

**YATAŞ YATAK VE YORGAN
SANAYİ TİCARET ANONİM ŞİRKETİ
AND IT'S SUBSIDIARY**

**CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE PERIOD ENDED AT 30
JUNE 2018**

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

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

To the Board of Directors of Yataş Yatak ve Yorgan Sanayi ve Ticaret A.Ş.

Introduction

We have reviewed the accompanying consolidated statement of balance sheet of Yataş Yatak ve Yorgan Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries ("collectively referred as the "Group") as at 30 June 2018, the consolidated statement of income, the consolidated statement of other comprehensive income, changes in equity, consolidated cash flows and other explanatory notes for the six-month period then ended ("interim consolidated financial information"). The management of the Group is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

İstanbul, 27 August 2018

Aday Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
(A Member Firm of PKF International)



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YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
CONSOLIDATED INTERIM BALANCE SHEET AS OF 30 JUNE 2018
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

ASSETS	Note	Reviewed	Audited
		30 June 2018	31 December 2017
CURRENT ASSETS			
Cash And Cash Equivalents	4	69.375.961	34.502.481
Financial Investments	11	5.545	258.752
Trade Receivables		92.417.982	66.034.098
<i>Due From Related Parties</i>	3-5	5.237.458	3.675.488
<i>Trade Receivables, Third Parties</i>	5	87.180.524	62.358.610
Other Receivables		96.615	3.837.545
<i>Due From Related Parties</i>	3-6	--	3.225.587
<i>Other Receivables, Third Parties</i>	6	96.615	611.958
Inventories	8	169.762.752	125.256.520
Prepaid Expenses	9	41.582.567	24.678.228
Assets Relevant To Current Period Taxes	10	--	12.880.161
Other Current Assets	7	836.602	6.787.613
TOTAL CURRENT ASSETS		374.078.024	274.235.398
NON-CURRENT ASSETS			
Financial Investments	11	1.000	1.000
Trade Receivables		407.466	190.658
<i>Due From Related Parties</i>	3-5	386.753	190.658
<i>Trade Receivables, Third Parties</i>	5	20.713	--
Other Receivables		645.013	604.804
<i>Due From Related Parties</i>	3-6	--	--
<i>Other Receivables, Third Parties</i>	6	645.013	604.804
Tangible Fixed Assets	12	263.935.732	242.838.680
Intangible Fixed Assets	13	17.899.923	6.067.130
Prepaid Expenses	9	9.503.225	12.547.156
Deferred Tax Assets	30	4.409.839	3.898.746
TOTAL NON-CURRENT ASSETS		296.802.198	266.148.174
TOTAL ASSETS		670.880.222	540.383.572

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
CONSOLIDATED INTERIM BALANCE SHEET AS OF 30 JUNE 2018
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

LIABILITIES	Note	Reviewed	Audited	
		30 June 2018	31 December 2017	
CURRENT LIABILITIES				
Financial Liabilities	14	16.242.667	9.841.261	
Short Term Portion Of Long Term Financial Liabilities	14	36.376.658	28.294.261	
Trade Payables		140.773.321	121.822.437	
<i>Due To Related Parties</i>	3-5	--	--	
<i>Trade Payables, Third Parties</i>	5	140.773.321	121.822.437	
Employee Benefit Obligations	15	14.009.354	11.120.359	
Other Payables		133.722	1.500.506	
<i>Due To Related Parties</i>	3-6	--	--	
<i>Other Payables, Third Parties</i>	6	133.722	1.500.506	
Deferred Income	16	30.779.543	23.057.061	
Current Income Tax Liabilities	30	4.529.171	15.206.445	
Provisions	17	3.129.433	3.169.766	
Other Current Liabilities	7	5.085.432	3.450.934	
TOTAL CURRENT LIABILITIES		251.059.301	217.463.030	
NON-CURRENT LIABILITIES				
Financial Liabilities	14	136.359.700	65.125.548	
Trade Payables		961.131	--	
<i>Due To Related Parties</i>	3-5	--	--	
<i>Trade Payables, Third Parties</i>	5	961.131	--	
Provisions		9.005.326	8.362.308	
<i>Provision For Employee Benefits</i>	18	9.005.326	8.362.308	
Deferred Tax Liabilities	30	14.647.074	14.289.265	
TOTAL NON-CURRENT LIABILITIES		160.973.231	87.777.121	
EQUITY				
Paid-In Capital	20	149.798.932	42.799.695	
Capital Adjustment Differences	20	--	25.090.345	
Buy-Back Shares (-)	20	(12.633.173)	(11.081.201)	
Share Premium	20	--	999.353	
Other Comprehensive Income Not To Be Reclassified To Profit Or Loss		75.840.119	75.777.935	
<i>Gains/ Losses On Revaluation And Remeasurement</i>	20	79.374.196	79.374.196	
<i>Actuarial Gain/Loss Arising From Defined Benefit Plans</i>	20	(3.534.077)	(3.596.261)	
Other Comprehensive Income To Be Reclassified To Profit Or Loss		(765.932)	(307.917)	
<i>Currency Translation Differences</i>	20	(765.932)	(307.917)	
Restricted Reserves	20	17.606.146	12.789.314	
Retained Earnings	20	3.349.526	19.725.898	
Net Income For The Period		25.652.072	69.349.999	
EQUITY HOLDERS OF THE PARENT		258.847.690	235.143.421	
TOTAL LIABILITIES		670.880.222	540.383.572	

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
CONSOLIDATED INTERIM STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AT 1 JANUARY-30 JUNE 2018 AND 2017
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

INCOME/LOSS	Note	Reviewed	Not Reviewed	Reviewed	Not Reviewed
		01.01- 30.06.2018	01.04- 30.06.2018	01.01- 30.06.2017	01.04- 30.06.2017
Revenue	21	426.553.696	227.375.400	346.491.591	194.667.138
Cost Of Sales (-)	22	(241.481.174)	(125.186.600)	(203.060.627)	(114.416.947)
Gross profit		185.072.522	102.188.800	143.430.964	80.250.191
General Administrative Expenses (-)	23	(21.784.461)	(13.468.720)	(16.944.832)	(9.412.685)
Marketing, Selling And Distribution Expenses (-)	23	(113.931.885)	(60.809.140)	(90.214.235)	(48.215.321)
Research And Development Expenses (-)	23	(2.107.672)	(1.177.995)	(1.401.849)	(651.749)
Other Income From Operating Activities	24	23.083.158	10.279.722	10.714.851	2.988.010
Other Expenses From Operating Activities	25	(21.548.309)	(9.768.778)	(10.706.062)	(2.825.384)
Operating Profit / Loss		48.783.353	27.243.889	34.878.837	22.133.062
Income From Investment Activities	26	330.921	184.755	302.347	145.964
Expenses From Investment Activities (-)	27	(22.727)	(22.727)	(19.171)	--
OPERATING INCOME BEFORE FINANCIAL INCOME		49.091.547	27.405.917	35.162.013	22.279.026
Financial Expenses (-)	29	(18.184.706)	(10.114.891)	(9.315.503)	(4.121.204)
Financial Income	28	2.161.689	1.559.723	1.386.324	615.794
PROFIT BEFORE TAX		33.068.530	18.850.749	27.232.834	18.773.616
Tax income/(expense)		(7.416.458)	(4.253.205)	(5.647.596)	(3.844.496)
Taxes On Income	30	(7.585.288)	(4.529.385)	(5.253.498)	(3.591.111)
Deferred Tax Income/(Expense)	30	168.830	276.180	(394.098)	(253.385)
PERIOD PROFIT / LOSS		25.652.072	14.597.544	21.585.238	14.929.120
Earnings Per Share					
Earnings Per Share (Kr)	31	0,000171	0,000097	0,000144	0,000100
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		62.184	566	(186.229)	(21.755)
Gains/ Losses On Revaluation And Remeasurement	20	--	--	(54.388)	(27.193)
Actuarial Gain/Loss Arising From Defined Benefit Plans	18	77.730	707	(178.398)	--
Tax Income/(Expense)		(15.546)	(141)	46.557	5.438
Deferred Tax (Expense) Income	30	(15.546)	(141)	46.557	5.438
Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss		(458.015)	(96.170)	(66.231)	(73.862)
Currency Translation Differences		(458.015)	(96.170)	(66.231)	(73.862)
OTHER COMPREHENSIVE INCOME (LOSS)		(395.831)	(95.604)	(252.460)	(95.617)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		25.256.241	14.501.940	21.332.778	14.833.503

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED AT 1 JANUARY-30 JUNE 2018 AND 2017
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

					Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss					
	Paid In Capital	Inflation Adjustments Of Shareholders' Equity	Buy-Back Shares	Share Premiums/ Discounts	Gains/ Losses On Revaluation And Remeasurement	Actuarial Gain/Loss Arising From Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Retained Earnings	Net Income For The Period		
	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	
Balance at 01 January 2017	42.799.695	25.090.345	(54.250)	999.353	8.626.019	(2.941.056)	(22.352)	898.950	14.137.748	17.478.514	107.012.966	
Transfer From Retained Profit	--	--	--	--	--	--	--	809.163	16.669.351	(17.478.514)	--	
Period Profit / Loss (Net)	--	--	--	--	--	--	--	--	--	21.585.238	21.585.238	
Other Comprehensive Income	--	--	--	--	(43.511)	(142.718)	(66.231)	--	--	--	(252.460)	
Balance at 30 June 2017	42.799.695	25.090.345	(54.250)	999.353	8.582.508	(3.083.774)	(88.583)	1.708.113	30.807.099	21.585.238	128.345.744	
Balance at 01 January 2018	42.799.695	25.090.345	(11.081.201)	999.353	79.374.196	(3.596.261)	(307.917)	12.789.314	19.725.898	69.349.999	235.143.421	
Transfer	--	--	(1.551.972)	--	--	--	--	4.816.832	(4.816.832)	--	(1.551.972)	
Transfer From Retained Profit	--	--	--	--	--	--	--	69.349.999	(69.349.999)	--	--	
Period Profit / Loss (Net)	--	--	--	--	--	--	--	--	--	25.652.072	25.652.072	
Other Comprehensive Income	--	--	--	--	--	62.184	(458.015)	--	--	--	(395.831)	
Transfer to capital	106.999.237	(25.090.345)	--	(999.353)				(80.909.539)	--	--	--	
Balance at 30 June 2018	149.798.932		--	(12.633.173)	--	79.374.196	(3.534.077)	(765.932)	17.606.146	3.349.526	25.652.072	258.847.690

