

**CARREFOURSA CARREFOUR
SABANCI TİCARET MERKEZİ A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)



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To the Board of Directors of
CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi,

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi and its subsidiary (the "Group") as at 30 September 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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



Conclusion

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

Other matter

The Group's consolidated financial statements as at and for the year ended 31 December 2016 and condensed consolidated interim financial information as at and for the six month period ended 30 June 2016 were audited and reviewed by another auditor. The independent auditor expressed an unmodified opinion on the consolidated financial statements on 17 February 2017 and an unmodified conclusion on condensed consolidated interim financial information on 3 August 2016, respectively. The Group's condensed consolidated interim financial information as at and for the last three month period ended 30 September 2016 were not reviewed.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

ORIGINALLY SIGNED IN TURKISH

Ruşen Fikret Selamet, SMMM
Partner
3 November 2017
İstanbul, Turkey

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2017**

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2017 AND 31 DECEMBER 2016

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	30 September 2017	31 December 2016
ASSETS			
Current Assets		989,679,749	1,039,890,473
Cash and Cash Equivalents	3	255,883,732	274,877,489
Trade Receivables			
Due from Related Parties	26	14,232,191	13,502,779
Other Trade Receivables	5	32,842,829	24,596,252
Other Receivables			
Other Receivables		2,436,028	84,971,036
Derivative Financial Instruments	6	33,019,490	40,242,872
Inventories	7	593,526,518	559,601,568
Prepaid Expenses		57,738,961	42,098,477
Non-Current Assets		1,961,733,820	1,983,364,513
Other Receivables			
Other Receivables		46,746,352	52,417,311
Investment Properties	8	222,172,268	225,425,744
Property, Plant and Equipments	9	621,821,018	665,519,110
Intangible Assets			
Goodwill	11	774,396,869	774,396,869
Other Intangible Assets	10	67,899,639	75,332,983
Prepaid Expenses		16,444,636	17,853,489
Deferred Tax Assets	24	212,253,038	172,419,007
TOTAL ASSETS		2,951,413,569	3,023,254,986

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2017 AND 31 DECEMBER 2016

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	30 September 2017	31 December 2016
LIABILITIES			
Current Liabilities		2,555,636,843	2,124,996,601
Financial Liabilities			
Short Term Financial Liabilities from Related Parties	4, 26	502,439	69,138,308
Other Short Term Financial Liabilities	4	892,447,254	740,834,609
Short Term Portion of Long Term Financial Liabilities			
Short Term Portion of Long Term Financial Liabilities from Related Parties	4, 26	32,629,187	34,916,359
Other Short Term Portion of Long Term Financial Liabilities	4	352,658,601	51,978,707
Trade Payables			
Due to Related Parties	26	21,409,066	25,206,812
Other Trade Payables	5	1,050,489,565	1,005,444,420
Employee Benefit Liabilities	14	64,214,370	25,402,105
Other Payables			
Due to Related Parties	26	10,382,081	7,127,364
Other Short Term Payables		13,960,283	15,304,792
Short Term Provisions			
Provisions for Employment Benefits	12	6,884,585	7,660,305
Other Short Term Provisions		97,662,047	127,392,926
Other Current Liabilities	15	12,397,365	14,589,894
Non-Current Liabilities		154,759,616	523,746,018
Long Term Financial Liabilities			
Long Term Financial Liabilities from Related Parties	4, 26	31,392,759	71,159,123
Other Long Term Financial Liabilities	4	73,351,185	404,466,137
Long Term Provisions			
Provisions for Employment Termination Benefits	12	50,015,672	48,120,758
EQUITY		241,017,110	374,512,367
Shareholders' Equity		241,017,110	374,512,367
Share Capital	16	700,000,000	700,000,000
Inflation Adjustment to Share Capital	16	91,845,783	91,845,783
Share Issue Premium		34,691,309	34,691,309
Other Comprehensive Income/Expense Not to be Reclassified to Profit or Loss			
Actuarial Loss	16	(488,774)	(488,774)
Actuarial Loss		12,318,358	12,318,358
Restricted Reserves	16	(463,854,309)	(31,687,012)
Accumulated Losses	16	(133,495,257)	(432,167,297)
Net Loss for the Period			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,951,413,569	3,023,254,986

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM
PERIODS ENDED 30 SEPTEMBER 2017 AND 2016**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
CONTINUING OPERATIONS					
Revenue	17	3,347,205,655	1,190,791,660	3,387,312,684	1,153,097,337
Cost of Sales (-)	17	(2,486,114,349)	(879,151,932)	(2,653,277,096)	(904,965,263)
GROSS PROFIT		861,091,306	311,639,728	734,035,588	248,132,074
Marketing Expenses (-)	18	(759,403,081)	(259,654,105)	(805,449,665)	(260,096,609)
General Administrative Expenses (-)	18	(94,420,008)	(34,068,178)	(92,008,989)	(30,273,254)
Other Income from Main Operations	20	28,797,915	2,959,484	39,924,479	4,066,168
Other Expenses from Main Operations (-)	20	(97,059,926)	(31,338,791)	(302,082,763)	(128,083,407)
OPERATING LOSS FROM MAIN OPERATIONS		(60,993,794)	(10,461,862)	(425,581,350)	(166,255,028)
Income From Investment Activities, net	21	21,289,283	-	-	-
OPERATING LOSS		(39,704,511)	(10,461,862)	(425,581,350)	(166,255,028)
Financial Expenses (-)	23	(133,624,777)	(51,545,714)	(109,130,772)	(38,190,965)
LOSS BEFORE TAX		(173,329,288)	(62,007,576)	(534,712,122)	(204,445,993)
Tax Income		39,834,031	12,216,851	103,994,687	40,278,672
- Taxes on Income	24	-	-	-	-
- Deferred Tax Income	24	39,834,031	12,216,851	103,994,687	40,278,672
NET LOSS FOR THE PERIOD		(133,495,257)	(49,790,725)	(430,717,435)	(164,167,321)
TOTAL COMPREHENSIVE LOSS		(133,495,257)	(49,790,725)	(430,717,435)	(164,167,321)
Loss Per Share	25	(0.1907)	(0.0711)	(0.6153)	(0.2345)

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONDOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2017 AND 2016

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Share Capital	Inflation Adjustment to Share Capital	Share Issue Premium	Actuarial Gains / (Losses)	Restricted Reserves	Retained Losses	Net Loss for the Period	Total
Balance at 1 January 2016	113,839,303	678,006,480	34,691,309	(1,437,518)	12,318,358	-	(31,687,012)	805,730,920
Transfers	586,160,697	(586,160,697)	-	-	-	(31,687,012)	31,687,012	-
Total Comprehensive Loss	-	-	-	-	-	-	(430,717,435)	(430,717,435)
Balances at 30 September 2016	700,000,000	91,845,783	34,691,309	(1,437,518)	12,318,358	(31,687,012)	(430,717,435)	375,013,485
Balance at 1 January 2017	700,000,000	91,845,783	34,691,309	(488,774)	12,318,358	(31,687,012)	(432,167,297)	374,512,367
Transfers	-	-	-	-	-	(432,167,297)	432,167,297	-
Total Comprehensive Loss	-	-	-	-	-	-	(133,495,257)	(133,495,257)
Balance at 30 September 2017	700,000,000	91,845,783	34,691,309	(488,774)	12,318,358	(463,854,309)	(133,495,257)	241,017,110

