

**MİGROS TİCARET A.Ş.**

CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE INTERIM PERIOD  
AND AUDITORS REVIEW REPORT AS AT  
1 JANUARY – 30 JUNE 2019

(ORIGINALLY ISSUED IN TURKISH)

**(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, SMMM  
Partner

İstanbul, 6 August 2019

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**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**MİGROS TİCARET A.Ş.**

**CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Notes	30 June 2019	31 December 2018
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents		2.139.154	1.750.516
Financial investments		15.315	18.450
Trade receivables		194.565	121.114
<i>Trade receivables from related parties</i>	20	271	746
<i>Trade receivables from third parties</i>		194.294	120.368
Other receivables from third parties		80.966	27.584
Inventories	8	2.526.785	2.249.052
Prepaid expenses		72.051	71.897
Current income tax assets	18	7.634	49.477
Other current assets		2.573	10.382
<b>Sub total</b>		<b>5.039.043</b>	<b>4.298.472</b>
Assets held for sale		-	175.789
<b>Total current assets</b>		<b>5.039.043</b>	<b>4.474.261</b>
<b>Non-current assets:</b>			
Financial investments		1.165	1.165
Other receivables from third parties		5.434	5.480
Investment properties	4	32.325	32.325
Property, plant and equipment	5	3.783.686	3.863.042
Intangible assets		2.460.190	2.479.242
<i>Goodwill</i>		2.252.992	2.252.992
<i>Other intangible assets</i>	6	207.198	226.250
Prepaid expenses		14.801	27.581
Right-of-use assets	7	2.930.597	-
Deferred tax assets	18	7.390	1.765
<b>Total non-current assets</b>		<b>9.235.588</b>	<b>6.410.600</b>
<b>Total assets</b>		<b>14.274.631</b>	<b>10.884.861</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**MİGROS TİCARET A.Ş.**

**CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Notes	30 June 2019	31 December 2018
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short term borrowings	9	402.970	522.435
Short term portion of long term borrowings	9	801.355	706.655
Lease liabilities		334.870	-
Trade payables		5.180.366	4.866.750
<i>Trade payables to related parties</i>	20	264.335	213.810
<i>Trade payables to third parties</i>		4.916.031	4.652.940
Employee benefits payables		190.941	131.949
Other payables to third parties		133.326	126.474
Derivative Instruments		23.255	-
Deferred income		121.550	107.468
Short term provisions		224.625	207.464
<i>Short term provisions for employee benefits</i>	11	139.814	122.848
<i>Other short term provisions</i>	10	84.811	84.616
Other current liabilities		3.081	5.724
<b>Total current liabilities</b>		<b>7.416.339</b>	<b>6.674.919</b>
<b>Non-current liabilities:</b>			
Long term borrowings	9	3.690.221	3.341.007
Lease liabilities		2.702.288	-
Other payables to third parties		12.630	11.903
Deferred income		4.180	4.570
Derivative Instruments		6.063	71.895
Long term provisions		177.473	145.477
<i>Long term provisions for employee benefits</i>	11	177.473	145.477
<b>Total non-current liabilities</b>		<b>6.592.855</b>	<b>3.574.852</b>
<b>Total liabilities</b>		<b>14.009.194</b>	<b>10.249.771</b>
<b>EQUITY</b>			
<b>Attributable to equity holders of parent</b>		<b>263.865</b>	<b>632.904</b>
Share capital		181.054	181.054
Other capital reserves		( 365)	( 365)
Treasury shares (-)	19	( 125.435)	( 125.435)
Additional contribution to share capital		22.074	22.074
<i>-Defined benefit plans re-measurement (losses)</i>		( 9.265)	( 9.265)
<i>-Revaluation fund of</i>			
<i>property, plant and equipment</i>		559.234	687.277
<i>- Currency translation differences</i>		144.991	132.671
Restricted reserves		23.771	9.391
Accumulated losses		( 150.835)	571.060
Net income/(loss)		( 381.359)	( 835.558)
<b>Non-controlling interest</b>		<b>1.572</b>	<b>2.186</b>
<b>Total equity</b>		<b>265.437</b>	<b>635.090</b>
<b>Total liabilities and equity</b>		<b>14.274.631</b>	<b>10.884.861</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**MİGROS TİCARET A.Ş.**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE INTERIM PERIOD 30 JUNE 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Notes	1 January - 30 June 2019	1 April- 30 June 2019	Restated 1 January - 30 June 2018	Restated 1 April - 30 June 2018
Revenue	3,12	10.730.815	5.808.145	8.463.382	4.523.246
Cost of sales (-)	3,12	( 7.812.954)	( 4.246.066)	( 6.296.895)	( 3.355.257)
<b>Gross profit</b>		<b>2.917.861</b>	<b>1.562.079</b>	<b>2.166.487</b>	<b>1.167.989</b>
General administrative expenses (-)	13	( 145.301)	( 69.507)	( 129.013)	( 63.469)
Marketing expenses (-)	13	( 2.183.516)	( 1.145.523)	( 1.764.546)	( 940.889)
Other operating income	14	183.467	96.569	79.388	42.682
Other operating expense (-)	14	( 423.445)	( 237.013)	( 233.677)	( 137.309)
<b>Operating profit</b>		<b>349.066</b>	<b>206.605</b>	<b>118.639</b>	<b>69.004</b>
Income from investment activities	15	15.119	13.763	4.272	4.029
Expenses from investment activities (-)	15	( 6.630)	( 546)	( 4.072)	( 510)
<b>Operating income before finance income/(expense)</b>		<b>357.555</b>	<b>219.822</b>	<b>118.839</b>	<b>72.523</b>
Financial income	16	18.976	3.564	39.518	19.493
Financial expense (-)	17	( 761.419)	( 386.177)	( 671.106)	( 368.062)
<b>Net (loss) / income before tax from continuing operations</b>		<b>( 384.888)</b>	<b>( 162.791)</b>	<b>( 512.749)</b>	<b>( 276.046)</b>
<b>Tax expense from continuing operations</b>		<b>3.602</b>	<b>12.321</b>	<b>( 26.810)</b>	<b>( 17.627)</b>
- Income tax expense	18	( 1.239)	( 547)	( 37.868)	( 22.568)
- Deferred tax income / (expense)	18	4.841	12.868	11.058	4.941
<b>Net (loss) / income</b>		<b>( 381.286)</b>	<b>( 150.470)</b>	<b>( 539.559)</b>	<b>( 293.673)</b>
<b>Net (loss) / income attributable to:</b>					
- Non-controlling interest		73	35	( 3.293)	( 1.074)
- Equity holders of parent	21	( 381.359)	( 150.505)	( 536.266)	( 292.599)
(Loss) / Earning per share TRL	21	( 2,11)	( 0,83)	( 2,96)	( 1,62)

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

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**MİGROS TİCARET A.Ş.**

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIOD 30 JUNE 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	<b>1 January - 30 June 2019</b>	<b>1 April- 30 June 2019</b>	<b>Restated 1 January - 30 June 2018</b>	<b>Restated 1 April - 30 June 2018</b>
<b>Net (loss) / income for the period</b>	<b>( 381.286)</b>	<b>( 150.470)</b>	<b>( 539.559)</b>	<b>( 293.673)</b>
<b>Items to be reclassified to profit or loss</b>				
-Currency translation differences	11.633	4.592	21.092	-
<b>Other comprehensive income / (loss), after tax</b>	<b>11.633</b>	<b>4.592</b>	<b>21.092</b>	<b>-</b>
<b>Total comprehensive income / (loss)</b>	<b>( 369.653)</b>	<b>( 145.878)</b>	<b>( 518.467)</b>	<b>( 293.673)</b>
<b>Total comprehensive (loss) / income attributable to:</b>				
-Non-controlling interests	( 515)	-	( 3.096)	( 884)
-Equity holders of parent	( 369.138)	( 145.878)	( 515.371)	( 292.789)

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**MİGROS TİCARET A.Ş.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE INTERIM PERIOD 30 JUNE 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

					Other comprehensive income/ expenses not to be reclassified to profit or loss	Other comprehensive income/ expenses to be reclassified to profit or loss	Retained earnings					
	Share capital	Other capital reserves	Treasury shares	Additional contribution to share capital	Defined benefit plans re-measurement losses	Cumulative translation losses	Restricted reserves	Accumulated gain/ (losses)	Net (loss) / income for the period	Attributable to equity holders of the parents	Non- controlling interests	Total equity
<b>Balances at 1 January 2018</b>	<b>178.030</b>	<b>( 365)</b>	<b>-</b>	<b>27.312</b>	<b>735.016</b>	<b>45.311</b>	<b>-</b>	<b>( 27.516)</b>	<b>512.706</b>	<b>1.470.494</b>	<b>56.654</b>	<b>1.527.148</b>
Transfers	-	-	-	-	( 4.149)	-	-	516.855	( 512.706)	-	-	-
Total comprehensive income	-	-	-	-	-	20.895	-	-	( 536.266)	( 515.371)	( 3.096)	( 518.467)
Net income for the period	-	-	-	-	-	-	-	-	( 536.266)	( 536.266)	( 3.293)	( 539.559)
Cumulative translation differences	-	-	-	-	-	20.895	-	-	-	20.895	197	21.092
<b>Balances at 30 June 2018</b>	<b>178.030</b>	<b>( 365)</b>	<b>-</b>	<b>27.312</b>	<b>730.867</b>	<b>66.206</b>	<b>-</b>	<b>489.339</b>	<b>( 536.266)</b>	<b>955.123</b>	<b>53.558</b>	<b>1.008.681</b>
<b>Balances at 1 January 2019</b>	<b>181.054</b>	<b>( 365)</b>	<b>( 125.435)</b>	<b>22.074</b>	<b>678.012</b>	<b>132.671</b>	<b>9.391</b>	<b>571.060</b>	<b>( 835.558)</b>	<b>632.904</b>	<b>2.186</b>	<b>635.090</b>
Transfers (*)	-	-	-	-	( 128.043)	-	14.380	( 721.895)	835.558	-	-	-
Total comprehensive income	-	-	-	-	-	12.320	-	-	( 381.359)	( 369.039)	( 614)	( 369.653)
Net income for the period	-	-	-	-	-	-	-	-	( 381.359)	( 381.359)	73	( 381.286)
Cumulative translation differences	-	-	-	-	-	12.320	-	-	-	12.320	( 687)	11.633
<b>Balances at 30 June 2019</b>	<b>181.054</b>	<b>( 365)</b>	<b>( 125.435)</b>	<b>22.074</b>	<b>549.969</b>	<b>144.991</b>	<b>23.771</b>	<b>( 150.835)</b>	<b>( 381.359)</b>	<b>263.865</b>	<b>1.572</b>	<b>265.437</b>

(\*) The group sold building, lands and assets held for sale whose net book value is amounting to TL 265.242 and net profit amounting to TL 10.176 has been accounted under consolidated condensed profit or loss table, and revaluation fund amounting to TL 124.328 has been transferred to retained earning in 2019. Additionally, in 2019 depreciation amounting to TL 3.715 has been transferred from revaluation fund to retain earnings.

