

**CARREFOURSA CARREFOUR
SABANCI TİCARET MERKEZİ A.Ş. AND ITS SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2019
TOGETHER WITH INDEPENDENT AUDITOR’S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

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 31 March 2019, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three 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*.

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

ORIGINALLY SIGNED IN TURKISH

Ruşen Fikret Selamet, SMMM
Partner
30 April 2019
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 – 31 MARCH 2019**

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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 31 MARCH 2019 AND 31 DECEMBER 2018

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

	Notes	31 March 2019	31 December 2018
ASSETS			
Current Assets		1,373,702,395	1,220,674,474
Cash and Cash Equivalents	3	565,055,550	487,581,005
Trade Receivables			
Due from Related Parties	25	18,578,939	20,987,567
Other Trade Receivables	5	33,822,721	35,055,793
Other Receivables			
Other Receivables		2,169,939	1,207,744
Inventories	6	693,102,046	639,173,766
Prepaid Expenses		60,973,200	36,668,599
Non-Current Assets		2,266,005,411	1,428,208,043
Other Receivables			
Other Receivables		56,127,250	56,661,092
Property, Plant and Equipments	7	610,475,304	633,413,074
Right of Use Assets	8	840,975,543	-
Intangible Assets			
Goodwill	10	482,479,139	482,479,139
Other Intangible Assets	9	56,361,041	62,576,962
Prepaid Expenses		12,904,641	13,320,559
Deferred Tax Assets	23	206,682,493	179,757,217
TOTAL ASSETS		3,639,707,806	2,648,882,517

The accompanying notes form an integral part of these condensed 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 31 MARCH 2019 AND 31 DECEMBER 2018

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

	Notes	31 March 2019	31 December 2018
LIABILITIES			
Current Liabilities		2,793,686,250	2,400,840,002
Short Term Bank Loans			
Short Term Bank Loans from Related Parties	4, 25	448,438,493	291,370,075
Other Short Term Bank Loans	4	541,992,276	458,268,115
Short Term Portion of Long Term Bank Loans			
Other Short Term Portion of Long Term Bank Loans	4	27,254,969	33,866,188
Short Term Portion of Long Term Finance Lease Liabilities			
Short Term Portion of Long Term Finance Lease Liabilities from Related Parties	4, 25	23,677,139	21,282,883
Other Short Term Portion of Long Term Finance Lease Liabilities	4	130,509,689	2,429,263
Trade Payables			
Due to Related Parties	5, 25	42,905,415	20,500,662
Other Trade Payables	5	1,392,258,578	1,396,049,061
Employee Benefit Liabilities			
Other Payables	13	66,017,393	48,498,301
Due to Related Parties	25	9,081,212	9,397,685
Other Short Term Payables		15,080,319	18,482,327
Short Term Provisions			
Provisions for Employment Benefits	11	10,834,713	9,008,246
Other Short Term Provisions		69,560,255	72,102,195
Other Current Liabilities			
	14	16,075,799	19,585,001
Non-Current Liabilities		892,432,801	194,793,140
Long Term Bank Loans			
Long Term Bank Loans from Related Parties	4, 25	50,000,000	-
Other Long Term Bank Loans	4	35,837,711	83,497,728
Long Term Finance Lease Liabilities			
Long Term Finance Lease Liabilities from Related Parties	4, 25	16,574,503	21,844,798
Other Long Term Finance Lease Liabilities	4	728,129,602	35,210,959
Long Term Provisions			
Provisions for Employment Termination Benefits	11	61,890,985	54,239,655
EQUITY		(46,411,245)	53,249,375
Shareholders' Equity		(46,411,245)	53,249,375
Share Capital			
Share Capital	15	700,000,000	700,000,000
Inflation Adjustment to Share Capital			
Inflation Adjustment to Share Capital	15	91,845,783	91,845,783
Share Issue Premium			
Aktueryal Kayıp ve Kazançlar		34,691,309	34,691,309
Other Comprehensive Income/Expense Not to be Reclassified to Profit or Loss			
Actuarial Loss	15	(4,446,458)	(4,446,458)
Restricted Reserves			
Restricted Reserves	15	12,318,358	12,318,358
Accumulated Losses			
Accumulated Losses	15	(781,159,617)	(769,663,206)
Net Loss for the Period			
		(99,660,620)	(11,496,411)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,639,707,806	2,648,882,517

The accompanying notes form an integral part of these condensed 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 THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

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

	Notes	1 January - 31 March 2019	1 January - 31 March 2018
CONTINUING OPERATIONS			
Revenue	16	1,376,494,377	1,148,392,059
Cost of Sales (-)	16	<u>(997,743,797)</u>	<u>(848,411,738)</u>
GROSS PROFIT		378,750,580	299,980,321
Marketing Expenses (-)	17	(325,212,906)	(303,515,233)
General Administrative Expenses (-)	17	(42,039,787)	(44,291,361)
Other Income from Main Operations	19	9,209,633	17,572,764
Other Expenses from Main Operations (-)	19	(64,846,802)	(33,369,368)
OPERATING LOSS FROM MAIN OPERATIONS		(44,139,282)	(63,622,877)
Income From Investment Activities, net	20	-	51,087,415
Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with TFRS 9	5	(1,138,410)	(464,049)
OPERATING PROFIT / (LOSS)		(45,277,692)	(12,999,511)
Finance Income (+)	21	25,602,578	3,385,470
Finance Cost (-)	22	(106,910,783)	(59,251,783)
PROFIT / (LOSS) BEFORE TAX		(126,585,897)	(68,865,824)
Tax Income / (Expense)		26,925,277	15,765,910
- Taxes on Income	23	-	-
- Deferred Tax Income / (Expense)	23	26,925,277	15,765,910
NET PROFIT / (LOSS) FOR THE PERIOD		(99,660,620)	(53,099,914)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss		-	8,805,707
- Remeasurements of defined benefit asset / (liability)		-	11,007,134
- Remeasurements of defined benefit asset / (liability), tax effect		-	(2,201,427)
TOTAL COMPREHENSIVE INCOME / (EXPENSE)		(99,660,620)	(44,294,207)
Gain / (Loss) Per Share	24	(0.1424)	(0.0759)

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM THREE MONTH PERIODS ENDED 31 MARCH 2019 AND 2018

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

(Note 15)	Inflation		Share Issue	Actuarial Gains /	Restricted	Retained Losses	Net Loss for the	Total
	Share Capital	Adjustment to Share Capital						
Balance at 1 January 2018	700,000,000	91,845,783	34,691,309	(601,338)	12,318,358	(463,854,309)	(305,808,897)	68,590,906
Transfers	-	-	-	-	-	(305,808,897)	305,808,897	-
Total Comprehensive Loss	-	-	-	8,805,707	-	-	(53,099,914)	(44,294,207)
Balances at 31 March 2018	700,000,000	91,845,783	34,691,309	8,204,369	12,318,358	(769,663,206)	(53,099,914)	24,296,699
Balance at 1 January 2019	700,000,000	91,845,783	34,691,309	(4,446,458)	12,318,358	(769,663,206)	(11,496,411)	53,249,375
Transfers	-	-	-	-	-	(11,496,411)	11,496,411	-
Total Comprehensive Income	-	-	-	-	-	-	(99,660,620)	(99,660,620)
Balances at 31 March 2019	700,000,000	91,845,783	34,691,309	(4,446,458)	12,318,358	(781,159,617)	(99,660,620)	(46,411,245)

