

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

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED AT 30 SEPTEMBER 2018**

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

<b>CONTENTS</b>	<b>PAGE</b>
CONSOLIDATED BALANCE SHEET .....	1-2
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME .....	3
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY.....	4
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	5
CONSOLIDATED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	5-45

**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED INTERIM BALANCE SHEET AS OF 30 SEPTEMBER 2018**  
*(Currency - Turkish Lira 'TRY' unless expressed otherwise.)*

<b>ASSETS</b>	<b>Note</b>	<b>Not Reviewed 30 September 2018</b>	<b>Audited 31 December 2017</b>
<b>CURRENT ASSETS</b>			
Cash And Cash Equivalents	4	77.492.061	34.502.481
Financial Investments	11	949	258.752
Trade Receivables		95.194.017	66.034.098
<i>Due From Related Parties</i>	3-5	6.945.199	3.675.488
<i>Trade Receivables, Third Parties</i>	5	88.248.818	62.358.610
Other Receivables		1.241.025	3.837.545
<i>Due From Related Parties</i>	3-6	--	3.225.587
<i>Other Receivables, Third Parties</i>	6	1.241.025	611.958
Inventories	8	179.439.802	125.256.520
Prepaid Expenses	9	47.012.455	24.678.228
Assets Relevant To Current Period Taxes	10	3.398.805	12.880.161
Other Current Assets	7	523.570	6.787.613
<b>TOTAL CURRENT ASSETS</b>		<b>404.302.684</b>	<b>274.235.398</b>
<b>NON-CURRENT ASSETS</b>			
Financial Investments	11	1.000	1.000
Trade Receivables		226.333	190.658
<i>Due From Related Parties</i>	3-5	226.333	190.658
<i>Trade Receivables, Third Parties</i>	5	--	--
Other Receivables		804.107	604.804
<i>Due From Related Parties</i>	3-6	--	--
<i>Other Receivables, Third Parties</i>	6	804.107	604.804
Tangible Fixed Assets	12	271.680.057	242.838.680
Intangible Fixed Assets	13	17.518.608	6.067.130
Prepaid Expenses	9	11.690.498	12.547.156
Deferred Tax Assets	30	6.132.948	3.898.746
<b>TOTAL NON-CURRENT ASSETS</b>		<b>308.053.551</b>	<b>266.148.174</b>
<b>TOTAL ASSETS</b>		<b>712.356.235</b>	<b>540.383.572</b>

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

**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED INTERIM BALANCE SHEET AS OF 30 SEPTEMBER 2018**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

<b>LIABILITIES</b>	<b>Note</b>	<b>Not Reviewed 30 September 2018</b>	<b>Audited 31 December 2017</b>
<b>CURRENT LIABILITIES</b>			
Financial Liabilities	14	14.979.314	9.841.261
Short Term Portion Of Long Term Financial Liabilities	14	42.548.499	28.294.261
Trade Payables		133.607.641	121.822.437
<i>Due To Related Parties</i>	3-5	--	--
<i>Trade Payables, Third Parties</i>	5	133.607.641	121.822.437
Employee Benefit Obligations	15	17.542.806	11.120.359
Other Payables		285.568	1.500.506
<i>Due To Related Parties</i>	3-6	--	--
<i>Other Payables, Third Parties</i>	6	285.568	1.500.506
Deferred Income	16	26.820.082	23.057.061
Current Income Tax Liabilities	30	--	15.206.445
Provisions	17	3.124.591	3.169.766
Other Current Liabilities	7	18.016.494	3.450.934
<b>TOTAL CURRENT LIABILITIES</b>		<b>256.924.995</b>	<b>217.463.030</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities	14	154.653.819	65.125.548
Trade Payables		367.643	--
<i>Due To Related Parties</i>	3-5	--	--
<i>Trade Payables, Third Parties</i>	5	367.643	--
Provisions		10.857.942	8.362.308
<i>Provision For Employee Benefits</i>	18	10.857.942	8.362.308
Deferred Tax Liabilities	30	15.398.080	14.289.265
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>181.277.484</b>	<b>87.777.121</b>
<b>EQUITY</b>			
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			
<i>Gains/ Losses On Revaluation And Remeasurement</i>	20	75.476.451	75.777.935
<i>Actuarial Gain/Loss Arising From Defined Benefit Plans</i>	20	79.374.196	79.374.196
<i>Other Comprehensive Income To Be Reclassified To Profit Or Loss</i>	20	(3.897.745)	(3.596.261)
<i>Currency Translation Differences</i>	20	(1.313.115)	(307.917)
Restricted Reserves	20	19.459.242	12.789.314
Retained Earnings	20	4.241.755	19.725.898
Net Income For The Period		40.976.760	69.349.999
<b>EQUITY HOLDERS OF THE PARENT</b>		<b>274.153.756</b>	<b>235.143.421</b>
<b>TOTAL LIABILITES</b>		<b>712.356.235</b>	<b>540.383.572</b>

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

**YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED INTERIM STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIODS ENDED AT 1 JANUARY-30 SEPTEMBER 2018 AND 2017**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

INCOME/LOSS	Note	Not Reviewed 01.01- 30.09.2018	Not Reviewed 01.07- 30.09.2018	Not Reviewed 01.01- 30.09.2017	Not Reviewed 01.07- 30.09.2017
Revenue	21	671.322.075	244.768.379	591.222.292	244.730.701
Cost Of Sales (-)	22	(387.413.937)	(145.932.763)	(342.552.446)	(139.491.819)
<b>Gross profit</b>		<b>283.908.138</b>	<b>98.835.616</b>	<b>248.669.846</b>	<b>105.238.882</b>
General Administrative Expenses (-)	23	(31.614.575)	(9.830.114)	(24.500.779)	(7.555.947)
Marketing, Selling And Distribution Expenses (-)	23	(168.129.437)	(54.197.552)	(143.792.469)	(53.578.234)
Research And Development Expenses (-)	23	(3.257.630)	(1.149.958)	(2.338.329)	(936.480)
Other Income From Operating Activities	24	39.627.895	16.544.737	15.446.299	4.731.448
Other Expenses From Operating Activities	25	(33.493.292)	(11.944.983)	(16.989.559)	(6.283.497)
<b>Operating Profit / Loss</b>		<b>87.041.099</b>	<b>38.257.746</b>	<b>76.495.009</b>	<b>41.616.172</b>
Income From Investment Activities	26	489.418	158.497	402.591	100.244
Expenses From Investment Activities (-)	27	(22.727)	--	(25.444)	(6.273)
<b>OPERATING INCOME BEFORE FINANCIAL INCOME</b>		<b>87.507.790</b>	<b>38.416.243</b>	<b>76.872.156</b>	<b>41.710.143</b>
Financial Expenses (-)	29	(56.138.623)	(37.953.917)	(14.157.538)	(4.842.035)
Financial Income	28	12.751.608	10.589.919	2.070.640	684.316
<b>PROFIT BEFORE TAX</b>		<b>44.120.775</b>	<b>11.052.245</b>	<b>64.785.258</b>	<b>37.552.424</b>
<b>Tax income/(expense)</b>		<b>(3.144.015)</b>	<b>4.272.443</b>	<b>(13.205.204)</b>	<b>(7.557.608)</b>
Taxes On Income	30	(4.194.031)	3.391.257	(12.797.042)	(7.543.544)
Deferred Tax Income/(Expense)	30	1.050.016	881.186	(408.162)	(14.064)
<b>PERIOD PROFIT / LOSS</b>		<b>40.976.760</b>	<b>15.324.688</b>	<b>51.580.054</b>	<b>29.994.816</b>
<b>Earnings Per Share</b>		<b>0,000274</b>	<b>0,000102</b>	<b>0,000344</b>	<b>0,000200</b>
Earnings Per Share (Kr)	31				
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(301.484)</b>	<b>(363.668)</b>	<b>(375.429)</b>	<b>(189.200)</b>
<b>Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss</b>		<b>--</b>	<b>--</b>	<b>(168.528)</b>	<b>(114.140)</b>
Gains/ Losses On Revaluation And Remeasurement Actuarial Gain/Loss Arising From Defined Benefit Plans	20	(376.855)	(454.585)	(300.758)	(122.360)
	18	75.371	90.917	93.857	47.300
<b>Tax Income/(Expense)</b>		<b>75.371</b>	<b>90.917</b>	<b>93.857</b>	<b>47.300</b>
Deferred Tax (Expense) Income	30	(1.005.198)	(547.183)	(110.203)	(43.972)
<b>Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss</b>		<b>(1.005.198)</b>	<b>(547.183)</b>	<b>(110.203)</b>	<b>(43.972)</b>
Currency Translation Differences		(1.005.198)	(547.183)	(110.203)	(43.972)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(1.306.682)</b>	<b>(910.851)</b>	<b>(485.632)</b>	<b>(233.172)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>39.670.078</b>	<b>14.413.837</b>	<b>51.094.422</b>	<b>29.761.644</b>

