

MİGROS TİCARET A.Ş. Financial Report Consolidated 2019 - 2. 3 Monthly Notification

General Information About Financial Statements

Financial Statements - 2Q 2019

Independent Audit Comment

Independent Audit Company	DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Audit Type	Limited
Audit Result	Positive

(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of
Migros Ticaret A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Migros Ticaret A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") as of 30 June 2019 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

Other Matter

Group's consolidated financial statements for the year ended 31 December 2018 and consolidated interim financial information for the six-month period then ended 30 June 2018 were audited and reviewed by another auditor who expressed an unqualified opinion and unqualified conclusion on 5 March 2019 and 9 August 2018, respectively.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

Zere Gaye Şentürk

Partner

İstanbul, 6 August 2019

Statement of Financial Position (Balance Sheet)

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 30.06.2019	Previous Period 31.12.2018
Statement of Financial Position (Balance Sheet)			
Assets [abstract]			
CURRENT ASSETS			
Cash and cash equivalents		2.139.154	1.750.516
Financial Investments		15.315	18.450
Trade Receivables		194.565	121.114
Trade Receivables Due From Related Parties	20	271	746
Trade Receivables Due From Unrelated Parties		194.294	120.368
Other Receivables		80.966	27.584
Other Receivables Due From Unrelated Parties		80.966	27.584
Inventories	8	2.526.785	2.249.052
Prepayments		72.051	71.897
Current Tax Assets		7.634	49.477
Other current assets		2.573	10.382
SUB-TOTAL		5.039.043	4.298.472
Non-current Assets or Disposal Groups Classified as Held for Sale		0	175.789
Total current assets		5.039.043	4.474.261
NON-CURRENT ASSETS			
Financial Investments		1.165	1.165
Other Receivables		5.434	5.480
Other Receivables Due From Unrelated Parties		5.434	5.480
Investment property	4	32.325	32.325
Property, plant and equipment	5	3.783.686	3.863.042
Right of Use Assets	7	2.930.597	0
Intangible assets and goodwill		2.460.190	2.479.242
Goodwill		2.252.992	2.252.992
Other intangible assets	6	207.198	226.250
Prepayments		14.801	27.581
Deferred Tax Asset	18	7.390	1.765
Total non-current assets		9.235.588	6.410.600
Total assets		14.274.631	10.884.861
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current Borrowings		737.840	522.435
Current Borrowings From Unrelated Parties		737.840	522.435
Bank Loans	9	402.970	522.435
Lease Liabilities		334.870	0
Current Portion of Non-current Borrowings	9	801.355	706.655
Trade Payables		5.180.366	4.866.750
Trade Payables to Related Parties	20	264.335	213.810
Trade Payables to Unrelated Parties		4.916.031	4.652.940
Employee Benefit Obligations		190.941	131.949
Other Payables		133.326	126.474
Other Payables to Unrelated Parties		133.326	126.474
Derivative Financial Liabilities		23.255	0
Deferred Income Other Than Contract Liabilities		121.550	107.468
Current provisions		224.625	207.464
Current provisions for employee benefits	11	139.814	122.848
Other current provisions	10	84.811	84.616
Other Current Liabilities		3.081	5.724
SUB-TOTAL		7.416.339	6.674.919
Total current liabilities		7.416.339	6.674.919
NON-CURRENT LIABILITIES			
Long Term Borrowings		6.392.509	3.341.007
Long Term Borrowings From Unrelated Parties		6.392.509	3.341.007
Bank Loans	9	3.690.221	3.341.007
Lease Liabilities		2.702.288	0
Other Payables		12.630	11.903
Other Payables to Unrelated parties		12.630	11.903
Derivative Financial Liabilities		6.063	71.895

Deferred Income Other Than Contract Liabilities	9	4.180	4.570
Non-current provisions		177.473	145.477
Non-current provisions for employee benefits	11	177.473	145.477
Total non-current liabilities		6.592.855	3.574.852
Total liabilities		14.009.194	10.249.771
EQUITY			
Equity attributable to owners of parent		263.865	632.904
Issued capital		181.054	181.054
Balancing Account for Merger Capital		22.074	22.074
Treasury Shares (-)	19	-125.435	-125.435
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		694.960	810.683
Gains (Losses) on Revaluation and Remeasurement		549.969	678.012
Increases (Decreases) on Revaluation of Property, Plant and Equipment		559.234	687.277
Gains (Losses) on Remeasurements of Defined Benefit Plans		-9.265	-9.265
Exchange Differences on Translation		144.991	132.671
Restricted Reserves Appropriated From Profits		23.771	9.391
Other reserves		-365	-365
Prior Years' Profits or Losses		-150.835	571.060
Current Period Net Profit Or Loss		-381.359	-835.558
Non-controlling interests		1.572	2.186
Total equity		265.437	635.090
Total Liabilities and Equity		14.274.631	10.884.861

