

MİGROS TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 SEPTEMBER 2018**

(ORIGINALLY ISSUED IN TURKISH)

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

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

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MİGROS TİCARET A.Ş.

**CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 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 September 2018	31 December 2017
ASSETS			
Current Assets:			
Cash and cash equivalents		1.853.664	1.617.380
Financial investments		4.220	10.596
Trade receivables			
Trade receivables from related parties	19	210	713
Trade receivables from third parties		134.107	96.197
Other receivables from third parties		20.347	42.512
Inventories	7	1.929.931	1.908.246
Biological assets		28.196	-
Prepaid expenses		59.254	50.673
Other current assets		50.742	5.890
Subtotal		4.080.671	3.732.207
Assets classified as held for sale		56.112	44.068
Total current assets		4.136.783	3.776.275
Non-current assets:			
Financial investments		1.165	1.165
Other receivables from third parties		4.788	3.596
Derivative instruments		7.505	10
Investment properties	4	397.716	342.731
Property, plant and equipment	5	3.768.874	3.740.288
Intangible assets			
Goodwill		2.252.992	2.252.992
Other intangible assets	6	219.978	160.687
Prepaid expenses		29.384	24.931
Total non-current assets		6.682.402	6.526.400
Total assets		10.819.185	10.302.675

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

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**CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2018
AND 31 DECEMBER 2017**

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

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	Notes	30 September 2018	31 December 2017
LIABILITIES			
Current liabilities:			
Short term borrowings	8	589.838	569.319
Short term portion of long term borrowings	8	400.396	468.718
Trade payables			
Trade payables to related parties	19	286.603	182.490
Trade payables to third parties		4.409.773	3.771.651
Employee benefits payables		142.382	136.212
Other payables to third parties		84.060	135.349
Deferred income		51.427	47.670
Taxes on income	17	305	25.850
Short term provisions			
Short term provisions for employee benefits	10	126.189	110.855
Other short term provisions	9	85.190	63.144
Other current liabilities		4.124	4.838
Total current liabilities		6.180.287	5.516.096
Non-current liabilities:			
Long term borrowings	8	4.187.393	2.874.437
Other payables to third parties		13.218	8.778
Deferred income		5.398	2.500
Long term provisions			
Long term provisions for employee benefits	10	154.614	117.753
Deferred tax liabilities	17	20.141	255.963
Total non-current liabilities		4.380.764	3.259.431
Total liabilities		10.561.051	8.775.527
EQUITY			
Attributable to equity holders of parent	18	256.362	1.470.494
Share capital		181.054	178.030
Other capital reserves		(365)	(365)
Treasury shares (-)	18	(125.435)	-
Additional contribution to share capital		22.074	27.312
Other comprehensive income / (expense)			
not to be classified to profit or loss			
-Defined benefit plans			
re-measurement (losses)		(13.269)	(8.684)
-Revaluation fund of property, plant and equipment		741.583	743.700
Other comprehensive income/expense			
to be classified to profit or loss			
-Currency translation differences		106.223	45.311
Restricted reserves		9.391	-
Retained earnings		529.903	(27.516)
Net (loss) / income		(1.194.797)	512.706
Non-controlling interest		1.772	56.654
Total equity		258.134	1.527.148
Total liabilities and equity		10.819.185	10.302.675

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 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 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2017
Revenue	3, 11	13.793.931	5.330.549	11.321.825	4.284.883
Cost of sales (-)	3, 11, 12	(9.967.042)	(3.841.669)	(8.319.725)	(3.114.641)
Gross profit		3.826.889	1.488.880	3.002.100	1.170.242
General administrative expenses (-)	12	(402.305)	(139.310)	(407.955)	(141.786)
Marketing expenses (-)	12	(2.841.296)	(1.049.552)	(2.208.118)	(807.144)
Other operating income	13	167.305	87.917	95.602	37.194
Other operating expense (-)	13	(449.518)	(215.841)	(265.695)	(95.348)
Operating profit		301.075	172.094	215.934	163.158
Income from investment activities	14	4.749	477	1.073.217	2.112
Expenses from investment activities (-)	14	(20.032)	(15.960)	(8.658)	(2.751)
Operating income before finance income / (expense)		285.792	156.611	1.280.493	162.519
Financial income	15	111.199	71.681	47.397	20.356
Financial expense (-)	16	(1.795.993)	(1.124.887)	(560.653)	(213.431)
Net (loss) / income before tax from continuing operations		(1.399.002)	(896.595)	767.237	(30.556)
Tax expense from continuing operations		204.292	233.377	(52.216)	(41.035)
- Income tax expense	17	(31.202)	6.666	(47.061)	(35.033)
- Deferred tax income	17	235.494	226.711	(5.155)	(6.002)
Net (loss) / income		(1.194.710)	(663.218)	715.021	(71.591)
Net (loss) / income attributable to:					
- Non-controlling interest		87	3.380	(3.984)	(1.104)
- Equity holders of parent		(1.194.797)	(666.598)	719.005	(70.487)
(Loss) / earning per share	20	(6,70)	(3,73)	4,04	(0,40)

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**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2018 AND 2017**

