

**MİGROS TİCARET A.Ş.
AND ITS SUBSIDIARIES**

CONVENIENCE TRANSLATION
INTO ENGLISH OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AS OF 30 JUNE 2020

(ORIGINALLY ISSUED IN TURKISH)

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

**CONSOLIDATED BALANCE SHEETS AS OF
30 JUNE 2020 AND 31 DECEMBER 2019**

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

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

	Notes	Current Period 30 June 2020	Prior Period 31 December 2019
ASSETS			
Current Assets:			
Cash and cash equivalents		2,985,001	2,328,309
Financial investments		6,462	19,714
Trade receivables		154,720	126,354
<i>Trade receivables from related parties</i>	20	844	749
<i>Trade receivables from third parties</i>		153,876	125,605
Other receivables		39,042	35,709
<i>Other receivables from third parties</i>		39,042	35,709
Inventories	8	3,020,618	2,666,449
Prepaid expenses		128,810	82,734
Current income tax assets		-	11,755
Other current assets		6,275	5,899
Total current assets		6,340,928	5,276,923
Non-current assets:			
Financial investments		4,415	4,415
Other receivables		5,372	5,265
<i>Other receivables from third parties</i>		5,372	5,265
Property, plant and equipment	5	3,187,505	3,736,238
Intangible assets		2,425,724	2,445,825
<i>Goodwill</i>		2,252,992	2,252,992
<i>Other intangible assets</i>	6	172,732	192,833
Prepaid expenses		86,903	38,041
Right-of-use assets	7	2,960,756	2,954,168
Deferred tax assets	18	77,725	-
Total non-current assets		8,748,400	9,183,952
Total assets		15,089,328	14,460,875

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

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS AS OF
30 JUNE 2020 AND 31 DECEMBER 2019**

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

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	Notes	Current Period 30 June 2020	Prior Period 31 December 2019
LIABILITIES			
Current liabilities:			
Short term borrowings		919,695	281,603
<i>Bank loans</i>	9	919,695	281,603
Short term portion of long term borrowings		611,209	911,279
<i>Bank loans</i>	9	387,777	681,251
<i>Lease liabilities</i>		223,432	230,028
Trade payables		6,319,921	5,743,794
<i>Trade payables to related parties</i>	20	275,179	255,588
<i>Trade payables to third parties</i>		6,044,742	5,488,206
Employee benefits payables		333,235	148,609
Other payables		345,502	133,660
<i>Other payables to third parties</i>		345,502	133,660
Derivative instruments		18,625	1,803
Deferred income		135,025	94,984
Taxes on income	18	17,690	-
Short term provisions		270,206	224,605
<i>Short term provisions for employee benefits</i>	11	169,510	139,366
<i>Other short term provisions</i>	10	100,696	85,239
Other current liabilities		4,852	3,681
Total current liabilities		8,975,960	7,544,018
Non-current liabilities:			
Long term borrowings		5,784,440	6,328,337
<i>Bank loans</i>	9	2,774,989	3,440,185
<i>Lease liabilities</i>		3,009,451	2,888,152
Other payables		14,135	13,026
<i>Other payables to third parties</i>		14,135	13,026
Deferred income		2,560	3,196
Derivative Instruments		12,922	26,314
Long term provisions		246,779	204,503
<i>Long term provisions for employee benefits</i>	11	246,779	204,503
Deferred tax liabilities		-	18,613
Total non-current liabilities		6,060,836	6,593,989
Total liabilities		15,036,796	14,138,007

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**CONSOLIDATED BALANCE SHEETS AS OF
30 JUNE 2020 AND 31 DECEMBER 2019**

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	Notes	Current Period 30 June 2020	Prior Period 31 December 2019
EQUITY			
Attributable to equity holders of parent		50,480	321,203
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
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss		436,709	637,922
-Defined benefit plans re-measurement		(14,215)	(14,215)
-Revaluation fund of property, plant and equipment		450,924	652,137
Other accumulated comprehensive income/(loss) that will be reclassified in profit or loss		210,387	176,102
- Currency translation differences		210,387	176,102
Restricted reserves		111,249	23,771
Accumulated losses		(494,493)	(101,808)
Net loss for the period		(290,700)	(492,112)
Non-controlling interest		2,052	1,665
Total equity		52,532	322,868
Total liabilities and equity		15,089,328	14,460,875

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2020 AND 2019**

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

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

		Current Period Reviewed 1 January - 30 June 2020	Current Period Unreviewed 1 April - 30 June 2020	Prior Period Reviewed 1 January - 30 June 2019	Prior Period Unreviewed 1 April - 30 June 2019
	Notes				
Revenue	3, 12	13,412,554	6,979,760	10,730,815	5,808,145
Cost of sales (-)	3, 12	(9,868,401)	(5,157,259)	(7,812,954)	(4,246,066)
Gross profit		3,544,153	1,822,501	2,917,861	1,562,079
General administrative expenses (-)	13	(171,842)	(85,411)	(145,301)	(69,507)
Marketing expenses (-)	13	(2,776,669)	(1,449,456)	(2,183,516)	(1,145,523)
Other operating income	14	103,389	35,352	183,467	96,569
Other operating expense (-)	14	(247,724)	(109,161)	(423,445)	(237,013)
Operating profit		451,307	213,825	349,066	206,605
Income from investment activities	15	12,267	11,189	15,119	13,763
Expenses from investment activities (-)	15	(13,734)	(11,187)	(6,630)	(546)
Operating income before finance income/(expense)		449,840	213,827	357,555	219,822
Financial income	16	13,379	7,123	18,976	3,564
Financial expense (-)	17	(729,270)	(340,984)	(761,419)	(386,177)
Net loss before tax from continuing operations		(266,051)	(120,034)	(384,888)	(162,791)
Tax (expense)/income from continuing operations		(24,630)	(34,376)	3,602	12,321
- Income tax expense	18	(77,429)	(44,575)	(1,239)	(547)
- Deferred tax income	18	52,799	10,199	4,841	12,868
Net loss for the period		(290,681)	(154,410)	(381,286)	(150,470)
Net loss attributable to:					
- Non-controlling interest		19	(5)	73	35
- Equity holders of parent	21	(290,700)	(154,405)	(381,359)	(150,505)
Loss per share TRL	21	(1.61)	(0.85)	(2.11)	(0.83)

