MİGROS TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018 TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

pwc

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the General Assembly of Migros Ticaret A.Ş.

Introduction

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

Scope of review

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

Conclusion

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

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Burak Özpoyraz, SMMM
Partner

Istanbul, 9 August 2018

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

MİGROS TİCARET A.Ş.
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 2018 AND 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	30 June 2018	31 December 2017
ASSETS			
Current Assets:			
Cash and cash equivalents		1.344.521	1.617.380
Financial investments		14.834	10.596
Trade receivables			
Trade receivables from related parties	19	565	713
Trade receivables from third parties		124.886	96.197
Other receivables from third parties		45.239	42.512
Inventories	7	2.036.274	1.908.246
Prepaid expenses		49.480	50.673
Other current assets		7.215	5.890
Subtotal		**3.623.014**	**3.732.207**
Assets classified as held for sale		-	44.068
Total current assets		**3.623.014**	**3.776.275**
Non-current assets:			
Financial investments		1.165	1.165
Other receivables from third parties		4.258	3.596
Derivative instruments		-	10
Investment properties	4	369.433	342.731
Property, plant and equipment	5	3.820.640	3.740.288
Intangible assets			
Goodwill		2.252.992	2.252.992
Other intangible assets	6	204.115	160.687
Prepaid expenses		32.133	24.931
Total non-current assets		**6.684.736**	**6.526.400**
Total assets		**10.307.750**	**10.302.675**

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

MİGROS TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2018 AND 31 DECEMBER 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	30 June 2018	31 December 2017
LIABILITIES			
Current liabilities:			
Short term borrowings	8	681.907	569.319
Short term portion of long term borrowings	8	286.011	468.718
Trade payables			
Trade payables to related parties	19	198.953	182.490
Trade payables to third parties		4.109.666	3.771.651
Employee benefits payables		132.140	136.212
Other payables to third parties		89.063	135.349
Deferred income		55.294	47.670
Taxes on income	17	15.832	25.850
Short term provisions			
Short term provisions for employee benefits	10	130.811	110.855
Other short term provisions	9	71.083	63.144
Other current liabilities		7.554	4.838
Total current liabilities		**5.778.314**	**5.516.096**
Non-current liabilities:			
Long term borrowings	8	3.110.118	2.874.437
Other payables to third parties		11.127	8.778
Deferred income		1.604	2.500
Long term provisions			
Long term provisions for employee benefits	10	142.333	117.753
Deferred tax liabilities	17	247.506	255.963
Total non-current liabilities		**3.512.688**	**3.259.431**
Total liabilities		**9.291.002**	**8.775.527**
EQUITY			
Attributable to equity holders of parent	**18**	**963.190**	**1.470.494**
Share capital		178.030	178.030
Other capital reserves		(365)	(365)
Additional contribution to share capital		27.312	27.312
Other comprehensive income/(expense) not to be classified to profit or loss			
-Defined benefit plans re-measurement (losses)		(8.684)	(8.684)
-Revaluation fund of property, plant and equipment		739.551	743.700
Other comprehensive income/expense to be classified to profit or loss			
-Currency translation differences		66.206	45.311
Retained earnings		489.339	(27.516)
Net (loss) / income		(528.199)	512.706
Non-controlling interest		**53.558**	**56.654**
Total equity		**1.016.748**	**1.527.148**
Total liabilities and equity		**10.307.750**	**10.302.675**

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	**1 January - 30 June 2018**	**1 April - 30 June 2018**	**1 January - 30 June 2017**	**1 April - 30 June 2017**
Revenue	3,11	8.463.382	4.523.246	7.036.942	3.923.307
Cost of sales (-)	3,11, 12	(6.125.373)	(3.262.321)	(5.205.084)	(2.908.778)
Gross profit		**2.338.009**	**1.260.925**	**1.831.858**	**1.014.529**
General administrative expenses (-)	12	(262.995)	(131.853)	(266.169)	(157.977)
Marketing expenses (-)	12	(1.791.744)	(960.342)	(1.400.974)	(767.084)
Other operating income	13	79.388	42.682	58.408	35.217
Other operating expense (-)	13	(233.677)	(137.309)	(170.347)	(103.074)
Operating profit		**128.981**	**74.103**	**52.776**	**21.611**
Income from investment activities	14	4.272	4.029	1.071.105	1.531
Expenses from investment activities (-)	14	(4.072)	(510)	(5.907)	(4.330)
Operating income before finance income/(expense)		**129.181**	**77.622**	**1.117.974**	**18.812**
Financial income	15	39.518	19.493	27.041	10.345
Financial expense (-)	16	(671.106)	(368.062)	(347.222)	(145.258)
Net (loss) / income before tax from continuing operations		**(502.407)**	**(270.947)**	**797.793**	**(116.101)**
Tax expense from continuing operations		**(29.085)**	**(19.902)**	**(11.181)**	**(3.320)**
- Income tax expense	17	(37.868)	(22.568)	(12.028)	(11.275)
- Deferred tax income	17	8.783	2.666	847	7.955
Net (loss) / income		**(531.492)**	**(290.849)**	**786.612**	**(119.421)**
Net (loss) / income attributable to:					
- Non-controlling interest		(3.293)	(1.074)	(2.880)	(1.899)
- Equity holders of parent		(528.199)	(289.775)	789.492	(117.522)
(Loss) / gain per share	20	(2,97)	(1,63)	4,43	(0,66)

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 OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Net (loss) / income for the period	**(531.492)**	**(290.849)**	**786.612**	**(119.421)**
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss				
-Currency translation differences	21.092	19.076	10.538	3.071
Items that not to be reclassified subsequently to profit or loss				
- Defined benefit plan re-measurement gains, net off tax	-	-	663	663
Other comprehensive income, after tax	**21.092**	**19.076**	**11.201**	**3.734**
Total comprehensive (loss) / income	**(510.400)**	**(271.773)**	**797.813**	**(115.687)**
Total comprehensive income/(loss) attributable to:				
-Non-controlling interests	(3.096)	(884)	(2.823)	(1.788)
-Equity holders of parent	(507.304)	(270.889)	800.636	(113.899)