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

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

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	1 January - 31 March 2019	1 January - 31 March 2018
Net profit / (loss) profit for the period		(99,660,620)	(53,099,914)
Adjustments to reconcile net profit / (loss) for the period		151,546,395	22,452,145
- Depreciation of investment properties		-	1,381,102
- Depreciation of property, plant and equipments	7	27,031,807	26,043,388
- Amortization of right of use asset	8	46,885,455	-
- Amortization of intangible assets	9	8,109,544	8,112,966
- Gain on sale of tangible assets	20	-	(51,087,415)
- Risk, lawsuit, personnel, SSI and other provisions	11	(2,541,940)	(28,210,391)
- Interest expense accruals	21	(1,669,741)	(3,385,470)
- Interest income accruals		106,910,783	59,251,784
- Impairment provision / (impairment provision no longer required)		1,830	-
- Change in unused vacation provision	11	1,826,467	1,325,984
- Provision for employment termination benefit	11	11,751,795	9,984,003
- Allowance for doubtful receivables	5	2,709,415	1,572,888
- Change in inventory impairment	6	399,259	1,468,207
- Unrealized foreign exchange loss		(22,943,002)	11,761,009
- Tax (income) / expense	23	(26,925,277)	(15,765,910)
Changes in working capital:		(48,811,862)	(98,331,524)
- (Increase) / decrease in trade receivables, including collection from doubtful receivables		(1,476,343)	5,273,343
- Increase in inventories		(54,327,539)	(47,069,716)
- Decrease in due from related parties		2,408,628	1,309,422
- Decrease in other receivables and current assets		(428,353)	12,533,350
- Increase in prepaid expenses		(23,888,683)	(16,544,253)
- Increase in due to other short term payables		(3,402,008)	(5,397,323)
- Decrease in due to other short term trade payables		(3,790,483)	(82,889,401)
- (Decrease) / Increase in due to related parties		22,088,280	4,492,008
- Increase in employee benefit liabilities		17,519,092	30,770,650
- Increase in other short-term liabilities		(3,514,453)	(809,604)
Used in operating activities		3,073,913	(128,979,293)
- Employee termination benefits paid	11	(4,100,465)	(6,014,081)
Net cash used in operating activities		(1,026,552)	(134,993,374)

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

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

	Notes	1 January - 31 March 2019	1 January - 31 March 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of property, plant and equipments	7	(17,805,088)	(12,246,275)
- Acquisition of intangible assets	9	(1,975,621)	(2,837,825)
- Proceeds from sale of tangible assets		-	145,619,530
Net cash generated from investing activities		(19,780,709)	130,535,430
CASH FLOWS FROM FINANCING ACTIVITIES			
- Proceeds from bank borrowings	4	250,000,000	22,731,000
- Repayment of borrowings	4	(66,114,702)	(253,140,098)
- Repayment of operating lease payables	4	(83,245,336)	(9,335,487)
- Finance Income		(8,219,313)	(7,752,631)
- Finance Cost (-)		1,669,741	3,385,467
Net cash (used in) / generated from financing activities		94,090,390	(244,111,749)
Decrease in cash and cash equivalents		73,283,129	(248,569,693)
Cash and cash equivalents at the beginning of the period		487,581,005	511,632,900
- The impact of change in foreign currency exchange over cash and cash equivalents		4,191,416	(243,928)
Cash and cash equivalents at the end of the period	3	565,055,550	262,819,279

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH
2019 AND 2018**

(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 9,749 as of 31 March 2019 (31 December 2018: 9,688).

As of 31 March 2019, the Company has 29 hypermarkets and 580 supermarkets (31 December 2018: 29 hypermarkets, 567 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”.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

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

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the Presentation

(a) Statement of compliance with Turkish Financial Reporting Standards (“TFRS”)

According to 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, the accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”). TFRS is composed of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards and its addendum and interpretations issued by POA.

The Group prepared its condensed consolidated financial statements for the period ended 31 March 2019, in accordance with the TAS 34 “Interim Financial Reporting” in the framework of the Communiqué Serial: XII and numbered 14.1 and its related announcements. The condensed consolidated interim financial statements of the Group are presented in compliance with “Announcement on Financial Statements and Disclosure Formats” announced by CMB and TAS taxonomy announced by POA.

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 consolidated financial statements as of 31 December 2018.

Approval of condensed consolidated financial statements:

The accompanying condensed consolidated financial statements of the Group has been approved by the Company’s Board of Directors on 30 April 2019. General Assembly and related legal institutions have the right to correct these condensed consolidated financial statements and statutory financial statements.

(b) Basis of measurement

The Company and its subsidiary maintain their accounting records and prepares its 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 have been prepared on historical cost basis except for financial assets and liabilities measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Presentation and functional currency

The Group’s functional and presentation currency is Turkish Lira (“TL”). Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss

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.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 31 March 2019 comparatively with the balance sheet as of 31 December 2018; condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of cash flow and condensed consolidated statements of change in shareholders' equity as of 31 March 2019 comparatively with the 31 December 2018 financial statements. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period.

The classifications in condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2018 presented below:

- Provision for doubtful receivables expenses amounting to TL 426,663, which has been presented under marketing expenses, is reclassified to impairment profit/(loss) and reversal of impairment losses in accordance with TFRS 9.
- Logistics expenses amounting to TL 15,243,231 which has been presented under cost of sales is reclassified to the marketing expenses.
- Logistics income amounting to TL 176,011 which has been presented under cost of sales is reclassified to the other income from operating activities.
- Depreciation expenses amounting to TL 530,387 which has been presented under general administrative expenses is reclassified to the sales and marketing expenses.

During the preparation of the condensed consolidated statements of cash flows, reclassifications which are explained above were taken into consideration.

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

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

TFRS 16 Leases

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted TFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's interim condensed consolidated financial statements.

TFRS 16 introduced a single on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

Since the Group has used all expedients during the first transition, the Group applied the modified retrospective approach which leads to equal amounts of right of use assets and lease liabilities. Accordingly, the comparative information presented for 2018 has not been restated under TAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

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2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

IFRS 16 Leases (Continued)

i) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRS Interpretation 4 "Determining Whether an Arrangement contains a Lease". The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and IFRS Interpretation 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non- lease components as a single lease component.

ii) As a lessee

The Group leases many assets, including warehouses, transportation vehicles and building.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment) which have equal to or less than 12 months maturity. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has presented the right of use assets under a separate line in the consolidated financial statements under the name "right of use assets".

Book value of right of use assets are presented below:

	Building	Vehicle	Total
Balance at 1 January 2019	868,359,716	12,445,125	880,804,841
Balance at 31 March 2019	829,567,512	11,408,031	840,975,543

The Company presents lease liabilities in 'loans and borrowings' in the statement of financial position.

Book value of lease liabilities are presented below:

	Building	Vehicle	Total
Balance at 1 January 2019	867,551,269	12,445,125	879,996,394
Balance at 31 March 2019	846,642,277	11,997,013	858,639,290

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

TFRS 16 Leases (Continued)

a. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied its own judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

b. Transition

Previously, the Group classified property leases as operating leases under TAS 17. These include stores, warehouse, vehicle and general administrative office. The leases typically run for a period of 10 years. Some leases include an option to renew the lease for an additional 5 years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under TAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

–an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The Group used the following practical expedients when applying TFRS 16 to leases previously classified as operating leases under IAS 17.

–Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

–Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

–Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group leases a number of items of production equipment. These leases were classified as finance leases under TAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under TAS 17 immediately before that date.