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ VE BAĞLI ORTAKLIĞI
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED AT 1 JANUARY-30 JUNE 2018 AND 2017
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		Reviewed	Reviewed
	Note	01.01-30.06.2018	01.01-30.06.2017
A. Cash Flow From Operating Activities :			
Profit / (Loss) Of The Period		33.068.530	27.232.834
Adjustments Related To Reconciliation Of Profit/(Loss)			
Adjustments Related To The Increase/Decrease In Amortization And Depreciation	12-13	11.826.260	7.134.951
Adjustment To Unearned Interest On Receivables	5-25	6.748.514	956.325
Adjustment To Unearned Interest On Payables	5-24	(7.649.561)	(1.067.946)
Adjustment To Interest Expenses	14	(1.332.919)	733.163
Adjustments Related To Provision (Reversal) For Employee Benefits	18	705.202	431.804
Adjustment To Provision For Lawsuits	17	1.500.000	450.052
Adjustment To Provision For Doubtful Receivables	5	(2.283.489)	2.152.793
Adjustment To Fair Value Increase / (Decrease)	20	--	(43.511)
Financial Investments Fair Value Adjustment	20	16.235	--
Adjustment To Tax Income (Expenses)	30	15.546	(46.557)
		42.614.318	37.933.908
Changes In Operating Assets And Liabilities			
Changes In Trade Receivables	5	(31.065.717)	(119.182)
Changes In Other Receivables	6	475.134	1.529.475
Changes In Other Assets	6	5.951.011	(7.698.659)
Changes In Inventories	8	(44.506.232)	(13.493.248)
Changes In Prepaid Expenses	9	(13.860.408)	(7.904.112)
Changes In Trade Payables	5	27.561.576	31.036.192
Changes In Other Payables	6	(1.366.784)	(7.922.945)
Changes In Employee Benefit Liabilities	15	2.888.995	(2.954.160)
Changes In Other Liabilities	7	94.165	2.798.481
Changes In Deferred Income	16	7.722.482	10.087.186
Taxes Returns (Payments)	30	(5.382.401)	(3.034.830)
Total		(8.873.861)	40.258.106
B. Cash Flow From Investing Activities			
Changes In Financial Investment	11	(1.315.000)	(8.191.044)
Cash Inflows From Sales Of Tangible And Intangible Assets	12-13	7.179.028	480.397
-Cash Inflows From Sales Of Tangible Assets		6.494.402	480.397
-Cash Inflows From Sales Of Intangible Assets		684.626	--
Cash Outflows From Purchases Of Tangible And Intangible Non-Current Assets	12-13	(51.935.133)	(22.672.004)
-Cash Outflows From Purchases Of Intangible Assets		(38.248.392)	(20.760.982)
-Cash Outflows From Purchases Of Intangible Assets		(13.686.741)	(1.911.022)
Collections From Advances Given	6	3.225.587	1.224.857
-Collections From Related Parties		3.225.587	1.224.857
Interest Income	24	--	334.418
Total		(42.845.518)	(28.823.376)
C. Cash Flow From Financial Activities			
Cash Inflows / (Outflows) From Borrowings	14	124.428.158	45.206.379
Cash Outflows From Payables	14	(29.401.777)	(33.081.725)
Cash Inflows / (Outflows) From Leasing Payments	14	(102.406)	(194.596)
Interest Paid	14	(8.288.973)	(4.484.235)
Interest Income	14	415.872	177.683
Total		87.050.874	7.623.506
Net (Decrease) / Increase Before Effects Of Foreign Exchange Rate (A+B+C)		35.331.495	19.058.236
D. Effects Of Foreign Exchange Rate Changes On Cash And Cash Equivalents	20	(458.015)	(66.231)
Net (Decrease) / Increase In Cash And Cash Equivalents (A+B+C+D)		34.873.480	18.992.005
E. Cash And Cash Equivalents At The Beginning Of The Period	4	34.502.481	24.059.181
Cash And Cash Equivalents At The End Of The Period (A+B+C+D+E)	4	69.375.961	43.051.186

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

NOTE 1 – ORGANIZATION OF THE GROUP

Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi (“Parent Company”) and its subsidiary are referred as “Group” on the notes to the consolidated financial statements.

The summarized information of entities which are consolidated with “complete consolidation method” is comprised of the following;

Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi

Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş. (“Company”) was established in 1987. The Company’s engaged in the production of bed, furniture, quilt, armchair, sofa, home textile and home furniture. The Company acquired and merged with İstanbul Pazarlama Yatak ve Yorgan Sanayi Ticaret A.Ş (“Yataş İstanbul Pazarlama A.Ş.”) on 28 February 2011. The Company established ‘Yatas Europe GMBH’ On 10.07.2015 as owner of 100% shares. Therefore the Company began to prepare its consolidated financial statements in complete consolidation method.

For the period ended at 30 June 2018, 2,327 personnel are employed at the Company (31 December 2017: 2,258).

Company registered on the Kayseri Chamber of Industry with the number of 14222 and its legal address Organize Sanayi Bölgesi 18. Cadde No:6 Melikgazi / Kayseri. The Company’s operating activities located on the Turkey. The Company has 75 stores located on Turkey.

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 1996.

Company’s shareholding structure mentioned in Note 20.

Yatas Europe GMBH

Yatas Europe Gmbh (“Yatas Europe”) was established in 10.07.2015 in Germany. The Company’s engaged in export and import of Bed, Furniture, Quilt, Armchair, Sofa, Home Textile and Home Furniture.

For the period ended at 30 June 2018, 5 personnel are employed by the Company. (31 December 2017: 5).

Yatas Europe’s shareholding structure as of 30 June 2018 in EUR are as following;

Shareholders	30 June 2017		31 December 2017	
	Share Percentage	Share	Share Percentage	Share
		Amount (EUR)		Amount (EUR)
Yataş Yatak ve Yorgan Sanayi Ticaret A.Ş.	%100.00	100.000	%100.00	100.000
Total	%100.00	100.000	%100.00	100.000

NOTE 2 – BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compatibility Statement

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, ("TAS/TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 2 June 2016 by POA and the format and mandatory information recommended by CMB.

Approval of Consolidated Financial Statements

Consolidated financial statements of the Group are approved by the Board of Directors and granted authority to publish on August 27, 2018. With no intention, the Board of Directors and some regulative agencies have the right to change the financial statements that were prepared according to legal regulations after they have been published.

Financial Statements Correction in High Inflation Period

Group was abolished inflation accounting application for 01 January 2005

Currency

The financial statements and the prior period financial statements for comparison purpose, in the accompanying statements are prepared in terms of Turkish Lira (TRY).

Subsidiaries Operating in Countries Other Than Turkey's Financial Statements

Financial statements of subsidiaries, operating in countries other than Turkey, are prepared properly according to their laws and to regulations and are adjusted Turkish Accounting Standards and Turkish Financial Reporting Standards for the purpose of fair presentation by the Public Oversight Accounting and Audited Standards Authority. The related Subsidiaries' assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Foreign exchange differences arising from the use of the average and balance sheet date rates are included in the "currency translation difference" under the shareholders' equity.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a basis, or realize the asset and settle the liability simultaneously.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018
(Currency - Turkish Lira unless expressed otherwise.)
(Convenience translation into english of consolidated financial statements, originally issued in turkish)

Basis of Consolidation

The companies are subject to "Complete Consolidation Method" if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding companies' operations are belonging to the Parent Company. Parent Company has controlling rights if it is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The companies which have continuous relationship on management and power to govern Parent Company's policies and/or which have direct or indirect capital and management relationship or which have voting share of Parent Company between the rates 20-50% are accounted by using equity pick-up method.

Complete Consolidation Method

The principles of consolidation followed in the preparation of the accompanying financial statements are as follows:

- The financial statements of the consolidated subsidiaries have been equipped according to the accounting principles of the Parent Company.
- The share of the Parent Company in the shareholders equity of subsidiaries is eliminated from the financial of subsidiaries these are adjusted according to the accounting principles of financials of the Parent Company.
- The income statements of the Parent Company and the subsidiaries are consolidated a line by line basis and the transaction between companies are eliminated mutually. Consolidation of income statements of subsidiaries held in an audit period are based on the investment date and the items after the holding date are included.
- The minority part of shareholders' equity including paid capital of the companies subject to consolidation is classified as "Minority Interest" in accompanying financial statement.

The portion of the third parties other than consolidated companies in the net profit or losses of the subsidiaries are classified as "Minority Interest" in the income statements. The 100% shares of the subsidiary is owned by the Parent Company therefore minority interest is not occurred.

As of 30 June 2018 and 31 December 2017 the Company that are subject to "Complete Consolidation Method" if directly or indirectly 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding companies' operations are belonging to the Parent Company are as below;

	Ownership of the Parent Company	Minority Interest
Subsidiaries	(Direct+ Indirect)	-
Yatas Europe GmbH	100.00%	100.00%

2.b. Changes in Accounting Policies

A Group may change its accounting policy only in the following situation:

- If it is required by a Standard or Exercise or
- If it assures to present financial status, performance of The Group or transaction effects on the cash flow and effects of events on the financial statements more reliable and consistent.

The user of financial statements should be able to compare financial statements of a Group within the time period to determine the financial status, performance of The Group or transaction effects on the cash flow. Due to this reason, unless there is a change in accounting policy as stated above, it has to apply same accounting policy in every interim and fiscal period.

The Group has initially adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018.

The accounting policies used in preparation of condensed consolidated interim financial statements as at 30 June 2018 except for described below are consistent with those used in the preparation of consolidated statements for the year ended 31 December 2017.

New and amended standards and interpretations

Standards, amendments and interpretations effective as of 1 January 2018:

- TFRS 9 - Financial Instruments
- TFRS 15 - Revenue from Contracts with Customers
- TFRS 15 - Revenue from Contracts with Customers (Amendments)
- TAS 40 - Investment Property (Amendments)
- TFRS 2 - Share Based Payments (Amendments) - Annual Improvements to TFRSs - 2014 - 2016 Cycle: TFRS 1, TFRS 7, TAS 19, TFRS 10 and TAS 28
- TFRS 22 Disclosure Initiative - Foreign Currency Transactions and Advance Consideration

Standards, amendments and improvements issued but not yet effective and not early adopted:

- TFRS 9 - Financial Instruments (Amendments)
- TAS 28 - Investments in Associates and Joint Venture (Amendments)
- TFRS 16 – Leases
- TFRS 19 Employee Benefits (Amendments)

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

2.c. Changes in Accounting Estimates and Errors

The accompanying consolidated financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by the Group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements. Changes in accounting estimates and errors explained in title of "Comparative Information and Previous Periods Financial Statements Adjustments".

