende ve Tekstil Yatırımları A.Ş.

Tayfun BAYAZIT
Denetim Komitesi Başkanı

Mustafa Türkay TATAR
Yönetim Kurulu Üyesi ve CFO

Elif Ateş ÖZPAK
Denetim Komitesi Üyesi



BOYNERGRUP

INDEPENDENT AUDITOR'S REPORT ON ANNUAL REPORT



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

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

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of Boyner Perakende ve Tekstil Yatırımları A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2015.

Board of Directors' responsibility for the Annual Report

2. The Group's management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC and the Communiqué, whether or not the financial information included in this annual report is consistent with the Group's consolidated financial statements that are subject to independent auditor's report dated 4 March 2016 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.



Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising From Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of the Group to continue its operations for the foreseeable future.

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

Cihan Harman, SMMM
Partner

Istanbul, 10 March 2016



BOYNERGRUP



INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS



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

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

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Boyner Perakende ve Tekstil Yatırımları A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 31 December 2015 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity'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 entity's internal control. An independent audit includes also 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 independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualified Opinion

4. As disclosed in Note 6, the Group's associate, Nile Bosphorus Retail and Trading Company ("Nile Bosphorus") which is required to be accounted for using the equity method, is carried at cost at the amount of TRY 5.472.508 in the accompanying consolidated financial statements since the associate did not prepare its financial statements in accordance with Turkish Accounting Standards. As of 31 December 2015 considering Egypt's economic and political environment we could not ensure ourselves regarding the recoverability of the carrying amount of Nile Bosphorus and the receivables from Nile Bosphorus amounting to TRY 4.077.595.

Qualified Opinion

5. In our opinion, except for the possible effects of the matters described in paragraph 4, the consolidated financial statements present fairly, in all material respects, the financial position of Boyner Perakende ve Tekstil Yatırımları A.Ş. and its Subsidiaries as at 31 December 2015 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

6. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 4 March 2015.
7. In accordance with subparagraph 4 of Article 402 of the TCC; 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 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
8. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

Cihan Harman, SMMM
Partner

İstanbul, 4 March 2016

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

BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2015
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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	Notes	Audited 31 December 2015	Audited 31 December 2014
ASSETS			
Current Assets			
		1.718.721.933	1.794.634.518
Cash and cash equivalents	5	88.246.065	317.079.148
Trade receivables	10	338.838.865	396.513.326
- Trade receivables from related parties	10 and 31	73.372.001	55.781.340
- Trade receivables from third parties	10	265.466.864	340.731.986
Other receivables	11	50.876.943	87.716.893
- Other receivables from related parties	11 and 31	47.731.069	85.685.494
- Other receivables from third parties	11	3.145.874	2.031.399
Inventories	12	1.079.453.324	902.863.177
Prepaid expenses	13	24.703.455	19.478.987
Derivative instruments	8	22.855.160	1.683.738
Other current assets	20	113.748.121	69.299.249
Non-current assets			
		2.364.314.773	2.271.372.270
Financial investments	6	104.891	104.891
Trade receivables	10	20.326.951	11.840.010
- Trade receivables from related parties	10 and 31	4.077.595	3.252.007
- Trade receivables from third parties	10	16.249.356	8.588.003
Other receivables	11	1.629.829	1.622.518
- Other receivables from third parties	11	1.629.829	1.622.518
Investments accounted for using the equity method	6	14.327.924	13.662.699
Investment properties	14	159.479.700	138.886.740
Property, plant and equipment	15	351.251.660	273.186.610
Intangible assets		1.730.846.094	1.772.003.962
- Goodwill	3	797.708.560	796.129.432
- Other intangible assets	16	933.137.534	975.874.530
Prepaid expenses	13	251.659	4.150.627
Deferred tax assets	29	21.188.383	20.780.265
Derivative instruments	8	36.905.607	3.248.768
Other non-current assets	20	28.002.075	31.885.180
TOTAL ASSETS			
		4.083.036.706	4.066.006.788

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

	Notes	Audited 31 December 2015	Audited 31 December 2014
LIABILITIES			
Current liabilities			
		2.181.273.016	3.132.533.200
Short-term financial liabilities	7	183.865.059	438.870.033
Current portion of long-term financial liabilities	7	674.813.259	576.464.279
Other financial liabilities	9	16.081.947	109.628.739
Trade payables	10	1.127.355.482	1.017.505.857
- Trade payables to related parties	10 and 31	12.206.844	11.302.260
- Trade payables to third parties	10	1.115.148.638	1.006.203.597
Payables related to employee benefits	19	21.006.779	20.615.929
Other payables	11	23.620.903	829.137.666
- Other payables to related parties	11 and 31	-	31.534.946
- Other payables to third parties	11	23.620.903	797.602.720
Deferred revenue	13	85.497.419	98.735.800
Corporate tax payable	29	1.739.493	2.198.101
Short term provisions		36.548.537	26.701.300
- Short term provisions for employee benefits	17	17.781.353	12.226.042
- Other short term provisions	17	18.767.184	14.475.258
Other current liabilities	20	10.744.138	12.675.496
Non-current liabilities			
		1.285.230.464	799.643.988
Long term financial liabilities	7	956.974.784	508.466.993
Trade payables	10	59.073.112	-
- Trade payables to third parties	10	59.073.112	-
Other payables	11	28.366.675	45.466.243
- Other payables to third parties	11	28.366.675	45.466.243
Long term provisions		32.683.148	24.318.778
- Long term provisions for employee benefits	19	32.683.148	24.318.778
Deferred revenue	13	15.570.889	15.907.210
Deferred tax liability	29	192.561.856	205.484.764
EQUITY			
		616.533.226	133.829.600
Equity attributable to parent			
		616.180.859	121.030.239
Paid-in share capital	21	57.700.000	40.000.000
Adjustments to share capital	21	56.061.369	56.061.369
Share premium	21	867.300.000	-
Other comprehensive income/expense not to be reclassified to profit or loss		(2.539.551)	7.018.909
- Gain on revaluation and re-measurement	21	15.930.274	20.566.110
- Other funds		-	36.560
- Actuarial loss arising from employee benefits		(18.469.825)	(13.583.761)
Other comprehensive income/expense to be reclassified to profit or loss		(852.163)	(1.310.987)
- Currency translation differences		(852.163)	(1.310.987)
Impact of business combinations of entities under common control	21	(311.626.838)	(307.876.666)
Restricted reserves	21	33.451.107	33.451.107
Retained earnings		298.322.343	519.642.646
Net loss for the year		(381.635.408)	(225.956.139)
Non-controlling interest			
		352.367	12.799.361
TOTAL LIABILITIES			
		4.083.036.706	4.066.006.788

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

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
PROFIT AND LOSS			
Revenue	22	3.397.977.173	3.160.413.690
Cost of sales (-)	22	(1.985.290.071)	(1.908.339.125)
GROSS PROFIT		1.412.687.102	1.252.074.565
Marketing expenses (-)	23	(1.015.991.186)	(887.032.629)
General administrative expenses (-)	23	(278.054.444)	(227.553.997)
Research and development expenses (-)	23	(4.673.946)	(5.311.048)
Other operating income	25	290.313.941	175.492.061
Other operating expense (-)	25	(288.655.663)	(167.898.752)
OPERATING PROFIT		115.625.804	139.770.200
Income from investing activities	26	2.401.151	70.695
Expense from investing activities (-)	26	(4.154.101)	(2.031.153)
Share of profit of investments accounted for using the equity method	6	2.868.454	2.115.938
OPERATING PROFIT BEFORE FINANCIAL INCOME		116.741.308	139.925.680
Financial income	27	40.133.005	18.709.852
Financial expense (-)	28	(542.002.954)	(379.645.067)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(385.128.641)	(221.009.535)
Corporate tax expense	29	(8.546.810)	(12.059.552)
Deferred tax income	29	12.062.741	7.179.767
LOSS FROM CONTINUED OPERATIONS		(381.612.710)	(225.889.320)
NET LOSS FOR THE PERIOD		(381.612.710)	(225.889.320)
Loss for the period attributable to			
Non-controlling interest		22.698	66.819
Equity holders of the parent		(381.635.408)	(225.956.139)
Loss per share			
Loss per share from continued operations	30	(7.71)	(5.65)
Loss per share from discontinued operations		-	-
OTHER COMPREHENSIVE LOSS			
Items not to be classified to profit or loss			
Actuarial losses arising from employee benefits	19	(6.107.580)	(1.756.215)
Deferred tax income	29	1.221.516	351.243
Other losses		(36.560)	-
Items to be classified to profit or loss			
Currency translation differences		458.824	(375.901)
OTHER COMPREHENSIVE LOSS		(4.463.800)	(1.780.873)
TOTAL COMPREHENSIVE LOSS		(386.076.510)	(227.670.193)
Total comprehensive loss attributable to			
Non-controlling interest		22.698	66.819
Equity holders of the parent		(386.099.208)	(227.737.012)

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

	Other comprehensive income comprehensive income to be reclassified to profit or loss	Other comprehensive income not to be reclassified to profit or loss	Gain/ (loss) on revaluation and re-measurement	Other gain/ losses	Shares of associates in accounted for using the equity method to be classified from other comprehensive income to net income	Revaluation reserve of property plant and equipment	Actuarial (loss)	Restricted reserves	Retained earnings	Net loss for the period	Equity attributable to parent	Non- controlling interest	Total equity
Balance at 1 January 2014													
Transfers	-	-	-	-	-	-	-	-	428.036.620	(428.036.620)	-	-	-
Total comprehensive loss	-	(375.901)	(1.404.972)	-	-	-	-	-	-	(225.956.139)	(227.737.012)	66.819	(227.670.193)
Revaluation reserve of property plant and equipment (Note 21)	-	-	-	-	-	(92.389.920)	-	-	92.389.920	-	-	-	-
Balance at 31 December 2014	56.061.369	(935.086)	(12.178.789)	36.560	(307.876.666)	33.451.107	82.367.106	428.036.620	348.767.251	12.732.542	361.499.793	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	(375.901)	(1.404.972)	-	-	-	-	-	-	(225.956.139)	(227.737.012)	66.819	(227.670.193)
Revaluation reserve of property plant and equipment (Note 21)	-	-	-	-	-	(92.389.920)	-	-	-	-	-	-	-
Balance at 31 December 2015	56.061.369	(935.086)	(13.583.761)	36.560	(307.876.666)	33.451.107	519.642.646	(225.956.139)	121.030.239	12.799.361	133.829.600	-	-
Balance at 1 January 2015	56.061.369	(1.310.987)	(13.583.761)	36.560	(307.876.666)	33.451.107	519.642.646	(225.956.139)	121.030.239	12.799.361	133.829.600	-	-
Increase in capital (Note 21)	-	-	-	-	-	-	-	-	17.700.000	-	17.700.000	-	17.700.000
Paid share premium (Note 21)	-	-	-	-	-	-	-	-	867.300.000	-	867.300.000	-	867.300.000
Transfers	-	-	-	-	-	-	-	(225.956.139)	225.956.139	-	-	-	-
Total comprehensive income	-	458.824	(4.886.064)	(36.560)	-	-	-	-	-	(381.635.408)	(386.099.208)	22.698	(386.076.510)
Acquisition of subsidiary (Note 3)	-	-	-	-	-	(3.750.172)	-	-	-	-	(3.750.172)	795.079	(2.955.093)
Revaluation reserve of property, plant and equipment (Note 21)	-	-	-	-	-	(4.635.836)	-	-	4.635.836	-	-	-	-
Transactions with non-controlling interest (Note 2.6)	-	-	-	-	-	-	-	-	-	-	-	-	(13.264.771)
Balance at 31 December 2015	57.700.000	(852.163)	(15.930.274)	(18.469.825)	(311.626.838)	33.451.107	298.322.343	(381.635.408)	616.180.859	352.367	616.533.226	-	-

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

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		125.746.952	128.897.231
Net loss for the period from continuing operations		(381.612.710)	(225.889.320)
Adjustments to reconcile loss for the period		434.122.090	402.680.031
Depreciation and amortization	15,16 ve 24	115.964.379	110.201.797
Provision for doubtful receivables	10	10.773.216	1.122.412
Provision for employment termination benefits	19	16.027.902	6.765.779
Provision for impairment of inventories	12	4.002.910	4.114.746
Adjustments related to interest income	27	(5.694.936)	(10.401.222)
Adjustments related to interest expenses		274.325.107	215.827.150
Provision for short term employee benefits		5.555.311	1.331.243
Provision for litigation	17	2.796.167	1.513.902
Provision for sales returns and price differences	17	10.273.802	11.155.736
Change in the fair value of investment properties	14	(21.441.478)	(6.760.714)
Other short-term provisions	17	14.621	51.578
(Gain)/loss on sale of investment properties	26	(1.426.000)	-
(Gain)/loss on sale of tangible and intangible assets		3.637.700	2.031.153
Share of profit of investments accounted for using the equity method	6	(2.868.454)	(2.115.938)
Expenses related to closed stores		-	284.015
Rediscount expense		3.823.913	2.079.346
Adjustments related to tax (income)/loss	29	(3.515.931)	4.879.785
Fair value adjustment of derivative financial instruments	8	(54.828.261)	(4.932.506)
Unrealized foreign currency loss		76.702.122	65.531.769
Changes in net working capital		73.237.572	(47.893.480)
Change in inventories		(179.747.354)	(92.696.960)
Change in trade receivables and other receivables		51.537.064	46.023.071
Change in trade receivables and other receivables due from related parties		(19.069.434)	(16.122.906)
Change in prepaid expenses		(155.818)	4.848.767
Change in other current and non-current assets		(40.177.949)	(15.617.872)
Change in deferred revenue		(13.905.730)	3.271.588
Change in liabilities related to employee benefits		284.037	2.635.219
Change in trade payables and other payables		301.080.431	90.276.801
Transfers to investment property	14	-	(10.736.740)
Change in trade payables and other payables due to related parties		931.569	(38.814.051)
Change in other liabilities		(2.598.627)	3.790.824
Litigation provisions paid	17	(699.006)	(1.744.044)
Other provisions paid	17	-	(9.457)
Employee termination benefits paid	19	(16.090.151)	(8.498.225)
Taxes paid		(9.005.418)	(16.689.287)
Proceeds from doubtful receivables	10	853.958	2.189.792

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
B. CASH FLOWS FROM INVESTING ACTIVITIES		(1.100.347.507)	(68.520.556)
Cash change from the acquisition of shares in other entities or funds or debt instruments		(931.300.200)	-
Purchases of property, equipment and intangible assets	15 ve 16	(155.671.094)	(70.471.041)
Sale of tangible and intangible assets		1.687.976	1.394.571
Income from associates accounted for using the equity method	6	1.318.013	595.200
Purchase of investment properties	14	(86.482)	(39.286)
Sale of investment properties		2.361.000	-
Change in cash related to the acquisition of subsidiaries' shares		(5.391.949)	-
Payment to non-controlling interest for subsidiaries' shares		(13.264.771)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		745.308.648	(32.478.501)
Interest paid		(272.248.652)	(213.068.922)
Other interest income and commissions		5.694.936	10.401.221
Cash inflows from bank borrowings, net		120.442.885	228.261.195
Increase in capital		17.700.000	-
Paid share premium		867.300.000	-
Change in other receivables and payables from related parties		6.419.479	(58.071.995)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(229.291.907)	27.898.174
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		458.824	(375.901)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(228.833.083)	27.522.273
RESTRICTED CASH	5	(6.471.697)	(6.130.205)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	317.079.148	289.556.875
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	88.246.065	317.079.148

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

Boyner Perakende ve Tekstil Yatırımları A.Ş. (the "Company" or "Boyner Perakende") incorporated by Boyner Holding A.Ş. ("Boyner Holding") on 26 January 1952. The title of the Company formerly named as "Altinyıldız Mensucat ve Konfeksiyon Fabrikaları A.Ş." is changed as "Boyner Perakende ve Tekstil Yatırımları A.Ş." in accordance with the decision of the Board of Directors dated 27 January 2014, the approval of Capital Markets Board ("CMB") and the Republic of Turkey the Ministry of Customs and Trade on 10 April 2014. The ultimate parent of the Company as at 31 December 2015 and 2014 is Boyner Holding. The Company is registered to CMB and 15% of its shares offered to İstanbul Stock Exchange ("ISE") for the first time in 1991.

