

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 DECEMBER 2018**

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

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi

A) Audit of the Financial Statements

1) Opinion

We have audited the accompanying consolidated financial statements of Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi (the "Parent Company") and its subsidiary (referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements comprising a summary of significant accounting policies.

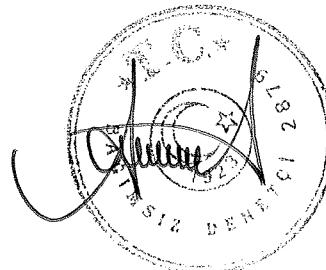
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

2) Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA").

Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements.

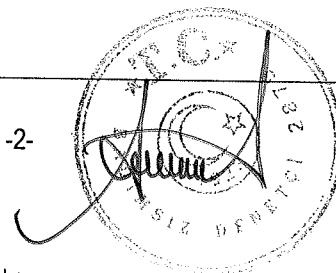
We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

TFRS 15, 'Revenue from contracts with customers'	How to perform of matter in audit
<p>Revenue of the Group mainly consists of Beds, furniture, blanket, seat, home textile products mainly by retail. Revenue is the main indicator of the performance of the Group.</p> <p>The implementation of accounting standards of revenue recognition can be complicated and also comprise key judgements and estimations.</p> <p>Revenue, reflected to the financial statements, is determined as key audit matter due to the control risk to be ensured on processing adequacy heavy data.</p> <p>The Company only recognizes the revenue when it fulfills the obligation of performance through transferring the committed goods or services to its customers.</p> <p><i>First implementation of TFRS 15</i> The Company has started to apply TFRS 15 – Revenue from Contracts with Customers as of 1 January 2018.</p> <p>TFRS 15 specifies when and at what amounts an TFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. It requires significant management estimation and judgment, since the seller constitutes a comprehensive framework for the terms of transfer of control over products and services based on the timing of the performance of the seller's obligations. Therefore, the first application of accounting for revenue in accordance with TFRS 15 has been a focus for our audit and has been identified as one of the key audit issues.</p>	<ul style="list-style-type: none"> - Evaluating the adequacy of Group's accounting policy on revenue recognition, - Evaluating the controls of the projections, implementations and process of management, - Key internal controls on IT general environment such as program access controls, program change controls, program development controls, and computer operation controls; and 'control of IT internal controls and pricing and billing systems related to the completeness and accuracy of pricing and billing, - Testing of important records between invoicing systems and trial balance, - Evaluation of compliance of the company's accounting policies with TFRS 15 "Revenue from Contracts with Customers" through selection of sales contracts by sampling model, - To examine through the sales documents received for the sales transactions selected by the sample when transfer of the control takes place. Thus, evaluate the appropriateness of the revenue to the accounting policies and the fact that it is recognized in the reporting period, - Analytical studies to determine the presence of unusual transactions, <p><i>First implementation of TFRS 15</i> - Understand the new accounting policies of the Company assess their compliance and document the results,</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of the calculations made to determine impact of first adoption of TFRS 15 to selected transition method, - Evaluating the adequacy of the accounting policies and explanations regarding with transition by analyzing the existing customer contracts in terms of the components to be obtained in the current period, - To evaluate whether the disclosures made on the financial statements of the Company about the revenue policy conforms to the disclosures required in accordance with TFRS 15,



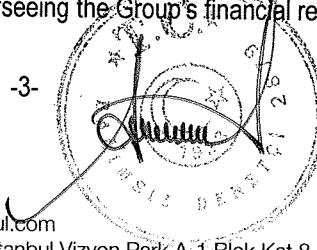
Inventories	How to perform of matter in audit
<p>As of 31 December 2018, 21 % of the Group's assets comprised of inventories.</p> <p>The accounting policies for inventories in the financial statements are explained in detail in Note 2.d.</p> <p>Due to the change in raw material prices, the fair value of the inventory constitutes a risk.</p> <p>Accounting Standard TMS 2 Inventory standard requires inventories to be valued at the lower of average cost and net realizable value and includes cost of purchase including all acquisition costs, conversion costs and other costs incurred in bringing the inventories to their current state.</p> <p>Inventories carry a risk of diminution in value due to disruptive demand changes and macroeconomic developments.</p> <p>In addition, determining the provision for such diminution in value involves judgements and estimates. These judgments and estimates include evaluation of the slow moving inventories due to various reasons such as technological changes and decrease in customer demands, and evaluation of the provision for obsolete and damaged inventories. Therefore, Inventory is a key matter for our audit.</p>	<p>- Whether inventories are exist, whether they are in use, accuracy of the components of cost and testing net realizable value,</p> <p>- In addition to the internal control audit in order to evaluate our risk, at the end of the year, company stores, retails and facilities were visited and participated in the company physical inventory count, using the sampling method and evaluate the amounts of the inventory selected and the net realizable value of the stocks were controlled through sampling and it was found that the values of the inventories in the consolidated financial statements were reasonable.</p> <p><i>Impairment of inventories</i></p> <p>During our audit, the following audit procedures related to the provision for inventory impairment have been applied;</p> <ul style="list-style-type: none"> - Understanding and evaluating the reasonableness of the provisioning policy and the assessment of its compliance, - Inquiry with the Group management about the risk of diminution in value as a result of disruptive technological changes, - Analytical procedures on inventory turnover rates compared to the prior year, - Observation of obsolete and damaged inventories during inventory counts, - Evaluation of the adequacy of the provision for the impairment of the inventory in the current period, - Testing of discounted sales prices which were used in calculations of net realizable value through sampling,

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



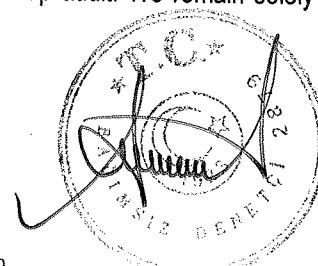
5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2018 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Group's Board of Directors on March 11, 2019.
3. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

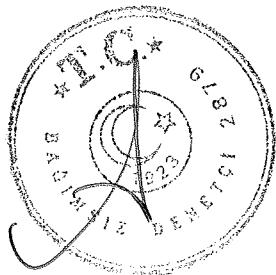
The engagement partner who supervised and concluded on this independent auditor's report is ABDULKADİR SAYICI.

Istanbul, March 11, 2019

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



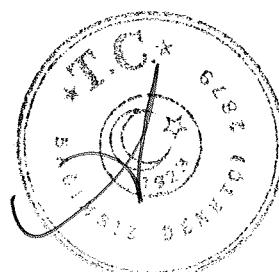
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YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

ASSETS	Note	Audited		
		31 December 2018	31 December 2017	
CURRENT ASSETS				
Cash And Cash Equivalents	4	64.079.474	34.502.481	
Financial Investments	10	956	258.752	
Trade Receivables		114.778.342	66.034.098	
<i>Due From Related Parties</i>	3-5	6.337.998	3.675.488	
<i>Trade Receivables, Third Parties</i>	5	108.440.344	62.358.610	
Other Receivables		231.557	3.837.545	
<i>Due From Related Parties</i>	3-6	--	3.225.587	
<i>Other Receivables, Third Parties</i>	6	231.557	611.958	
Inventories	8	151.544.258	125.256.520	
Prepaid Expenses	9	45.465.500	24.678.228	
Assets Relevant To Current Period Taxes	10	--	12.880.161	
Other Current Assets	7	852.253	6.787.613	
TOTAL CURRENT ASSETS		376.952.340	274.235.398	
NON-CURRENT ASSETS				
Financial Investments	10	1.000	1.000	
Trade Receivables		--	190.658	
<i>Due From Related Parties</i>	3-5	--	190.658	
<i>Trade Receivables, Third Parties</i>	5	--	--	
Other Receivables		756.054	604.804	
<i>Due From Related Parties</i>	3-6	--	--	
<i>Other Receivables, Third Parties</i>	6	756.054	604.804	
Investment Properties	11	11.704.256	--	
Tangible Fixed Assets	12	283.102.633	242.838.680	
Intangible Fixed Assets	13	17.879.769	6.067.130	
Prepaid Expenses	9	13.523.101	12.547.156	
Deferred Tax Assets	30	7.972.430	3.898.746	
TOTAL NON-CURRENT ASSETS		334.939.243	266.148.174	
TOTAL ASSETS		711.891.583	540.383.572	