Comparative Information and Previous Periods Adjustments

For the purpose of conducting a comparison of financial position and performance trend, Group's current financial statements are prepared comparative with previous periods. Comparative information is reclassified to be compatible with the presentation of current financial statements, when necessary.

2.d. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalent values contain cash on hand, bank deposits and high liquidity investments. Cash and cash equivalents are showed with obtaining costs and the total of accrued interests.

Financial Instruments

Classification and Measurement

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The appropriate classification of financial assets is determined at the time of the purchase.

"Financial assets measured at amortised cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortised cost comprise "cash and cash equivalents" and "trade receivables". Financial assets carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortised cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

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“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

Financial assets	Classification under TAS 39	Classification under TFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Financial assets	Fair value through profit or loss	Fair value through profit or loss
Financial liabilities	Classification under TAS 39	Classification under TFRS 9
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost

Impairment

“Expected credit loss model” defined in TFRS 9 “Financial Instruments” superseded the “incurred credit loss model” in TAS 39 “Financial Instruments: Recognition and Measurement” which was effective prior to 1 January 2018. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

Trade Receivables

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

Buy-Back Shares

The buy back shares are reflected in the “Buy-Back Shares disclosure” account under shareholders’ equity in the Consolidated Financial Statements in accordance with the II-22.1 of the CMB’s Communiqué on “Acquisition of Buy Back Shares”. In addition, the shares are classified in “Restricted reserves” in accordance with the related communiqué.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred. For the periods ended there is no capitalized borrowing cost.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the "weighted average" method. Cost elements included in inventories are materials, labor and factory overheads. The cost of borrowings is not included in the costs of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale.

Tangible Fixed Assets and Amortisations

Tangible fixed assets except lands, buildings are carried at cost, restated by deduction of the yearly accumulated depreciation. Land and buildings are valued with their fair values. Borrowing costs are recognized in accordance with TAS-23 as an element of the book value of assets that are manufactured by the entity. Entities may subject their tangible assets to revaluation. Depreciation is calculated on a straight-line basis over the adjusted amounts and at the rates that reflect the economic useful lives of the following assets Land is considered as limitless useful life, so it is not subject to depreciation. Expected useful life, residual value and amortization method are reviewed for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates.

The depreciation rates for property, plant and equipment, which approximate the useful economic lives of these assets, are as follows:

Buildings	25-50 years
Land improvements	8-25 years
Property, plant and equipment	5-14 years
Motor vehicles	4-10 years
Furniture, fixtures and office equipment	5-25 years
Leasehold improvements	Rental Period - 5-10 years

Property, plant and equipment are reviewed for possible impairment and the carrying value of the tangible asset is reduced to its recoverable amount if the recoverable amount is greater than its recoverable amount. The recoverable amount is recognized as the higher of net cash flows from the current use of the property, plant and equipment and net selling price.

Appraisal reports containing fair value of property, plant and equipment held for sale is not obtained, Therefore method of deducting selling prices from fair value has not been applied. Property, plant and equipment held for sale are stated at cost in the financial statements.

Intangible Fixed Assets

Intangible fixed assets comprise of rights and they are recorded at acquisition cost. Intangible fixed assets are amortized on a straight-line method with prorate basis over period of between 3-10 years from the date of acquisition.

Financial Leases

Group acquired assets under finance lease agreements and capitalized at the inception of the lease starting from acquired date. Payables to lease are pursued under financial leasing liability in balance sheet (It was included in the related tangible fixed assets in the financial statements). Calculation of minimum leasing payment is to find out current market value as the valid proportion is calculated practically in financial leasing process then it is, otherwise proportion of interest rate of loan is used as discount factor. Expenses of asset acquisition through financial leasing are included in costs. The liability from financial leasing is decomposed into interest rate and the main loan. Expenses of interest rate are calculated with the fixed interest rate and are issued in related periods.

Impairment of Assets

The Group evaluates whether there is an indicator for the decrease in value related to the asset for the rest of every assets of financial assets which are shown with the deferred tax and fair value, or not, at the every financial statement date. If there is an indicator, the regain amount of this asset is estimated. Impairment occurred if the topic assets or the net book value of unit which is belong to assets that produce cash is higher than the regain amount which was gained with the help of using or sale. In the related period, impairment lost is accounted in the income statement. Impairment loss of assets is reversed in the manner of not passing the amount of impairment which was saved before, in the situation of association an amount which was occur at the period which is following registration of impairment with the following increase in regain amount of this assets.

Severance Pay Provision / Employee Benefits

- Severance Pay**

Under Turkish Labor Law, Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. This liability forsee, as of 30 June 2018, maximum 5.002 TRY (31 December 2017: 4.732 TRY), 30 days total gross revenue and other rights are based to calculate this value.

The Group has reflected the severance pay liability calculated on the balance sheet date on the financial statements using the expected inflation rate and the real discount rate based on the principles stated above for the financial statements as of 30 June 2018. The ratios of the basic assumptions used on the balance sheet date are as follows:

	30 June 2018
Rediscount rate	%17,00
Inflation rate	%12,00
Real dicount rates	%4,46

The Group has calculated severance pay liability on the financial statements in the accompanying consolidated financial statements using the "Projection Method" based on the experience gained over the past years by the Group in completing the personnel service period and entitlement to termination indemnity and discounting it with the government treasury rate at the balance sheet date. All calculated gains and losses are reflected in the income table.

- Social Insurance Premium**

Group pays social security contribution to social security organization compulsorily. So long as Group pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

Fair value estimation:

The Group's various accounting policies and footnote disclosures require fair value for both financial and non-financial assets and liabilities. The fair values are determined by the following methods for valuation and / or disclosure purposes. Where feasible, the assumptions used in the determination of fair value are presented in the footnotes related to the asset or liability as additional information. Level-by-level valuation methods are 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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Tax

In the accompanying Consolidated Financial Statements, the tax consists of corporate tax provision and deferred tax. The corporation tax that will arise from the results of the period's operations have set aside a provision for the income tax liabilities at the statutory tax rates that are valid at the balance sheet date. The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and TFRS financial statements. The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring, the carry-forward period associated with the deferred tax assets, future reversals of existing taxable temporary differences that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset.

Revenue recognition

Group recognises revenue based on the following five principles in accordance with the TFRS 15 - "Revenue from Contracts with Customers Standard" effective from 1 January 2018:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the goods or perform services, are determined as separate performance obligations

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of Group's collection right of the consideration for the goods or services,
- b) customer's ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer's ownership of significant risks and rewards related to the goods or services,

e) customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, 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 recognised on an accrual basis as other operating income.

Interest income

Interest income is accrued in proportion as effective interest rate which reduces estimated cash addition to recorded value of the asset in corresponding period.

Dividend and other incomes

Dividend income which obtained from share investments, is recorded when shareholders' have the right to get dividend.

Other incomes are recorded with the possibility of having the worth giving service or accrual of the facts related with income, making the transfer of risk and benefit, determination of income amount and enrollment of economic benefits related with the procedure.

Accounting Estimations

The accompanying consolidated financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by the Group management to be compatible with statements required by Public Oversight Accounting and Auditing Standards Authority. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements.

Comments those would have significant effect on balances reflected in the financial statements and important expectations and valuations considering present or future expectation as of report date, are as following.

Provision for doubtful receivables

Provision for doubtful receivables reflects the future loss that the Group anticipates to incur from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economical conditions. During the impairment test for the receivables, the debtors are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The provision for doubtful receivables is presented in Note 5.

Useful lifetime of tangible and intangible assets

Group reserves provision for depreciation regarding to footnote 2.d that refers to useful lifetime on fixed assets. Information about useful lifetime is described in footnote 2.d.

Provision for lawsuits

While setting provision for lawsuits, it has considered probability to lose lawsuit, then the consequences of loosing case by the legal advisor of the Group. Details of the lawsuits provisions are in Note 19 based on the estimation by utilizing information given by Group Management.

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Severance pay provision

Severance pay provision is calculated with actuarial expectation based on assumptions like discount rates, salary increase in the future and probability to quit the job. This planning covers long term concerns. Hence assumptions involve vital uncertainty. Provisions for employee benefits are given in detail in Note 18.

Deferred Tax

The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with IFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and IFRS financial statements. The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring, the carry-forward period associated with the deferred tax assets, future reversals of existing taxable temporary differences that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the revaluation, as of 30 June 2018, temporary differences due to tax incentives can be foreseen and the fraction falls in continuity of tax incentives within the context of tax legislations, can be benefited from and is to be tax assets and accounted. As of balance sheet date, the details regarding deferred tax calculations are stated in Note 30.

Provisions, Contingent Liabilities and Assets

Provisions

Provisions are recognized when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent Liabilities and Assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of the Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Foreign Currency Assets and Liabilities

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange profit and loss are reflected to the income statements.

USD, EUR and GBP are used at the end of the period as follows:

	30 June 2018	31 December 2017
USD	4,5607	3.7719
EUR	5,3092	4.5155
GBP	5,9810	5.0803

Effects of Change in Currency Rate

Assets and liabilities in foreign currency and purchase and sale commitments create exchange risk. Foreign exchange risk stemming from depreciation or appreciation of Turkish Lira managed by top management by following the currency position of Group and taking position according to approved limits

Earnings Per Share

Earnings per share in the consolidated income statements are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year.

In Turkey, companies can increase their share capital by making distribution of "bonus shares" to existing shareholders from inflation adjustment difference in shareholder's equity. For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of "bonus shares" issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

Other Balance Sheet Items

Other balance sheet items are mainly reflected at book value.

Cash Flow Statement

The Group prepares statement of cash flows to inform users of financial statements about changes in net assets and ability to direct financial structure, amounts and timing of cash flows according to changing situations. In the statement of cash flows, current period cash flows are grouped according to operating, financing, and investing activities. Operating cash flows resulting from activities in scope of Group's main operating scope. Cash flows related to investing activities are cash flows resulting from investing activities (fixed investments and financial investments) of the company. Cash flows related to financing activities comprise of funds used in financing activities of the Group and their repayments. Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant change in value.

Post Balance Sheet Events

Although post balance sheet events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet.