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2020 AND 2019**

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

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

	Current Period Reviewed 1 January - 30 June 2020	Current Period Unreviewed 1 April - 30 June 2020	Prior Period Reviewed 1 January - 30 June 2019	Prior Period Unreviewed 1 April - 30 June 2019
Net loss for the period	(290,681)	(154,410)	(381,286)	(150,470)
Items that may be reclassified subsequently				
-Revaluation of fund of property, plant and equipment	(62,380)	(3,458)	-	-
Tax effect of items not to be reclassified to profit or loss				
-Tax effect of revaluation fund of property, plant and equipment	48,072	35,139	-	-
Items to be reclassified to profit or loss				
-Currency translation differences	34,653	13,394	11,633	4,592
Other comprehensive income / (loss), after tax	20,345	45,075	11,633	4,592
Total comprehensive income / (loss)	(270,336)	(109,335)	(369,653)	(145,878)
Total comprehensive (loss) / income attributable to:				
-Non-controlling interests	387	111	(515)	-
-Equity holders of parent	(270,723)	(109,446)	(369,138)	(145,878)

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2020 AND 2019**

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

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					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	Increase/(decrease) re-evaluation of tangible assets	Cumulative translation losses	Restricted reserves	Accumulated losses	Net loss for the period	Attributable to equity holders of the parents	Non- controlling interests	Total equity
Balances at 1 January 2019	181,054	(365)	(125,435)	22,074	(9,265)	687,277	132,671	9,391	571,060	(835,558)	632,904	2,186	635,090
Transfers	-	-	-	-	-	(128,043)	-	14,380	(721,895)	835,558	-	-	-
Total comprehensive income	-	-	-	-	-	-	12,320	-	-	(381,539)	(369,039)	(614)	(369,653)
Net loss for the period	-	-	-	-	-	-	-	-	-	(381,539)	(381,539)	73	(381,286)
Cumulative translation differences	-	-	-	-	-	-	12,320	-	-	-	12,320	(687)	11,633
Balances at 30 June 2019	181,054	(365)	(125,435)	22,074	(9,265)	559,234	144,991	23,771	(150,835)	(381,539)	263,865	1,572	265,437
Balances at 1 January 2020	181,054	(365)	(125,435)	22,074	(14,215)	652,137	176,102	23,771	(101,808)	(492,112)	321,203	1,665	322,868
Transfers	-	-	-	-	-	(186,905)	-	87,478	(392,685)	492,112	-	-	-
Total comprehensive (loss)/income	-	-	-	-	-	(14,308)	34,285	-	-	(290,700)	(270,723)	387	(270,336)
Net loss for the period	-	-	-	-	-	-	-	-	-	(290,700)	(290,700)	19	(290,681)
Cumulative translation differences	-	-	-	-	-	-	34,285	-	-	-	34,285	368	34,653
Decreases of revaluation of fixed assets	-	-	-	-	-	(14,308)	-	-	-	-	(14,308)	-	(14,308)
Balances at 30 June 2020	181,054	(365)	(125,435)	22,074	(14,215)	450,924	210,387	111,249	(494,493)	(290,700)	50,480	2,052	52,532

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MİGROS TİCARET A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2020 AND 2019**

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

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	Notes	1 January - 30 June 2020	1 January - 30 June 2019
Cash flow from operating activities:			
Net loss for the period		(290,681)	(381,286)
Adjustments related to reconciliation of loss			
Adjustments for depreciation and amortisation expenses	13	404,364	419,433
Adjustments for impairment on receivables	14	2,389	7,636
Adjustments for inventory provisions		24,504	12,674
Adjustments for impairment on property, plant and equipment	15	3,186	2,283
Adjustments for provision for employee benefits	11	95,632	75,031
Adjustments for provision for litigation	10	8,584	8,611
Adjustments for interest income	14,16	(28,809)	(40,808)
Adjustments for interest expense	17	435,432	469,847
Adjustments for deferred financing due to forward purchases expenses	14	224,194	389,047
Adjustments for unearned finance income from sales	14	(41,181)	(104,517)
Adjustments for unrealized foreign exchange losses related to bank borrowings	9	323,961	272,308
Adjustments for fair value losses arising from derivatives	17	11,060	2,960
Adjustments for income tax expense	18	24,630	(3,602)
Loss on sale of property plant and equipment	15	(1,719)	(10,772)
Changes in net working capital		579,735	164,615
Adjustments for increase in trade receivables		(34,124)	(82,429)
Adjustments for increase in inventories		(378,673)	(290,407)
Adjustments for increase in other receivables related with operations		(86,739)	(6,043)
Adjustments for increase in trade payables		624,785	364,453
Adjustments for increase in other payables related with operations		454,486	179,041
Cash flows from operating activities		1,775,281	1,283,460
Employee benefits paid	11	(23,212)	(26,069)
Interest received		71,329	140,958
Interest paid		(222,586)	(439,884)
Taxes paid		(49,164)	(8,963)
Other provisions paid	10	(5,793)	(10,893)
Net cash provided by operating activities		1,545,855	938,609

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**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2020 AND 2019**

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

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	Notes	1 January - 30 June 2020	1 January - 30 June 2019
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets		(167,721)	(130,012)
Cash inflows from the sale of tangible and intangible assets		523,419	186,111
Net cash used in investing activities		355,698	56,099
Cash flows from financing activities			
Proceeds from borrowings	9	1,139,040	570,200
Repayment of borrowings	9	(1,793,652)	(568,429)
Repayment of derivative instruments		(7,630)	(45,537)
Interest received	16	2,030	5,710
Interest paid		(211,100)	(198,685)
Cashoutflows from payments of rent agreements		(371,943)	(365,885)
Net cash provided by financing activities		(1,243,255)	(602,626)
Impact of foreign currency translation differences on cash and cash equivalents			
		(1,606)	(3,444)
Net increase in cash and cash equivalents		656,692	388,638
Cash and cash equivalents at the beginning of period		2,328,309	1,750,516
Cash and cash equivalents at the end of period		2,985,001	2,139,154

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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 Şirketi (“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, 2020, the direct and indirect total of Migros’s capital shares of BC Partners (“Kenan Investments S.A.”) equal to 12% 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 2020, the Group operates in 2,278 stores in total (31 December 2019: 2,198) which comprise 1,549,430 m2 from 2.258 retail stores and comprise 11,502 m2 from 20 wholesale stores with a total net space of 1.560.932 m2 (31 December 2019: 1,535,535 m2). As of 30 June 2020, the Group employed 33,268 people (31 December 2019: 32,253) on average. Retail is the main business segment of the Group and constitutes almost 97% of gross sales (31 December 2019: 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 11 August 2020 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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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:

				June 2020	December 2019
<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>	(%)	(%)
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.