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2017 AND 2016

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	1 January - 30 September 2017	1 January - 30 September 2016
Net loss profit for the period		(133.495.257)	(430.717.435)
Adjustments to reconcile net loss for the period		76.726.902	262.510.945
- Depreciation of investment properties	8	4.408.084	4.394.808
- Depreciation of property, plant and equipments	9	57.003.098	67.553.749
- Amortization of intangible assets	10	20.451.620	16.424.960
- Gain on sale of tangible and intangible assets	21	(21.289.283)	-
- Risk, lawsuit, personnel, SSI and other provisions	12	(29.730.879)	54.967.169
- Interest accruals	4	41.837.193	29.400.186
- Impairment provision / (impairment provision no longer required)	20	(612.422)	76.476.676
- Change in unused vacation provision	12	(775.720)	(12.228)
- Provision for employment termination benefit	12	27.321.169	35.258.422
- Allowance for doubtful receivables	5	5.122.000	6.726.043
- Change in inventory impairment	7	2.641.771	58.873.172
- Unrealized foreign exchange loss		10.184.302	16.557.763
- Tax (income) / expense	24	(39.834.031)	(103.994.687)
- Tax effect of acquired subsidiary	24	-	(115.088)
Changes in working capital:		110.310.351	16.885.726
- Increase in trade receivables, including collection from doubtful receivables		(13.368.577)	(15.049.243)
- (Decrease) / Increase in inventories		(36.566.721)	19.501.153
- (Decrease) / Increase in due from related parties	26	(729.412)	1.383.212
- Decrease in other receivables and current assets		95.429.349	183.699
- Increase in prepaid expenses		(14.231.631)	(11.452.120)
- Increase in due to short term trade payables	26	45.045.145	31.659.628
- (Decrease) / Increase in due to other short term trade payables		(1.344.509)	1.295.020
- Increase in due to related parties	26	(543.029)	(1.467.464)
- Decrease / (Increase) in employee benefit liabilities		38.812.265	(8.894.586)
- Increase in other short-term liabilities		(2.192.529)	(273.573)
Cash generated from / (used in) operating activities		53.541.996	(151.320.764)
- Employee termination benefits paid	12	(25.426.255)	(36.122.402)
Net cash generated from / (used in) operating activities		28.115.741	(187.443.166)

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2017 AND 2016

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January - 30 September 2017	1 January - 30 September 2016
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of property, plant and equipment	9	(43.350.276)	(31.618.182)
- Acquisition of intangible assets	10	(12.959.791)	(11.009.465)
- Acquisition of investment properties	8	(1.154.608)	(268.225)
- Change in goodwill due to revision in fair value of acquired subsidiary		-	(460.350)
- Proceeds from sale of tangible and intangible assets		51.888.491	37.571.092
Net cash used in investing activities		(5.576.184)	(5.785.130)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Proceeds from bank borrowings		866.451.760	748.708.990
- Repayment of borrowings		(885.218.408)	(577.056.802)
- Repayment of financial lease payables		(25.630.526)	(21.366.550)
Net cash (used in) / generated from financing activities		(44.397.174)	150.285.638
Decrease in cash and cash equivalents		(21.857.617)	(42.942.658)
Cash and cash equivalents at the beginning of the period		274.877.489	274.088.979
- The impact of change in foreign currency exchange over cash and cash equivalents		2.863.860	1.945.356
Cash and cash equivalents at the end of the period	3	255.883.732	233.091.677

In the current period, paid interest is amounting to TRY 144,566,629 and received interest is amounting to TRY 166,211 (30 September 2016: paid interest, TRY 112,270,423 and received interest, TRY 844,502).

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

1. ORGANISATION AND NATURE OF OPERATIONS

CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi (“The Company”) was established in 1991 to operate in the hypermarket and supermarket sectors in Turkey. The registered address of the Company is Cevizli Mahallesi, Tugay Yolu Caddesi No:67 A, B Blok Maltepe / İstanbul. The number of personnel is 10,264 as of 30 September 2017 (31 December 2016 ; 10,545).

As of 30 September 2017, the Company has 33 hypermarkets and 583 supermarkets (31 December 2016: 37 hypermarkets, 619 supermarkets).

Subsidiary

Adana Gayrimenkul Geliştirme ve İşletme A.Ş. (“Adana Gayrimenkul”), which is 100% owned by the Company, was established on 15 October 2014 and has been started to consolidate by using full consolidation method as of 31 December 2014. The main business of the Subsidiary is construction of nonresidential buildings. There is no operation of Adana Gayrimenkul except real estate ownership so far.

The other subsidiary, Adanabir Gayrimenkul Geliştirme ve İşletme A.Ş. (“Adanabir Gayrimenkul”), which is 100% owned by the Company, was established on 27 March 2015 and merged with Adana Gayrimenkul, which is the other subsidiary of the Company, with its existing assets and liabilities by acquisition and this transaction has been registered by Registry of Commerce of İstanbul on 19 October 2015.

On 15 May 2015, the Company has signed Share Purchase Agreement with Kiler Holding Anonim Şirketi, Nahit Kiler, Ümit Kiler, Vahit Kiler, Hikmet Kiler, Sevgül Kiler and Denge Reklam San. ve Tic. Ltd. Şti. (“Vendors”), in order to acquire 85% of the shares of Kiler Alışveriş Hizmetleri Gıda Sanayi ve Ticaret Anonim Şirketi (“Kiler Alışveriş”), of which 15% of its shares are publicly traded in Borsa İstanbul A.Ş., with an amount of TRY 429,574,000 (Note 11). The share purchase demand has been approved by Turkish Competition Authority on 30 June 2015, with decision numbered 61813209-120-6544. The Company has taken over the management of Kiler Alışveriş on 8 July 2015 and has paid the agreement amount of TRY 429,574,000 by cash to the vendors on same day.

As a result of mandatory tender offer between 17 September - 5 October 2015, ownership rate of the Company has increased to 97.27% by paying additional TRY 62,290,926 and has been started to consolidate by using full consolidation method as of 30 September 2015. The Company has decided legal merge with Kiler Alışveriş by acquisition method, with the Board decision on 20 October 2015. The legal merge has been approved by Capital Market Board (“CMB”) on 27 November 2015, with decision numbered 32/1493. The legal merge has been realized by the decision of Extraordinary General Assembly held on 29 December 2015 and registered on 31 December 2015. The Company has intended to grow inorganically in the market with that business combination.

The Company and the Subsidiary referred to as the “Group”.

The Board of Directors has approved the condensed consolidated financial statements and given authorization for the issuance on 3 November 2017.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Principles for Preparation of Consalidated Financial Statements and Significant Accounting Policies

The accompanying condensed consolidated interim financial statements are prepared in accordance with the 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. According to the article 5 of the Communiqué, condensed consolidated interim financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and its addendum and interpretations (“IFRIC”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The Group prepared its condensed consolidated interim financial statements for the period ended 30 September 2017, in accordance with the TAS 34 “Interim Financial Reporting” in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The condensed consolidated interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including its mandatory information.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Group preferred to present its consolidated interim financial statements in condensed version. The Group’s condensed consolidated interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore the condensed consolidated interim financial statements should be considered together with the 31 December 2016.

The Company and its subsidiary maintain their accounting records and prepare their statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The condensed consolidated interim financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These condensed consolidated interim financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

2.2 Financial Reporting in Hyperinflationary Economies

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the financial reporting standards accepted by the CMB (“CMB Financial Reporting Standards”). Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies”, issued by the POA, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

2.3 Comparative Information and Restatement of Prior Periods’ Consolidated Financial Statements

To allow for the determination of the financial situation and performance trends, the Group’s condensed consolidated interim financial statements have been presented comparatively with the previous period. The Group presented condensed consolidated balance sheet as of 30 September 2017 comparatively with the balance sheet as of 31 December 2016; comprehensive consolidated income statements, consolidated statements of cash flow and condensed consolidated statements of change in shareholders’ equity as of 30 September 2017 comparatively with the 30 September 2016 financial statements. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period.

Reclassifications made on the consolidated interim statements of profit or loss and other comprehensive income for the nine-month period ended 30 September 2016 are presented as below:

- Common area participation income previously presented under marketing expenses amounting to TRY 1,066,983 have been reclassified to revenue.
- Credit card chip points previously presented under revenue amounting to TRY 9,399 have been reclassified to financial expenses.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.3 Comparative Information and Restatement of Prior Periods' Consolidated Financial Statements (Continued)

- There of TRY 6,850,959 of total depreciation and amortization expenses previously presented under cost of sales, TRY 5,629,313 have been reclassified to marketing expenses and TRY 1,221,646 to general administrative expenses.
- Service expenses previously presented under marketing expenses amounting to TRY 849,902 have been reclassified to cost of sales. Expenses previously presented under marketing expenses amounting to TRY 20,612,003 have been reclassified to other income and expenses from main operations.

2.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.5 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements for the period ended 30 September 2017 have been prepared in accordance with TAS 34 regarding to interim financial statements of TAS. The accounting policies used in the preparation of these condensed consolidated interim financial statements for the period ended 30 September 2017 are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2016. Accordingly, these condensed consolidated interim financial statements should be considered with the annual consolidated financial statements as of and for the year ended 31 December 2016.