The Group adjusts the amounts in the consolidated financial statements if there exists any events necessitates adjustment. Subsequent events are stated in the consolidated notes to financial statements, if they do not need adjustments.

Reporting of Financial Information by Segments

The Group does not have an activity area to report activity according to the departments.

Business mergers

In 2015, the Parent Company acquired 100% of the shares of Yatas Europe GmbH with the title of founding partner. The Parent Company did not have goodwill on the financial statements due to the acquisition of shares from the foundation of Yatas Europe as the founding partner.

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Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. For the purpose of these financial statements shareholders are referred to as related parties. Related parties also include individuals that are principle owners, management and members of the Group's Board of Directors and their families. In the course of conducting its business, the Group conducted various business transactions with related parties on commercial terms:

Süntaş Sünger ve Yatak Sanayi Ticaret Anonim Şirketi

Süntaş Sünger ve Yatak Sanayi Ticaret Anonim Şirketi was established in 1976 in Kayseri. The Company engaged in trade of polyurethane foam and quilt bed quilts and so on.

Şase Ev Tekst. Aksesuarları Sanayi Ticaret Limited Şirketi

Şase Ev Tekst. Aksesuarları Sanayi Ticaret Limited Şirketi was established in 2006 in Kayseri. The Company is engaged in trade of all kind of furniture and home textile accessories related to wood and covering products.

NOTE 3- RELATED PARTY TRANSACTIONS

	30 June 2018		31 December 2017	
	Trading	Non-Trading	Trading	Non-Trading
Short Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	5.237.458	--	3.675.488	--
Long Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	386.753	--	190.658	--
Other Receivables (Note 6)				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	--	--	--	3.200.705
Due from shareholders	--	--	--	24.882
Total	5.624.211	--	3.866.146	3.225.587

Sales to and / or income from related parties:

	1 January - 30 June 2018	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş.	7.249.836	179.425
Shareholders	--	--
Total	7.249.836	179.425
	1 January - 30 June 2017	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş.	6.402.416	183.207
Shareholders	--	48.965
Total	6.402.416	232.172

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Purchases and / or expenses from related parties:

	1 January - 30 June 2018	
	Goods and Services Purchases	Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş.	522.718	376.271
Yavuz Altop	--	356.250
Yılmaz Öztaşkın	--	356.250
Other Shareholders	--	712.500
Total	522.718	1.801.271

	1 January - 30 June 2017	
	Goods and Services Purchases	Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş.	12.600	335.593
Yavuz Altop	--	187.500
Yılmaz Öztaşkın	--	187.500
Other Shareholders	--	375.000
Total	12.600	1.085.593

The total amount of benefits provided to the senior management such as the chairman and members of the board of directors, general manager, general coordinator and general manager of the Group for the period ended 30 June 2018 is TRY 8.532.445 (30 June 2017: TRY 6.235.487).

4 - CASH AND CASH EQUIVALENTS

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

	30 June 2018	31 December 2017
Cash	275.635	139.937
Banks	40.058.959	21.632.553
Time deposits	40.055.112	7.628.653
Demand deposits	3.847	14.003.900
Liquid funds(*)	29.041.367	12.729.991
Total	69.375.961	34.502.481

(*) Liquid funds consist of receivables arising from credit card sales. The average collection period for receivables from credit cards is 45 days.

As of 30 June 2018 the details of time deposits are as follows:

Currency	Interest rate	Amount
Turkish Lira TRY	%9,5	3.847
Total		3.847

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5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Short Term Trade Receivables

	30 June 2018	31 December 2017
Trade Receivables	70.753.347	54.294.152
- <i>Trade Receivables from related parties (note 3)</i>	1.347.251	662.736
- <i>Other trade Receivables</i>	69.406.096	53.631.416
Notes Receivables	22.014.624	10.309.714
- <i>Notes receivables from related parties (note 3)</i>	3.890.207	3.012.752
- <i>Other notes Receivables</i>	18.124.417	7.296.962
Unearned Intrest (-)	(2.996.536)	(1.859.372)
Doubtful trade receivables	12.660.853	12.707.343
Provision for doubtful trade receivables (-)	(10.014.306)	(9.417.739)
Total	92.417.982	66.034.098

As of 30 June 2018 average maturity of trade receivables is 60 days

Group management predicts that, there isn't any collection risk related with these receivables classified in trade receivables since an important part of these receivables are from significant customers that have regular sales being made to them and maturity period of subsistence is at are reasonable level.

The movement schedule of provision for doubtful receivables is as follows:

	30 June 2018	31 December 2017
Opening balance	9.417.739	7.867.869
Additional provisions in the period	649.437	1.771.968
Cancellation of provision in period (-)	(52.870)	(222.098)
Total (End of the period)	10.014.306	9.417.739

Long Term Trade Receivables

	30 June 2018	31 December 2017
Notes Receivables	501.000	190.658
- <i>Notes receivables from related parties (note 3)</i>	476.000	190.658
- <i>Other notes Receivables</i>	25.000	--
Unearned Intrest (-)	(93.534)	--
Total	407.466	190.658

The maturity schedule of notes receivables are as follows:

	30 June 2018	31 December 2017
Overdue	500	--
Up to 3 months	2.354.637	1.883.930
3 to 12 months	19.659.487	8.425.784
1 to 5 years	501.000	190.658
Total	22.515.624	10.500.372

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The maturity schedule of overdue notes receivables are as follows:

	30 June 2018	31 December 2017
6 months and older	500	--
Total	500	--

Trade Payables

Short Term Trade Payables

	30 June 2018	31 December 2017
Trade payables	80.027.762	81.512.761
Notes payables	66.262.537	43.968.120
Unearned interest (-)	(5.516.978)	(3.658.444)
Total	140.773.321	121.822.437

As of 30 June 2018 average maturity of trade payables is 90 days (31 December 2017:86 days)

Long Term Trade Payables

	30 June 2018	31 December 2017
Notes payables	1.193.000	--
Unearned interest (-)	(231.869)	--
Total	961.131	--

As of 30 June 2018 and 31 December 2017 maturity schedule of notes payables are as follows:

	30 June 2018	31 December 2017
Up to 3 months	41.080.108	34.202.547
3 to 12 months	25.182.429	9.765.573
1 to 5 years	1.193.000	--
Total	67.455.537	43.968.120

6 - OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables

	30 June 2018	31 December 2017
Receivables from related parties (Note 3) (*)	--	3.225.587
Receivables from personnel	83.566	144.978
Deposits and guarantees given	5.275	--
Advance cheques receivables	--	460.000
Other receivables	7.774	6.980
Total	96.615	3.837.545

(*) As of 31 December 2017 , The Group has non-commercial receivables total of 3.200.705 TRY from related party Süntaş Sünger ve Yatak Sanayi ve Ticaret A.Ş.. Therefore rediscount is not calculated for related amount. Between 01.01 – 31.12 2017 total amount of TRY 348.092 is reflected to financial statements due to maturity interest (Interest Rate : 9.75%). There is no contract or protocol for the collection of receivables.

Long Term Other Receivables

	30 June 2018	31 December 2017
Deposits and guarantees given	645.013	604.804
Total	645.013	604.804

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The maturity distribution of advance cheques received as of 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Up to 3 months	--	100.000
3 to 12 months	--	360.000
Total	--	460.000

Short Term Other Payables

	30 June 2018	31 December 2017
Advance cheques given	--	1.295.080
Other sundry payables	133.722	205.426
Total	133.722	1.500.506

The maturity breakdown of advance checks given as of 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Up to 3 months	--	1.295.080
Total	--	1.295.080

7 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	30 June 2018	31 December 2017
VAT carried forward	--	6.745.986
Receivables from tax office	461.688	41.627
Other	374.914	--
Total	836.602	6.787.613

Other Current Liabilities

	30 June 2018	31 December 2017
Taxes and dues payable	4.808.072	2.442.219
Overdue or deferred taxes and dues payable	--	745.585
Other liabilities	277.360	263.130
Total	5.085.432	3.450.934

8 – INVENTORIES

	30 June 2018	31 December 2017
Raw materials	24.974.740	20.649.856
Work in process	7.914.148	6.882.723
Finished goods	107.792.740	69.009.935
Merchandises	28.940.619	28.136.733
Other inventories (*)	140.505	577.273
Total	169.762.752	125.256.520

(*) Other inventories consist of goods on transit.

As of 30 June 2018, there is insurance coverage amounting to TRY 138.520.000 on inventories

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9 – PREPAID EXPENSES

Short-Term Prepaid Expenses

	30 June 2018	31 December 2017
Order advances given	28.935.091	17.566.588
Prepaid expenses	9.269.571	3.891.801
Advances given for business purposes	1.137.257	2.326.199
Advances given to personnel	2.240.648	893.640
Total	41.582.567	24.678.228

Long-Term Prepaid Expenses

	30 June 2018	31 December 2017
Prepaid expenses	8.535.228	8.683.809
Advances given for purchases of property, plant and equipment	967.997	3.863.347
Total	9.503.225	12.547.156

10 – ASSETS RELEVANT CURRENT PERIOD TAX

As of 30 June 2018 and 31 December 2017 assets relevant current period tax is as following;

	30 June 2018	31 December 2017
Prepaid taxes and funds	--	12.880.161
Total	--	12.880.161

11 – FINANCIAL INVESTMENTS

The fair values of financial investments are classified as follows due to the data used to determine the levels.

As of 30 June 2018 and 31 December 2017 financial investments is as following;

Short term financial investments

As of 30 June 2018

Description	Number of Shares	Unit Price	Total Cost	Unit Price	Fair Value
BBP	--	--	--	--	4.043
Ak Portföy Para Piyasası Fonu	4,30	349	1.502	4,30	1.502
Total					5.545

As of 31 December 2017

Description	Number of Shares	Unit Price	Total Cost	Unit Price	Fair Value
Ak Portföy Para Piyasası Fonu	0,01449	16.950.641	240.876	0,015	257.040
Alternatif Menkul Kıymetler (ALFN2)	3,86	425	1.641	4,03	1.712
Total					258.752

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As at 30 June 2018, short-term financial assets are reflected to the financial statements at their fair value.

Long term financial investments (Available-for-sale financial assets)

	30 June 2018		31 December 2017	
	(%)	TRY	(%)	TRY
Kay-Ser A.Ş.	< 1	1.000	< 1	1.000
Total		1.000		1.000

The fair values of financial investments are classified as follows due to the data used to determine the levels.