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2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued),

2.5 Summary of Significant Accounting Policies (Continued)

IFRS 16 Leases (Continued)

iii) As a lessor

The Group leases out its sales areas belonging to its stores and some portion of general administrative office, including right-of-use assets. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under TAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

The Group sub-leases some of its properties. Under TAS 17, the head lease and sub-lease contracts were classified as operating leases. The sub-lease contracts are classified as operating leases under IFRS 16.

iv) Impacts on consolidated financial statements

a) Impacts on transition

On transition to IFRS 16, the Company recognised additional right-of-use assets, including additional lease liabilities. The impact on transition is summarised below.

	1 January 2019
Right of use assets	868,024,109
Right of use assets (previously classified as financial leasing in accordance with TAS 17)	12,780,732

	1 January 2019
Lease liability	868,024,109
Lease liability (previously classified as financial leasing in accordance with TAS 17)	11,972,285

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2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued),

2.5 Summary of Significant Accounting Policies (Continued)

IFRS 16 Leases (Continued)

iv) Impacts on consolidated financial statements (Continued)

a) Impacts on transition (Continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted- average rate for lease contracts applied in Turkish Liras is 24% and for lease contracts applied in Euro is 6%.

	1 January 2019
Operating lease commitment as of 31 December 2018, as explained in the consolidated financial statements	1,791,824,696
Discounted by using the alternative borrowing interest rate on 1 January 2019	868,024,109
Lease payables to financial statements as of 1 January 2019	11,972,285
Lease liabilities as of 1 January 2019	879,996,394

b) Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases under TAS 17, the Group recognised TRY 840,975,543 right-of-use assets and TRY 858,639,291 lease liabilities as at 31 March 2019. Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the three months ended 31 March 2019, the Group recognised TRY 46,785,345 of depreciation charges and TRY 48,595,840 interest costs from these leases.

2.6 Significant Accounting Estimates and Assumptions

The preparation of condensed consolidated financial statements requires the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and necessary adjustments are recognized in profit or loss in which they are realized.

Significant estimates used in the preparation of these condensed consolidated financial statements and the significant judgments with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

2.6.1 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In that scope, as of 31 March 2019 and 31 December 2018 the Group evaluated the current risks and booked related provisions.

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

2.6.2 Deferred tax asset

The Group recognizes deferred tax asset and liability on the differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TAS and the corresponding tax bases which is used in the computation of taxable profit. Under current circumstances, the partial or complete recoverable amounts of deferred tax assets are predicted. During the evaluation, future profit projections, current year's losses, unused losses and the expiration dates of other tax assets, and if necessary tax planning strategies are considered. Based on the data obtained, if the Group's taxable profit, which will be obtained in the future, is not enough to fulfill the deferred tax assets, a provision is provided either for the whole or for a certain part of the deferred tax asset. As of 31 March 2019 and 31 December 2018, after the necessary evaluations, the deferred tax assets are fully accounted because of expectation of taxable profit in the future.

Under the Turkish taxation system, 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.

2.6.3 Evaluation of financial position

The Group has recognized TRY 96,660,620 loss as of and for the three-month interim period ended 31 March 2019 and current year loss together with accumulated losses has reached to TRY 880,820,237. As of 31 March 2019, the Group's total equity is TRY (46,411,245).

Accordingly, in accordance with the third paragraph of Article 376 of the TCC, it has been determined that the total of the Group's capital and legal reserves are unrequited. Therefore, a special purpose financial statement ("TTK 376 balance sheet") which based on probable selling prices of land and buildings and investment properties, has been prepared in accordance with the CMB's principle decision dated 10 April 2014 and numbered 11/352 (principle decision no 2014/11).

Aforementioned special purpose financial statement has been prepared based on the Company's 31 March 2019 balance sheet which is in compliance with Turkish Tax Legislation.

The market value of the Company's lands and buildings has been determined as TRY 424,825,000 according to the valuation report issued by real estate Valuation Company accredited by CMB. As a result, the equity amount of the Company recognized in the Special Purpose Financial Statement (TTK 376 balance sheet) is TRY 303,469,719. This amount indicates that the Group has retained its paid capital amounting to TRY 700,000,000 and its legal reserve amounting to TRY 12,318,358.

Additionally, the Group made material event disclosure in accordance with CMB's principle decision numbered 11/352 as explained in Note 27.

In addition, in 2019, the Group management by taking into consideration the profitability criteria for the future, took efforts to reduce rental costs, took necessary precautions to reduce the head office expenses and reflected the expenses incurred in these consolidated financial statements and allocated necessary provisions within three months. The Group will continue its operations with existing stores in the following periods in anticipation of future profit projections and the related strategies will continue to be evaluated by management in order to ensure financial sufficiency.

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2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Amendments in Turkish Financial Reporting Standards

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

- The revised Conceptual Framework, the revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

- Amendments to TFRS 4: Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts, TFRS 4 has been amended by POA, to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39.

The Group does not expect that application of these amendments to TFRS 4 will have significant impact on its consolidated financial statements.

- TFRS 17 – Insurance Contracts: On 16 February 2019, POA issued TFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers’ risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 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. TFRS 17 solves the comparison problems created by TFRS 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. TFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

The Group does not expect that application of these amendments to TFRS 17 will have significant impact on its consolidated financial statements.

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2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Amendments in Turkish Financial Reporting Standards (continued)

Standards issued but not yet effective and not early adopted (continued)

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

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but 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 will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

- Amendments to IAS 1 and IAS 8 - Definition of Material, in October 2018 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Group does not expect that application of these amendments to IAS 1 and IAS 8 will have significant impact on its consolidated financial statements.

- Amendments to IFRS 3 - Definition of a Business, determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations that seek to clarify this matter. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The Group does not expect that application of these amendments to IFRS 3 will have significant impact on its consolidated financial statements.

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3. CASH AND CASH EQUIVALENTS

	<u>31 March 2019</u>	<u>31 December 2018</u>
Cash on hand	23,258,259	24,737,434
Cash in transit (*)	14,240,718	26,195,014
Credit card receivables	284,173,672	316,020,489
Banks		
Time deposit	203,306,012	86,850,987
Demand deposit	31,616,358	32,793,786
Other	8,460,531	983,295
	<u>565,055,550</u>	<u>487,581,005</u>

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

Related party balances in cash and cash equivalents are stated in Note 25.

As at 31 March 2019 and 31 December 2018 time deposits are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>31 March 2019</u>
USD	4.00%	31 May 2019	76,034,055
TRY	20.50%	1 April 2019	126,800,000
		Interest accrual	471,957
			<u>203,306,012</u>
<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>31 December 2018</u>
USD	4.85%	29 January 2019	86,804,850
		Interest accrual	46,137
			<u>86,850,987</u>

The Group does not have any blocked deposits as at 31 March 2019 and 31 December 2018.

The Group's exposure to currency and interest rate risks and relevant sensitivities for cash and cash equivalents are disclosed in Note 26.