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

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	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2017
Net income / (loss) for the period	(1.194.710)	(663.218)	715.021	(71.591)
Other comprehensive income / (loss):				
Items that may be reclassified subsequently to profit or loss				
- Currency translation differences	61.514	40.421	7.583	(2.955)
Items that not to be reclassified subsequently to profit or loss				
- Defined benefit plan re-measurement gains / (losses), net off tax	(4.585)	(4.585)	711	48
- Revaluation fund of property, plant and equipment	(5.798)	(5.798)	-	-
Other comprehensive income / (loss)	51.131	30.038	8.294	(2.907)
Total comprehensive income / (loss)	(1.143.579)	(633.180)	723.315	(74.498)
Total comprehensive income / (loss) attributable to:				
-Non-controlling interests	689	3.785	(3.873)	(1.051)
-Equity holders of parent	(1.144.268)	(636.965)	727.188	(73.447)

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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2018 AND 2017**

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

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	Share capital	Other capital reserves	Treasury shares	Additional contribution to share capital	Share premium	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		Attributable to equity holders of the parent	Non - controlling interests	Total equity	
						Defined benefit plans re-measurement (losses)	Cumulative translation differences	Restricted reserves	Accumulated losses				Net (loss) / income for the period
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	-	-	-	-	-	-	-	-	-	-	-	49.811	49.811
Total comprehensive income	-	-	-	-	-	711	7.472	-	-	719.005	727.188	(3.873)	723.315
Net income for the period	-	-	-	-	-	-	-	-	-	719.005	719.005	(3.984)	715.021
Cumulative translation differences	-	-	-	-	-	-	7.472	-	-	-	7.472	111	7.583
Defined benefit plans re-measurement gains	-	-	-	-	-	711	-	-	-	-	711	-	711
Balances at 30 September 2017	178.030	(365)	-	27.312	-	(8.469)	30.984	-	(27.516)	719.005	918.981	46.758	965.739
Balances at 1 January 2018	178.030	(365)	-	27.312	-	735.016	45.311	-	(27.516)	512.706	1.470.494	56.654	1.527.148
Transfers	3.024	-	-	(5.238)	-	3.681	-	9.391	557.419	(512.706)	55.571	(55.571)	-
Decrease due to redemption of shares (Note 18)	-	-	(125.435)	-	-	-	-	-	-	-	(125.435)	-	(125.435)
Total comprehensive income	-	-	-	-	-	(10.383)	60.912	-	-	(1.194.797)	(1.144.268)	689	(1.143.579)
Net income for the period	-	-	-	-	-	-	-	-	-	(1.194.797)	(1.194.797)	87	(1.194.710)
Cumulative translation differences	-	-	-	-	-	-	60.912	-	-	-	60.912	602	61.514
Defined benefit plans re-measurement gains	-	-	-	-	-	(10.383)	-	-	-	-	(10.383)	-	(10.383)
Balances at 30 September 2018	181.054	(365)	(125.435)	22.074	-	728.314	106.223	9.391	529.903	(1.194.797)	256.362	1.772	258.134

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

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

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	Notes	1 January - 30 September 2018	1 January - 30 September 2017
Cash flow from operating activities:			
Net (loss) / income for the period		(1.194.710)	715.021
Adjustments related to reconciliation of net (loss) / profit for the period			
		2.141.982	(42.606)
Adjustments for depreciation and amortisation expenses	12	219.857	194.738
Adjustments for impairment on receivables	13	4.887	2.680
Adjustments for inventory provisions	7	8.538	40.158
Adjustments for impairment on property, plant and equipment	14	17.260	7.039
Adjustments for provision for employee benefits	10	79.391	71.224
Adjustments for provision for litigation	9	23.971	10.457
Adjustments for other provisions		-	(867)
Adjustments for interest income	13, 15	(56.763)	(38.256)
Adjustments for interest expense	16	254.521	192.198
Adjustments for deferred financing due to forward purchases expenses	13	400.743	210.273
Adjustments for unearned finance income from sales	13	(103.876)	(44.968)
Adjustments for foreign exchange losses related to bank borrowings	8	1.506.935	331.081
Adjustments for fair value losses arising from derivatives	15, 16	(7.213)	1.019
Adjustments for income tax expense	17	(204.292)	52.216
Loss on sale of property plant and equipment	14	(1.977)	(136)
Adjustment for bargained acquisition profit	14	-	(1.071.462)
Changes in net working capital		668.309	270.982
Adjustments for increase in trade receivables		(42.007)	(24.924)
Adjustments for increase in inventories		(58.419)	(355.951)
Adjustments for increase in other receivables related with operations		18.037	(11.177)
Adjustments for increase in trade payables		778.968	648.196
Adjustments for increase in other payables related with operations		(28.270)	14.838
Cash flows from operating activities		1.615.581	943.397
Employee benefits paid	10	(32.982)	(28.963)
Interest received		157.259	78.255
Interest paid		(437.475)	(221.597)
Taxes paid		(105.556)	(43.857)
Other provisions paid	9	(8.391)	(10.088)
Net cash provided by operating activities		1.188.436	717.147