30 June 2018	Level 1	Level 2	Level 3
Funds	5.545	-	-
Kay-Ser A.Ş.	-	-	1.000
30 June 2018	Level 1	Level 2	Level 3
Funds	258.752	-	-
Kay-Ser A.Ş.	-	-	1.000

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12 – TANGIBLE FIXED ASSETS

Cost	Plants, machinery and equipment								Leasehold improvements	Construction in progress	Total
	Lands	Land improvements	Buildings	Vehicles	Fixtures and fittings						
01 January 2017	16.125.861	115.734	49.137.037	42.016.484	4.613.416	44.048.378		39.120.134	9.710.234	204.887.278	
Addition	--	--	11.785.597	25.208.945	1.677.519	11.631.252		6.223.392	5.402.360	61.929.065	
Fair value changes	41.800.756	--	36.550.672	--	--	--		--	--	78.351.428	
Transfer	--	--	9.610.323	186.335	--	(86.424)		--	(9.710.234)	--	
Disposals	--	--	--	(795.129)	(48.111)	(1.180.475)		(421.223)	--	(2.444.938)	
31 December 2017	57.926.617	115.734	107.083.629	66.616.635	6.242.824	54.412.731		44.922.303	5.402.360	342.722.833	
Addition	--	--	2.703.620	16.965.867	218.080	6.614.428		5.765.481	5.980.916	38.248.392	
Disposals	(800.000)	(11.654)	--	(58.339)	(311.457)	(440.559)		(1.806)	(5.402.360)	(7.026.175)	
30 June 2018	57.126.617	104.080	109.787.249	83.524.163	6.149.447	60.586.600		50.685.978	5.980.916	373.945.050	
Accumulated depreciation											
01 January 2017	--	77.520	9.952.814	31.418.080	2.034.866	22.209.644		21.228.022	--	86.920.946	
Charge for the period	--	3.797	1.031.627	2.596.555	652.158	4.230.175		6.471.643	--	14.985.955	
Fair value changes	--	(5.451)	(284.413)	--	--	--		--	--	(289.864)	
Disposals	--	--	--	(601.747)	(37.676)	(1.034.573)		(58.888)	--	(1.732.884)	
31 December 2017	--	75.866	10.700.028	33.412.888	2.649.348	25.405.246		27.640.777	--	99.884.153	
Charge for the period	--	1.752	1.084.684	2.657.079	377.813	2.752.821		3.782.789	--	10.656.938	
Disposals	--	(6.604)	--	(55.994)	(273.287)	(194.083)		(1.805)	--	(531.773)	
30 June 2018	--	71.014	11.784.712	36.013.973	2.753.874	27.963.984		31.421.761	--	110.009.318	
Net book value, 31 December 2017	57.926.617	39.868	96.383.601	33.203.747	3.593.476	29.007.485		17.281.526	5.402.360	242.838.680	
Net book value, 30 June 2018	57.126.617	33.066	98.002.537	47.510.190	3.395.573	32.622.616		19.264.218	5.980.916	263.935.732	

As of 30 June 2018 there is insurance amounting to TRY 359.246.789 on property, plant and equipment. The liability amounts for fixed assets are mentioned in Note 19.

Group's "buildings and lands" are stated in the financial statements at expertise value determined by Makro Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 29-30 December 2017, which is accredited by Capital Market Board as of 31 December 2017 with deducted accumulated depreciation.

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13 - INTANGIBLE FIXED ASSETS

Cost	Patents	Trademarks	Licences	Computer Software	Other Rights	Total
01 January 2017	406.375	87.087	3.780.799	1.220.664	1.824.571	7.319.496
Addition	2.222.124	204.925	356.045	1.442.525	38.501	4.264.120
Disposals	--	--	--	--	--	--
31 December 2017	2.628.499	292.012	4.136.844	2.663.189	1.863.072	11.583.616
Addition	1.989.695	10.000.000	568.506	1.128.540	--	13.686.741
Disposals	--	--	(10.400)	(730.000)	--	(740.400)
30 June 2018	4.618.194	10.292.012	4.694.950	3.061.729	1.863.072	24.529.957
Accumulated depreciation						
01 January 2017	143.524	29.044	1.499.435	965.262	1.759.274	4.396.539
Charge for the period	373.397	26.344	547.265	151.590	21.351	1.119.947
Disposals	--	--	--	--	--	--
31 December 2017	516.921	55.388	2.046.700	1.116.852	1.780.625	5.516.486
Charge for the period	482.873	195.674	305.996	171.037	13.742	1.169.322
Disposals	--	--	(7.107)	(48.667)	--	(55.774)
30 June 2018	999.794	251.062	2.345.589	1.239.222	1.794.367	6.630.034
Net book value, 31 December 2017	2.111.579	236.624	2.090.144	1.546.337	82.447	6.067.130
Net book value, 30 June 2018	3.618.401	10.040.950	2.349.361	1.822.507	68.705	17.899.923

14 - FINANCIAL BORROWINGS

As of 30 June 2018 and 31 December 2017 the details of short term financial borrowings are as follows:

Short Term Financial Borrowings

	30 June 2018	31 December 2017
Turkish Lira financial borrowings	--	5.325.761
Foreign currency financial borrowings	15.927.793	4.515.500
Accrual of interest	57.831	--
Credit card payables	257.043	--
Total	16.242.667	9.841.261

Current Installments of Long-Term Financial Liabilities

	30 June 2018	31 December 2017
Current installment of long term Turkis Lira financial borrowings	21.967.883	11.906.176
Current installment of long term foreign currency financial borrowings	12.842.053	13.900.389
Leasing payables	492.701	587.737
Accrual of interest	1.074.021	1.899.959
Total	36.376.658	28.294.261

Long Term Financial Borrowings

	30 June 2018	31 December 2017
Turkish lira financial borrowings	44.200.383	17.081.305
Foreign currency financial borrowings	91.942.561	47.709.521
Leasing payables	216.756	334.722
Total	136.359.700	65.125.548

As of 30 June 2018, the average effective interest rates of Eur and Try bank borrowings are 2,90 % and 31,21 % (31 December 2017: Eur – 3,11%, TRY – 13,73%)

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Liabilities given for bank borrowings are mentioned in note 19.

As of 30 June 2018 and 31 December 2017 maturity schedule of banks borrowings are as follows:

	30 June 2018	31 December 2017
Overdue	197.780	--
Up to 3 months	26.425.531	--
Up to 12 months	25.996.014	38.135.521
1 to 5 years	129.515.659	57.769.389
Over 5 years	6.844.041	7.356.160
Total	188.979.025	103.261.070

15 – EMPLOYEE BENEFIT LIABILITIES

	30 June 2018	31 December 2017
Due to personnel	6.658.769	6.189.840
Social security and Taxes and dues payable	7.350.585	4.930.519
Total	14.009.354	11.120.359

16 – DEFERRED INCOME

	30 June 2018	31 December 2017
Short-term deferred incomes	10.593	--
Advances received	30.768.950	23.057.061
Total	30.779.543	23.057.061

17 – PROVISIONS

	30 June 2018	31 December 2017
Expense accruals	4.842	45.175
Provisions for litigation expenses	3.124.591	3.124.591
Total	3.129.433	3.169.766

18 – PROVISIONS FOR EMPLOYEE BENEFITS

	30 June 2018	31 December 2017
Provision for severance pay	9.005.326	8.362.308
Total	9.005.326	8.362.308

The movement of the provision for employee benefits is as follows;

	01 January – 30 June 2018	01 January – 30 June 2017
Balance at the beginning	8.362.308	5.783.793
Cost of services	2.364.339	1.574.971
Interest cost	196.387	273.155
Actuarial profit / (loss)	(77.730)	(1.452.002)
Severance pay paid in the period	(1.839.978)	178.398
Total	9.005.326	6.358.315

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19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

The movement of the provision for litigation is as follows;

	30 June 2018	31 December 2017
Opening balance	3.124.591	1.154.591
Provisions reversed during the period	--	(1.030.000)
Provisions within period	--	3.000.000
Closing balance	3.124.591	3.124.591

Contingent Liabilities

Given GSM (Guarantee-Security-Mortgage) by Group	30 June 2018	31 December 2017
A. Total Amount of GSM Given on Behalf of Legal Entity	212.565.850	194.500.961
B. Total Amount of GSM Given for Partnerships which are Included in Full Consolidation	N/A	N/A
C. Total Amount of GSM Given for the Purpose of Guaranteeing Third Party Loans to Carry the Regular Trade Activities	N/A	N/A
D. Total Amount of Other GSM Given	N/A	N/A
i. Total Amount of GSM Given for the Parent Company	N/A	N/A
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	N/A	N/A
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	N/A	N/A
Total	212.565.850	194.500.961

Letters of guarantee - As of 30 June 2018, the Group has given letters of guarantee amounting to TRY 35.676.210 to the suppliers and other corporations. The details of the letters of guarantee are as below:

	Foreign currency	Amount	FX Rate	TRY equivalent
Electricity Distribution Companies	TL	320.660	1,0000	320.660
Executive Directorate	TL	100.000	1,0000	100.000
Customs Directorate	TL	94.796	1,0000	94.796
Gas Distribution Companies	TL	163.000	1,0000	163.000
Private Sector	TL	274.190	1,0000	274.190
Private Sector	USD	325.914	4,5607	1.486.396
Private Sector	EURO	587.297	5,3092	3.118.076
Export Credit Bank of Turkey	EURO	5.673.000	5,3092	30.119.092
Total				35.676.210

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As of 30 June 2018, the details of the letters of guarantee and bonuses given are as follows;

	Foreign currency	30 June 2018	31 December 2017
Bills Given (EUR)	1.000.000	5.309.200	4.515.500
Surety bond (TRY)	--	2.000.000	2.000.000
Total		7.309.200	6.515.500

Contingent Asset

	Foreign currency	30 June 2018	31 December 2017
		TRY equivalent	
Letters of Guarantee (TRY)	62.428.000	50.670.000	62.428.000
Letters of Guarantee (USD)	2.411.000	448.315	2.411.000
Letters of Guarantee (EUR)	660.000	67.381	3.504.072
Mortgages	44.056.500	45.200.250	44.056.500
Mortgages (Abroad)	2.599.000	1.384.000	2.599.000
Total		114.998.572	99.225.250

As at 30 June 2018, mortgages on various tangible assets of the Group amounting to TRY 169.580.440 (31 December 2017: TRY 157.484.300).

20 – SHARE CAPITAL

20.1 Paid in Capital

The registered capital of the parent company is TRY 150.000.000 (31 December 2017: TRY 150.000.000).