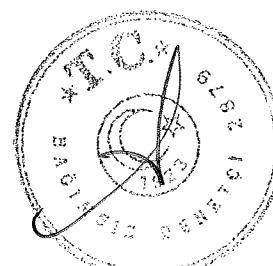
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YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

LIABILITIES	Note	Audited		
		31 December 2018	31 December 2017	
CURRENT LIABILITIES				
Financial Liabilities	14	38.497.602	9.841.261	
Short Term Portion Of Long Term Financial Liabilities	14	45.058.190	28.294.261	
Trade Payables		125.323.886	121.822.437	
<i>Due To Related Parties</i>	3-5	--	--	
<i>Trade Payables, Third Parties</i>	5	125.323.886	121.822.437	
Employee Benefit Obligations	15	11.535.041	11.120.359	
Other Payables		145.695	1.500.506	
<i>Due To Related Parties</i>	3-6	--	--	
<i>Other Payables, Third Parties</i>	6	145.695	1.500.506	
Deferred Income	16	13.715.116	23.057.061	
Current Income Tax Liabilities	30	--	15.206.445	
Provisions	17	2.887.598	3.169.766	
Other Current Liabilities	7	16.760.822	3.450.934	
TOTAL CURRENT LIABILITIES		253.923.950	217.463.030	
NON-CURRENT LIABILITIES				
Financial Liabilities	14	123.303.647	65.125.548	
Trade Payables		--	--	
<i>Due To Related Parties</i>	3-5	--	--	
<i>Trade Payables, Third Parties</i>	5	--	--	
Provisions		11.083.958	8.362.308	
<i>Provision For Employee Benefits</i>	18	11.083.958	8.362.308	
Deferred Tax Liabilities	30	16.276.520	14.289.265	
TOTAL NON-CURRENT LIABILITIES		150.664.125	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	(14.486.269)	(11.081.201)	
Share Premium	20	--	999.353	
Other Comprehensive Income Not To Be Reclassified To Profit Or Loss		76.218.781	75.777.935	
<i>Gains/ Losses On Revaluation And Remeasurement</i>	20	78.924.196	79.374.196	
<i>Actuarial Gain/Loss Arising From Defined Benefit Plans</i>	20	(2.705.415)	(3.596.261)	
Other Comprehensive Income To Be Reclassified To Profit Or Loss		(828.537)	(307.917)	
<i>Currency Translation Differences</i>	20	(828.537)	(307.917)	
Restricted Reserves	20	19.459.242	12.789.314	
Retained Earnings	20	1.502.178	19.725.898	
Net Income For The Period		75.639.181	69.349.999	
EQUITY HOLDERS OF THE PARENT		307.303.508	235.143.421	
TOTAL LIABILITIES		711.891.583	540.383.572	

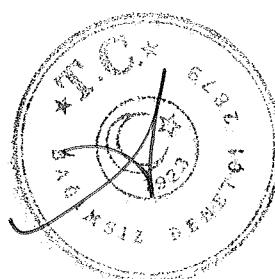
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**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AT 1 JANUARY-31 DECEMBER 2018 AND 2017**
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

INCOME/LOSS	Note	Audited 01 January – 31 December 2018	Audited 01 January – 31 December 2017
Revenue	21	943.150.462	795.685.790
Cost Of Sales (-)	22	(543.169.569)	(461.351.248)
Gross profit		399.980.893	334.334.542
General Administrative Expenses (-)	23	(45.481.976)	(32.979.685)
Marketing, Selling And Distribution Expenses (-)	23	(230.155.853)	(193.618.139)
Research And Development Expenses (-)	23	(4.451.905)	(3.506.347)
Other Income From Operating Activities	24	47.071.163	23.724.992
Other Expenses From Operating Activities	25	(51.157.478)	(25.773.105)
Operating Profit / Loss		115.804.844	102.182.258
Income From Investment Activities	26	639.289	552.711
Expenses From Investment Activities (-)	27	(22.727)	(75.557)
OPERATING INCOME BEFORE FINANCIAL INCOME		116.421.406	102.659.412
Financial Expenses (-)	29	(36.521.707)	(21.503.709)
Financial Income	28	4.301.187	3.027.117
PROFIT BEFORE TAX		84.200.886	84.182.820
Tax income/(expense)		(8.561.705)	(14.832.821)
Taxes On Income	30	(10.048.145)	(15.206.445)
Deferred Tax Income/(Expense)	30	1.486.440	373.624
PERIOD PROFIT / LOSS		75.639.181	69.349.999
Earnings Per Share			
Earnings Per Share (Kr)	31	0,000505	0,000463
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		440.846	70.092.972
Gains/ Losses On Revaluation And Remeasurement	20	(500.000)	78.641.292
Actuarial Gain/Loss Arising From Defined Benefit Plans	18	1.113.558	(819.005)
Tax Income/(Expense)		(172.712)	(7.729.315)
Deferred Tax (Expense) Income	30	(172.712)	(7.729.315)
Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss		(520.620)	(285.565)
Currency Translation Differences		(520.620)	(285.565)
OTHER COMPREHENSIVE INCOME (LOSS)		(79.774)	69.807.407
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		75.559.407	139.157.406

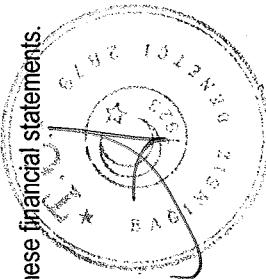
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YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED AT 1 JANUARY – 31 DECEMBER 2018 AND 2017
(Currency - Turkish Lira 'TRY unless expressed otherwise.)

	Paid In Capital	Inflation Adjustments Of Shareholders' Equity	Buy-Back Shares	Share Premiums/ Discounts	Gains/Losses On Revaluation And Remeasurement	Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss	Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss		Retained Earnings	Net Income For The Period	Total Equity
							Actuarial Gain/Loss Arising From Defined Benefit Plans	Currency Translation Differences			
	(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)	888,950	14,137,748	17,478,514	107,012,966
Buy-Back Shares	--	--	(11,026,951)	--	--	--	--	11,081,201	(11,081,201)	--	(11,026,951)
Transfer From Retained Profit Period Profit / Loss (Net)	--	--	--	--	--	--	--	809,163	16,669,351	(17,478,514)	--
Other Comprehensive Income	--	--	--	--	70,748,177	(655,205)	(285,565)	--	--	69,349,999	69,349,999
Balance at 31 December 2017	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
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
Impact due to policy change in TRFS 9, (net)	--	--	--	--	--	--	--	--	(2,739,577)	--	(2,739,577)
Adjustment on errors	--	--	--	--	--	--	--	--	2,745,325	--	2,745,325
Buy-Back Shares	--	(3,405,068)	--	--	--	--	--	6,669,928	(6,669,928)	--	(3,405,068)
Transfer From Retained Profit Period Profit / Loss (Net)	--	--	--	--	--	--	--	--	69,349,999	(69,349,999)	--
Other Comprehensive Income	--	--	--	--	(450,000)	--	--	--	75,639,181	75,639,181	--
Transfer to capital	106,999,237	(25,090,345)	--	(999,353)	--	890,846	(520,620)	--	--	--	(79,774)
Balance at 31 December 2018	149,798,932	--	(14,486,269)	--	78,924,196	(2,705,415)	(828,537)	19,459,242	1,502,178	75,639,181	307,303,508

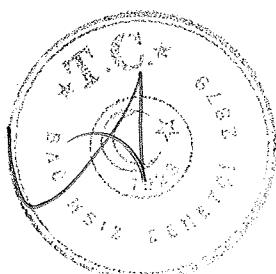
The accompanying notes form an integral part of these financial statements.