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4. FINANCIAL LIABILITIES

<u>Short Term Financial Liabilities</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Short Term Financial Liabilities from Related Parties		
Bank loans (*)	448,438,493	291,370,075
Other Short Term Financial Liabilities		
Bank loans (*)	541,992,276	458,268,115
	<u>990,430,769</u>	<u>749,638,190</u>
 <u>Short Term Portion of Long Term Financial Liabilities</u>	 <u>31 March 2019</u>	 <u>31 December 2018</u>
Short Term Portion of Long Term Financial Liabilities from Related Parties		
Finance lease payables	23,677,139	21,282,883
Other Short Term Portion of Long Term Financial Liabilities		
Bank loans (**)	27,254,969	33,866,188
Finance lease payables	130,509,689	2,429,263
	<u>181,441,797</u>	<u>57,578,334</u>
 <u>Long Term Financial Liabilities</u>		
Long Term Financial Liabilities from Related Parties		
Bank Loans	50,000,000	--
Finance lease payables	16,574,503	21,844,798
Other Long Term Financial Liabilities		
Bank loans (**)	35,837,711	83,497,728
Finance lease payables	728,129,602	35,210,959
	<u>830,541,816</u>	<u>140,553,485</u>

(*) As at 31 March 2019 and 31 December 2018 the details of short term bank loans are as follows:

<u>Currency</u>	<u>Interest rate (*)</u>	<u>31 March 2019</u>
TRY	22.17%	927,000,000
	Interest accrual	63,430,769
		<u>990,430,769</u>
 <u>Currency</u>	 <u>Interest rate</u>	 <u>31 December 2018</u>
TRY	22.96%	733,848,972
	Interest accrual	15,789,218
		<u>749,638,190</u>

(*) The interest rate was calculated by the weighted average method.

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4. FINANCIAL LIABILITIES (continued)

(**) As at 31 March 2019 and 31 December 2018 the details of long term bank loans are as follows:

Currency	Interest rate	31 March 2019
TRY	26.75%	50,000,000
USD	4.50%	63,092,680
		<u>113,092,680</u>

Currency	Interest rate	31 December 2018
TRY	26.75%	50,000,000
USD	4.50%	67,363,916
		<u>117,363,916</u>

Group's financial liabilities due to related parties are stated in Note 25.

Finance lease payables consist of the followings:

Finance Lease Payables	Present value of minimum lease payments	
	31 March 2019	31 December 2018
Within one year	326,685,636	25,675,924
Less : Future finance charges	(172,498,808)	(1,963,778)
Present value of finance lease obligations	<u>154,186,828</u>	<u>23,712,146</u>
Within two year and after	1,429,465,075	114,112,194
Less : Future finance charges	(684,760,970)	(57,056,437)
Present value of finance lease obligations	<u>744,704,105 -</u>	<u>57,055,757</u>

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

The details of property, plant and equipment acquired by finance lease as of 31 March 2019 and 2018 are disclosed at Note 7.

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4. FINANCIAL LIABILITIES (continued)

The repayment schedule of long-term borrowings as of 31 March 2019 and 31 December 2018 in TRY equivalent as at balance sheet date is as stated below:

	<u>31 March 2019</u>	<u>31 December 2018</u>
2020	199,946,617	107,645,037
2021	112,892,098	2,182,446
2022	106,738,907	2,068,669
2023	104,617,345	2,119,504
2024 and after	306,346,849	26,537,829
	<u>830,541,816</u>	<u>140,553,485</u>

As of 31 March 2019 and 2018, the reconciliation of the Group's obligations arising from its borrowings is as follows:

	<u>31 March 2019</u>	<u>31 December 2018</u>
1 January bank loans	867,002,106	1,599,951,488
Current period additions	250,000,000	22,731,000
Interest and capital repayments	(66,114,702)	(253,140,098)
Current period interest accruals	48,425,888	51,499,152
Effects of change in interest change	4,210,157	4,995,765
31 March Borrowings	<u>1,103,523,449</u>	<u>1,426,037,307</u>

As of 31 March 2019 and 2018, the reconciliation of the Group's obligations arising from its operating lease liability is as follows:

	<u>31 March 2019</u>	<u>31 December 2018</u>
1 January bank loans	923,124,075	87,135,959
Current period additions	7,728,901	--
Current period payments	(83,245,336)	(9,335,487)
Current period interest accruals	48,595,840	--
Effects of change in interest change	2,687,453	6,521,320
31 March Borrowings	<u>898,890,933</u>	<u>84,321,792</u>

As of 31 March 2019 and 31 December 2018, there are no guarantees given related to the financial borrowings.

The Group's exposure to foreign exchange risk related to borrowings is disclosed in Note 26.

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5. TRADE RECEIVABLES AND PAYABLES

<u>Other Trade Receivables</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Other trade receivables	48,821,958	49,851,346
Shopping mall receivables	15,216,779	14,282,053
Provision for doubtful trade receivables	(30,216,016)	(29,077,606)
	<u>33,822,721</u>	<u>35,055,793</u>
Due from related parties (Note 25)	18,578,939	20,987,567
	<u>52,401,660</u>	<u>56,043,360</u>

The movement of the allowance for doubtful receivables for the three month periods ended 31 March 2019 and 2018 are as follows:

	<u>31 March 2019</u>	<u>31.Mar.18</u>
Opening balance	29,077,606	29,481,378
Collections / reversals	(1,571,005)	(1,108,839)
Cancelation	-	(426,663)
Charge for the period	2,709,415	1,572,888
Closing balance	<u>30,216,016</u>	<u>29,518,764</u>

Trade receivables due dates vary depending on the sector and entity 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>31 March 2019</u>	<u>31 December 2018</u>
Letters of guarantee received for shopping mall (*)	3,579,643	7,331,349
	<u>3,579,643</u>	<u>7,331,349</u>

(*)According to the real estate sales promise contract signed on 14 May 2018 between the Group and Bakırköy Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş. ("Bakırköy"), in case of any payments made after 28 June 2018 (which is the date of title deed registration) to the Group by tenants with respect to the period after 14 May 2018, the Group is obliged to pay those amounts to Bakırköy immediately. In case of any payment to Bakırköy by the tenants with respect to the period before 14 May 2018, Bakırköy shall be obliged to pay those amounts to the Group.

<u>Short Term Trade Payables</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Trade payables	1,392,258,578	1,396,049,061
Due to related parties (Note 25)	42,905,415	20,500,662
	<u>1,435,163,993</u>	<u>1,416,549,723</u>

The average payment rate for the purchase of commercial goods varies by sector and firm. The average payment in the fresh food sector is less than a month. In other sectors the average payment is less than three months.

The exchange rate risk for the Group's trade receivables and payables is disclosed in Note 26.

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6. INVENTORIES

	<u>31 March 2019</u>	<u>31 December 2018</u>
Trade goods	701,347,093	647,532,948
Impairment of inventories	<u>(8,245,047)</u>	<u>(8,359,182)</u>
	<u><u>693,102,046</u></u>	<u><u>639,173,766</u></u>

The movement of allowance for impairment on inventory for the periods ended 31 March 2019 and 2018 are as follows:

	<u>31 March 2019</u>	<u>31 March 2018</u>
Opening balance	8,359,182	6,062,815
Charge for the period	399,259	1,468,207
Reversal of current period	<u>(513,394)</u>	<u>(520,888)</u>
Closing balance	<u><u>8,245,047</u></u>	<u><u>7,010,134</u></u>

Allowance for impairment on inventory for the three month period ended 31 March 2019 and 2018 is recognized in cost of sales (Note 16).

For the three month period ended 31 March 2019, cost of inventory recognized in income statement is TRY 996,547,430 (31 March 2018: TRY 843,032,959) (Note 16).