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

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

					Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss		Other Comprehensive Income/Loss To Be Reclassified To Profit Or Loss				
	Paid In Capital	Inflation Adjustments Of Shareholders' Equity	Buy-Back Shares	Share Premiums/ Discounts	Gains/ Losses On Revaluation And Remeasurement	Actuarial Gain/Loss Arising From Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Retained Earnings	Net Income For The Period	Total Equity
	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)	(Note 20)
<b>Balance at 01 January 2017</b>	<b>42.799.695</b>	<b>25.090.345</b>	<b>(54.250)</b>	<b>999.353</b>	<b>8.626.019</b>	<b>(2.941.056)</b>	<b>(22.352)</b>	<b>898.950</b>	<b>14.137.748</b>	<b>17.478.514</b>	<b>107.012.966</b>
Transfer From Retained Profit	--	--	--	--	--	--	--	809.163	16.669.351	(17.478.514)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	--	--	51.580.054	51.580.054
Other Comprehensive Income	--	--	--	--	(134.823)	(240.606)	(110.203)	--	--	--	(485.632)
Buy-Back Shares	--	--	(11.026.951)	--	--	--	--	11.081.201	(11.081.201)	--	(11.026.951)
<b>Balance at 30 September 2017</b>	<b>42.799.695</b>	<b>25.090.345</b>	<b>(11.081.201)</b>	<b>999.353</b>	<b>8.491.196</b>	<b>(3.181.662)</b>	<b>(132.555)</b>	<b>12.789.314</b>	<b>19.725.898</b>	<b>51.580.054</b>	<b>147.080.437</b>
<b>Balance at 01 January 2018</b>	<b>42.799.695</b>	<b>25.090.345</b>	<b>(11.081.201)</b>	<b>999.353</b>	<b>79.374.196</b>	<b>(3.596.261)</b>	<b>(307.917)</b>	<b>12.789.314</b>	<b>19.725.898</b>	<b>69.349.999</b>	<b>235.143.421</b>
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	--	--	--	--	--	--	--	--	69.349.999	(69.349.999)	--
Period Profit / Loss (Net)	--	--	--	--	--	--	--	--	--	40.976.760	40.976.760
Other Comprehensive Income	--	--	--	--	--	(301.484)	(1.005.198)	--	--	--	(1.306.682)
Transfer to capital	106.999.237	(25.090.345)	--	(999.353)	--	--	--	--	(80.909.539)	--	--
<b>Balance at 30 September 2018</b>	<b>149.798.932</b>	<b>--</b>	<b>(14.486.269)</b>	<b>--</b>	<b>79.374.196</b>	<b>(3.897.745)</b>	<b>(1.313.115)</b>	<b>19.459.242</b>	<b>4.241.755</b>	<b>40.976.760</b>	<b>274.153.756</b>

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

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

		<i>Not Reviewed</i>	<i>Not Reviewed</i>
	<b>Note</b>	<b>01.01-30.09.2018</b>	<b>01.01-30.09.2017</b>
<b>A. Cash Flow From Operating Activities :</b>			
<b>Profit / (Loss) Of The Period</b>		<b>40.976.760</b>	<b>51.580.054</b>
<b>Adjustments Related To Reconciliation Of Profit/(Loss)</b>			
Adjustments Related To The Increase/Decrease In Amortization And Depreciation	12-13	18.262.280	11.453.145
Adjustment To Unearned Interest On Receivables	5-25	7.933.562	3.946.416
Adjustment To Unearned Interest On Payables	5-24	(9.024.800)	(4.279.853)
Adjustment To Interest Expenses	14	2.104.264	1.496.942
Adjustments Related To Provision (Reversal) For Employee Benefits	18	2.194.150	1.245.817
Adjustment To Provision For Lawsuits	17	1.500.000	2.250.000
Adjustment To Provision For Doubtful Receivables	5	(735.262)	1.449.916
Adjustment To Fair Value Increase / (Decrease)	20	--	(134.823)
Financial Investments Fair Value Adjustment	26	(6.492)	--
Adjustment To Tax Income (Expenses)	30	3.068.644	13.111.347
		<b>66.273.106</b>	<b>82.118.961</b>
<b>Changes In Operating Assets And Liabilities</b>			
Changes In Trade Receivables	5	(36.393.894)	(8.198.209)
Changes In Other Receivables	6	205.051	485.454
Changes In Other Assets	6	6.264.043	(10.766.075)
Changes In Inventories	8	(54.183.282)	(7.406.364)
Changes In Prepaid Expenses	9	(21.477.569)	(17.692.038)
Changes In Trade Payables	5	21.177.647	46.323.282
Changes In Other Payables	6	(1.214.938)	(6.498.583)
Changes In Employee Benefit Liabilities	15	6.422.447	1.550.142
Changes In Other Liabilities	7	14.732.289	1.573.949
Changes In Deferred Income	16	3.763.021	(5.180.224)
Taxes Returns (Payments)	30	(9.919.120)	(6.627.515)
Interest Paid	29	14.753.933	10.363.263
Interest Received	28	(71.678)	(1.349.547)
<b>Total</b>		<b>10.331.056</b>	<b>78.696.496</b>
<b>B. Cash Flow From Investing Activities</b>			
Changes In Financial Investment	11	240.257	(246.544)
Cash Inflows From Sales Of Tangible And Intangible Assets	12-13	7.456.538	494.240
-Cash Inflows From Sales Of Tangible Assets		6.768.767	494.240
-Cash Inflows From Sales Of Intangible Assets		687.771	--
Cash Outflows From Purchases Of Tangible And Intangible Non-Current Assets	12-13	(66.011.673)	(37.782.117)
-Cash Outflows From Purchases Of Intangible Assets		(51.935.702)	(35.097.644)
-Cash Outflows From Purchases Of Intangible Assets		(14.075.971)	(2.684.473)
Collections From Advances Given	6	3.225.587	51.434
-Collections From Related Parties		3.225.587	51.434
Interest Income	24	--	508.182
<b>Total</b>		<b>(55.089.291)</b>	<b>(36.974.805)</b>
<b>C. Cash Flow From Financial Activities</b>			
Cash Inflows / (Outflows) From Borrowings	14	146.316.881	68.092.686
Cash Outflows From Payables	14	(39.398.177)	(63.895.936)
Cash Inflows / (Outflows) From Leasing Payments	14	(102.406)	(295.528)
Interest Paid	29	(14.753.933)	(10.363.263)
Interest Received	28	71.678	1.349.547
Cash Outflows Related To Buy-Back Shares	20	(3.405.068)	(11.026.951)
<b>Total</b>		<b>88.728.975</b>	<b>(16.139.445)</b>
Foreign Currency Translation Differences of Cash and Cash Equivalents Before Effect of Net Increase / Decrease (A + B + C)		<b>43.970.740</b>	<b>25.582.246</b>
D. The Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents	<b>20</b>	<b>(1.005.198)</b>	<b>(110.203)</b>
Net Increase In Cash And Cash Equivalents in / Decrease (A + B + C + D)		<b>42.965.542</b>	<b>25.472.043</b>
E. Beginning Of The Period Cash And Cash Equivalents	<b>4</b>	<b>34.502.481</b>	<b>24.059.181</b>
Cash And Cash Equivalents At The End Of The Period (A+B+C+D+E)	<b>4</b>	<b>77.468.023</b>	<b>49.531.224</b>

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

## NOTE 1 – ORGANIZATION OF THE GROUP

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

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

### **Yataş Yatak ve Yorgan Sanayi Ticaret Anonim Şirketi**

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

For the period ended at 30 September 2018, 2.139 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 adres Organize Sanayi Bölgesi 18. Cadde No:6 Melikgazi / Kayseri. The Company’s operating activities located on the Turkey. The Company has 73 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 30 September 2018, 5 personnel are employed by the Company. (31 December 2017: 5).