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**CONSOLIDATED STATEMENTS OF CASH FLOWS
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	Notes	1 January - 30 September 2018	1 January - 30 September 2017
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets	4, 5, 6	(369.980)	(253.031)
Cash inflows from the sale of tangible and intangible assets	5, 14	50.771	6.091
Cash outflows due to subsidiary acquisition		-	(111.560)
Other cash inflows		-	49.167
Net cash used in investing activities		(319.209)	(309.333)
Cash flows from financing activities			
Proceeds from borrowings	8	273.840	146.116
Repayment of borrowings	8	(575.109)	-
Acquisition of treasury shares	18	(125.435)	-
Cash paid with respect to derivative instruments		(282)	(446)
Interest received	15	3.093	5.311
Interest paid		(194.326)	(131.904)
Net cash provided by financing activities		(618.219)	19.077
Effect of exchange rates in cash and cash equivalents		(14.724)	(904)
Net increase in cash and cash equivalents		236.284	425.987
Cash and cash equivalents at the beginning of period		1.617.380	1.155.942
Cash and cash equivalents at the end of period		1.853.664	1.581.929

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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 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 September 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 September 2018, the Group operates in 2.090 stores in total (31 December 2017: 1.897) which comprise 1.483.332 m2 from 2.072 retail stores and comprise 10.269 m2 from 18 wholesale stores with a total net space of 1.493.601 m2 (31 December 2017: 1.416.355 m2). As of 30 September 2018, the Group employed 28.101 people (31 December 2017: 26.779) on average. Retail is the main business segment of the Group and constitutes almost 96% 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 7 November 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 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:

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	September 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

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

(**) As per the decision of Board of Directors dated 27 August 2018, Migros decided to carry out a facilitated merger with Kipa, one of its subsidiaries, and this decision was registered on 31 August 2018.

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

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**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 September 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 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.

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 September 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.

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MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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**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 September 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.

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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 (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 September 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.

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**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 far-reaching 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.

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**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 remainder 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 September 2018, personnel expenses amounting to TL 18.620 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 September 2017.

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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 and unused vacation liability paid in current period, employee termination benefit provision expense and 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 September 2018 and 2017 is as follows:

Segment analysis for the period 1 January - 30 September 2018

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	13.413.081	380.850	13.793.931	-	13.793.931
Inter segment revenues	3.844	-	3.844	(3.844)	-
Sales revenue	13.416.925	380.850	13.797.775	(3.844)	13.793.931
Cost of sales	(9.686.700)	(284.186)	(9.970.886)	3.844	(9.967.042)
Gross profit	3.730.225	96.664	3.826.889	-	3.826.889
Selling and marketing expenses	(2.778.076)	(63.220)	(2.841.296)	-	(2.841.296)
General administrative expenses	(373.766)	(28.539)	(402.305)	-	(402.305)
Addition: Depreciation and amortisation expenses	208.763	11.094	219.857	-	219.857
Addition: Provision for employment termination benefits	30.892	183	31.075	-	31.075
Addition: Termination benefits paid	24.275	-	24.275	-	24.275
Addition: Unused vacation provision	15.334	-	15.334	-	15.334
EBITDA	857.647	16.182	873.829	-	873.829
Addition: Rent expenses	689.805	23.494	713.299	-	713.299
EBITDAR	1.547.452	39.676	1.587.128	-	1.587.128

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 January - 30 September 2017

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	11.033.346	288.479	11.321.825	-	11.321.825
Inter segment revenues	4.604	-	4.604	(4.604)	-
Sales revenue	11.037.950	288.479	11.326.429	(4.604)	11.321.825
Cost of sales	(8.105.305)	(219.024)	(8.324.329)	4.604	(8.319.725)
Gross profit	2.932.645	69.455	3.002.100	-	3.002.100
Selling and marketing expenses	(2.158.028)	(50.090)	(2.208.118)	-	(2.208.118)
General administrative expenses	(380.819)	(27.136)	(407.955)	-	(407.955)
Addition: Depreciation and amortisation expenses	181.963	12.775	194.738	-	194.738
Addition: Provision for employment termination benefits	29.160	319	29.479	-	29.479
Addition: Termination benefits paid	22.802	-	22.802	-	22.802
Addition: Unused vacation provision	12.782	-	12.782	-	12.782
EBITDA	640.505	5.323	645.828	-	645.828
Addition: Rent expenses	538.178	17.493	555.671	-	555.671
EBITDAR	1.178.683	22.816	1.201.499	-	1.201.499

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 July - 30 September 2018

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	5.180.098	150.451	5.330.549	-	5.330.549
Inter segment revenues	1.822	-	1.822	(1.822)	-
Sales revenue	5.181.920	150.451	5.332.371	(1.822)	5.330.549
Cost of sales	(3.731.985)	(111.506)	(3.843.491)	1.822	(3.841.669)
Gross profit	1.449.935	38.945	1.488.880	-	1.488.880
Selling and marketing expenses	(1.024.410)	(25.142)	(1.049.552)	-	(1.049.552)
General administrative expenses	(128.539)	(10.771)	(139.310)	-	(139.310)
Addition: Depreciation and amortisation expenses	73.895	4.125	78.020	-	78.020
Addition: Provision for employment termination benefits	6.716	(221)	6.495	-	6.495
Addition: Termination benefits paid	7.650	-	7.650	-	7.650
Addition: Unused vacation provision	(4.623)	-	(4.623)	-	(4.623)
EBITDA	380.624	6.936	387.560	-	387.560
Addition: Rent expenses	254.459	9.352	263.811	-	263.811
EBITDAR	635.083	16.288	651.371	-	651.371