2.6 Amendments in Turkish Financial Reporting Standards

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

- TFRS 9 Financial Instruments (2017 version)

TFRS 9 Financial Instruments, has been published in January 2017, replaces the existing guidance in TAS 39 Financial Instruments Recognition and Measurement. This version includes referrals in earlier versions of TFRS 9 and revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. TFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

- TFRS 15 Revenue from Contracts with Customers

As issued in September 2016, the new standard replaces existing TFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Group expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under TFRS. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA:

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the consolidated financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.6 Amendments in Turkish Financial Reporting Standards (Continued)

- IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently change IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15-Revenue from Contracts with Customers. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration

On 8 December 2016, IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. This IFRIC is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 22.

- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Group is in the process of assessing the impact of the standard on consolidated financial statements resulting from the application of the amendments to IFRS 2.

- IAS 40 – Transfers of Investment Property

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management's intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of consolidated financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.6 Amendments in Turkish Financial Reporting Standards (Continued)

- IFRIC 23 –Uncertainty Over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company’s tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

- IFRS 17 –Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly international standard for insurance contracts will help investors and others better understand insurers’ risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier. The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the improvements on consolidated financial position or performance of the Group.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 “First Time Adoption of International Financial Reporting Standards”

IFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters within the context of ‘Annual Improvements to IFRSs 2012-2014 Cycle’ related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

- IFRS 12 “Disclosure of Interests in Other Entities”

The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity’s interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.

- IAS 28 “Investments in Associates and Joint Ventures”

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

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3. CASH AND CASH EQUIVALENTS

	<u>30 September 2017</u>	<u>31 December 2016</u>
Cash on hand	17,053,200	26,254,077
Cash in transit (*)	11,870,818	12,695,038
Credit card receivables	207,391,436	219,195,656
Banks		
Time deposit	7,498,709	-
Demand deposit	11,868,224	16,054,678
Other	201,345	678,040
	<u>255,883,732</u>	<u>274,877,489</u>

(*) Cash in transit consists of bank balances that has not been reflected in deposit accounts due to value-date difference.

Related party balances in cash and cash equivalents are stated in Note 26.

As at 30 September 2017 the details of Time deposit are as follows;

<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>30 September 2017</u>
USD	3.50%	16 October 2017	7,486,120
		Interest accrual	12,589
			<u>7,498,709</u>

The Group does not have any time deposit as at 31 December 2016.

The Group does not have any blocked deposits as at 30 September 2017 and 31 December 2016.

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4. FINANCIAL LIABILITIES

<u>Short Term Financial Liabilities</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Short Term Financial Liabilities from Related Parties		
Bank loans (*)	502,439	69,138,308
Other Short Term Financial Liabilities		
Bank loans (*)	892,447,254	740,834,609
	<u>892,949,693</u>	<u>809,972,917</u>
 <u>Short Term Portion of Long Term Financial Liabilities</u>	 <u>30 September 2017</u>	 <u>31 December 2016</u>
Short Term Portion of Long Term Financial Liabilities from Related Parties		
Bank loans (**)	-	4,905,363
Finance lease payables	32,629,187	30,010,996
Other Short Term Portion of Long Term Financial Liabilities		
Bank loans (**)	351,233,064	50,822,076
Finance lease payables	1,425,537	1,156,631
	<u>385,287,788</u>	<u>86,895,066</u>
 <u>Long Term Financial Liabilities</u>		
Long Term Financial Liabilities from Related Parties		
Bank loans (**)	-	15,574,066
Finance lease payables	31,392,759	55,585,057
Other Long Term Financial Liabilities		
Bank loans (**)	49,158,517	383,342,597
Finance lease payables	24,192,668	21,123,540
	<u>104,743,944</u>	<u>475,625,260</u>

(*) As at 30 September 2017 and 31 December 2016 the details of short term bank loans are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>30 September 2017</u>
TRY	14.92%	833,352,000
USD	3.50%	17,760,500
	Interest accrual	41,837,193
		<u>892,949,693</u>
 <u>Currency</u>	 <u>Interest rate</u>	 <u>31 December 2016</u>
TRY	11.65%	735,350,000
USD	3.50%	17,596,000
	Interest accrual	57,026,917
		<u>809,972,917</u>

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4. FINANCIAL LIABILITIES (Continued)

(**) As at 30 September 2017 and 31 December 2016 the details of long term bank loans are as follows:

Currency	Interest rate	30 September 2017
TRY	12.75%	300,000,000
USD	4.50%	100,391,581
		<u>400,391,581</u>

Currency	Interest rate	31 December 2016
TRY	12.75%	300,000,000
USD	4.50%	134,164,674
EUR	3.50%	20,479,428
		<u>454,644,102</u>

Group's financial borrowings from related parties are stated in Note 26.

Finance lease payables consist of the followings:

Finance Lease Payables	Peresent value of minimum lease payments	
	30 September 2017	31 December 2016
Within one year	35,044,044	34,606,971
Less : Future finance charges	(989,320)	(3,439,344)
Present value of finance lease obligations	<u>34,054,724</u>	<u>31,167,627</u>
Within two year and after	61,536,778	82,497,865
Less : Future finance charges	(5,951,351)	(5,789,268)
Present value of finance lease obligations	<u>55,585,427</u>	<u>76,708,597</u>

The Group's finance lease payables represents the present value of the future payables of the buildings and machinery and equipment that are rented by the third parties through their useful lives.

he details of property, plant and equipment acquired by finance lease as of 30 September 2017 and 2016 are disclosed at Note 9.

The repayment schedule of long-term borrowings as of 30 September 2017 and 31 December 2016 in TRY equivalent as at balance sheet date is as stated below:

	30 September 2017	31 December 2016
2018	10,281,248	375,255,202
2019	37,414,235	42,167,316
2020	34,445,865	40,145,832
2021	1,201,529	955,276
2022 and after	21,401,067	17,101,634
	<u>104,743,944</u>	<u>475,625,260</u>

As of 30 September 2017 and 31 December 2016, there are no guarantees given related to the financial borrowings.

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5. TRADE RECEIVABLES AND PAYABLES

<u>Other Trade Receivables from Third Parties</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Other trade receivables	44,057,769	34,419,497
Shopping mall receivables	17,054,605	14,593,883
Provision for doubtful trade receivables	(28,269,545)	(24,417,128)
	<u>32,842,829</u>	<u>24,596,252</u>
Due from related parties (Note 26)	14,232,191	13,502,779
Trade receivables	<u>47,075,020</u>	<u>38,099,031</u>

The movement of the allowance for doubtful receivables for the period ended 30 September 2017 and 2016 are as follows:

	<u>30 September 2017</u>	<u>30 September 2016</u>
Opening balance	24,417,128	19,417,078
Collections / reversals	(1,269,583)	(2,391,462)
Charge for the period	5,122,000	6,726,043
Closing balance	<u>28,269,545</u>	<u>23,751,659</u>

Trade receivables due dates vary depending on the sector and company and the average due dates are lower than three months. The Group evaluates the credibility of the receivable and the movement between the creation time of the receivable and reporting date when considering the collectability of its receivables. Due to the Group is working with a large number of clients, credit risk of the Group has been scattered and there is no concentrated credit risk.

The guarantees received for the Group's trade receivables are as follows:

	<u>30 September 2017</u>	<u>31 December 2016</u>
Letters of guarantee received for shopping mall receivables	24,270,653	21,173,831
	<u>24,270,653</u>	<u>21,173,831</u>

<u>Short Term Trade Payables to Third Parties</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Trade payables	1,050,489,565	1,005,444,420
Due to related parties (Note 26)	21,409,066	25,206,812
	<u>1,071,898,631</u>	<u>1,030,651,232</u>

Average payment terms of commodity purchase vary depending on sector and suppliers. Average payment terms in grocery sector is less than a month. In other sectors payment term is less than three months.

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6. DERIVATIVES

<u>Derivative Instruments</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Assets:		
Short term commitment - hedging assets	33,019,490	40,242,872
	<u>33,019,490</u>	<u>40,242,872</u>

The Group's policy is to prevent all material foreign currency exchange risk related to commitments denominated by Euro and US Dollar.

In accordance with the Group's foreign exchange risk management strategy, foreign currency exchange risks arising from future lease receivables in US Dollar are hedged with the financial liabilities in US Dollars. The type of hedging relationship is fair value hedging.