**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED AT 1 JANUARY - 31 DECEMBER 2018 AND 2017
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)**

		Audited	Audited
	Note	01 January – 31 December 2018	01 January – 31 December 2017
A. Cash Flow From Operating Activities :			
Profit / (Loss) Of The Period		75.639.181	69.349.999
Adjustments Related To Reconciliation Of Profit/(Loss)			
Adjustments Related To The Increase/Decrease In Amortization And Depreciation	12-13	24.801.908	16.105.902
Adjustment To Unearned Interest On Receivables	5-24	7.515.055	4.272.616
Adjustment To Unearned Interest On Payables	5-25	(6.715.717)	(4.624.476)
Adjustment To Interest Expenses	14	1.954.529	1.899.959
Adjustments Related To Provision (Reversal) For Employee Benefits	18	3.835.208	1.923.310
Adjustment To Provision For Lawsuits	17	405.529	3.000.000
Adjustment To Provision For Doubtful Receivables	5	1.941.107	1.549.870
Adjustment To Provision For Doubtful Inventories	8	4.074.149	–
Adjustment To Fair Value Increase / (Decrease)	20	–	70.748.177
Financial Investments Fair Value Adjustment	26	(6.492)	16.235
Adjustment To Tax Income (Expenses)	30	8.561.705	22.562.136
		122.006.162	186.803.728
Changes In Operating Assets And Liabilities			
Changes In Trade Receivables	5	(61.522.026)	(3.797.947)
Changes In Other Receivables	6	1.262.572	(443.180)
Changes In Other Assets	6	5.935.360	(6.787.613)
Changes In Inventories	8	(30.361.887)	(16.867.989)
Changes In Prepaid Expenses	9	(21.763.217)	(12.526.416)
Changes In Trade Payables	5	10.217.166	18.339.507
Changes In Other Payables	6	(1.354.811)	(6.420.081)
Changes In Employee Benefit Liabilities	15	414.682	1.960.426
Changes In Other Liabilities	7	14.334.095	(311.162)
Changes In Deferred Income	16	(9.341.945)	5.276.502
Taxes Returns (Payments)	30	(12.374.429)	(14.159.184)
Interest Paid	29	21.138.747	14.266.290
Interest Received	28	(198.412)	(1.850.171)
Total		38.392.057	163.482.710
B. Cash Flow From Investing Activities			
Changes In Financial Investment			
Cash Inflows From Sales Of Tangible And Intangible Assets	10	264.288	(274.987)
-Cash Inflows From Sales Of Tangible Assets	12-13	13.158.043	712.054
-Cash Inflows From Sales Of Intangible Assets		12.470.273	712.054
		687.770	–
Cash Outflows From Purchases Of Tangible And Intangible Non-Current Assets	12-13	(102.240.799)	(144.834.477)
-Cash Outflows From Purchases Of Intangible Assets		(87.477.100)	(140.570.357)
-Cash Outflows From Purchases Of Tangible Assets		(14.763.699)	(4.264.120)
Collections From Advances Given	6	3.225.587	1.310.335
-Collections From Related Parties		3.225.587	1.310.335
Interest Income	24	–	–
Total		(85.592.881)	(143.087.075)
C. Cash Flow From Financial Activities			
Cash Inflows / (Outflows) From Borrowings	14	142.592.167	104.519.039
Cash Outflows From Payables	14	(40.447.912)	(90.358.130)
Cash Inflows / (Outflows) From Leasing Payments	14	(500.415)	(384.609)
Interest Paid	29	(21.138.747)	(14.266.290)
Interest Received	28	198.412	1.850.171
Cash Outflows Related To Buy-Back Shares	20	(3.405.068)	(11.026.951)
Total		77.298.437	(9.666.770)
Foreign Currency Translation Differences of Cash and Cash Equivalents Before Effect of Net Increase / Decrease (A + B + C)		30.097.613	10.728.865
D. The Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents	20	(520.620)	(285.565)
Net Increase In Cash And Cash Equivalents in / Decrease (A + B + C + D)		29.576.993	10.443.300
E. Beginning Of The Period Cash And Cash Equivalents	4	34.502.481	24.059.181
Cash And Cash Equivalents At The End Of The Period (A+B+C+D+E)	4	64.079.474	34.502.481

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



YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY
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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 31 December 2018, 2,096 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 74 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 is mentioned in Note 20.

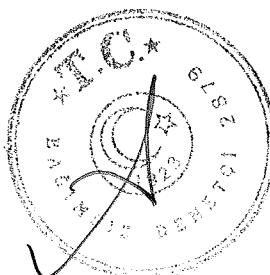
Yatas Europe GMBH

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 31 December 2018, 5 personnel are employed by the Company. (31 December 2017: 5).

Yatas Europe's shareholding structure as of 31 December 2018 in EUR are as following;

Shareholders	31 December 2018		31 December 2017	
	Share Percentage	Share Amount (EUR)	Share Percentage	Share 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



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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.

The Company maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The consolidated financial statements, except for the financial asset/liabilities and land, buildings presented with their fair values, are maintained under historical cost conversion in TRY. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

Going Concern

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

Approval of Consolidated Financial Statements

Consolidated financial statements of the Group are approved by the Board of Directors and granted authority to publish on March 11, 2019. 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

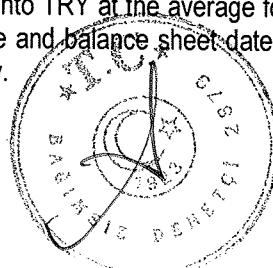
Group was abolished inflation accounting application for 01 January 2005

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.



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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.

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

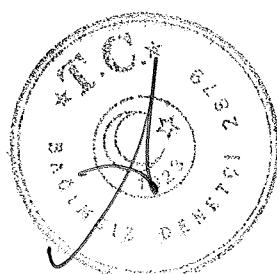
The principles of consolidation followed in the preparation of the accompanying financial statements are as follows:

- 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 31 December 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)	(Direct+ Indirect)
Yatas Europe GmbH	100.00%	100.00%



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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 financial statements as at 31 December 2018 except for described below are consistent with those used in the preparation of consolidated statements for the year ended 31 December 2017.

Impacts of Consolidated Financial Statement

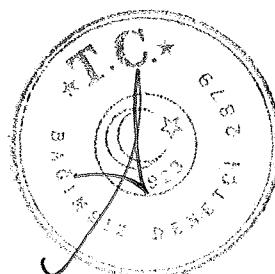
The Group applied TFRS 9 – Financial Instruments and TFRS 15 – Revenue from Contracts with Customers effective from 1 January 2018 and financial statements effects of the these standards are explained below; applied actual accounting policy is explained on Note 2.d.

In the application of TFRS 9 Financial Instruments Standard, the Group have benefited from an exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amount of financial assets and financial liabilities resulting from the adoption of TFRS 9 are recognized in retained earnings as of 1 January 2018.

The Group has applied TFRS 15 Revenue from Contracts with Customers by using "cumulative effect method" on the transition date of 1 January 2018.

The impacts on the statement of financial position of 31 December 2018 and the income statement for the twelve month period for the same date of the adoption of TFRS 9 are as follows;

Retained earnings (Previously reported)	19.725.898
Accounting for expected credit losses in accordance with TFRS 9	(3.512.278)
Deferred tax	772.701
Impact as of January 1, 2018	(2.739.577)
Previous year profits (Adjusted)	16.986.321



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New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2018. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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".

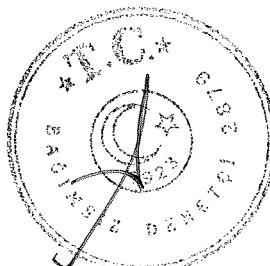
Comparative Information and Previous Periods Adjustments

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.



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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.

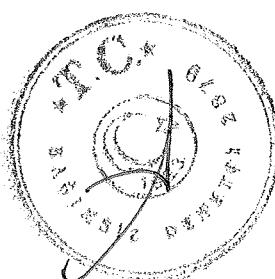
"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on 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.

"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



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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.

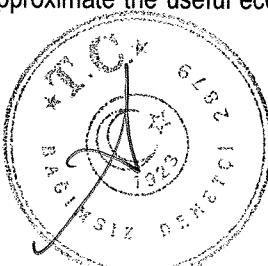
Inventories

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:



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Buildigs	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.

Investment Property

Investment properties, which are properties, held to earn rentals and/or for capital appreciation are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

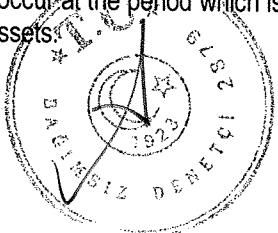
Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal

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.



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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 31 December 2018, maximum 5.434 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 31 December 2018. The ratios of the basic assumptions used on the balance sheet date are as follows:

	31 December 2018
Rediscount rate	%23,00
Inflation rate	%16,00
Real dicount rates	%6,03

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.

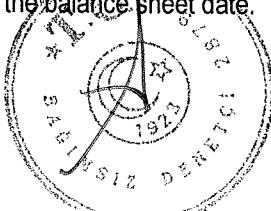
Fair value estimation:

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 be 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.



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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.