The Group has purchased 25% of Paket Lojistik ve Teknoloji A.Ş. on November 1, 2019. The purchased price reflects its fair value.

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.

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 TRL, which is the functional currency of Migros Ticaret A.Ş. and the reporting currency of the Group.

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

2.1.4 Going concern

In accordance with the continuity principle of the business, the consolidated financial tables are prepared based on the assumption that the Group will benefit from its assets and pay off its liabilities within next year. As of 30 June 2020, the company’s equity is TRL 52,532. The main reason of the decrease in equity is due to the foreign exchange differences arising from the foreign exchange denominated loans, however, the re-payment of the foreign exchange loans will start in 2022. According to the calculations as of the balance sheet date, despite of the decline in the equity’s capacity to cover the share capital and its reserves, if the unrealized foreign exchange loss of TRL 1,038,113 is excluded from the assessment (based on the communiqué of the Application of Turkish Commercial Code 6102/Article 376, Temporary Clause 1), no decline is expected in the equity coverage as of the end of the year. The Company preserves its ability to generate strong operating cash flows

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) Amendments that are mandatorily effective from 2020

Amendments to TFRS 3	<i>Definition of a Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions</i>
Amendments to Conceptual Framework	<i>Amendments to References to the Conceptual Framework in TFRSs</i>

Amendments to TFRS 3 *Definition of a Business*

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 TFRS 3 Business Combinations standard 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.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL
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2.2 New and Revised Turkish Accounting Standards (cont’d)

a) Amendments that are mandatorily effective from 2020 (cont’d)

Amendments to TFRS 3 *Definition of a Business* (cont’d)

- 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 TAS 1 and TAS 8 *Definition of Material*

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

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions*

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL
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2.2 New and Revised Turkish Accounting Standards (cont’d)

a) Amendments that are mandatorily effective from 2020 (cont’d)

Amendments to TFRS 16 COVID-19 Related Rent Concessions (cont’d)

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Company elected early application of the amendments.

Amendments to References to the Conceptual Framework in TFRSs

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

b) New and revised TFRSs in issue but not yet effective

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

TFRS 17

Amendments to TAS 1

Amendments to TFRS 3

Amendments to TAS 16

Amendments to TAS 37

Annual Improvements to TFRS Standards
2018-2020

Insurance Contracts

Classification of Liabilities as Current or Non-Current

Reference to the Conceptual Framework

*Property, Plant and Equipment – Proceeds before
Intended Use*

Onerous Contracts – Cost of Fulfilling a Contract

Amendments to TFRS 1, TFRS 9 and TAS 41

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL
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2.2 New and Revised Turkish Accounting Standards (cont’d)

b) New and revised TFRSs in issue but not yet effective (cont’d)

TFRS 17 Insurance Contracts

TFRS 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. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL
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2.2 New and Revised Turkish Accounting Standards (cont’d)

b) New and revised TFRSs in issue but not yet effective (cont’d)

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Critical accounting estimates and assumptions

Goodwill impairment test

The Group performs impairment tests on goodwill annually at 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group’s eight-year business plans. Those projections are calculated in terms of TL and the growth rate expected to be realized after ten years is assumed to be nil. The discount rate in the value-in-use calculations is used as 9% per annum for a fixed-price plan study (2019: 9%). The discount rate in the value-in-use calculations is after tax discount rate, and includes the Group’s specific risk factors as well.

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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 2020 and 2019 is as follows:

Segment analysis for the period 1 January - 30 June 2020

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External Revenues	13,148,985	263,569	13,412,554	-	13,412,554
Inter segment revenues	2,487	-	2,487	(2,487)	-
Sales revenue	13,151,472	263,569	13,415,041	(2,487)	13,412,554
Cost of sales	(9,676,784)	(194,104)	(9,870,888)	2,487	(9,868,401)
Gross profit	3,474,688	69,465	3,544,153	-	3,544,153
Selling and marketing expenses	(2,728,776)	(47,893)	(2,776,669)	-	(2,776,669)
General administrative expenses	(149,370)	(22,472)	(171,842)	-	(171,842)
Addition: Depreciation and amortisation expenses	393,802	10,562	404,364	-	404,364
Addition: Provision for termination benefits	42,197	79	42,276	-	42,276
Addition: Termination benefits paid	19,138	-	19,138	-	19,138
Addition: Provision for Unused vacation	30,144	-	30,144	-	30,144
EBITDA (Including TFRS 16 Effect)	1,081,823	9,741	1,091,564	-	1,091,564
TFRS 16 Effect	(371,943)	-	(371,943)	-	(371,943)
EBITDA	709,880	9,741	719,621	-	719,621
Rent Expense	582,493	14,820	597,313	-	597,313
EBITDAR	1,292,373	24,561	1,316,934	-	1,316,934

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 April - 30 June 2020

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External Revenues	6,863,435	116,325	6,979,760	-	6,979,760
Inter segment revenues	762	-	762	(762)	-
Sales revenue	6,864,197	116,325	6,980,522	(762)	6,979,760
Cost of sales	(5,071,754)	(86,267)	(5,158,021)	762	(5,157,259)
Gross profit	1,792,443	30,058	1,822,501	-	1,822,501
Selling and marketing expenses	(1,427,486)	(21,970)	(1,449,456)	-	(1,449,456)
General administrative expenses	(73,798)	(11,613)	(85,411)	-	(85,411)
Addition: Depreciation and amortisation expenses	196,158	5,530	201,688	-	201,688
Addition: Provision for termination benefits	11,892	40	11,932	-	11,932
Addition: Termination benefits paid	8,359	-	8,359	-	8,359
Addition: Provision for Unused vacation	10,524	-	10,524	-	10,524
EBITDA (Including TFRS 16 Effect)	518,092	2,045	520,137	-	520,137
TFRS 16 Effect	(172,709)	-	(172,709)	-	(172,709)
EBITDA	345,383	2,045	347,428	-	347,428
Rent Expense	291,973	6,036	298,009	-	298,009
EBITDAR	637,356	8,081	645,437	-	645,437