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7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings Purchased by Finance Lease	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
Cost							
Opening balance at 1 January 2019	123,076,827	211,934,774	20,512,454	865,314,316	16,016,457	3,136,591	1,239,991,419
Additions	105,000	772,400	-	11,829,096	19,845	5,078,747	17,805,088
Transfers (Note 8 and 9)	-	-	(20,512,454)	2,218,316	3,378	(2,647,211)	(20,937,971)
Impairments	-	-	-	2,362	660	-	3,022
Disposals (*)	-	(239,300)	-	(2,210,217)	(58,102)	-	(2,507,619)
Closing balance at 31 December 2019	123,181,827	212,467,874	-	877,153,873	15,982,238	5,568,127	1,234,353,939
Accumulated depreciation							
Opening balance at 1 January 2019	-	(72,743,728)	(7,731,722)	(517,045,018)	(9,057,877)	-	(606,578,345)
Charge of the period	-	(2,226,946)	-	(24,262,082)	(542,779)	-	(27,031,807)
Transfers (Note 8 and 9)	-	-	7,731,722	-	-	-	7,731,722
Impairment	-	-	-	(1,393)	(437)	-	(1,830)
Disposals (*)	-	115,814	-	1,833,693	52,118	-	2,001,625
Closing balance at 31 December 2019	-	(74,854,860)	-	(539,474,800)	(9,548,975)	-	(623,878,635)
Net book value as of 1 January 2019	123,076,827	139,191,046	12,780,732	348,269,298	6,958,580	3,136,591	633,413,074
Net book value as of 31 March 2019	123,181,827	137,613,014	-	337,679,073	6,433,263	5,568,127	610,475,304

As at 31 March 2019, from depreciation and amortization expenses, TRY 72,655,609 (31 March 2018: TRY 28,024,120) is included in marketing expenses and TRY 9,371,196 (31 March 2018: TRY 7,513,336) is included in general administrative expenses.

(*)It also includes the disposals belonging to the stores that were closed during the period.

As at 31 March 2019, total insurance amount over property, plant and equipment is TRY 780,984,582 (31 December 2018: TRY 1,368,503,072). As at 31 March 2019 and 31 December 2018 there is no mortgage on property, plant and equipment.

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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Buildings Purchased by Finance Lease</u>	<u>Machinery and Equipment</u>	<u>Other Tangible Assets</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>Cost</u>							
Opening balance at 1 January 2018	179,603,604	297,673,221	20,512,454	1,011,544,267	23,763,995	1,453,321	1,534,550,862
Additions	-	730,193	-	10,077,495	137,231	1,301,356	12,246,275
Transfers (Note 9)	-	1,063,333	-	(140,693)	725	(971,477)	(48,112)
Disposals (*)	<u>(25,367,118)</u>	<u>(34,397,513)</u>	-	<u>(55,620,616)</u>	<u>(2,133,655)</u>	<u>(16,258)</u>	<u>(117,535,160)</u>
Closing balance at 31 March 2018	<u>154,236,486</u>	<u>265,069,234</u>	<u>20,512,454</u>	<u>965,860,453</u>	<u>21,768,296</u>	<u>1,766,942</u>	<u>1,429,213,865</u>
<u>Accumulated depreciation</u>							
Opening balance at 1 January 2018	-	(132,164,072)	(7,296,398)	(615,831,162)	(12,678,153)	-	(767,969,785)
Charge of the period	-	(2,239,709)	(100,110)	(23,059,902)	(643,667)	-	(26,043,388)
Disposals (*)	-	15,739,219	-	40,196,675	826,761	-	56,762,655
Closing balance at 31 March 2018	<u>-</u>	<u>(118,664,562)</u>	<u>(7,396,508)</u>	<u>(598,694,389)</u>	<u>(12,495,059)</u>	<u>-</u>	<u>(737,250,518)</u>
Net book value as of 1 January 2018	<u>179,603,604</u>	<u>165,509,149</u>	<u>13,216,056</u>	<u>395,713,105</u>	<u>11,085,842</u>	<u>1,453,321</u>	<u>766,581,077</u>
Net book value as of 31 March 2018	<u>154,236,486</u>	<u>146,404,672</u>	<u>13,115,946</u>	<u>367,166,064</u>	<u>9,273,237</u>	<u>1,766,942</u>	<u>691,963,347</u>

(*) The Group sold one real estate located in Istanbul in February 2018. It also includes the disposals belonging to the stores that were closed during the period.

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8. RIGHT OF USE ASSETS

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Opening balance at 1 January 2019	855,578,984	12,445,125	868,024,109
Transfer (*) (Note 7)	12,780,732	--	12,780,732
Addition	14,925,719	--	14,925,719
Prepaid expenses	(7,869,562)	--	(7,869,562)
Amortization	(45,848,361)	(1,037,094)	(46,885,455)
Closing balance at 31 March 2019	<u>829,567,512</u>	<u>11,408,031</u>	<u>840,975,543</u>

The Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The transition effect of the Group in accordance with TFRS 16 is explained in Note 2.5.

(*)As of 1 January 2019, the Group has reclassified net book value of the assets that considered as financial leasing in accordance with TAS 17 before 1 January 2019, into right of use assets below tangible asset in accordance with TFRS 16.

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9. INTANGIBLE ASSETS

Other Intangible Assets

<u>Cost</u>	<u>Total</u>
Opening balance at 1 January 2019	171,801,942
Additions	1,975,621
Transfers (Note 7)	425,517
Disposals	(852,615)
Closing balance at 31 March 2019	173,350,465
<u>Accumulated amortization</u>	
Opening balance at 1 January 2019	(109,224,980)
Charge of the period	(8,109,544)
Disposals	345,100
Closing balance at 31 March 2019	(116,989,424)
Net book value as of 1 January 2019	62,576,962
Net book value as of 31 March 2019	56,361,041

<u>Cost</u>	<u>Total</u>
Opening balance at 1 January 2018	195,907,791
Additions	2,837,825
Transfers (Note 7)	45,123
Disposals	(1,559,578)
Closing balance at 31 March 2018	197,231,161
<u>Accumulated amortization</u>	
Opening balance at 1 January 2018	(112,567,820)
Charge of the period	(8,112,966)
Disposals	775,700
Closing balance at 31 March 2018	(119,905,086)
Net book value as of 1 January 2018	83,339,971
Net book value as of 31 March 2018	77,326,075

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

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10. GOODWILL

Goodwill amount is consisted of following investments:

<u>Investments:</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Kiler Alışveriş	254,018,530	254,018,530
Gima	180,159,453	180,159,453
Alpark	48,301,156	48,301,156
	<u>482,479,139</u>	<u>482,479,139</u>

11. SHORT AND LONG TERM PROVISIONS

Provisions for short term liabilities as of 31 March 2019 and 31 December 2018 are as follows:

<u>Other Short Term Provisions</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Provision for other, risk, litigations and onerous	68,790,255	67,751,688
Provision for personnel and social security	770,000	770,000
Other	-	3,580,507
	<u>69,560,255</u>	<u>72,102,195</u>

Movements of provision for short term liabilities for the three month period ended 31 March 2019 and 2018 are as follows:

	<u>Provision for other risks, litigations and onerous contracts</u>	<u>Provision for personnel and social security</u>	<u>Other</u>	<u>Total</u>
Opening balance, 1 January 2019	67,751,688	770,000	3,580,507	72,102,195
Charge of the period	2,688,669	-	631,166	3,319,835
Current year reversal / charge	(1,650,102)	-	(4,211,673)	(5,861,775)
Closing balance, 31 March 2019	<u>68,790,255</u>	<u>770,000</u>	<u>-</u>	<u>69,560,255</u>

	<u>Provision for other risks, litigations and onerous contracts</u>	<u>Provision for personnel and social security</u>	<u>Other</u>	<u>Total</u>
Opening balance, 1 January 2018	74,209,141	770,000	32,949,764	107,928,905
Charge of the period	8,140,110	-	-	8,140,110
Current year reversal / charge	(24,838,646)	-	(11,511,855)	(36,350,501)
Closing balance, 31 March 2018	<u>57,510,605</u>	<u>770,000</u>	<u>21,437,909</u>	<u>79,718,514</u>