As of 30 September 2017, TRY 164,742,937 equivalent of USD 46,379,026 (USD 46,230,141 principal and accrued interest of USD 148,885) has been subjected to hedge accounting (31 December 2016: TRY 240,831,303 equivalent of USD 62,596,332 (USD 62,355,351 principal and accrued interest of USD 240,981) and EUR 5,537,155 (EUR 5,520,249 principal and accrued interest of EUR 16,906)).

7. INVENTORIES

	<u>30 September 2017</u>	<u>31 December 2016</u>
Trade goods	601,263,573	576,390,767
Impairment of inventories	(7,737,055)	(16,789,199)
	<u>593,526,518</u>	<u>559,601,568</u>

The movement of allowance for impairment on inventory for the periods ended 30 September 2017 and 2016 are as follows:

	<u>30 September 2017</u>	<u>30 September 2016</u>
Opening balance	16,789,199	10,278,511
Charge for the period	2,641,771	58,873,172
Reversal of current period	(11,693,915)	(6,368,497)
Closing balance	<u>7,737,055</u>	<u>62,783,186</u>

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8. INVESTMENT PROPERTIES

	Land	Buildings	Machinery and Equipment	Total
<u>Cost</u>				
Opening balance at 1 January 2017	80,691,369	170,182,602	37,474,777	288,348,748
Additions	-	815,866	338,742	1,154,608
Closing balance at 30 September 2017	<u>80,691,369</u>	<u>170,998,468</u>	<u>37,813,519</u>	<u>289,503,356</u>
<u>Accumulated depreciation</u>				
Opening balance at 1 January 2017	-	(39,476,634)	(23,446,370)	(62,923,004)
Charge of the period	-	(2,889,581)	(1,518,503)	(4,408,084)
Closing balance at 30 September 2017	<u>-</u>	<u>(42,366,215)</u>	<u>(24,964,873)</u>	<u>(67,331,088)</u>
Net book value as of 30 September 2017	<u>80,691,369</u>	<u>128,632,253</u>	<u>12,848,646</u>	<u>222,172,268</u>

The Group generated rent income amounting to TRY 58,768,570 from the investment properties (30 September 2016: TRY 62,222,704). The operating costs related with investment properties including the depreciation charge for the period are amounting to TRY 12,584,080 (30 September 2016: TRY 12,249,587).

From depreciation and amortization expenses related to investment properties, property, plant and equipment and intangible assets, TRY 58,887,270 (30 September 2016: TRY 71,525,235) is included in marketing expenses and TRY 22,975,532 (30 September 2016: TRY 16,848,282) is included in general administrative expenses.

	Land	Buildings	Machinery and Equipment	Total
<u>Cost</u>				
Opening balance at 1 January 2016	80,691,369	170,084,111	37,291,748	288,067,228
Additions	-	62,091	206,133	268,225
Closing balance at 30 September 2016	<u>80,691,369</u>	<u>170,146,202</u>	<u>37,497,881</u>	<u>288,335,453</u>
<u>Accumulated depreciation</u>				
Opening balance at 1 January 2016	-	(35,631,099)	(21,665,180)	(57,296,279)
Charge of the period	-	(2,884,828)	(1,509,980)	(4,394,808)
Closing balance at 30 September 2016	<u>-</u>	<u>(38,515,927)</u>	<u>(23,175,160)</u>	<u>(61,691,087)</u>
Net book value as of 30 September 2016	<u>80,691,369</u>	<u>131,630,275</u>	<u>14,322,721</u>	<u>226,644,366</u>

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9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings Purchased by Finance Lease	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
<u>Cost</u>							
Opening balance at 1 January 2017	195,684,581	287,195,242	20,512,454	902,568,179	23,761,344	5,804,798	1,435,526,598
Additions	-	7,722,993	-	33,751,729	220,770	1,654,784	43,350,276
Transfers (Note 10)	-	58,000	-	5,040,504	-	(5,108,504)	(10,000)
Disposals (*)	(16,510,977)	(10,271,985)	-	(22,239,089)	(470,720)	(250,778)	(49,743,549)
Closing balance at 30 September 2017	<u>179,173,604</u>	<u>284,704,250</u>	<u>20,512,454</u>	<u>919,121,323</u>	<u>23,511,394</u>	<u>2,100,300</u>	<u>1,429,123,325</u>
<u>Accumulated depreciation</u>							
Opening balance at 1 January 2017	-	(134,122,240)	(6,895,957)	(613,846,279)	(15,143,012)	-	(770,007,488)
Charge of the period	-	(5,149,421)	(300,331)	(50,196,197)	(1,357,149)	-	(57,003,098)
Impairment (i)	-	994	-	526,908	27,553	-	555,455
Disposals (*)	-	2,867,170	-	15,873,398	412,256	-	19,152,824
Closing balance at 30 September 2017	<u>-</u>	<u>(136,403,497)</u>	<u>(7,196,288)</u>	<u>(647,642,170)</u>	<u>(16,060,352)</u>	<u>-</u>	<u>(807,302,307)</u>
Net book value as of 30 September 2017	<u>179,173,604</u>	<u>148,300,753</u>	<u>13,316,166</u>	<u>271,479,153</u>	<u>7,451,042</u>	<u>2,100,300</u>	<u>621,821,018</u>

(i) The Group reversed impairment provision for loss making stores amounting to TRY 555,455 as it is no longer required (30 September 2016: The Group recognized net impairment provision for loss making stores amounting to TRY 71,936,678). The impairment provision no longer required is recognized in other income from main operations.

(*) The Group sold one real estate located in Istanbul in March 2017. It also includes the disposals belonging to the stores that were closed during the period.

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9. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Buildings	Buildings Purchased by Finance Lease	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
<u>Cost</u>							
Opening balance at 1 January 2016	205,473,861	304,072,360	20,512,454	894,588,938	24,921,232	23,552,233	1,473,121,078
Additions	-	1,281,673	-	27,739,935	207,386	2,389,188	31,618,182
Transfers (Note 10)	-	(7,316,500)	-	14,149,073	3,605	(7,057,386)	(221,208)
Disposals	-	(3,677,498)	-	(32,664,488)	(1,094,990)	(378,121)	(37,815,097)
Closing balance at 30 September 2016	<u>205,473,861</u>	<u>294,360,035</u>	<u>20,512,454</u>	<u>903,813,458</u>	<u>24,037,233</u>	<u>18,505,914</u>	<u>1,466,702,955</u>
<u>Accumulated depreciation</u>							
Opening balance at 1 January 2016	-	(122,377,291)	(6,495,516)	(502,727,538)	(6,834,958)	-	(638,435,303)
Charge of the period	-	(6,605,891)	(300,331)	(58,376,298)	(2,271,229)	-	(67,553,749)
Impairment	-	(7,307,427)	-	(58,533,402)	(6,069,366)	(26,483)	(71,936,678)
Disposals	-	446,822	-	5,311,152	117,638	-	5,875,612
Closing balance at 30 September 2016	<u>-</u>	<u>(135,843,787)</u>	<u>(6,795,847)</u>	<u>(614,326,086)</u>	<u>(15,057,915)</u>	<u>(26,483)</u>	<u>(772,050,118)</u>
Net book value as of 30 September 2016	<u>205,473,861</u>	<u>158,516,248</u>	<u>13,716,607</u>	<u>289,487,372</u>	<u>8,979,318</u>	<u>18,479,431</u>	<u>694,652,837</u>

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10. INTANGIBLE ASSETS

Other Intangible Assets

<u>Cost</u>	<u>Total</u>
Opening balance at 1 January 2017	161,986,946
Additions	12,959,791
Transfers (Note 9)	10,000
Disposals	(81,608)
Closing balance at 30 September 2017	174,875,129
<u>Accumulated amortization</u>	
Opening balance at 1 January 2017	(86,653,963)
Charge of the period	(20,451,620)
Impairment (i)	56,967
Disposals	73,126
Closing balance at 30 September 2017	(106,975,490)
Net book value as of 30 September 2017	67,899,639

<u>Cost</u>	<u>Total</u>
Opening balance at 1 January 2016	150,259,084
Additions	11,009,465
Transfers	221,208
Disposals	(6,836,096)
Closing balance at 30 September 2016	154,653,661
<u>Accumulated amortization</u>	
Opening balance at 1 January 2016	(63,516,127)
Charge of the period	(16,424,960)
Impairment of intangible assets (i)	(4,539,998)
Disposals	1,204,489
Closing balance at 30 September 2016	(83,276,596)
Net book value as of 30 September 2016	71,377,065

(i) As of 30 September 2017, the Group reversed impairment provision for intangible assets amounting to TRY 56,967 as it is no longer required (As of 30 September 2016, as no cash flow expected to be generated in the future, the Group has recognized impairment provision for intangible assets amounting TRY 4,539,998).