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 July - 30 September 2017

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	4.191.126	93.757	4.284.883	-	4.284.883
Inter segment revenues	1.225	-	1.225	(1.225)	-
Sales revenue	4.192.351	93.757	4.286.108	(1.225)	4.284.883
Cost of sales	(3.044.109)	(71.757)	(3.115.866)	1.225	(3.114.641)
Gross profit	1.148.242	22.000	1.170.242	-	1.170.242
Selling and marketing expenses	(791.106)	(16.038)	(807.144)	-	(807.144)
General administrative expenses	(134.814)	(6.972)	(161.682)	-	(141.786)
Addition: Depreciation and amortisation expenses	64.807	3.153	67.960	-	67.960
Addition: Provision for employment termination benefits	3.185	16	3.201	-	3.201
Addition: Termination benefits paid	10.652	-	10.652	-	10.652
Addition: Unused vacation provision	(5.765)	-	(5.765)	-	(5.765)
EBITDA	295.201	2.159	297.360	-	297.360
Addition: Rent expenses	195.075	5.255	200.330	-	200.330
EBITDAR	490.276	7.414	497.690	-	497.690

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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 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
EBITDAR reported segments	1.587.128	651.371	1.201.499	497.690
Rent expenses	(713.299)	(263.811)	(555.671)	(200.330)
EBITDA reported segments	873.829	387.560	645.828	297.360
Depreciation and amortisation	(219.857)	(78.020)	(194.738)	(67.960)
Provision for employment termination benefits	(31.075)	(6.495)	(29.479)	(3.201)
Termination benefits paid	(24.275)	(7.650)	(22.802)	(10.652)
Unused vacation liability	(15.334)	4.623	(12.782)	5.765
Other operating income	167.305	87.917	95.602	37.194
Other operating expense (-)	(449.518)	(215.841)	(265.695)	(95.348)
Operating profit	301.075	172.094	215.934	163.158
Income from investing activities	4.749	477	1.073.217	2.112
Expense from investing activities (-)	(20.032)	(15.960)	(8.658)	(2.751)
Operating profit before finance income	285.792	156.611	1.280.493	162.519
Financial income	111.199	71.681	47.397	20.356
Financial expense (-)	(1.795.993)	(1.124.887)	(560.653)	(213.431)
(Loss) / Income before tax	(1.399.002)	(896.595)	767.237	(30.556)

NOTE 4 - INVESTMENT PROPERTY

	1 January 2018	Additions	Transfers	Cumulative translation differences	30 September 2018
Cost					
Land and buildings	342.731	9.170	6.679	39.136	397.716
Net book value	342.731				397.716

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 September 2018.

	1 January 2017	Additions	Transfers	Cumulative translation differences	30 September 2017
Cost					
Land and buildings	208.120	25.734	22.631	5.436	261.921
Accumulated depreciation					
Buildings	(63.401)	(2.653)	-	(1.018)	(67.072)
Net book value	144.719				194.849

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2018	Additions	Disposals	Impairment loss (*)	Transfers (**)	Cumulative translation differences	30 September 2018
Cost							
Land	1.454.789	-	-	-	-	-	1.454.789
Buildings	1.016.356	3.599	-	(5.798)	(57.397)	32.550	989.310
Leasehold improvements	772.842	36.329	(123)	(8.368)	11.053	7.511	819.244
Machinery and equipments	1.019.860	57.072	(17.617)	-	61.410	18.821	1.139.546
Motor vehicles	9.848	231	(6.083)	-	7.917	1.065	12.978
Furniture and fixtures	710.387	31.694	(13.082)	-	24.141	19.866	773.006
Construction in progress	33.511	126.451	-	-	(120.521)	2.966	42.407
	5.017.593	255.376	(36.905)	(14.166)	(73.397)	82.779	5.238.480
Accumulated depreciation							
Buildings	-	(20.691)	-	-	1.285	(13.407)	(32.813)
Leasehold improvements	(341.343)	(50.249)	120	5.550	-	(5.018)	(390.940)
Machinery and equipments	(516.094)	(68.218)	14.872	-	(75)	(13.934)	(583.449)
Motor vehicles	(6.237)	(555)	5.915	-	-	(486)	(1.363)
Furniture and fixture	(413.631)	(37.570)	11.272	-	(288)	(13.624)	(453.841)
	(1.277.305)	(177.283)	32.179	5.550	922	(46.469)	(1.462.406)
Net book value	3.740.288						3.768.874

(*) Impairment loss amounting to TL 8.616 consists of leasehold improvements of the stores closed in 2018 and impairment on buildings which are classified as assets held for sale.

(**) Nispetiye MMM Migros, Güllük MM Migros and Yeşilköy M Migros stores, which have net book value amounting to TL 56.112, have been reclassified to assets classified as held for sale.