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

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**MİGROS TİCARET A.Ş.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE INTERIM PERIOD 30 JUNE 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

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	Notes	1 January - 30 June 2019	Restated 1 January - 30 June 2018
<b>Cash flow from operating activities:</b>			
Net (loss) / income for the period		( 381.286)	( 539.559)
<b>Adjustments related to reconciliation of (loss) / profit</b>			
Adjustments for depreciation and amortisation expenses	13	419.433	141.837
Adjustments for impairment on receivables	14	7.636	2.373
Adjustments for inventory provisions		12.674	2.405
Adjustments for impairment on property, plant and equipment	15	2.283	1.500
Adjustments for provision for employee benefits	11	75.031	65.645
Adjustments for provision for litigation	10	8.611	14.047
Adjustments for interest income		( 40.808)	( 25.597)
Adjustments for interest expense		469.847	145.896
Adjustments for deferred financing due to forward purchases expenses	14	389.047	205.307
Adjustments for unearned finance income from sales	14	( 104.517)	( 49.035)
Adjustments for unrealized foreign exchange losses related to bank borrowings	9	272.308	502.006
Adjustments for fair value losses arising from derivatives		2.960	12
Adjustments for income tax expense	18	( 3.602)	26.810
Loss on sale of property plant and equipment	15	( 10.772)	( 1.700)
<b>Changes in net working capital</b>		<b>164.615</b>	<b>174.198</b>
Adjustments for increase in trade receivables		( 82.429)	( 32.027)
Adjustments for increase in inventories		( 290.407)	( 130.433)
Adjustments for increase in other receivables related with operations		( 6.043)	( 14.809)
Adjustments for increase in trade payables		364.453	376.557
Adjustments for increase in other payables related with operations		179.041	( 25.090)
<b>Cash flows from operating activities</b>		<b>1.283.460</b>	<b>666.145</b>
Employee benefits paid	11	( 26.069)	( 21.109)
Interest received		140.958	73.504
Interest paid		( 439.884)	( 227.343)
Taxes paid		( 8.963)	( 50.531)
Other provisions paid	10	( 10.893)	( 7.071)
<b>Net cash provided by operating activities</b>		<b>938.609</b>	<b>433.595</b>

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**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE INTERIM PERIOD 30 JUNE 2019**

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	Notes	1 January - 30 June 2019	Restated 1 January - 30 June 2018
<b>Cash flows from investing activities:</b>			
Cash outflows from the purchase of investment properties, tangible and intangible assets		( 130.012)	( 271.117)
Cash inflows from the sale of tangible and intangible assets		186.111	50.726
<b>Net cash used in investing activities</b>		<b>56.099</b>	<b>( 220.391)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	9	570.200	101.268
Repayment of borrowings	9	( 568.429)	( 427.340)
Repayment of derivative instruments		( 45.537)	-
Interest received	16	5.710	2.240
Interest paid		( 198.685)	( 156.268)
Cash outflows from payments of rent agreements		( 365.885)	-
<b>Net cash provided by financing activities</b>		<b>( 602.626)</b>	<b>( 480.100)</b>
<b>Impact of foreign currency translation differences on cash and cash equivalents</b>			
Net (decrease) / increase in cash and cash equivalents		388.638	( 272.859)
<b>Cash and cash equivalents at the beginning of period</b>		<b>1.750.516</b>	<b>1.617.380</b>
<b>Cash and cash equivalents at the end of period</b>		<b>2.139.154</b>	<b>1.344.521</b>

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**MİGROS TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 30 JUNE 2019**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

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**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS**

Migros Ticaret A.Ş., (collectively referred to as “Migros” or the “Company”), was established on 19 March 2008 and is registered in Istanbul, Turkey under the Turkish Commercial Code. (Migros Türk Ticaret Anonim Şirketi, which was established in 1954, merged with its parent company Moonlight Perakendecilik ve Ticaret Anonim Sirketi (“Moonlight Perakendecilik”) on April 30, 2009 and the trade name of Moonlight Retailing was changed as Migros Ticaret A.Ş.)

The Company and its subsidiaries together will be referred as “the Group”.

As of June 30, 2019, the direct and indirect total of Migros’s capital shares of BC Partners (“Moonlight Capital S.A. and Kenan Investments S.A.”) equal to 23.2% and the indirect shares of AG Anadolu Grubu Holding A.Ş. (“Anadolu Group”) is 50%.

Through its Migros, 5M, Migros Jet and Macrocenter banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet, the Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods. The Company also rents floor space in the shopping malls to other trading companies. As of 30 June 2019, the Group operates in 2.144 stores in total (31 December 2018: 2.103) which comprise 1.502.433 m2 from 2.123 retail stores and comprise 12.047 m2 from 21 wholesale stores with a total net space of 1.514.480 m2 (31 December 2018: 1.497.345 m2). As of 30 June 2019, the Group employed 32.037 people (31 December 2018: 28.890) on average. Retail is the main business segment of the Group and constitutes almost 96% of gross sales (31 December 2018: 96%).

The address of the registered office is as follows:

Migros Ticaret A.Ş.  
Atatürk Mah., Turgut Özal Blv.  
No: 7 Ataşehir, İstanbul

These condensed consolidated financial statements have been approved for issue by the Board of Directors (“BOD”) on 6 August 2019 and signed by Ö. Özgür Tort, General Manager, and Ferit Cem Doğan, Assistant General Manager, on behalf of the BOD. The owners of the Company and regulatory bodies have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

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**MİGROS TİCARET A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 30 JUNE 2019**

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**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)**

**Subsidiaries**

The Company has the following subsidiaries (the “Subsidiaries”). The nature of the business of the Subsidiaries and for the purpose of the interim condensed consolidated financial statements, their respective geographical segments are as follows:

				<b>June 2019</b>	<b>December 2018</b>
<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>Geographical segment</b>	<b>Nature of business</b>	<b>(%)</b>	<b>(%)</b>
Ramstore Bulgaria E.A.D. (“Ramstore Bulgaria”)	Bulgaria	Bulgaria	Dormant	100	100
Ramstore Kazakhstan LLC (“Ramstore Kazakhstan”)	Kazakhstan	Kazakhstan	Retailing	100	100
Ramstore Macedonia DOO (“Ramstore Macedonia”)	Macedonia	Bulgaria	Retailing	99	99
Sanal Merkez Ticaret A.Ş. (“Sanal Merkez”)(*)	Turkey	Turkey	Dormant	100	100

(\*) Not included in the scope of consolidation on the grounds of materiality.

**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

**2.1.1 Basis of preparation and presentation of financial statements**

The interim condensed consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013 and interim condensed consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”) according to Article 5 of the Communiqué. TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations.

The condensed consolidated financial statements are based on the statutory financial statements of the Group’s subsidiaries and presented in Turkish Lira in accordance with the CMB financial reporting standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities, financial statements are prepared on historical cost basis.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (Continued)**

**2.1 Basis of presentation (Continued)**

In accordance with the CMB’s “Communiqué on Financial Reporting in Capital Market” Numbered II-14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after June 30, 2013, listed companies required to prepare their financial statements in conformity with Turkey Accounting / Financial Reporting Standards (TAS / TFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In the scope of the CMB’s “Communiqué on Financial Reporting in Capital Market” Numbered II-14.1 (Communiqué), the Group has prepared condensed consolidated interim financial statements in accordance with TAS 34 “Interim Financial Reporting”. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In accordance with the TAS, the entities are allowed to prepare a complete set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

Furthermore in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge, mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the condensed consolidated financial statements disclosures (Note 10, 22).

**2.1.2 Changes in the accounting policies, estimates and errors**

Significant changes in accounting policies and accounting errors are applied retrospectively and prior period financial statements are restated. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

For the period ended 30 June 2018, the logistic expenses amounting to TL 171.521 thousand classified in marketing expenses have been reclassified to cost of goods sold, depreciation expenses amounting to TL 141.837 thousand classified in general administrative expenses have been reclassified to marketing expenses as of 30 June 2019 in order to comply with current period consolidated financial statements. The consolidated income statement for the period ended June 30, 2018 was revised by increasing TL 2.486 thousand in marketing expenses and TL 7.855 thousand in general administrative expenses and decreasing TL 2.275 thousand in tax expenses, in order to present accurately the periodical accruals of the yearly expense provisions which are netted at the period ends.