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 CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)
(Currencies other than TL 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**	**Additional contribution to share capital**	**Share premium**	**Defined benefit plans re-measurement (losses)**	**Cumulative translation differences**	**Restricted reserves**	**Accumulated losses**	**Net income /(loss) for the period**	**Attributable to equity holders of the parent**	**Non - controlling interests**	**Total equity**
Balances at 1 January 2017	**178.030**	**(365)**	**27.312**	**678.233**	**(9.180)**	**23.512**	**439.138**	**(844.730)**	**(300.157)**	**191.793**	**820**	**192.613**
Transfers	-	-	-	(678.233)	-	-	(439.138)	817.214	300.157	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	58.239	58.239
Total comprehensive income	-	-	-	-	663	10.481	-	-	789.492	800.636	(2.823)	797.813
Net income for the period	-	-	-	-	-	-	-	-	789.492	789.492	(2.880)	786.612
Cumulative translation differences	-	-	-	-	-	10.481	-	-	-	10.481	57	10.538
Defined benefit plans re-measurement gains	-	-	-	-	663	-	-	-	-	663	-	663
Balances at 30 June 2017	**178.030**	**(365)**	**27.312**	**-**	**(8.517)**	**33.993**	**-**	**(27.516)**	**789.492**	**992.429**	**56.236**	**1.048.665**
Balances at 1 January 2017	**178.030**	**(365)**	**27.312**	**-**	**735.016**	**45.311**	**-**	**(27.516)**	**512.706**	**1.470.494**	**56.654**	**1.527.148**
Transfers	-	-	-	-	(4.149)	-	-	516.856	(512.706)	-	-	-
Total comprehensive income	-	-	-	-	-	20.895	-	-	(528.199)	(507.304)	(3.096)	(510.400)
Net loss for the period	-	-	-	-	-	-	-	-	(528.199)	(528.199)	(3.293)	(531.492)
Cumulative translation differences	-	-	-	-	-	20.895	-	-	-	20.895	197	21.092
Balances at 30 June 2018	**178.030**	**(365)**	**27.312**	**-**	**730.867**	**66.206**	**-**	**489.339**	**(528.199)**	**963.190**	**53.558**	**1.016.748**

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

MİGROS TİCARET A.Ş

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	1 January - 30 June 2018	1 January - 30 June 2017
Cash flow from operating activities:			
Net (loss) / income for the period		(531.492)	786.612
Adjustments related to reconciliation of net (loss) / profit for the period		**1.033.781**	**(416.675)**
Adjustments for depreciation and amortisation expenses	12	141.837	126.778
Adjustments for impairment on receivables	13	2.373	2.074
Adjustments for inventory provisions	7	2.405	30.567
Adjustments for impairment on property, plant and equipment	14	1.500	5.043
Adjustments for provision for employee benefits	10	65.645	60.809
Adjustments for provision for litigation	9	14.047	9.333
Adjustments for other provisions		-	(867)
Adjustments for interest income	13,15	(25.597)	(19.969)
Adjustments for interest expense	16	145.896	122.770
Adjustments for deferred financing due to forward purchases expenses	13	205.307	131.530
Adjustments for unearned finance income from sales	13	(49.035)	(28.251)
Adjustments for foreign exchange losses related to bank borrowings	8	502.006	201.893
Adjustments for fair value losses arising from derivatives	16	12	675
Adjustments for income tax expense	17	29.085	11.181
Loss on sale of property plant and equipment	14	(1.700)	(377)
Adjustment for bargained acquisition profit	14	-	(1.069.864)
Changes in net working capital		**163.856**	**112.999**
Adjustments for increase in trade receivables		(32.027)	(21.871)
Adjustments for increase in inventories		(130.433)	(376.737)
Adjustments for increase in other receivables related with operations		(14.809)	(10.309)
Adjustments for increase in trade payables		376.557	481.296
Adjustments for increase in other payables related with operations		(35.432)	40.620
Cash flows from operating activities		**666.145**	**482.936**
Employee benefits paid	10	(21.109)	(15.984)
Interest received		73.504	45.468
Interest paid		(227.343)	(142.353)
Taxes paid		(50.531)	(24.976)
Other provisions paid	9	(7.071)	(9.218)
Net cash provided by operating activities		**433.595**	**335.873**

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	1 January - 30 June 2018	1 January - 30 June2017
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets	4, 5, 6	(271.117)	(154.256)
Cash inflows from the sale of tangible and intangible assets	5,14	50.726	5.303
Cash outflows due to subsidiary acquisition		-	(104.732)
Other cash inflows		-	49.166
Net cash used in investing activities		**(220.391)**	**(204.519)**
Cash flows from financing activities			
Proceeds from borrowings	8	101.268	94.391
Repayment of borrowings	8	(427.340)	-
Cash paid with respect to derrivative instruments		-	(222)
Interest received	15	2.240	3.065
Interest paid		(156.268)	(113.372)
Net cash provided by financing activities		**(480.100)**	**(16.138)**
(Decrease) / Increase in cash and cash equivalents before effect of exchange rate changes		**(5.963)**	**2.729**
Net (decrease) / increase in cash and cash equivalents		(272.859)	117.945
Cash and cash equivalents at the beginning of period		**1.617.380**	**1.155.942**
Cash and cash equivalents at the end of period		**1.344.521**	**1.273.887**

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, 2018, 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%. The Group is jointly managed by Anadolu Group and BC Partners.

Through its Migros, 5M, Migros Jet, Macrocenter and Kipa 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 2018, the Group operates in 2.011 stores in total (31 December 2017: 1.897) which comprise 1.447.394 m2 from 1.994 retail stores and comprise 10.011 m2 from 17 wholesale stores with a total net space of 1.457.405 m2 (31 December 2017: 1.416.355 m2). As of 30 June 2018, the Group employed 27.596 people (31 December 2017: 26.779) on average. Retail is the main business segment of the Group and constitutes almost 97% of gross sales (31 December 2017: 97%).

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 9 August 2018 and signed by Ö. Özgür Tort, General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. The owners of the Company and regulatories have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

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:

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	June 2018 (%)	December 2017 (%)
Ramstore Bulgaria E.A.D. ("Ramstore Bulgaria")	Bulgaria	Bulgaria	Dormant	100,0	100,0
Ramstore Kazakhstan LLC ("Ramstore Kazakhstan")	Kazakhstan	Kazakhstan	Retailing	100,0	100,0
Ramstore Macedonia DOO ("Ramstore Macedonia")	Macedonia	Bulgaria	Retailing	99,0	99,0
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez") (*)	Turkey	Turkey	Dormant	100,0	100,0
Kipa Ticaret A.Ş ("Kipa")	Turkey	Turkey	Retailing	96,25	96,25

(*) 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 preperation and presentation of financial statements

The Company and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

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.