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NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January 2017	Additions for acquisition of subsidiary	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30September 2017
Cost								
Land and buildings	389.847	1.730.068	4.424	-	(2.566)	(23.572)	4.316	2.102.517
Leasehold improvements	573.618	164.133	25.091	(173)	(30.564)	17.506	466	750.077
Machinery and equipments	715.722	182.953	41.272	(12.582)	(474)	50.367	694	977.952
Motor vehicles	2.600	7.896	1.012	(2.154)	-	-	186	9.540
Furniture and fixtures	360.645	301.754	23.135	(3.396)	(25)	15.313	2.976	700.402
Construction in progress	27.418	2.101	109.231	-	-	(107.002)	-	31.748
	2.069.850	2.388.905	204.165	(18.305)	(33.629)	(47.388)	8.638	4.572.236
Accumulated depreciation								
Buildings	(97.971)	(143.570)	(15.960)	-	2.235	-	(719)	(255.985)
Leasehold improvements	(254.984)	(58.042)	(46.256)	173	23.877	-	(36)	(335.268)
Machinery and equipments	(292.767)	(161.349)	(63.272)	8.571	453	(84)	(593)	(509.041)
Motor vehicles	(954)	(6.053)	(496)	1.382	-	-	(67)	(6.188)
Furniture and fixture	(154.841)	(220.410)	(36.591)	2.224	25	(70)	(1.914)	(411.577)
	(801.517)	(589.424)	(162.575)	12.350	26.590	(154)	(3.329)	(1.518.059)
Net book value	1.268.333							3.054.177

(*) Impairment loss amounting to TL 7.039 consists of leasehold improvements of the stores closed in 2017 (Note: 14).

As at 30 September 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 September 2018 and 2017 is as follows;

	1 January 2018	Additions	Disposals	Impairment loss	Transfers	Cumulative translation differences	30 September 2018
Cost							
Trademark	17.229	-	-	(14.442)	-	-	2.787
Rent agreements	39.131	-	-	-	-	-	39.131
Rights	303.116	35.234	-	-	9.687	4.316	352.353
Other intangible assets	93.239	70.200	-	-	-	-	163.439
	452.715	105.434	-	(14.442)	9.687	4.316	557.710
Accumulated amortisation							
Rent agreements	(31.743)	(2.175)	-	-	-	-	(33.918)
Rights	(187.242)	(32.979)	-	-	(3)	(3.127)	(223.351)
Other intangible assets	(73.043)	(7.420)	-	-	-	-	(80.463)
	(292.028)	(42.574)	-	-	(3)	(3.127)	(337.732)
Net book value	160.687						219.978
	1 January 2017	Additions for acquisition of subsidiary	Additions	Disposals	Transfers	Cumulative translation differences	30 September 2017
Cost							
Trademark (*)	2.787	14.442	-	-	-	-	17.229
Rent agreements	32.982	6.149	-	-	-	-	39.131
Rights	155.890	92.698	21.542	(1.146)	15.036	110	284.130
Other intangible assets	91.649	-	1.590	-	-	-	93.239
	283.308	113.289	23.132	(1.146)	15.036	110	433.729
Accumulated amortisation							
Rent agreements	(31.106)	-	(478)	-	-	-	(31.584)
Rights	(83.007)	(72.741)	(19.745)	1.146	(74)	(97)	(174.518)
Other intangible assets	(62.157)	-	(9.287)	-	-	-	(71.444)
	(176.270)	(72.741)	(29.510)	1.146	(74)	(97)	(277.546)
Net book value	107.038						156.183

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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 September 2018	31 December 2017
Raw materials	13.450	12.517
Work in progress	14.384	10.314
Merchandise stocks	1.943.279	1.918.916
Other	3.809	2.952
Less: Provision for net realizable value	(44.991)	(36.453)
	1.929.931	1.908.246

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NOTE 8 - BORROWINGS

	30 September 2018		
	Effective interest rate (%)	In original currency	Total TL equivalent
Short term borrowings			
With fixed interest rate – TL	23,82	443.764	443.764
With fixed interest rate – EUR	4,85	21.016	146.074
Total short term borrowings			589.838
Current portion of long term borrowings			
With floating interest rate - EUR	5,26	48.026	333.806
With fixed interest rate - TL	13,97	34.781	34.782
With floating interest rate - TL	25,47	31.433	31.433
With fixed interest rate - Tenge	11,32	22.720	375
Total current portion of long term borrowings			400.396
Total current bank borrowings			990.234
Non-current bank borrowings			
With floating interest rate - EUR	5,26	546.204	3.796.392
With fixed interest rate - TL	13,97	203.425	203.425
With floating interest rate - TL	25,47	124.791	124.791
With fixed interest rate - Tenge	11,32	3.805.432	62.785
Total non-current bank borrowings			4.187.393
Total borrowings			5.177.627

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NOTE 8 – BORROWINGS (Continued)

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

	Tenge loan TL equivalent	Euro loan TL equivalent	TL Loan	Total (TL equivalent)
1 October 2018 - 30 September 2019	375	479.880	509.979	990.234
1 October 2019 - 30 September 2020	14.924	870.485	134.084	1.019.493
1 October 2020 - 30 September 2021	19.528	897.711	101.397	1.018.636
1 October 2021 - 30 September 2022	19.947	965.274	47.852	1.033.073
1 October 2022 - 12 September 2023	8.386	1.062.922	44.883	1.116.191
				5.177.627

The fair value of bank borrowings at 30 September 2018 is TL 5.228.819.