The intangible assets are mainly consisting of excess cash paid for asset acquisitions and software programs.

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11. GOODWILL

Goodwill amount is consisted of following investments:

<u>Investments:</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Kiler Alışveriş	545,936,260	545,936,260
Gima	180,159,453	180,159,453
Alpark	48,301,156	48,301,156
	<u>774,396,869 #</u>	<u>774,396,869</u>

12. SHORT AND LONG TERM PROVISIONS

Provisions for short term liabilities as of 30 September 2017 and 31 December 2016 are as follows:

<u>Short Term Provisions</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Provision for other, risk, litigations and onerous contracts	94,731,687	112,359,339
Provision for personnel and social security	770,000	1,350,000
Other	2,160,360	13,683,587
	<u>97,662,047</u>	<u>127,392,926</u>

Movements of provision for short term liabilities as of 30 September 2017 and 2016 are as follows:

	<u>Provision for other, risk, litigations and onerous contracts</u>	<u>Provision for personnel and social security</u>	<u>Other</u>	<u>Total</u>
Opening balance, 1 January 2017	112,359,339	1,350,000	13,683,587	127,392,926
Charge of the period	16,659,449	170,000	-	16,829,449
Current year reversal / charge	(34,287,101)	(750,000)	(11,523,227)	(46,560,328)
Closing balance, 30 September 2017	<u>94,731,687</u>	<u>770,000</u>	<u>2,160,360</u>	<u>97,662,047</u>

	<u>Provision for other, risk, litigations and onerous contracts</u>	<u>Provision for personnel and social security</u>	<u>Other</u>	<u>Total</u>
Opening balance, 1 January 2016	72,127,309	1,350,000	12,035,216	85,512,525
Charge of the period	59,575,035	-	42,709,928	102,284,963
Current year reversal / charge	(6,068,368)	-	(41,249,426)	(47,317,794)
Closing balance, 30 September 2016	<u>125,633,976</u>	<u>1,350,000</u>	<u>13,495,718</u>	<u>140,479,694</u>

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12. SHORT AND LONG TERM PROVISIONS (Continued)

Contingent Assets and Liabilities

There are lawsuits which are filed against the Group and continuing as at balance sheet date. Primary lawsuits consist of the cases with Social Security Institution about the premiums of foreign employees working in Turkey, debt, rent and labor cases. At each balance sheet date, the management of the Group evaluates the probable results of those cases and accordingly provisions are provided.

Provisions for employment benefits as of 30 September 2017 and 31 December 2016 are as follows:

Short Term Employment Benefits

	<u>30 September 2017</u>	<u>31 December 2016</u>
Unused vacation provision	6,884,585	7,660,305
	<u>6,884,585</u>	<u>7,660,305</u>

Long Term Employment Benefits

	<u>30 September 2017</u>	<u>31 December 2016</u>
Employment termination benefit provision	50,015,672	48,120,758
	<u>50,015,672</u>	<u>48,120,758</u>

Movement for employment termination benefit provision for 30 September 2017 and 2016 are as follows:

	<u>30 September 2017</u>	<u>30 September 2016</u>
Opening balance at 1 January	48,120,758	47,451,671
Service cost	25,627,318	35,705,910
Interest cost	1,693,851	1,551,000
Paid compensation during the period (*)	(25,426,255)	(36,122,402)
Closing balance at 30 September	<u>50,015,672</u>	<u>48,586,179</u>

(*) The Company has made compensation payment as part of restructuring.

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13. LETTER OF GUARANTEES, PLEDGES AND MORTGAGES

GPM given by the Group

	<u>30 September 2017</u>	<u>31 December 2016</u>
A. GPM given on behalf of its own legal entity	81,269,221	77,683,659
B. GPM given on behalf of consolidated subsidiaries	-	-
C. Total amount of GPM given on behalf of other third parties' debt	-	-
D. Other GPM	-	-
i. Total amount of GPM given on behalf of the Parent	-	-
ii. Total amount of GPM given on behalf of other group companies not covered in B and C	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-
	<u>81,269,221</u>	<u>77,683,659</u>

30 September 2017

	Total TRY	TRY	USD (TRY Equivalent)	EUR (TRY Equivalent)
Letter of guarantees	<u>81,269,221</u>	<u>77,886,630</u>	<u>1,218,303</u>	<u>2,164,288</u>
	<u>81,269,221</u>	<u>77,886,630</u>	<u>1,218,303</u>	<u>2,164,288</u>

31 December 2016

	Total TRY	TRY	USD (TRY Equivalent)	EUR (TRY Equivalent)
Letter of guarantees	<u>77,683,659</u>	<u>75,424,244</u>	<u>1,920,178</u>	<u>339,237</u>
	<u>77,683,659</u>	<u>75,424,244</u>	<u>1,920,178</u>	<u>339,237</u>

Other GPMs given by the Group as at 30 September 2017 are equivalent to 0% of the Group's equity (31 December 2016: 0%).

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14. EMPLOYMENT BENEFITS

<u>Employee Benefit Liabilities</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Payables to personnel and Social Security Premium payables	39,336,191	21,297,461
Personnel salary and premium payables	24,878,179	4,104,644
	<u>64,214,370</u>	<u>25,402,105</u>

15. OTHER LIABILITIES

Other short term liabilities for 30 September 2017 and 31 December 2016 are as follows :

<u>Other Current Liabilities</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Unearned income	10,978,282	12,775,105
Liabilities for shopping cheques	1,091,211	686,327
Accrued expenses	327,872	1,128,462
	<u>12,397,365</u>	<u>14,589,894</u>

16. SHAREHOLDERS' EQUITY

a) Capital

Shareholder structure as of 30 September 2017 and 31 December 2016 is stated below:

<u>Shareholders</u>	<u>(%)</u>	<u>30 September 2017</u>	<u>(%)</u>	<u>31 December 2016</u>
Hacı Ömer Sabancı Holding A.Ş.	50.61	354,239,053	50.61	354,239,053
Carrefour Nederland BV	46.02	322,129,074	46.02	322,129,074
Shares publicly held	2.54	17,827,391	2.54	17,827,391
Other	0.83	5,804,482	0.83	5,804,482
Nominal share capital	<u>100.00</u>	<u>700,000,000</u>	<u>100.00</u>	<u>700,000,000</u>

The issued capital of the Group is TRY 700,000,000 (31 December 2016: TRY 700,000,000) as of 30 September 2017 with a nominal value of 1 KR of 70,000,000,000 shares (31 December 2016: 70,000,000,000 shares).

With the resolution of the Company's General Assembly held on 24 March 2016 and CMB's approval published on the bulletin dated 10 March 2016 numbered 2016/9, the share capital of the Company increased by issuing bonus shares amounting to TRY 586,160,697. Share capital increase has been registered by Registry of Commerce of İstanbul on 11 April 2016. The related amount has been transferred from inflation adjustment to share capital account. In the same General Assembly, it has been decided to accept registered capital system with CMB's approval numbered 9/273 on 10 March 2016. The registered capital limit would be TRY 1,500,000,000 and registered capital limit permission would be valid between 2016/2020 (5 years).

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16. SHAREHOLDERS' EQUITY (Continued)

a) Capital (Continued)

The inflation adjustments on share capital as of 30 September 2017 and 31 December 2016 are as follows:

	<u>30 September 2017</u>	<u>31 December 2016</u>
Inflation adjustment on share capital	91,845,783	91,845,783
	<u>91,845,783</u>	<u>91,845,783</u>

b) Retained Losses

	<u>30 September 2017</u>	<u>31 December 2016</u>
Retained Losses	(463,854,309)	(31,687,012)
	<u>(463,854,309)</u>	<u>(31,687,012)</u>

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below: In accordance with the CMB's decree issued on 23 January 2014, in relation to the profit distribution of earnings derived from the operations, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the CMB's Communiqué Serial:II, No: 19.1 "Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations", terms of articles of association and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué II-14.1.

The inflation adjustment differences from the valuation studies for TFRS purposes for those as of the balance sheet date that have not been subject to profit distribution or capital increase have been presented under retained earnings.