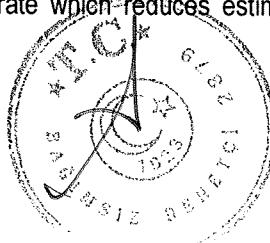
Following indicators are considered while evaluating the transfer of control of the goods and services:

- 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.



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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 Estimates

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 inventories

Inventories are valued at the lower of cost or net realizable value. The Group management has determined that some of its inventories cost value are higher than the their net realizable value as of the balance sheet date. Management of the company has estimated the future cash flow amounts, replacement costs and the sales prices may be generated in the ordinary business activity from the sale of inventories in the calculation of the impairment.

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

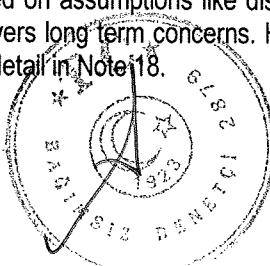
Group reserves provision for depreciation regarding to footnote 2.d that refers to useful lifetime on fixed assets. Information about useful lifetime is described in footnote 2.d.

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.

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.



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Deferred Tax

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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

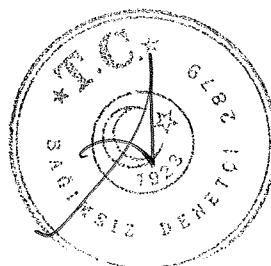
Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange profit and loss are reflected to the income statements.

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

	31 December 2018	31 December 2017
USD	5,2609	3.7719
EUR	6,0280	4.5155
GBP	6,6528	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



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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

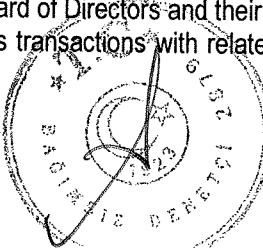
The Group does not have an activity area to report activity according to the departments.

Buisness 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.

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:



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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

	31 December 2018	31 December 2017		
	Trading	Non-Trading	Trading	Non-Trading
Short Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	6.337.998	--	3.675.488	--
Long Term Trade Receivables (Note 5)				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	--	--	190.658	--
Other Receivables (Note 6)				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	--	--	--	3.200.705
Due from shareholders	--	--	--	24.882
Total	6.337.998		3.866.146	3.225.587

Sales to and / or income from related parties:

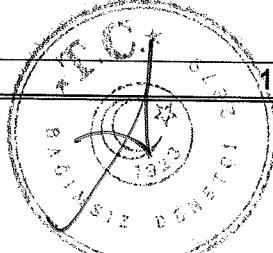
	1 January – 31 December 2018	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş.	14.858.356	295.305
Total	14.858.356	295.305

	1 January – 31 December 2017	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş.	16.117.596	348.093
Total	16.117.596	348.093

Purchases and / or expenses from related parties:

	1 January – 31 December 2018	
	Goods and Services Purchases	Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş.	819.230	752.542
Yavuz Altop	--	762.482
Yılmaz Öztaşkın	--	762.482
Other Shareholders	--	1.524.962
Total	819.230	3.802.468

	1 January – 31 December 2017	
	Goods and Services Purchases	Rent Expenses
Süntaş Sünger ve Yatak San.Tic. A.Ş.	126.623	671.186
Yavuz Altop	--	543.750
Yılmaz Öztaşkın	--	543.750
Other Shareholders	--	1.087.500
Total	126.623	2.846.186



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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 31 December 2018 is TRY 17.158.427 (31 December 2017: TRY 10.445.295).

4 - CASH AND CASH EQUIVALENTS

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

	31 December 2018	31 December 2017
Cash	81.292	139.937
Banks	22.754.150	21.632.553
Time deposits	22.754.150	7.628.653
Demand deposits	--	14.003.900
Liquid funds(*)	41.244.032	12.729.991
Total	64.079.474	34.502.481
Interest accruals	--	--
Total	64.079.474	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.

5 - TRADE RECEIVABLES AND PAYABLES

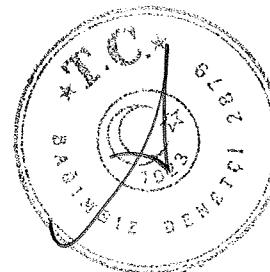
Trade Receivables

Short Term Trade Receivables

	31 December 2018	31 December 2017
Trade Receivables	85.236.878	54.294.152
- <i>Trade Receivables from related parties (note 3)</i>	2.721.698	662.736
- <i>Other trade Receivables</i>	82.515.180	53.631.416
Notes Receivables	31.766.968	10.309.714
- <i>Notes receivables from related parties (note 3)</i>	3.616.300	3.012.752
- <i>Other notes Receivables</i>	28.150.668	7.296.962
Unearned Interest (-)	(3.856.611)	(1.859.372)
Doubtful trade receivables	16.583.412	12.707.343
Provision for doubtful trade receivables (-)	(14.952.305)	(9.417.739)
Total	114.778.342	66.034.098

Long Term Trade Receivables

	31 December 2018	31 December 2017
Notes Receivables	--	190.658
- <i>Notes receivables from related parties (note 3)</i>	--	190.658
- <i>Other notes receivables</i>	--	--
Unearned Interest (-)	--	--
Total	--	190.658



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The maturity schedule of receivables are as follows:

	31 December 2018	31 December 2017
Overdue	95.500	--
Up to 3 months	87.318.496	56.178.082
3 to 12 months	29.589.850	8.425.784
1 to 5 years	--	190.658
Total	117.003.846	64.794.524

The maturity schedule of overdue receivables are as follows:

	31 December 2018	31 December 2017
0 to 3 months	95.000	--
6 months and older	500	--
Total	95.500	--

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

	31 December 2018	31 December 2017
Opening balance	9.417.739	7.867.869
Additional provisions in the period	5.942.722	1.771.968
Cancellation of provision in period (-)	(408.156)	(222.098)
Total (End of the period)	14.952.305	9.417.739

Trade Payables

Short Term Trade Payables

	31 December 2018	31 December 2017
Trade payables	78.458.806	81.512.761
Notes payables	51.680.083	43.968.120
Unearned interest (-)	(4.815.003)	(3.658.444)
Total	125.323.886	121.822.437

Long Term Trade Payables

None.

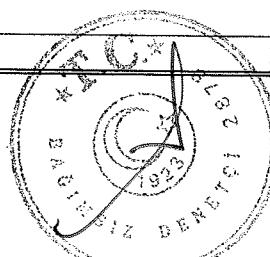
As of 31 December 2018 and 31 December 2017 maturity schedule of payables are as follows:

	31 December 2018	31 December 2017
Overdue	--	--
Up to 3 months	124.108.006	115.715.308
3 to 12 months	6.030.883	9.765.573
1 to 5 years	--	--
Total	130.138.889	125.480.881

6 - OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables

	31 December 2018	31 December 2017
Receivables from related parties (Note 3) (*)	--	3.225.587
Receivables from personnel	231.557	144.978
Deposits and guarantees given	--	460.000
Other receivables	--	6.980
Total	231.557	3.837.545



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(*) 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

	31 December 2018	31 December 2017
Deposits and guarantees given	756.054	604.804
Total	756.054	604.804

The maturity distribution of advance cheques received as of 31 December 2018 is as follows:

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

Short Term Other Payables

	31 December 2018	31 December 2017
Advance cheques given	--	1.295.080
Other sundry payables	145.695	205.426
Total	145.695	1.500.506

The maturity breakdown of advance checks given as of 31 December 2018 is as follows:

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

7 - OTHER ASSETS AND LIABILITIES

Other Current Assets

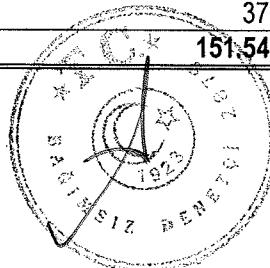
	31 December 2018	31 December 2017
VAT carried forward	364.286	6.745.986
Receivables from tax office	487.967	41.627
Total	852.253	6.787.613

Other Current Liabilities

	31 December 2018	31 December 2017
Taxes and dues payable	8.474.921	2.442.219
Overdue or deferred taxes and dues payable	7.823.804	745.585
Other liabilities	462.097	263.130
Total	16.760.822	3.450.934

8 – INVENTORIES

	31 December 2018	31 December 2017
Raw materials	14.475.129	20.649.856
Work in process	11.475.884	6.882.723
Finished goods	102.678.200	69.009.935
Merchandises	22.543.465	28.136.733
Other inventories (*)	371.580	577.273
Total	151.544.258	125.256.520



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(*) Other inventories consist of goods on transit.