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

	30 September 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
<b>Total</b>	<b>%100.00</b>	<b>100.000</b>	<b>%100.00</b>	<b>100.000</b>

## **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/IFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

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

#### **Approval of Consolidated Financial Statements**

Consolidated financial statements of the Group are approved by the Board of Directors and granted authority to publish on November 9, 2018. With no intention, the Board of Directors and some regulative agencies have the right to change the financial statements that were prepared according to legal regulations after they have been published.

#### **Financial Statements Correction in High Inflation Period**

Group was abolished inflation accounting application for 01 January 2005

#### **Currency**

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

#### **Subsidiaries Operating in Countries Other Than Turkey's Financial Statements**

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

#### **Offsetting**

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

### Basis of Consolidation

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

### Complete Consolidation Method

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

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

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

As of 30 September 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;

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

## **2.b. Changes in Accounting Policies**

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

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

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

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

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

### ***New and amended standards and interpretations***

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

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

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

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

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

## 2.c. Changes in Accounting Estimates and Errors

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

## Comparative Information and Previous Periods Adjustments

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

## 2.d. Summary of Significant Accounting Policies

### Cash and Cash Equivalents

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

### Financial Instruments

#### *Classification and Measurement*

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of 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.

<b>Financial assets</b>	<b>Classification under TAS 39</b>	<b>Classification under TFRS 9</b>
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

  

<b>Financial liabilities</b>	<b>Classification under TAS 39</b>	<b>Classification under TFRS 9</b>
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost

#### *Impairment*

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

#### *Trade Receivables*

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

#### **Buy-Back Shares**

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

#### **Borrowing Costs**

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

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### **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:

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 prorata basis over period of between 3-10 years from the date of acquisition.

### **Financial Leases**

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

## Impairment of Assets

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

## Severance Pay Provision / Employee Benefits

- **Severance Pay**

Under Turkish Labor Law, Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. This liability forsee, as of 30 September 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 30 September 2018. The ratios of the basic assumptions used on the balance sheet date are as follows:

	30 September 2018
Rediscount rate	%20,00
Inflation rate	%15,00
Real dicount rates	%4,35

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. 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.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

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If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

#### *Interest income*

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

#### *Dividend and other incomes*

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

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

#### **Accounting 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 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 losing 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.

#### *Deferred Tax*

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

### **Provisions, Contingent Liabilities and Assets**

#### Provisions

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

#### Contingent Liabilities and Assets

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

### **Foreign Currency Assets and Liabilities**

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

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

	<b>30 September 2018</b>	<b>31 December 2017</b>
USD	5,9202	3.7719
EUR	6,9505	4.5155
GBP	7,8079	5.0803

### **Effects of Change in Currency Rate**

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

### **Earnings Per Share**

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

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

### **Other Balance Sheet Items**

Other balance sheet items are mainly reflected at book value.

### **Cash Flow Statement**

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

### **Post Balance Sheet Events**

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

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

### **Reporting of Financial Information by Segments**

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

### **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.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

**Related Parties**

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

Süntaş Sünger ve Yatak Sanayi Ticaret Anonim Şirketi

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

Şase Ev Tekst. Aksesuarları Sanayi Ticaret Limited Şirketi

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

**NOTE 3– RELATED PARTY TRANSACTIONS**

	30 September 2018		31 December 2017	
	Trading	Non-Trading	Trading	Non-Trading
<b>Short Term Trade Receivables (Note 5)</b>				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	6.945.199	--	3.675.488	--
<b>Long Term Trade Receivables (Note 5)</b>				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	295.000	--	190.658	--
<b>Other Receivables (Note 6)</b>				
Süntaş Sünger ve Yatak San.Tic. A.Ş.	--	--	--	3.200.705
Due from shareholders	--	--	--	24.882
<b>Total</b>	<b>7.240.199</b>	<b>--</b>	<b>3.866.146</b>	<b>3.225.587</b>

**Sales to and / or income from related parties:**

	1 January - 30 September 2018	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş.	11.985.279	198.714
Shareholders	--	--
<b>Total</b>	<b>11.985.279</b>	<b>198.714</b>
	1 January - 30 September 2017	
	Goods and Services Sales	Maturity Income
Süntaş Sünger ve Yatak San.Tic. A.Ş.	11.854.734	261.583
Shareholders	--	27.372
<b>Total</b>	<b>11.854.734</b>	<b>288.955</b>

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

**Purchases and / or expenses from related parties:**

	<b>1 January - 30 September 2018</b>	
	<b>Goods and Services Purchases</b>	<b>Rent Expenses</b>
Süntaş Sünger ve Yatak San.Tic. A.Ş.	530.966	564.407
Yavuz Altop	--	559.366
Yılmaz Öztaşkın	--	559.366
Other Shareholders	--	1.118.732
<b>Total</b>	<b>530.966</b>	<b>2.801.871</b>

  

	<b>1 January - 30 September 2017</b>	
	<b>Goods and Services Purchases</b>	<b>Rent Expenses</b>
Süntaş Sünger ve Yatak San.Tic. A.Ş.	118.568	503.390
Yavuz Altop	--	365.625
Yılmaz Öztaşkın	--	365.625
Other Shareholders	--	731.250
<b>Total</b>	<b>118.568</b>	<b>1.965.890</b>

The total amount of benefits provided to the senior management such as the chairman and members of the board of directors, general manager, general coordinator and general manager of the Group for the period ended 30 September 2018 is TRY 11.129.110 (30 September 2017: TRY 7.903.731).

**4 - CASH AND CASH EQUIVALENTS**

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

	<b>30 September 2018</b>	<b>31 December 2017</b>
Cash	411.387	139.937
Banks	41.199.829	21.632.553
Time deposits	38.166.483	7.628.653
Demand deposits	3.033.346	14.003.900
Liquid funds(*)	35.880.845	12.729.991
<b>Total</b>	<b>77.468.023</b>	<b>34.502.481</b>
Interest accruals	24.038	--
<b>Total</b>	<b>77.492.061</b>	<b>34.502.481</b>

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

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

<b>Bank Name</b>	<b>Interest Rate</b>	<b>Amount</b>
Bank 1	4,8%	9.308
Bank 2	29,5%	3.000.000
<b>Total</b>		<b>3.009.308</b>
Interest accruals		24.038
<b>Total</b>		<b>3.033.346</b>

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

**5 - TRADE RECEIVABLES AND PAYABLES**

**Trade Receivables**

**Short Term Trade Receivables**

	<b>30 September 2018</b>	<b>31 December 2017</b>
Trade Receivables	75.219.965	54.294.152
- Trade Receivables from related parties (note 3)	3.120.199	662.736
- Other trade Receivables	72.099.766	53.631.416
Notes Receivables	21.617.777	10.309.714
- Notes receivables from related parties (note 3)	3.825.000	3.012.752
- Other notes Receivables	17.792.777	7.296.962
Unearned Interest (-)	(4.206.451)	(1.859.372)
Doubtful trade receivables	12.826.384	12.707.343
Provision for doubtful trade receivables (-)	(10.263.658)	(9.417.739)
<b>Total</b>	<b>95.194.017</b>	<b>66.034.098</b>

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

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

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

	<b>30 September 2018</b>	<b>31 December 2017</b>
Opening balance	9.417.739	7.867.869
Additional provisions in the period	903.120	1.771.968
Cancellation of provision in period (-)	(57.201)	(222.098)
<b>Total (End of the period)</b>	<b>10.263.658</b>	<b>9.417.739</b>

**Long Term Trade Receivables**

	<b>30 September 2018</b>	<b>31 December 2017</b>
Notes Receivables	295.000	190.658
- Notes receivables from related parties (note 3)	295.000	190.658
- Other notes receivables	--	--
Unearned Interest (-)	(68.667)	--
<b>Total</b>	<b>226.333</b>	<b>190.658</b>

The maturity schedule of notes receivables are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Overdue	230.500	--
Up to 3 months	1.516.077	1.883.930
3 to 12 months	19.871.200	8.425.784
1 to 5 years	295.000	190.658
<b>Total</b>	<b>21.912.777</b>	<b>10.500.372</b>