The condensed consolidated interim financial statements for the period ended June 30, 2019 except for implementation of IFRS 16 which is effective from January 1, 2019 have been prepared in accordance with the accounting policies consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2018. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED  
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**2.1 Basis of presentation (Continued)**

**2.1.3 Functional and reporting currency**

Items included in the condensed consolidated financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The condensed consolidated financial statements are presented in TRL, which is the functional currency of Migros Ticaret A.Ş. and the reporting currency of the Group.

**Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions),
- All resulting exchange differences are recognised in other comprehensive income.

**2.2 New and Revised Turkish Accounting Standards**

**The new standards, amendments to published standards and interpretations effective applicable for the current period:**

**New and amended IFRS Standards that are effective for the current year**

- |                             |   |
|-----------------------------|---|
| - IFRS 16                   | Leases  |
| - Amendments to IAS 28      | <i>Long-term Interests in Associates and Joint Ventures</i>                       |
| - IFRIC 23                  | <i>Uncertainty over Income Tax Treatments</i>                                     |
| - Amendments to IAS 19      | <i>Plan Amendment, Curtailment or Settlement</i>                                  |
| - Standards 2015–2017 Cycle | <i>IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i> |

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (Continued)**

**2.2 New and Revised Turkish Accounting Standards (Continued)**

**The new standards, amendments to published standards and interpretations effective  
applicable for the current period (Continued):**

**IFRS 16 Leases**

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes the current lease guidance including IAS 17 Leases and the related Interpretations for accounting periods beginning on or after 1 January 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset;  
and
- The right to direct the use of that asset.

The Group applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019.



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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (Continued)**

**2.2 New and Revised Turkish Accounting Standards (Continued)**

**The new standards, amendments to published standards and interpretations effective  
applicable for the current period (Continued):**

**IFRS 16 Leases (Continued)**

Impact on Lessee Accounting

*Operating leases*

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group has:

- a) Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- b) Recognised depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- c) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

As at 1 January 2019, the impact of IFRS 16 on the financial statements of the Group is disclosed in “the effects of accounting policy amendments” note.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED  
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**2.2 New and Revised Turkish Accounting Standards (Continued)**

**The new standards, amendments to published standards and interpretations effective  
applicable for the current period (Continued):**

**IFRS 16 Leases (Continued)**

**Finance leases**

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17.

**Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures**

This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

**IFRS Interpretation 23 Uncertainty over Income Tax Treatments**

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

**Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement**

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

**Annual Improvements to IFRS Standards 2015–2017 Cycle**

*Annual Improvements to IFRS Standards 2015–2017 Cycle include amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements in when a party that participates in, but does not have joint control of, IAS 12 Income Taxes; income tax consequences of dividends in profit or loss, and IAS 23 Borrowing Costs in capitalized borrowing costs.*

Other than IFRS 16, these standards, amendments and improvements have no impact on the consolidated financial position and performance of the Group.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (Continued)**

**2.2 New and Revised Turkish Accounting Standards (Continued)**

*Effects of revised accounting policies*

In this note, the new accounting policies, which the Group has started to apply as of 1 January 2019, have been disclosed with the effect of application of IFRS 16 Leases standard on the Group's consolidated financial statements.

The Effects of Accounting Policy Changes on the Group's Financial Statements

In accordance with the adoption of IFRS 16, some changes have occurred in the accounting policies as of 1 January 2019 and adjustments have been made to the financial statements. In accordance with the transitional provisions of IFRS 16, prior year financial statements have not been restated. The effects of the amendments as of 30 June 2019 are as follows:

	Amounts after changes		Before changes
	in accounting policy		in accounting policy
	30 June 2019	IFRS 16 Effect	30 June 2019
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	2.139.154	-	2.139.154
Financial investments	15.315	-	15.315
Trade receivables	194.565	-	194.565
Trade receivables from related parties	271	-	271
Trade receivables from third parties	194.294	-	194.294
Other receivables from third parties	80.966	-	80.966
Inventories	2.526.785	-	2.526.785
Prepaid expenses	72.051	( 1.665)	73.716
Other current assets	2.573	-	2.573
Current income tax assets	7.634	-	7.634
<b>Total current assets</b>	<b>5.039.043</b>	<b>( 1.665)</b>	<b>5.040.708</b>
<b>Non-current assets:</b>			
Financial investments	1.165	-	1.165
Other receivables from third parties	5.434	-	5.432
Investment properties	32.325	-	32.325
Property, plant and equipment	3.783.686	-	3.783.686
Intangible assets	2.460.190	-	2.460.190
Goodwill	2.252.992	-	2.252.992
Other intangible assets	207.198	-	207.198
Prepaid expenses	14.801	( 8.955)	23.756
Right-of-use assets	2.930.597	2.930.597	-
Deferred tax assets	7.390	7.390	-
<b>Total non-current assets</b>	<b>9.235.588</b>	<b>2.921.642</b>	<b>6.306.554</b>
<b>Total assets</b>	<b>14.274.631</b>	<b>2.919.976</b>	<b>11.347.263</b>

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (Continued)**

**2.2 New and Revised Turkish Accounting Standards (Continued)**

*Effects of revised accounting policies (Continued)*

	Amounts after changes		Before changes
	in accounting policy		in accounting policy
	30 June 2019	IFRS 16 Effect	30 June 2019
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short term portion of long term borrowings	801.355	-	801.355
Short term borrowings	402.970	-	402.970
Lease liabilities	334.870	334.870	-
Trade payables	5.180.366	-	5.180.366
Trade payables to related parties	264.335	-	264.335
Trade payables to third parties	4.916.031	-	4.916.031
Employee benefits payables	190.941	-	190.941
Other payables to third parties	133.326	-	133.326
Derivative Instruments	23.255	-	23.255
Deferred income	121.550	-	121.550
Short term provisions	224.625	-	224.625
Short term provisions for employee benefits	139.814	-	139.814
Other short term provisions	84.811	-	84.811
Other current liabilities	3.081	-	3.081
<b>Total current liabilities</b>	<b>7.416.339</b>	<b>334.870</b>	<b>7.081.469</b>
<b>Non-current liabilities:</b>			
Long term borrowings	3.690.221	-	3.690.221
Lease liabilities	2.702.288	2.702.288	-
Other payables to third parties	12.632	-	12.632
Derivative Instruments	6.063	-	6.063
Deferred income	4.180	-	4.180
Long term provisions	177.473	-	177.473
Long term provisions for employee benefits	177.473	-	177.473
Deferred tax liabilities	-	( 22.264)	22.264
<b>Total non-current liabilities</b>	<b>6.592.857</b>	<b>2.680.024</b>	<b>3.912.833</b>
<b>Total liabilities</b>	<b>14.009.196</b>	<b>3.014.894</b>	<b>10.994.302</b>
<b>EQUITY</b>			
<b>Attributable to equity holders of parent</b>			
Share capital	181.054	-	181.054
Other capital reserves	( 365)	-	( 365)
Treasury shares (-)	( 125.435)	-	( 125.435)
Additional contribution to share capital	22.074	-	22.074
-Defined benefit plans re-measurement (losses)	( 9.265)	-	( 9.265)
-Revaluation fund of property, plant and equipment	559.234	-	559.234
-Currency translation differences	144.991	-	144.991
Restricted reserves	23.771	-	23.771
Accumulated losses	( 150.835)	-	( 150.835)
Net income/(loss)	( 381.361)	( 94.917)	( 286.444)
<b>Non-controlling interest</b>	<b>1.572</b>	<b>-</b>	<b>1.572</b>
<b>Total equity</b>	<b>265.435</b>	<b>( 94.917)</b>	<b>360.352</b>
<b>Total liabilities and equity</b>	<b>14.274.631</b>	<b>2.919.977</b>	<b>11.354.654</b>

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.2 New and Revised Turkish Accounting Standards (Continued)**

*Effects of revised accounting policies (Continued)*

	Amounts after changes		Before changes
	in accounting policy		in accounting policy
	30 June 2019	IFRS 16 Effect	30 June 2019
Revenue	10.730.815	-	10.730.815
Cost of sales (-)	(7.812.954)	39.158	(7.852.112)
<b>Gross profit</b>	<b>2.917.861</b>	<b>39.158</b>	<b>2.878.703</b>
General administrative expenses (-)	(145.301)	-	(145.301)
Marketing expenses (-) (*)	(2.183.516)	61.760	(2.245.276)
Other operating income	183.467	-	183.467
Other operating expense (-)	(423.445)	92	(423.538)
<b>Operating profit</b>	<b>349.066</b>	<b>101.011</b>	<b>248.054</b>
Income from investment activities	15.119	-	15.119
Expenses from investment activities (-)	(6.630)	-	(6.630)
<b>Operating income before finance income/(expense)</b>	<b>357.555</b>	<b>101.011</b>	<b>256.543</b>
Financial income	18.976	-	18.976
Financial expense (-)	(761.419)	(218.192)	(543.227)
<b>Net (loss) / income before tax from continuing operations</b>	<b>(384.888)</b>	<b>(117.181)</b>	<b>(267.708)</b>
<b>Tax expense from continuing operations</b>	<b>3.602</b>	<b>22.264</b>	<b>(18.662)</b>
- Income tax expense	(1.239)	-	(1.239)
- Deferred tax income / (expense)	4.841	22.264	(17.423)
<b>Net (loss) / income</b>	<b>(381.286)</b>	<b>(94.917)</b>	<b>(286.370)</b>

\*The effect of IFRS 16 amounting to TL 61.760 on marketing expenses is arising from reversed rent expensed amounting to TL 326.726 and depreciation expense amounting to TL 264.966.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 19%.