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11. 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 31 March 2019 and 31 December 2018 are as follows:

<u>Short Term Employment Benefits</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Unused vacation provision	10,834,713	9,008,246
	<u>10,834,713</u>	<u>9,008,246</u>
<u>Long Term Employment Benefits</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Employment termination benefit provision	61,890,985	54,239,655
	<u>61,890,985</u>	<u>54,239,655</u>

Movement for employment termination benefit provision for the three month period ended 31 March 2019 and 2018 are as follows:

	<u>31 March 2019</u>	<u>31 March 2018</u>
Opening balance at 1 January	54,239,655	51,336,450
Service cost	11,083,087	9,459,949
Interest cost	668,708	524,054
Actuarial gain / (loss)	-	(11,007,134)
Paid compensation during the period	(4,100,465)	(6,014,081)
Closing balance at 31 March	<u>61,890,985</u>	<u>44,299,238</u>

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12. LETTER OF GUARANTEES, PLEDGES AND MORTGAGES

GPM given by the Group

	<u>31 March 2019</u>	<u>31 December 2018</u>
A. GPM given on behalf of its own legal entity	105,902,849	104,645,854
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>-</u>	<u>-</u>
	<u><u>105,902,849</u></u>	<u><u>104,645,854</u></u>

	<u>Total TRY</u>	<u>TRY</u>	<u>USD (TRY Equivalent)</u>	<u>EUR (TRY Equivalent)</u>
<u>31 March 2019</u>				
Letter of guarantees	<u>105,902,849</u>	<u>100,624,550</u>	<u>1,930,434</u>	<u>3,347,864</u>
	<u><u>105,902,849</u></u>	<u><u>100,624,550</u></u>	<u><u>1,930,434</u></u>	<u><u>3,347,864</u></u>
<u>31 December 2018</u>				
Letter of guarantees	<u>104,645,854</u>	<u>99,647,673</u>	<u>1,804,390</u>	<u>3,193,791</u>
	<u><u>104,645,854</u></u>	<u><u>99,647,673</u></u>	<u><u>1,804,390</u></u>	<u><u>3,193,791</u></u>

The ratio of the CPM given on behalf of third parties except for the CPM given on behalf of the Company's own legal personality to total equity is 0% as at 31 March 2019 (31 December 2018: 0%).

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13. EMPLOYMENT BENEFITS

Other short term liabilities as of 31 March 2019 and 31 December 2018 are as follows:

<u>Employee Benefit Liabilities</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Payables to personnel and Social Security	36,571,470	14,421,391
Personnel salary and premium payables	29,445,923	34,076,910
	<u>66,017,393</u>	<u>48,498,301</u>

14. OTHER LIABILITIES

Other short term liabilities as of 31 March 2019 and 31 December 2018 are as follows:

<u>Other Current Liabilities</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Unearned income	12,234,960	11,939,666
Liabilities for shopping cheques	2,856,760	7,233,230
Accrued expenses	984,079	412,105
	<u>16,075,799</u>	<u>19,585,001</u>

15. SHAREHOLDERS' EQUITY

a) Capital

Shareholder structure as of 31 March 2019 and 31 December 2018 is stated below:

<u>Shareholders</u>	<u>(%)</u>	<u>31 March 2019</u>	<u>(%)</u>	<u>31 December 2018</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 2018: TRY 700,000,000) as of 31 March 2019 with a nominal value of 1 KR of 70,000,000,000 shares (31 December 2018: 70,000,000,000 shares). The Company's registered capital ceiling is TRY 1,500,000,000 and the registered capital ceiling is valid between the years 2017 and 2020 (5 years).

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15. SHAREHOLDERS' EQUITY (Continued)

The inflation adjustment on share capital as of 31 March 2019 and 31 December 2018 are as follows:

	<u>31 March 2019</u>	<u>31 December 2018</u>
Inflation adjustment on share capital	91,845,783	91,845,783
	<u>91,845,783</u>	<u>91,845,783</u>

As of 31 March 2019, capital adjustment differences amounting to TL 91,845,783 consist of capital adjustment differences resulting from the restatement of the Group's paid-in capital amount and that are not offset to the previous year's losses or added to share capital (31 December 2018: TL 91,845,783).

b) Retained Losses

	<u>31 March 2019</u>	<u>31 December 2018</u>
Retained Losses	(781,159,617)	(769,663,206)
	<u>(781,159,617)</u>	<u>(769,663,206)</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 Serial: XI, No: 29.

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 269,758,675 which is related to property sales in 2014, 2015 and 2016 and TRY 37,034,037 which is related Kiler acquisition, in its corporate tax base financial statements for 5 years.

c) Restricted Reserves

	<u>31 March 2019</u>	<u>31 December 2018</u>
Legal reserves	12,318,358	12,318,358
	<u>12,318,358</u>	<u>12,318,358</u>

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.

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15. SHAREHOLDERS' EQUITY (Continued)

CMB's Communiqué II-1411 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>31 March 2019</u>	<u>31 December 2018</u>
Actuarial losses	<u>(4,446,458)</u>	<u>(4,446,458)</u>
	<u>(4,446,458)</u>	<u>(4,446,458)</u>

16. REVENUE AND COST OF SALES

<u>NET SALES</u>	<u>1 January - 31 March 2019</u>	<u>1 January - 31 March 2018</u>
Revenue from retail operations	1,390,550,364	1,134,894,295
Loyalty program discounts	(12,050,667)	(1,207,425)
Sales returns	(4,937,956)	(7,211,475)
Sales discount	(1,613,159)	(550,743)
Rent income	4,545,795	22,467,407
	<u>1,376,494,377</u>	<u>1,148,392,059</u>

<u>COST OF SALES</u>	<u>1 January - 31 March 2019</u>	<u>1 January - 31 March 2018</u>
Opening balance of inventories	(639,173,766)	(602,370,448)
Purchases	(1,050,475,710)	(888,634,468)
Closing balance of inventories	693,102,046	647,971,957
Shopping mall general expenses	(1,196,367)	(5,378,779)
	<u>(997,743,797)</u>	<u>(848,411,738)</u>

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17. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Operating expenses for the periods ended 31 March 2019 and 2018 are as follows:

<u>OPERATING EXPENSES</u>	<u>1 January - 31 March 2019</u>	<u>1 January - 31 March 2018</u>
Marketing expenses	(325,212,906)	(303,515,233)
General administrative expenses	(42,039,787)	(44,291,361)
	<u>(367,252,693)</u>	<u>(347,806,594)</u>

18. EXPENSES BY NATURE

	<u>1 January - 31 March 2019</u>	<u>1 January - 31 March 2018</u>
Personnel expenses	(176,909,352)	(153,317,948)
Rent expenses	(17,921,237)	(73,703,115)
Depreciation and amortization expenses	(82,026,806)	(35,537,457)
Overhead expenses	(28,594,029)	(20,670,695)
Advertising expenses	(9,853,179)	(10,143,748)
Repair and maintenance expenses	(14,820,937)	(13,376,824)
Outsourced expenses	(12,264,301)	(11,347,562)
Consultancy expenses	(6,332,590)	(6,020,080)
Stationery consumption expenses	(1,625,827)	(1,848,153)
Travel expenses	(1,755,029)	(1,747,721)
Taxation and other expenses	(2,318,876)	(2,243,836)
Decoration material expenses	(1,596,564)	(1,317,543)
Insurance expenses	(2,024,078)	(2,119,467)
Communication expenses	(318,235)	(302,288)
Other	(8,891,653)	(14,110,157)
	<u>(367,252,693)</u>	<u>(347,806,594)</u>