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

The core business of the Group is the investments of retail and production of textile. The Company operates in retail industry through its subsidiaries AY Marka Mağazacılık A.Ş. ("AY Marka"), Boyner Büyük Mağazacılık A.Ş. ("BBM") and Beymen Mağazacılık A.Ş. ("Beymen") and in real estate industry, textile and ready-to-wear clothing industries through its subsidiaries BYN Gayrimenkul Geliştirme A.Ş. ("BYN") and Altinyıldız Tekstil ve Konfeksiyon A.Ş. ("AYTK"). Moreover, the Company has established Anka Mağazacılık A.Ş. ("Anka") in order to operate in retail industry on 29 September 2015. The subsidiaries of the Company, Alticom GmbH incorporated in Germany and Altinyıldız Corporation incorporated in USA operate 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 owns retail space of 362.642 square meters (284.350 square meters of its own stores and 78.292 square meters of others) (31 December 2014: 368.143 square meters (296.839 square meters of its own stores, and 71.304 square meters of others) and operates in 386 stores (279 own stores and 107 other) (31 December 2014: 394 stores (280 own stores and 114 other).

The consolidated financial statements as at and for the year ended 31 December 2015 have been approved and authorized for issue on 4 March 2016 by the Board of Directors, and signed by the member of Board of Directors, Mustafa Türkay Tatar and Director of Financial Affairs, Ömer Akdoğan on behalf of 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 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 ("TAS") 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.

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 and the consolidated financial statements of the Group have been prepared accordingly.

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

Going concern assumption

The consolidated financial statements have been prepared assuming that the Company and its consolidated subsidiaries will continue as a going concern on the basis that they will be able to realize its assets and discharge its liabilities in the normal course of business. As of 31 December 2015, the total current liabilities of the Group exceed its total current assets by TRY 462.551.083 (31 December 2014: TRY 1.337.898.682). The Group plans to decrease its current liabilities through restructuring its short term liabilities with long term liabilities.

2.2 Significant changes in the accounting policies

New and amended international financial reporting standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and interpretations effective as of 1 January 2015. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

2.2 Significant changes in the accounting policies (Continued)

- a) **In accordance with TAS 8 paragraph 28, standards, amendments and interpretations applicable in annual periods starting from 31 December 2015:**
- Amendment to TAS 19 regarding defined benefit plans, effective from 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. This amendment has no impact on the financial position and performance of the Group.
 - Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project that affect 7 standards. None of these improvements has no impact on the financial position and performance of the Group:
 - TFRS 2, Share-based payment
 - TFRS 3, Business Combinations
 - TFRS 8, Operating segments
 - TFRS 13, Fair value measurement
 - TAS 16, Property, plant and equipment and TAS 38, Intangible assets
 - Consequential amendments to TFRS 9, Financial instruments, TAS 37, Provisions, contingent liabilities and contingent assets, and
 - TAS 39, Financial instruments - Recognition and measurement.
 - Annual improvements 2013, effective annual periods on or after 1 July 2014. The amendments include changes from the 2011-12-13 cycles of the annual improvements project that affect 4 standards. The improvements have no impact on the financial position and performance of the Group.
 - TFRS 1, First time adoption
 - TFRS 3, Business combinations
 - TFRS 13, Fair value measurement and
 - TAS 40, Investment property.
- b) **In accordance with TAS 8 paragraph 30, standards, amendments and interpretations issued as of 31 December 2015 but not early adopted by Group:**
- Standards, amendments and interpretations that have been published as of the approval date of these consolidated financial statements but not yet effective as of the date of consolidated financial statements and not early adopted by the Group are as follows. Unless otherwise indicated, the Group will perform the required changes related to these new standards and interpretations when they are in force.
- Amendment to TFRS 11, "Joint arrangements" on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. This standard is not expected to have a significant effect on the financial position and performance of the Group.
 - Amendments to TAS 16 "Property, plant and equipment", and TAS 41, "Agriculture", regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41. This standard is not expected to have a significant effect on the financial position and performance of the Group.
 - Amendment to TAS 16, "Property, plant and equipment" and TAS 38, "Intangible assets", on depreciation and amortization, effective from annual periods beginning on or after 1 January 2016. In this amendment, it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This amendment is not expected to have a significant effect on the financial position or performance of the Group.

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

2.2 Significant changes in the accounting policies (Continued)

- TFRS 14 "Regulatory deferral accounts", effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. This standard is not expected to have a significant effect on the financial position or performance of the Group.
 - Amendments to TAS 27, "Separate financial statements" on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The standard is not expected to have a significant effect on the financial position or performance of the Group.
 - Amendments to TFRS 10, "Consolidated financial statements" and TAS 28, "Investments in associates and joint ventures", effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. This standard is not expected to have a significant effect on the financial position and performance of the Group.
 - Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards. This standard is not expected to have a significant effect on the financial position and performance of the Group.
 - TFRS 5, "Non-current assets held for sale and discontinued operations" regarding methods of disposal.
 - TFRS 7, "Financial instruments: Disclosures", (with consequential amendments to TFRS 1) regarding servicing contracts.
 - TAS 19, "Employee benefits" regarding discount rates.
 - TAS 34, "Interim financial reporting" regarding disclosure of information.
 - Amendment to TAS 1, "Presentation of financial statements" on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, and these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. This amendment is not expected to have a significant effect on the financial position and performance of the Group.
 - Amendment to TFRS 10 "Consolidated financial statements" and TAS 28, "Investments in associates and joint ventures", effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. This amendment is not expected to have a significant effect on the financial position and performance of the Group.
 - TFRS 15 "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. TFRS 15, "Revenue from contracts with customers" is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. This standard is not expected to have a significant effect on the financial position and performance of the Group.
 - TFRS 9 "Financial instruments", effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. This standard is not expected to have a significant effect on the financial position and performance of the Group.
- c) **The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POAASA:**
- IFRS 16 "Leases", effective from annual periods beginning on or after 1 January 2019. All leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. A company can choose to apply IFRS 16 before that date but only if it also applies TFRS 15 "Revenue from Contracts with Customers". Early adoption of IFRS 16 is allowed. The effects of this standard on the financial position and performance of the Group are evaluated by the Group management.

2.3 Compliance with TAS

The Group prepared its consolidated financial statements as of 31 December 2015 in accordance with Communiqué Serial II, No: 14.1 and the related announcements. The consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB including the implementation of mandatory disclosures.

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). The results and financial position of each consolidated entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company and the presentation currency of the consolidated financial statements. The functional currency of the Company's subsidiaries, Alticom GmbH and Altinyıldız Corporation are Euro ("EUR") and United States Dollars ("USD") respectively. In the consolidated financial statements, the balance sheet accounts of foreign subsidiaries whose functional currency are EUR and USD are translated into TRY which the Group's presentation and functional currency by using exchange rates as at the balance sheet date; the accounts of the statement of comprehensive income are translated into TRY by using the average exchange rate calculated for the year. The foreign currency exchange differences calculated related to the usage of closing and average exchange rates are recognized under currency translation differences classified under equity.

The foreign currency exchange rates used for the purpose of translation of foreign operations included in the consolidation are as follows:

Currency	31 December 2015		31 December 2014	
	Period End	Period Average	Period End	Period Average
USD	2,9076	2,7188	2,3189	2,1609
EUR	3,1776	3,0181	2,8207	2,9364

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.

As of 31 December 2015, in order to conform to changes in presentation in the current period consolidated financial statements, carry forward VAT receivables amounting to TRY 10.883.859, which had been classified in other current assets as of 31 December 2014, have been classified in other non-current assets; provision for sales returns amounting to TRY 3.157.195, which were classified in trade receivables in an amount of TRY 5.999.658 and in inventories in an amount of TRY 2.842.463 as of 31 December 2014, have been classified in other short term provisions as of 31 December 2015; and trade payables amounting to TRY 7.645.176 which had been classified in other payables as of 31 December 2014 have been classified in trade payables as of 31 December 2015.

2.6 Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the parent company, Boyner Perakende, and its subsidiaries; BBM, Beymen, AY Marka, Anka, AYTK, BYN, Alticom, Altinyıldız Corporation for the period ended at 31 December 2015. Subsidiaries are fully consolidated from the date on which control is transferred to the 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 fully consolidated subsidiaries have been prepared with required adjustments and reclassifications for the purpose of compliance with CMB financial reporting standards and the accounting policies of the Group. The financial results of the subsidiaries are fully consolidated from the date on which control is transferred to the Group or deconsolidated from the date that control ceases.

The control is provided with influence on the activities of an entity's financial and operational policies in order to obtain economic benefit from those activities.

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.

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

2.6. Summary of significant accounting policies (Continued)

The table below sets out the subsidiaries fully consolidated, the proportion of ownership interest and the effective interest of the Group in these subsidiaries as of 31 December 2015 and 2014:

Subsidiary	Country of registration	Nature of business	31 December 2015 Effective ownership (%)	31 December 2014 Effective ownership (%)
AY Marka	Turkey	Retail operations	100,00	100,00
BBM ⁽¹⁾	Turkey	Retail operations	99,08	96,58
Beymen	Turkey	Retail operations	100,00	100,00
		Sale and marketing of textile products and real estate development		
AYTK	Turkey		100,00	100,00
BYN	Turkey	Real estate development	100,00	100,00
		Sale and marketing of textile products		
Alticom ⁽²⁾	Germany		100,00	100,00
		Sale and marketing of textile products		
Altınyıldız Corporation	USA		100,00	100,00
		Sale and marketing of textile products		
A&Y LLC	Dubai		100,00	100,00
Vista Sağlık Hizmetleri Ticaret Danışmanlık A.Ş. ⁽³⁾	Turkey	Health Services	-	100,00
Nişantaşı Turistik İşletmeleri A.Ş. ⁽⁴⁾	Turkey	Restaurant operations	75,00	-
İzkar Giyim Ticaret ve Sanayi A.Ş. ("İzkar") ⁽⁵⁾	Turkey	Retail Operations	75,00	49,60
Beymen İç ve Dış Ticaret A.Ş. ⁽⁶⁾	Turkey	Export-Import	100,00	-
Anka ⁽⁷⁾	Turkey	Retail Operations	100,00	-

⁽¹⁾ As of 31 December 2015, ownership interest of the Group in BBM has increased from 96,58% to 99,08%.

⁽²⁾ The liquidation process of Alticom has started in 2014 and the process continues as of 31 December 2015.

⁽³⁾ The liquidation process of Vista Sağlık Hizmetleri Ticaret Danışmanlık A.Ş. has been completed 8 April 2015.

⁽⁴⁾ Beymen, subsidiary of the Group, has purchased 75% shares of Nişantaşı Turistik in 2 March 2015 from Boyner Holding parent of the Group (Note 3).

⁽⁵⁾ As of 28 April 2015, ownership interest of Beymen, subsidiary of the Group, in İzkar increased from 49,60% to 75% (Note 3).

⁽⁶⁾ Beymen, subsidiary of the Group, established a wholly owned subsidiary with the trade name of Beymen İç ve Dış Ticaret A.Ş. on 3 February 2015.

⁽⁷⁾ Anka is registered in the commercial registry and established on 29 September 2015.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are deconsolidated from the date that control ceases. Accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The result of operations of subsidiaries acquired or sold during the year are included in the consolidated statement of comprehensive income from the date of acquisition or until the date of sale.

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 period, respectively.

The share of non-controlling parties in the net assets and the results of subsidiaries for the period are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. The non-controlling interests consist of shares from initial business combinations and the non-controlling shares from the changes in equity after the acquisition date. When the loss 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.

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

2.6. Summary of significant accounting policies (Continued)

Equity method

Associates and joint ventures of Beymen, which is the subsidiary of the Group, are accounted for using the equity method. These are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Under the equity method, these investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss or the investees after the date of acquisition. The consolidated statements of income reflect the Group's share of the net results of operations of the associates and joint ventures.

Investments are accounted for using the equity method considering the Group's total share portions which are owned directly or indirectly from its subsidiaries. Non-controlling interests are calculated by taking into consideration of the effective rate on investments over the subsidiaries.

The investments in associates are carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized, if any. The income statement reflects the Group's share of the results of operations of the associates. When there is a change recognized directly in the equity of an associate, the Group recognizes its share of any changes and discloses this when applicable, in the statement of changes in equity. Profits and losses resulting from the transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those of the Group for like transactions and events in similar circumstances.