The recognised right-of-use assets relate to the following types of assets:

	1 January 2019
Properties	2.964.373
<b>Total right-of-use assets</b>	<b>2.964.373</b>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by TL 2.964.373
- Short term lease liabilities – increase by TL 323.954
- Long term lease liabilities – increase by TL 2.561.867

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (Continued)**

**2.2 New and Revised Turkish Accounting Standards (Continued)**

*Effects of revised accounting policies (Continued)*

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- not to re-evaluate the financially disadvantaged rental agreements within the scope of IAS 17 in the prior period
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

**Significant accounting policies – IFRS 16 Leases**

The Group leases various stores and warehouses. Lease terms can be individually negotiated and include a variety of different terms and conditions. Assets arising from leasing arrangements can not be utilized in order to guarantee purposes under any agreement.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed term lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (Continued)**

**2.2 New and Revised Turkish Accounting Standards (Continued)**

**b) New and revised IFRSs in issue but not yet effective**

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 3	<i>Business Combinations</i>
Amendments to IAS 1	<i>Presentation of Financial Statements</i>
Amendments to IAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>

**IFRS 17 Insurance Contracts**

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

**Amendments to IFRS 3 Business Combinations**

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in IFRS 3 Business Combinations standart has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets

**Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material**

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

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**NOTE 3 - SEGMENT REPORTING**

Management determines the operating segments based on the reports analyzed and found effective in strategic decision making by the Board of Directors.

Management assesses the Group’s performance on a geographic level as Turkey and other countries since the gross sales of these subsidiaries are below 10% of the Group sales. Reportable operating segment revenue comprises primarily retail sales, rent income and wholesales. Rent income and wholesale revenues are not recognized as reportable segments as they are not stated in detail in the reports provided to the board of directors. The board of directors assesses the performance of the operating segments based on a measure of Earning Before Interest, Tax, Depreciation and Amortisation, “EBITDA” and Earning Before Interest, Tax, Depreciation, Amortisation and Rent, “EBITDAR”. The Group calculates the EBITDA by deducting general administrative expenses and selling, marketing and distribution expenses and adding depreciation expenses, unused vacation liability paid in current period, employee termination benefit provision expense, unused vacation liability expense on gross profit amount in consolidated statements of income.

The segment information provided to the board of directors as of 30 June 2019 and 2018 is as follows:

**Segment analysis for the period 1 January - 30 June 2019**

	<b>Turkey</b>	<b>Other countries</b>	<b>Combined total</b>	<b>Intersegment eliminations</b>	<b>Total</b>
External Revenues	10.440.780	290.035	10.730.815	-	10.730.815
Inter segment revenues	2.667	-	2.667	( 2.667)	-
Sales revenue	10.443.447	290.035	10.733.482	( 2.667)	10.730.815
Cost of sales	( 7.601.493)	( 214.128)	( 7.815.621)	2.667	( 7.812.954)
Gross profit	2.841.954	75.907	2.917.861	-	2.917.861
Selling and marketing expenses	( 2.133.596)	( 49.920)	( 2.183.516)	-	( 2.183.516)
General administrative expenses	( 125.104)	( 20.197)	( 145.301)	-	( 145.301)
Addition: Depreciation and amortisation expenses	410.282	9.151	419.433	-	419.433
Addition: Provision for termination benefits	31.957	39	31.996	-	31.996
Addition: Termination benefits paid	18.836	-	18.836	-	18.836
Addition: Provision for Unused vacation	16.965	-	16.965	-	16.965
<b>EBITDA (Including the new and revised standards)</b>	<b>1.061.294</b>	<b>14.980</b>	<b>1.076.274</b>	<b>-</b>	<b>1.076.274</b>
The effect of new and revised standards (Note 2.2)	( 365.885)	-	( 365.885)	-	( 365.885)
<b>EBITDA</b>	<b>695.409</b>	<b>14.980</b>	<b>710.389</b>	<b>-</b>	<b>710.389</b>
Rent Expense	490.453	18.403	508.856	-	508.856
<b>EBITDAR</b>	<b>1.185.862</b>	<b>33.383</b>	<b>1.219.245</b>	<b>-</b>	<b>1.219.245</b>



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**NOTE 3 - SEGMENT REPORTING (Continued)**

**Segment analysis for the period 1 April - 30 June 2019**

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External Revenues	5.657.692	150.453	5.808.145	-	5.808.145
Inter segment revenues	1.379	-	1.379	( 1.379)	-
Sales revenue	5.659.071	150.453	5.809.524	( 1.379)	5.808.145
Cost of sales	( 4.135.746)	( 111.699)	( 4.247.445)	1.379	( 4.246.066)
Gross profit	1.523.325	38.754	1.562.079	-	1.562.079
Selling and marketing expenses	( 1.119.301)	( 26.222)	( 1.145.523)	-	( 1.145.523)
General administrative expenses	( 59.955)	( 9.552)	( 69.507)	-	( 69.507)
Addition: Depreciation and amortisation expenses	206.348	3.872	210.220	-	210.220
Addition: Provision for termination benefits	20.840	( 97)	20.743	-	20.743
Addition: Termination benefits paid	10.162	-	10.162	-	10.162
Addition: Provision for Unused vacation	( 1.555)	-	( 1.555)	-	( 1.555)
<b>EBITDA (Including the new and revised standards)</b>	<b>579.864</b>	<b>6.755</b>	<b>586.619</b>	<b>-</b>	<b>586.619</b>
The effect of new and revised standards (Note 2.2)	( 190.037)	-	( 190.037)	-	( 190.037)
<b>EBITDA</b>	<b>389.828</b>	<b>6.755</b>	<b>396.583</b>	<b>-</b>	<b>396.583</b>
Rent Expense	257.562	9.567	267.129	-	267.129
<b>EBITDAR</b>	<b>647.390</b>	<b>16.322</b>	<b>663.712</b>	<b>-</b>	<b>663.712</b>

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**NOTE 3 - SEGMENT REPORTING (Continued)**

**Segment analysis for the period 1 January - 30 June 2018**

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External Revenues	8.232.984	230.398	8.463.382	-	8.463.382
Inter segment revenues	2.021	-	2.021	( 2.021)	-
Sales revenue	8.235.005	230.398	8.465.403	( 2.021)	8.463.382
Cost of sales	( 6.126.235)	( 172.681)	( 6.298.916)	2.021	( 6.296.895)
Gross profit	2.108.770	57.717	2.166.487	-	2.166.487
Selling and marketing expenses	( 1.719.499)	( 45.047)	( 1.764.546)	-	( 1.764.546)
General administrative expenses	( 118.214)	( 10.799)	( 129.013)	-	( 129.013)
Addition: Depreciation and amortisation expenses	134.869	6.968	141.837	-	141.837
Addition: Provision for termination benefits	24.176	404	24.580	-	24.580
Addition: Termination benefits paid	16.626	-	16.626	-	16.626
Addition: Provision for Unused vacation	19.956	-	19.956	-	19.956
<b>EBITDA</b>	<b>466.684</b>	<b>9.243</b>	<b>475.927</b>	<b>-</b>	<b>475.927</b>
Rent Expense	396.226	14.142	410.368	-	410.368
<b>EBITDAR</b>	<b>862.910</b>	<b>23.385</b>	<b>886.295</b>	<b>-</b>	<b>886.295</b>

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**NOTE 3 - SEGMENT REPORTING (Continued)**

**Segment analysis for the period 1 April - 30 June 2018**

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External Revenues	4.401.799	121.447	4.523.246	-	4.523.246
Inter segment revenues	1.015	-	1.015	( 1.015)	-
Sales revenue	4.402.814	121.447	4.524.261	( 1.015)	4.523.246
Cost of sales	( 3.265.330)	( 90.942)	( 3.356.272)	1.015	( 3.355.257)
Gross profit	1.137.484	30.505	1.167.989	-	1.167.989
Selling and marketing expenses	( 913.965)	( 26.924)	( 940.889)	-	( 940.889)
General administrative expenses	( 60.816)	( 2.653)	( 63.469)	-	( 63.469)
Addition: Depreciation and amortisation expenses	68.486	3.767	72.253	-	72.253
Addition: Provision for termination benefits	14.740	34	14.774	-	14.774
Addition: Termination benefits paid	7.702	-	7.702	-	7.702
Addition: Provision for Unused vacation	11.785	-	11.785	-	11.785
<b>EBITDA</b>	<b>265.416</b>	<b>4.729</b>	<b>270.145</b>	<b>-</b>	<b>270.145</b>
Rent Expense	208.818	7.402	216.220	-	216.220
<b>EBITDAR</b>	<b>474.234</b>	<b>12.131</b>	<b>486.365</b>	<b>-</b>	<b>486.365</b>

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**NOTE 3 - SEGMENT REPORTING (Continued)**

A reconciliation of EBITDAR figure to income before tax is provided as follows:

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
EBITDAR reported segments	1.219.245	663.712	886.295	486.363
Rent expenses	( 508.856)	( 267.129)	( 410.368)	( 216.220)
The effect of new and revised standards (Note 2.2)	365.885	190.037	-	-
<b>EBITDA reported segments</b>	<b>1.076.274</b>	<b>586.619</b>	<b>475.927</b>	<b>270.143</b>
Depreciation and amortisation	( 419.433)	( 210.220)	( 141.837)	( 72.253)
Provision for employment termination benefits	( 31.996)	( 20.743)	( 24.580)	( 14.774)
Termination benefits paid	( 18.836)	( 10.162)	( 16.626)	( 7.702)
Provision for unused vacation liability	( 16.965)	1.555	( 19.956)	( 11.783)
Other operating income	183.467	96.569	79.388	42.682
Other operating expense (-)	( 423.445)	( 237.013)	( 233.677)	( 137.309)
<b>Operating profit</b>	<b>349.066</b>	<b>206.605</b>	<b>118.639</b>	<b>69.004</b>
Income from investing activities	15.119	13.763	4.272	4.029
Expense from investing activities (-)	( 6.630)	( 546)	( 4.072)	( 510)
<b>Operating profit before finance income</b>	<b>357.555</b>	<b>219.822</b>	<b>118.839</b>	<b>72.523</b>
Financial income	18.976	3.564	39.518	19.493
Financial expense (-)	( 761.419)	( 386.177)	( 671.106)	( 368.062)
<b>Income/(loss) before tax</b>	<b>( 384.888)</b>	<b>( 162.791)</b>	<b>( 512.749)</b>	<b>( 276.046)</b>