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 prescribedin the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

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

2.1 Basis of presentation (Continued)

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 as of 30 June 2018 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 financail statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in comliance 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.

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.

The condensed consolidated interim financial statements for the period ended June 30, 2018 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, 2017. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017.

2.1.3 Functional and reporting currency

Items included in the 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 consolidated financial statements are presented in TL, which is the functional currency of Migros Ticaret A.Ş. and the reporting currency of the Group.

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

2.1 Basis of presentation (Continued)

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

a) The new standards, amendments to published standards and interpretations effective applicable as of 30 June 2018:

- IFRS 9, "Financial instruments"; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- IFRS 15, "Revenue from contracts with customers"; effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- Amendment to IFRS 15, "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

- Amendments to IFRS 4, "Insurance contracts" regarding the implementation of IFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018.

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

2.2 New and Revised Turkish Accounting Standards (Continued)

- Amendment to IAS 40, "Investment property" relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- Amendments to IFRS 2, "Share based payments" on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

    - IFRS 1, 'First time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,
    - IAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.

- IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

b) ***Standards, amendments and interpretations that are issued but not effective as at 30 June 2018:***

- Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

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

2.2 New and Revised Turkish Accounting Standards (Continued)

- Amendment to IAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

- IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.The Group's study related with such standarts is still in process.

- IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group does not expect that this interpretation will have an impact on the financial position or performance of the Group.

- IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2021.

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

2.2 New and Revised Turkish Accounting Standards (Continued)

- Annual improvements 2015-2017**;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

    - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
    - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
    - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
    - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

    - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
    - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

2.3 Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year consolidated financial statements and the significant changes are explained.

In order to conform to changes in presentation in the current period consolidated statements of profit or loss as of 30 June 2018, personnel expenses amounting to TL 23,462 thousand, which had been classified in general administrative expenses, have been classified in marketing expenses in the consolidated statements of profit or loss as of 30 June 2017.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

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 epxense, unusued 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 2018 and 2017 is as follows:

Segment analysis for the period 1 January - 30 June 2018

	Turkey	**Other countries**	**Combined total**	**Intersegment eleminations**	**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	(5.954.714)	(172.680)	(6.127.394)	2.021	(6.125.373)
Gross profit	2.280.291	57.718	2.338.009	-	2.338.009
Selling and marketing expenses	(1.753.665)	(38.079)	(1.791.744)	-	(1.791.744)
General administrative expenses)	(245.228)	(17.767)	(262.995)	-	(262.995)
Addition: Depreciation and amortisation expenses	134.869	6.968	141.837	-	141.837
Addition: Provision for employement termination benefits	24.176	404	24.580	-	24.580
Addition: Termination benefits paid	16.626	-	16.626	-	16.626
Addition: Unused vacation provision	19.956	-	19.956	-	19.956
EBITDA	**477.025**	**9.244**	**486.269**	**-**	**486.269**
Addition: Rent expenses	435.347	14.143	449.490	-	449.490
EBITDAR	**912.372**	**23.387**	**935.759**	**-**	**935.759**

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 January - 30 June 2017

	Turkey	Other countries	Combined total	Intersegment eleminations	Total
External revenues	6.842.220	194.722	7.036.942	-	7.036.942
Inter segment revenues	9.848	-	9.848	(9.848)	-
Sales revenue	6.852.068	194.722	7.046.790	(9.848)	7.036.942
Cost of sales	(5.067.665)	(147.267)	(5.214.932)	9.848	(5.205.084)
Gross profit	1.784.403	47.455	1.831.858	-	1.831.858
Selling and marketing expenses	(1.366.922)	(34.052)	(1.400.974)	-	(1.400.974)
General administrative expenses)	(246.005)	(20.164)	(266.169)	-	(266.169)
Addition: Depreciation and amortisation expenses	117.156	9.622	126.778	-	126.778
Addition: Provision for employement termination benefits	25.975	303	26.278	-	26.278
Addition: Termination benefits paid	12.150	-	12.150	-	12.150
Addition: Unused vacation provision	18.547	-	18.547	-	18.547
EBITDA	**345.304**	**3.164**	**348.468**	**-**	**348.468**
Addition: Rent expenses	343.103	12.238	355.341	-	355.341
EBITDAR	**688.407**	**15.402**	**703.809**	**-**	**703.809**

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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 eleminations	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	(3.172.395)	(90.941)	(3.263.336)	1.015	(3.262.321)
Gross profit	1.230.419	30.506	1.260.925	-	1.260.925
Selling and marketing expenses	(940.386)	(19.956)	(960.342)	-	(960.342)
General administrative expenses	(122.231)	(9.622)	(131.853)	-	(131.853)
Addition: Depreciation and amortisation expenses	68.486	3.767	72.253	-	72.253
Addition: Provision for employement termination benefits	14.740	34	14.774	-	14.774
Addition: Termination benefits paid	7.701	-	7.701	-	7.701
Addition: Unused vacation provision	11.783	-	11.783	-	11.783
EBITDA	**270.512**	**4.729**	**275.241**	**-**	**275.241**
Addition: Rent expenses	229.802	7.402	237.204	-	237.204
EBITDAR	**500.314**	**12.131**	**512.445**	**-**	**512.445**

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 April - 30 June 2017

	Turkey	Other countries	Combined total	Intersegment eleminations	Total
External revenues	3.827.543	95.764	3.923.307	-	3.923.307
Inter segment revenues	8.159	-	8.159	(8.159)	-
Sales revenue	3.835.702	95.764	3.931.466	(8.159)	3.923.307
Cost of sales	(2.844.521)	(72.416)	(2.916.937)	8.159	(2.908.778)
Gross profit	991.181	23.348	1.014.529	-	1.014.529
Selling and marketing expenses	(750.285)	(16.799)	(767.084)	-	(767.084)
General administrative expenses	(147.968)	(10.009)	(157.977)	-	(157.977)
Addition: Depreciation and amortisation expenses	63.660	4.445	68.105	-	68.105
Addition: Provision for employement termination benefits	18.085	303	18.388	-	18.388
Addition: Termination benefits paid	6.975	-	6.975	-	6.975
Addition: Unused vacation provision	9.736	-	9.736	-	9.736
EBITDA	**191.384**	**1.288**	**192.672**	**-**	**192.672**
Addition: Rent expenses	187.910	5.961	193.871	-	193.871
EBITDAR	**379.294**	**7.249**	**386.543**	**-**	**386.543**