In accordance with the decision of the Board of Directors dated 27.03.2018 the Company increased TRY 95.988.292 to 149.798.933TL in order to be covered by the paid capital ceiling.

Paid-in capital of the parent company each 1 kr. of the total shares of the Company with a nominall amount of Kr 149.798.933 (31 December 2017: TRY 42.799.695).

The shareholding structure of the parent company as of 30 June 2018 and 31 December 2017 is as follows;

	30 June 2018		31 December 2017	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Hacı Nuri Öztaşkın	12.427.403	8,30%	3.510.091	%8,20
Yılmaz Öztaşkın	10.940.192	7,30%	3.125.770	%7,30
Bostancı Otelcilik ve Turizm İşletmesi A.Ş	8.467.847	5,65%	2.118.060	%4,95
Other (*)	117.963.491	78,75%	34.045.774	%79,55
	149.798.933	%100,00	42.799.695	%100,00
Inflation Adjustment (**)		--	25.090.345	
Total	149.798.933		67.890.040	

(*) includes buy back shares nominal amount of TRY 991.259 mentioned in note 20.7

(**) Inflation adjustment is total difference between statutory capital amount to adjusted capital amount. Inflation adjustment restricted to be added on capital.

The Company has been added to the capital in the interest of the decision of the board of directors dated 27.03.2018.

20.2 Previous Years Profits, Restricted Reserves, Fair Value Reserves and Other Capital Reserves

BIST Companies (Public Quoted Companies on Turkish Capital Market Board) distribute dividends according to the Communiqué No: II-19.1 on the dividend distribution effective from 01 February 2014 of the CMB. The arrangements and explanations in the Dividend Communiqué are summarized below.

The profit distribution will be distributed again with the decision of the General Assembly within the framework of the Dividend Distribution Policy to be determined by the General Assembly. While partnerships determine profit distribution policies, they will also decide whether to distribute dividends. In this framework, profit distribution is in principle an elderly person. The SPK will be able to set different principles for profit distribution policies according to the qualifications of the companies.

In the profit distribution policies of the partnership:

- Whether the profit is not to be distributed and distributed,
- Profit share ratios and the account to be applied to these ratios,
- Payment methods and time,
- Whether the dividend will be distributed as cash or bonus shares (for companies traded on the stock exchange)
- There are issues to be distributed and not to distribute profit share advance.

The upper limit of the profit share to be distributed is the distributable amount of the relevant profit distribution resources included in the statutory records. The dividend is distributed equally to all of the existing shares as a rule at the date of distribution. The acquisition and export dates of the shares are not taken into account. It can not be decided to allocate another reserves and to transfer the profit to the next year unless reserve is made in accordance with the Turkish Commercial Law and the dividend foreseen for the shareholders in the articles of association and profit distribution policy.

On condition that whether it is in the Articles of incorporation, dividends distributable to privileged shareholders or non-beneficial owner of the shares, members of the board of directors, employees. However, dividends can not be distributed to usufruct shareholders, members of the board of directors, employees and other people without paying cash dividends determined for shareholders. In principle, the Communiqué presumes that the amount to be distributed may be up to ¼ of the profit share distributed to the shareholders, unless a determination is made in the main agreement regarding the amount of the dividends to be paid to the listed persons, except for the preferential shares. If the dividend is to be distributed to people outside the shareholder and payment by installments is in question, the installment amounts shall be paid according to the installments to be paid to the shareholders and according to the same principles.

The new Capital Markets Law and the new Communiqué provide the opportunity for donations from partnerships. However, it is sought to make provision in the substantive contracts. The CMB will be able to set an upper limit, as the amount of donations can be determined by the general assemblies.

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Companies whose shares are quoted in the stock exchange:

- Proposal of board of directors for dividend distribution
- Or the decision of the board of directors on the distribution of dividends
- Dividend distribution table or profit share advance distribution table

announced to the public. It is obligatory for the dividend distribution chart to be disclosed to the public at the latest when the ordinary general assembly schedule is announced.

Restricted reserves

	30 June 2018	31 December 2017
Legal reserves	4.972.973	1.708.113
Reserves for buy back shares	12.633.173	11.081.201
Total	17.606.146	12.789.314

20.3 Premiums for shares

Share premiums obtained from cash inflows from the sale of shares at market price. These premiums are stated under equity and can not be distributed. However, it can be used for future capital increases.

	30 June 2018	31 December 2017
Premiums	999.353	999.353
Transfer to capital (*)	(999.353)	--
Total	--	999.353

(*)The Company has been added to the capital in the interest of the decision of the board of directors dated 27.03.2018.

20.4 Actuarial gain on severance pay/ loss

	30 June 2018	31 December 2017
Actuarial gain on severance pay/ loss of fund	4.417.596	4.495.326
Deferred tax	(883.519)	(899.065)
Total	3.534.077	3.596.261

20.5 Revaluation Fund

Group's "buildings and lands" are stated in the financial statements at expertise value determined by Makro Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 29-30 December 2017, which is accredited by Capital Market Board as of 30 June 2018 with deducted accumulated depreciation.

	30 June 2018	31 December 2017
Revaluation fund	87.209.339	87.209.339
Deferred tax	(7.835.143)	(7.835.143)
Total	79.374.196	79.374.196

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20.6 Foreign currency conversion differences

Currency conversion differences as of 30 June 2018 and 31 December 2017 are as follows;

	30 June 2018	31 December 2017
Foreign currency conversion differences	(765.932)	(307.917)
Total	(765.932)	(307.917)

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of foreign currency financial statements from the current currency to the reporting currency.

20.7 Buy back shares

As 30 June 2018 and 31 December 2017 buy back shares as following;

	30 June 2018	31 December 2017
Buy back shares (*)	(12.633.173)	(11.081.201)
Total	(12.633.173)	(11.081.201)

(*) Parent Company is authorised if it is necessary to buy back shares without any approval of the General Assembly, to the decision made in the Board of Directors meeting dated 01.09.2015. The decision is based on the scope of Communiqué on "Buy back shares numbered II-22.1 article 5 preventing "immediate and serious loss" issued by the CMB and it has been determined that there is a significant loss of 20% over the weighted average prices in the share prices of the Parent Company during the one month prior to the decision of the Board of Directors.

In accordance with II-22.1 "Communiqué on Buy Back Shares" issued by the CMB, the Group has purchased the shares quoted in the Exchange Market. As of 30 June 2018, the Group has Purchased 991.259 shares amounting to TRY 11.081.201 that is 2,35 % of its total capital and reflected it in the accompanying financial statements under "Buy back shares in Equity". In addition, in accordance with the related communiqué, the amount of buy back shares is reclassified in "restricted reserves".

21 – REVENUE

For the periods ended at 30 June 2018 and 2017, the details of sales are as following:

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Domestic sales	640.946.647	340.314.387	523.592.020	301.802.587
Export sales	30.565.336	15.225.174	22.530.791	7.823.971
Other sales	4.214.992	1.821.130	2.594.194	1.369.850
Gross Sales	675.726.975	357.360.691	548.717.005	310.996.408
Sales returns (-)	(17.483.423)	(7.981.249)	(12.177.141)	(6.163.360)
Sales discounts (-)	(231.319.686)	(121.907.003)	(189.226.615)	(110.060.914)
Other discounts (-)	(370.170)	(97.039)	(821.658)	(104.996)
Sales returns and Discounts (-)	(249.173.279)	(129.985.291)	(202.225.414)	(116.329.270)
Net Sales	426.553.696	227.375.400	346.491.591	194.667.138

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22 – COST OF SALES (-)

For the periods ended at 30 June 2018 and 2017, the details of cost of sales are as following;

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Cost of finished goods sold	(173.440.526)	(87.316.230)	(167.495.840)	(101.322.195)
Cost of merchandise	(59.813.648)	(32.949.756)	(30.292.570)	(10.192.243)
Cost of services sold	(8.227.000)	(4.920.614)	(5.272.217)	(2.902.509)
Total	(241.481.174)	(125.186.600)	(203.060.627)	(114.416.947)

23 – RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (-)

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Research and development expenses	2.107.672	1.177.995	1.401.849	651.749
Marketing, sales and distribution expenses	113.931.885	60.809.140	90.214.235	48.215.321
General administrative expenses	21.784.461	13.468.720	16.944.832	9.412.685
Total	137.824.018	75.455.855	108.560.916	58.279.755

EXPENSES BY NATURE (-)

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Personnel expenses	40.056.700	22.716.137	34.084.944	18.443.404
Advertising expenses	28.100.903	14.716.426	25.838.356	15.536.777
Rent expenses	19.109.489	10.000.368	13.938.159	7.033.564
Transportation expenses	16.895.276	11.020.364	14.490.195	7.913.264
Amortization expenses	8.323.335	4.566.614	5.463.845	2.618.041
Retailer opening supports	7.111.530	3.278.222	1.165.416	778.068
Tax, duties and fee expenses	5.696.615	2.945.530	578.849	432.145
Electricity, water, climate expenses	2.145.319	850.225	3.017.702	1.326.194
Retailers common area rent expenses	1.471.952	657.126	1.267.134	554.593
Travel and accommodation expenses	1.384.314	728.922	1.077.805	548.700
Consultancy expenses	1.155.041	664.224	1.321.785	786.051
Material expenses	1.023.356	533.812	--	--
Maintenance and repair expenses	767.726	379.211	591.407	301.957
Retirement pay provision expenses	720.748	165.215	396.124	301.852
Provision for doubtful receivables expenses	649.438	649.438	1.774.828	415.906
Insurance expenses	496.886	263.266	441.910	252.620
Communication expenses	199.814	102.863	134.939	53.425
Other expenses	2.515.576	1.217.892	2.977.518	983.194
Total	137.824.018	75.455.855	108.560.916	58.279.755

Retirement pay provision expenses

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24 – OTHER INCOME

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Foreign exchange income	8.285.760	5.337.984	2.216.689	193.252
Rediscount income	7.649.561	1.067.946	3.981.585	615.615
Incentive income	1.765.740	982.593	--	--
Reversal of unnecessary provision	1.634.051	1.503.355	194.364	179.400
Other incentive income	969.352	474.240	1.568.754	667.396
Discounts, and premiums	720.093	310.881	1.201.849	635.174
Maturity difference income	415.872	177.683	566.590	283.268
Rent income	34.202	22.914	--	--
Other income	1.608.527	402.126	985.020	413.905
Total	23.083.158	10.279.722	10.714.851	2.988.010

25 – OTHER EXPENSES (-)