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**NOTE 4 - INVESTMENT PROPERTY**

	<b>1 January 2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>Cumulative translation differences</b>	<b>30 June 2019</b>
<b>Cost</b>					
Land and buildings	32.325	-	-	-	32.325
<b>Net book value</b>	<b>32.325</b>	-	-	-	<b>32.325</b>

	<b>1 January 2018</b>	<b>Additions</b>	<b>Transfers</b>	<b>Cumulative translation differences</b>	<b>30 June 2018</b>
<b>Cost</b>					
Land and buildings	342.731	6.145	6.110	14.447	369.433
<b>Net book value</b>	<b>342.731</b>				<b>369.433</b>

As of 31 December 2018, investment properties are measured at fair value determined by independent valuation experts, Nova Taşınmaz Değerleme A.Ş. Investment properties are presented with their fair value. As of 30 June 2019, the group management concluded that there is no significant difference between the fair value and cost of assets. Therefore no revaluation is performed as of 30 June 2019.

As of 30 June 2019, Investment properties of the Group consist of leased space to other retailers in Kipa Muğla Marmaris Shopping Mall in Turkey.

There is no mortgage or pledge on the investment properties of the Group as of 30 June 2019.

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**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT**

Movement of property, plant and equipments period ended at 30 June 2019 is as follows;

	<b>1 January 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Impairment loss (*)</b>	<b>Transfers</b>	<b>Cumulative translation differences</b>	<b>30 June 2019</b>
<b>Cost</b>							
Land	1.458.276	-	( 35.609)	-	-	3.082	1.425.749
Buildings	1.017.439	3.655	( 54.407)	-	155	11.369	978.211
Leasehold improvements	844.539	15.906	( 435)	( 13.384)	5.804	2.370	854.800
Machinery and equipments	1.168.600	27.199	( 9.474)	-	17.673	5.002	1.209.000
Motor vehicles	6.397	-	-	-	-	222	6.619
Furniture and fixtures	786.762	16.958	( 1.678)	-	6.532	4.530	813.104
Construction in progress	37.381	58.689	-	-	( 35.741)	1.213	61.542
	<b>5.319.394</b>	<b>122.407</b>	<b>( 101.603)</b>	<b>( 13.384)</b>	<b>( 5.577)</b>	<b>27.788</b>	<b>5.349.025</b>
<b>Accumulated depreciation</b>							
Buildings	-	( 15.686)	563	-	-	( 115)	( 15.238)
Leasehold improvementsc	( 404.733)	( 33.345)	130	11.102	-	( 1.436)	( 428.283)
Machinery and equipments	( 592.706)	( 48.422)	8.624	-	( 32)	( 3.758)	( 636.294)
Motor vehicles	( 1.439)	( 443)	-	-	-	( 120)	( 2.002)
Furniture and fixture	( 457.474)	( 23.824)	1.284	-	( 183)	( 3.326)	( 483.522)
	<b>( 1.456.352)</b>	<b>( 121.719)</b>	<b>10.601</b>	<b>11.102</b>	<b>( 214)</b>	<b>( 8.756)</b>	<b>( 1.565.339)</b>
<b>Net book value</b>	<b>3.863.042</b>		<b>( 91.002)</b>	<b>( 2.283)</b>	<b>( 5.791)</b>	<b>19.033</b>	<b>3.783.686</b>

(\*) Impairment loss amounting to TRL 2,283 consists of leasehold improvements of the stores closed in 2019 (Note:15).

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**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

Movement of property, plant and equipments period ended at 30 June 2018 is as follows;

	<b>1 January 2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>Impairment loss (*)</b>	<b>Transfers</b>	<b>Cumulative translation differences</b>	<b>30 June 2018</b>
<b>Cost</b>							
Land	1.454.789	-	-	-	-	-	1.454.789
Buildings	1.016.356	1.110	-	-	1.422	11.276	1.030.164
Leasehold improvements	772.842	18.419	( 112)	( 4.346)	7.313	2.794	796.910
Machinery and equipments	1.019.860	29.361	( 12.140)	-	39.843	6.861	1.083.785
Motor vehicles	9.848	231	( 6.069)	-	-	353	4.363
Furniture and fixtures	710.387	17.050	( 8.928)	-	11.951	6.457	736.917
Construction in progress	33.511	136.053	( 769)	-	( 71.669)	1.286	98.412
	<b>5.017.593</b>	<b>202.224</b>	<b>( 28.018)</b>	<b>( 4.346)</b>	<b>( 11.140)</b>	<b>29.027</b>	<b>5.205.340</b>
<b>Accumulated depreciation</b>							
Buildings	-	( 13.794)	-	-	-	( 4.820)	( 18.614)
Leasehold improvementsc	( 341.343)	( 33.106)	110	2.846	-	( 1.836)	( 373.329)
Machinery and equipments	( 516.094)	( 44.538)	9.481	-	( 52)	( 5.042)	( 556.245)
Motor vehicles	( 6.237)	( 358)	5.904	-	-	( 151)	( 842)
Furniture and fixture	( 413.631)	( 24.964)	7.565	-	( 193)	( 4.447)	( 435.670)
	<b>( 1.277.305)</b>	<b>( 116.760)</b>	<b>23.060</b>	<b>2.846</b>	<b>( 245)</b>	<b>( 16.296)</b>	<b>( 1.384.700)</b>
<b>Net book value</b>	<b>3.740.288</b>		<b>( 4.958)</b>	<b>( 1.500)</b>	<b>( 11.385)</b>	<b>12.731</b>	<b>3.820.640</b>

(\*) Impairment loss amounting to TRL 1,500 consists of leasehold improvements of the stores closed in 2018 (Note:15).  
There are no mortgages on property, plant and equipment as of June 30, 2019 and 2018. Depreciation expenses of the property, plant and equipment have been accounted under marketing expenses.

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**NOTE 6 - INTANGIBLE ASSETS**

Movement of intangible assets period ended at 30 June 2019 and 2018 is as follows;

	<b>1 January</b>			<b>Cumulative</b>	<b>30 June</b>
	<b>2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>translation</b>	<b>2019</b>
				<b>differences</b>	
<b>Cost</b>					
Trademark	2.787	-	-	-	2.787
Rent agreements	39.131	-	-	-	39.131
Rights	373.595	7.605	-	-	381.200
Other intangible assets	163.627	-	5.791	1.243	170.661
	<b>579.140</b>	<b>7.605</b>	<b>5.791</b>	<b>1.243</b>	<b>593.779</b>
<b>Accumulated amortisation</b>					
Rent agreements	( 34.355)	( 524)	-	-	( 34.879)
Rights	( 234.169)	( 22.434)	-	-	( 256.603)
Other intangible assets	( 84.366)	( 9.790)	-	( 943)	( 95.099)
	<b>( 352.890)</b>	<b>( 32.748)</b>	<b>-</b>	<b>( 943)</b>	<b>( 386.581)</b>
<b>Net book value</b>	<b>226.250</b>				<b>207.198</b>
	<b>1 January</b>			<b>Cumulative</b>	<b>30 June</b>
	<b>2018</b>	<b>Additions</b>	<b>Transfers</b>	<b>translation</b>	<b>2018</b>
				<b>differences</b>	
<b>Cost</b>					
Trademark	17.229	-	-	-	17.229
Rent agreements	39.131	-	-	-	39.131
Rights	303.116	30.342	5.275	1.595	340.328
Other intangible assets	93.239	32.406	-	-	125.645
	<b>452.715</b>	<b>62.748</b>	<b>5.275</b>	<b>1.595</b>	<b>522.333</b>
<b>Accumulated amortisation</b>					
Rent agreements	( 31.743)	( 213)	-	-	( 31.956)
Rights	( 187.242)	( 21.212)	-	( 1.113)	( 209.567)
Other intangible assets	( 73.043)	( 3.652)	-	-	( 76.695)
	<b>( 292.028)</b>	<b>( 25.077)</b>	<b>-</b>	<b>( 1.113)</b>	<b>( 318.218)</b>
<b>Net book value</b>	<b>160.687</b>				<b>204.115</b>

Depreciation expenses of the intangible assets have been accounted under marketing expenses.