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NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January - 30 June 2018	**1 April - 30 June 2018**	**1 January - 30 June 2017**	**1 April - 30 June 2017**
EBITDAR reported segments	935.759	512.445	703.809	386.543
Rent expenses	(449.490)	(237.204)	(355.341)	(193.871)
EBITDA reported segments	**486.269**	**275.241**	**348.468**	**192.672**
Depreciation and amortisation	(141.837)	(72.253)	(126.778)	(68.105)
Provision for employement termination benefits	(24.580)	(14.774)	(26.278)	(18.388)
Termination benefits paid	(16.626)	(7.701)	(12.150)	(6.975)
Unused vacation liability	(19.956)	(11.783)	(18.547)	(9.736)
Other operating income	79.388	42.682	58.408	35.217
Other operating expense (-)	(233.677)	(137.309)	(170.347)	(103.074)
Operating profit	**128.981**	**74.103**	**52.776**	**21.611**
Income from investing activities	4.272	4.029	1.071.105	1.531
Expense from investing activities (-)	(4.072)	(510)	(5.907)	(4.330)
Operating profit beftore finance income	**129.181**	**77.622**	**1.117.974**	**18.812**
Financial income	39.518	19.493	27.041	10.345
Financial expense (-)	(671.106)	(368.062)	(347.222)	(145.258)
Income/(loss) before tax	**(502.407)**	**(270.947)**	**797.793**	**(116.101)**

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NOTE 4 - INVESTMENT PROPERTY

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

Investment properties of the Group consist of leased space to other retailers in Ramstore Samal Shopping Mall in Kazakhstan, Skopje Shopping Mall in Macedonia and Ankamall Shopping Mall and Kipa Muğla Marmaris Shopping Mall in Turkey.

There is no mortgage or pledge on the investment properties of the Group as of 30 June 2018.

	1 January 2017	Additions	Transfers	Cumulative translation differences	30 June 2017
Cost					
Land and buildings	208.120	18.514	97	5.244	231.975
Accumulated depreciation					
Buildings	(63.401)	(2.375)	-	(517)	(66.293)
Net book value	**144.719**				**165.682**

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2018	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30 June 2018
Cost							
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
	5.017.593	**202.224**	**(28.018)**	**(4.346)**	**(11.140)**	**29.027**	**5.205.340**
Accumulated depreciation							
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)
	(1.277.305)	**(116.760)**	**23.060**	**2.846**	**(245)**	**(16.296)**	**(1.384.700)**
Net book value	**3.740.288**						**3.820.640**

(*) Impairment loss amounting to TL 1.500 consists of leasehold improvements of the stores closed in 2018 (Note:14).

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipments period ended at 30 June 2017 is as follows;

	1 January 2017	Additions for acquisition of subsidiary	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30 June 2017
Cost								
Land and buildings	389.847	1.730.068	3.201	-	(2.178)	2.185	3.124	2.126.247
Leasehold improvements	573.618	164.133	15.033	(576)	(22.941)	11.615	757	741.639
Machinery and equipments	715.722	182.953	25.291	(9.095)	(467)	19.877	1.359	935.640
Motor vehicles	2.600	7.896	825	(1.646)	-	-	103	9.778
Furniture and fixtures	360.645	301.754	15.636	(2.028)	-	5.334	2.176	683.517
Construction in progress	27.418	2.101	57.107	-	-	(45.177)	322	41.771
	2.069.850	**2.388.905**	**117.093**	**(13.345)**	**(25.586)**	**(6.166)**	**7.841**	**4.538.592**
Accumulated depreciation								
Buildings	(97.971)	(143.570)	(10.360)	-	2.111	-	(1.103)	(250.893)
Leasehold improvementsc	(254.984)	(58.042)	(29.316)	327	17.965	-	(308)	(324.358)
Machinery and equipments	(292.767)	(161.349)	(41.598)	5.413	467	(56)	(1.028)	(490.918)
Motor vehicles	(954)	(6.053)	(327)	1.024	-	-	(35)	(6.345)
Furniture and fixture	(154.841)	(220.410)	(22.973)	1.655	-	(46)	(1.217)	(397.832)
	(801.517)	**(589.424)**	**(104.574)**	**8.419**	**20.543**	**(102)**	**(3.691)**	**(1.470.346)**
Net book value	**1.268.333**							**3.068.246**

(*) Impairment loss amounting to TL 5.043 consists of leasehold improvements of the stores closed in 2017 (Note:14)

As at 30 June 2018 and 2017, there are no mortgages on property, plant and equipment. Depreciation charges on property, plant and equipment are included in general administrative expenses.

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NOTE 6 - INTANGIBLE ASSETS

Movement of intangible assets period ended at 30 June 2018 and 2017 is as follows;

	1 January 2018	Additions	Transfers	Cumulative translation differences	30 June 2018
Cost					
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
	452.715	**62.748**	**5.275**	**1.595**	**522.333**
Accumulated amortisation					
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)
	(292.028)	**(25.077)**	**-**	**(1.113)**	**(318.218)**
Net book value	**160.687**				**204.115**

	1 January 2017	Additions for acquisition of subsidiary	Additions	Disposals	Transfers	Cumulative translation differences	30 June 2017
Cost							
Trademark (*)	2.787	14.442	-	-	-	-	17.229
Rent agreements	32.982	6.149	-	-	-	-	39.131
Rights	155.890	92.698	17.359	(1.291)	6.230	186	271.072
Other intangible assets	91.649	-	1.290	-	-	-	92.939
	283.308	**113.289**	**18.649**	**(1.291)**	**6.230**	**186**	**420.371**
Accumulated amortisation							
Rent agreements	(31.106)	-	(318)	-	-	-	(31.424)
Rights	(83.007)	(72.741)	(13.479)	1.291	(59)	(131)	(168.126)
Other intangible assets	(62.157)	-	(6.032)	-	-	-	(68.189)
	(176.270)	**(72.741)**	**(19.829)**	**1.291**	**(59)**	**(131)**	**(267.739)**
Net book value	**107.038**						**152.632**

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NOTE 6 - INTANGIBLE ASSETS (Continued)

Amortisation expenses related to intangible assets have been accounted under general administrative expenses.

(*) TFRS 3, "Business Combinations", requires the acquirer at the acquisition date to allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values as at that date.