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

The maturity schedule of overdue notes receivables are as follows:

	30 September 2018	31 December 2017
0 to 3 months	230.000	--
6 months and older	500	--
<b>Total</b>	<b>230.500</b>	<b>--</b>

**Trade Payables**

Short Term Trade Payables

	30 September 2018	31 December 2017
Trade payables	89.784.174	81.512.761
Notes payables	50.836.196	43.968.120
Unearned interest (-)	(7.012.729)	(3.658.444)
<b>Total</b>	<b>133.607.641</b>	<b>121.822.437</b>

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

Long Term Trade Payables

	30 September 2018	31 December 2017
Notes payables	479.000	--
Unearned interest (-)	(111.357)	--
<b>Total</b>	<b>367.643</b>	<b>--</b>

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

	30 September 2018	31 December 2017
Overdue	975.101	--
Up to 3 months	34.721.877	34.202.547
3 to 12 months	15.139.218	9.765.573
1 to 5 years	479.000	--
<b>Total</b>	<b>51.315.196</b>	<b>43.968.120</b>

The maturity schedule of overdue notes payables are as follows:

	30 September 2018	31 December 2017
0 to 3 months	975.101	--
<b>Total</b>	<b>975.101</b>	<b>--</b>

**6 - OTHER RECEIVABLES AND PAYABLES**

Short Term Other Receivables

	30 September 2018	31 December 2017
Receivables from related parties (Note 3) (*)	--	3.225.587
Receivables from personnel	199.830	144.978
Deposits and guarantees given	--	460.000
Advance cheques receivables	1.033.421	--
Other receivables	7.774	6.980
<b>Total</b>	<b>1.241.025</b>	<b>3.837.545</b>

(\*) 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.

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

Long Term Other Receivables

	30 September 2018	31 December 2017
Deposits and guarantees given	804.107	604.804
<b>Total</b>	<b>804.107</b>	<b>604.804</b>

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

	30 September 2018	31 December 2017
Up to 3 months	--	100.000
3 to 12 months	--	360.000
<b>Total</b>	<b>--</b>	<b>460.000</b>

Short Term Other Payables

	30 September 2018	31 December 2017
Advance cheques given	--	1.295.080
Other sundry payables	285.568	205.426
<b>Total</b>	<b>285.568</b>	<b>1.500.506</b>

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

	31 December 2017
Up to 3 months	--
<b>Total</b>	<b>--</b>

## 7 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	30 September 2018	31 December 2017
VAT carried forward	--	6.745.986
Receivables from tax office	523.084	41.627
Other	486	--
<b>Total</b>	<b>523.570</b>	<b>6.787.613</b>

Other Current Liabilities

	30 September 2018	31 December 2017
Taxes and dues payable	12.851.648	2.442.219
Overdue or deferred taxes and dues payable	4.684.838	745.585
Other liabilities	480.008	263.130
<b>Total</b>	<b>18.016.494</b>	<b>3.450.934</b>

## 8 – INVENTORIES

	30 September 2018	31 December 2017
Raw materials	23.920.409	20.649.856
Work in process	9.204.390	6.882.723
Finished goods	123.186.496	69.009.935
Merchandises	23.018.290	28.136.733
Other inventories (*)	110.217	577.273
<b>Total</b>	<b>179.439.802</b>	<b>125.256.520</b>

(\*) Other inventories consist of goods on transit.

As of 30 September 2018, there is insurance coverage amounting to TRY 176.720.000 on inventories

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

**9 – PREPAID EXPENSES**

Short-Term Prepaid Expenses

	<b>30 September 2018</b>	<b>31 December 2017</b>
Order advances given	33.000.461	17.566.588
Prepaid expenses	9.857.881	3.891.801
Advances given for business purposes	1.324.687	2.326.199
Advances given to personnel	2.829.426	893.640
<b>Total</b>	<b>47.012.455</b>	<b>24.678.228</b>

Long-Term Prepaid Expenses

	<b>30 September 2018</b>	<b>31 December 2017</b>
Prepaid expenses	10.501.399	8.683.809
Advances given for purchases of property, plant and equipment	1.189.099	3.863.347
<b>Total</b>	<b>11.690.498</b>	<b>12.547.156</b>

**10 – ASSETS RELEVANT CURRENT PERIOD TAX**

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

	<b>30 September 2018</b>	<b>31 December 2017</b>
Prepaid taxes and funds	3.398.805	12.880.161
<b>Total</b>	<b>3.398.805</b>	<b>12.880.161</b>

**11 – FINANCIAL INVESTMENTS**

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

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

Short term financial investmens

**As of 30 September 2018**

Description	Number of Shares	Unit Price	Total Cost	Unit Price	Fair Value
Alternatif Menkul Kıymetler (ALFN2)	3,8600	211	814	4,4996	949
<b>Total</b>					<b>949</b>

**As of 31 December 2017**

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

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

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

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

	30 September 2018		31 December 2017	
	(%)	TRY	(%)	TRY
Kay-Ser A.Ş.	< 1	1.000	< 1	1.000
<b>Total</b>		<b>1.000</b>		<b>1.000</b>

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

30 September 2018	Level 1	Level 2	Level 3
Funds	949	--	--
Kay-Ser A.Ş.	--	--	1.000
30 December 2017	Level 1	Level 2	Level 3
Funds	258.752	--	--
Kay-Ser A.Ş.	--	--	1.000

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

**12 – TANGIBLE FIXED ASSETS**

Cost	Land		Buildings	Plants, machinery and equipment	Vehicles	Fixtures and fittings	Leasehold improvements	Construction in progress	Total
	Lands	improvements							
<b>31 December 2016</b>	<b>16.125.861</b>	<b>115.734</b>	<b>49.137.037</b>	<b>42.016.484</b>	<b>4.613.416</b>	<b>44.048.378</b>	<b>39.120.134</b>	<b>9.710.234</b>	<b>204.887.278</b>
Addition	--	--	11.785.597	25.208.945	1.677.519	11.631.252	6.223.392	5.402.360	61.929.065
Fair value changes	41.800.756	--	36.550.672	--	--	--	--	--	78.351.428
Transfer	--	--	9.610.323	186.335	--	(86.424)	--	(9.710.234)	--
Disposals	--	--	--	(795.129)	(48.111)	(1.180.476)	(421.223)	--	(2.444.939)
<b>31 December 2017</b>	<b>57.926.617</b>	<b>115.734</b>	<b>107.083.629</b>	<b>66.616.635</b>	<b>6.242.824</b>	<b>54.412.730</b>	<b>44.922.303</b>	<b>5.402.360</b>	<b>342.722.832</b>
Addition	--	--	3.745.188	26.009.483	450.556	7.740.274	6.887.168	7.103.033	51.935.702
Disposals	(800.000)	(11.654)	--	(138.807)	(333.915)	(781.671)	(6.805)	(5.447.928)	(7.520.780)
<b>30 September 2018</b>	<b>57.126.617</b>	<b>104.080</b>	<b>110.828.817</b>	<b>92.487.311</b>	<b>6.359.465</b>	<b>61.371.333</b>	<b>51.802.665</b>	<b>7.057.465</b>	<b>387.137.754</b>
<b>Accumulated depreciation</b>									
<b>31 December 2016</b>	--	<b>77.520</b>	<b>9.952.814</b>	<b>31.418.080</b>	<b>2.034.866</b>	<b>22.209.644</b>	<b>21.228.022</b>	--	<b>86.920.946</b>
Charge for the period	--	3.797	1.031.627	2.596.555	652.158	4.230.175	6.471.643	--	14.985.955
Fair value changes	--	(5.451)	(284.413)	--	--	--	--	--	(289.864)
Disposals	--	--	--	(601.747)	(37.676)	(1.034.573)	(58.888)	--	(1.732.884)
<b>31 December 2017</b>	--	<b>75.866</b>	<b>10.700.028</b>	<b>33.412.888</b>	<b>2.649.348</b>	<b>25.405.246</b>	<b>27.640.777</b>	--	<b>99.884.153</b>
Charge for the period	--	2.555	1.634.771	4.147.069	562.301	4.217.647	5.761.214	--	16.325.557
Disposals	--	(6.604)	--	(120.102)	(295.745)	(326.340)	(3.222)	--	(752.013)
<b>30 September 2018</b>	--	<b>71.817</b>	<b>12.334.799</b>	<b>37.439.854</b>	<b>2.915.904</b>	<b>29.296.553</b>	<b>33.398.769</b>	--	<b>115.457.697</b>
<b>Net book value, 31 December 2017</b>	<b>57.926.617</b>	<b>39.868</b>	<b>96.383.601</b>	<b>33.203.747</b>	<b>3.593.476</b>	<b>29.007.484</b>	<b>17.281.526</b>	<b>5.402.360</b>	<b>242.838.679</b>
<b>Net book value, 30 September 2018</b>	<b>57.126.617</b>	<b>32.263</b>	<b>98.494.019</b>	<b>55.047.457</b>	<b>3.443.561</b>	<b>32.074.780</b>	<b>18.403.896</b>	<b>7.057.465</b>	<b>271.680.057</b>

As of 30 September 2018 there is insurance amounting to TRY 359.496.789 on property, plant and equipment The liability amounts for fixed assets are mentioned in Note 19.