The associates and joint ventures accounted for using the equity method and the rates of effective ownership as of 31 December 2015 and 2014 are as follows:

Subsidiary	Country of registration	Nature of business	31 December 2015 Effective ownership (%)	31 December 2014 Effective ownership (%)
Christian Dior İstanbul Mağazacılık A.Ş. ("Christian Dior")	Turkey	Commerce	49,00	49,00
Nile Bosphorus Retail and Trading Company ("Nile Bosphorus")	Egypt	Commerce	33,33	33,33
Elif Co. For General Trading L.t.d. ("Elif Co")	Iraq	Commerce	50,00	50,00
Christian Louboutin Mağazacılık A.Ş. ("Christian Louboutin")	Turkey	Commerce	30,00	30,00

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.

Use of Estimates

The preparation of financial statements in accordance with the TAS 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 recognized in the income statement when they are realized.

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 tax assets, provisions, provision for impairment on special costs, impairment test of intangible assets and goodwill, provision for impairment on inventories and the fair value of investment properties (Note 2.7).

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.

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

2.6. Summary of significant accounting policies (Continued)

Sale of goods - retail

The Group operates in retail sector. Sales of goods are recognized when a group company sells a product to the customer. Retail sales are usually in cash or by credit card. Group's policy is to sell its products to the retail customer with a right to return within a particular time. The provisions for sales returns and discounts are determined in accordance with Group's return policy and recognized in the consolidated financial statements.

Sales of goods - wholesale

The Group manufactures and sells a range of textile and ready to wear products in the wholesale market. Sales of goods are recognized when the Group 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. The Group used accumulated experience to estimate provisions for sales returns and discounts and recognized related provisions in the consolidated financial statements.

When it is collected cash or cash equivalents in return to sales, revenue amount recognized is equal to the amount of cash and cash equivalents. However, the wholesale transactions of the Group effectively constitute 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 other operating income.

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.

Gain on sales of real estate inventories

The Group has signed a revenue sharing agreement with Fer Gayrimenkul Geliştirme ve İnşaat A.Ş. ("Fer Yapı") on 29 September 2010 for the project related to the construction of office, residence and commercial building on the land of the Group. The land is classified to the inventories based on its fair value on 30 September 2011 due to this revenue sharing agreement. In accordance with the protocol signed with Fer Yapı on 26 December 2014, revenue sharing is finished, land classified as inventory is derecognized and store and residences are recognized as inventory on 31 December 2014. Those inventories are carried at their costs until they are sold. Revenue is recognized when the risk and benefit of these inventories are transferred to the buyer (from the Group to the customers) and the revenue amount is reliably measured.

Other income

Other income of the Group recognized according to following terms:

- Rent and royalty income - according to substance over form about the agreements, on accruals basis,
- Interest income - accrued using the effective interest method which brings the remaining principal amount and expected future cash flows,
- Dividend income - recorded as income of the collection right transfer date.

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 are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables net of deferred finance income, are calculated using the effective interest method based on the collection amount in the subsequent period instead on the amount at the invoice date. Short term trade receivables with no determined interest rate are measured at the original invoice amount if the effect of interest accrual is not significant. Management estimates provision for doubtful receivables when the collection of the trade receivable is not probable. If some portion or total of doubtful receivables which the management provided provision for, are collected in the subsequent period, the collection amount is recognized as other income and provision provided for these receivables is released.

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

2.6. Summary of significant accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories comprises all purchase costs and the overheads that have been incurred in bringing the inventories to their present location and condition. The cost is determined using the monthly weighted average method for all inventories; the cost of semi-finished goods and finished goods takes portion from production cost. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventories excludes borrowing costs.

Investment properties

In accordance with TAS 40 "Investment properties"; land and buildings those are held for rent income generation or value appreciation or both, rather than for using in the production of goods or the sale in the ordinary course of business are classified as "Investment property" and carried at fair value in the consolidated financial statements. The gain or loss related to the change in the fair value determined for the first time and the cost of investment properties is recognized in equity, gain or loss determined in the subsequent periods is recognized in the consolidated financial statements.

The investment properties are derecognized if it is not expected to achieve any economic benefit by the sale or the use in the subsequent periods. The gain and loss occurred related to the disposal of investment properties is recognized in the income statements when they occur.

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. Legal fees are included in the cost. 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)
Buildings	40
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 depreciation method are evaluated every year for the probable effects of changes arising in the expectations; the analogy of the depreciation method and useful life used for the calculation with the economic benefits obtained from the asset are checked, the changes in the assumptions, if any, are accounted for prospectively.

Properties 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 sale revenue less net book value and collected amount and included in the related other income or other expense accounts, as appropriate.

Gain on revaluation and re-measurement fund classified under equity is transferred to retained earnings when the assets carried at fair value are sold.

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

2.6. Summary of significant accounting policies (Continued)

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 prospectively. The costs of intangible assets includes their purchase cost and they are amortized based on their economic lives (5-15 years).

Brands

Separately acquired brands are shown at historical cost; brands acquired in a business combination are recognized at fair value at the acquisition date in the consolidated financial statements.

The Group has assessed the useful lives of brands as indefinite due to the fact that there is no foreseeable limit to the period over which brands are expected to generate net cash inflows for the Group. Brands that have an indefinite useful life are not subject to amortization. Brands are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indicator initial recognition value in an asset is greater than estimated net realizable value, the value of asset should be recorded at recoverable value.

Customer and franchise network

Customer and franchise network acquired in a business combination are recognized at fair value in the consolidated financial statements at the acquisition date. They are amortized over their estimated useful lives (10-20 years).

Favorable lease contracts

Favorable lease contracts acquired in a business combination are recognized at fair value in the consolidated financial statements at the acquisition date. They are amortized over their estimated useful lives (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. 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. 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 of disposal and value in use. Value in use is the present value of estimated future cash flows expected to arise from the use of an asset and from its disposal at the end of its useful life while the net selling price is the amount that will be collected from the sale of the asset less costs of disposal. 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.

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

2.6. Summary of significant accounting policies (Continued)

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or has decreased. The reversal is recorded in the statement of income.

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 end of reporting period. Those with maturities greater than 12 months are classified as non-current assets. The receivables are classified as "trade and other receivables" in the consolidated balance sheets.

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 the investment matures or management intends to dispose it within 12 months of the end of reporting period.

Held to maturity financial assets

Held to maturity financial assets are 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. Held-to-maturity financial assets are carried at amortized cost using the effective interest 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 interest 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.

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 less impairment in the consolidated financial statements.

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

2.6. Summary of significant accounting policies (Continued)

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 statement of profit or loss. 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 statement of profit or loss.

Derivative financial instruments

The Group enters swap contracts in order to hedge foreign exchange risk occurred due to the fluctuations in foreign exchange rates. The derivative financial instruments are initially recognized at fair value and are subsequently re-measured at fair value. Transaction costs are recognized in the income statement on date a derivative contract is entered into.

The changes in fair value of the derivative instruments are recognized in financial income and expense accounts in the consolidated statement of income. As of 31 December 2015 and 2014, the Group did not applied hedge accounting (Note 8).

Trade payables

Trade payables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. The carried trade payables are the fair value of consideration to be paid in the future for goods and services received, whether billed or not billed.

Borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; 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 using the effective interest method.

In case of foreign exchange income is included 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). The results and financial position of each consolidated entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company and the presentation currency of the consolidated financial statements.

During the preparation of the financial statements of the individual entities, transactions in foreign currencies other than TRY (foreign currencies or currencies other than functional 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 translated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 translated.

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

2.6. Summary of significant accounting policies (Continued)

For the purpose of presentation of the 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 translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

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 / (losses) per share

Earnings/loss per share are calculated by dividing net income to the weighted average number of shares that have been issued during the period. In the case that the capital increase is realized from the internal resources during the period, final number of shares at the end of the period is accepted as the same with the number of shares at the beginning of the period.

In Turkey, companies are allowed to increase their share capital by distributing "bonus shares" to shareholders from retained earnings and adjustments to share capital. Earnings per share are calculated by taking those bonus shares into consideration as issued shares. Accordingly, the weighted average of the number of shares is calculated by taking those bonus shares into consideration retrospectively in the calculation of earnings per share.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past events, and it is probable that an outflow or resources will be required to settle the obligation, and the amount has been reliably estimated.

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 significant, 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, vice general managers, vice head of group) 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, catalogue and promotion expenses are recorded as expense once they are reachable by the Group or when advertising and promotion expenses are incurred.

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

2.6. Summary of significant accounting policies (Continued)

Taxes

Current and deferred tax

Income tax is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax. Tax is recognized in the statement of income, except for the items recognized directly in equity. In such case, the tax is recognized in shareholders' equity together with related transaction.

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 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 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 nor loss. Deferred 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 tax asset is realized or the deferred 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 e expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and unused tax losses can be utilized.

When the deferred tax assets and deferred 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 tax assets and deferred tax liabilities are offset accordingly.

Provision for employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. Current service costs and interest costs are recognized in the consolidated statement of income and all actuarial profits and losses are recognized in the consolidated statements of income.

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 programs

The Group operates a loyalty program 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.

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.

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.

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

2.6. Summary of significant accounting policies (Continued)

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 balance sheet 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 balance sheet 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 segments of the Group are textile and ready-to-wear clothing, retail operations, real estate development and management. These segments are managed separately since they are affected by different economic conditions in terms of risks and returns. The Group Management assesses the performance of operating segments by the "Earnings Before Interest Tax Depreciation and Amortization" ("EBITDA") figure generated by adjusting the EBITDA calculated based on the financial statements prepared in accordance with TAS with necessary adjustments and reclassifications. Those adjustments and reclassifications are the omission of non-recurring income/ expense, adding back the net effect of the time difference and foreign exchange gains and losses generated from commercial operations in accordance with TAS and adding non-recurring expenses determined by the Group Management (Note 4).

Operating segments are reported in a manner consistent with the reports provided to the chief operating decision-maker of the Group. The chief operating decision-maker of the Group is responsible for allocating resources and assessing performance of the operating segments.

2.7 Significant accounting estimations

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

i) Impairment tests for the intangible assets with indefinite useful lives

As explained in Note 2.6, intangible assets that have an indefinite useful life are not subject to amortization. They are tested annually for impairment. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group's revenue projections are compared to the carrying value of the intangible asset. The Group has performed an impairment test on intangible assets as at 31 December 2015 and has not identified any impairment as a result of this test (Note 16).

ii) Impairment tests for goodwill

In accordance with the accounting policies explained in Note 2.6, the Group performs impairment test on goodwill to assess whether an impairment exists. Recoverable amount of cash generating units are calculated based on value in use. These calculations require estimations. For the purpose of assessing impairment, the discounted cash flows calculated based on the Group's revenue projections for five years are compared to the carrying value of goodwill.

The Group has calculated the discounted cash flows based on the revenue plans for five years with 4,5% growth projection and a discount rate of 14,70% for the purpose of impairment test of goodwill arising from the acquisition of BBM. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 14,70%, 15,70% or 13,70%), the fair value as at 31 December 2015 would decrease by TRY 280 million and increase by TRY 343 million.

The Group has calculated the discounted cash flows based on the revenue plans for five years with 4,5% growth projection and a discount rate of 13,60% for the purpose of impairment test of goodwill arising from the acquisition of Beymen. If the estimated pre-tax discount rate used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate (instead of 13,60%, 14,60% or 12,60%), the fair value as at 31 December 2015 would decrease by TRY 190 million and increase by TRY 239 million.

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

2.7 Significant accounting estimations (Continued)

As a result of the impairment tests for goodwill performed based on the assumptions explained above, the Group did not identify any impairment as of 31 December 2015.

iii) Provision for net realizable value of inventories

As explained in Note 2.6, inventories are valued at the lower of cost or net realizable value less costs to sell. The Group reviews their inventories annually whether any impairment exists. The selling prices of inventories in the subsequent period are estimated by the management considering the cost of inventories. The management determines the estimated selling price considering current market conditions and fluctuations in current prices.

In a case of unexpected changes in market conditions, impairment estimations are subject to change as they are calculated based on the estimation and assumptions of the Group (Note 12).

iv) Fair value of investment properties

The assumptions of the independent valuation reports obtained for the purpose of determining the fair value of tangible assets classified as investment properties in the consolidated financial statements are as follows:

Independent valuation reports of experts licensed by CMB are used for the determination of fair values of the land in Antalya and the shop in Unkapanı which were carried at cost in the prior periods.

The assumptions of the independent valuation reports obtained for the purpose of determining the fair value of tangible assets classified as investment properties in the consolidated financial statements are as follows based on valuation method, annual rent increase, capitalization ratio (discount rate used for the final value) and comparison of square meters:

31 December 2015	Expert Report date	Valuation method	Discount rate	Annual rent increase rate	Capitalization ratio	Comparison of m ² value (TRY)
Starcity AVM ^(a)	24.12.2015	Discounted revenue	%10	%2	-	-
Unkapanı dükkan ^(c)	06.08.2013	Comparison	-	-	-	1.400
Istwest dükkanlar	26.03.2015	Comparison	-	-	%6	-

31 December 2014

Starcity AVM ^(a)	31.12.2014	Discounted revenue	%10	%2	-	-
Antalya Arsa ^(b)	05.08.2013	Comparison	-	-	-	200
Unkapanı Dükkan ^(c)	06.08.2013	Comparison	-	-	-	1.400

^{a)} Starcity Shopping Mall ("Starcity") located in İstanbul - Bahçelievler, has come into operation on 15 April 2010 with a floor space of 34.119,06 m² and is classified as investment properties as of 31 December 2015. BYN and Merkür İnşaat Ticaret A.Ş. are the owners of the Starcity with the portions of 2/5 and 3/5 respectively. The management of the Mall is conducted by Merkür İnşaat Ticaret A.Ş.

Starcity mall accounted at fair value amounting to TRY 142.464.000 as of 31 December 2015 which is the 2/5 of its total fair value of TRY 356.160.000 determined by the valuation report prepared by Elit Gayrimenkul Değerleme A.Ş. on 24 December 2015 (31 December 2014: 127.040.000 which is the 2/5 of its total fair value of TRY 317.600.000). Fair value increase amounting to TRY 15.337.518 recognized in the consolidated statement of profit or loss under other operating income (Notes 14 and 25).