The Group determined the value of Kipa Brand which is identified as intangible asset by using "Relief from Royalties" method as of March 1, 2017, which is acquisition date and accounted as intangible asset amounting to TL 14.442 in the interim condensed consolidated financial statements. Since the brand value is not predictable and has a certain life expectancy and the cost to be related to the profit or loss table is estimated every year for the protection of its value, it is considered as an intangible asset whose useful life is unlimited and amortization account is not applied for this asset. As stated in accounting policies, for the intangible assets whose useful life is determined to be unlimited, the impairment test is performed every year.

In order to strengthen its Macrocenter infrastructure and operational experience with its online sales channel, Group purchased the intangible assets of Tazedirekt A.Ş. ("Tazedirekt"), which operates in the field of online food retailing, on 22 November 2016. The brand acquired is recognized as an identifiable asset amounting to TL 2.787 at its fair value has been accounted as intangible asset in the consolidated financial statements. The brand value has been assessed as an intangible asset with an indefinite useful life and not subject to amortization since the brand value is not predictable and has a predictable life and cost to be associated with the profit or loss table annually. In addition, the Group has accounted for software acquired at fair value of TL 3.082 determined by using the cost approach as of purchase date, which is acquired through this purchase, in intangible assets.

NOTE 7 - INVENTORIES

	30 June 2018	31 December 2017
Raw materials	10.864	12.517
Work in progress	23.023	10.314
Merchandise stocks	2.038.850	1.918.916
Other	2.395	2.952
Less: Provision for net realiazable value	(38.858)	(36.453)
	2.036.274	**1.908.246**

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NOTE 8 - BORROWINGS

	30 June 2018		
	Effective interest rate (%)	**In orginal currency**	**Total TL equivalent**
Short term borrowings			
With fixed interest rate – TL	20,37	568.944	568.944
With fixed interest rate – EUR	4,85	21.277	112.963
Total short term borrowings			**681.907**
Current portion of long term borrowings			
With floating interest rate - EUR	5,26	47.410	251.709
With fixed interest rate - TL	13,97	33.654	33.654
With fixed interest rate - Tenge	11,97	48.401	648
Total current portion of long term borrowings			**286.011**
Total current bank borrowings			**967.918**
Non-current bank borrowings			
With floating interest rate - EUR	5,26	539.196	2.862.701
With fixed interest rate - TL	13,97	196.830	196.830
With fixed interest rate - Tenge	11,97	3.783.265	50.587
Total non-current bank borrowings			**3.110.118**
Total borrowings			**4.078.036**

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NOTE 8 - BORROWINGS (Continued)

The redemption schedule of bank borrowings with effective interest rate at 30 June 2018 is as follows:

	Tenge loan TL equivalent	Euro loan TL equivalent	TL Loan	Total (TL equivalent)
1 July 2018 - 30 June 2019	648	364.672	602.598	967.918
1 July 2019 - 30 June 2020	4.916	656.396	56.718	718.030
1 July 2020 - 30 June 2021	14.768	676.926	50.382	742.076
1 July 2021 - 30 June 2022	16.656	727.873	46.301	790.830
1 July 2022 - 26 May 2023	14.248	801.506	43.428	859.182
	51.236	**3.227.373**	**799.427**	**4.078.036**

The fair value of bank borrowings at 30 June 2018 is TL 4.104.211

The redemption schedule of principal amounts of bank borrowings at 30 June 2018 is as follows:

	Tenge loan TL equivalent	Euro loan TL equivalent	TL Loan	Total (TL equivalent)
1 July 2018 - 30 June 2019	-	227.967	567.416	795.383
1 July 2019 - 30 June 2020	8.453	569.958	42.161	620.572
1 July 2020 - 30 June 2021	15.218	661.154	48.906	725.278
1 July 2021 - 30 June 2022	17.157	797.928	59.024	874.109
1 July 2022 - 26 May 2023	9.758	980.319	72.516	1.062.593
	50.586	**3.237.326**	**790.023**	**4.077.935**

The movement schedule of borrowings as of 30 June 2018 is as follows;

	2018
Beginning balance	**3.912.474**
Proceeds of borrowings	101.268
Payments	(427.340)
Foreign exchange losses	502.006
Interest accrual	(10.372)
Ending balance	**4.078.036**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 8 - BORROWINGS (Continued)

	31 December 2017		
	Effective interest rate (%)	**In original currency**	**Total TL equivalent**
Short term borrowings			
With fixed interest rate - TL	15,88	569.319	569.319
Total short term borrowings			**569.319**
Current portion of long term borrowings			
With floating interest rate - EUR	5,25	91.719	414.156
With fixed interest rate - TL	13,93	53.746	53.746
With fixed interest rate - Tenge	11,97	71.861	816
Total current portion of long term bank borrowings			**468.718**
Total short term bank borrowings			**1.038.037**
Non-current bank borrowings			
With floating interest rate - EUR	5,25	580.106	2.619.469
With fixed interest rate - TL	13,93	212.028	212.028
With fixed interest rate - Tenge	11,97	3.783.265	42.940
Total non-current bank borrowings			**2.874.437**
Total borrowings			**3.912.474**

The redemption schedule of bank borrowings with effective interest rate at 31 December 2017 is as follows:

	Tenge loan TL equivalent	**Euro loan TL equivalent**	**TL Loan**	**Total (TL equivalent)**
1 January 2018- 31 December 2018	816	414.156	623.065	1.038.037
1 January 2019- 31 December 2019	1.271	514.665	54.649	570.585
1 January 2020- 31 December 2020	12.164	554.019	50.284	616.467
1 January 2021- 31 December 2021	13.719	583.655	45.394	642.768
1 January 2022- 31 December 2022	13.580	620.512	41.279	675.371
1 January 2023 - 26 May 2023	2.206	346.618	20.422	369.246
	43.756	**3.033.625**	**835.093**	**3.912.474**

The fair value of bank borrowings at 31 December 2017 is TL 3.944.286.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 8 - BORROWINGS (Continued)

The redemption schedule of principal amounts of bank borrowings at 31 December 2017 is as follows:

	Tenge loan TL equivalent	Euro loan TL equivalent	TL Loan	Total (TL equivalent)
1 January 2018- 31 December 2018	-	279.227	590.082	869.309
1 January 2019- 31 December 2019	1.271	426.572	37.100	464.943
1 January 2020- 31 December 2020	12.164	523.517	45.532	581.213
1 January 2021- 31 December 2021	13.719	620.494	53.967	688.180
1 January 2022- 31 December 2022	13.580	736.821	64.084	814.485
1 January 2023 - 26 May 2023	2.206	445.956	38.787	486.949
	42.940	**3.032.587**	**829.552**	**3.905.079**