Group's "buildings and lands" are stated in the financial statements at 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.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

### 13 - INTANGIBLE FIXED ASSETS

Cost	Patents	Trademarks	Licences	Computer Software	Other Rights	Total
<b>01 January 2017</b>	<b>406.375</b>	<b>87.087</b>	<b>3.780.799</b>	<b>1.220.664</b>	<b>1.824.571</b>	<b>7.319.496</b>
Addition	2.222.124	204.925	356.045	1.442.525	38.501	4.264.120
Disposals	--	--	--	--	--	--
<b>31 December 2017</b>	<b>2.628.499</b>	<b>292.012</b>	<b>4.136.844</b>	<b>2.663.189</b>	<b>1.863.072</b>	<b>11.583.616</b>
Addition	2.159.014	10.022.505	605.972	1.288.480	--	14.075.971
Disposals	--	--	(17.535)	(731.114)	--	(748.649)
<b>30 September 2018</b>	<b>4.787.513</b>	<b>10.314.517</b>	<b>4.725.281</b>	<b>3.220.555</b>	<b>1.863.072</b>	<b>24.910.938</b>
<b>Accumulated depreciation</b>						
<b>01 January 2017</b>	<b>143.524</b>	<b>29.044</b>	<b>1.499.435</b>	<b>965.262</b>	<b>1.759.274</b>	<b>4.396.539</b>
Charge for the period	373.397	26.344	547.265	151.590	21.351	1.119.947
Disposals	--	--	--	--	--	--
<b>31 December 2017</b>	<b>516.921</b>	<b>55.388</b>	<b>2.046.700</b>	<b>1.116.852</b>	<b>1.780.625</b>	<b>5.516.486</b>
Charge for the period	806.693	377.220	447.957	284.240	20.613	1.936.723
Disposals	--	--	(11.470)	(49.409)	--	(60.879)
<b>30 September 2018</b>	<b>1.323.614</b>	<b>432.608</b>	<b>2.483.187</b>	<b>1.351.683</b>	<b>1.801.238</b>	<b>7.392.330</b>
<b>Net book value, 31 December 2017</b>	<b>2.111.578</b>	<b>236.624</b>	<b>2.090.144</b>	<b>1.546.337</b>	<b>82.447</b>	<b>6.067.130</b>
<b>Net book value, 30 September 2018</b>	<b>3.463.899</b>	<b>9.881.909</b>	<b>2.242.094</b>	<b>1.868.872</b>	<b>61.834</b>	<b>17.518.608</b>

### 14 - FINANCIAL BORROWINGS

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

Short Term Financial Borrowings	30 September 2018	31 December 2017
Turkish Lira financial borrowings	2.318.190	5.325.761
Foreign currency financial borrowings	12.661.124	4.515.500
<b>Total</b>	<b>14.979.314</b>	<b>9.841.261</b>
<b>Current Installments of Long-Term Financial Liabilities</b>		
	<b>30 September 2018</b>	<b>31 December 2017</b>
Current installment of long term Turkis Lira financial borrowings	23.516.041	11.906.176
Current installment of long term foreign currency financial borrowings	18.514.877	13.900.389
Leasing payables	517.581	587.737
Accrual of interest	--	1.899.959
<b>Total</b>	<b>42.548.499</b>	<b>28.294.261</b>
<b>Long Term Financial Borrowings</b>		
	<b>30 September 2018</b>	<b>31 December 2017</b>
Turkish lira financial borrowings	40.857.698	17.081.305
Foreign currency financial borrowings	113.617.994	47.709.521
Leasing payables	178.127	334.722
<b>Total</b>	<b>154.653.819</b>	<b>65.125.548</b>

As of September 30, 2018, the interest rates average of financial liabilities are 2,94% in EURO and 20,52% in TRY (31 December 2017: Eur – 3,11%, TRY – 13,73%) .

Liabilities given for bank borrowings are mentioned in note 19.

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

Maturity schedule of banks borrowings are as follows:

	30 September 2018	31 December 2017
Overdue	269.370	--
Up to 3 months	12.950.152	--
Up to 12 months	44.308.291	38.135.521
1 to 5 years	146.148.934	57.769.389
Over 5 years	8.504.885	7.356.160
<b>Total</b>	<b>212.181.632</b>	<b>103.261.070</b>

#### 15 – EMPLOYEE BENEFIT LIABILITIES

	30 September 2018	31 December 2017
Due to personnel	7.137.166	6.189.840
Social security and Taxes and dues payable	10.405.640	4.930.519
<b>Total</b>	<b>17.542.806</b>	<b>11.120.359</b>

#### 16 – DEFERRED INCOME

	30 September 2018	31 December 2017
Short-term deferred incomes	--	--
Advances received	26.820.082	23.057.061
<b>Total</b>	<b>26.820.082</b>	<b>23.057.061</b>

#### 17 – PROVISIONS

	30 September 2018	31 December 2017
Expense accruals	--	45.175
Provisions for litigation expenses	3.124.591	3.124.591
<b>Total</b>	<b>3.124.591</b>	<b>3.169.766</b>

#### 18 – PROVISIONS FOR EMPLOYEE BENEFITS

	30 September 2018	31 December 2017
Provision for severance pay	10.857.942	8.362.308
<b>Total</b>	<b>10.857.942</b>	<b>8.362.308</b>

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

	30 September 2018	31 December 2017
Balance at the beginning	8.362.308	5.783.793
Cost of services	5.765.124	3.487.634
Interest cost	396.029	550.837
Actuarial profit / (loss)	376.855	819.006
Severance pay paid in the period	(4.042.374)	(2.278.962)
<b>Total</b>	<b>10.857.942</b>	<b>8.362.308</b>

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

**19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Provisions**

The movement of the provision for litigation is as follows;

	30 September 2018	31 December 2017
Opening balance	3.124.591	1.154.591
Provisions reversed during the period	--	(1.030.000)
Provisions within period	--	3.000.000
<b>Closing balance</b>	<b>3.124.591</b>	<b>3.124.591</b>

**Contingent Liabilities**

Given GSM (Guarantee-Security-Mortgage) by Group	30 September 2018	31 December 2017
A. Total Amount of GSM Given on Behalf of Legal Entity	306.803.549	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
<b>Total</b>	<b>306.803.549</b>	<b>194.500.961</b>

**Letters of guarantee** - As of 30 September 2018, the Group has given letters of guarantee amounting to TRY 49.827.049 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	301.660	1,0000	301.660
Executive Directorate	TL	3.146.163	1,0000	3.146.163
Customs Directorate	TL	94.796	1,0000	94.796
Gas Distribution Companies	TL	144.000	1,0000	144.000
Private Sector	TL	284.190	1,0000	284.190
Private Sector	USD	302.914	5,9902	1.814.515
Private Sector	EURO	590.297	6,9505	4.102.858
Export Credit Bank of Turkey	EURO	5.673.000	6,9505	39.430.187
Disaster and Emergency Situation of Ministry of Interior	TL	508.680	1,0000	508.680
<b>Total</b>				<b>49.827.049</b>

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

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

	Foreign currency	30 September 2018	31 December 2017
Bills Given (EUR)	1.000.000	6.950.500	4.515.500
Surety bond (TRY)	2.000.000	2.000.000	2.000.000
<b>Total</b>		<b>8.950.500</b>	<b>6.515.500</b>

### Contingent Asset

	Foreign currency		30 September 2018	31 December 2017
			TRY equivalent	
Letters of Guarantee (TRY)	65.438.000	50.670.000	65.438.000	50.670.000
Letters of Guarantee (USD)	3.000.000	448.315	17.970.600	1.691.000
Letters of Guarantee (EUR)	690.000	67.381	4.795.845	280.000
Mortgages	58.395.000	45.200.250	58.395.000	45.200.250
Mortgages (Abroad)	3.194.000	1.384.000	3.194.000	1.384.000
<b>Total</b>	<b>130.717.000</b>	<b>97.769.946</b>	<b>149.793.445</b>	<b>99.225.250</b>

As at 30 September 2018, mortgages on various tangible assets of the Group amounting to TRY 248.026.000 (31 December 2017: TRY 157.484.300).

