

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2018
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 30 September 2018, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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



Conclusion

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

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
31 October 2018
İstanbul, Turkey

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2018**

CONTENTS	PAGE(S)
CONDENSED CONSOLIDATED BALANCE SHEETS.....	1-2
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	3
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY.....	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS.....	5-6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-47
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS.....	7
NOTE 2 BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	8-18
NOTE 3 CASH AND CASH EQUIVALENTS	19
NOTE 4 FINANCIAL LIABILITIES	20-22
NOTE 5 TRADE RECEIVABLES AND PAYABLES.....	22-23
NOTE 6 DERIVATIVES	24
NOTE 7 INVENTORIES	24
NOTE 8 INVESTMENT PROPERTIES	25
NOTE 9 PROPERTY, PLANT AND EQUIPMENT	26-27
NOTE 10 INTANGIBLE ASSETS	28
NOTE 11 GOODWILL.....	29
NOTE 12 SHORT AND LONG TERM PROVISIONS.....	29-30
NOTE 13 LETTER OF GUARANTEES, PLEDGES AND MORTGAGES	31
NOTE 14 EMPLOYMENT BENEFITS.....	32
NOTE 15 OTHER LIABILITIES.....	32
NOTE 16 SHAREHOLDER'S EQUITY	32-34
NOTE 17 REVENUE AND COST OF SALES	34
NOTE 18 MARKETING AND GENERAL ADMINISTRATIVE EXPENSES	35
NOTE 19 EXPENSES BY NATURE	35
NOTE 20 OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS.....	36
NOTE 21 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES	36
NOTE 22 FINANCIAL INCOME.....	37
NOTE 23 FINANCIAL EXPENSES.....	37
NOTE 24 TAX ASSETS AND LIABILITIES	37-40
NOTE 25 EARNINGS / (LOSS) PER SHARE.....	40
NOTE 26 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	41-43
NOTE 27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT.....	44-47
NOTE 28 EVENTS AFTER THE BALANCE SHEET DATE.....	47

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2018 AND 31 DECEMBER 2017

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

	Notes	30 September 2018	31 December 2017
ASSETS			
Current Assets		1,409,756,550	1,258,935,703
Cash and Cash Equivalents	3	477,340,182	511,632,900
Trade Receivables			
Due from Related Parties	26	20,366,666	18,512,939
Other Trade Receivables	5	30,311,751	37,512,648
Other Receivables			
Due from Related Parties	26	212,390,000	-
Other Receivables		8,088,827	16,341,311
Derivative Financial Instruments	6	-	37,024,056
Inventories	7	612,161,559	602,370,448
Prepaid Expenses		49,097,565	35,541,401
Non-Current Assets		1,569,428,526	1,986,373,944
Other Receivables			
Other Receivables		62,341,662	48,510,765
Investment Properties	8	-	221,363,464
Property, Plant and Equipments	9	613,814,859	766,581,077
Intangible Assets			
Goodwill	11	632,678,869	632,678,869
Other Intangible Assets	10	66,953,448	83,339,971
Prepaid Expenses		13,983,952	15,014,521
Deferred Tax Assets	24	179,655,736	218,885,277
TOTAL ASSETS		2,979,185,076	3,245,309,647

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 30 SEPTEMBER 2018 AND 31 DECEMBER 2017

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

	Notes	30 September 2018	31 December 2017
LIABILITIES			
Current Liabilities		2,270,162,190	2,759,182,288
Financial Liabilities			
Short Term Financial Liabilities from Related Parties	4, 26	421,585,667	405,373,639
Other Short Term Financial Liabilities	4	412,261,802	535,893,975
Short Term Portion of Long Term Financial Liabilities			
Short Term Portion of Long Term Financial Liabilities from Related Parties	4, 26	25,066,280	30,377,887
Other Short Term Portion of Long Term Financial Liabilities	4	41,894,619	349,241,943
Trade Payables			
Due to Related Parties	5, 26	19,132,120	30,677,456
Other Trade Payables	5	1,182,098,331	1,226,930,467
Employee Benefit Liabilities			
Other Payables	14	50,813,744	25,790,987
Due to Related Parties	26	9,264,077	7,891,821
Other Short Term Payables		13,813,498	17,565,387
Short Term Provisions			
Provisions for Employment Benefits	12	7,123,892	8,247,818
Other Short Term Provisions		73,160,172	107,928,905
Other Current Liabilities	15	13,947,988	13,262,003
Non-Current Liabilities		427,308,467	417,536,453
Long Term Financial Liabilities			
Long Term Financial Liabilities from Related Parties	4, 26	30,553,063	29,421,926
Other Long Term Financial Liabilities	4	352,844,386	336,778,077
Long Term Provisions			
Provisions for Employment Termination Benefits	12	43,911,018	51,336,450
EQUITY		281,714,419	68,590,906
Shareholders' Equity		281,714,419	68,590,906
Share Capital	16	700,000,000	700,000,000
Inflation Adjustment to Share Capital	16	91,845,783	91,845,783
Share Issue Premium		34,691,309	34,691,309
Other Comprehensive Income/Expense Not to be Reclassified			
to Profit or Loss			
Actuarial Loss	16	8,204,369	(601,338)
Restricted Reserves	16	12,318,358	12,318,358
Accumulated Losses	16	(769,663,206)	(463,854,309)
Net Loss for the Period		204,317,806	(305,808,897)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,979,185,076	3,245,309,647