NOTE 9 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	**30 June 2018**	**31 December 2017**
Provision for litigation	68.570	61.594
Customer loyalty programs	2.513	538
Other	-	1.012
	71.083	**63.144**

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:

	2018	**2017**
Beginning balance	**61.594**	**27.105**
Increase during period	14.047	1.025
Payments during period	(7.071)	(610)
Increase related acquisition of subsidiary	-	44.940
Ending balance	**68.570**	**72.460**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 9 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, Pledges, Mortgages

30 June 2018

	Total TL amount	TL	USD	Euro
A. CPM given on behalf of the Company's legal personality	187.861	176.100	2.546	28
B. CPM given on behalf of fully consolidated subsidiaries	270.587	220.000	11.092	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM				
i. Total amount of CPM given behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM given behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM given behalf of third parties which are not in scope of C	-	-	-	-
Total collaterals, pledges and mortgages	**458.448**	**396.100**	**13.638**	**28**
Proportion of the other CPM's to equity (%)	**0,0**	**-**	**-**	**-**

31 December 2017

	Total TL amount	TL	USD	Euro
A. CPM given on behalf of the Company's legal personality	155.796	146.193	2.546	-
B. CPM given on behalf of fully consolidated subsidiaries	212.939	170.000	11.384	-
C.CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D.Total amount of other CPM	-	-	-	-
i. Total amount of CPM given behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM given behalf of other group companies which are not	-	-	-	-
in scope of B and C	-	-	-	-
iii. Total amount of CPM given behalf of third parties which are not in scope of C	-	-	-	-
Total collaterals, pledges and mortgages	**368.735**	**316.193**	**13.930**	**-**
Proportion of the other CPM's to equity (%)	**0,0**	**-**	**-**	**-**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 9 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities

Guarantees given at 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Letter of guarantees given	458.448	368.735
	458.448	**368.735**

Guarantees received at 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Guarantees obtained from customers	197.837	146.693
Morgages obtained from customers	21.259	17.866
	219.096	**164.559**

The future aggregate minimum lease payments under non-cancellable operating leases of land and stores are as follows. Amounts are expressed in the total amount to be paid by the end of the lease term although the time periods specified in the contracts in line with the vast majority of our stores early release have a right to give notice of the condition.

	30 June 2018	31 December 2017
Payable within 1 year	87.270	77.746
Payable in 1 to 5 years	54.560	29.337
	141.830	**107.083**

NOTE 10 - PROVISION FOR EMPLOYEE BENEFITS

	30 June 2018	31 December 2017
Provision for employee termination benefits	142.333	117.753
Provision for unused vacation	130.811	110.855
	273.144	**228.608**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 10 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

Movement of unused vacation provision as of 30 June 2018 and 2017 is as follows:

	2018	2017
Beginning balance	**110.855**	**93.105**
Increase during year	24.439	22.381
Payments during period	(4.483)	(3.834)
Increase related acquisition of subsidiary	-	2.857
Ending balance	**130.811**	**114.509**

Movements in the provision for employee termination benefits as of 30 June 2018 and 2017 are as follows:

	2018	2017
Beginning balance	**117.753**	**79.057**
Increase during period	41.206	38.428
Payments during period	(16.626)	(12.150)
Actuarial gain	-	(829)
Increase related acquisition of subsidiary	-	19.414
Ending balance	**142.333**	**123.920**

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 2018 and consolidated financial statements as of 31 December 2017, 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 TL 5.434,42 effective from 1 July 2018 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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NOTE 11 - REVENUE

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Domestic sales	8.463.265	4.531.214	6.994.388	3.918.117
Foreign sales	228.934	120.391	193.845	95.187
Other sales	8.422	5.191	11.194	5.803
Gross sales	**8.700.621**	**4.656.796**	**7.199.427**	**4.019.107**
Discounts and returns (-)	(237.239)	(133.550)	(162.485)	(95.800)
Sales revenue, net	**8.463.382**	**4.523.246**	**7.036.942**	**3.923.307**
Cost of sales	(6.125.373)	(3.262.321)	(5.205.084)	(2.908.778)
Gross profit	**2.338.009**	**1.260.925**	**1.831.858**	**1.014.529**

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

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Retail sales revenue	8.343.904	4.458.283	6.960.406	3.894.079
Wholesale revenue	241.566	138.973	181.921	102.330
Rent income	106.729	54.349	45.906	16.895
	8.692.199	**4.651.605**	**7.188.233**	**4.013.304**

NOTE 12 - EXPENSE BY NATURE

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Staff costs	899.786	478.476	736.601	416.744
Rent	449.490	237.204	355.341	193.871
Depreciation and amortisation	141.837	72.253	126.778	68.105
Energy	108.115	60.067	89.620	52.906
Transportation	82.206	45.211	58.219	26.532
Porterage and cleaning	59.766	31.344	51.196	29.621
Advertising	58.915	31.770	49.298	27.537
Warehouse	54.490	29.456	39.992	20.266
Repair and maintanence	33.052	18.930	34.478	23.552
Mechanisation	25.098	11.480	17.785	6.646
Security	24.961	12.816	15.567	7.184
Taxes and other fees	12.461	6.640	10.176	6.376
Communication	7.546	3.775	6.223	3.079
Other	97.016	52.774	75.869	42.642
	2.054.739	**1.092.196**	**1.667.143**	**925.061**

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NOTE 12 - EXPENSE BY NATURE (Continued)

Marketing expenses	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Staff costs	805.400	431.996	620.679	338.078
Rent	449.159	237.039	354.192	192.899
Energy	107.175	59.522	88.991	52.687
Transportation	82.206	45.211	58.219	26.532
Advertising	58.879	31.742	49.099	27.400
Porterage and cleaning	57.999	30.471	49.874	28.973
Warehouse	54.490	29.456	39.992	20.266
Repair and maintanence	32.340	18.532	33.996	23.222
Security	23.961	12.318	14.833	6.869
Mechanisation	20.901	9.914	15.864	8.060
Taxes and other fees	11.559	6.178	7.473	3.910
Communication	6.581	3.263	5.196	2.453
Other	81.094	44.700	62.566	35.735
	1.791.744	**960.342**	**1.400.974**	**767.084**