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Foreign exchange losses	7.270.176	3.991.720	4.310.165	1.460.520
Rediscount expenses	6.748.514	1.604.611	3.667.993	(7.554)
Maturity difference expenses	4.237.809	2.342.934	763.859	423.153
Litigation provision expenses	1.500.000	450.052	1.500.000	750.000
Previous periods losses and expenses	1.046.421	1.046.421	--	--
Other expenses	745.389	333.040	464.045	199.265
Total	21.548.309	9.768.778	10.706.062	2.825.384

26 – INVESTMENT ACTIVITIES INCOME

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Profit on sale of fixed assets	324.429	184.755	157.053	670
Fair value of financial investment	6.492	--	145.294	145.294
Total	330.921	184.755	302.347	145.964

27 – INVESTMENT ACTIVITIES EXPENSES (-)

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Loss on sale of fixed asset	--	--	19.171	--
Fair value of financial investment	22.727	22.727	--	--
Total	22.727	22.727	19.171	--

28 – FINANCIAL INCOME

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Interest incomes	4.968	1.437	763.525	(7.005)
Foreign exchange incomes	2.156.721	1.558.286	622.799	622.799
Total	2.161.689	1.559.723	1.386.324	615.794

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29 – FINANCIAL EXPENSES (-)

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Foreign exchange losses	9.895.733	5.630.656	2.907.280	732.284
Interest expenses	4.920.649	2.863.486	2.783.210	1.628.778
Bank commission	2.763.275	1.176.472	3.349.231	1.602.173
Guarantee letter commision expenses	148.044	100.064		
Other financial expenses	457.005	344.213	275.782	157.969
Total	18.184.706	10.114.891	9.315.503	4.121.204

30 – TAX ASSETS AND LIABILITIES

In Turkey, the corporate tax rate is 22% as of 30 June 2018 (31 December 2017: 20%). According to the law “Law on the Amendment of Some Tax Acts and Some Other Laws” numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the related law, deferred tax assets and liabilities in the financial statements as of December 31, 2017 are calculated with the tax rate of 22% for the portion of temporary differences that will have tax effect in 2018, 2019 and 2020.

As of 30 June 2018, provisional tax is payable at the rate of 22% (31 December 2017: 20%) on the income generated for the three-month periods according to tax legislation and the amounts paid in this way are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Declarations and related accounting records can be examined within five years of the tax year, and tax accounts can be revised by tax office. Companies in Turkey obligated to pay 15% income tax for dividend payments whether shareholders located in Turkey or not whether legal entity or not unless if company or person have exempt or non-obliged to pay corporate tax or income tax. The companies located in Turkey exempted if dividend pays to an other company. Also If profit not distributed or profit add to capital there is none corporate tax occur.

Exemption for Real Estate and Subsidiary Share Sales Gains

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayer is exempt from corporation tax. In addition, 75% of the profits arising from the sale of founders' shares, redeemable shares and preferential rights of real estates (immovables) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as of 30 June 2018. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2018. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is made. There are many exceptions to the Corporate Tax Law. The following are the exceptions to the Company regarding these exceptions:

If the property that reflected balance sheet for two years and sold, their income's 75% as of 30 June 2018 non-obliged to corporate tax for this reason Group's properties which are taxable might be occur temporary differences thus accepted 5% for previous periods corporate tax's (31 December 2017: 20%) 75% used exempt. As of 30 June 2018 the exemption rate was set at 50%, the exemption was applied and the new deferred tax rate was taken as 10%.

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Taxes in balance sheet

	30 June 2018	31 December 2017
Corporation tax	22.791.733	15.206.445
Prepaid taxes and funds (-)	(18.262.562)	(12.880.161)
Total	4.529.171	2.326.284

For the periods ended at 30 June 2018 and 2017, the details of tax income / expense are as following;

	01 January – 30 June 2018	01 January – 30 June 2017
Corporation tax	(7.585.288)	(5.253.498)
Deferred taxes in income statement	168.830	(394.098)
Deferred taxes in other comprehensive income statement	(15.546)	46.557
Total	(7.432.004)	(5.601.039)

Deferred tax reconciliation

	01 January – 30 June 2018	01 January – 30 June 2017
Beginning of the period	(10.390.519)	(3.034.827)
Recognized in profit or loss	168.830	(394.098)
Recognized in other comprehensive income	(15.546)	46.557
End of term	(10.237.235)	(3.382.368)

Accordng to the law "Law on the Amendment of Some Tax Acts and Some Other Laws" numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the related law, deferred tax assets and liabilities in the financial statements as of 30 June 2018 are calculated with the tax rate of 22% for the portion of temporary differences that will have tax effect in 2018, 2019 and 2020.

Deffered taxes:	30 June 2018	31 Dec. 2017	30 June 2018	31 Dec. 2017
	Cumulative temporary difference	Cumulative temporary difference	Deferred tax assets / (liabilities)	Deferred tax assets / (liabilities)
Retirement pay provision	9.005.326	8.362.308	1.801.064	1.672.461
Maturity differnce and adjustements on inventories	4.806.872	4.055.042	1.057.513	892.109
Rediscount on receivables	1.143.994	1.900.714	251.678	418.157
Capitalized brand cancellations	3.424.265	3.424.265	684.853	684.853
Provisions for doubtful receivables	1.319.054	969.564	290.192	213.304
Interest accruals	1.131.852	--	249.008	--
Other	343.322	81.181	75.531	17.860
Deffered tax assets	21.174.685	18.793.074	4.409.839	3.898.744
Fixed asset valuation increases	(78.351.428)	(78.351.428)	(7.835.143)	(7.835.143)
Adjustment of tangible and intangible assets	(34.564.852)	(33.615.626)	(5.815.966)	(5.626.120)
Rediscount on payables	(3.067.251)	(3.658.444)	(674.795)	(804.858)
Fair value adjustment	--	(16.235)	--	(3.572)
Interest accruals	(1.390.750)	(19.844)	(305.965)	(4.366)
Other	(69.114)	(69.114)	(15.205)	(15.205)
Deffered tax liabilities	(117.443.395)	(115.730.691)	(14.647.074)	(14.289.264)
Deferred tax assets / (liabilities), net	(96.268.710)	(96.937.617)	(10.237.235)	(10.390.520)

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31 – EARNING PER SHARE

Earnings / loss per share is determined by dividing the weighted average number of shares in the current year by the weighted average.

	01 January – 30 June 2018	01 April – 30 June 2018	01 January – 30 June 2017	01 April – 30 June 2017
Net period profit	25.652.072	14.597.544	21.585.238	14.929.120
Weighted average number of shares	149.798.932.000	149.798.932.000	149.798.932.000	149.798.932.000
Earnings per Share (Kr)	0,000171	0,000097	0,000144	0,000100
Earnings per 1000 Share (TL)	0,171	0,097	0,144	0,100

32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit risk

Credit risk is defined as the risk that a financial instrument will cause a financial loss to the Group because one party can not fulfill its contractual obligation. The Group is exposed to credit risk as a result of trade receivables arising from forward sales and deposits held in banks. The Group management reduces the credit risk related to customers' receivables by setting credit limits separately for each customer and taking collateral if necessary and selling only through cash collection to customers who are considered risky. The collective risk of the Group mainly arises from its commercial receivables. Trade receivables are assessed by considering their past experience and current economic condition and are shown net in the statement of financial position after the provision for doubtful receivables is appropriated.

The Group's exposure to credit risk as of 30 June 2018 is as follows:

	Receivables					
	Trade receivables		Other receivables		Bank Deposit	Financial Investment
Related Party	Other	Related Party	Other			
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	5.713.458	83.798.266	--	741.628	40.058.959	5.545
- <i>The part of maximum risk under guarantee with collateral</i>	3.313.224	--	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	5.713.458	87.111.490	--	741.628	40.058.959	5.545
B. Net book values of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	--	--	--	--	--	--
C. Book value of financial assets that are overdue but not impaired	--	500	--	--	--	--
- <i>The part under guarantee with collateral etc</i>	--	--	--	--	--	--
D. Net book value of impaired assets	--	(9.347.629)	--	--	--	--
- Overdue (gross book value amount)						
- Impairment (-)	--	(12.660.853)	--	--	--	--
- <i>The part of net value under guarantee with collateral etc</i>	--	3.313.224	--	--	--	--
Non overdue (gross book value amount)						
Impairment (-)	--	--	--	--	--	--
- <i>The part of net value under guarantee with collateral</i>	--	--	--	--	--	--
E. Factors Including Off-Balance Sheet Risk	--	--	--	--	--	--

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The Group's exposure to credit risk as of 31 December 2017 is as follows:

	Receivables					
	Trade receivables		Other receivables		Bank Deposit	Financial Investment
	Related Party	Other	Related Party	Other		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	3.866.146	59.069.006	--	4.442.349	21.632.553	258.752
- <i>The part of maximum risk under guarantee with collateral</i>		3.289.604	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	3.866.146	62.358.610	--	4.442.349	21.632.553	258.752
B. Net book values of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	--	--	--	--	--	--
C. Book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
- <i>The part under guarantee with collateral etc</i>	--	--	--	--	--	--
D. Net book value of impaired assets	--	(9.417.739)	--	--	--	--
- Overdue (gross book value amount)						
- Impairment (-)	--	(12.707.343)	--	--	--	--
- <i>The part of net value under guarantee with collateral etc</i>	--	3.289.604	--	--	--	--
Non overdue (gross book value amount)						
Impairment (-)	--	--	--	--	--	--
- <i>The part of net value under guarantee with collateral</i>	--	--	--	--	--	--
E. Factors Including Off-Balance Sheet Risk	--	--	--	--	--	--

Liquidity risk

Fair liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims at maintaining flexibility in funding by keeping committed credit lines. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

As of 30 June 2018 liquidity risk table of the Group is as following;

Maturities According to Contract	Book Value	Cash outflow according to contract		Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
		Overdue	Less than 3 months				
Non-Derivative Financial Liabilities							
Financial liabilities	188.979.025	219.114.080	197.780	27.362.210	36.910.028	147.047.581	7.596.482
Financial liabilities	188.979.025	219.114.080	197.780	27.362.210	36.910.028	147.047.581	7.596.482
Expected Maturities							
Non-Derivative Financial Liabilities							
Trade payables	191.742.503	197.491.350	--	139.951.477	56.346.873	1.193.000	--
Trade payables	141.734.452	147.483.299	--	121.107.870	25.182.429	1.193.000	--
Other payables	50.008.051	50.008.051	--	18.843.607	31.164.444	--	--
Total	380.721.528	416.605.430	197.780	167.313.687	93.256.901	148.240.581	7.596.482

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The table below shows the liquidity risk of the Group as of 31 December 2017;

Maturities According to Contract	Book Value	Cash outflow according to contract	Less than 3 months (I)	Between 3-12 months (II)		Between 1-5 years (III)	More than 5 years (IV)
		(=I+II+III)		32.819.594	67.519.800		
Non-Derivative Financial Liabilities							
Financial liabilities	103.261.070	116.931.221	11.356.610	32.819.594	67.519.800		--
Expected Maturities	Book Value	Cash outflow according to expected maturities (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)	
Non-Derivative Financial Liabilities							
Trade payables	121.822.437	125.480.881	115.647.575	9.833.306	--	--	--
Other payables	39.128.860	39.128.860	14.308.163	24.820.697	--	--	--
Total	264.212.367	281.540.962	141.312.348	67.473.597	67.519.800	5.235.217	

Interest rate risk

Fluctuations may occur in the value of financial instruments by changing prices in the market. Such fluctuations may be due to price changes in securities or factors specific to the issuer of such securities or affecting the entire market. The Group's interest rate risk is mainly due to bank loans.