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 SIX MONTH PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

	Notes	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
CONTINUING OPERATIONS					
Revenue	17	3,787,168,366	1,399,123,156	3,349,319,984	1,191,429,983
Cost of Sales (-)	17	(2,857,151,398)	(1,048,399,491)	(2,487,219,265)	(879,965,331)
GROSS PROFIT		930,016,968	350,723,665	862,100,719	311,464,652
Marketing Expenses (-)	18	(874,806,580)	(296,906,803)	(757,552,180)	(258,669,310)
General Administrative Expenses (-)	18	(117,057,984)	(34,561,447)	(93,427,905)	(34,181,177)
Other Income from Main Operations	20	46,880,405	21,463,746	28,797,915	2,959,484
Other Expenses from Main Operations (-)	20	(133,128,472)	(49,249,015)	(97,059,926)	(31,338,791)
OPERATING LOSS FROM MAIN OPERATIONS		(148,095,663)	(8,529,854)	(57,141,377)	(9,765,142)
Income From Investment Activities, net	21	569,337,061	-	21,289,283	-
Impairment profit / (loss) and Reversals of Impairment Losses in Accordance with TFRS 9	5	(777,114)	521,400	(3,852,417)	(696,719)
OPERATING PROFIT / (LOSS)		420,464,284	(8,008,454)	(39,704,511)	(10,461,861)
Financial Income (+)	22	39,401,951	33,746,240	-	-
Financial Expenses (-)	23	(218,520,314)	(99,061,735)	(133,624,777)	(51,545,714)
PROFIT / (LOSS) BEFORE TAX		241,345,921	(73,323,949)	(173,329,288)	(62,007,575)
Tax Income / (Expense)		(37,028,115)	12,234,597	39,834,031	12,216,851
- Taxes on Income	24	-	-	-	-
- Deferred Tax Income / (Expense)	24	(37,028,115)	12,234,597	39,834,031	12,216,851
NET PROFIT / (LOSS) FOR THE PERIOD		204,317,806	(61,089,352)	(133,495,257)	(49,790,724)
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)		213,123,513	(61,089,352)	(133,495,257)	(49,790,724)
Gain / (Loss) Per Share	25	0.2919	(0.0873)	(0.1907)	(0.0711)

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 SIX MONTH PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

(Note 16)							Net Profit /	Total
	Share Capital	Inflation Adjustment to Share Capital	Share Issue Premium	Actuarial Gains / (Losses)	Restricted Reserves	Retained Losses	(Loss) for the Period	
Balance at 1 January 2017	700,000,000	91,845,783	34,691,309	(488,774)	12,318,358	(31,687,012)	(432,167,297)	374,512,367
Transfers	-	-	-	-	-	(432,167,297)	432,167,297	-
Total Comprehensive Loss	-	-	-	-	-	-	(133,495,257)	(133,495,257)
Balances at 30 September 2017	700,000,000	91,845,783	34,691,309	(488,774)	12,318,358	(463,854,309)	(133,495,257)	241,017,110
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 Income	-	-	-	8,805,707	-	-	204,317,806	213,123,513
Balance at 30 September 2018	700,000,000	91,845,783	34,691,309	8,204,369	12,318,358	(769,663,206)	204,317,806	281,714,419