General administrative expenses	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Depreciation and amortisation	141.837	72.253	126.778	68.105
Staff costs	94.386	46.480	115.922	78.666
Other	26.772	13.120	23.469	11.206
	262.995	**131.853**	**266.169**	**157.977**

Expenses by nature in cost of sales for the periods 1 January - 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Cost of goods sold	6.101.058	3.250.432	5.186.156	2.898.219
Cost of service rendered	24.315	11.889	18.928	10.559
	6.125.373	**3.262.321**	**5.205.084**	**2.908.778**

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 13 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Interest income on term sales	49.035	28.023	28.251	15.073
Interest income from operating activities	23.357	11.873	16.904	9.118
Other	6.996	2.786	13.253	11.026
	79.388	**42.682**	**58.408**	**35.217**

Other operating expenses	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Interest expense on term purchases	205.307	125.457	131.530	75.158
Litigation provision	14.047	5.274	10.254	9.229
Bad debt provision expense	2.373	862	2.074	618
Other	11.950	5.716	26.489	18.069
	233.677	**137.309**	**170.347**	**103.074**

NOTE 14 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Gain on sale of property, plant and equipment	4.272	4.029	1.241	1.186
Subsidiary acquisition profit	-	-	1.069.864	345
	4.272	**4.029**	**1.071.105**	**1.531**

Expense from investing activities	1 January - 30 June 2018	1 April- 30 June 2018	1 January - 30 June 2017	1 April- 30 June 2017
Loss on sale of property, plant and equipment	2.572	-	864	578
Losses from leasehold improvements of closed stores (Note 5)	1.500	510	5.043	3.752
	4.072	**510**	**5.907**	**4.330**

NOTE 15 - FINANCIAL INCOME

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Foreign exchange gains	37.278	18.368	23.812	8.616
Interest income on bank deposits	2.240	1.125	3.065	1.565
Financial income on derivatives	-	-	164	164
	39.518	**19.493**	**27.041**	**10.345**

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NOTE 16 - FINANCIAL EXPENSES

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Foreign exchange losses	501.538	278.723	206.769	65.983
Interest expense on bank borrowings	145.896	76.271	122.770	68.160
Financial expense on derivativies	12	-	839	519
Other	23.660	13.068	16.844	10.596
	671.106	**368.062**	**347.222**	**145.258**

NOTE 17 - TAX ASSETS AND LIABILITIES

	30 June 2018	31 December 2017
Taxes and fund payable	38.165	84.235
Less: Prepaid current income taxes	(22.333)	(58.385)
Taxes on income	**15.832**	**25.850**

	30 June 2018	31 December 2017
Deferred tax assets	91.891	73.819
Deferred tax liabilities	(339.397)	(329.782)
Deferred tax liabilities, net	**(247.506)**	**(255.963)**

General Information

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated change based on the Group results for the period. Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these interim condensed consolidated financial statements, have been calculated on a separate-entity basis.

In Turkey, corporate tax rate is 22% (December 31, 2017: 20%). In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 30 June 2018 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 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, 2018 Turkey, Kazakhstan, Bulgaria and respectively 22-20% for Macedonia, 20%, 10% and 10% (2017: 22-20% , 20%, 10% and 10%).

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

The details of taxation on income for the periods ended 30 June 2018 and 2017 are as follows:

	1 January - 30 June 2018	1 January - 30 June 2017
Current period tax expense	(37.868)	(12.028)
Deferred tax income	8.783	847
Current period tax expense	**(29.085)**	**(11.181)**

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 2018 and 31 December 2017 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred Tax assets/(liabilities)	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Deferred tax assets:				
Short term provisions	199.382	166.847	33.654	29.139
Inventories	77.057	63.125	16.953	13.879
Provision for employee termination benefits	142.333	117.753	24.487	20.731
Unincurred interest income	3.143	2.030	692	444
Other	8.724	4.267	1.955	928
			77.741	**65.121**
Deferred tax liabilities:				
Fair value change of derivative financial instruments	-	10	-	(2)
Property, plant and equiment, intangible assets and investment properties	2.228.765	2.246.786	(310.504)	(308.477)
Unincurred interest expense	73.159	43.975	(13.870)	(9.675)
Other	4.363	14.819	(873)	(2.930)
			(325.247)	**(321.084)**
Total deferred tax liability, net			**(247.506)**	**(255.963)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

	2018	2017
Beginning balance	**(255.963)**	**(53.064)**
Deferred tax expense from continuing operations	8.783	847
Cumulative translation difference	(326)	(22)
Subsidiary acquired from acquisition	-	(51.025)
Ending balance	**(247.506)**	**(103.264)**

Carry forward tax losses:

Deferred income tax assets are recognized for tax losses carried forward to extent that the realization of the related tax benefit through the future taxable profits is probable.

The maturity of carry forward tax losses of Kipa, which deferred tax asset is not recognized are as follows;

	2018	2017
Ended at 2018	58.474	58.474
Ended at 2019	134.112	134.112
Ended at 2020	57.898	57.898
Ended at 2021	293.103	293.103
Ended at 2022	228.993	197.937
Ended at 2023	31.308	-
	803.888	**741.524**

NOTE 18 - EQUITY

The shareholders of the Company and their shareholdings stated at historical amounts at 30 June 2018 and 31 December 2017 are stated below:

	30 June 2018		31 December 2017	
	TL	**Share (%)**	**TL**	**Share (%)**
MH Perakendecilik ve Ticaret A.Ş.	89.015	50,00	89.015	50,00
Moonlight Capital S.A.	14.371	8,07	14.371	8,07
Kenan Investments S.A.	26.937	15,13	26.937	15,13
Other	47.707	26,80	47.707	26,80
Total	**178.030**	**100,00**	**178.030**	**100,00**

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.