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

	Tenge loan TL equivalent	Euro loan TL equivalent	TL Loan	Total (TL equivalent)
1 October 2018 - 30 September 2019	-	298.442	442.416	740.858
1 October 2019 - 30 September 2020	14.924	746.156	117.161	878.241
1 October 2020 - 30 September 2021	19.528	865.544	123.906	1.008.978
1 October 2021 - 30 September 2022	19.947	1.044.601	59.024	1.123.572
1 October 2022 - 12 September 2023	8.386	1.283.377	72.516	1.364.279
				5.115.928

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

	2018
Beginning balance	3.912.474
Proceeds of borrowings	273.840
Payments	(575.109)
Foreign exchange losses	1.506.935
Interest accrual	59.487
Ending balance	5.177.627

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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.

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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 September 2018	31 December 2017
Provision for litigation	77.174	61.594
Customer loyalty programs	5.381	538
Other	2.635	1.012
	85.190	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	23.971	10.457
Payments during period	(8.391)	(10.088)
Increase related acquisition of subsidiary	-	45.726
Ending balance	77.174	73.200

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

Collaterals, Pledges, Mortgages

30 September 2018

	Total TL amount	TL	USD	Euro
A. CPM given on behalf of the Company’s legal personality	186.351	175.398	1.796	28
B. CPM given on behalf of fully consolidated subsidiaries	62.783	-	10.481	-
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	249.134	175.398	12.277	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	-	-	-

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

Contingent assets and liabilities

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

	30 September 2018	31 December 2017
Letter of guarantees given	249.134	368.735
	249.134	368.735

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

	30 September 2018	31 December 2017
Guarantees obtained from customers	183.355	146.693
Mortgages obtained from customers	26.987	17.866
	210.342	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 September 2018	31 December 2017
Payable within 1 year	87.549	77.746
Payable in 1 to 5 years	49.780	29.337
	137.329	107.083

NOTE 10 - PROVISION FOR EMPLOYEE BENEFITS

	30 September 2018	31 December 2017
Provision for employee termination benefits	154.614	117.753
Provision for unused vacation	126.189	110.855
	280.803	228.608

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NOTE 10 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

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

	2018	2017
Beginning balance	110.855	93.105
Increase during year	24.041	18.943
Payments during period	(8.707)	(6.161)
Increase related acquisition of subsidiary	-	2.856
Ending balance	126.189	108.743

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

	2018	2017
Beginning balance	117.753	79.057
Increase during period	55.350	52.281
Payments during period	(24.275)	(22.802)
Actuarial gain	5.786	(889)
Increase related acquisition of subsidiary	-	19.473
Ending balance	154.614	127.120

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 September 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 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Domestic sales	13.751.258	5.287.993	11.264.199	4.269.811
Foreign sales	378.231	149.297	287.267	93.422
Other sales	15.361	6.940	12.161	967
Gross sales	14.144.850	5.444.230	11.563.627	4.364.200
Discounts and returns (-)	(350.919)	(113.681)	(241.802)	(79.317)
Sales revenue, net	13.793.931	5.330.549	11.321.825	4.284.883
Cost of sales	(9.967.042)	(3.841.669)	(8.319.725)	(3.114.641)
Gross profit	3.826.889	1.488.880	3.002.100	1.170.242

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

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Retail sales revenue	13.574.842	5.230.939	11.156.674	4.196.268
Wholesale revenue	388.987	147.421	282.306	100.385
Rent income	165.660	58.930	112.486	66.580
	14.129.489	5.437.290	11.551.466	4.363.233

NOTE 12 - EXPENSE BY NATURE

Total	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Staff costs	1.391.012	491.227	1.145.773	415.073
Rent	713.299	263.811	555.671	200.819
Depreciation and amortisation	219.857	78.020	194.738	67.960
Energy	200.039	91.924	145.714	61.189
Transportation	132.163	49.957	109.988	39.290
Porterage and cleaning	95.130	35.364	73.310	27.572
Warehouse	86.425	31.935	62.411	22.419
Advertising	83.967	25.052	72.397	24.123
Repair and maintenance	52.802	19.750	43.150	17.504
Mechanisation	40.358	15.260	37.581	13.066
Security	38.471	13.509	29.771	11.507
Taxes and other fees	20.522	8.061	14.337	6.107
Communication	11.933	4.387	9.893	3.670
Other	157.623	60.607	121.339	38.631
	3.243.601	1.188.864	2.616.073	948.930

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NOTE 12 - EXPENSE BY NATURE (Continued)

Marketing expenses	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Staff costs	1.251.134	445.735	977.205	362.427
Rent	712.826	263.667	555.011	200.819
Energy	198.206	91.031	144.366	60.471
Transportation	132.163	49.957	109.988	39.290
Porterage and cleaning	92.432	34.433	71.156	26.740
Warehouse	86.425	31.935	62.411	22.419
Advertising	83.906	25.027	72.262	24.123
Repair and maintenance	51.694	19.355	42.421	17.256
Security	36.912	12.951	28.636	11.106
Mechanisation	35.107	14.207	25.797	3.202
Taxes and other fees	17.914	6.355	13.580	6.107
Communication	10.464	3.884	8.597	3.401
Other	132.113	51.017	96.688	29.783
	2.841.296	1.049.554	2.208.118	807.144