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 January - 30 June 2019

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
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
EBITDA (Including TFRS 16 Effect)	1,061,294	14,980	1,076,274	-	1,076,274
TFRS 16 Effect	(365,885)	-	(365,885)	-	(365,885)
EBITDA	695,409	14,980	710,389	-	710,389
Rent Expense	490,453	18,403	508,856	-	508,856
EBITDAR	1,185,862	33,383	1,219,245	-	1,219,245

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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)
EBITDA (Including TFRS 16 Effect)	579,864	6,755	586,619	-	586,619
TFRS 16 Effect	(190,037)	-	(190,037)	-	(190,037)
EBITDA	389,827	6,755	396,582	-	396,582
Rent Expense	257,563	9,567	267,130	-	267,130
EBITDAR	647,390	16,322	663,712	-	663,712

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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 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
EBITDAR reported segments	1,316,934	645,437	1,219,245	663,712
Rent expenses	(597,313)	(298,009)	(508,856)	(267,129)
TFRS 16 Effect	371,943	172,709	365,885	190,037
EBITDA reported segments	1,091,564	520,137	1,076,274	586,619
Depreciation and amortisation	(404,364)	(201,688)	(419,433)	(210,220)
Provision for employment termination benefits	(42,276)	(11,932)	(31,996)	(20,743)
Termination benefits paid	(19,138)	(8,359)	(18,836)	(10,162)
Provision for unused vacation liability	(30,144)	(10,524)	(16,965)	1,555
Other operating income	103,389	35,352	183,467	96,569
Other operating expense (-)	(247,724)	(109,161)	(423,445)	(237,013)
Operating profit	451,307	213,825	349,066	206,605
Income from investing activities	12,267	11,189	15,119	13,763
Expense from investing activities (-)	(13,734)	(11,187)	(6,630)	(546)
Operating profit before finance income	449,840	213,827	357,555	219,822
Financial income	13,379	7,123	18,976	3,564
Financial expense (-)	(729,270)	(340,984)	(761,419)	(386,177)
Income/(loss) before tax	(266,051)	(120,034)	(384,888)	(162,791)

NOTE 4 - INVESTMENT PROPERTY

None.

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments period ended at 30 June 2020 is as follows;

	1 January 2020	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30 June 2020
Cost							
Land	1,288,070	-	(386,690)	-	-	5,624	907,004
Buildings	1,048,096	3,209	(226,192)	-	1,229	42,755	869,097
Leasehold improvements	899,000	16,477	-	(7,236)	6,444	2,774	917,459
Machinery and equipments	1,279,878	42,409	(8,909)	-	29,164	6,864	1,349,406
Motor vehicles	10,988	2,241	(392)	-	-	470	13,307
Furniture and fixtures	840,781	30,130	(2,484)	-	9,360	8,319	886,106
Construction in progress	54,913	58,850	-	-	(47,003)	1,127	67,887
	5,421,726	153,316	(624,667)	(7,236)	(806)	67,933	5,010,266
Accumulated depreciation							
Buildings	(29,461)	(16,561)	8,088	-	-	(13,448)	(51,382)
Leasehold improvementsc	(459,195)	(33,708)	-	4,050	-	(1,609)	(490,462)
Machinery and equipments	(684,063)	(54,420)	7,914	-	(15)	(5,028)	(735,612)
Motor vehicles	(3,378)	(974)	368	-	-	(256)	(4,240)
Furniture and fixture	(509,391)	(26,361)	1,742	-	(120)	(6,935)	(541,065)
	(1,685,488)	(132,024)	18,112	4,050	(135)	(27,276)	(1,822,761)
Net book value	3,736,238						3,187,505

(*) Impairment loss amounting to TRL 3,186 consists of leasehold improvements of the stores closed in 2020 (Note:15).

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January 2019	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30 June 2019
Cost							
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
	5,319,394	122,407	(101,603)	(13,384)	(5,577)	27,788	5,349,025
Accumulated depreciation							
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)
	(1,456,352)	(121,719)	10,601	11,102	(214)	(8,756)	(1,565,339)
Net book value	3,863,042						3,783,686

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

There are no mortgages on property, plant and equipment as of June 30, 2020 and 2019. 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 2020 and 2019 is as follows;

	1 January 2020	Additions	Transfers	Cumulative translation differences	30 June 2020
Cost					
Trademark	2,787	-	-	-	2,787
Rent agreements	39,131	-	-	-	39,131
Rights	408,899	14,405	-	1,910	425,214
Other intangible assets	169,302	-	941	-	170,243
	620,119	14,405	941	1,910	637,375
Accumulated amortisation					
Rent agreements	(35,403)	(484)	-	-	(35,887)
Rights	(290,041)	(26,008)	-	(1,264)	(317,313)
Other intangible assets	(101,842)	(9,601)	-	-	(111,443)
	(427,286)	(36,093)	-	(1,264)	(464,643)
Net book value	192,833				172,732

	1 January 2019	Additions	Transfers	Cumulative translation differences	30 June 2019
Cost					
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
	579,140	7,605	5,791	1,243	593,779
Accumulated amortisation					
Rent agreements	(34,355)	(524)	-	-	(34,879)
Rights	(234,169)	(22,434)	-	-	(256,603)
Other intangible assets	(84,366)	(9,790)	-	(943)	(95,099)
	(352,890)	(32,748)	-	(943)	(386,581)
Net book value	226,250				207,198

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

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NOTE 7 RIGHT OF USE ASSET

	1 January 2020	Additions	Impairment Disposals	30 June 2020
Cost				
Buildings	3,426,304	428,473	(185,639)	3,669,138
	3,426,304	428,473	(185,639)	3,669,138
Accumulated depreciation				
Buildings	(472,135)	(236,247)	-	(708,382)
	(472,135)	(236,247)	-	(708,382)
Net book value		192,226	(185,639)	2,960,756