As of 31 December 2018, there is insurance coverage amounting to TRY 169.605.000 on inventories (31.12.2017:133.135.000)

9 – PREPAID EXPENSES

Short-Term Prepaid Expenses

	31 December 2018	31 December 2017
Order advances given	29.813.790	17.566.588
Prepaid expenses	13.400.219	3.891.801
Advances given for business purposes	1.221.516	2.326.199
Advances given to personnel	1.029.975	893.640
Total	45.465.500	24.678.228

Long-Term Prepaid Expenses

	31 December 2018	31 December 2017
Prepaid expenses	6.880.541	8.683.809
Advances given for purchases of property, plant and equipment	6.642.560	3.863.347
Total	13.523.101	12.547.156

10 – FINANCIAL INVESTMENTS

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

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

Short term financial investments

As of 31 December 2018

Description	Number of Shares	Unit Price	Total Cost	Unit Price	Fair Value
Alternatif Menkul Kiyemetler (ALFN2)	3,8600	200	772	4,7779	956
Total					956

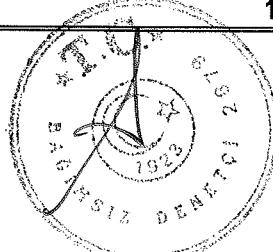
As of 31 December 2017

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 Kiyemetler (ALFN2)	3,86	425	1.641	4,03	1.712
Total					258.752

As at 31 December 2018, short-term financial assets are reflected to the financial statements at their fair value.

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

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



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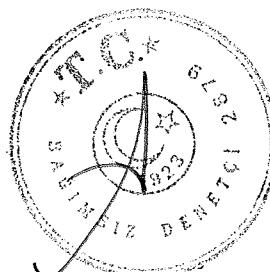
The fair values of financial investments are classified as follows due to the data used to determine the levels.

30 December 2018	Level 1	Level 2	Level 3
Funds	956	--	--
Kay-Ser A.Ş.	--	--	1.000
30 December 2017	Level 1	Level 2	Level 3
Funds	258.752	--	--
Kay-Ser A.Ş.	--	--	1.000

11 -INVESTMENT PROPERTIES

Cost	Lands	Buildings	Total
31 December 2017	--	--	--
Addition	--	--	--
Transfer (*)	6.715.872	5.317.317	12.033.189
Disposals	--	--	--
31 December 2018	6.715.872	5.317.317	12.033.189
Accumulated depreciation			
31 December 2017	--	--	--
Charge for the period	--	106.346	106.346
Transfer (*)	--	222.587	222.587
Disposals	--	--	--
31 December 2017	--	328.933	328.933
Net book value, 31 December 2017	--	--	--
Net book value, 31 December 2018	6.715.872	4.988.384	11.704.256

(*) The Company reconsidered its tangible fixed assets and has reclassified the tangible fixed assets which will not be expected to be used in the production or supply of goods and services or which is intended to be sold in the ordinary course of business or for development and resale or used for the purpose of earning rentals into investment properties. The related investment properties were reported with their revalued amounts in the financial statements dated 31 December 2017. In this context, the classification is based on the net book values of the related assets shown in the financial statements.



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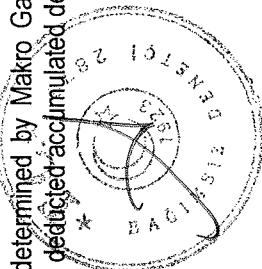
12 – TANGIBLE FIXED ASSETS

Plants, machinery and equipment							
Cost	Lands	Buildings	Fixtures and fittings	Leasehold improvements	Construction in progress	Total	
31 December 2016	16,125,861	49,137,037	42,016,484	4,613,416	39,120,134	9,710,234	204,887,278
Addition	--	--	11,785,597	25,208,945	11,631,252	6,223,392	5,402,360
Fair value changes	41,800,756	--	36,550,672	--	--	--	78,351,428
Transfer	--	--	9,610,323	186,335	--	(86,424)	--
Disposals	--	--	--	(795,129)	(48,111)	(1,180,476)	(421,223)
31 December 2017	57,926,617	115,734	107,083,629	66,616,635	6,242,824	54,412,730	44,922,303
Addition	4,526,772	--	4,765,168	42,054,308	469,787	10,570,007	9,100,896
Transfer (*)	(6,715,872)	--	(5,317,317)	--	--	--	--
Disposals	(1,300,000)	(11,654)	--	(162,778)	(432,375)	(2,323,648)	(6,805)
31 December 2018	54,437,517	104,080	106,531,480	108,508,165	6,280,236	62,659,089	54,016,394
Accumulated depreciation							
31 December 2016	77,520	9,952,814	31,418,080	2,034,866	22,209,644	21,228,022	--
Charge for the period	--	3,797	1,031,627	2,596,555	652,158	4,230,175	6,471,643
Fair value changes	--	(5,451)	(284,413)	--	--	--	--
Disposals	--	--	--	(601,747)	(37,676)	(1,034,573)	(58,888)
31 December 2017	75,866	10,700,028	33,412,888	2,649,348	25,405,246	27,640,776	--
Charge for the period	--	3,359	2,092,545	6,138,296	756,003	5,730,949	7,711,122
Transfer (*)	--	--	(222,587)	--	--	--	--
Disposals	--	(6,604)	--	(144,125)	(357,028)	(1,401,894)	(3,222)
31 December 2018	72,621	12,569,986	39,407,059	3,048,323	29,734,301	35,348,676	--
Net book value, 31 December 2017	57,926,617	39,868	96,383,601	33,203,747	3,593,476	29,007,484	17,281,527
Net book value, 31 December 2018	54,437,517	31,459	93,961,494	69,101,106	3,231,913	32,924,788	18,667,718
							10,746,637
							283,102,633

As of 31 December 2018 there is insurance amounting to TRY 440,116,841 on property, plant and equipment. The liability amounts for fixed assets are mentioned in Note 19.

(*)Please See, Note 11 above.

Group's "buildings and lands" are stated in the financial statements at their fair 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	2.809.067	10.022.505	590.752	1.341.377	--	14.763.701
Disposals	--	--	(17.535)	(731.114)	--	(748.649)
31 December 2018	5.437.566	10.314.517	4.710.061	3.273.452	1.863.072	25.598.668
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	1.184.828	58.765	598.362	393.851	27.486	2.263.292
Disposals	--	--	(11.469)	(49.410)	--	(60.879)
31 December 2018	1.701.749	114.153	2.633.593	1.461.293	1.808.111	7.718.899
Net book value, 31 December 2017	2.111.578	236.624	2.090.144	1.546.337	82.447	6.067.130
Net book value, 31 December 2018	3.735.817	10.200.364	2.076.468	1.812.159	54.961	17.879.769

14 - FINANCIAL BORROWINGS

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

Short Term Financial Borrowings

	31 December 2018	31 December 2017
Turkish Lira financial borrowings	16.456.706	5.325.761
Foreign currency financial borrowings	22.040.896	4.515.500
Total	38.497.602	9.841.261

Current Installments of Long-Term Financial Liabilities

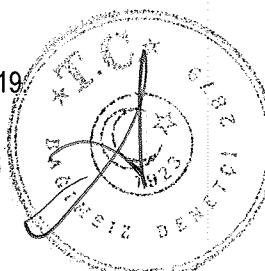
	31 December 2018	31 December 2017
Current installment of long term Turkis Lira financial borrowings	22.169.448	11.906.176
Current installment of long term foreign currency financial borrowings	22.503.965	13.900.389
Leasing payables	384.777	587.737
Accrual of interest	--	1.899.959
Total	45.058.190	28.294.261

Long Term Financial Borrowings

	31 December 2018	31 December 2017
Turkish lira financial borrowings	35.412.523	17.081.305
Foreign currency financial borrowings	87.829.060	47.709.521
Leasing payables	62.064	334.722
Total	123.303.647	65.125.548

As of December 31, 2018, the interest rates average of financial liabilities are 3,42% in EUR and 22,74% in TRY (31 December 2017: EUR – 3,11%, TRY – 13,73%) .

Liabilities given for bank borrowings are mentioned in note 19.