^{b)} Land located in Antalya, Kepez with a floor space of 4.647 m² is classified as investment property as of 31 December 2015, and is accounted at its fair value of TRY 935.000 determined by an independent expert's valuation report dated 5 August 2013 and numbered 2013/5900. Land is sold on 5 February 2015 and the income from the sale of asset is recognized in the consolidated statement of profit or loss under income from investing activities (Note 14).

^{c)} Shop located in İstanbul, Fatih with a floor space of 125 m² is classified as investment property as of 31 December 2015, and is accounted at its fair value of TRY 175.000 determined by the valuation report of Elit Gayrimenkul Değerleme A.Ş. dated 6 August 2013 and numbered 2013/5901.

^{d)} The fair value of Istwest is calculated by the Group based on the price of equivalent stores sold in 2014 and classified as investment properties as of 31 December 2014 with the fair value amounting to TRY 10,736,740. Istwest shops had been revaluated by Elit Gayrimenkul Değerleme A.Ş. based on the comparison method on 26 March 2015 and the fair value of 10 shops were identified as TRY 16.840.700. Increase in fair value amounting to TRY 6.103.960 is recognized in the consolidated statement of profit or loss under other operating income (Notes 14 and 25).

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

2.7 Significant accounting estimations (Continued)

v) Provision for doubtful receivables

When there is an indicator that the collection of receivables will be impossible, provision is provided for the receivables. The amount of the provision is determined based on the assessment of the Group based on the aging of receivables and the payment performance of the customers. The provision for doubtful receivables is an accounting estimate determined based on the past payment performance and financial situations of the customers (Note 10).

vi) Value of intangible assets acquired through the business combination

The fair values of brands have been determined by refining from royalty method. This method is based on the discounted cash flows of futures operation of the brand, and the royalty is compared with the royalties set a precedent in the market. While using this method for the valuation, the amount of royalty payments to own the brand is projected and the saving amount by possessing the brand is calculated. Significant assumptions are; a) projected revenues for the future operations, b) determination of the discount rate used for the discounted cash flows and c) determination of royalty rate. The weighted average cost of capital has been used as the discount rate.

The fair values of favorable lease contracts are determined by comparing the monthly rental fees defined in the rent agreements with the rental fees in the market and by discounting favorable rental fees to the present value. The weighted average cost of capital has been used as the discount rate. The rental fees of the market are determined by an independent valuation company.

The fair values of franchise agreements and customer network are determined based on the revenue projections from the customers registered in the customer loyalty program of the Group. The weighted average cost of capital has been used as the discount rate (Note 16).

NOTE 3 - BUSINESS COMBINATIONS

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

a) Acquisition of BBM and Beymen

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

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

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

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

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

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

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

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

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

b) Merger of BBA

BBA, owned by Boyner Holding with 99,98% shares, has been transferred to AYTK through merger with all its net assets and the mentioned merger was registered on trade gazette on 29 August 2013. As a result, 25% of the shares of AYTK were transferred to Boyner Holding. 25% shares of AYTK owned by Boyner Holding and other shares which are less than 1% of the capital of AYTK acquired back by the Group in exchange of TRY 20.097.783 on 29 November 2013. As a result of this transaction, negative merger fund amounting to TRY 12.105.679 (Note 21) is accounted under "Effect of business combinations under common control".

c) Acquisition of Nişantaşı Turistik

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

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

	2015
Net asset of Nişantaşı Turistik acquired	1.046.693
Liability arising from the acquisition	(4.796.865)
Impact of business combinations under common control (Note 21)	(3.750.172)

d) Acquisition of İzkar

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

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

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

NOTE 4 - SEGMENT REPORTING

The business operations of the Group are organized and managed with respect to the range of products and services provided by the Group. The information regarding the business activities of the Group as of 31 December 2015 and 2014 comprise the performance and the management of textile and ready-to-wear products, retail store operations and real estate development and management operations.

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

The segment analysis for the period ended 31 December 2015 is as follows:

1 January-31 December 2015	Retail operations	Textile and ready to wear	Real estate development and management	Undistributed	Elimination	Total
Revenue	3.234.170.827	305.995.045	31.201.843	24.846.984	(198.237.526)	3.397.977.173
Gross profit	1.375.268.729	26.417.924	14.959.975	24.846.984	(28.806.510)	1.412.687.102
Capital expenditures (based on balance sheet)	75.160.585	79.289.637	-	1.220.872	-	155.671.094
Depreciation and amortization expenses	69.247.945	8.272.140	-	38.444.294	-	115.964.379
31 December 2015	Retail operations	Textile and ready to wear	Real estate development and management	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	2.871.435.853	406.278.059	158.286.756	1.970.381.902	(1.323.345.864)	4.083.036.706
Total assets	2.871.435.853	406.278.059	158.286.756	1.970.381.902	(1.323.345.864)	4.083.036.706
Segment liabilities	2.585.193.937	379.658.523	60.476.050	1.544.530.358	(1.103.355.388)	3.466.503.480
Total liabilities	2.585.193.937	379.658.523	60.476.050	1.544.530.358	(1.103.355.388)	3.466.503.480

NOTE 4 - SEGMENT REPORTING (Continued)

The segment analysis for the period ended 31 December 2014 is as follows:

1 January-31 December 2014	Retail operations	Textile and ready to wear	Real estate development and management	Undistributed	Elimination	Total
Revenue	2.913.021.431	283.405.910	125.295.078	21.142.499	(182.451.228)	3.160.413.690
Gross profit	1.195.828.543	24.778.188	31.666.528	17.616.611	(17.815.305)	1.252.074.565
Capital expenditures (based on balance sheet)	67.418.851	2.149.255	-	902.935	-	70.471.041
Depreciation and amortization expenses	64.826.083	9.338.928	-	36.036.786	-	110.201.797

31 December 2014	Retail operations	Textile and ready to wear	Real estate development and management	Undistributed	Elimination	Total
Assets and liabilities						
Segment assets	2.350.240.666	389.748.785	200.118.872	1.813.248.021	(687.349.556)	4.066.006.788
Total assets	2.350.240.666	389.748.785	200.118.872	1.813.248.021	(687.349.556)	4.066.006.788
Segment liabilities	2.114.709.605	452.077.164	103.212.535	1.872.203.587	(610.025.703)	3.932.177.188
Total liabilities	2.114.709.605	452.077.164	103.212.535	1.872.203.587	(610.025.703)	3.932.177.188

The reconciliation of EBITDA as of 31 December 2015 and 2014 is as follows:

	1 January - 31 December 2015 CMB financial statements	1 January - 31 December 2014 CMB financial statements
Revenue	3.397.977.173	3.160.413.690
Gross profit	1.412.687.102	1.252.074.565
EBITDA	232.705.687	250.127.477
Adjustments:		
Reclassification in accordance with the format recommended by CMB	34.814.813	14.944.205
Foreign currency gains	(149.348.036)	(71.094.341)
Rediscount income	(51.225.748)	(41.697.802)
Term difference income	(25.230.549)	(25.374.673)
Foreign currency losses	167.770.316	72.667.723
Term difference expenses	49.193.748	43.632.000
Rediscount expense	43.655.082	36.811.298
Non-recurring (income)/expenses per Group Management (*)	54.973.695	34.944.827
Other non-recurring operational expenses	54.973.695	34.944.827
Adjusted EBITDA (*)	322.494.195	300.016.509

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

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of the cash and cash equivalents as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Cash	5.124.210	4.612.903
Banks	36.215.805	42.886.761
- Time deposits (*)	8.067.248	14.251.975
- Demand deposits (**)	28.148.557	28.634.786
Credit card receivables (***)	41.245.399	263.860.433
Cheques given for collection	5.660.651	5.719.051
	88.246.065	317.079.148

(*) The time deposits of the Group which consist of overnights, have interest rate of 6,39% in average as of 31 December 2015 (31 December 2014: 8%).

(**) The Group has restricted cash amounting to TRY 6.471.697 as of 31 December 2015 (31 December 2014: TRY 6.130.205).

(***) As of 31 December 2015, the pledge on the credit card receivables of the Group is amounting to TRY 1.242.018 (31 December 2014: TRY 44.285.714).

Cash and cash equivalents included in the statements of cash flows as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Cash and cash equivalents	88.246.065	317.079.148
Less: Restricted cash	(6.471.697)	(6.130.205)
	81.774.368	310.948.943

The total insurance coverage on cash and cash equivalents is amounting to TRY 71.840.000 as of 31 December 2015 (31 December 2014: TRY 76.957.896).

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

The details of the financial investments and investments in associates accounted for using the equity method as of 31 December 2015 and 2014 are as follows:

	31 December 2015		31 December 2014	
	Share	Amount	Share	Amount
Doğu Yatırım Holding A.Ş.	<1%	104.891	<1%	104.891
Total		104.891		104.891

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

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

	31 December 2015		31 December 2014	
	Effective ownership ratio (%)	Amount	Effective ownership ratio (%)	Amount
Associates				
<i>Accounted for using the equity method</i>				
İzkar (*)	75,00	-	49,60	1.438.979
Christian Dior	49,00	6.736.779	49,00	4.928.296
<i>Accounted at cost</i>				
Nile Bosphorus (**)	33,33	5.472.508	33,33	5.472.508
Joint ventures				
<i>Accounted for using the equity method</i>				
Christian Louboutin	30,00	2.118.637	30,00	1.822.916
Elif Co (***)	50,00	-	50,00	-
		14.327.924		13.662.699

(*) The Group acquired 25.40% of the shares of İzkar on 28 April 2015. The profit/loss incurred until the date of the acquisition is recognized in the consolidated financial statements of the Group under share of profit of investments accounted for using the equity method (Note 3).

(**) Since Nile Bosphorus does not prepare its financial statements for the period ended 31 December 2015 and 2014 in accordance with TFRS, the investment of the Group in Nile Bosphorus is carried at cost.

(***) As of 31 December 2015 and 2014, the Group has presented the amount of investment accounted for using the equity method as zero, due to the losses incurred by Elif Co. As at 31 December 2015, loss which is not accounted in the consolidated financial statements due to the gap between the amount of investment and the cost of the investment accounted for using the equity method, is amounting to TRY 6.292.945 (1 January - 31 December 2014: TRY 4.035.471).

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

	2015	2014
Opening balance - 1 January	13.662.699	12.141.961
Amount recognized in the current year profit (****)	2.868.454	2.115.938
Dividends received	(1.318.013)	(595.200)
Disposal due to changes on the basis of consolidation	(885.216)	-
Closing balance - 31 December	14.327.924	13.662.699

(****) Amount recognized in the current period does not include intra group transactions.

NOTE 7-FINANCIAL LIABILITIES

The details of the short-term financial liabilities as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Interest free bank borrowings (*)	6.780.760	12.021.757
Short term bank borrowings	177.084.299	376.236.082
Short term bonds issued (**)	-	50.612.194
	183.865.059	438.870.033

(*) Interest free bank borrowings consist of interest free loans which were borrowed for the payments of Social Security Institution as of 31 December 2015 and 2014.

(**) In accordance with the approval of CMB dated 24 June 2014, the commercial paper whose maturity start date is 29 September 2014, with a nominal value of TRY 50.000.000 with a maturity of 364 days, monthly interest, principal payment on the maturity date, benchmark Government Debt Securities+4.15% floating interest rate has been offered to qualified investors. Commercial paper was paid on 28 September 2015.

Short-term portion of long-term financial liabilities are as follows:

	31 December 2015	31 December 2014
Short-term portion of long-term financial liabilities	515.708.738	364.960.647
Short-term portion of long-term bonds (***)	153.943.217	203.004.385
Financial lease liabilities	5.161.304	8.499.247
	674.813.259	576.464.279

The summary of long-term financial liabilities for the period ended 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Long-term bank borrowings	844.919.028	368.831.015
Long-term bonds issued (***)	109.485.471	137.375.499
Financial lease liabilities	2.570.285	2.260.479
	956.974.784	508.466.993

(***) In accordance with the approval of CMB dated 16 September 2013, issued on 26 September 2013 the commercial paper with a nominal value of TRY 60.000.000 with a maturity of 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. Mentioned bond was paid on 23 September 2015.

The Group has offered bond amounting to TRY 30.000.000 to qualified investors on 31 March 2014 with a maturity of 546 days. The coupon and principal payment are due at the end of the three month government securities and the indicator is + 5,00% floating interest rate. Mentioned bond was paid on 28 September 2015.

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

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

Bond which is issued by BBM, consecutive to registering CMB, consists of TRY 100.000.000 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. Mentioned bond was paid on 31 December 2015.

Bond which is issued by BBM, consecutive to registering CMB, consists of TRY 100.000.000 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.

NOTE 7-FINANCIAL LIABILITIES (Continued)

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

31 December 2015				
Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY interest free borrowings	2016	-	6.780.760	-
TRY borrowings	2016	12% - 15,75%	396.972.320	235.244.363
USD borrowings	2016-2018	Libor + 4,75%	193.781.870	367.151.618
EUR borrowings	2016-2026	6,25%-7,76%	102.038.847	242.523.047
			699.573.797	844.919.028

31 December 2014				
Currency	Maturity	Interest Rate (%)	Short Term	Long Term
TRY interest free borrowings	2015	-	12.021.757	-
TRY borrowings	2015-2016	11,50-18 %	542.680.395	81.388.112
USD borrowings	2015-2018	Libor + 4,75-8,3 %	161.096.416	225.768.352
EUR borrowings	2015-2026	6,60-8 %	37.419.918	61.674.551
			753.218.486	368.831.015

The redemption schedule of the financial liabilities and bonds as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
2015	-	1.006.512.458
2016	853.517.014	315.260.111
2017	510.608.302	83.254.971
2018 and after	443.796.197	108.014.039
	1.807.921.513	1.513.041.579

In relation to the bank loans elaborated as of 31 December 2015 above, there are mortgages given amounting to EUR 32.000.000 and TRY 214.000.000 (31 December 2014: mortgages amounting to EUR 32.000.000 and TRY 200.000.000 and guarantee notes amounting to TRY 200.000.000) on the stores and residences, and the shopping mall, classified by the Group as investment property at a fair value of TRY 142.464.000 (Note 14). In addition, as declared at Public Disclosure Platform on 19 June 2015, ultimate parent of the Group, Boyner Holding pledged its shares in Boyner Perakende related to the loan received from Qatar National Bank.