	1 January 2019	The effect of changes in accounting policy	Additions	Impairment Disposals	30 June 2019
Cost					
Buildings	-	2,964,373	245,260	(14,070)	3,195,563
	-	2,964,373	245,260	(14,070)	3,195,563
Accumulated depreciation					
Buildings	-	-	(264,966)	-	(264,966)
	-	-	(264,966)	-	(264,966)
Net book value	-		(19,706)	(14,070)	2,930,597

NOTE 8 - INVENTORIES

	30 June 2020	31 December 2019
Raw materials	18,487	17,184
Work in progress	34,968	40,034
Merchandise stocks	3,017,340	2,654,269
Other	23,194	3,829
Less: Provision for net realizable value	(73,371)	(48,867)
	3,020,618	2,666,449

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NOTE 9 - FINANCIAL LIABILITIES

	30 June 2020		
	Effective interest rate (%)	In original currency	Total TRL equivalent
Short term borrowings			
With fixed interest rate - TRL	12.35	602,624	602,624
With floating interest rate - TRL	21.53	317,071	317,071
Total short term borrowings			919,695
Current portion of long term borroings			
With floating interest rate - EUR	5.28	8,153	62,844
With fixed interest rate - TRL	17.31	260,174	260,174
With floating interest rate - TRL	12.61	52,187	52,187
With fixed interest rate - Tenge	13.65	741,938	12,572
Total current portion of long term borrowings			387,777
Total current bank borrowings			1,307,472
Non-current bank borrowings			
With floating interest rate - EUR	5.28	175,741	1,354,644
With fixed interest rate - TRL	17.31	899,626	899,626
With floating interest rate - TRL	12.61	469,271	469,271
With fixed interest rate - Tenge	13.65	3,036,459	51,448
Total non-current bank borrowings			2,774,989
Total financial liabilities			4,082,461

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NOTE 9 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of bank borrowings with effective interest rate at 30 June 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 July 2020 - 30 June 2021	12,571	62,845	1,232,056	1,307,472
1 July 2021 - 30 June 2022	20,839	66,082	725,370	812,291
1 July 2022 - 30 June 2023	17,738	1,288,561	275,621	1,581,920
1 July 2023 - 30 June 2024	11,421	-	232,578	243,999
1 July 2024 - 5 June 2025	1,451	-	135,328	136,779
	64,020	1,417,488	2,600,953	4,082,461

The fair value of bank borrowings at 30 June 2020 is TRL 4,128,739.

The redemption schedule of principal amounts of bank borrowings at 30 June 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 July 2020 - 30 June 2021	11,756	-	1,017,084	1,028,840
1 July 2021 - 30 June 2022	20,838	-	688,379	709,217
1 July 2022 - 30 June 2023	17,738	1,423,282	281,226	1,722,246
1 July 2023 - 30 June 2024	11,421	-	328,573	339,994
1 July 2024 - 5 June 2025	1,451	-	225,616	227,067
	63,204	1,423,282	2,540,878	4,027,364

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 30 June 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 July 2020 - 30 June 2021	20,166	62,160	1,286,791	1,369,117
1 July 2021 - 30 June 2022	27,012	68,733	949,299	1,045,043
1 July 2022 - 30 June 2023	21,057	1,476,004	413,069	1,910,131
1 July 2023 - 30 June 2024	12,423	-	415,724	428,147
1 July 2024 - 5 June 2025	1,501	-	256,399	257,900
	82,160	1,606,897	3,321,282	5,010,338

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NOTE 9 - FINANCIAL LIABILITIES (Continued)

The Group has obligation to meet various financial covenants according to loan agreement related to bank borrowings. As of 30 June 2020 the Group has met defined financial covenants requirements.

The movement schedule of borrowings as of 30 June 2020 is as follows;

	1 January- 30 June 2020	1 January- 30 June 2019	
Beginning balance	4,403,039	4,570,097	
Proceeds of borrowings	1,139,040	570,200	
Payments	(1,793,652)	(568,429)	
Foreign exchange losses	323,961	272,308	
Interest accrual	10,073	50,370	
Closing	4,082,461	4,894,546	
	31 December 2019		
	Effective interest rate (%)	In original currency	Total TRL equivalent
Short term borrowings			
With fixed interest rate - TRL	23.09	281,603	281,603
Total short term borrowings			281,603
Current portion of long term borroings			
With floating interest rate - EUR	5.27	49,741	330,808
With fixed interest rate - TRL	19.67	319,753	319,753
With floating interest rate - TRL	21.59	25,167	25,167
With fixed interest rate - Tenge	11.58	354,383	5,523
Total current portion of long term borrowings			681,251
Total current bank borrowings			962,854
Non-current bank borrowings			
With floating interest rate - EUR	5.27	380,298	2,529,211
With fixed interest rate - TRL	19.67	681,917	681,917
With floating interest rate - TRL	21.59	175,423	175,423
With fixed interest rate - Tenge	11.58	3,441,682	53,634
Total non-current bank borrowings			3,440,185
Total financial liabilities			4,403,039

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NOTE 9 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of bank borrowings with effective interest rate at 31 December 2019 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	5,523	330,808	626,523	962,854
1 January 2021- 31 December 2021	15,870	952,011	539,615	1,507,496
1 January 2022- 31 December 2022	18,089	1,011,974	132,442	1,162,505
1 January 2023- 31 December 2023	15,672	565,226	113,284	694,182
1 January 2024 - 12 September 2024	4,003	-	71,999	76,002
	59,157	2,860,019	1,483,863	4,403,039

The fair value of bank borrowings at 31 December 2019 is TRL 4,558,469.