With respect to the Corporate Tax Law ("CTL") 5/1-e article, the Group has to keep restricted reserves amounting to TRY 101,923,639 which is related to property sales in 2014, 2015 and 2016, TRY 37,034,036 which is related Kiler acquisition, in its corporate tax base financial statements for 5 years.

c) Resticted Reserves

	<u>30 September 2017</u>	<u>31 December 2016</u>
Legal reserves	12,318,358	12,318,358
	<u>12,318,358</u>	<u>12,318,358</u>

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16. SHAREHOLDERS' EQUITY (Continued)

c) Restricted Reserves (Continued)

Restricted reserves appropriated from profit are composed of legal reserves. Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, legal reserves can be only used to offset losses unless they exceed the 50% of paid-in capital. Other than that, legal reserves must not be used whatsoever.

CMB's Communiqué II-14 and other related CMB's announcements, "Paid-in capital", "Restricted reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;
- "Retained earnings/Accumulated loss", if such differences are arising from "Restricted reserves" and "Premium in excess of par" and has not been subject to profit distribution or capital increase.

Capital restatement differences can only be included in capital.

d) Other Comprehensive Income / Expense not to be Reclassified to Profit and Loss

	<u>30 September 2017</u>	<u>31 December 2016</u>
Actuarial losses	<u>(488,774)</u>	<u>(488,774)</u>
	<u>(488,774)</u>	<u>(488,774)</u>

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17. REVENUE AND COST OF SALES

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
<u>NET SALES</u>				
Revenue from retail operations	3,308,691,693	1,175,982,061	3,367,122,621	1,142,881,246
Loyalty program discounts	(5,310,114)	(121,206)	(20,128,044)	(3,665,846)
Sales returns	(23,790,140)	(9,246,979)	(31,748,255)	(8,892,685)
Sales discount	(3,606,307)	(416,922)	(3,763,291)	(1,996,704)
Rent income	71,220,523	24,594,706	75,829,653	24,771,326
	<u>3,347,205,655</u>	<u>1,190,791,660</u>	<u>3,387,312,684</u>	<u>1,153,097,337</u>
<u>COST OF SALES</u>				
Opening balance of inventories	(559,601,568)	(601,732,891)	(614,047,732)	(657,314,532)
Purchases	(2,516,223,475)	(866,591,946)	(2,510,270,549)	(766,709,688)
Change in inventory impairment (net)	9,052,144	44,460	(52,504,675)	(12,697,337)
Closing balance of inventories	593,526,518	593,526,518	535,673,407	535,673,407
Shopping mall general expenses	(12,867,968)	(4,398,073)	(12,127,547)	(3,917,113)
	<u>(2,486,114,349)</u>	<u>(879,151,932)</u>	<u>(2,653,277,096)</u>	<u>(904,965,263)</u>

18. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Marketing and general administrative expenses for the periods ended 30 September 2017 and 2016 are as follows:

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
<u>OPERATING EXPENSES</u>				
Marketing expenses	(759,403,081)	(259,654,105)	(805,449,665)	(260,096,609)
General administrative expenses	(94,420,008)	(34,068,178)	(92,008,989)	(30,273,254)
	<u>(853,823,089)</u>	<u>(293,722,283)</u>	<u>(897,458,654)</u>	<u>(290,369,863)</u>

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19. EXPENSES BY NATURE

For the periods ended 30 September 2017 and 2016, expenses by nature for marketing expenses and general administrative expenses are as follows:

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Personnel expenses	(376,530,323)	(127,677,237)	(387,981,367)	(122,503,098)
Rent expenses	(175,597,849)	(59,867,732)	(189,004,435)	(61,657,514)
Depreciation and amortization expenses	(81,862,802)	(28,050,176)	(88,373,517)	(29,102,785)
Overhead expenses	(58,731,960)	(24,089,990)	(64,524,648)	(23,875,854)
Advertising expenses	(36,613,683)	(11,425,449)	(44,423,565)	(14,170,766)
Repair and maintenance expenses	(33,008,825)	(11,933,641)	(27,594,859)	(10,037,913)
Outsourced expenses	(28,819,728)	(9,457,349)	(29,483,987)	(9,948,185)
Stationery consumption expenses	(16,703,457)	(5,655,054)	(15,166,671)	(4,366,295)
Consultancy expenses	(7,804,692)	(2,360,109)	(10,132,256)	(3,075,630)
Taxation and other expenses	(6,005,598)	(2,069,577)	(7,642,955)	(2,246,019)
Travel expenses	(5,935,401)	(1,917,703)	(5,792,078)	(1,803,236)
Insurance expenses	(4,618,660)	(1,528,970)	(4,555,439)	(1,575,381)
Communication expenses	(3,277,850)	(1,357,734)	(1,704,763)	(552,989)
Decoration material expenses	(2,655,376)	(1,029,441)	(1,880,883)	(482,766)
Other	(15,656,885)	(5,302,121)	(19,197,231)	(4,971,432)
	<u>(853,823,089)</u>	<u>(293,722,283)</u>	<u>(897,458,654)</u>	<u>(290,369,863)</u>

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20. OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS

Other operating income/expenses from main operations for the periods ended 30 September 2017 and 2016 are as follows:

<u>Other Operating Income</u>	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Provision no longer required (i)	22,031,503	558,651	1,675,302	558,000
Foreign exchange gain from operational activities	1,228,440	(653,116)	35,314,013	5,817,993
Interest income from time deposit less than 3 months	178,800	18,911	844,502	641,570
Impairments no longer required (ii)	612,422	218,431	-	-
Other income and gains	4,746,750	2,816,606	2,090,662	(2,951,395)
	<u>28,797,915</u>	<u>2,959,483</u>	<u>39,924,479</u>	<u>4,066,168</u>

(i) Provision no longer required consists of releases of provisions provided for matters in dispute and risks in previous periods.

(ii) As of 30 September 2017 the Group reversed the impairment provision amounting to TRY 612,422 which was provided for loss making stores in previous periods, as it was no longer required.

<u>Other Operating Expenses</u>	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Interest expenses from purchases via credit	(42,672,257)	(15,497,146)	(40,959,362)	(11,432,228)
Provision expenses (i)	(8,781,739)	509,327	(99,667,607)	(32,488,545)
Foreign exchange losses from operational activities	(5,732,097)	(905,923)	(36,355,354)	(6,646,719)
Interest expenses from operational activities	(544,590)	(62,975)	(260,566)	142,490
Impairment provision (ii)	-	-	(76,476,676)	(65,880,666)
Other expenses and losses	(39,329,243)	(15,382,074)	(48,363,198)	(11,777,739)
	<u>(97,059,926)</u>	<u>(31,338,791)</u>	<u>(302,082,763)</u>	<u>(128,083,407)</u>

(i) The provision expenses are mainly consisting of risk and legal provisions.

(ii) As of 30 September 2016, the Group provided impairment provision amounting to TRY 76,476,676 for loss making stores.

21. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Gain on sale of property ,plant and equipment (*)	21,289,283	-	-	-
	<u>21,289,283</u>	<u>-</u>	<u>-</u>	<u>-</u>

(*) In March 2017, the Group management has sold one real estate located in İstanbul.

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22. FINANCIAL INCOME

None (1 January - 30 September 2016: None).

23. FINANCIAL EXPENSES

Financial expenses for the periods ended 30 September 2017 and 2016 are as follows:

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
<u>Financial Expenses</u>				
Interest expenses	(129,376,905)	(49,586,131)	(102,101,145)	(36,321,951)
Credit card commission expenses	(4,247,872)	(1,959,583)	(7,029,627)	(1,869,014)
	<u>(133,624,777)</u>	<u>(51,545,714)</u>	<u>(109,130,772)</u>	<u>(38,190,965)</u>

24. TAX ASSETS AND LIABILITIES

	1 January - 30 September 2017	1 January - 30 September 2016
<u>Tax Expense of the Period</u>		
Corporate tax expense of the period	-	-
Deferred tax income	39,834,031	103,994,687
Tax income from continuing operations	<u>39,834,031</u>	<u>103,994,687</u>

Corporate tax:

The Group is subject to taxation in accordance with the tax regulation and the tax legislation effective in Turkey. Required provisions are made in the accompanying consolidated financial statements for the estimated tax charge based on the Group's results for the current period. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a corporate tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax is applied to the total income, after adjusting for certain disallowable expenses and exempt income.

In 2017, effective tax rate is 20% (2016: 20%).