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Maturity schedule of banks borrowings are as follows:

	31 December 2018	31 December 2017
Up to 3 months	17.905.943	--
Up to 12 months	65.649.849	38.135.521
1 to 5 years	117.582.527	57.769.389
Over 5 years	5.721.120	7.356.160
Total	206.859.439	103.261.070

15 – EMPLOYEE BENEFIT LIABILITIES

	31 December 2018	31 December 2017
Due to personnel	6.536.612	6.189.840
Social security and Taxes and dues payable	4.998.429	4.930.519
Total	11.535.041	11.120.359

16 – DEFERRED INCOME

	31 December 2018	31 December 2017
Advances received	13.715.116	23.057.061
Total	13.715.116	23.057.061

17 – PROVISIONS

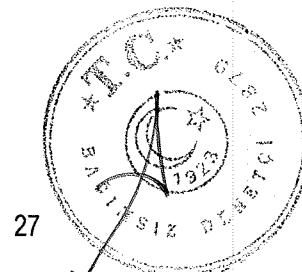
	31 December 2018	31 December 2017
Expense accruals	122.478	45.175
Provisions for litigation expenses	2.765.120	3.124.591
Total	2.887.598	3.169.766

18 – PROVISIONS FOR EMPLOYEE BENEFITS

	31 December 2018	31 December 2017
Provision for severance pay	11.083.958	8.362.308
Total	11.083.958	8.362.308

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

	31 December 2018	31 December 2017
Balance at the beginning	8.362.308	5.783.793
Cost of services	8.504.710	3.487.634
Interest cost	396.029	550.837
Actuarial profit / (loss)	(1.113.558)	819.006
Severance pay paid in the period	(5.065.531)	(2.278.962)
Total	11.083.958	8.362.308



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19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

The movement of the provision for litigation is as follows;

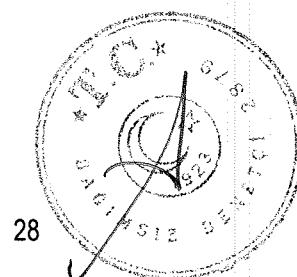
	31 December 2018	31 December 2017
Opening balance	3.124.591	1.154.591
Provisions reversed during the period	(765.000)	(1.030.000)
Provisions within period	405.529	3.000.000
Closing balance	2.765.120	3.124.591

Contingent Liabilities

Given GSM (Guarantee-Security-Mortgage) by Group	31 December 2018	31 December 2017
A. Total Amount of GSM Given on Behalf of Legal Entity	300.034.132	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	300.034.132	194.500.961

Letters of guarantee - As of December 31 2018, the Group has given letters of guarantee amounting to TRY 52.926.792 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	275.660	1,0000	275.660
Executive Directorate	TL	3.096.163	1,0000	3.096.163
Customs Directorate	TL	98.413	1,0000	98.413
Gas Distribution Companies	TL	163.000	1,0000	163.000
Private Sector	TL	298.073	1,0000	298.073
Private Sector	USD	302.914	5,2609	1.593.600
Private Sector	EUR	590.297	6,0280	3.558.309
Export Credit Bank of Turkey	EUR	7.210.500	6,0280	43.464.894
Disaster and Emergency Situation of Ministry of Interior	TL	328.680	1,0000	328.680
Other	TL	50.000	1,0000	50.000
Total				52.926.792



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The details of the letters of guarantee and surety bonds given are as follows:

	31 December 2018 Foreign currency	31 December 2017 Foreign currency	31 December 2018 TRY equivalent	31 December 2017 TRY equivalent
Bills Given (EUR)	3.430.000	1.000.000	20.676.040	4.515.500
Surety bond (TRY)	--	--	2.000.000	2.000.000
Total			22.676.040	6.515.500

As at 31 December 2018, mortgages on various tangible assets of the Group amounting to TRY 224.431.300 (31 December 2017: TRY 157.484.300).

Contingent Asset

	31 December 2018 Foreign currency	31 December 2017 Foreign currency	31 December 2018 TRY equivalent	31 December 2017 TRY equivalent
Letters of Guarantee (TRY)	65.543.000	50.670.000	65.543.000	50.670.000
Letters of Guarantee (USD)	3.000.000	448.315	15.782.700	1.691.000
Letters of Guarantee (EUR)	910.000	67.381	5.485.480	280.000
Mortgages	66.737.500	45.200.250	66.737.500	45.200.250
Mortgages (Abroad)	2.804.000	1.384.000	13.761.445	1.384.000
Total			167.310.125	99.225.250

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)

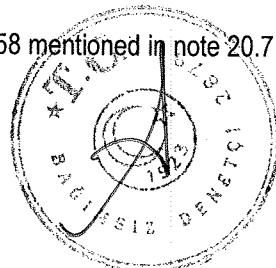
In accordance with the decision of the Board of Directors dated 27.03.2018 the Company increased TRY 95.988.292 to 149.798.933TL in order to be covered by the paid capital ceiling.

Paid-in capital of the parent company each 1 kr. of the total shares of the Company with a nominal amount of Kr 149 798 933 (31 December 2017: TRY 42 799 695)

The shareholding structure of the parent company as of 31 December 2018 and 31 December 2017 is as follows:

	31 December 2018		31 December 2017	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Hacı Nuri Öztaşkin	12.427.403	8,30%	3.550.686	8,30%
Yılmaz Öztaşkin	10.940.192	7,30%	3.125.770	7,30%
Bostancı Otelcilik ve Turizm İşletmesi A.Ş	8.467.847	5,65%	2.419.385	5,65%
Other (*)	117.963.491	78,75%	33.703.854	78,75%
	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 3 871 458 mentioned in note 20.7



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(**) 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.

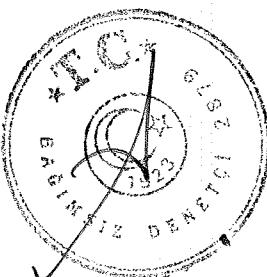
In the profit distribution policies of the partnership:

- 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

	31 December 2018	31 December 2017
Legal reserves	4.972.973	1.708.113
Reserves for buy back shares	14.486.269	11.081.201
Total	19.459.242	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.

	31 December 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.

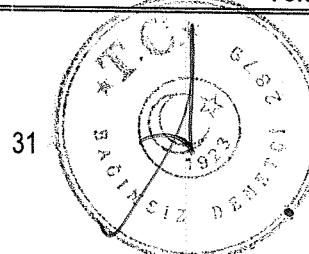
20.4 Actuarial gain on severance pay/ loss

	31 December 2018	31 December 2017
Actuarial gain on severance pay/ loss of fund	3.381.768	4.495.326
Deferred tax	(676.353)	(899.065)
Total	2.705.415	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 31 December 2018 with deducted accumulated depreciation.

	31 December 2018	31 December 2017
Revaluation fund	87.209.339	87.209.339
Disposals	(500.000)	--
Deferred tax	(7.785.143)	(7.835.143)
Total	78.924.196	79.374.196



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20.6 Foreign currency conversion differences

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

	31 December 2018	31 December 2017
Foreign currency conversion differences	(828.537)	(307.917)
Total	(828.537)	(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 31 December 2018 and 31 December 2017 buy back shares as following;

	31 December 2018	31 December 2017
Beginning of the Period	(11.081.201)	(11.081.201)
Buy back shares (*)	(3.405.068)	--
Total	(14.486.269)	(11.081.201)

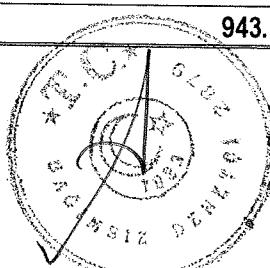
(*) Parent Company is authorised if it is necessary to buy back shares without any approval of the General Assembly, to the decision made in the Board of Directors meeting dated 01.09.2015. The decision is based on the scope of Communiqué on "Buy back shares numbered II-22.1 article 5 preventing "immediate 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 31 December 2018, the Group has Purchased 3.871.458 shares amounting to TRY 14.486.269 that is 2,58 % 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 31 December 2018 and 2017, the details of sales are as following:

	01 January – 31 December 2018	01 January – 31 December 2017
Domestic sales	1.374.769.641	1.192.506.180
Export sales	76.171.662	55.099.487
Other sales	8.811.101	4.244.337
Gross Sales	1.459.752.404	1.251.850.004
Sales returns (-)	(37.678.700)	(29.680.263)
Sales discounts (-)	(478.215.749)	(425.356.349)
Other discounts (-)	(707.493)	(1.127.602)
Sales returns and Discounts (-)	(516.601.942)	(456.164.214)
 Net Sales	 943.150.462	 795.685.790



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22 – COST OF SALES (-)