## 20 – SHARE CAPITAL

### 20.1 Paid in Capital

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

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

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

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

	30 September 2018		31 December 2017	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Hacı Nuri Öztaşkın	12.427.403	8,30%	3.550.686	8,30%
Yılmaz Öztaşkın	10.940.192	7,30%	3.125.770	7,30%
Bostancı Otelcilik ve Turizm İşletmesi A.Ş	8.467.847	5,65%	2.419.385	5,65%
Other (*)	117.963.491	78,75%	33.703.854	78,75%
	<b>149.798.933</b>	<b>%100,00</b>	<b>42.799.695</b>	<b>%100,00</b>
Inflation Adjustment (**)	--		25.090.345	
<b>Total</b>	<b>149.798.933</b>		<b>67.890.040</b>	

(\*) includes buy back shares nominal amount of TRY 3.871.458 mentioned in note 20.7

(\*\*) Inflation adjustment is total difference between statutory capital amount to adjusted capital amount. Inflation adjustemen 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.

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

Companies whose shares are quoted in the stock exchange:

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

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

### Restricted reserves

	30 September 2018	31 December 2017
Legal reserves	4.972.973	1.708.113
Reserves for buy back shares	14.486.269	11.081.201
<b>Total</b>	<b>19.459.242</b>	<b>12.789.314</b>

### 20.3 Premiums for shares

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

	30 September 2018	31 December 2017
Premiums	999.353	999.353
Transfer to capital (*)	(999.353)	--
<b>Total</b>	<b>--</b>	<b>999.353</b>

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

### 20.4 Actuarial gain on severance pay/ loss

	30 September 2018	31 December 2017
Actuarial gain on severance pay/ loss of fund	4.872.181	4.495.326
Deferred tax	(974.436)	(899.065)
<b>Total</b>	<b>3.897.745</b>	<b>3.596.261</b>

### 20.5 Revaluation Fund

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

	30 September 2018	31 December 2017
Revaluation fund	87.209.339	87.209.339
Deferred tax	(7.835.143)	(7.835.143)
<b>Total</b>	<b>79.374.196</b>	<b>79.374.196</b>

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

## 20.6 Foreign currency conversion differences

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

	30 September 2018	31 December 2017
Foreign currency conversion differences	(1.313.115)	(307.917)
<b>Total</b>	<b>(1.313.115)</b>	<b>(307.917)</b>

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

## 20.7 Buy back shares

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

	30 September 2018	31 December 2017
Beginning of the Period	(11.081.201)	(11.081.201)
Buy back shares (*)	(3.405.068)	--
<b>Total</b>	<b>(14.486.269)</b>	<b>(11.081.201)</b>

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

In accordance with II-22.1 "Communiqué on Buy Back Shares" issued by the CMB, the Group has purchased the shares quoted in the Exchange Market. As of 30 September 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 30 September 2018 and 2017, the details of sales are as following:

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Domestic sales	995.023.025	354.076.378	881.430.964	357.838.944
Export sales	52.090.358	21.525.022	35.494.397	12.963.606
Other sales	6.807.572	2.592.580	2.969.899	375.705
<b>Gross Sales</b>	<b>1.053.920.955</b>	<b>378.193.980</b>	<b>919.895.260</b>	<b>371.178.255</b>
Sales returns (-)	(26.776.586)	(9.293.163)	(19.001.450)	(6.824.309)
Sales discounts (-)	(355.281.426)	(123.961.740)	(308.708.684)	(119.482.069)
Other discounts (-)	(540.868)	(170.698)	(962.834)	(141.176)
<b>Sales returns and Discounts (-)</b>	<b>(382.598.880)</b>	<b>(133.425.601)</b>	<b>(328.672.968)</b>	<b>(126.447.554)</b>
		--		
<b>Net Sales</b>	<b>671.322.075</b>	<b>244.768.379</b>	<b>591.222.292</b>	<b>244.730.701</b>

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

**22 – COST OF SALES (-)**

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

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Cost of finished goods sold	(284.280.372)	(110.839.846)	(253.627.136)	(86.131.296)
Cost of merchandise	(90.271.866)	(30.458.218)	(80.781.548)	(50.488.978)
Cost of services sold	(12.861.699)	(4.634.699)	(8.143.762)	(2.871.545)
<b>Total</b>	<b>(387.413.937)</b>	<b>(145.932.763)</b>	<b>(342.552.446)</b>	<b>(139.491.819)</b>

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

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Research and development expenses	3.257.630	1.149.958	2.338.329	936.480
Marketing, sales and distribution expenses	168.129.437	54.197.552	143.792.469	53.578.234
General administrative expenses	31.614.575	9.830.114	24.500.779	7.555.947
<b>Total</b>	<b>203.001.642</b>	<b>65.177.624</b>	<b>170.631.577</b>	<b>62.070.661</b>

**EXPENSES BY NATURE (-)**

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Personnel expenses	58.333.658	18.276.958	51.263.270	17.178.326
Advertising expenses	37.282.155	9.181.252	40.586.890	14.748.534
Rent expenses	29.496.299	10.386.810	21.829.362	7.891.203
Transportation expenses	27.576.437	10.681.161	26.761.901	12.271.706
Amortization expenses	12.437.531	4.114.196	8.602.889	3.139.044
Tax, duties and fee expenses	8.745.780	3.049.165	1.030.566	451.717
Retailer opening supports	8.336.081	1.224.551	2.286.541	1.121.125
Travel and accommodation expenses	2.677.951	532.632	4.230.401	1.212.699
Consultancy expenses	2.363.850	1.208.809	2.074.877	753.092
Electricity, water, climate expenses	2.351.210	879.258	1.944.877	677.743
Retailers common area rent expenses	2.247.256	862.942	1.584.312	506.507
Retirement pay provision expenses	2.118.779	1.398.031	1.185.665	789.541
Material expenses	1.455.414	432.058	--	--
Maintenance and repair expenses	1.047.948	280.222	859.318	267.911
Provision for doubtful receivables expenses	903.120	253.682	1.771.968	-2.860
Insurance expenses	810.432	313.546	749.733	307.823
Communication expenses	295.881	96.067	278.291	143.352
Claims paid as a result of litigation	-	--	101.535	101.535
Other expenses	4.521.860	2.006.284	3.489.181	511.663
<b>Total</b>	<b>203.001.642</b>	<b>65.177.624</b>	<b>170.631.577</b>	<b>62.070.661</b>

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

**24 – OTHER INCOME**

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Foreign exchange income	20.576.933	12.291.173	4.107.496	1.890.807
Rediscount income	9.024.800	1.375.239	4.279.853	298.268
Incentive income	2.307.161	541.421	--	--
Reversal of unnecessary provision	1.638.382	4.331	322.052	127.688
Union incentive income	1.205.101	235.749	2.216.232	647.478
Discounts, and premiums	1.118.391	398.298	1.201.849	--
Maturity difference income	476.996	61.124	797.137	230.547
Rent income	37.664	3.462	16.956	16.956
Other income	3.242.467	1.633.940	2.504.724	1.519.704
<b>Total</b>	<b>39.627.895</b>	<b>16.544.737</b>	<b>15.446.299</b>	<b>4.731.448</b>