In Turkey, temporary corporate tax is calculated and filed quarterly. Losses can be carried forward for a maximum period of five years to offset against future taxable income. However, losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, inspect tax returns and the related accounting records and may revise assessments within five years.

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24. TAX ASSETS AND LIABILITIES (Continued)

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding tax surcharge on any dividends distributed, except for resident companies in Turkey which include this dividend income in their taxable profit for the related period and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003.

This rate was changed to 15% with the resolution of Council of Ministers on 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of their investment expenditures from the taxable income, within the scope of the investment incentive certificate and that are directly related to production facilities. The investments without investment incentive certificates do not qualify for tax allowance.

Application of Investment Incentive:

Upon the Constitutional Court's resolution no: 2009/144 dated 1 August 2010 published in the Official Gazette No: 27659 on 8 January 2010, the Provisional Article No: 69 of Income Tax Law No: 193, which requires the offsetting against the earnings solely for the periods related to 2006, 2007 and 2008 has been annulled based on being contradictory to the Constitution, based on the new resolution, while computing tax base, the investment incentive deduction could not exceed 25% of the taxable income. Again with this amendment, current 20% corporate tax rate decided to be applied on those who benefit from investment incentive, not 30%.

The article of "the amount subject to deduction as exemption of investment allowance in tax basis determination cannot exceed 25% of relevant earnings" which was added to the first clause of 69th temporary article of Income Tax Law, and 5th article of Law No: 6009 has been canceled due to fact that it is against to Law by the decision of the Constitutional Court E. numbered 2010/93 K. 2012/20 and dated as of 9 February 2012. The decision of the Constitutional Court published at the Official Gazette dated 18 February 2012 and numbered 28208.

As of 30 September 2017 and 30 September 2016 the Group has no income tax liabilities.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with TFRS and tax legislation.

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24. TAX ASSETS AND LIABILITIES (Continued)

Deferred tax calculation by using the rate of 20%, for the periods ending 30 September 2017 and 31 December 2016 is as follows:

<u>The basis for deferred tax timing differences:</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Reserve for onerous contract and other contingencies	89,843,418	130,545,113
Provision for impairment in fixed assets	107,071,202	132,324,275
Inventory valuation differences	93,780,581	87,550,087
Other current assets	(17,635,693)	(11,014,504)
Provision for employment termination benefit	50,015,672	48,120,758
Tangible and intangible fixed assets	(174,166,897)	(167,710,593)
Other short term liabilities	(1,700,975)	2,634,403
Finance lease obligations	28,143,254	23,192,832
Carry forward tax losses	884,456,980	613,656,351
Other	1,457,649	2,796,321
	<u>1,061,265,191</u>	<u>862,095,043</u>
<u>Deferred tax assets / (liabilities) :</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Reserve for onerous contract and other contingencies	17,968,684	26,109,023
Provision for impairment in fixed assets	21,414,240	26,464,855
Inventory valuation differences	18,756,116	17,510,017
Other current assets	(3,527,139)	(2,202,901)
Provision for employment termination benefit	10,003,134	9,624,152
Tangible and intangible fixed assets	(34,833,379)	(33,542,119)
Other short term liabilities	(340,195)	526,881
Finance lease obligations	5,628,651	4,638,566
Carry forward tax losses	176,891,396	122,731,270
Other	291,530	559,263
	<u>212,253,038</u>	<u>172,419,007</u>

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24. TAX ASSETS AND LIABILITIES (Continued)

Carry forward tax losses

In accordance with the Turkish taxation legislation, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. The Group estimates that it will be able to utilize the deductible carry forward tax losses using the estimated profits in the following years. The expiration dates of such carry forward tax losses are as follows:

	<u>30 September 2017</u>	<u>31 December 2016</u>
2019	11,238,173	11,238,173
2020	18,011,218	18,011,218
2021	584,715,820	584,406,960
2022	270,491,769	-
	<u>884,456,980</u>	<u>613,656,351</u>

The movements of deferred tax asset and liability as of 30 September 2017 and 2016 are as follows:

<u>Deferred tax asset movements</u>	<u>30 September 2017</u>	<u>30 September 2016</u>
Opening balance at 1 January	172,419,007	70,647,886
Current year gain	39,834,031	103,994,687
Acquired deferred tax asset with business combination	-	115,088
Closing balance at 30 September	<u>212,253,038</u>	<u>174,757,661</u>

25. EARNINGS / (LOSS) PER SHARE

Weighted average number of group shares and basic earnings per share for the periods 30 September 2017 and 2016 are as follows:

	<u>30 September 2017</u>	<u>30 September 2016</u>
Opening, number of shares - Beginning of period (Note 16)	70,000,000,000	11,383,930,257
Share addition	-	58,616,069,743
Closing, number of shares - End of period (total)	70,000,000,000	70,000,000,000
Weighted average number of shares (Note 16)	70,000,000,000	70,000,000,000
Net loss for the period	<u>(133,495,257)</u>	<u>(430,717,435)</u>
Earnings per share (Kr)	<u>(0.1907)</u>	<u>(0.6153)</u>

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26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

<u>Cash and cash equivalents (Note 3)</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Akbank T.A.Ş.	62,765,351	71,646,013
	<u>62,765,351</u>	<u>71,646,013</u>
<u>Trade receivables from related parties (Note 5)</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Carrefour World Trade	13,298,472	11,855,080
Akbank T.A.Ş.	243,792	272,565
Carrefour Romania	263,129	925,878
Carrefour Nederland BV	92,579	178,951
Carrefour Global Sourcing Asia	74,738	48,155
Ak Finansal Kiralama A.Ş.	36,918	36,918
Teknosa İç ve Dış Ticaret A.Ş.	-	96,355
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	-	9,700
Other	222,563	79,177
	<u>14,232,191</u>	<u>13,502,779</u>
<u>Financial liabilities (Note 4)</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Akbank T.A.Ş.	502,439	89,617,737
Ak Finansal Kiralama A.Ş.	64,021,946	85,596,053
	<u>64,524,385</u>	<u>175,213,790</u>
<u>Trade payables to related parties (Note 5)</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Tic. A.Ş.	8,181,367	8,656,362
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	7,680,238	-
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	4,476,289	9,352,909
Teknosa İç ve Dış Ticaret A.Ş.	610,617	421,447
Aksigorta A.Ş.	178,755	230,909
Avivasa Emeklilik ve Hayat A.Ş.	2,377	5,949
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	30,946	653,950
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş.	-	5,599,019
Diğer	248,477	286,267
	<u>21,409,066</u>	<u>25,206,812</u>
<u>Other short term payables to related parties</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Hacı Ömer Sabancı Holding A.Ş.	4,668,687	4,371,040
Carrefour Partenariat International	5,713,394	2,756,324
	<u>10,382,081</u>	<u>7,127,364</u>

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26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
<u>Purchases from related parties (goods)</u>				
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Tic. A.Ş.	132,180,695	49,966,553	126,445,540	45,842,490
Teknosa İç ve Dış Ticaret A.Ş.	818,219	663,541	1,338,270	109,710
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	106,650	61,075	587,379	161,667
	<u>133,105,564</u>	<u>50,691,169</u>	<u>128,371,189</u>	<u>46,113,867</u>
<u>Purchases from related parties (services)</u>				
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	46,687,875	19,325,660	-	-
Aksigorta A.Ş.	5,629,669	2,107,617	5,202,168	1,751,310
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	4,478,330	1,622,970	4,150,132	2,077,666
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş.	671,573	-	43,754,295	20,080,044
Teknosa İç ve Dış Ticaret A.Ş.	447,070	254,338	314,220	104,808
Other	992,399	817,956	643,537	54,594
	<u>58,906,916</u>	<u>24,128,541</u>	<u>54,064,352</u>	<u>24,068,422</u>
<u>Rent income from related parties</u>				
Teknosa İç ve Dış Ticaret A.Ş.	3,481,206	1,235,127	3,609,914	1,173,452
Akbank T.A.Ş.	1,239,400	465,991	669,538	222,511
	<u>4,720,606</u>	<u>1,701,118</u>	<u>4,279,452</u>	<u>1,395,963</u>
<u>Other income from related parties</u>				
Carrefour World Trade	14,795,530	5,106,458	9,400,984	3,330,148
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Ticaret A.Ş.	2,667,115	1,000,608	2,597,640	898,894
Akbank T.A.Ş.	1,434,577	504,483	1,029,748	411,409
Carrefour Romania	908,346	316,453	989,946	509,188
Carrefour Global Sourcing Asia	489,698	154,358	3,935,671	691,745
Temsa Global Sanayi ve Ticaret A.Ş.	293,803	24,528	234,701	(1,010)
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.	345,992	115,522	340,931	113,819
Carrefour Nederland BV	267,160	92,580	259,110	-
Çimsa Çimento Sanayi ve Ticaret A.Ş.	184,020	12,944	46,664	6,528
Teknosa İç ve Dış Ticaret A.Ş.	148,071	-	902,117	239,652
Akçansa Çimento Sanayi ve Ticaret A.Ş.	193,062	84,709	184,781	81,547
Avivasa Emeklilik ve Hayat A.Ş.	95,072	194	166,536	50,384
Ak Yatırım Menkul Değerler A.Ş.	112,377	26,946	78,517	31,629
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	74,089	-	-	-
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	104,003	35,000	170,146	29,933
Socomo SA	-	-	335,630	-
Carrefour Partenariat International	-	-	128,690	-
Aksigorta A.Ş.	-	-	38,289	34,435
Other	51,861	39	2,479	(14,008)
	<u>22,164,776</u>	<u>7,474,822</u>	<u>20,842,580</u>	<u>6,414,293</u>