For the periods ended at 31 December 2018 and 2017, the details of cost of sales are as following;

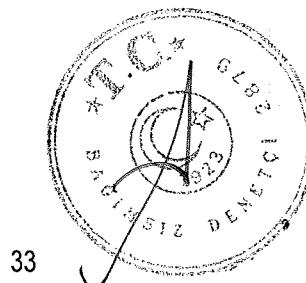
	01 January – 31 December 2018	01 January – 31 December 2017
Cost of finished goods sold	(375.974.567)	(363.965.039)
Cost of merchandise	(149.558.633)	(84.753.657)
Cost of services sold	(17.636.369)	(12.632.552)
Total	(543.169.569)	(461.351.248)

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

	01 January – 31 December 2018	01 January – 31 December 2017
Research and development expenses	4.451.905	3.506.347
Marketing, sales and distribution expenses	230.155.853	193.618.139
General administrative expenses	45.481.976	32.979.685
Total	280.089.734	230.104.171

EXPENSES BY NATURE (-)

	01 January – 31 December 2018	01 January – 31 December 2017
Personnel expenses	78.556.021	62.291.781
Advertising expenses	49.326.897	55.548.154
Rent expenses	39.853.345	31.011.017
Transportation expenses	37.865.921	30.901.311
Amortization expenses	15.938.943	11.589.758
Retailer opening supports	14.436.407	6.661.964
Tax, duties and fee expenses	11.368.369	9.281.383
Retirement pay provision expenses	3.835.208	1.759.509
Travel and accommodation expenses	3.396.592	2.432.172
Consultancy expenses	3.376.275	2.996.433
Electricity, water, climate expenses	3.292.513	2.602.564
Retailers common area rent expenses	3.117.685	2.171.031
Provision for doubtful receivables expenses	2.430.444	1.771.968
Material expenses	1.898.473	2.091.791
Maintenance and repair expenses	1.325.890	1.328.490
Insurance expenses	1.179.608	1.032.802
Communication expenses	392.226	347.406
Other expenses	8.498.917	4.284.637
Total	280.089.734	230.104.171



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24 – OTHER INCOME

	01 January – 31 December 2018	01 January – 31 December 2017
Foreign exchange income	28.356.449	7.664.329
Rediscount income	6.715.717	4.624.476
Incentive income	2.529.302	4.448.919
Union incentive income	1.521.261	--
Discounts, and premiums	1.118.391	2.408.508
Maturity difference income	590.887	948.064
Reversal of unnecessary provision	489.337	222.098
Rent income	52.089	--
Other income	5.697.730	3.408.598
Total	47.071.163	23.724.992

25 – OTHER EXPENSES (-)

	01 January – 31 December 2018	01 January – 31 December 2017
Foreign exchange losses	22.185.886	10.614.015
Maturity difference expenses	15.740.043	6.795.305
Rediscount expenses	7.515.055	4.272.616
Previous periods losses and expenses	2.288.153	--
Litigation provision expenses	405.529	3.000.000
Other expenses	3.022.812	1.091.169
Total	51.157.478	25.773.105

26 – INCOME FROM INVESTMENT ACTIVITIES

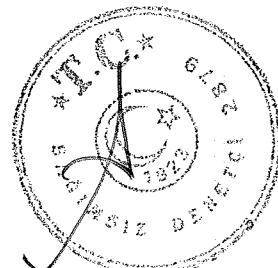
	01 January – 31 December 2018	01 January – 31 December 2018
Profit on sale of fixed assets	632.797	312.758
Fair value of financial investment	6.492	16.235
Fund sales profit	--	223.718
Total	639.289	552.711

27 – INVESTMENT ACTIVITIES EXPENSES (-)

	01 January – 31 December 2018	01 January – 31 December 2017
Loss on sale of fixed asset	--	75.557
Fair value of financial investment	22.727	--
Total	22.727	75.557

28 – FINANCIAL INCOME

	01 January – 31 December 2018	01 January – 31 December 2017
Interest income	4.102.775	1.176.946
Foreign exchange income	198.412	1.850.171
Total	4.301.187	3.027.117



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29 – FINANCIAL EXPENSES (-)

	01 January – 31 December 2018	01 January – 31 December 2017
Foreign exchange losses	15.382.960	7.237.419
Interest expenses	13.204.713	6.506.027
Bank commission	6.540.989	7.064.576
Guarantee letter commision expenses	369.323	--
Other financial expenses	1.023.722	695.687
Total	36.521.707	21.503.709

30 – TAX ASSETS AND LIABILITIES

In Turkey, the corpore tax rate is 22% as of 31 December 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.

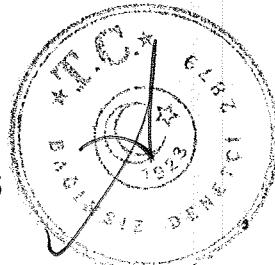
As of 31 December 2018, provisional tax is payable at the rate of 22% (31 December 2017: 20%) on the income generated for the three-month periods according to tax legislation and the amounts paid in this way are deducted from the tax calculated on the annual earnings. With the amendment made in the law, 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 31 December 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 31 December 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 31 December 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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As of 31 December 2018 and 31 December 2017 assets relevant current period tax is as following;

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

Taxes in balance sheet

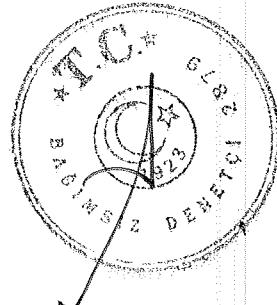
	31 December 2018	31 December 2017
Corporation tax	10.048.145	15.206.445
Prepaid taxes and funds (-)	(10.048.145)	(12.880.161)
Total	--	2.326.284

For the periods ended at 31 December 2018 and 2017, the details of tax income / expense are as following;

	01 January – 31 December 2018	01 January – 31 December 2017
Corporation tax	(10.048.145)	(15.206.445)
Deferred taxes in income statement	1.486.440	373.624
Total	(8.561.705)	(14.832.821)

	01 January – 31 December 2018	01 January – 31 December 2017
Recognized in other comprehensive income	(172.712)	(7.729.315)
End of term	(172.712)	(7.729.315)

Accordindg 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 31 December 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.



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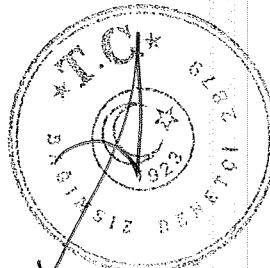
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Deffered taxes:	31 Dec.2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
	Cumulative temporary difference	Cumulative temporary difference	Deferred tax assets / (liabilities)	Deferred tax assets / (liabilities)
Retirement pay provision	12.197.516	8.362.308	2.439.503	1.672.461
Provisions for doubtful receivables	6.219.952	969.564	1.368.391	213.304
Maturity differnce and adjustements on inventories	5.568.736	4.055.042	1.225.121	892.109
Provisions for inventories	4.074.149	--	896.313	--
Capitalized brand cancellations	3.424.305	3.424.265	684.861	684.854
Rediscount on receivables	2.903.975	1.900.714	638.875	418.157
Interest accruals	1.954.529	--	429.997	--
Fixed asset valuation decrease	500.000	--	50.000	--
Provision for costs	405.529	--	89.216	--
Adjustment of investment properties	106.346	--	23.396	--
Other	576.170	81.181	126.757	17.861
Deffered tax assets	37.931.207	18.793.074	7.972.430	3.898.746
Fixed asset valuation increases	(78.351.428)	(78.351.428)	(7.835.144)	(7.835.143)
Adjustment of tangible and intangible assets	(38.568.311)	(33.615.626)	(6.616.752)	(5.626.120)
Rediscount on payables	(3.800.822)	(3.658.444)	(836.181)	(804.858)
Interest accruals	(1.569.147)	(19.844)	(345.212)	(4.366)
Adjustment on advances given	(1.392.952)	--	(306.449)	--
Retirement pay provision	(1.113.558)	--	(222.712)	--
Adjustment on Prepaid expenses	(449.386)	--	(98.865)	--
Fair value adjustment	--	(16.235)	--	(3.572)
Other	(69.114)	(69.114)	(15.205)	(15.206)
Deffered tax liabilities	(125.314.718)	(115.730.691)	(16.276.520)	(14.289.265)
Deferred tax assets / (liabilities), net	(87.383.511)	(96.937.617)	(8.304.090)	(10.390.519)