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**NOTE 7 RIGHT OF USE ASSET**

	<b>1 January 2019</b>	<b>The effect of changes in accounting policy (Note 2.2)</b>	<b>Additions</b>	<b>Impairment Disposals</b>	<b>30 June 2019</b>
<b>Cost</b>					
Buildings	-	2.964.373	245.260	( 14.070)	3.195.563
	-	<b>2.964.373</b>	<b>245.260</b>	<b>( 14.070)</b>	<b>3.195.563</b>
<b>Accumulated depreciation</b>					
Buildings	-	-	( 264.966)	-	( 264.966)
	-	-	<b>( 264.966)</b>	-	<b>( 264.966)</b>
<b>Net book value</b>	-	<b>2.964.373</b>	<b>( 19.706)</b>	<b>( 14.070)</b>	<b>2.930.597</b>

**NOTE 8 - INVENTORIES**

	<b>30 June 2019</b>	<b>31 December 2018</b>
Raw materials	28.593	13.640
Work in progress	27.163	47.466
Merchandise stocks	2.503.721	2.207.748
Other	3.184	3.401
Less: Provision for net realizable value	( 35.877)	( 23.203)
	<b>2.526.785</b>	<b>2.249.052</b>

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**NOTE 9 - FINANCIAL LIABILITIES**

	<b>30 June 2019</b>		
	<b>Effective interest rate (%)</b>	<b>In original currency</b>	<b>Total TRL equivalent</b>
<b>Short term borrowings</b>			
With fixed interest rate - TRL	31,73	402.970	402.970
<b>Total short term borrowings</b>			<b>402.970</b>
<b>Current portion of long term borrowings</b>			
With floating interest rate - EUR	5,26	79.895	523.371
With fixed interest rate - TRL	20,29	190.213	190.213
With floating interest rate - TRL	29,90	78.051	78.051
With fixed interest rate - Tenge	11,31	642.712	9.720
<b>Total current portion of long term borrowings</b>			<b>801.355</b>
<b>Total current bank borrowings</b>			<b>1.204.325</b>
<b>Non-current bank borrowings</b>			
With floating interest rate - EUR	5,26	437.350	2.864.946
With fixed interest rate - TRL	20,29	441.975	441.974
With floating interest rate - TRL	29,90	335.009	335.009
With fixed interest rate - Tenge	11,31	3.193.096	48.293
<b>Total non-current bank borrowings</b>			<b>3.690.222</b>
<b>Total financial liabilities</b>			<b>4.894.546</b>

The redemption schedule of bank borrowings with effective interest rate at 30 June 2019 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total TRL equivalent</b>
1 July 2019 - 30 June 2020	9.720	523.371	671.234	1.204.325
1 July 2020 - 30 June 2021	17.813	879.052	403.256	1.300.121
1 July 2021 - 30 June 2022	18.180	945.165	174.015	1.137.360
1 July 2022 - 30 June 2023	11.005	1.040.728	132.138	1.183.871
1 July 2023 - 18 January 2024	1.295	-	67.574	68.869
	<b>58.013</b>	<b>3.388.316</b>	<b>1.448.217</b>	<b>4.894.546</b>

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**NOTE 9 - FINANCIAL LIABILITIES (Continued)**

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 30 June 2019 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total (TRL equivalent)</b>
1 July 2019 - 30 June 2020	15.616	532.871	640.726	1.189.213
1 July 2020 - 30 June 2021	22.582	950.908	665.959	1.639.450
1 July 2021 - 30 June 2022	20.886	1.078.986	353.876	1.453.749
1 July 2022 - 30 June 2023	11.744	1.254.361	277.474	1.543.579
1 July 2023 - 18 January 2024	1.331	-	192.205	193.536
	<b>72.160</b>	<b>3.817.126</b>	<b>2.130.240</b>	<b>6.019.526</b>

The fair value of bank borrowings at 30 June 2019 is TRL 4.907.870.

The redemption schedule of principal amounts of bank borrowings at 30 June 2019 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total (TRL equivalent)</b>
1 July 2019 - 30 June 2020	9.261	375.296	440.969	825.526
1 July 2020 - 30 June 2021	17.813	815.757	399.521	1.233.091
1 July 2021 - 30 June 2022	18.180	984.514	193.256	1.195.950
1 July 2022 - 30 June 2023	11.005	1.209.556	190.980	1.411.541
1 July 2023 - 18 January 2024	1.295	-	148.080	149.375
	<b>57.554</b>	<b>3.385.123</b>	<b>1.372.806</b>	<b>4.815.483</b>

The Group has obligation to meet various financial covenants according to loan agreement related to bank borrowings. As of 30 June 2019 the Group has met defined financial covenants requirements.

The movement schedule of borrowings as of 30 June 2019 is as follows;

	<b>1 January- 30 June 2019</b>	<b>1 January- 30 June 2018</b>
<b>Beginning balance</b>	<b>4.570.097</b>	<b>3.912.474</b>
Proceeds of borrowings	570.200	101.268
Payments	( 568.429)	( 427.340)
Foreign exchange losses	272.308	502.006
Interest accrual	50.370	( 10.372)
<b>Closing</b>	<b>4.894.546</b>	<b>4.078.036</b>

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**NOTE 9 - FINANCIAL LIABILITIES (Continued)**

	<b>31 December 2018</b>		
	<b>Effective interest rate (%)</b>	<b>In original currency</b>	<b>Total TRL equivalent</b>
<b>Short term borrowings</b>			
With fixed interest rate - TRL	26,88	394.228	394.228
With fixed interest rate - EUR	4,85	21.269	128.207
<b>Total short term borrowings</b>			<b>522.435</b>
<b>Current portion of long term borrowings</b>			
With floating interest rate - EUR	5,26	98.867	595.971
With fixed interest rate - TRL	13,97	53.906	53.906
With floating interest rate - TRL	34,22	53.577	53.577
With fixed interest rate - Tenge	11,31	233.765	3.201
<b>Total current portion of long term borrowings</b>			<b>706.655</b>
<b>Total current bank borrowings</b>			<b>1.229.090</b>
<b>Non-current bank borrowings</b>			
With floating interest rate - EUR	5,26	490.500	2.956.734
With fixed interest rate - TRL	13,97	179.137	179.137
With floating interest rate - TRL	34,22	155.804	155.804
With fixed interest rate - Tenge	11,31	3.602.698	49.332
<b>Total non-current bank borrowings</b>			<b>3.341.007</b>
<b>Total financial liabilities</b>			<b>4.570.097</b>

The redemption schedule of bank borrowings with effective interest rate at 31 December 2018 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total (TRL equivalent)</b>
1 January 2019- 31 December 2019	3.201	724.178	501.711	1.229.090
1 January 2020- 31 December 2020	13.631	778.331	169.685	961.647
1 January 2021- 31 December 2021	16.290	819.909	95.050	931.249
1 January 2022- 31 December 2022	15.894	871.626	46.973	934.493
1 January 2023 - 12 September 2023	3.517	486.868	23.233	513.618
	<b>52.533</b>	<b>3.680.912</b>	<b>836.652</b>	<b>4.570.097</b>

The fair value of bank borrowings at 31 December 2018 is TRL 4.442.623.

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**NOTE 9 - FINANCIAL LIABILITIES (Continued)**

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 31 December 2018 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total (TRL equivalent)</b>
1 January 2019- 31 December 2019	8.755	740.127	491.639	1.240.521
1 January 2020- 31 December 2020	18.783	840.749	250.583	1.110.115
1 January 2021- 31 December 2021	19.676	934.841	195.868	1.150.385
1 January 2022- 31 December 2022	17.385	1.048.711	75.243	1.141.339
1 January 2023 - 12 September 2023	3.713	609.393	41.197	654.303
	<b>68.312</b>	<b>4.173.821</b>	<b>1.054.530</b>	<b>5.296.663</b>

The redemption schedule of principal amounts of bank borrowings at 31 December 2018 is as follows:

	<b>Tenge loan TRL equivalent</b>	<b>Euro loan TRL equivalent</b>	<b>TRL loan</b>	<b>Total (TRL equivalent)</b>
1 January 2019-31 December 2019	2.776	569.455	412.854	985.085
1 January 2020- 31 December 2020	13.631	698.872	166.532	879.035
1 January 2021- 31 December 2021	16.290	828.333	128.967	973.590
1 January 2022- 31 December 2022	15.894	983.625	64.084	1.063.603
1 January 2023 - 12 September 2023	3.517	595.333	38.786	637.636
	<b>52.108</b>	<b>3.675.618</b>	<b>811.223</b>	<b>4.538.949</b>

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**NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

<b>Short-term provisions</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Provision for litigation	80.214	82.496
Provisions for customer loyalty programs	2.794	1.492
Other	1.803	628
	<b>84.811</b>	<b>84.616</b>

There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour disputes constitute the majority of these lawsuits. The Group management estimates the outcomes of these lawsuits and estimates their financial impact according to which the necessary provisions are accounted.

Movement of provision for lawsuits is as follows:

	<b>1 January - 30 June 2019</b>	<b>1 January - 31 June 2018</b>
<b>Beginning balance</b>	82.496	61.594
Increase during period	8.611	14.047
Payments during period	(10.893)	(7.071)
<b>Ending balance</b>	<b>80.214</b>	<b>68.570</b>

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**NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND  
LIABILITIES (Continued)**

**Collaterals, Pledges, Mortgages**

**30 June 2019:**

	<b>TL equivalent</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>
A. CPM given on behalf of the Company's legal personality	175.667	167.767	1.373	-
B. CPM given on behalf of fully consolidated subsidiaries	48.292	-	8.391	-
<b>Total collaterals, pledges and mortgages</b>	<b>223.959</b>	<b>167.767</b>	<b>9.764</b>	<b>-</b>
<b>Proportion of the other CPM's to equity (%)</b>	-			

**31 December 2018:**

	<b>TL equivalent</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>
A. CPM given on behalf of the Company's legal personality	178.347	168.898	1.796	-
B. CPM given on behalf of fully consolidated subsidiaries	49.332	-	9.377	-
<b>Total collaterals, pledges and mortgages</b>	<b>227.679</b>	<b>168.898</b>	<b>11.173</b>	<b>-</b>
<b>Proportion of the other CPM's to equity (%)</b>	-			

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**NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND  
LIABILITIES (Continued)**

**Contingent assets and liabilities**

Guarantees given at 30 June 2019 and 31 December 2018 are as follows:

	<b>30 June 2019</b>	<b>31 December 2018</b>
Letter of guarantees given	223.959	227.679
	<b>223.959</b>	<b>227.679</b>

Guarantees received at 30 June 2019 and 31 December 2018 are as follows:

	<b>30 June 2019</b>	<b>31 December 2018</b>
Guarantees obtained from customers	171.718	142.094
Mortgages obtained from customers	73.677	11.936
	<b>245.395</b>	<b>154.030</b>

**NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS**

	<b>30 June 2019</b>	<b>31 December 2018</b>
Provision for employee termination benefits	177.473	145.477
Provision for unused vacation	139.814	122.848
	<b>317.287</b>	<b>268.325</b>



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**NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS (Continued)**

Movement of unused vacation provision at 30 June 2019 and 30 June 2018 is as follows:

	<b>2019</b>	<b>2018</b>
<b>Beginning balance</b>	<b>122.848</b>	<b>110.855</b>
Increase during period	24.199	24.438
Recovered during period	( 7.233)	( 4.483)
<b>Ending balance</b>	<b>139.814</b>	<b>130.810</b>

Movements in the provision for employee termination benefits are as follows:

	<b>2019</b>	<b>2018</b>
<b>Beginning balance</b>	<b>145.477</b>	<b>117.753</b>
Increase during period	50.832	41.206
Payments during period	( 18.836)	( 16.626)
<b>Ending balance</b>	<b>177.473</b>	<b>142.333</b>

**Provision for employee termination benefits**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age, whose employment is terminated without due cause, is enlisted for military service or passed away. The termination benefit to be paid is one month wage per a service year up to the maximum employment termination benefit limit.