The redemption schedule of principal amounts of bank borrowings at 31 December 2019 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	5,093	200,283	451,340	656,716
1 January 2021- 31 December 2021	15,870	913,887	83,583	1,013,340
1 January 2022- 31 December 2022	18,089	1,085,218	598,316	1,701,623
1 January 2023- 31 December 2023	15,672	656,822	157,250	829,744
1 January 2024 - 12 September 2024	4,003	-	148,080	152,083
	58,727	2,856,210	1,438,569	4,353,506

The redemption schedule of principal amounts of bank borrowings at 31 December 2019 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	8,756	338,214	671,574	1,018,544
1 January 2021- 31 December 2021	19,902	1,031,396	881,390	1,932,688
1 January 2022- 31 December 2022	22,438	1,157,027	231,550	1,411,015
1 January 2023- 31 December 2023	17,424	672,334	239,086	928,844
1 January 2024 - 12 September 2024	8,326	-	192,205	200,531
	76,846	3,198,971	2,215,805	5,491,622

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NOTE 10 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	30 June 2020	31 December 2019
Provision for litigation	83,916	81,125
Provisions for customer loyalty programs	14,780	1,754
Other	2,000	2,360
	100,696	85,239

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:

	1 January - 30 June 2020	1 January - 31 June 2019
Beginning balance	81,125	82,496
Increase during period	8,584	8,611
Payments during period	(5,793)	(10,893)
Ending balance	83,916	80,214

Collaterals, Pledges, Mortgages

30 June 2020:

	TL equivalent	TL	USD	EUR
A. CPM given on behalf of the Company's legal personality	213,290	204,821	1,238	-
B. CPM given on behalf of fully consolidated subsidiaries	51,448	-	7,519	-
Total collaterals, pledges and mortgages	264,738	204,821	8,757	-

Proportion of the other CPM's to equity (%)

-

31 December 2019:

	TL equivalent	TL	USD	EUR
A. CPM given on behalf of the Company's legal personality	236,424	228,982	1,253	-
B. CPM given on behalf of fully consolidated subsidiaries	53,634	-	9,029	-
Total collaterals, pledges and mortgages	290,058	228,982	10,282	-

Proportion of the other CPM's to equity (%)

-

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

Contingent assets and liabilities

Guarantees given at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Letter of guarantees given	264,738	290,058
	264,738	290,058

Guarantees received at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Guarantees obtained from customers	184,955	176,257
Mortgages obtained from customers	14,535	73,823
	199,490	250,080

NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS

	30 June 2020	31 December 2019
Provision for employee termination benefits	246,779	204,503
Provision for unused vacation	169,510	139,366
	416,289	343,869

Movement of unused vacation provision at 30 June 2020 and 30 June 2019 is as follows:

	2020	2019
Beginning balance	139,366	122,848
Increase during period	34,218	24,199
Recovered during period	(4,074)	(7,233)
Ending balance	169,510	139,814

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

	2020	2019
Beginning balance	204,503	145,477
Increase during period	61,414	50,832
Payments during period	(19,138)	(18,836)
Ending balance	246,779	177,473

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NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS (cont'd)

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 2020 and consolidated financial statements as of 31 December 2019, 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 7,117.17 effective from 1 July 2020 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

NOTE 12 - REVENUE

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Domestic sales	13,335,360	6,936,409	10,666,348	5,787,196
Foreign sales	262,055	115,824	288,099	149,361
Other sales	16,916	8,048	16,108	9,051
Gross sales	13,614,331	7,060,281	10,970,555	5,945,608
Discounts and returns (-)	(201,777)	(80,521)	(239,740)	(137,463)
Sales revenue, net	13,412,554	6,979,760	10,730,815	5,808,145
Cost of sales	(9,868,401)	(5,157,259)	(7,812,954)	(4,246,066)
Gross profit	3,544,153	1,822,501	2,917,861	1,562,079

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

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Retail sales revenue	13,158,702	6,849,510	10,459,889	5,663,769
Wholesale revenue	369,062	186,707	374,799	212,036
Rent income	69,651	16,016	119,760	60,752
	13,597,415	7,052,233	10,954,448	5,936,557

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NOTE 13 - EXPENSE BY NATURE

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Total				
Staff costs	1,472,157	744,863	1,128,695	589,631
Depreciation and amortisation	404,364	201,688	419,433	210,220
Rent and common area	296,491	162,134	208,626	113,120
Energy	163,432	75,721	162,314	87,616
Porterage and cleaning	93,264	48,066	77,847	40,947
Advertising	58,897	28,434	58,867	28,152
Mechanisation	60,371	30,474	46,634	27,247
Repair and maintenance	41,748	23,817	36,679	20,861
Security	32,101	16,032	27,386	13,582
Taxes and other fees	16,675	10,023	13,205	5,760
Communication	9,011	4,735	7,932	3,831
Other	300,000	188,880	141,199	74,063
	2,948,511	1,534,867	2,328,817	1,215,030
Marketing expenses				
Staff costs	1,341,287	681,384	1,016,017	537,469
Depreciation and amortisation	404,364	201,688	419,433	210,220
Rent and common area	294,211	159,941	208,115	112,884
Energy	162,239	75,194	160,662	86,672
Porterage and cleaning	90,593	46,751	75,680	39,827
Advertising	58,884	28,421	58,842	28,134
Mechanisation	54,407	27,662	42,124	24,723
Repair and maintenance	40,474	22,950	35,754	20,420
Security	31,056	15,502	26,307	13,096
Taxes and other fees	14,225	7,992	12,401	5,206
Communication	7,754	4,121	6,787	3,228
Other	277,175	177,850	121,394	63,644
	2,776,669	1,449,456	2,183,516	1,145,523

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NOTE 13 - EXPENSE BY NATURE (cont'd)

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
General administrative expenses				
Staff costs	130,870	63,479	112,678	52,162
Other	40,972	21,932	32,623	17,345
	171,842	85,411	145,301	69,507

Expenses by nature in cost of sales for the periods 1 January - 30 June 2020 and 2019 are as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Cost of goods sold	(9,848,653)	(5,151,129)	(7,789,934)	(4,229,491)
Cost of service rendered	(19,748)	(6,130)	(23,020)	(16,575)
	(9,868,401)	(5,157,259)	(7,812,954)	(4,246,066)

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.