Profit or loss [abstract]

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2019 - 30.06.2019	Previous Period 01.01.2018 - 30.06.2018	Current Period 3 Months 01.04.2019 - 30.06.2019	Previous Period 3 Months 01.04.2018 - 30.06.2018
Profit or loss [abstract]					
PROFIT (LOSS)					
Revenue	3,12	10.730.815	8.463.382	5.808.145	4.523.246
Cost of sales	3,12	-7.812.954	-6.296.895	-4.246.066	-3.355.257
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		2.917.861	2.166.487	1.562.079	1.167.989
GROSS PROFIT (LOSS)		2.917.861	2.166.487	1.562.079	1.167.989
General Administrative Expenses	13	-145.301	-129.013	-69.507	-63.469
Marketing Expenses	13	-2.183.516	-1.764.546	-1.145.523	-940.889
Other Income from Operating Activities	14	183.467	79.388	96.569	42.682
Other Expenses from Operating Activities	14	-423.445	-233.677	-237.013	-137.309
PROFIT (LOSS) FROM OPERATING ACTIVITIES		349.066	118.639	206.605	69.004
Investment Activity Income	15	15.119	4.272	13.763	4.029
Investment Activity Expenses	15	-6.630	-4.072	-546	-510
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		357.555	118.839	219.822	72.523
Finance income	16	18.976	39.518	3.564	19.493
Finance costs	17	-761.419	-671.106	-386.177	-368.062
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		-384.888	-512.749	-162.791	-276.046
Tax (Expense) Income, Continuing Operations		3.602	-26.810	12.321	-17.627
Current Period Tax (Expense) Income	18	-1.239	-37.868	-547	-22.568
Deferred Tax (Expense) Income	18	4.841	11.058	12.868	4.941
PROFIT (LOSS) FROM CONTINUING OPERATIONS		-381.286	-539.559	-150.470	-293.673
PROFIT (LOSS)		-381.286	-539.559	-150.470	-293.673
Profit (loss), attributable to [abstract]					
Non-controlling Interests		73	-3.293	35	-1.074
Owners of Parent	21	-381.359	-536.266	-150.505	-292.599
Earnings per share [abstract]					
Earnings per share [line items]					
Basic earnings per share					
Basic Earnings (Loss) Per Share from Continuing Operations					
Pay Başına Kazanç / (Kayıp) / Earning / (Loss) per Share (TRY)		-2,11000000	-2,96000000	-0,83000000	-1,62000000
Diluted Earnings Per Share					

Statement of Other Comprehensive Income

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2019 - 30.06.2019	Previous Period 01.01.2018 - 30.06.2018	Current Period 3 Months 01.04.2019 - 30.06.2019	Previous Period 3 Months 01.04.2018 - 30.06.2018
Statement of Other Comprehensive Income					
PROFIT (LOSS)		-381.286	-539.559	-150.470	-293.673
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income that will not be Reclassified to Profit or Loss		0	0		
Other Comprehensive Income That Will Be Reclassified to Profit or Loss		11.633	21.092	4.592	0
Exchange Differences on Translation		11.633	21.092	4.592	0
OTHER COMPREHENSIVE INCOME (LOSS)		11.633	21.092	4.592	0
TOTAL COMPREHENSIVE INCOME (LOSS)		-369.653	-518.467	-145.878	-293.673
Total Comprehensive Income Attributable to					
Non-controlling Interests		-515	-3.096	0	-884
Owners of Parent		-369.138	-515.371	-145.878	-292.789

Statement of cash flows (Indirect Method)