NOTE 7-FINANCIAL LIABILITIES (Continued)

The redemption schedule of the financial lease as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Total financial lease payments	8.442.066	11.583.381
Interest will be paid in upcoming years (-)	(710.477)	(823.655)
	7.731.589	10.759.726
Financial lease liabilities up to 1 year	5.161.304	8.499.247
Financial lease liabilities after 1 year	2.570.285	2.260.479
	7.731.589	10.759.726

As of 31 December 2015 and 2014, the summary of short-term financial lease liabilities in terms of foreign currency is as below:

	31 December 2015	31 December 2014
TRY	4.288.140	7.134.333
USD	154.115	1.358.584
EUR	719.049	6.330
	5.161.304	8.499.247

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

	31 December 2015	31 December 2014
TRY	1.038.987	2.137.567
USD	-	121.004
EUR	1.531.298	1.908
	2.570.285	2.260.479

Collateral bills amounting to USD 111.153, EUR 729.228 and TRY 4.316.031 are given regarding to the financial leasing liabilities disclosed above (31 December 2014: USD 586.353, EUR 3.098 and TRY 1.516.527).

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

The details of derivative instruments are as follows:

	31 December 2015	31 December 2014
Financial assets arising from swap transactions - short term (*)	22.855.160	1.683.738
Financial assets arising from swap transactions - long term (*)	36.905.607	3.248.768
	59.760.767	4.932.506

(*) The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 2 December 2014 and 26 May 2015 for its financial liability amounting to USD 107.649.391 (TRY 313.001.370) and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 31 December 2015, the swap instruments are carried at their fair values through the consolidated statement of profit or loss.

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 28 July 2015 for its financial liability amounting to USD 86.541.667 (TRY 251.628.550) and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. As of 31 December 2015, the swap instruments are carried at their fair values in the consolidated statement of profit or loss.

The Group has swap contracts in order to hedge foreign exchange risk and interest risk on 21 September 2015 for its financial liability amounting to EUR 88.500.000 (TRY 281.217.600) and has converted floating interest rate loan to TRY by fixed rate with optional cross-currency swap transactions. These derivative instruments are carried at fair value through statement of profit or loss.

Movement of derivative instruments are as follows:

	2015	2014
Opening balance - 1 January	4.932.506	-
The amount recognized in financial expenses	54.828.261	4.932.506
Closing balance - 31 December	59.760.767	4.932.506

NOTE 9 - OTHER FINANCIAL LIABILITIES

Other financial liabilities of the Group are amounting to TRY 16.081.947 as of 31 December 2015 (31 December 2014: TRY 109.628.739). Other financial liabilities of the Group comprise of its receivables which are transferred to factoring companies as of 31 December 2015 and 2014. Group transfers their trade receivables to local factoring companies with recourse. Since risks related with negotiated receivables have not been transferred to factoring companies and factoring companies have right to recourse if the receivables cannot be collected, the receivables subject to factoring transaction were not derecognized and amount provided from factoring companies presented as other financial liabilities in the consolidated financial statement.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 December 2015	31 December 2014
Trade receivables	183.637.225	213.363.733
Notes receivables (*)	124.335.333	159.583.067
Less: Provision for doubtful receivables	(35.254.468)	(25.625.598)
Less: Rediscount expense	(7.251.226)	(6.589.216)
Total trade receivables from third parties	265.466.864	340.731.986
Trade receivables from related parties	75.200.279	56.992.993
Less: Rediscount expense	(1.828.278)	(1.211.653)
Total trade receivables from related parties (Note 31)	73.372.001	55.781.340
Total short-term trade receivables	338.838.865	396.513.326

(*) TRY 16.081.947 of the notes receivables was transferred to the factoring institutions (31 December 2014: TRY 109.628.739). The factoring debts related to this transaction have been classified under other financial liabilities (Note 9).

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

Long-term trade receivables

	31 December 2015	31 December 2014
Trade receivables from related parties (Note 31)	4.077.595	3.252.007
Trade receivables from third parties	9.156.951	11.582.950
Notes receivables	10.326.506	-
Less: Rediscount expense	(3.234.101)	(2.994.947)
Total long-term trade receivables	20.326.951	11.840.010

The collection period of trade receivables vary with the type of product and the agreements entered into with the customer. The average collection period for textile sales is 169 days (31 December 2014: 170 days), for sales of ready-to-wear clothes is 127 days (31 December 2014: 123 days). The average collection period of trade receivables from retail sales is 86 days (31 December 2014: 71 days).

The movement of provision for doubtful receivables as of 31 December 2015 and 2014 is as follows:

	2015	2014
Opening balance - 1 January	25.625.598	26.703.737
Provisions (Note 25)	10.773.216	1.122.412
Write-offs in the current period (*)	(290.388)	(10.759)
Collection of receivables during the current period (Note 25)	(853.958)	(2.189.792)
Closing balance - 31 December	35.254.468	25.625.598

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

Short term trade payables

	31 December 2015	31 December 2014
Trade payables	579.665.179	520.537.649
Notes payables	560.939.856	504.772.111
Less: Rediscount income	(25.456.397)	(19.106.163)
Total trade payables from third parties	1.115.148.638	1.006.203.597
Trade payables from related parties	12.565.544	11.687.944
Less: Rediscount income	(358.700)	(385.684)
Total trade payables from related parties (Note 31)	12.206.844	11.302.260
Total trade payables	1.127.355.482	1.017.505.857

The average payment period of trade payables is 179 days for textile (31 December 2014: 185 days), and 134 days for ready to wear products (31 December 2014: 141 days). The average payment period of trade payables for retail purchases is 183 days (31 December 2014: 173 days).

Long term trade payables

	31 December 2015	31 December 2014
Notes payables (*)	59.073.112	-
Total long term trade payables	59.073.112	-

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

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

The detail of other receivables and payables as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Other receivables from customer	2.294.298	1.201.484
Due from personnel	318.747	243.736
Receivables from insurance companies	285.885	298.727
Deposits and guarantees given	82.897	202.562
Other	164.047	84.890
Total other receivables	3.145.874	2.031.399
Other receivables from related parties (Note 31)	47.731.069	85.685.494
	50.876.943	87.716.893

The details of long term other receivables as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Deposits and guarantees given to third parties	1.629.829	1.622.518
Total other long-term receivables	1.629.829	1.622.518

The detail of other short term receivables as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Short-term liabilities arising from business combinations (*)	-	774.009.638
Other (**)	23.620.903	23.593.082
Total other payables	23.620.903	797.602.720
Other payables to related parties (Note 31)	-	31.534.946
Total other payables	23.620.903	829.137.666

The detail of other long term receivables as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Deposits and guarantees received	230.913	203.527
Other (**)	28.135.762	45.262.716
Total long term other payables	28.366.675	45.466.243

(*) The short term payables are related to the business combinations held on 31 May 2013, paid on 19 June 2015.

(**) The short term and long term other payables are mainly related with the acquisition of YKM A.Ş. and YKM Pazarlama A.Ş. on 22 October 2013 and amounting to TRY 23.073.725 and TRY 27.409.597 respectively (31 December 2014: TRY 23.077.764 and 44.722.171).

NOTE 12 - INVENTORIES

The detail of inventories as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Trade goods	895.136.616	669.818.473
Raw materials and supplies	53.527.265	46.249.255
Real estates (*)	44.256.935	51.263.261
Goods in transit	39.290.498	40.485.329
Finished goods	36.321.574	83.236.633
Semi-finished goods	25.390.586	22.142.256
Auxiliary materials	9.875.343	10.010.553
	1.103.798.817	923.205.760
Less: Provision for impairment on inventories	(24.345.493)	(20.342.583)
	1.079.453.324	902.863.177

(*) The Group has signed a revenue sharing agreement with Fer Gayrimenkul Geliştirme ve İnşaat A.Ş. on 29 September 2010 for the project related to the construction of office, residence and commercial building on the land of the Group. The land is classified to the inventories based on its fair value on 30 September 2011 due to this revenue sharing agreement. In accordance with the protocol signed with Fer Yapı on 26 December 2014, revenue sharing is completed, land classified as inventory is derecognized while stores and residences are recognized as inventory on 31 December 2014. Revenue on real estates are recognized in the income statement when the risk and benefit of the stores and residences are transferred to the buyers.

The total insurance coverage on inventories is amounting as TRY 1.386.750.000 as at 31 December 2015 (31 December 2014: TRY 1.375.510.471).

The movement of the impairment on inventories during the periods ended as of 31 December 2015 and 2014 is as follows:

	2015	2014
Opening balance - 1 January	20.342.583	16.227.837
Provision provided during the year	4.002.910	4.114.746
Closing balance - 31 December	24.345.493	20.342.583

NOTE 13 - PREPAID EXPENSES AND DEFERRED REVENUE

Deferred revenue - short term

	31 December 2015	31 December 2014
Advances received	29.797.834	49.322.577
Gift voucher	24.545.357	20.909.319
Unused certificates of return goods (*)	15.542.307	12.923.765
Customer loyalty points	8.891.930	9.382.160
Income related to the mall contributions	3.835.431	3.219.117
Other	2.884.560	2.978.862
	85.497.419	98.735.800

(*) Unused certificates of return goods consist of unused portion of certificates given to the customers for their return goods at the retail sales as of the balance sheet date.

NOTE 13 - PREPAID EXPENSES AND DEFERRED REVENUE (Continued)

Deferred revenue - long term

As of 31 December 2015, the non-current deferred revenue amounting to TRY 15.570.889 (31 December 2014: TRY 15.907.210) consists of income related to mall contribution amounting to TRY 15.513.469 (31 December 2014: TRY 15.907.210).

Prepaid expenses - short term

	31 December 2015	31 December 2014
Advances given for inventories	17.120.247	12.007.848
Prepaid insurance expenses	2.397.693	2.364.379
Other	5.185.515	5.106.760
	24.703.455	19.478.987

Prepaid expenses - long term

	31 December 2015	31 December 2015
Advances given for tangible assets	-	3.903.178
Other	251.659	247.449
	251.659	4.150.627

NOTE 14 - INVESTMENT PROPERTIES

	1 January 2015	Additions	Transfers	Change in fair value	31 December 2015
Fair value					
Starcity Mall	127.040.000	86.482	-	15.337.518	142.464.000
Land in Antalya	935.000	-	(935.000)	-	-
Store at Unkapani	175.000	-	-	-	175.000
Istwest stores	10.736.740	-	-	6.103.960	16.840.700
	138.886.740	86.482	(935.000)	21.441.478	159.479.700

In accordance with the protocol signed with Fer Yapı on 26 December 2014, revenue sharing is completed, land classified as inventory is derecognized and 88 store and residences are recognized as inventory on 31 December 2014. Since 10 of the stores classified as inventories are for rent, they are transferred to investment properties.

Starcity Mall have been revaluated by discounted cash flow method on 18 December 2015 by Elit Gayrimenkul Değerleme A.Ş. and fair value determined as TRY 356.160.000. The 2/5 ratio of the Group's share which is equal to TRY 142.464.000 have been accounted at fair value. Increase in fair value TRY 15.337.518 have been accounted in income statement under other operating income (Note 25).

Istwest stores have been revaluated by comparison with similar method on 26 March 2015 by Elit Gayrimenkul Değerleme A.Ş. In accordance with revaluation, fair values of the 10 stores have been determined as amounting to TRY 16.840.700. Fair value changes amounting to TRY 6.103.960 accounted in the income statement under other operating income (Note 25).

NOTE 14 - INVESTMENT PROPERTIES (Continued)

	1 January 2014	Additions	Transfers	Change in fair value	31 December 2014
Fair value					
Starcity Mall	120.240.000	39.286	-	6.760.714	127.040.000
Land in Antalya	935.000	-	-	-	935.000
Store at Unkapanı	175.000	-	-	-	175.000
Istwest stores	-	-	10.736.740	-	10.736.740
	121.350.000	39.286	10.736.740	6.760.714	138.886.740

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

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

As of 31 December 2015, rent income from investment properties is amounting to TRY 12.389.945 (31 December 2014: TRY 10.302.356).

31 December 2014

Name	Date of expertise report	Fair value (TRY)	Cost value (TRY)
Starcity Mall	5 January 2015	127.040.000	41.249.779
Land in Antalya	5 August 2013	935.000	66.492
Store at Unkapanı	6 August 2013	175.000	43.961

The fair value of land and buildings

As of 31 December 2015 and 2014, the fair value of land and buildings of the Group was determined by an independent expert. Increase in the revaluation amount has been recognized as other operating income in the statement of comprehensive income.

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

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

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

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

NOTE 14 - INVESTMENT PROPERTIES (Continued)

	31 December 2015		
	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	-	142.464.000	-
Store at Unkapanı	-	175.000	-
Istwest stores	-	16.840.700	-
	-	159.479.700	-

	31 December 2014		
	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	-	127.040.000	-
Land in Antalya	-	935.000	-
Store at Unkapanı	-	175.000	-
Istwest stores	-	10.736.740	-
	-	138.886.740	-

Valuation techniques used to derive level 2 fair values

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

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2015	Additions	Disposals (-)	Transfers	Assets acquired through business combinations	31 December 2015
Cost						
Lands	62.934	48.820.372	-	-	-	48.883.306
Buildings	-	26.311.968	-	-	-	26.311.968
Plant, machinery and equipment	126.672.471	5.103.097	(78.618)	-	458.361	132.155.311
Furniture and fixtures	148.381.906	23.684.841	(1.565.492)	3.153.439	-	173.654.694
Motor vehicles	1.127.883	-	(260.536)	-	67.637	934.984
Leasehold improvements	227.488.942	34.255.455	(5.490.250)	474.645	403.989	257.132.781
Construction in progress	749.843	8.299.348	-	(3.628.084)	-	5.421.107
	504.483.979	146.475.081	(7.394.896)	-	929.987	644.494.151
Accumulated depreciation (-)						
Buildings	-	(43.853)	-	-	-	(43.853)
Plant, machinery and equipment	(113.681.854)	(4.770.630)	50.044	-	-	(118.402.440)
Furniture and fixtures	(42.087.211)	(24.985.302)	445.434	-	-	(66.627.079)
Motor vehicles	(676.450)	(131.472)	179.689	-	-	(628.233)
Leasehold improvements	(74.851.854)	(34.083.085)	1.394.053	-	-	(107.540.886)
	(231.297.369)	(64.014.342)	2.069.220	-	-	(293.242.491)
Net book value	273.186.610					351.251.660

As of 31 December 2015 total amount of insurance coverage on tangible fixed assets is amounting to TRY 1.054.431.709 (31 December 2014: TRY 877.100.395).