NOTE 14 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Other operating income				
Interest income on term sales	41,181	14,841	104,517	59,972
Interest income from operating	26,779	18,915	35,098	23,347
Other	35,429	1,596	43,852	13,250
	103,389	35,352	183,467	96,569

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Other operating expenses				
Interest expense on term purchases	(224,194)	(102,048)	(389,047)	(222,917)
Litigation provision	(8,584)	(2,216)	(16,340)	(4,788)
Bad debt provision expense	(2,389)	(976)	(7,636)	(3,601)
Other	(12,557)	(3,921)	(10,422)	(5,707)
	(247,724)	(109,161)	(423,445)	(237,013)

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NOTE 15 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Income from investing activities				
Gain on sale of property, plant and equipment	12,267	11,189	15,119	13,763
	12,267	11,189	15,119	13,763
Expense from investing activities				
Gain on sale of property, plant and equipment	(10,548)	(10,548)	(4,347)	570
Losses from leasehold improvements of closed stores (Note 5)	(3,186)	(639)	(2,283)	(1,116)
	(13,734)	(11,187)	(6,630)	(546)

NOTE 16 - FINANCIAL INCOME

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Foreign exchange gains	11,349	6,029	13,266	1,393
Interest income on bank deposits	2,030	1,094	5,710	2,171
	13,379	7,123	18,976	3,564

NOTE 17 - FINANCIAL EXPENSES

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Foreign exchange losses	(240,329)	(86,964)	(264,889)	(113,663)
Interest expense on bank borrowings	(219,316)	(116,480)	(251,655)	(139,863)
Financial expense on derivatives	(11,060)	(9,061)	(2,960)	(9,496)
Interest expense on leasings	(216,116)	(109,094)	(218,192)	(112,463)
Other	(42,449)	(19,385)	(23,723)	(10,692)
	(729,270)	(340,984)	(761,419)	(386,177)

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NOTE 18 - TAX ASSETS AND LIABILITIES

	30 June 2020	31 December 2019
Corporate and income taxes payable	77,454	2,861
Less: Prepaid current income taxes	(59,764)	(14,616)
Current tax liabilities/(assets)	17,690	(11,755)

	30 June 2020	31 December 2019
Deferred tax assets	201,420	163,210
Deferred tax liabilities	(123,695)	(181,823)
Deferred tax assets/(liabilities), net	77,725	(18,613)

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, 2019 - 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 2020 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, 2020 for Turkey, Kazakhstan, Bulgaria and Macedonia 22% - 20%, 20%, 10% and 10% (2019: 22% , 20%, 20% and 10%).

The details of taxation on income for the periods ended 2020 and 2019 are as follows:

	1 January- 30 June 2020	1 January- 30 June 2019	1 January- 30 June 2019	1 January- 30 June 2019
Current period tax expense	(77,429)	(44,575)	(1,239)	(547)
Deferred tax income	52,799	10,199	4,841	12,868
Current period tax amount	(24,630)	(34,376)	3,602	12,321

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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 2020 and 31 December 2019 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Deferred tax assets:				
Short term provisions	253,425	220,491	55,754	48,508
Inventories	128,619	127,483	28,296	28,046
Provision for employee termination benefits	246,779	204,503	49,297	40,850
Unincurred interest income	4,175	805	918	177
Fair value change of derivative financial instruments	31,547	28,117	6,940	6,186
TFRS 16 effect	245,055	162,825	53,912	35,821
Other	28,381	16,237	6,303	3,622
Deferred tax assets	937,981	760,461	201,420	163,210

Deferred tax liabilities:

Property, plant and equipment, intangible assets and investment properties	(1,001,355)	(1,123,130)	(106,838)	(164,666)
Unincurred interest expense	(70,333)	(71,695)	(15,473)	(15,773)
Other	(6,921)	(6,921)	(1,384)	(1,384)
Deferred tax liabilities	(1,078,609)	(1,201,746)	(123,695)	(181,823)
Total deferred tax liability, net	(140,628)	(441,285)	77,725	(18,613)

The movement of deferred tax assets and liabilities are as follows:

	1 January- 30 June 2020	1 January- 30 June 2019
Beginning balance	(18,613)	1,765
Deferred tax expense from continuing operations	52,799	4,841
Recognized under equity	48,072	-
Cumulative translation difference	(4,533)	784
Ending balance	77,725	7,390

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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 2020 and 31 December 2019 are stated below:

	30 June 2020		31 December 2019	
	TL	Share (%)	TL	Share (%)
MH Perakendecilik ve Ticaret A.Ş.	89,046	49.18	89,046	49.18
Kenan Investments S.A.	21,308	11.77	21,308	11.77
Migros Ticaret A.Ş.	2,962	1.64	2,962	1.64
Other	67,738	37.41	67,738	37.41
Total	181,054	100.00	181,054	100.00
Treasury shares (-)	(125,435)		(125,435)	

In the utilisation process of separation funds for Kipa shareholders due to the merger, Migros shares with a total nominal value of TRL 2,962, corresponding to Kipa shares with a total nominal value of TRL 48,998 which were converted to Migros shares due to the merger were purchased by Migros with a total amount of TRL 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

Due from related parties	30 June 2020	31 December 2019
Anadolu Restoran İşl. Ltd. Şti.	100	43
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	236	417
Anadolu Motor Üretim ve Pazarlama A.Ş.	-	58
Other	508	231
	844	749

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

Due to related parties	30 June 2020	31 December 2019
Coca Cola Satış ve Dağıtım A.Ş.	113,941	87,144
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	147,166	142,932
Adel Kalemcilik Ticaret ve San. A.Ş.	7,400	8,909
AEH Sigorta Acenteliği A.Ş.	1,192	14,468
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	3,591	1,354
Other	1,889	781
	275,179	255,588

b) Transactions with related parties

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Inventory purchases				
Coca Cola Satış ve Dağıtım A.Ş.	147,614	75,881	142,691	76,707
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	204,752	116,309	217,033	121,636
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	13,300	5,430	15,634	7,156
Adel Kalemcilik Ticaret ve San. A.Ş.	2,855	1,119	535	299
	368,521	198,739	375,893	205,799
Other transactions				
Rent revenue	224	(122)	714	414
Rent expenses	(4,151)	(2,789)	(8,391)	(4,756)
Other income	225	70	386	222
Other expenses	-	-	(40)	(18)
Other transactions, net	(3,702)	(2,841)	(7,331)	(4,138)

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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 2020 and 2019 is as follows:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Short term benefits	28,580	16,020	21,970	10,081
	28,580	16,020	21,970	10,081

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.