**25 – OTHER EXPENSES (-)**

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Foreign exchange losses	15.758.820	8.488.644	7.452.798	3.142.633
Rediscount expenses	7.933.562	1.185.048	3.946.416	278.423
Maturity difference expenses	4.757.101	519.292	2.572.639	1.808.780
Previous periods losses and expenses	1.578.220	531.799	--	--
Litigation provision expenses	1.500.000	--	2.250.000	750.000
Other expenses	1.965.589	1.220.200	767.706	303.661
<b>Total</b>	<b>33.493.292</b>	<b>11.944.983</b>	<b>16.989.559</b>	<b>6.283.497</b>

**26 – INCOME FROM INVESTMENT ACTIVITIES**

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Profit on sale of fixed assets	482.926	158.497	174.846	17.793
Fair value of financial investment	6.492	--	4.027	(141.267)
Fund sales profit	--	--	223.718	223.718
<b>Total</b>	<b>489.418</b>	<b>158.497</b>	<b>402.591</b>	<b>100.244</b>

**27 – INVESTMENT ACTIVITIES EXPENSES (-)**

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Loss on sale of fixed asset	--	--	25.444	6.273
Fair value of financial investment	22.727	--	--	--
<b>Total</b>	<b>22.727</b>	<b>--</b>	<b>25.444</b>	<b>6.273</b>

**28 – FINANCIAL INCOME**

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Foreign exchange income	12.679.930	10.523.209	721.093	(42.432)
Interest income	71.678	66.710	1.349.547	726.748
<b>Total</b>	<b>12.751.608</b>	<b>10.589.919</b>	<b>2.070.640</b>	<b>684.316</b>

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

**29 – FINANCIAL EXPENSES (-)**

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Foreign exchange losses	41.384.690	31.488.957	3.794.275	886.995
Interest expenses	9.654.561	4.733.912	4.832.821	2.049.611
Bank commission	4.295.727	1.532.452	5.106.356	1.757.125
Guarantee letter commison expenses	217.917	69.873	--	--
Other financial expenses	585.728	128.723	424.086	148.304
<b>Total</b>	<b>56.138.623</b>	<b>37.953.917</b>	<b>14.157.538</b>	<b>4.842.035</b>

**30 – TAX ASSETS AND LIABILITIES**

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

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

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

Exemption for Real Estate and Subsidiary Share Sales Gains

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayer is exempt from corporation tax. In addition, 75% of the profits arising from the sale of founders' shares, redeemable shares and preferential rights of real estates (immovables) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as of 30 September 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, thier income's 75% as of 30 September 2018 non-obliged to corporate tax for this reason Group's properties which are taxable might be occur temporary differences thus accepted 5% for previous periods corporate tax's (31 December 2017: 20%)75% used exempt. As of 30 September 2018 the exemption rate was set at 50%, the exemption was applied and the new deferred tax rate was taken as 10%.

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

Taxes in balance sheet

	30 September 2018	31 December 2017
Corporation tax	4.194.031	15.206.445
Prepaid taxes and funds (-)	(4.194.031)	(12.880.161)
<b>Total</b>	<b>--</b>	<b>2.326.284</b>

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

	01 January – 30 September 2018	01 January – 30 September 2017
Corporation tax	(4.194.031)	(12.797.042)
Deferred taxes in income statement	1.050.016	(408.162)
<b>Total</b>	<b>(3.144.015)</b>	<b>(13.205.204)</b>

	01 January – 30 September 2018	01 January – 30 September 2017
Recognized in other comprehensive income	75.371	93.857
<b>End of term</b>	<b>75.371</b>	<b>93.857</b>

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 30 September 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.

	30 Sep. 2018	31 Dec. 2017	30 Sep. 2018	31 Dec. 2017
	Cumulative temporary difference	Cumulative temporary difference	Deferred tax assets / (liabilities)	Deferred tax assets / (liabilities)
<b>Deferred taxes:</b>				
Retirement pay provision	10.857.942	8.362.308	2.171.587	1.672.461
Maturity difference and adjustments on inventories	5.698.049	4.055.042	1.253.571	892.109
Rediscount on receivables	3.371.328	1.900.714	741.692	418.157
Capitalized brand cancellations	3.424.265	3.424.265	684.853	684.853
Provisions for doubtful receivables	1.376.974	969.564	302.934	213.304
Interest accruals	2.104.264	--	462.938	--
Other	2.342.594	81.181	515.373	17.862
<b>Deferred tax assets</b>	<b>29.175.416</b>	<b>18.793.074</b>	<b>6.132.948</b>	<b>3.898.746</b>
Fixed asset valuation increases	(78.351.428)	(78.351.428)	(7.835.143)	(7.835.143)
Adjustment of tangible and intangible assets	(35.512.465)	(33.615.626)	(6.005.488)	(5.626.120)
Rediscount on payables	(5.285.575)	(3.658.444)	(1.162.827)	(804.858)
Fair value adjustment	--	(16.235)	--	(3.572)
Interest accruals	(1.700.581)	(19.844)	(374.128)	(4.366)
Other	(93.152)	(69.114)	(20.494)	(15.206)
<b>Deferred tax liabilities</b>	<b>(120.943.201)</b>	<b>(115.730.691)</b>	<b>(15.398.080)</b>	<b>(14.289.265)</b>
<b>Deferred tax assets / (liabilities), net</b>	<b>(91.767.785)</b>	<b>(96.937.617)</b>	<b>(9.265.132)</b>	<b>(10.390.519)</b>

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

### 31 – EARNING PER SHARE

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

	01 January – 30 September 2018	01 July – 30 September 2018	01 January – 30 September 2017	01 July – 30 September 2017
Net period profit	40.976.760	15.324.688	51.580.054	29.994.816
Weighted average number of shares	149.798.932.000	149.798.932.000	149.798.932.000	149.798.932.000
Earnings per Share (Kr)	0,000274	0,000102	0,000344	0,000200
Earnings per 1000 Share (TL)	0,274	0,102	0,344	0,200

### 32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

#### Financial Instruments

#### Credit risk

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

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

	Receivables					
	Trade receivables		Other receivables		Bank Deposit	Financial Investment
	Related Party	Other	Related Party	Other		
<b>Maximum net credit risk as of balance sheet date (A+B+C+D+E)</b>	7.240.199	85.386.925	--	2.045.132	41.175.791	949
- The part of maximum risk under guarantee with collateral		2.562.726	--	--	--	--
<b>A. Net book value of financial assets that are neither overdue nor impaired</b>	7.240.199	87.949.651	--	2.045.132	41.175.791	949
<b>B. Net book values of financial assets that are renegotiated, if not that will be accepted as overdue or impaired</b>	--	--	--	--	--	--
<b>C. Book value of financial assets that are overdue but not impaired</b>	--	230.500	--	--	--	--
-The part under guarantee with collateral etc	--	--	--	--	--	--
<b>D. Net book value of impaired assets</b>	--	(10.263.658)	--	--	--	--
<b>- Overdue (gross book value amount)</b>						
- Impairment (-)		(12.826.384)				
- The part of net value under guarantee with collateral etc	--	2.562.726	--	--	--	--
<b>Non overdue (gross book value amount)</b>						
Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral	--	--	--	--	--	--
<b>E. Factors Including Off-Balance Sheet Risk</b>	--	--	--	--	--	--

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

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

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

### Liquidity risk

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

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

Maturities According to Contract	Book Value	Cash outflow	Overdue	Less than 3	Between 3-	Between 1-	More than
				months	12 months	5 years	5 years
<b>Non-Derivative Financial Liabilities</b>	<b>212.181.632</b>	<b>242.481.304</b>	<b>269.339</b>	<b>14.274.717</b>	<b>55.092.873</b>	<b>163.415.552</b>	<b>9.428.823</b>
Financial liabilities	212.181.632	242.481.304	269.339	14.274.717	55.092.873	163.415.552	9.428.823
Expected Maturities	Book Value	Cash outflow	Overdue	Less than 3	Between 3-	Between 1-	More than
				months	12 months	5 years	5 years
<b>Non-Derivative Financial Liabilities</b>	<b>134.260.852</b>	<b>141.384.938</b>	<b>975.101</b>	<b>124.791.619</b>	<b>15.139.218</b>	<b>479.000</b>	<b>--</b>
Trade payables	133.975.284	141.099.370	975.101	124.506.051	15.139.218	479.000	--
Other payables	285.568	285.568	--	285.568	--	--	--
<b>Total</b>	<b>346.442.484</b>	<b>383.866.242</b>	<b>1.244.440</b>	<b>139.066.336</b>	<b>70.232.091</b>	<b>163.894.552</b>	<b>9.428.823</b>