General administrative expenses	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Depreciation and amortisation	219.857	78.020	194.738	67.960
Staff costs	139.878	45.492	168.568	52.646
Other	42.570	15.798	44.649	21.180
	402.305	139.310	407.955	141.786

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

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Cost of goods sold	9.910.746	3.809.688	8.289.277	3.103.120
Cost of service rendered	56.296	31.981	30.448	11.521
	9.967.042	3.841.669	8.319.725	3.114.641

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 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Interest income on term sales	103.876	54.841	44.968	16.717
Interest income from operating activities	53.670	30.314	32.945	16.041
Other	9.759	2.762	17.689	4.436
	167.305	87.917	95.602	37.194

Other operating expenses	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Interest expense on term purchases	400.743	195.436	210.273	78.743
Litigation provision	23.971	10.017	10.457	203
Bad debt provision expense	4.887	2.513	2.680	606
Other	19.917	7.875	42.285	15.796
	449.518	215.841	265.695	95.348

NOTE 14 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Gain on sale of property, plant and equipment	4.749	477	1.755	514
Subsidiary acquisition profit	-	-	1.071.462	1.598
	4.749	477	1.073.217	2.112

Expense from investing activities	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Losses from leasehold improvements of closed stores (Note 5)	2.818	1.318	7.039	1.966
Loss on sale of property, plant and equipment	2.772	200	1.619	755
Losses from impairment of intangible assets	14.442	14.442	-	-
	20.032	15.960	8.658	2.751

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NOTE 15 - FINANCIAL INCOME

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Foreign exchange gains	100.611	63.333	42.039	18.227
Interest income on bank deposits	3.093	853	5.311	2.246
Financial income on derivatives	7.495	7.495	47	(117)
	111.199	71.681	47.397	20.356

NOTE 16 - FINANCIAL EXPENSES

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Foreign exchange losses	1.508.360	1.006.822	339.446	132.677
Interest expense on bank borrowings	254.521	108.625	192.198	69.428
Financial expense on derivatives	282	272	1.066	227
Other	32.830	9.168	27.943	11.099
	1.795.993	1.124.887	560.653	213.431

NOTE 17 - TAX ASSETS AND LIABILITIES

	30 September 2018	31 December 2017
Corporate and income taxes payable	79.058	84.235
Less: Prepaid current income taxes	(50.088)	(58.385)
Deducted from carry forward tax losses	(76.864)	-
Tax (assets) / liabilities	(47.894)	25.850
	30 September 2018	31 December 2017
Deferred tax assets	164.714	65.121
Deferred tax liabilities	(184.855)	(321.084)
Deferred tax liabilities, net	(20.141)	(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.

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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 September 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 September 30, 2018 Turkey, Kazakhstan, Bulgaria and respectively 22-20% for Macedonia, 20%, 10% and 10% (2017: 22-20% , 20%, 10% and 10%).

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

	1 January - 30 September 2018	1 January - 30 September 2017
Current period tax expense	(31.202)	(47.061)
Deferred tax income	235.494	(5.155)
	204.292	(52.216)

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

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Deferred tax assets:				
Short term provisions	195.634	166.847	43.039	29.139
Inventories	137.031	63.125	30.147	13.879
Provision for employee termination benefits	154.614	117.753	30.870	20.731
Unincurred interest income	1.744	2.030	384	444
Carry forward tax losses	255.038	-	56.108	-
Other	17.387	4.267	4.166	928
			164.714	65.121
Deferred tax liabilities:				
Fair value change of derivative financial instruments	7.505	10	(1.651)	(2)
Property, plant and equipment, intangible assets and investment properties	1.343.683	2.246.786	(162.302)	(308.477)
Unincurred interest expense	95.007	43.975	(20.902)	(9.675)
Other	-	14.819	-	(2.930)
			(184.855)	(321.084)
Total deferred tax liability, net			(20.141)	(255.963)

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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	235.494	(5.155)
Cumulative translation difference	(874)	(160)
Accounted for under equity	1.202	178
Subsidiary acquired from acquisition	-	(51.025)
Ending balance	(20.141)	(109.226)

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.

As of 30 June 2018, Kipa had carry forward tax loss amounting to TL 803,888. Since the corporate tax base had increased for the years 2016 and 2017, half of the previous year's carry forward tax losses can not be utilized. As a result, total carry forward tax loss, including the financial loss that occurred in the first eight months of 2018, amounting to TL 604.421 has been incurred. This amount will be deducted from the corporate tax base that will be formed in the future by the Company.

After the legal merge with Kipa on 31 August 2018, Migros has utilized to TL 349.383 portion of those carry forward tax losses as of 30 September 2018 tax period, and accounted deferred tax assets amounting to TL 56.108 over remaining amount of TL 255.038 carry forward tax losses.