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19. OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS

Other operating income/expenses from main operations for the periods ended 31 March 2019 and 2018 are as follows:

<u>Other Operating Income</u>	1 January - 31 March 2019	1 January - 31 March 2018
Provision no longer required (i)	1,394,958	15,000,000
Foreign exchange gain from operational activities	4,417,828	1,451,413
Other income and gains	3,396,847	1,121,351
	<u>9,209,633</u>	<u>17,572,764</u>

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

<u>Other Operating Expenses</u>	1 January - 31 March 2019	1 January - 31 March 2018
Interest expenses from purchases via credit	(51,546,264)	(17,919,371)
Provision expenses (i)	(755,361)	(2,863,955)
Foreign exchange losses from operational activities	(2,255,376)	(4,083,654)
Interest expenses from operational activities	(220,784)	-
Other expenses and losses	(10,069,017)	(8,502,388)
	<u>(64,846,802)</u>	<u>(33,369,368)</u>

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

20. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 March 2019	1 January - 31 March 2018
Gain on sale of property ,plant and equipment (*)	-	51,087,415
	<u>-</u>	<u>51,087,415</u>

(*) The Group management sold one trade center located in the province of Istanbul with a price of TRY 145,000,000 including VAT in February 2018.

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21. FINANCE INCOME

Finance incomes for the periods ended 31 March 2019 and 2018 are as follows:

<u>Finance Income</u>	<u>1 January - 31 March 2019</u>	<u>1 January - 31 March 2018</u>
Income accruals	1,669,741	3,385,470
Foreing exchange income	23,932,837	-
	<u>25,602,578</u>	<u>3,385,470</u>

22. FINANCE COST

Finance costs for the periods ended 31 March 2019 and 2018 are as follows:

<u>Finance Costs</u>	<u>1 January - 31 March 2019</u>	<u>1 January - 31 March 2018</u>
Interest expenses	(55,779,425)	(58,239,852)
Interest expenses due finance lease liabilities	(48,595,840)	-
Credit card commision expenses	(2,535,518)	(1,011,931)
	<u>(106,910,783)</u>	<u>(59,251,783)</u>

23. TAX ASSETS AND LIABILITIES

<u>Tax Expense of the Period</u>	<u>1 January - 31 March 2019</u>	<u>1 January - 31 March 2018</u>
Corporate tax expense of the period	-	-
Deferred tax income	26,925,277	15,765,910
Tax income from continuing operations	<u>26,925,277</u>	<u>15,765,910</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.

The tax legislation provides for a temporary tax of 22% (2018: 22%) to be calculated and paid based on earnings generated for each quarter for the three month period ended 31 March 2019. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. With the amendment to the Law, corporate rate is set to 22% for the years 2018, 2019 and 2020.

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23. TAX ASSETS AND LIABILITIES (Continued)

In Turkey, corporate tax rate is 22% as of 31 December 2018 (2016: 20%). However, according to the Article 91 of the Law numbered 7061 “Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation” which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 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.

Exemption from corporate tax:

75% of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 March 2019. However, according to the amendments by Law numbered 7061, this rate is reduced from 75% to 50% and tax declarations starting from 2018 will be calculated using 50%.

In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

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 April 24, 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.

As of 31 March 2019 and 31 December 2018, 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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23. TAX ASSETS AND LIABILITIES (Continued)

Deferred tax calculation for the periods ended 31 March 2019 and 31 December 2018 is as follows:

<u>The basis for deferred tax timing differences:</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Reserve for onerous contract and other contingencies	81,089,746	85,902,080
Provision for impairment in fixed assets	909,291	1,114,969
Inventory valuation differences	127,336,241	116,568,355
Other current assets	(14,546,410)	(23,143,331)
Provision for employment termination benefit	61,890,985	54,239,655
Tangible and intangible fixed assets	(941,061,198)	(115,790,321)
Other short term liabilities	34,102,794	62,070,738
Finance lease obligations	856,401,614	37,797,782
Carry forward tax losses	791,586,330	655,551,551
	<u>997,709,393</u>	<u>874,311,478</u>

<u>Deferred tax assets / (liabilities) :</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Reserve for onerous contract and other contingencies	17,839,744	18,898,458
Provision for impairment in fixed assets	181,858	222,994
Inventory valuation differences	28,013,973	25,645,038
Other current assets	(3,200,210)	(5,091,533)
Provision for employment termination benefit	12,378,197	10,847,931
Tangible and intangible fixed assets	(188,211,342)	(23,157,465)
Other short term liabilities	7,502,615	13,655,562
Finance lease obligations	173,845,763	7,611,293
Carry forward tax losses	158,331,895	131,124,939
	<u>206,682,493</u>	<u>179,757,217</u>

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23. 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>31 March 2019</u>	<u>31 December 2018</u>
2020	731,442	731,442
2021	312,596,944	308,390,409
2022	344,549,152	344,549,152
2023	1,880,548	1,880,548
2024	131,828,244	-
	<u>791,586,330</u>	<u>655,551,551</u>

The movements of deferred tax asset and liability as of 31 March 2019 and 2018 are as follows:

<u>Deferred tax asset movements</u>	<u>31 March 2019</u>	<u>31 March 2018</u>
Opening balance at 1 January	179,757,216	218,885,277
Current year loss	26,925,277	15,765,910
Acquired deferred tax asset with business combination	-	(2,201,427)
Closing balance at 31 March	<u>206,682,493</u>	<u>232,449,760</u>

24. EARNINGS PER SHARE

Weighted average number of shares and basic earnings per share for the periods ended 31 March 2019 and 31 March 2018 are as follows:

	<u>31 March 2019</u>	<u>31 March 2018</u>
Opening, number of shares - Beginning of period (Note 15)	70,000,000,000	70,000,000,000
Share addition	-	-
Closing, number of shares - End of period (total)	<u>70,000,000,000</u>	<u>70,000,000,000</u>
Weighted average number of shares (Note 15)	70,000,000,000	70,000,000,000
Net profit / (loss) for the period	(99,660,620)	(53,099,914)
Earnings / (loss) per share (Kr)	<u>(0.1424)</u>	<u>(0.0759)</u>

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

<u>Cash and cash equivalents (Note 3)</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Akbank T.A.Ş.	195,532,347	229,239,135
	<u>195,532,347</u>	<u>229,239,135</u>
<u>Trade receivables from related parties (Note 5)</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Carrefour World Trade	17,679,789	20,110,514
Akbank T.A.Ş.	95,689	36,886
Socomo S.A.	163,069	311,285
Carrefour Global Sourcing Asia	72,553	226,083
Ak Finansal Kiralama A.Ş.	36,918	36,918
Carrefour Nederland BV	50,685	15,081
Teknosa İç ve Dış Ticaret A.Ş.	73,691	-
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	-	7,334
Other	406,545	243,466
	<u>18,578,939</u>	<u>20,987,567</u>
<u>Financial liabilities (Note 4)</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Akbank T.A.Ş.	498,438,493	291,370,075
Ak Finansal Kiralama A.Ş.	40,251,642	43,127,681
	<u>538,690,135</u>	<u>334,497,756</u>
<u>Trade payables to related parties (Note 5)</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Tic. A.Ş.	9,614,784	7,448,170
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	8,484,281	3,215,695
Teknosa İç ve Dış Ticaret A.Ş.	1,853,325	965,208
Aksigorta A.Ş.	12,733,200	93,091
Sabancı Dijital Teknoloji Hizmetler A.Ş.	9,795,407	8,435,636
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	106,350	106,350
Avivasa Emeklilik ve Hayat A.Ş.	86,556	4,120
Other	231,512	232,392
	<u>42,905,415</u>	<u>20,500,662</u>
<u>Other short term payables to related parties</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
Hacı Ömer Sabancı Holding A.Ş.	5,559,578	5,844,528
Carrefour Partenariat International	3,521,634	3,553,157
	<u>9,081,212</u>	<u>9,397,685</u>