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2014	Additions	Disposals (-)	Transfers	Impairment (*)	31 December 2014
Cost						
Land	62.934	-	-	-	-	62.934
Plant, machinery and equipment	125.644.550	1.773.877	(745.956)	-	-	126.672.471
Furniture and fixtures	117.440.430	27.609.140	(804.627)	4.136.963	-	148.381.906
Motor vehicles	866.281	261.602	-	-	-	1.127.883
Leasehold improvements	199.053.381	27.276.052	(2.845.644)	6.496.756	(2.491.603)	227.488.942
Construction in progress	5.323.257	7.967.031	-	(12.540.445)	-	749.843
	448.390.833	64.887.702	(4.396.227)	(1.906.726)	(2.491.603)	504.483.979
Accumulated depreciation (-)						
Plant, machinery and equipment	(108.604.442)	(5.784.006)	706.594	-	-	(113.681.854)
Furniture and fixtures	(20.001.914)	(22.292.026)	206.729	-	-	(42.087.211)
Motor vehicles	(476.246)	(200.204)	-	-	-	(676.450)
Leasehold improvements	(50.052.120)	(27.066.351)	59.029	-	2.207.588	(74.851.854)
	(179.134.722)	(55.342.587)	972.352	-	2.207.588	(231.297.369)
Net book value	269.256.111				(284.015)	273.186.610

(*) Impairment on property and equipment amounting to TRY 284.015, net is related to special costs of closed stores written off during the period 1 January - 31 December 2014.

As of 31 December 2015 depreciation expense amounting to TRY 49.898.359 (31 December 2014: TRY 41.463.804) has been charged in marketing expenses, TRY 6.235.153 (31 December 2014: TRY 7.233.405) has been charged in cost of sales, TRY 7.868.472 (31 December 2014: TRY 6.629.344) has been charged in general and administrative expenses, and TRY 12.358 (31 December 2014: TRY 16.034) has been charged in research and development expenses (Note 24).

NOTE 16 - INTANGIBLE ASSETS

	1 January 2015	Additions	Disposals (-)	Assets acquired through business combinations (*)	31 December 2015
Cost					
Rights	12.286.040	1.729.521	-	17.028	14.032.589
Brands	469.359.395	-	-	-	469.359.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	9.882.806	7.466.492	-	-	17.349.298
	1.063.778.246	9.196.013	-	17.028	1.072.991.287
Accumulated amortization (-)					
Rights	(8.664.032)	(3.554.605)	-	-	(12.218.637)
Favorable rent contract	(41.048.125)	(25.925.132)	-	-	(66.973.257)
Franchise agreements	(27.414.294)	(13.724.720)	-	-	(41.139.014)
Customer network	(8.098.961)	(5.115.133)	-	-	(13.214.094)
Computer licenses	(2.678.304)	(3.630.447)	-	-	(6.308.751)
	(87.903.716)	(51.950.037)	-	-	(139.853.753)
Net book value	975.874.530				933.137.534
	1 January 2014	Additions	Disposals (-)	Transfers	31 December 2014
Cost					
Rights	8.802.775	1.593.876	(2.880)	1.892.269	12.286.040
Brands	468.937.644	414.557	-	7.194	469.359.395
Favorable rent contract	303.382.404	-	-	-	303.382.404
Franchise agreements	192.140.601	-	-	-	192.140.601
Customer network	76.727.000	-	-	-	76.727.000
Computer licenses	6.302.572	3.574.906	(1.935)	7.263	9.882.806
	1.056.292.996	5.583.339	(4.815)	1.906.726	1.063.778.246
Accumulated amortization (-)					
Rights	(5.045.485)	(3.620.761)	2.214	-	(8.664.032)
Favorable rent contract	(15.122.993)	(25.925.132)	-	-	(41.048.125)
Franchise agreements	(9.303.531)	(18.110.763)	-	-	(27.414.294)
Customer network	(2.983.828)	(5.115.133)	-	-	(8.098.961)
Computer licenses	(591.635)	(2.087.421)	752	-	(2.678.304)
	(33.047.472)	(54.859.210)	2.966	-	(87.903.716)
Net book value	1.023.245.524				975.874.530

As of 31 December 2015, amortization expense amounting to TRY 45.902.407 (31 December 2014: TRY 50.216.060) has been charged in marketing expenses, TRY 5.983.837 (31 December 2014: TRY 4.575.911) has been charged in general and administrative expenses, TRY 47.767 (31 December 2014: TRY 47.117) has been charged in cost of sales and TRY 16.026 (31 December 2014: TRY 20.122) has been charged in research and development expenses (Note 24).

NOTE 16 - INTANGIBLE ASSETS (Continued)

Brands

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

Brand impairment tests

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

Beymen brand

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

Boyner brand

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

T-box brand

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

As a result of the impairment tests for goodwill performed based on the assumptions explained above, the Group did not identify any impairment as of 31 December 2015. As the fair values of the brands are higher than their carrying values, management did not calculate the recoverable amounts in terms of value in use.

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provision for employee benefits

Short term provision for employee benefits amounting to TRY 17.781.353 (31 December 2014: TRY 12.226.042) mainly consists of provision for unused vacation rights and bonus provision.

Other short term provisions

Other short term provision as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Provision for sales returns and price differences	13.615.006	11.434.862
Provision for litigations	5.095.436	2.998.275
Other	56.742	42.121
	18.767.184	14.475.258

The movement of other short term provisions is as follows:

	1 January 2015	Additions	Paid provisions	31 December 2015
Provision for sales returns and price differences	11.434.862	10.273.802	(8.093.658)	13.615.006
Provision for litigations	2.998.275	2.796.167	(699.006)	5.095.436
Other	42.121	14.621	-	56.742
Toplam	14.475.258	13.084.590	(8.792.664)	18.767.184

	1 January 2014	Additions	Paid provisions	31 December 2014
Provision for sales returns and price differences	8.310.125	11.155.736	(8.030.999)	11.434.862
Provision for litigations	3.228.417	1.513.902	(1.744.044)	2.998.275
Other	-	51.578	(9.457)	42.121
Total	11.538.542	12.721.216	(9.784.500)	14.475.258

Contingent assets and liabilities

Guarantees, Pledges and Mortgages

Guarantees, pledges and mortgages "GPM" given by the Company as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
The GPM's given by the Group		
A. Total amount of GPMs which the Company provided on behalf of its own legal entity	795.278	26.044.872
B. Total amount of GPMs which the Company provided on behalf of associates that are included to full consolidation	324.243.271	424.240.764
C. Total amount of GPMs which the Company provided on behalf of third parties to conduct business activities	-	-
D. Total amount of other GPMs provided	-	-
i. On behalf of majority shareholder	-	-
ii. On behalf of other group companies which are not included in item B or C.	-	-
iii. On behalf of third parties which are not covered by item C	-	-
	325.038.549	450.285.636

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As of 31 December 2015 and 2014, there are not any other guarantees, pledges, and mortgages given by the Group.

The details of GPM are given as of 31 December 2015 and 2014 are as follows:

Currency	31 December 2015		31 December 2014	
	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
TRY	263.324.295	263.324.295	359.917.618	359.917.618
USD	-	-	37.841.825	87.751.408
EUR	19.421.656	61.714.254	10.033.855	28.302.495
		325.038.549		475.971.521

NOTE 18 - COMMITMENTS

The details of commitments related to operational and financial leases as of 31 December 2015 and 2014 are as follows:

Operating vehicles lease commitments:

	31 December 2015	31 December 2014
Payable within 1 year	3.217.609	2.762.593
Payable within 1 - 5 years	2.997.245	2.801.405
	6.214.854	5.563.998

Operating stores leasing commitments:

	31 December 2015	31 December 2014
Payable within 1 year	124.195.925	105.051.847
Payable within 1 - 5 years	138.159.599	75.860.186
	262.355.524	180.912.033

Finance leasing commitments:

	31 December 2015	31 December 2014
Payable within 1 year	5.193.615	8.459.088
Payable within 1 - 5 years	2.537.973	2.300.638
	7.731.588	10.759.726

Operating office leasing commitments:

	31 December 2015	31 December 2014
Payable within 1 year	2.162.584	14.695.729
Payable within 1 - 5 years	-	2.200.000
	2.162.584	16.895.729

The commitments of the Group related to export operations as of 31 December 2015 amounting to USD 6.108.417 (31 December 2014: USD 5.477.247).

NOTE 19 - EMPLOYEE BENEFITS

Short term provision for employee benefits

Short term provision for employee benefits as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Payables to personnel	11.734.098	11.964.811
Social security premiums	9.272.681	8.651.118
	21.006.779	20.615.929

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 TRY 3.828,37 for each period of service as of 31 December 2015 (31 December 2014: TRY 3.438,22). The retirement pay provision ceiling is revised semi-annually, and TRY 4.092,53 which is effective from 1 January 2016, is taken into consideration in the calculation of provision for employee benefits (31 December 2014: TRY 3.541,37 effective from 1 January 2014). 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) are 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 2015 and 2014 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 with real discount rate 3,40% (31 December 2014: 2,97%) by assuming an annual inflation rate of 6% (31 December 2014: 6%) and an interest rate of 9,60% (31 December 2014: 9,15%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. The estimated rates of 31 December 2015 date for store personnel 79,83% (31 December 2014: 59,92%) and 96,50% for the management and other personnel (31 December 2014: 97,10%)

The provision for employee benefits in the statement of comprehensive income and balance sheet is as follows:

	31 December 2015	31 December 2014
Current period charge	16.027.902	6.765.779
Finance charge of employee benefits (Note 28)	2.076.455	2.758.228
	18.104.357	9.524.007

	31 December 2015	31 December 2014
Provision for employee benefits	32.683.148	24.318.778
	32.683.148	24.318.778

NOTE 19 - EMPLOYEE BENEFITS (Continued)

The movement of employee benefits is as follows:

	2015	2014
Opening balance - 1 January	24.318.778	21.536.781
Cost of service	16.027.902	6.765.779
Cost of interest	2.076.455	2.758.228
Actuarial losses	6.107.580	1.756.215
Amount acquired through business combinations	242.584	-
Payments (-)	(16.090.151)	(8.498.225)
Closing balance - 31 December	32.683.148	24.318.778

NOTE 20 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2015	31 December 2014
Value added taxes carried forward	96.102.516	56.207.455
Other VAT receivables	14.616.915	10.264.446
Job advances	585.337	648.871
Advances given to employees	5.820	8.976
Other	2.437.533	2.169.501
	113.748.121	69.299.249

Other non-current assets

Other non-current assets of the Group consist of long term VAT receivables amounting to TRY 28.002.075 (31 December 2014: TRY 31.885.180).

Other short term liabilities

	31 December 2015	31 December 2014
Taxes, fees and other deduction payables	9.492.748	11.598.596
Other	1.251.390	1.076.900
	10.744.138	12.675.496

NOTE 21 - EQUITY

The shareholders and the shareholding structure of the Company as at 31 December 2015 and 2014 are as follows:

	31 December 2015		31 December 2014	
	Share	Amount (TRY)	Share	Amount (TRY)
Boyner Holding	54,80%	31.619.228	79,11%	31.645.113
Mayhoola for Investments OPC (*)	30,68%	17.700.000	-	-
Other shareholders and free float (**)	%14,52	8.380.772	%20,89	8.354.887
Paid-in capital	%100,00	57.700.000	%100,00	40.000.000
Inflation adjustment difference in share capital		56.061.369		56.061.369
Total adjusted capital		113.761.369		96.061.369

NOTE 21 - EQUITY (Continued)

- (*) In accordance with the approval of CMB dated 1 June 2015 and numbered 14/674, the share capital increased from TRY 40.000.000 to TRY 57.700.000, and issued shares with nominal value of TRY 17.700.000 are sold to Mayhoola for Investments OPC for TRY 885.000.000 in total, with private placement of TRY 50 for each share whose nominal value is amounting to TRY 1 each through Istanbul Stock Exchange Wholesale Market. In consequence of private placement transaction, share premium amounting to TRY 867.300.000 accounted under "Share premium".
- (**) Represents shareholding less than 10%.

As of 31 December 2015, the registered share capital of the Company is TRY 57.700.000 (31 December 2014: TRY 40.000.000) and the Company's share capital consists of 5.770.000.000 issued shares with TRY 0,01 nominal value each (31 December 2014: 4.000.000.000).

Legal Reserve

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

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

Restricted reserves consist of, legal reserves, gain on sale of subsidiary and gain on sale of investment properties, are as follows:

	31 December 2015	31 December 2014
Legal reserves	10.467.368	10.467.368
Legal reserves arising from tax exemption related to the gain from sale of subsidiary (*)	1.080.833	1.080.833
Legal reserves arising from tax exemption related to the gain from the sale of investment property share (*)	21.902.906	21.902.906
	33.451.107	33.451.107

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

Revaluation funds

The details of revaluation funds as of 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Revaluation fund related to the land on which the factory plant was located	78.824.810	78.824.810
Revaluation fund related to the land classified as investment property	15.722.470	15.722.470
Total of revaluation funds	94.547.280	94.547.280
Classification of the special fund arising from the sale of investment property	(15.722.470)	(15.722.470)
Effect of deferred tax	(3.943.025)	(3.943.025)
Transfers to accumulated losses	(58.951.511)	(54.315.675)
	15.930.274	20.566.110

NOTE 21 - EQUITY (Continued)

The movement of revaluation funds as of 31 December 2015 and 2014 is as follows:

	2015	2014
Opening balance - 1 January	20.566.110	29.805.030
Transfers to accumulated losses (*)	(4.635.836)	(9.238.920)
Closing balance - 31 December	15.930.274	20.566.110

- (*) Revenue is recognized when the risk and benefits of the real estate inventories are transferred to buyer as explained in Note 12. Revaluation fund associated with income recognized during the periods ended 31 December 2015 and 2014 are transferred to accumulated loss.