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

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

<b>Maturities According to Contract</b>	<b>Book Value</b>	<b>Cash outflow</b>	<b>Overdue</b>	<b>Less than 3 months</b>	<b>Between 3-12 months</b>	<b>Between 1-5 years</b>	<b>More than 5 years</b>
<b>Non-Derivative Financial Liabilities</b>	<b>103.261.070</b>	<b>116.931.221</b>	<b>--</b>	<b>11.356.610</b>	<b>32.819.594</b>	<b>67.519.800</b>	<b>--</b>
Financial liabilities	103.261.070	116.931.221	--	11.356.610	32.819.594	67.519.800	5.235.217
<b>Expected Maturities</b>	<b>Book Value</b>	<b>Cash outflow</b>	<b>Overdue</b>	<b>Less than 3 months</b>	<b>Between 3-12 months</b>	<b>Between 1-5 years</b>	<b>More than 5 years</b>
<b>Non-Derivative Financial Liabilities</b>	<b>160.951.297</b>	<b>164.609.741</b>	<b>--</b>	<b>129.955.738</b>	<b>34.654.003</b>	<b>--</b>	<b>--</b>
Trade payables	121.822.437	125.480.881	--	115.647.575	9.833.306	--	--
Other payables	39.128.860	39.128.860	--	14.308.163	24.820.697	--	--
<b>Total</b>	<b>264.212.367</b>	<b>281.540.962</b>	<b>--</b>	<b>141.312.348</b>	<b>67.473.597</b>	<b>67.519.800</b>	<b>5.235.217</b>

**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 546.733 at 30 September 2018 due to higher / lower interest expenses it would be lower / higher. (31 December 2017 1.382.498 TRY)

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

The Group's interest position is as follows;

	30 September 2018	31 December 2017
<b>Fixed-rate financial instrument</b>		
Financial assets		
-Assets of at fair value through profit or loss	1.949	259.752
-Time Deposits	3.033.346	3.033.346
- Amortised cost	171.924.197	102.136.240
Financial liabilities		
Financial liabilities	334.016.734	191.240.456
<b>Floating interest financial instrument</b>		
Financial assets	--	--
Financial liabilities	12.425.750	35.343.557

**Capital risk management**

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

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

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

	30 September 2018	31 December 2017
Total debts	438.202.479	305.240.151
Less: Liquid assets	(77.492.061)	(34.502.481)
<b>Net debt</b>	<b>360.710.418</b>	<b>270.737.670</b>
<b>Total capital</b>	<b>634.864.174</b>	<b>505.881.091</b>
<b>Net Debt/Total Equity ratio</b>	<b>57%</b>	<b>54%</b>

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

**Foreign currency risk**

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

	30 September 2018				
	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	42.637.132	5.039.794	1.770.695	18.000	--
2a. Monetary Financial Assets (including cash, banks)	30.322.133	1.820.491	2.793.589	24	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	11.097.266	756.198	929.831	13.409	--
<b>4. Current Assets (1+2+3)</b>	<b>84.056.531</b>	<b>7.616.483</b>	<b>5.494.115</b>	<b>31.433</b>	<b>--</b>
5. Trade Receivables	342.172	57.122	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>342.172</b>	<b>57.122</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>84.398.703</b>	<b>7.673.605</b>	<b>5.494.115</b>	<b>31.433</b>	<b>--</b>
10. Trade Payables	8.518.066	239.178	1.006.372	11.494	1.199
11. Financial Liabilities	30.473.187	--	4.384.316	--	--
12a. Other monetary financial liabilities	1.869.966	247.909	55.383	--	--
12b. Other non-monetary financial liabilities	--	--	--	--	--
<b>13. Current Liabilities (10+11+12)</b>	<b>40.861.219</b>	<b>487.087</b>	<b>5.446.071</b>	<b>11.494</b>	<b>1.199</b>
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	113.799.939	--	16.372.914	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>113.799.939</b>	<b>--</b>	<b>16.372.914</b>	<b>--</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>154.661.158</b>	<b>487.087</b>	<b>21.818.985</b>	<b>11.494</b>	<b>1.199</b>
<b>19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Hedged amount of assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Hedged amount of liabilities position</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net foreign currency position asset / liabilities (9-18+19)</b>	<b>(70.262.455)</b>	<b>7.186.518</b>	<b>(16.324.870)</b>	<b>19.939</b>	<b>(1.199)</b>
<b>21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(70.262.455)</b>	<b>7.186.518</b>	<b>(16.324.870)</b>	<b>19.939</b>	<b>(1.199)</b>

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

	31 December 2017				
	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	28.476.934	5.379.537	1.792.584	18.000	--
2a. Monetary Financial Assets (including cash, banks)	28.795.739	4.088.263	2.961.039	915	--
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	--	--	--	--	--
<b>4. Current Assets (1+2+3)</b>	<b>57.272.673</b>	<b>9.467.800</b>	<b>4.753.623</b>	<b>18.915</b>	<b>--</b>
5. Trade Receivables	239.221	63.422	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--
7. Other	--	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>239.221</b>	<b>63.422</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>57.511.895</b>	<b>9.531.222</b>	<b>4.753.623</b>	<b>18.915</b>	<b>--</b>
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	--	--	--	--	--
<b>13. Current Liabilities (10+11+12)</b>	<b>26.673.301</b>	<b>312.046</b>	<b>5.644.680</b>	<b>1.416</b>	<b>1.199</b>
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	48.044.243	--	10.639.850	--	--
16a. Other monetary financial liabilities	--	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--	--
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>48.044.243</b>	<b>--</b>	<b>10.639.850</b>	<b>--</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>74.717.544</b>	<b>312.046</b>	<b>16.284.530</b>	<b>1.416</b>	<b>1.199</b>
<b>19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19a. Hedged amount of assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Hedged amount of liabilities position</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Net foreign currency position asset / liabilities (9-18+19)</b>	<b>(17.205.649)</b>	<b>9.219.176</b>	<b>(11.530.907)</b>	<b>17.499</b>	<b>(1.199)</b>
<b>21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(17.205.649)</b>	<b>9.219.176</b>	<b>(11.530.907)</b>	<b>17.499</b>	<b>(1.199)</b>

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

	01.01- 31.09.2018		01.01- 31.09.2017	
	Import	Export	Import	Export
USD	1.323.864	5.206.369	1.333.286	5.966.690
EUR	11.228.791	3.827.644	8.411.250	3.445.431
TRY	--	608.275	-	585.193
GBP	41.511	--	7.644	-
<b>TRY equivalent</b>	<b>67.304.824</b>	<b>46.064.292</b>	<b>38.438.663</b>	<b>35.494.397</b>

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

**Foreign Currency Risk Sensivity Analysis**

As of 30 September 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:

<b>Foreign Currency Risk Sensivity Analysis Table</b>		
<b>30 September 2018</b>		
	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	4.304.868	(4.304.868)
2- Part of hedged from USD risk (-)	--	--
3- USD net effect (1+2)	4.304.868	(4.304.868)
In case of appreciation / depreciation of EUR against TRY at 10%		
4- EUR net asset / liability	(11.346.601)	11.346.601
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(11.346.601)	11.346.601
In case of appreciation / depreciation of GBP against TRY at 10%		
7-GBP net asset/liability	15.568	(15.568)
8-Part of hedged from GBP risk (-)	--	--
9-GBP net effect (7+8)	15.568	(15.568)
<b>Total (3+6+9)</b>	<b>7.026.165</b>	<b>(7.026.165)</b>

<b>Foreign Currency Risk Sensivity Analysis Table</b>		
<b>31 December 2017</b>		
	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)
<b>Total (3+6+9)</b>	<b>(1.720.510)</b>	<b>1.720.510</b>

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

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

**Financial Assets**

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

**Financial Liabilities**

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

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

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

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

YATAŞ YATAK VE YORGAN SANAYİ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

(Currency - Turkish Lira unless expressed otherwise.)

(Convenience translation into english of consolidated financial statements, originally issued in turkish)

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

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

**NOTE 35 – POST BALANCE SHEET EVENTS**

None.