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 2019	1 January - 31 December 2018
<u>Purchases from related parties (goods)</u>		
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Tic. A.Ş.	53,468,028	45,895,075
	<u>53,468,028</u>	<u>45,895,075</u>
<u>Purchases from related parties (services)</u>		
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	15,389,754	15,240,968
Sabancı Dijital Teknoloji Hizmetler A.Ş.	2,214,843	1,830,901
Teknosa İç ve Dış Ticaret A.Ş.	34,954	25,302
Aksigorta A.Ş.	1,852,322	1,891,979
Other	-	1,314
	<u>19,491,873</u>	<u>18,990,464</u>
<u>Rent income from related parties</u>		
Akbank T.A.Ş.	955,046	536,170
Teknosa İç ve Dış Ticaret A.Ş.	141,165	1,419,135
	<u>1,096,211</u>	<u>1,955,305</u>
<u>Other income from related parties</u>		
Carrefour World Trade	5,613,459	5,019,174
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Ticaret A.Ş.	1,230,785	1,046,167
Teknosa İç ve Dış Ticaret A.Ş.	378,327	20,218
Avivasa Emeklilik ve Hayat A.Ş.	334,750	2,784
Carrefour Global Sourcing Asia	184,550	217,127
Carrefour Nederland BV	35,604	64,256
Akçansa Çimento Sanayi ve Ticaret A.Ş.	33,198	46,360
Akbank T.A.Ş.	13,340	709,845
Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş.	5,760	15,696
Çimsa Çimento Sanayi ve Ticaret A.Ş.	1,008	46,320
Kordsa Teknik Tekstil A.Ş.	-	128,266
Ak Yatırım Menkul Değerler A.Ş.	-	7,485
Carrefour Romania	-	344,397
Socomo SA	-	331,028
Other	21,761	20,370
	<u>7,852,542</u>	<u>8,019,493</u>

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25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 2019	1 January - 31 March 2018
<u>Other expenses to related parties</u>		
Hacı Ömer Sabancı Holding A.Ş.	4,711,507	3,819,405
Carrefour Partenariat International	3,460,908	2,791,864
	<u>8,172,415</u>	<u>6,611,269</u>
	1 January - 31 March 2019	1 January - 31 March 2018
<u>Interest income from related parties</u>		
Akbank T.A.Ş.	1,058,083	66,040
<u>Interest expense and credit card commission to related parties</u>		
Akbank T.A.Ş.	24,059,613	16,988,886

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 - 31 March 2019	1 January - 31 March 2018
Salaries and other short term benefits	3,608,179	2,077,476
Other long term benefits	141,919	83,438
	<u>3,750,098</u>	<u>2,160,914</u>

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign Currency Risk

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

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

	31 March 2019		
	TRY Equivalents (Functional currency)	USD	EUR
Trade receivables	20,251,552	162,059	3,060,616
Liquid assets	87,400,141	13,694,996	1,633,099
CURRENT ASSETS	107,651,693	13,857,055	4,693,715
Other	39,879,263	6,131,100	850,000
NON-CURRENT ASSETS	39,879,263	6,131,100	850,000
TOTAL ASSETS	147,530,956	19,988,155	5,543,715
Trade payables	11,981,119	1,850,745	247,577
Other payables	3,521,634	-	557,326
Financial liabilities	50,932,108	9,049,127	-
Non-monetary other liabilities	1,226,902	217,984	-
CURRENT LIABILITIES	67,661,763	11,117,856	804,903
Financial liabilities	78,755,624	9,317,058	4,164,635
NON-CURRENT LIABILITIES	78,755,624	9,317,058	4,164,635
TOTAL LIABILITIES	146,417,387	20,434,914	4,969,538
Net foreign currency asset / liability position	1,113,569	(446,759)	574,177
Net monetary foreign currency asset / liability position	(11,223,293)	(6,359,875)	3,888,812
Fair value of financial instruments uses for foreign currency hedge	-	-	-
Hedged amount of foreign currency denominated assets	-	-	-
Import	4,293,868	22,777	250,521

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Risk (Continued)

31 December 2018

	TRY Equivalents	USD	EUR
	(Functional currency)		
Trade receivables	24,712,035	852,063	3,355,909
Liquid assets	92,169,419	17,116,781	351,650
CURRENT ASSETS	116,881,454	17,968,844	3,707,559
Other	40,455,284	6,715,863	850,000
NON-CURRENT ASSETS	40,455,284	6,715,863	850,000
TOTAL ASSETS	157,336,738	24,684,707	4,557,559
Trade payables	14,318,634	1,457,398	1,103,419
Other payables	3,553,156	-	589,442
Financial liabilities	58,372,235	11,095,485	-
Non-monetary other liabilities	1,273,880	242,141	-
CURRENT LIABILITIES	77,517,905	12,795,024	1,692,861
Financial liabilities	81,985,566	9,876,980	4,980,717
NON-CURRENT LIABILITIES	81,985,566	9,876,980	4,980,717
TOTAL LIABILITIES	159,503,471	22,672,004	6,673,578
Net foreign currency liability position	(2,166,733)	2,012,703	(2,116,019)
Net monetary foreign currency asset / liability position	102,562,820	16,511,446	2,604,140
Fair value of financial instruments uses for foreign currency hedge	-	-	-
Hedged amount of foreign currency denominated assets	-	-	-
Import	4,982,069	329,961	538,517

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26. 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.

31 March 2019

	Income / Expense		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY				
1 - US Dollar net asset / liability	(251,454)	251,454	-	-
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	(251,454)	251,454	-	-
In case of 10% appreciation of EUR against TRY				
4 - Euro net asset / liability	362,811	(362,811)	-	-
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	362,811	(362,811)	-	-
TOTAL (3 + 6)	111,357	(111,357)	-	-

31 December 2018

	Income / Expense		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY				
1 - US Dollar net asset / liability	1,058,863	(1,058,863)	-	-
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	1,058,863	(1,058,863)	-	-
In case of 10% appreciation of EUR against TRY				
4 - Euro net asset / liability	(1,275,536)	1,275,536	-	-
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(1,275,536)	1,275,536	-	-
TOTAL (3 + 6)	(216,673)	216,673	-	-

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

26. 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 includes 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 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).

27. EVENTS AFTER THE BALANCE SHEET DATE

On 30 April 2019, the Group made the following material event disclosure at Public Disclosure Platform in accordance with CMB's principle decision dated 10 April 2014 and numbered 11/352.

"Our Company has issued consolidated financial statements in accordance with CMB regulations dated 31 March 2019. According to the third paragraph of Article 376 of the Turkish Commercial Code, the total of the Group's capital and legal reserves were unrequited in these condensed consolidated interim financial statements. The Special Purpose Financial Statement (TTK 376 balance sheet) has been prepared and presented in accordance with the CMB decision dated 10 April 2014 and numbered 11/352 by taking probable selling prices of the land and buildings into consideration. In this Special Purpose Financial Statement of the Company (TTK 376 balance sheet), the shareholders' equity is determined as TRY 303,469,719. This amount indicates that our Company has retained its paid capital amounting to TRY 700,000,000 and its legal reserve amounting to TRY 12,318,358."