Impact of business combinations under common control

The detail of impact of business combinations under common control as of 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Impact of the acquisition of BBM	(43.646.268)	(43.646.268)
Impact of the acquisition of Beymen	(202.724.939)	(202.724.939)
Merge impact of BBA	7.478.755	7.478.755
Acquisition of AYTK shares from non-controlling interest (Note 3)	(12.105.679)	(12.105.679)
Acquisition of YKM shares from non-controlling interest	(56.878.535)	(56.878.535)
Impact of the acquisition of Nişantaşı Turistik (Note 3)	(3.750.172)	-
	(311.626.838)	(307.876.666)

NOTE 22 - REVENUE AND COST OF SALES

Sales

	2015	2014
Domestic sales	3.888.982.044	3.441.658.051
Export sales	69.148.702	69.397.258
Real estate sales	19.734.491	114.992.722
Other sales	3.520.169	4.628.649
Sales returns (-)	(411.387.264)	(324.751.905)
Sales discounts (-)	(172.020.969)	(145.511.085)
	3.397.977.173	3.160.413.690

Cost of sales

	2015	2014
Cost of trade goods sold	1.805.328.667	1.661.047.650
Cost of finished goods sold	163.734.276	153.667.870
Cost of services given and real estate sold	16.227.128	93.623.605
	1.985.290.071	1.908.339.125

NOTE 23 - MARKETING, GENERAL ADMINISTRATIVE AND RESEARCH AND DEVELOPMENT EXPENSES

	2015	2014
Marketing expenses	1.015.991.186	887.032.629
General administrative expenses	278.054.444	227.553.997
Research and development expenses	4.673.946	5.311.048
	1.298.719.576	1.119.897.674

Research and development expenses

	2015	2014
Personnel expenses	3.221.299	3.342.118
Outsourced benefits and services	653.641	1.071.089
Depreciation and amortization expenses (Notes 15 and 16)	28.384	36.156
Other	770.622	861.685
	4.673.946	5.311.048

Marketing expenses

	2015	2014
Personnel expenses	302.101.570	265.054.822
Rent expense	297.720.264	243.413.038
Selling, commission and bonus expenses	116.584.779	104.496.203
Depreciation and amortization expenses (Notes 15 and 16)	95.800.766	91.679.864
Outsourced benefits and services	81.689.042	74.182.291
Advertisement, brand and store expenses	79.307.118	66.677.899
Other	42.787.647	41.528.512
	1.015.991.186	887.032.629

General administrative expenses

	2015	2014
Personnel expenses	160.313.068	127.821.868
Outsourced benefits and services	30.753.833	30.399.103
Storage expenses	20.885.590	13.442.311
Depreciation and amortization expenses (Notes 15 and 16)	13.852.309	11.205.255
Rent expense	11.802.636	10.072.921
Travel expense	5.152.334	4.249.190
Other	35.294.674	30.363.349
	278.054.444	227.553.997

NOTE 24 - EXPENSE BY NATURE

Personnel expenses

	2015	2014
Marketing expenses	302.101.570	265.054.822
General administrative expenses	160.313.068	127.821.868
Research and development expenses	3.221.299	3.342.118
Cost of goods sold	13.763.419	10.230.947
	479.399.356	406.449.755

Depreciation and amortization expenses

	2015	2014
Marketing expenses	95.800.766	91.679.864
General administrative expenses	13.852.309	11.205.255
Research and development expenses	28.384	36.156
Cost of goods sold	6.282.920	7.280.522
	115.964.379	110.201.797

NOTE 25 - OTHER OPERATING INCOME / (EXPENSE)

Other operating income

	2015	2014
Foreign exchange income	149.348.036	71.094.341
Rediscount income	51.225.748	41.697.802
Interest income arising from the sales with extended terms	25.230.549	25.374.673
Increase in fair value of investment properties (Note 14)	21.441.478	6.760.714
Commission income	6.324.521	3.445.725
Rent income	4.427.229	2.403.271
Collection of impaired receivables (Not 10)	853.958	2.189.792
Other	31.462.422	22.525.743
	290.313.941	175.492.061

Other operating expense

	2015	2014
Foreign exchange losses	167.770.316	72.667.723
Unearned finance expense from trade receivables	49.193.748	43.632.000
Rediscount expenses	43.655.082	36.811.298
Provision expense of doubtful receivables (Note 10)	10.773.216	1.122.412
Commission expenses	1.422.246	1.025.301
Other	15.841.055	12.640.018
	288.655.663	167.898.752

NOTE 26 - INCOME/ (EXPENSES) FROM INVESTING ACTIVITIES

Income from investing activities

	2015	2014
Gain on sales of investment property	1.426.000	-
Gain on sales of fixed assets	516.401	70.695
Other	458.750	-
	2.401.151	70.695

Loss from investing activities

	2015	2014
Loss on sales of fixed assets	4.154.101	2.031.153
	4.154.101	2.031.153

NOTE 27 - FINANCIAL INCOME

Financial income

	2015	2014
Foreign exchange income	34.438.069	8.308.630
Interest income	5.694.936	10.401.222
	40.133.005	18.709.852

NOTE 28 - FINANCIAL EXPENSES

Financial expenses

	2015	2014
Foreign currency losses	217.711.447	77.837.723
Interest expenses arising from bank borrowings	191.514.566	138.497.371
Interest expenses arising from bills and bonds	50.013.607	57.496.746
Credit card commissions and early collection interest	21.125.608	15.652.825
Interest expense from the purchases with extended terms	32.323.323	56.418.269
Bank commission expenses	12.083.559	7.951.409
Factoring expenses	11.202.537	17.074.805
Interest expenses related to employee benefits (Note 19)	2.076.455	2.758.228
Other	3.951.852	5.957.691
	542.002.954	379.645.067

NOTE 29 - TAX ASSETS AND LIABILITIES

a) Corporate Tax

The Turkish corporation tax rate for 2015 is 20% (31 December 2014: 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 2015	31 December 2014
Corporate tax calculated	8.546.810	12.059.552
Prepaid taxes (-)	(6.807.317)	(9.861.451)
	1.739.493	2.198.101

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

	2015	2014
Corporate tax expense	(8.546.810)	(12.059.552)
Deferred tax income	12.062.741	7.179.767
	3.515.931	(4.879.785)

The reconciliation of the tax expense in the consolidated statement of comprehensive income is as follows:

	2015	2014
Profit before tax	(385.128.641)	(221.009.535)
Corporate tax of 20%	77.025.728	44.201.907
Non-deductible expenses	(11.774.571)	(12.202.602)
Non-taxable income	7.378.242	3.694.916
Current period tax losses on which deferred tax is not calculated	(55.617.993)	(42.990.482)
Other adjustments on which deferred tax is not calculated	47.134	8.967.592
Consolidation adjustments on which deferred tax is not calculated	(6.003.669)	(6.765.347)
Other	(7.538.940)	214.231
	3.515.931	(4.879.785)

NOTE 29 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred tax assets and liabilities:

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

	31 December 2015		31 December 2014	
	Temporary differences	Deferred tax asset / (liability)	Temporary differences	Deferred tax asset / (liability)
Tangible/intangible fixed asset	969.428.838	(193.885.768)	995.933.491	(199.186.698)
Rediscount on trade receivable and payable, net	(1.049.709)	209.942	(2.462.377)	492.475
Inventories	(53.307.532)	10.661.506	(31.092.799)	6.218.560
Provision for employee benefits	(48.164.267)	9.632.852	(33.262.081)	6.652.416
Provision for doubtful receivables	(13.374.631)	2.674.926	(5.281.550)	1.056.310
Provision for sales returns and price difference	(13.430.997)	2.686.199	(11.246.920)	2.249.384
Deferred revenue and customer loyalty programs	(28.240.830)	5.648.166	(27.980.930)	5.596.186
Carry forward losses	(79.327.857)	15.865.571	-	-
Fair value difference of real estate recognized in the income statement	103.957.820	(20.791.564)	82.083.464	(16.416.692)
Derivative instruments	59.752.641	(11.950.529)	4.932.511	(986.503)
Other	(39.376.113)	7.875.226	(48.057.358)	9.620.063
Deferred tax asset/ (liability), net	856.867.363	(171.373.473)	923.565.451	(184.704.499)
Deferred tax asset		21.188.383		20.780.265
Deferred tax liability		(192.561.856)		(205.484.764)

The movement of deferred tax assets/(liabilities) for the periods ended 31 December 2015 and 2014 are as follows:

	2015	2014
Opening balance - 1 January	(184.704.499)	(192.235.508)
Tax income for the period	12.062.741	7.179.767
Amount recognized in equity	1.221.516	351.243
Deferred tax asset acquired through business combinations, net (Note 3)	46.769	-
Closing balance - 31 December	(171.373.473)	(184.704.499)

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

The deferred tax assets on carry forward tax losses which are not recognized as the end of each period are reviewed. When it is probable that the taxable profit for the use of deferred tax assets will be obtain in the near future, deferred tax assets which are not recognized in the prior periods are recognized in the current period.

NOTE 30 - EARNING/ (LOSS) PER SHARE

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

	2015	2014
Loss for the current period (TRY)	(381.635.408)	(225.956.139)
Weighted average number of shares (*)	49.508.264	40.000.000
Loss per share of the Company (TRY)	(7,71)	(5,65)

(*) Per share of TRY 1 nominal value.

NOTE 31 - RELATED PARTY DISCLOSURES

a) Trade receivables due from related parties as of 31 December 2015 and 2014 are as follows:

	31 December 2015		31 December 2014	
	Trade	Other	Trade	Other
Receivables from shareholders				
Boyner Holding A.Ş.	3.648.764	41.349.717	2.276.105	83.792.200
Receivables from associates				
Nile Bosphorus (*)	4.077.595	-	3.252.007	-
İzkar Giyim Tic Ve San A.Ş.	-	-	586.877	-
Christian Dior İstanbul Mağazacılık A.Ş.	-	39.308	-	141.908
Elif Co. For General Trading Ltd.	11.398.439	-	8.620.037	-
Christian Louboutin Mağazılık A.Ş.	-	-	164.538	-
Receivables from other related parties				
BR Mağazacılık A.Ş.	28.751.418	-	15.683.954	-
Fırsat Teknoloji A.Ş.	9.616.993	6.342.044	18.744.905	1.684.282
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler İth.ve İhr. Turizm Ltd.	11.235.233	-	4.529.644	-
Era Mağazacılık A.Ş.	8.721.154	-	5.173.150	-
Nişantaşı Turizm İşletmeleri A.Ş.	-	-	2.130	67.104
Total	77.449.596	47.731.069	59.033.347	85.685.494

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

NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

b) Trade payables due to related parties as of 31 December 2015 and 2014 are as follows:

	31 December 2015		31 December 2014	
	Trade	Other	Trade	Other
Payables to shareholders				
Boyner Holding A.Ş.	255.810	-	1.411.131	8.350.048
Payables to individual shareholders	-	-	-	23.184.898
Payables to associates				
Christian Louboutin SA.	182.499	-	-	-
Christian Louboutin Mağazacılık A.Ş.	288.817	-	87.933	-
Christian Dior İstanbul Mağazacılık A.Ş.	-	-	862.208	-
Payables to other related parties				
BNR Teknoloji A.Ş.	1.375.055	-	114.374	-
BR Mağazacılık A.Ş.	6.793.565	-	6.007.923	-
Alsis Sigorta Acentalığı A.Ş.	2.435.949	-	2.118.491	-
Boğaziçi Yatçılık ve Turizm Yatırımları A.Ş.	8.249	-	5.869	-
Fırsat Teknoloji A.Ş.	32.458	-	2.619	-
Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.	834.442	-	691.712	-
	12.206.844	-	11.302.260	31.534.946

c) Purchase and sale of goods and services to related parties as of 31 December 2015 and 2014 are as follows:

	31 December 2015			31 December 2014		
	Goods	Services	Interest/Other	Goods	Services	Interest/Other
Purchases						
<i>Shareholders</i>						
Boyner Holding A.Ş.	20.573	7.655.153	1.381.370	35.722	16.607.401	2.457.371
<i>Joint-ventures</i>						
Christian Dior İstanbul Mağazacılık A.Ş.	4.847.108	-	-	4.667.638	-	-
Christian Louboutin Mağazacılık A.Ş.	4.401.830	-	-	4.464.099	-	-
<i>Other related parties</i>						
BR Mağazacılık A.Ş.	14.872.847	-	-	15.538.250	-	14.611
Fırsat Elektronik A.Ş.	3.001.420	1.011.179	-	1.737	1.389.675	-
Ran Konfeksiyon Tekstil Deri Yan Ürünler İth. ve İhr. Turizm Ltd.	-	-	283.998	-	-	-
Boğaziçi Yatçılık ve Turizm Yatırımları ve Ticaret A.Ş.	-	204.300	-	-	143.500	-
Alsis Sigorta Acentalığı A.Ş.	-	9.262.646	-	-	8.159.329	-
BNR Teknoloji A.Ş.	-	23.156.184	-	-	76.167	-
Nişantaşı Turizm İşletmeleri A.Ş.	-	-	-	-	24.407	-
Inco İnşaat A.Ş.	-	67.200	-	-	-	-
Yeni Ege Konfeksiyon Yan Ürünleri Ticaret ve Sanayi A.Ş.	903.961	-	-	782.340	-	-
	28.047.739	41.356.662	1.665.368	25.489.786	26.400.479	2.471.982

NOTE 31 - RELATED PARTY DISCLOSURES (Continued)

Sales	31 December 2015			31 December 2014		
	Goods	Services	Interest/Other	Goods	Services	Interest/Other
Shareholders						
Boyner Holding A.Ş.	47.738	126.000	9.015.249	71.440	867.610	7.534.531
Associates						
İzkar Giyim Tic. ve San. A.Ş.	-	-	-	10.554.837	-	-
Elif Co. For General Trading Ltd.	4.326.293	-	-	5.640.171	-	-
Christian Dior İstanbul Mağazacılık A.Ş.	8.206	285.120	-	3.777	259.200	-
Christian Louboutin Mağazacılık A.Ş.	101.225	251.370	-	-	-	-
Other related parties						
BR Mağazacılık A.Ş.	60.454.550	1.087.299	300.095	47.756.676	443.980	2.560.135
Fırsat Teknoloji A.Ş.	22.756.033	1.355.057	1.209.280	38.869.990	1.030.633	373.163
Nişantaşı Turizm İşletmeleri A.Ş.	-	29.800	-	-	744.467	-
Ran Konfeksiyon Tekstil Deri ve Yan Ürünler İth. ve İhr. Turizm Ltd.	12.337.283	-	581.226	8.710.504	-	119.509
Boyner Bireysel Ürünler Satış ve Paz. A.Ş.	4.394	52.900	-	26.695	-	-
Alsis Sigorta Acentalığı A.Ş.	-	72.000	-	-	72.000	-
BNR Teknoloji A.Ş.	6.736	15.349.810	1.155	-	-	-
Christian Louboutin Mağazacılık A.Ş.	-	-	-	158.711	239.400	-
Era Mağazacılık A.Ş.	6.224.321	813.443	-	2.396.006	734.665	-
Bassae Bireysel Ürünler Satış ve Pazarlama A.Ş.	-	74.032	-	43.000	29.318	-
	106.266.779	19.496.831	11.107.005	114.231.807	4.421.273	10.587.338

d) The top management team comprises of board members, general manager and deputy general managers. As of 31 December 2015, the Group has provided remuneration amounting to TRY 49.967.747 to the top executives (1 January - 31 December 2014: TRY 47.122.764).