In the condensed consolidated financial statements as of 30 June 2019 and consolidated financial statements as of 31 December 2018, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRL 6.379,89 effective from 1 July 2019 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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**NOTE 12 - REVENUE**

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Domestic sales	10.666.348	5.787.196	8.463.265	4.531.214
Foreign sales	288.099	149.361	228.934	120.391
Other sales	16.108	9.051	8.422	5.191
<b>Gross sales</b>	<b>10.970.555</b>	<b>5.945.608</b>	<b>8.700.621</b>	<b>4.656.796</b>
Discounts and returns (-)	( 239.740)	( 137.463)	( 237.239)	( 133.550)
<b>Sales revenue, net</b>	<b>10.730.815</b>	<b>5.808.145</b>	<b>8.463.382</b>	<b>4.523.246</b>
Cost of sales	( 7.812.954)	( 4.246.066)	( 6.296.894)	( 3.355.256)
<b>Gross profit</b>	<b>2.917.861</b>	<b>1.562.079</b>	<b>2.166.488</b>	<b>1.167.990</b>

Details of domestic and foreign sales before other sales, discounts and returns are as follows:

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Retail sales revenue	10.459.889	5.663.769	8.343.904	4.458.283
Wholesale revenue	374.799	212.035	241.566	138.973
Rent income	119.760	60.752	106.729	54.349
	<b>10.954.447</b>	<b>5.936.557</b>	<b>8.692.199</b>	<b>4.651.605</b>

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**NOTE 13 - EXPENSE BY NATURE**

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
<b>Total</b>				
Staff costs	1.128.695	589.631	904.782	480.878
Depreciation and amortisation	419.433	210.220	141.837	72.252
Rent and common area	208.626	113.120	433.494	228.662
Energy	162.314	87.616	103.508	57.611
Porterage and cleaning	77.847	40.947	57.881	30.341
Advertising	58.867	28.152	58.849	32.347
Mechanisation	46.634	27.247	24.807	11.357
Repair and maintenance	36.679	20.861	31.581	17.962
Security	27.386	13.582	21.970	11.257
Taxes and other fees	13.205	5.760	11.892	6.110
Communication	7.932	3.831	7.262	3.593
Other	141.199	74.063	95.696	51.988
	<b>2.328.817</b>	<b>1.215.030</b>	<b>1.893.559</b>	<b>1.004.358</b>

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
<b>Marketing expenses</b>				
Staff costs	1.016.017	537.469	802.541	430.529
Depreciation and amortisation	419.433	210.220	141.837	72.252
Rent and common area	208.115	112.884	433.165	228.496
Energy	160.662	86.672	102.568	57.066
Porterage and cleaning	75.680	39.827	56.114	29.467
Advertising	58.842	28.134	58.814	32.319
Mechanisation	42.124	24.723	20.610	9.791
Repair and maintenance	35.754	20.420	30.869	17.564
Security	26.307	13.096	20.970	10.760
Taxes and other fees	12.401	5.206	10.990	5.648
Communication	6.787	3.228	6.297	3.081
Other	121.394	63.644	79.771	43.916
	<b>2.183.516</b>	<b>1.145.523</b>	<b>1.764.546</b>	<b>940.889</b>

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**NOTE 13 - EXPENSE BY NATURE (Continued)**

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
<b>General administrative expenses</b>				
Staff costs	112.678	52.162	102.241	50.349
Mechanisation	4.510	2.524	4.197	1.566
Porterage and cleaning	2.167	1.120	1.767	874
Energy	1.652	944	940	545
Communication	1.145	603	965	512
Security	1.079	486	1.000	497
Repair and maintenance	925	441	712	398
Taxes and other fees	804	554	902	462
Rent and common area	511	236	329	166
Advertising	25	18	35	28
Other	19.805	10.419	15.925	8.072
	<b>145.301</b>	<b>69.507</b>	<b>129.013</b>	<b>63.469</b>

Expenses by nature in cost of sales for the periods 1 January - 30 June 2019 and 2018 are as follows:

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Cost of goods sold	(7.789.934)	(4.229.491)	(6.272.580)	(3.343.368)
Cost of service rendered	(23.020)	(16.575)	(24.315)	(11.889)
	<b>( 7.812.954)</b>	<b>( 4.246.066)</b>	<b>( 6.296.895)</b>	<b>( 3.355.257)</b>

Cost of trade goods include discounts, incentives and volume rebates obtained from suppliers. Service costs are formed of energy, advertising, cleaning, security and administrative expenses incurred in the Group’s shopping malls.

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**NOTE 14 - OTHER OPERATING INCOME AND EXPENSES**

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
<b>Other operating income</b>				
Interest income on term sales	104.517	59.972	49.035	28.023
Interest income from operating	35.098	23.347	23.357	11.873
Other	43.852	13.250	6.997	2.786
	<b>183.467</b>	<b>96.569</b>	<b>79.388</b>	<b>42.682</b>

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
<b>Other operating expenses</b>				
Interest expense on term purchases	(389.047)	(222.917)	(205.307)	(125.457)
Litigation provision	(16.340)	(4.788)	(14.047)	(5.275)
Bad debt provision expense	(7.636)	(3.602)	(2.373)	(862)
Other	(10.422)	(5.707)	(11.949)	(5.715)
	<b>(423.445)</b>	<b>(237.013)</b>	<b>(233.677)</b>	<b>(137.309)</b>

**NOTE 15 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
<b>Income from investing activities</b>				
Gain on sale of property, plant and equipment	15.119	13.763	4.272	4.029
	<b>15.119</b>	<b>13.763</b>	<b>4.272</b>	<b>4.029</b>

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
<b>Expense from investing activities</b>				
Gain on sale of property, plant and equipment	(4.347)	570	(2.572)	-
Losses from leasehold improvements of closed stores (Note 5)	(2.283)	(1.116)	(1.500)	(510)
	<b>(6.630)</b>	<b>(546)</b>	<b>(4.072)</b>	<b>(510)</b>

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**NOTE 16 - FINANCIAL INCOME**

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Foreign exchange gains	13.266	1.393	37.277	18.368
Interest income on bank deposits	5.710	2.171	2.241	1.125
	<b>18.976</b>	<b>3.564</b>	<b>39.518</b>	<b>19.493</b>

**NOTE 17 - FINANCIAL EXPENSES**

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Foreign exchange losses	(264.889)	(113.663)	(501.538)	(278.723)
Interest expense on bank borrowings	(251.655)	(139.863)	(145.896)	(76.271)
Financial expense on derivatives	(2.960)	(9.496)	(12)	-
Interest expense on leasings	(218.192)	(112.463)	-	-
Other	(23.723)	(10.692)	(23.660)	(13.068)
	<b>(761.419)</b>	<b>(386.177)</b>	<b>(671.106)</b>	<b>(368.062)</b>

**NOTE 18 - TAX ASSETS AND LIABILITIES**

	<b>30 June 2019</b>	<b>31 December 2018</b>
Corporate and income taxes payable	1.329	97.979
Less: Prepaid current income taxes	(8.963)	(52.846)
Deducted from carry forward tax losses	-	(94.610)
<b>Taxes on income</b>	<b>(7.634)</b>	<b>(49.477)</b>
	<b>30 June 2019</b>	<b>31 December 2018</b>
Deferred tax assets	178.973	163.088
Deferred tax liabilities	(171.583)	(161.323)
<b>Deferred tax (liabilities)/assets, net</b>	<b>7.390</b>	<b>1.765</b>

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**NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)**

**General Information**

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

In Turkey, corporate tax rate is 22% (December 31, 2018 - 22%). In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 30 June 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

The Group calculates deferred income tax assets and liabilities based on the temporary difference between the financial statements prepared in accordance with TFRS and the financial statements prepared in accordance with TFRS. Future periods to deferred tax assets and liabilities are calculated based on the liability method on temporary differences for the rates used as of June 30, 2019 for Turkey, Kazakhstan, Bulgaria and Macedonia 22% - 20%, 20%, 10% and 10% (2018: 22% , 20%, 20% and 10%).