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26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
<u>Other expenses to related parties</u>				
Hacı Ömer Sabancı Holding A.Ş.	11,074,807	3,837,186	11,414,255	3,868,224
Carrefour Partenariat International	8,229,271	2,941,967	7,793,061	2,265,574
Teknosa İç ve Dış Ticaret A.Ş.	-	-	14,898	14,736
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	-	-	101,480	-
Other	-	-	2,367	2,367
	<u>19,304,078</u>	<u>6,779,153</u>	<u>19,326,061</u>	<u>6,150,901</u>

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
<u>Interest income from related parties</u>				
Akbank T.A.Ş.	103,803	18,911	669,898	528,484
<u>Interest expense and credit card commission to related parties</u>				
Akbank T.A.Ş.	11,239,472	4,462,379	16,010,507	5,045,039

The Group key management consists of executive board and board of directors. The total amount of benefits for the key management personnel in the current period is as follows:

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Salaries and other short term benefits	5,963,103	1,103,894	5,533,785	1,410,542
Other long term benefits	217,356	82,814	204,768	63,319
	<u>6,180,459</u>	<u>1,186,708</u>	<u>5,738,553</u>	<u>1,473,861</u>

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27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign Currency Risk

Foreign currency denominated transactions create foreign exchange risks. The Group uses derivative financial instruments in order to avoid financial risks occurs from operations, financial agreements and cashflows.

The foreign currency denominated assets and liabilities of monetary items are as follows:

	30 September 2017		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	17,905,848	752,668	3,633,312
2. Liquid assets	14,803,914	4,098,226	58,822
3. CURRENT ASSETS	<u>32,709,762</u>	<u>4,850,894</u>	<u>3,692,134</u>
4. Other	29,958,247	7,430,733	850,000
5. NON-CURRENT ASSETS	<u>29,958,247</u>	<u>7,430,733</u>	<u>850,000</u>
6. TOTAL ASSETS	62,668,009	12,281,627	4,542,134
7. Trade payables	10,942,826	1,026,786	1,740,192
8. Other payables	5,713,394	-	1,362,798
9. Financial liabilities	19,728,139	5,152,615	340,029
10. Non-monetary other liabilities	2,340,544	657,219	1,440
11. CURRENT LIABILITIES	<u>38,724,903</u>	<u>6,836,620</u>	<u>3,444,459</u>
12. Financial liabilities	24,193,080	-	5,770,699
13. NON-CURRENT LIABILITIES	<u>24,193,080</u>	<u>-</u>	<u>5,770,699</u>
14. TOTAL LIABILITIES	62,917,983	6,836,620	9,215,158
15. Net foreign currency asset / liability position	(249,974)	5,445,007	(4,673,024)
16. Net monetary foreign currency asset / liability position	21,766,936	3,824,108	1,951,942
17. Fair value of financial instruments uses for foreign currency hedge	-	-	-
18. Hedged amount of foreign currency denominated assets	-	-	-
19. Import	3,659,754	183,840	738,535

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27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Risk (Continued)

	31 December 2016		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	16,481,415	809,475	3,674,684
2. Liquid assets	9,237,563	2,291,847	315,937
3. CURRENT ASSETS	25,718,978	3,101,322	3,990,621
4. Other	35,159,142	9,094,603	850,000
5. NON-CURRENT ASSETS	35,159,142	9,094,603	850,000
6. TOTAL ASSETS	60,878,120	12,195,925	4,840,621
7. Trade payables	6,379,548	1,237,721	545,502
8. Other payables	2,756,324	-	742,964
9. Financial liabilities	18,799,334	5,013,271	311,769
10. Non-monetary other liabilities	2,168,182	614,583	1,440
11. CURRENT LIABILITIES	30,103,388	6,865,575	1,601,675
12. Financial liabilities	21,123,952	-	5,693,941
13. NON-CURRENT LIABILITIES	21,123,952	-	5,693,941
14. TOTAL LIABILITIES	51,227,340	6,865,575	7,295,616
15. Net foreign currency liability position	9,650,780	5,330,350	(2,454,995)
16. Net monetary foreign currency asset / liability position	19,339,430	1,863,601	3,445,119
17. Fair value of financial instruments uses for foreign currency hedge	-	-	-
18. Hedged amount of foreign currency denominated assets	-	-	-
19. Import	4,308,279	358,597	821,128

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27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Risk (Continued)

Foreign Currency Sensitivity

The Group is exposed to foreign exchange risk arising primarily from USD and EUR. The following table demonstrates the sensitivity of the Group to a possible change of 10% in US dollar and EUR rates. 10% is a reasonable rate as it is limited with 10% share capital commitment. Sensitivity analysis based on the foreign exchange risk at the reporting date, is identified with the changes at the beginning of the fiscal year and kept constant during the fiscal period. Negative value implies the effect of 10% increase in USD and in EUR foreign currency rates against TRY on the decrease in the net profit.

	30 September 2017			
	<u>Income / Expense</u>		<u>Equity</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
In case of 10% appreciation of USD against TRY				
1 - US Dollar net asset / liability	1,934,121	(1,934,121)	-	-
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	1,934,121	(1,934,121)	-	-
In case of 10% appreciation of EUR against TRY				
4 - Euro net asset / liability	(1,959,118)	1,959,118	-	-
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(1,959,118)	1,959,118	-	-
TOTAL (3 + 6)	(24,997)	24,997	-	-
31 December 2016				
	<u>Income / Expense</u>		<u>Equity</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
In case of 10% appreciation of USD against TRY				
1 - US Dollar net asset / liability	1,875,857	(1,875,857)	-	-
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	1,875,857	(1,875,857)	-	-
In case of 10% appreciation of EUR against TRY				
4 - Euro net asset / liability	(910,779)	910,779	-	-
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(910,779)	910,779	-	-
TOTAL (3 + 6)	965,078	(965,078)	-	-

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value

The principles used in determining the fair values of financial assets and liabilities are as follows:

Financial assets

Cash and cash equivalents are presented on cost basis and are assumed to reflect their fair values as they are liquid and classified as current assets.

Trade receivables are presented netted off related doubtful portion of the receivable and are assumed to reflect their fair value.

Derivative financial assets reflect their fair values as they include fair value hedge transactions. The classification of the data used in determining fair value of derivative financial assets are level 2.

Financial liabilities

Short term TRY denominated and fixed interest rate bank borrowings are assumed to converge to its fair value, as their drawdown date close to the balance sheet date.

Long term foreign currency denominated bank borrowings and finance lease payables are assumed to converge to its fair value.

The carrying amount of long term TRY denominated bank borrowing are not significantly different from its fair value when considering current market borrowing costs.

Since trade payables are short-term, they are assumed to reflect their fair values.

Classification regarding fair value measurement

"IFRS 7 – Financial Instruments: Disclosure" requires the companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial instruments. The basis for the hierarchy is dependent on whether the data used in fair value calculation is observable or not. Observable inputs mean that the Group using market inputs derived from independent sources and unobservable inputs mean that the Group using market expectation and assumptions. This distinction leads to classifications presented as below:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market. (unobservable inputs).

28. EVENTS AFTER THE BALANCE SHEET DATE

None.

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