Although the interest rates of interest bearing financial liabilities vary, interest bearing financial assets have a fixed interest rate, and future cash flows do not change with the size of these assets. First of all, the Group's risk exposure to changing market interest rates depends on the Group's floating interest rate debt obligations. The Group's policy in this regard is to manage interest cost by using fixed and floating rate debts.

Interest Rate Risk Sensitivity Analysis

If the interest rates of the loans with variable interest rates were TRY and all other variables were 100 basis points (1%) higher / lower, the profit before tax for the period would be TRY 318.552 at 30 June 2018 due to higher / lower interest expenses it would be lower / higher. (31 December 2017 1.382.498 TRY)

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The Group's interest position is as follows;

		30 June 2018	31 December 2017
Fixed-rate financial instrument			
Financial assets			
-Assets of at fair value through profit or loss		--	--
-Marketable financial assets		--	--
Financial liabilities			
Financial liabilities		178.360.625	67.917.513
Floating interest financial instrument			
Financial assets		--	--
Financial liabilities		10.618.400	35.343.557

Capital risk management

In capital management, the Group aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Group follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount (as shown in balance sheet, trade and other payables and loans). Total capital, as shown in balance sheet, is calculated by adding up equity and net debt.

As of 30 June 2018 and 31 December 2017 net debt / total equity ratio is as follows:

	30 June 2018	31 December 2017
Total debts	412.032.532	305.240.151
Less: Liquid assets	(69.375.961)	(34.502.481)
Net debt	342.656.571	270.737.670
Total equity	258.847.690	235.143.421
Total capital	601.504.261	505.881.091
Net Debt/Total Equity ratio	57%	54%

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Foreign currency risk

The carrying amounts of foreign currency assets and liabilities held by the Group as of 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018				
	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	30.449.111	5.253.628	1.201.920	18.000	--
2a. Monetary Financial Assets (including cash, banks)	34.710.133	1.621.994	5.144.384	24	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	10.214.353	897.426	1.137.885	13.409	--
4. Current Assets (1+2+3)	75.373.597	7.773.048	7.484.189	31.433	--
5. Trade Receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	8.253.049	63.422	1.500.000	--	--
8. Non-Current Assets (5+6+7)	8.253.049	63.422	1.500.000	--	--
9. Total Assets (4+8)	83.626.646	7.836.470	8.984.189	31.433	--
10. Trade Payables	8.514.772	436.542	1.216.834	10.604	--
11. Financial Liabilities	29.740.419	--	5.601.676	--	--
12a. Other monetary financial liabilities	812.876	150.328	23.972	--	--
12b. Other non-monetary financial liabilities	--	--	--	--	--
13. Current Liabilities (10+11+12)	39.068.067	586.871	6.842.482	10.604	--
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	92.165.557	--	17.359.594	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	92.165.557	--	17.359.594	--	--
18. Total Liabilities	131.233.625	586.871	24.202.076	10.604	--
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	--	--	--	--	--
19a. Hedged amount of assets	--	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--	--
20. Net foreign currency position asset / liabilities (9-18+19)	(47.606.979)	7.249.599	(15.217.887)	20.830	--
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(47.606.979)	7.249.599	(15.217.887)	20.830	--

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Döviz pozisyonu tablosu	31 December 2017				
	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	28.476.934	5.379.537	1.792.584	18.000	--
2a. Monetary Financial Assets (including cash, banks)	28.795.739	4.088.263	2.961.039	915	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	--	--	--	--	--
4. Current Assets (1+2+3)	57.272.673	9.467.800	4.753.623	18.915	--
5. Trade Receivables	239.221	63.422	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
8. Non-Current Assets (5+6+7)	239.221	63.422	--	--	--
9. Total Assets (4+8)	57.511.895	9.531.222	4.753.623	18.915	--
10. Trade Payables	7.395.659	217.548	1.454.401	1.416	1.199
11. Financial Liabilities	18.850.050	--	4.174.521	--	--
12a. Other monetary financial liabilities	427.592	94.498	15.758	--	--
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	26.673.300	312.046	5.644.680	1.416	1.199
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	48.044.243	--	10.639.850	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	48.044.243	--	10.639.850	--	--
18. Total Liabilities	74.717.543	312.046	16.284.530	1.416	1.199
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	--	--	--	--	--
19a. Hedged amount of assets	--	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--	--
20. Net foreign currency position asset / liabilities (9-18+19)	(17.205.648)	9.219.176	(11.530.907)	17.499	(1.199)
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(17.205.648)	9.219.176	(11.530.907)	17.499	(1.199)

Details of the import and export amounts of the Group as of 30 June 2018 and 2017 are as follows;

	01.01- 31.06.2018		01.01- 31.06.2017	
	Import	Export	Import	Export
USD	877.736	3.374.947	906.383	3.601.408
EUR	8.106.809	2.461.016	5.655.842	2.142.014
TRY	--	560.863	-	371.466
GBP	27.211	--	7.644	-
TRY equivalent	46.763.242	25.657.581	25.560.105	22.530.791

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Foreign Currency Risk Sensitivity Analysis

As of 30 June 2018, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure is as below:

Foreign Currency Risk Sensitivity Analysis Table		
01 January – 30 June 2018		
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In case of appreciation / depreciation of USD against TRY at 10%		
1- USD net asset / liability	3.306.438	(3.306.438)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	3.306.438	(3.306.438)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(8.079.481)	8.079.481
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(8.079.481)	8.079.481
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	12.458	(12.458)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	12.458	(12.458)
Total (3+6+9)	(4.760.698)	4.760.698

Foreign Currency Risk Sensitivity Analysis Table		
01 January – 31 Aralık 2017		
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In case of appreciation / depreciation of USD against TRY at 10%		
1- USD net asset / liability	3.477.381	(3.477.381)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	3.477.381	(3.477.381)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(5.206.781)	5.206.781
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(5.206.781)	5.206.781
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	8.890	(8.890)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	8.890	(8.890)
Total (3+6+9)	(1.720.510)	1.720.510

NOTE 33 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Company using available markets information in Turkey and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Financial Assets

Balances denominated in foreign currencies are converted at period exchange rates. The fair value of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying amounts in the financial statements. The carrying value of trade receivables, net of allowances for possible non-recovery of uncollectible are considered to approximate their fair values

Financial Liabilities

The fair value of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of long-term bank borrowings, which are denominated in foreign currencies and translated at period/year-end exchange rates, are considered to approximate their carrying values. The carrying amount of accounts payable and accrued expenses reported in the financial statements for estimated third party payer settlements approximates its fair values.

NOT 34 – OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR REQUIRED TO BE DISCLOSURE FOR CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

As a result of the examination made by Turkish Capital Market Board Süntaş Parent Company purchased sponge from related party "Sünger ve Yatak Sanayi Ticaret Anonim Şirketi", between 2002 and 2006 amounting to TRY 7.189.381,56 has been paid to Süntaş and it has been decided to pay back to the Parent Company in one month period with the legal interest. The Kayseri Public Prosecutor's Office has been ordered by the Capital Markets Board to appeal against the prosecution to the nearest criminal court. In the expert report dated 29.05.2009, it was stated that the claims were invalid. In the new expert report prepared in the course of the lawsuit, the amount transferred to the Süntaş with implicit transactions was determined as 1,694,048.09TRY and it was stated that the Board of Directors should be held responsible for these transactions. At the trial dated 01.02.2011, it was decided to request a report from the expert delegate of three experts in the field of capital market and criminal law.

During the proceedings of case, it was stated that the case file was sent to a committee which includes CMB Experts to reveal the contradiction in the expert reports and "It is alleged that defendants act is only be revealed by technical committee compare the sale price of sponge material with similar sponge material's price in the market to reveal whether kind a concealed distribution of capital is realized or not. At the point where the technical committee made the comparison of the external precedent claim of the concealed distribution claim with this movement, the report dated 16.03.2012 issued by the experts on the issue of the file of the expert technical delegation within the Kayseri Chamber of Industry and Commerce in this regard, It is determined by the invoice application issued by the other similar sponge manufacturers that different sales prices can be applied even for the products indicated to have the same density at the same price but the reason why the wastes given at the production stage are not the same for each production amount, it has been found that price differences are applied in the same business / manufacturing firms in which the prices of the raw materials supplied are different from each other, the storage costs are increased due to the fact that the buyer has no inventory

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At the trial dated 14.09.2012, all the expert reports were considered and allegation is based on subjective judgement and is not based on objective judgement, not based on material concrete. It is determined that defendants are not commit to crime by considering the quality and quantity of sponge is different by its cost and it effects the sale prices and the prices is reasonable decided by judge. As the CMB's legal rights reserved the the case is abated and defendants are not committed crime according to law 2499 is revealed and all public cases for defendants are abated according to criminal procedure law.

According to the T.C. Kayseri Commercial Court's 26 September 2016 and number 2016/1042 decision that liquadation of Süntaş Sünger ve Yatak Sanayi ve Ticaret A.Ş. and by the defendant 21 February 2017 it has been appealed to the Presidency of the Supreme Court of Appeals Department of the Ankara District Court of Justice 21st Civil Rights Court on the grounds that it is contrary to the law.

NOTE 35 – POST BALANCE SHEET EVENTS

None.