The details of taxation on income for the periods ended 30 June 2019 and 2018 are as follows:

	<b>1 January- 30 June 2019</b>	<b>1 January- 30 June 2018</b>
Current period tax expense	( 1.239)	( 37.868)
Deferred tax income	4.841	11.058
<b>Current period tax amount</b>	<b>3.602</b>	<b>( 26.810)</b>

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**NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)**

**Deferred income tax**

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 June 2019 and 31 December 2018 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>Deferred tax assets:</b>				
Short term provisions	220.029	205.344	47.692	43.475
Inventories	172.448	148.589	37.939	32.690
Provision for employee termination benefits	177.473	145.477	35.445	29.050
Unincurred interest income	3.143	1.800	692	396
Carry forward tax losses	115.151	144.289	25.333	31.744
Fair value change of derivative financial instruments	29.318	71.895	6.450	15.817
The effect of new and revised standards	101.201	-	22.264	-
Other	10.888	45.602	3.159	9.917
<b>Deferred tax assets</b>	<b>829.652</b>	<b>762.996</b>	<b>178.973</b>	<b>163.088</b>
<b>Deferred tax liabilities:</b>				
Property, plant and equipment, intangible assets and investment properties	(1.002.285)	(1.269.150)	(140.084)	(140.243)
Unincurred interest expense	(139.922)	(92.559)	(30.783)	(20.363)
Other	(3.255)	(3.581)	(716)	(717)
<b>Deferred tax liabilities</b>	<b>(1.145.462)</b>	<b>(1.365.290)</b>	<b>(171.583)</b>	<b>(161.323)</b>
<b>Total deferred tax liability, net</b>	<b>(315.810)</b>	<b>(602.294)</b>	<b>7.390</b>	<b>1.765</b>

	1 January- 30 June 2019	1 January- 30 June 2018
<b>Beginning balance</b>	1.765	(255.963)
Deferred tax expense from continuing operations	4.841	11.058
Cumulative translation difference	784	( 326)
<b>Ending balance</b>	<b>7.390</b>	<b>(245.231)</b>



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**NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

The shareholders of the Company and their shareholdings stated at historical amounts at 30 June 2019 and 31 December 2018 are stated below:

	<b>30 June 2019</b>		<b>31 December 2018</b>	
	<b>TL</b>	<b>Share (%)</b>	<b>TL</b>	<b>Share (%)</b>
MH Perakendecilik ve Ticaret A.Ş.	89.046	49,18	89.046	49,18
Moonlight Capital S.A.	14.371	7,94	14.371	7,94
Kenan Investments S.A.	26.937	14,88	26.937	14,88
Migros Ticaret A.Ş.	2.962	1,64	2.962	1,64
Other	47.738	26,37	47.738	26,37
<b>Total</b>	<b>181.054</b>	<b>100,00</b>	<b>181.054</b>	<b>100,00</b>
<b>Treasury shares (-)</b>	<b>(125.435)</b>		<b>(125.435)</b>	

In the utilisation process of separation funds for Kipa shareholders due to the merger, Migros shares with a total nominal value of TL 2.962, corresponding to Kipa shares with a total nominal value of TL 48.998 which were converted to Migros shares due to the merger were purchased by Migros with a total amount of TL 125.435 within the scope of separation funds.

**Reserves**

The legal reserves consist of first and second legal reserves in accordance with the TCC. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company’s restated share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s restated share capital.

**NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

**a) Balances with related parties**

<b>Due from related parties</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Anadolu Restoran İşl. Ltd. Şti.	67	15
Anadolu Isuzu Otomotiv Sanayi ve Tic.	47	368
Anadolu Motor Üretim ve Pazarlama A.Ş.	6	58
Other	151	305
	<b>271</b>	<b>746</b>

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**NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

<b>Due to related parties</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Coca Cola Satış ve Dağıtım A.Ş.	116.868	65.891
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	134.038	111.676
Adel Kalemcilik Ticaret ve San. A.Ş.	8.916	14.129
AEH Sigorta Acenteliği A.Ş.	561	15.868
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	3.070	6.174
Other	883	72
	<b>264.335</b>	<b>213.810</b>

**b) Transactions with related parties**

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
<b>Inventory purchases</b>				
Coca Cola Satış ve Dağıtım A.Ş.	142.691	76.707	109.339	56.995
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	217.033	121.636	131.195	79.374
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	-	-	-	-
Adel Kalemcilik Ticaret ve San. A.Ş.	15.634	7.156	23.297	10.167
	<b>375.893</b>	<b>205.799</b>	<b>269.832</b>	<b>147.903</b>
<b>Other transactions</b>				
Rent revenue	714	414	710	391
Rent expenses	( 8.391)	( 4.756)	( 4.895)	( 2.631)
Other income	386	222	166	91
Other expenses	( 40)	( 18)	( 17)	( 10)
<b>Other transactions, net</b>	<b>( 7.331)</b>	<b>( 4.138)</b>	<b>( 4.036)</b>	<b>( 2.159)</b>

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**NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

**c) Key management compensation**

The Group has determined key management personnel as chairman, members of Board of Directors, general manager and vice general managers.

Total compensation provided to key management personnel by Group for the period ended 30 June 2019 and 2018 is as follows:

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Short term benefits	21.970	10.081	14.897	7.374
	<b>21.970</b>	<b>10.081</b>	<b>14.897</b>	<b>7.374</b>

Key management compensation paid or payable consists of benefits, salaries, premiums, individual pension premiums, vehicle rents and SSI and employer shares.

**NOTE 21 - EARNINGS/(LOSSES) PER SHARE**

Basic earnings / (losses) per share is calculated by dividing net income / (loss) for the period by the weighted average number of ordinary shares outstanding during the related period.

	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>	<b>1 January - 30 June 2018</b>	<b>1 April - 30 June 2018</b>
Net profit/(loss) attributable to shareholders	( 381.359)	( 150.505)	( 536.266)	( 292.599)
Weighted average number of shares TL 1 face value each	18.105.433	18.105.433	18.105.433	18.105.433
<b>Earnings per share</b>	<b>( 2,11)</b>	<b>( 0,83)</b>	<b>( 2,96)</b>	<b>( 1,62)</b>

There is no difference between basic and diluted earnings per share for any of the periods.

**NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION**

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. At 30 June 2019, if Euro had appreciated against TRL by 20% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been less in the amount of TRL 621.821.

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NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	2019				31 December 2018			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Monetary financial assets	312.793	387	47.274	888	306.364	752	49.993	1.048
Trade receivables	-	-	-	-	-	-	-	-
Other	1.698	295	-	-	1.720	327	-	-
<b>Current assets</b>	<b>314.492</b>	<b>682</b>	<b>47.274</b>	<b>888</b>	<b>308.084</b>	<b>1.079</b>	<b>49.993</b>	<b>1.048</b>
<b>Total assets</b>	<b>314.492</b>	<b>682</b>	<b>47.274</b>	<b>888</b>	<b>308.084</b>	<b>1.079</b>	<b>49.993</b>	<b>1.048</b>
Financial liabilities	523.709	-	79.895	-	724.178	-	120.136	-
Non-monetary other liabilities	-	-	-	-	-	-	-	-
<b>Current liabilities</b>	<b>523.709</b>	<b>-</b>	<b>79.895</b>	<b>-</b>	<b>724.178</b>	<b>-</b>	<b>120.136</b>	<b>-</b>
Financial liabilities	2.895.075	-	441.974	-	2.956.734	-	490.500	-
Non-monetary other liabilities	6.359	74	906	-	6.084	81	938	-
<b>Non-current liabilities</b>	<b>2.901.434</b>	<b>74</b>	<b>442.880</b>	<b>-</b>	<b>2.962.818</b>	<b>81</b>	<b>491.438</b>	<b>-</b>
<b>Total liabilities</b>	<b>3.425.142</b>	<b>74</b>	<b>522.801</b>	<b>-</b>	<b>3.686.996</b>	<b>81</b>	<b>611.574</b>	<b>-</b>

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NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	2019				31 December 2018			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Net asset/(liability) position of								
off-balance sheet derivatives (A-B)	-	-	-	-	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-
<b>Net foreign asset/(liability) position</b>	<b>( 3.110.651)</b>	<b>608</b>	<b>( 475.528)</b>	<b>888</b>	<b>( 3.378.912)</b>	<b>998</b>	<b>( 561.581)</b>	<b>1.048</b>
<b>Net foreign asset/(liability) position of monetary items</b>	<b>( 3.105.990)</b>	<b>387</b>	<b>( 474.595)</b>	<b>888</b>	<b>( 3.374.548)</b>	<b>752</b>	<b>( 560.643)</b>	<b>1.048</b>
Fair value hedge funds of								
foreign currency	( 23.255)	-	-	-	( 67.505)	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	( 65.507)	-	( 10.000)	-	( 241.120)	-	( 40.000)	-
Export	-	-	-	-	-	-	-	-
Import	88.245	15.333	-	-	168.013	31.936	-	-

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**NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)**

Foreign currency sensitivity analysis as of 30 June 2019 and 31 December 2018 is as follows:

**30 June 2019**

	<u>Gain/Loss</u>	
	<b>Foreign exhcange appreciation</b>	<b>Foreign exhcange depreciation</b>
%20 change in Euro exchange rate		
Euro net asset/liability	( 621.821)	621.821
<b>Euro net effect</b>	<b>( 621.821)</b>	<b>621.821</b>

**31 December 2018**

	<u>Gain/Loss</u>	
	<b>Foreign exhcange appreciation</b>	<b>Foreign exhcange depreciation</b>
%20 change in Euro exchange rate		
Euro net asset/liability	( 677.042)	677.042
<b>Euro net effect</b>	<b>( 677.042)</b>	<b>677.042</b>

**NOTE 23 - FINANCIAL INSTRUMENTS**

**Fair value estimation**

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.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

**NOTE 24 - SUBSEQUENT EVENTS**

On 18 July 2019, the Group made an early payment of the principal installments amounting to 57.291 Euro in November 2019 and May 2020.