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2019 - 30.06.2019	Previous Period 01.01.2018 - 30.06.2018
Statement of cash flows (Indirect Method)			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		938.609	433.595
Profit (Loss)		-381.286	-539.559
Adjustments to Reconcile Profit (Loss)		1.500.131	1.031.506
Adjustments for depreciation and amortisation expense	13	419.433	141.837
Adjustments for Impairment Loss (Reversal of Impairment Loss)		22.593	6.278
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	14	7.636	2.373
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories		12.674	2.405
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment	15	2.283	1.500
Adjustments for provisions		83.642	79.692
Adjustments for (Reversal of) Provisions Related with Employee Benefits	11	75.031	65.645
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	10	8.611	14.047
Adjustments for Interest (Income) Expenses		713.569	276.571
Adjustments for Interest Income		-40.808	-25.597
Adjustments for interest expense		469.847	145.896
Deferred Financial Expense from Credit Purchases	14	389.047	205.307
Unearned Financial Income from Credit Sales	14	-104.517	-49.035
Adjustments for unrealised foreign exchange losses (gains)	9	272.308	502.006
Adjustments for fair value losses (gains)		2.960	12
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		2.960	12
Adjustments for Tax (Income) Expenses	18	-3.602	26.810
Adjustments for losses (gains) on disposal of non-current assets		-10.772	-1.700
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets	15	-10.772	-1.700
Changes in Working Capital		164.615	174.198
Adjustments for decrease (increase) in trade accounts receivable		-82.429	-32.027
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		-6.043	-14.809
Adjustments for decrease (increase) in inventories		-290.407	-130.433
Adjustments for increase (decrease) in trade accounts payable		364.453	376.557
Adjustments for increase (decrease) in other operating payables		179.041	-25.090
Cash Flows from (used in) Operations		1.283.460	666.145
Interest paid		-439.884	-227.343
Interest received		140.958	73.504
Payments Related with Provisions for Employee Benefits	11	-26.069	-21.109
Payments Related with Other Provisions	10	-10.893	-7.071
Income taxes refund (paid)		-8.963	-50.531
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		56.099	-220.391
Proceeds from sales of property, plant, equipment and intangible assets		186.111	50.726
Purchase of Property, Plant, Equipment and Intangible Assets		-130.012	-271.117
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		-602.626	-480.100
Proceeds from borrowings	9	570.200	101.268
Repayments of borrowings	9	-568.429	-427.340
Payments of Lease Liabilities		-365.885	0
Cash Payments for Future Contracts, Forward Contracts, Option Contracts and Swap Contracts		-45.537	0
Interest paid		-198.685	-156.268
Interest Received	16	5.710	2.240
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		392.082	-266.896
Effect of exchange rate changes on cash and cash equivalents		-3.444	-5.963
Net increase (decrease) in cash and cash equivalents		388.638	-272.859

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1.750.516	1.617.380
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2.139.154	1.344.521

Previous Period 01.01.2018 - 30.06.2018	Statement of changes in equity [abstract]	
	Statement of changes in equity [line items]	
	Equity at beginning of period	
	Adjustments Related to Accounting Policy Changes	
	Adjustments Related to Required Changes in Accounting Policies	
	Adjustments Related to Voluntary Changes in Accounting Policies	
	Adjustments Related to Errors	
	Other Restatements	
	Restated Balances	
	Transfers	
	Total Comprehensive Income (Loss)	
	Profit (loss)	
	Other Comprehensive Income (Loss)	
	Issue of equity	
	Capital Decrease	
	Capital Advance	
	Effect of Merger or Liquidation or Division	
	Effects of Business Combinations Under Common Control	
	Advance Dividend Payments	
	Dividends Paid	
	Decrease through Other Distributions to Owners	
	Increase (Decrease) through Treasury Share Transactions	
	Increase (Decrease) through Share-Based Payment Transactions	
	Acquisition or Disposal of a Subsidiary	
	Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	
	Transactions with noncontrolling shareholders	
	Increase through Other Contributions by Owners	
	Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied	
	Amount Removed from Reserve of Change in Value of Time Value of Options and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied	
	Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied	
	Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which fair Value Hedge Accounting is Applied	
	Increase (decrease) through other changes, equity	
	Equity at end of period	
Current Period 01.01.2019 - 30.06.2019	Statement of changes in equity [abstract]	
	Statement of changes in equity [line items]	
	Equity at beginning of period	
	Adjustments Related to Accounting Policy Changes	
	Adjustments Related to Required Changes in Accounting Policies	
	Adjustments Related to Voluntary Changes in Accounting Policies	
	Adjustments Related to Errors	
	Other Restatements	
	Restated Balances	
	Transfers	
	Total Comprehensive Income (Loss)	
	Profit (loss)	
	Other Comprehensive Income (Loss)	
	Issue of equity	
	Capital Decrease	
	Capital Advance	
	Effect of Merger or Liquidation or Division	
	Effects of Business Combinations Under Common Control	
	Advance Dividend Payments	
	Dividends Paid	
	Decrease through Other Distributions to Owners	

	Increase (Decrease) through Treasury Share Transactions																		
	Increase (Decrease) through Share-Based Payment Transactions																		
	Acquisition or Disposal of a Subsidiary																		
	Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity																		
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	Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																		
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	Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																		
	Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																		
	Increase (decrease) through other changes, equity																		
	Equity at end of period		181.054	22.074	-125.435		549.969	549.969	144.991		144.991	23.771	-365	-150.835	-381.359	-532.194	263.865	1.572	265.437