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 – 31 December 2018	01 January – 31 December 2017
Net period profit	75.639.181	69.349.999
Weighted average number of shares	149.798.932.000	149.798.932.000
Earnings per Share (Kr)	0,000505	0,000463
Earnings per 1000 Share (TL)	0,505	0,463



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32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

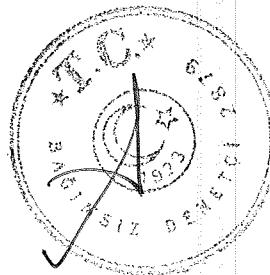
Financial Instruments

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 31 December 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)	6.337.998	106.713.737	--	987.611	22.754.150	956
- <i>The part of maximum risk under guarantee with collateral</i>		1.631.107	--	--	--	--
A. Net book value of financial assets that are neither overdue nor impaired	6.337.998	108.344.844	--	987.611	22.754.150	956
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	--	95.500	--	--	--	--
- <i>The part under guarantee with collateral etc</i>	--	--	--	--	--	--
D. Net book value of impaired assets	--	(14.952.305)	--	--	--	--
- Overdue (gross book value amount)						
- Impairment (-)		(16.583.412)				
- <i>The part of net value under guarantee with collateral etc</i>	--	1.631.107	--	--	--	--
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:

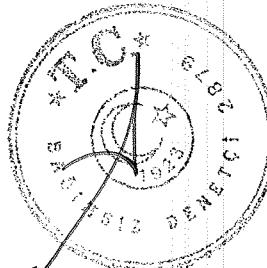
	Receivables					
	Trade receivables		Other receivables		Bank Deposit	Financial Investment
	Related Party	Other	Related Party	Other		
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	3.866.146	59.069.006	--	4.442.349	21.632.553	258.752
- <i>The part of maximum risk under guarantee with collateral</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)	--	--	--	--
- <i>Overdue (gross book value amount)</i>	--	(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 31 December 2018 liquidity risk table of the Group is as following;

Maturities According to Contract	Book Value	Cash outflow	Less than 3 months	Between		
				3-12 months	Between 1-5 years	More than 5 years
Non-Derivative Financial Liabilities	206.859.439	230.802.734	18.184.375	75.067.019	131.183.676	6.367.663
Financial liabilities	206.859.439	230.802.734	18.184.375	75.067.019	131.183.676	6.367.663
Expected Maturities	Book Value	Cash outflow	Less than 3 months	3-12 months	Between 1-5 years	More than 5 years
Non-Derivative Financial Liabilities	125.469.581	130.284.584	124.253.701	6.030.883	--	--
Trade payables	125.323.886	130.138.889	124.108.006	6.030.883	--	--
Other payables	145.695	145.695	145.695	--	--	--
Total	332.329.020	361.087.318	142.438.076	81.097.902	131.183.676	6.367.663



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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	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-Derivative Financial Liabilities						
Financial liabilities	103.261.070	116.931.221	11.356.610	32.819.594	67.519.800	5.235.217
Expected Maturities						
Non-Derivative Financial Liabilities						
Trade payables	160.951.297	164.609.741	129.955.738	34.654.003	--	--
Other payables	121.822.437	125.480.881	115.647.575	9.833.306	--	--
Total	264.212.367	281.540.962	141.312.348	67.473.597	67.519.800	5.235.217

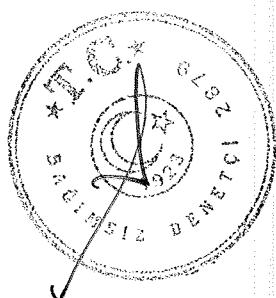
Interest rate risk

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 1.503.746 at 31 December 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:

		31 December 2018	31 December 2017
Fixed-rate financial instrument			
Financial assets			
-Assets of at fair value through profit or loss		956	258.752
-Time Deposits		--	14.003.900
- Amortised cost		114.778.342	66.224.756
- Other		65.068.085	24.941.930
Financial liabilities			
Financial liabilities		172.683.399	67.917.513
- Amortised cost		125.323.886	121.822.437
- Other		145.695	1.500.506
Floating interest financial instrument			
Financial assets		--	--
Financial liabilities		34.176.040	35.343.557

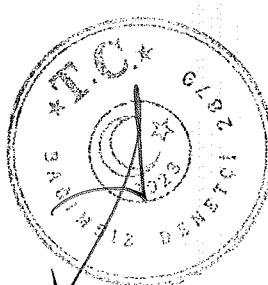
Capital risk management

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 31 December 2018 and 31 December 2017 net debt / total equity ratio is as follows:

	31 December 2018	31 December 2017
Total debts	404,588,075	305,240,151
Less: Liquid assets	(64,079,474)	(34,502,481)
Net debt	340,508,601	270,737,670
Total capital	647,812,109	505,881,091
Net Debt/Total Equity ratio	53%	54%



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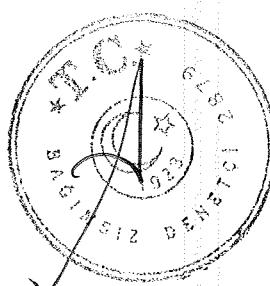
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Foreign currency risk

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

	31 December 2018				
	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	40.967.316	5.544.003	1.937.810	18.000	--
2a. Monetary Financial Assets (including cash, banks)	14.094.875	911.012	1.543.140	13	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	27.100.416	658.669	3.920.906	--	--
4. Current Assets (1+2+3)	82.162.607	7.113.684	7.401.856	18.013	--
5. Trade Receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--	--
9. Total Assets (4+8)	82.162.607	7.113.684	7.401.856	18.013	--
10. Trade Payables	38.632.514	503.458	5.967.776	1.416	1.199
11. Financial Liabilities	46.921.694	--	7.783.956	--	--
12a. Other monetary financial liabilities	1.000.483	117.908	63.069	--	--
12b. Other non-monetary financial liabilities	--	--	--	--	--
13. Current Liabilities (10+11+12)	86.554.691	621.366	13.814.801	1.416	1.199
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	88.206.637	--	14.632.820	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
17. Non-Current Liabilities (14+15+16)	88.206.637	--	14.632.820	--	--
18. Total Liabilities (13+17)	174.761.327	621.366	28.447.621	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)	(92.598.721)	6.492.318	(21.045.765)	16.597	(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)	(92.598.721)	6.492.318	(21.045.765)	16.597	(1.199)

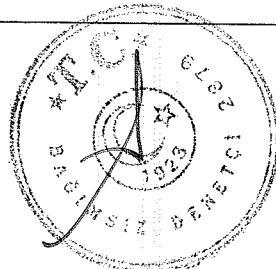


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	31 December 2017				
	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	28,476,934	5,379,537	1,792,584	18,000	--
2a. Monetary Financial Assets (including cash, banks)	28,795,739	4,088,263	2,961,039	915	--
2b. Non-monetary financial 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)	26,673,301	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 (13+17)	74,717,544	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)	(17,205,649)	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)	(17,205,649)	9,219,176	(11,530,907)	17,499	(1,199)

Details of the import and export amounts of the Group as of 31 December 2018 and 2017 are as follows;

	01.01- 31.12.2018		01.01- 31.12.2017	
	Import	Export	Import	Export
USD	1,543,501	7,156,137	1,669,166	9,368,818
EUR	14,148,368	5,393,493	10,385,145	4,915,931
TRY	--	823,438	--	853,358
GBP	41,511	--	27,282	--
TRY equivalent			48,951,575	55,099,487



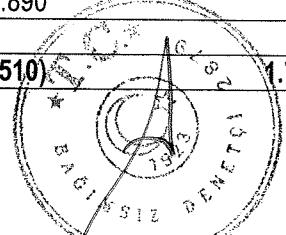
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Foreign Currency Risk Sensitivity Analysis

As of 31 December 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		
31 December 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	3.415.543	(3.415.543)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	3.415.543	(3.415.543)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(12.686.387)	12.686.387
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(12.686.387)	12.686.387
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	11.042	(11.042)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	11.042	(11.042)
In case of appreciation / depreciation of GBP against TRY at 10%		
7-SEK net asset/liability	(70)	70
8-Part of hedged from SEK risk (-)	--	--
9-SEK net effect (7+8)	(70)	70
Total (3+6+9)	(9.259.872)	9.259.872

Foreign Currency Risk Sensitivity Analysis Table		
31 December 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



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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

None.

NOTE 35 – POST BALANCE SHEET EVENTS

None.