As of 30 September 2018, the maturity of carry forward tax losses of Kipa, which deferred tax asset is not recognized are as follows;

	2018
Ended at 2021	47.653
Ended at 2022	113.659
Ended at 2023	93.726
	255.038

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NOTE 18 - EQUITY

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

	30 September 2018		31 December 2017	
	TL	Share (%)	TL	Share (%)
MH Perakendecilik ve Ticaret A.Ş.	89.046	49,18	89.015	50,00
Moonlight Capital S.A.	14.371	7,94	14.371	8,07
Kenan Investments S.A.	26.937	14,88	26.937	15,13
Migros Ticaret A.Ş.	2.962	1,64	-	-
Other	47.738	26,37	47.707	26,80
Capital	181.054	100,00	178.030	100,00
Treasury shares	(125.435)		-	

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

Reserves

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

NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Due from related parties	30 September 2018	31 December 2017
Anadolu Restoran İşletmeleri Ltd. Şti.	130	-
Çelik Motor Ticaret A.Ş.	-	196
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	-	332
Anadolu Motor Üretim ve Pazarlama A.Ş.	-	82
Other	80	103
	210	713

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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Due to related parties	30 September 2018	31 December 2017
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	140.731	92.000
Coca Cola Satış ve Dağıtım A.Ş.	117.569	60.497
Adel Kalemcilik Ticaret ve San. A.Ş.	23.367	13.216
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	4.226	6.111
AEH Sigorta Acenteliği A.Ş.	92	10.551
Other	618	115
	286.603	182.490

b) Transactions with related parties

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

Inventory purchases	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	261.462	130.267	223.645	93.523
Coca Cola Satış ve Dağıtım A.Ş.	190.740	81.401	164.894	11.869
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	32.282	8.985	31.450	9.718
Adel Kalemcilik Ticaret ve San. A.Ş.	17.002	11.001	10.826	8.082
	501.486	231.654	430.815	123.192
Other transactions	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Rent income	1.209	499	848	499
Rent expense	(8.626)	(3.731)	(3.958)	(1.765)
Other income	436	270	252	99
Other expense	(33)	(16)	(64)	(28)
Other transactions, net	(7.014)	(2.978)	(2.922)	(1.195)

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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 September 2018 and 2017 is as follows:

	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Short-term benefits				
Short term benefits	22.670	7.773	18.558	6.216
	22.670	7.773	18.558	6.216

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 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Net (loss) / income attributable to shareholders	(1.194.797)	(666.598)	719.005	(70.487)
Weighted average number of shares with Kr1 face value each ('000)	17.836.600	17.903.800	17.803.000	17.803.000
Earnings / (losses) per share	(6,70)	(3,73)	4,04	(0,40)

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

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 September 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 799.421.

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

	FOREIGN CURRENCY POSITION							
	30 September 2018				31 December 2017			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Trade receivables	156	26	-	-	273	72	-	-
Cash and cash equivalents	286.439	1.059	40.165	929	383.343	2.673	82.518	652
Other	2.324	372	14	-	1.813	481	-	-
Current assets	288.919	1.457	40.179	929	385.429	3.226	82.518	652
Total Assets	288.919	1.457	40.179	929	385.429	3.226	82.518	652
Financial liabilities	-	-	-	-	1.307	100	127	355
Trade payables	479.880	-	69.042	-	414.156	-	91.719	-
Current liabilities	479.880	-	69.042	-	415.463	100	91.846	355
Financial liabilities	3.796.391	-	546.204	-	2.619.469	-	580.106	-
Non-monetary other liabilities	7.133	71	965	-	3.536	80	716	-
Non-current liabilities	3.803.524	71	547.169	-	2.623.005	80	580.822	-
Total liabilities	4.283.404	71	616.211	-	3.038.468	180	672.668	355

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

	FOREIGN CURRENCY POSITION							
	30 September 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	(3.994.485)	1.386	(576.032)	929	(2.653.039)	3.046	(590.150)	297
Net foreign currency asset / (liability) position of monetary items	(3.989.676)	1.085	(575.081)	929	(2.651.317)	2.646	(589.435)	297
Fair value hedge funds of foreign currency	4.779	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	208.515	-	30.000	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	121.051	20.208	-	-	65.065	17.250	-	-

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

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

30 September 2018

	Gain / (Loss)	
	Foreign exchange appreciation	Foreign exchange depreciation
%20 change in Euro exchange rate		
Euro net asset/liability	(799.421)	799.421
Portion secured from Euro risk	-	-
Euro net effect	(799.421)	799.421

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).

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NOTE 23 - SUBSEQUENT EVENTS

As indicated in the material event statement dated 23 October 2018; in line with the Capital Market Board’s approval regarding the application of bond issuance with TL 1.000.000 ceiling dated 07 June 2018 and numbered 25/699; the sale of bond with ISIN code TRSMGTIE2015 and 2 years maturity (728 days) worth of TL 46.000 nominal value has been completed. The sale was only for qualified investors. The starting date of the maturity period is 24 October 2018.

The sale of the company’s properties, Nispetiye MMM Migros and Güllük MM Migros stores were completed and the title deeds were transferred as of 26 October 2018, the sale of the company’s properties, Yeşilköy M Migros store was completed and the title deed was transferred as of 5 November 2018, with a total amount of TL 56.350.

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