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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Balances with related parties as of 30 June 2018 and 31 December 2017 are as follows:

Due from related parties	**30 June 2018**	**31 December 2017**
Çelik Motor Ticaret A.Ş.	159	196
AEH Sigorta Acenteliği A.Ş.	152	-
Anadolu Motor Üretim ve Pazarlama A.Ş.	77	82
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	5	332
Other	172	103
	565	**713**

Due to related parties	**30 June 2018**	**31 December 2017**
Coca Cola Satış ve Dağıtım A.Ş.	92.293	60.497
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	88.536	92.000
Adel Kalemcilik Ticaret ve San. A.Ş.	14.333	13.216
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş	3.429	6.111
AEH Sigorta Acenteliği A.Ş.	174	10.551
Other	188	115
	198.953	**182.490**

b) Transactions with related parties

Transactions with related parties as of 30 June 2018 and 31 December 2017 are as follows:

Inventory purchases	**1 January - 30 June 2018**	**1 April - 30 June 2018**	**1 January - 30 June 2017**	**1 April - 30 June 2017**
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	131.195	79.374	130.122	78.191
Coca Cola Satış ve Dağıtım A.Ş.	109.339	56.995	153.025	115.385
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	23.297	10.167	21.732	11.970
Adel Kalemcilik Ticaret ve San. A.Ş.	6.001	1.367	2.738	113
Other	-	-	6	-
	269.832	**147.903**	**307.623**	**205.659**

Other transactions	**1 January - 30 June 2018**	**1 April - 30 June 2018**	**1 January - 30 June 2017**	**1 April - 30 June 2017**
Rent income	710	391	349	154
Rent expense	(4.895)	(2.631)	(2.193)	(1.188)
Other income	166	91	153	85
Other expense	(17)	(10)	(36)	(21)
Other transactions, net	**(4.036)**	**(2.159)**	**(1.727)**	**(970)**

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NOTE 19 - 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 2018 and 2017 is as follows:

	1 January - 30 June 2018	**1 April - 30 June 2018**	**1 January - 30 June 2017**	**1 April - 30 June 2017**
Short term benefits	14.897	7.374	12.342	8.845
	14.897	**7.374**	**12.342**	**8.845**

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

NOTE 20 - EARNINGS/(LOSSES) PER SHARE

	1 January - 30 June 2018	**1 April - 30 June 2018**	**1 January - 30 June 2017**	**1 April - 30 June 2017**
Net (loss)/income attributable to shareholders	(528.199)	(289.775)	789.492	(117.522)
Weighted average number of shares with Kr1 face value each('000)	17.803.000	17.803.000	17.803.000	17.803.000
Earnings/(losses) per share	**(2,97)**	**(1,63)**	**4,43**	**(0,66)**

There is no transaction related basic or diluted earnings per share between financial statements date and approval of financial statements date.

NOTE 21 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

Foreing exchange risk

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 2018, if Euro had appreciated against TL 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 TL 622.134.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 21 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

FOREIGN CURRENCY POSITION

	30 June 2018				31 December 2017			
	Total TL equivalent	**USD**	**Euro**	**Other TL equivalent**	**Total TL equivalent**	**USD**	**Euro**	**Other TL equivalent**
Trade receivables	270	59	-	-	273	72	-	-
Cash and cash equivalents	141.363	4.287	22.881	332	383.343	2.673	82.518	652
Other	1.837	403	-	-	1.813	481	-	-
Current assets	**143.470**	**4.749**	**22.881**	**332**	**385.429**	**3.226**	**82.518**	**652**
Total Assets	**143.470**	**4.749**	**22.881**	**332**	**385.429**	**3.226**	**82.518**	**652**
Trade Payables	-	-	-	-	1.307	100	127	355
Borrowings	364.672	-	68.687	-	414.156	-	91.719	-
Current liabilities	**364.672**	**-**	**68.687**	**-**	**415.463**	**100**	**91.846**	**355**
Borrowings	2.862.701	-	539.196	-	2.619.469	-	580.106	-
Non-monetary other liabilities	5.204	94	900	-	3.536	80	716	-
Non-current liabilities	**2.867.905**	**94**	**540.096**	**-**	**2.623.005**	**80**	**580.822**	**-**
Total liabilities	**3.232.577**	**94**	**608.783**	**-**	**3.038.468**	**180**	**672.668**	**355**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 21 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

FOREIGN CURRENCY POSITION

	30 June 2018				**31 December 2017**			
	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	-	-	-	-	-	-	-	-
Net foreign currency asset/(liability) position	**(3.089.107)**	**4.655**	**(585.902)**	**332**	**(2.653.039)**	**3.046**	**(590.150)**	**297**
Net foreign currency asset/(liability) position of monetary items	**(3.085.740)**	**4.346**	**(585.002)**	**332**	**(2.651.317)**	**2.646**	**(589.435)**	**297**
Fair value hedge funds of foreign currency	-	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	82.946	18.187	-	-	65.065	17.250	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 21 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity analysis as of 30 June 2018 and 31 December 2017 is as follows:

30 June 2018

	Gain/(Loss)	
	Foreign exchange appreciation	**Foreign exchange depreciation**
%20 change in Euro exchange rate		
Euro net asset/liability	(622.134)	622.134
Portion secured from Euro risk	-	-
Euro net effect	**(622.134)**	**622.134**

31 December 2017

	Gain/(Loss)	
	Foreign exchange appreciation	**Foreign exchange depreciation**
%20 change in Euro exchange rate		
Euro net asset/liability	(532.964)	532.964
Portion secured from Euro risk	-	-
Euro net effect	**(532.964)**	**532.964**

NOTE 22 - 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 23 - SUBSEQUENT EVENTS

As indicated in the material event statement dated 18 July 2018; In line with the Capital Market Board's approval dated 07 June 2018 and numbered 25/699 regarding application of bond issuance ceiling TL 1.000.000.000; the sale of bond with ISIN code TRSMGTI72011 and 2 years maturity (728 days) worth of TL 75.000.000 nominal value and with ISIN code TRSMGTI72110 and 3 years maturity (1.091 days) worth of TL 75.000.000 nominal value has been completed. The sale was only for qualified investors. The issue date of the aforementioned bond is 19 July 2018. has been completed.

The first coupon rate of the bond with ISIN code TRSMGTI72011 has been determined 5.61% and the first coupon rate of the bond with ISIN code TRSMGTI72110 has been determined 5.9%.

In the Company's material event statement dated 19 July 2018; it was decided to give a favorable opinion to the application of Migros Ticaret A.Ş. to our Board for the announcement text regarding the planned simplified merger of Migros and Kipa Ticaret A.Ş. through the purchase of Kipa's assets and liabilities as a whole, the issuance certificate of Migros share capital increase as a consequence of this transaction, and the amendment text pertaining to the share capital provision of Articles of Association, provided that considered merger ratio, the share exchange ratio, and the separation fund to be determined based on the price of not less than TL 2.56 which was publicly announced by Migros on 25 December 2017 but later rejected in the General Assembly Meeting of Kipa on 02 February 2018 which was convened for approving the delisting of Kipa shares from the Stock Exchange."

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