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Net profit/(loss) attributable to shareholders	(290,700)	(154,405)	(381,359)	(150,505)
Weighted average number of shares				
Kr1 face value each ('000)	18,105,233	18,105,233	18,105,233	18,105,233
Earnings per share	(1.61)	(0.85)	(2.11)	(0.83)

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 2020, 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 176,365.

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

	FOREIGN CURRENCY POSITION							
	30 June 2020				31 December 2019			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Monetary financial assets	544,334	392	70,236	259	697,220	1,181	103,480	2,003
Trade receivables	-	-	-	-	-	-	-	-
Other	349	51	-	-	933	157	-	-
Current assets	544,683	443	70,236	259	698,153	1,338	103,480	2,003
Total assets	544,683	443	70,236	259	698,153	1,338	103,480	2,003
Financial liabilities	62,845	-	8,153	-	330,808	-	49,741	-
Non-monetary other liabilities	-	-	-	-	-	-	-	-
Current liabilities	62,845	-	8,153	-	330,808	-	49,741	-
Financial liabilities	1,354,647	-	175,741	-	2,529,211	-	380,298	-
Non-monetary other liabilities	5,727	-	743	-	5,194	-	781	-
Non-current liabilities	1,360,374	-	176,484	-	2,534,405	-	381,079	-
Total liabilities	1,423,219	-	184,637	-	2,865,213	-	430,820	-

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

	FOREIGN CURRENCY POSITION							
	30 June 2020				31 December 2019			
	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	(878,536)	443	(114,401)	259	(2,167,058)	1,338	(327,340)	2,003
Net foreign currency asset/(liability) position of monetary items	(873,158)	392	(113,658)	259	(2,162,797)	1,181	(326,559)	2,003
Fair value hedge funds of								
foreign currency	-	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	84,269	12,316	-	-	164,762	27,737	-	-

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

Foreign currency sensitivity analysis as of 30 June 2020 and 31 December 2019 is as follows:

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	(176,365)	176,365
Euro net effect	(176,365)	176,365

31 December 2019

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	(435,402)	435,402
Euro net effect	(435,402)	435,402

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).

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NOTE 24 – IMPORTANT DEVELOPMENTS RELATED TO THE CURRENT PERIOD

The COVID-19 pandemic affecting the whole world had also some impacts over the Group’s financial tables. The curfew orders applied in the crowded cities during the months April and May, the work hours restrictions for the stores located in shopping malls including some other stores, and the decrease of the customer traffic negatively impacted the revenues of these stores. On the other hand, the increase in the customers’ home consumption habits, especially the increasing demand for online sales, positively contributed to the total revenue of the Group. However, the need for additional staff hiring to cover the growing consumer demands and the additional expenses related with hygiene, cleaning and other prevention measures against the spread of the pandemic increased the operating expenses.

The Shopping Mall Operation, which is another business branch of our company, also recorded a significant amount of profitability loss. Since there is still not enough information about the middle and long term ramifications of COVID-19, a healthier and more accurate impairment assessment for the real estate values will be able to be conducted in the coming periods.

It can be concluded that the pandemic process did not negatively impact our Group’s first six months financial results as of 30 June 2020.

NOTE 25 - SUBSEQUENT EVENTS

In July, a board resolution was taken in order to sell the company’s property Derince and the Company’s stake in Ankamall shopping mall in exchange of TRL 260 million. The deed transfer of Derince was completed whereas the transfer of the Company’s stake in Ankamall is in process.

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**APPENDIX-1 - CONSOLIDATED FINANCIAL STATEMENTS BEFORE
THE EFFECT OF TFRS 16**

TFRS 16 “Lease Transactions”

The effect of TFRS 16 standart on Group's financial statements are presented below:

	30 June 2020	TFRS 16 Effect	Before TFRS 16
ASSETS			
Current assets:			
Prepaid expenses	128,810	24,290	104,520
Total current assets	6,340,928	24,290	6,316,638
Non-current assets:			
Prepaid expenses	86,903	(11,967)	98,870
Right of use assets	2,960,756	2,960,756	-
Deferred tax assets	77,725	53,912	23,813
Total non-current assets:	8,748,400	3,002,701	5,745,699
Total assets	15,089,328	3,026,991	12,062,337
	30 June 2020	TFRS 16 Effect	Before TFRS 16
Liabilities			
Current liabilities:			
Lease liabilities	223,432	223,432	-
Total current liabilities	8,975,960	223,432	8,752,528
Non-current liabilities:			
Lease liabilities	3,009,451	3,009,451	-
Total non-current liabilities	6,060,836	3,009,451	3,051,385
Total liabilities	15,036,796	3,232,883	11,803,913
EQUITY			
Attributable to equity holders of parent	50,480	(205,892)	256,372
Accumulated losses	(494,493)	(138,946)	(355,547)
Net loss for the period	(290,700)	(66,946)	(223,754)
Total equity	52,532	(205,892)	258,424
TOTAL LIABILITIES AND EQUITY	15,089,328	3,026,991	12,062,337

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**APPENDIX-1 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS BEFORE THE
EFFECT OF TFRS 16**

PROFIT OR LOSS	30 June 2020	TFRS 16 Effect	Before TFRS 16
Revenue	13,412,554	-	13,412,554
Cost of sales (-)	(9,868,401)	48,565	(9,916,966)
Gross profit	3,544,153	48,565	3,495,588
General administrative expenses (-)	(171,842)	-	(171,842)
Marketing expenses (-)	(2,776,669)	87,131	(2,863,800)
Other operating income	103,389	-	103,389
Other operating expense (-)	(247,724)	(4,616)	(243,108)
Operating profit	451,307	131,080	320,227
Income from investment activities	12,267	-	12,267
Expenses from investment activities (-)	(13,734)	-	(13,734)
Operating income before finance income/(expense)	449,840	131,080	318,760
Financial income	13,379	-	13,379
Financial expense (-)	(729,270)	(216,116)	(513,154)
Net loss before tax from continuing operations	(266,051)	(85,036)	(181,015)
Tax expense from continuing operations	(24,630)	18,091	(42,721)
- Income tax expense	(77,429)	-	(77,429)
- Deferred tax income	52,799	18,091	34,708
Net loss for the period	(290,681)	(66,945)	(223,736)