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's management policies and implementations related to risks arising from financial instruments are explained below:

i. 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 significant exposure of credit risk of the Group arises from cash and cash equivalent and trade receivables. 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.

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i. Credit risk (Continued)

The credit risks incurred by the Group by type of financial instruments as of 31 December 2015 and 2014 are set out in the table below:

	31 December 2015					
	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⁾	77.449.596	281.716.220	47.731.069	4.775.703	36.215.805	52.030.260
- The part of maximum risk under guarantee with collaterals, etc.	-	45.090.880	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired ⁽²⁾	65.030.477	252.290.206	47.731.069	4.775.703	36.215.805	52.030.260
The part under guarantee with collaterals, etc.	-	36.588.428	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	25.505.930	-	-	-	-
- The part under guarantee with collaterals, etc. ⁽³⁾	-	6.243.000	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	12.419.119	3.920.084	-	-	-	-
- The part under guarantee with collaterals, etc.	-	1.659.452	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	35.254.468	-	-	-	-
- Impairment (-)	-	(35.254.468)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	600.000	-	-	-	-
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 of the customers that the Group did not have any collection problem or collected their receivables with delay.

³ The Group has obtained guarantee notes of TRY 6.243.000 against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i. Credit risk (Continued)

	31 December 2014					
	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⁾	59.033.347	349.319.989	85.685.494	3.653.917	42.886.761	274.192.387
- The part of maximum risk under guarantee with collaterals, etc.	-	55.648.038	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired ⁽²⁾	48.647.758	295.970.644	85.685.494	3.653.917	42.886.761	274.192.387
The part under guarantee with collaterals, etc.	-	29.753.760	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	48.525.233	-	-	-	-
- The part under guarantee with collaterals, etc. ⁽³⁾	-	13.493.000	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	10.385.589	4.824.112	-	-	-	-
- The part under guarantee with collaterals, etc.	-	11.692.135	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	25.625.598	-	-	-	-
- Impairment (-)	-	(25.625.598)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	709.143	-	-	-	-
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 of the customers that the Group did not have any collection problem or collected their receivables with delay.

³ The Group has obtained guarantee notes of TRY 13.493.000 against its receivables whose conditions are revised, which otherwise would be considered overdue or impaired.

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i. Credit risk (Continued)

The trade receivables that are past due but not impaired are as follows:

Trade receivables	31 December 2015	31 December 2014
1-30 days overdue	3.948.694	3.493.452
1-3 months overdue	2.676.466	3.675.539
3-12 months overdue	9.714.043	8.040.710
Total	16.339.203	15.209.701
The part secured with guarantee	1.659.452	11.692.135

ii. Liquidity risk

Liquidity risk is the risk of inability to provide sufficient funds for the needs of the Group. The Group aims the continuity of its cash inflows and variability by long term borrowings, issuance of bonds, and by the management of cash and short term time deposits.

The maturities of the Group's assets and liabilities are disclosed by taking the time between the balance sheet date and maturity date into consideration.

As of 31 December 2015 and 2014, the liquidity risk arising from the Group's financial liabilities consist of the following:

31 December 2015

Maturities in accordance with agreements	Carrying value	Total cash outflows in accordance with contract	Less than 3 months		
			3-12 months	1-5 Years	
<i>Derivative Financial Assets</i>					
Derivative assets	59.760.767	59.760.767	5.740.025	17.115.135	36.905.607
<i>Non-Derivative Financial Assets</i>					
Trade and other receivables	411.672.588	430.753.795	195.815.519	206.023.733	28.914.543
Total	471.433.355	490.514.562	201.555.544	223.138.868	65.820.150

31 December 2014

Maturities in accordance with agreements	Carrying value	Total cash outflows in accordance with contract	Less than 3 months		
			3-12 months	1-5 Years	
<i>Derivative Financial Assets</i>					
Derivative assets	4.932.506	4.932.506	481.132	1.202.606	3.248.768
<i>Non-Derivative Financial Assets</i>					
Trade and other receivables	497.692.747	516.278.508	285.833.152	156.812.124	73.633.232
Total	502.625.253	521.211.014	286.314.284	158.014.730	76.882.000

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

ii. Liquidity risk (Continued)

31 December 2015

Maturities in accordance with agreements	Carrying value	Total cash outflows in accordance with contract	Less than 3 months			More than 5 Years
			3-12 months	1-5 Years		
<i>Non-Derivative Financial Liabilities</i>						
Financial liabilities	1.815.653.102	2.076.948.768	319.051.348	625.653.165	1.079.774.265	52.469.990
Trade payables	1.186.428.594	1.150.790.580	633.064.529	458.652.939	59.073.112	-
Other financial liabilities	16.081.947	16.651.602	10.317.171	6.334.431	-	-
Other payables (Note 11)	51.987.578	57.199.694	10.017.921	18.815.098	28.366.675	-
	3.070.151.221	3.301.590.644	972.450.969	1.109.455.633	1.167.214.052	52.469.990

31 December 2014

Maturities in accordance with agreements	Carrying value	Total cash outflows in accordance with contract	Less than 3 months			More than 5 Years
			3-12 months	1-5 Years		
<i>Non-Derivative Financial Liabilities</i>						
Financial liabilities	1.523.801.305	1.788.259.748	340.812.111	828.273.556	571.376.493	47.797.588
Trade payables	1.017.505.857	1.041.528.996	595.970.674	445.558.322	-	-
Other financial liabilities	109.628.739	113.310.103	69.575.885	43.734.218	-	-
Other payables (Note 11)	874.603.909	885.038.783	27.400.881	801.485.110	56.152.792	-
	3.525.539.810	3.828.137.630	1.033.759.551	2.119.051.206	627.529.285	47.797.588

iii. 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.

iv. Foreign currency risk

The Group carries foreign currency risk because of its foreign currency transactions. This risk arises from sales or purchases, borrowings and time/demand deposits with a functional currency different from the group's presentation currency. Foreign currency risk is monitored by the Group, with the balance of net foreign currency position of asset and liabilities and derivative transactions.

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

iv. Foreign currency risk (Continued)

Foreign currency position as of 31 December 2015 and 2014 is set out in the table below:

	31 December 2015					31 December 2014				
	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF	TRY Equivalent (Functional Currency)	USD	EUR	GBP	CHF
1. Trade receivables	31.467.316	9.420.173	1.143.152	101.515	2.786	56.911.954	16.622.575	6.111.920	313.109	-
2a. Monetary financial assets: (cash and banks account included)	6.862.240	1.919.045	388.955	10.808	-	3.421.203	1.084.633	302.789	11.562	4.442
2b. Non-Monetary financial assets	2.182.702	136.473	562.026	-	-	4.117.248	1.157.465	492.664	12.109	-
3. Other	1.684.963	2.662.692	2.582.532	209.579	-	45.254.712	2.167.576	14.132.627	101.337	-
4. Current Assets (1+2+3)	57.361.890	14.138.382	4.676.665	321.902	2.786	109.705.117	21.032.249	21.040.000	438.117	4.442
5. Trade receivables	-	-	-	-	-	3.252.007	1.402.392	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	540.192	-	170.000	-	-	165.767	65.253	5.124	-	-
7. Other	206.012	65.253	5.124	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	746.204	65.253	175.124	-	-	3.417.774	1.467.645	5.124	-	-
9. Total Assets (4+8)	58.108.094	14.203.635	4.851.789	321.902	2.786	113.122.891	22.499.894	21.045.124	438.117	4.442
10. Trade payables	19.095.419	30.857.776	31.738.041	48.018	59.443	140.909.248	15.890.755	36.864.226	19.670	2.786
11. Financial liabilities	294.045.372	66.699.679	31.504.716	-	-	199.513.067	69.898.151	13.268.425	-	-
12a. Other monetary liabilities	415.289	77.991	40.203	14.131	-	830.347.662	354.717.816	2.626.710	106.604	-
12b. Other non-monetary liabilities	2.478.081	491.589	248.109	60.535	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	487.892.161	98.127.035	63.531.070	122.684	59.443	1.170.769.977	440.506.722	52.759.361	126.274	2.786
14. Trade payables	59.073.112	20.316.795	-	-	-	-	-	-	-	-
15. Financial Liabilities	611.205.962	126.273.084	76.804.615	-	-	287.565.817	97.413.112	21.864.981	-	-
16a. Other monetary liabilities	239.005	82.200	-	-	-	100.257	36.130	5.841	-	-
16b. Other non-monetary liabilities	105.052	36.130	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	670.623.130	146.708.208	76.804.615	-	-	287.666.074	97.449.242	21.870.822	-	-
18. Total liabilities (13+17)	1.158.515.292	244.835.244	140.335.684	122.684	59.443	1.458.436.051	537.955.964	74.630.183	126.274	2.786
19. Net assets of off balance sheet derivative items (liability) position (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-	-	-	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-	-	-	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	(1.100.407.198)	(230.631.609)	(135.483.895)	1.992.17	(56.657)	(1.345.313.160)	(515.456.070)	(53.585.059)	311.843	1.656
21. Net foreign currency asset / (liability) / (position of monetary items) (IFRS 7.B23)	(1.117.602.603)	(232.968.307)	(138.555.469)	50.174	(56.657)	(1.394.850.887)	(518.846.364)	(68.215.474)	198.997	1.656
22. Fair value of derivative instruments used in foreign currency hedge	59.760.767	23.227.000	(2.446.519)	-	-	4.932.506	2.127.089	-	-	-
23. Partial total amount of foreign currency assets hedged	-	-	-	-	-	-	-	-	-	-
24. Partial total amount of foreign currency liabilities hedged	842.305.204	192.972.763	88.500.000	-	-	226.857.988	97.830.000	-	-	-
25. Export	69.860.221	7.181.526	15.671.898	851.915	-	66.071.652	11.026.212	13.541.365	769.837	-
26. Import	539.684.819	41.641.785	140.011.977	608.101	72.072	395.263.167	45.200.587	124.558.077	5.608.963	3.693

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

iv. Foreign currency risk (Continued)

Foreign currency sensitivity

As of 31 December 2015 and 2014, 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 2015			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	(63.769.698)	63.769.698	-	-
2- USD hedged from risks (-)	25.162.855	(31.452.113)	-	-
3- USD net effect (1+2)	(38.606.843)	32.317.585	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(27.850.616)	27.850.616	-	-
5- EUR hedged from risks (-)	11.979.360	-	-	-
6- EUR net effect (4+5)	(15.871.256)	27.850.616	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	69.088	(69.088)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	69.088	(69.088)	-	-
TOTAL (3+6+9)	(54.409.011)	60.099.113	-	-

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

iv. Foreign currency risk (Continued)

	31 December 2014			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%:				
1- USD net assets / liabilities	(122.749.951)	122.749.951	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	(122.749.951)	122.749.951	-	-
Change of EUR against TRY by 10%:				
4- EUR net assets / liabilities	(15.114.737)	15.114.737	-	-
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	(15.114.737)	15.114.737	-	-
Change of other currencies against TRY by 10%:				
7- Other currencies net assets / liabilities	112.142	(112.142)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7+8)	112.142	(112.142)	-	-
TOTAL (3+6+9)	(137.752.546)	137.752.546	-	-

v. Interest rate risk

The Group is exposed to interest risk because of its interest generating assets and liabilities. The interest rate risk is continuously monitored and managed by balancing the Group'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 2015	31 December 2014
Financial instruments with fixed interest		
Financial assets	8.067.248	14.251.975
Financial liabilities	821.962.268	427.344.594
Financial instruments with floating interest		
Financial assets	-	-
Financial liabilities	993.690.834	1.096.456.711

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 2015, the current period profit before tax would be lower/higher by TRY 539.339 as a result of high/low interest expenses arising from loans with variable interest (31 December 2014: TRY 548.228).

NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

vi. 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.

As of 31 December 2015 and 2014, the net debt, calculated by deducting the cash and cash equivalents from the total financial debts, dividing to total equity founded by financial debt equity ratio is as follows:

	31 December 2015	31 December 2014
Financial debt	1.831.735.049	1.633.430.044
Less: Cash and cash equivalents	(88.246.065)	(317.079.148)
Net financial debt	1.743.488.984	1.316.350.896
Total equity	616.533.226	133.829.600
Total equity/net financial debt ratio	%35,4	%10,2

NOTE 33 - 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: 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 2015

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	59.760.767	-	59.760.767
Total assets	-	59.760.767	-	59.760.767

31 December 2014

Assets	Level 1	Level 2	Level 3	Total
Hedging derivative instruments for risk management				
- Foreign currency exchange contracts	-	4.932.506	-	4.932.506
Total assets	-	4.932.506	-	4.932.506

NOTE 34 - SUBSEQUENT EVENTS

In accordance with the temporary article 3 of the Capital Market Boards ("CMB") numbered II-27.2, "Rights of Removal from Partnership and Selling Rights Communique" ("the Communique"), Group became eligible to exercise its rights from the Communique as being the controlling shareholder by exceeding 97% of the voting rights, subsequent to acquisition of BBM shares on 29 September 2015. In due course, 3 months' time elapsed on 29 December 2015. On 6 January 2016, BBM applied to CMB to get the approval of issuance certification for the shares to be issued via increasing its capital and of the amended text and applied to Borsa Istanbul in order to be delisted. The issuance certification has been approved by CMB on 26 February 2016 and subsequently the transaction of the shares in the stock market closed before the trading session.

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