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 CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	1 January - 30 September 2018	1 January - 30 September 2017
Net profit / (loss) profit for the period		204,317,806	(133,495,257)
Adjustments to reconcile net profit / (loss) for the period		(278,037,062)	76,726,902
- Depreciation of investment properties	8	2,213,596	4,408,084
- Depreciation of property, plant and equipments	9	78,902,244	57,003,098
- Amortization of intangible assets	10	24,708,805	20,451,620
- Gain on sale of tangible assets	21	(569,337,061)	(21,289,283)
- Risk, lawsuit, personnel, SSI and other provisions	12	(34,768,733)	(29,730,879)
- Interest expense accruals	4	58,847,469	41,837,193
- Interest income accruals		(12,390,000)	-
- Impairment provision / (impairment provision no longer required)	20	-	(612,422)
- Change in unused vacation provision	12	(1,123,926)	(775,720)
- Provision for employment termination benefit	12	29,969,036	27,321,169
- Allowance for doubtful receivables	5	4,684,578	5,122,000
- Change in inventory impairment	7	8,970,263	2,641,771
- Unrealized foreign exchange loss		94,258,552	10,184,302
- Tax (income) / expense	24	37,028,115	(39,834,031)
Changes in working capital:		(32,227,098)	110,310,351
- (Increase) / decrease in trade receivables, including collection from doubtful receivables		2,516,319	(13,368,577)
- Increase in inventories		(18,761,374)	(36,566,721)
- Decrease in due from related parties		(1,853,727)	(729,412)
- Decrease in other receivables and current assets		31,445,643	95,429,349
- Increase in prepaid expenses		(12,525,595)	(14,231,631)
- Increase in due to other short term payables		(3,751,889)	(1,344,509)
- Decrease in due to other short term trade payables		(44,832,136)	45,045,145
- (Decrease) / Increase in due to related parties		(10,173,080)	(543,029)
- Increase in employee benefit liabilities		25,022,757	38,812,265
- Increase in other short-term liabilities		685,984	(2,192,529)
Used in operating activities		(105,946,354)	53,541,996
- Employee termination benefits paid	12	(26,387,334)	(25,426,255)
Net cash used in operating activities		(132,333,688)	28,115,741

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

	Notes	1 January - 30 September 2018	1 January - 30 September 2017
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of property, plant and equipments	9	(55,842,206)	(43,350,277)
- Acquisition of intangible assets	10	(9,084,342)	(12,959,791)
- Acquisition of investment properties	8	(756,331)	(1,154,608)
- Proceeds from sale of tangible assets		919,711,500	51,888,491
Net cash generated from investing activities		854,028,621	(5,576,185)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Proceeds from bank borrowings	4	123,260,000	833,352,000
- Repayment of borrowings		(644,244,224)	(852,118,648)
- Financial liabilities given to related parties		(200,000,000)	-
- Repayment of financial lease payables		(35,528,913)	(25,630,526)
Net cash (used in) / generated from financing activities		(756,513,137)	(44,397,174)
Decrease in cash and cash equivalents		(34,818,204)	(21,857,618)
Cash and cash equivalents at the beginning of the period		511,632,900	274,877,489
- The impact of change in foreign currency exchange over cash and cash equivalents		525,486	2,863,861
Cash and cash equivalents at the end of the period	3	477,340,182	255,883,732

In the current period, paid interest is amounting to TRY 187,190,011 and received interest is amounting to TRY 23,852,005 (30 September 2017: paid interest, TRY 144,566,629 and received interest, TRY 166,211).

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2018 AND 2017**

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

1. ORGANISATION AND NATURE OF OPERATIONS

CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi ("The Company") was established in 1991 to operate in the hypermarket and supermarket sectors in Turkey. The registered address of the Company is Cevizli Mahallesi, Tugay Yolu Caddesi No:67 A, B Blok Maltepe / İstanbul. The number of personnel is 9,608 as of 30 September 2018 (31 December 2017: 10,750).

As of 30 September 2018, the Company has 29 hypermarkets and 581 supermarkets (31 December 2017: 33 hypermarkets, 592 supermarkets).

Subsidiary

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

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

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

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

The Company and the Subsidiary referred to as the "Group".

The Board of Directors has approved the condensed consolidated financial statements and given authorization for the issuance on 31 October 2018. The General Assembly and relevant regulatory bodies have the authority to amend the statutory financial statements and the condensed consolidated financial statements prepared in accordance with TAS.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Principles for Preparation of Condensed Consolidated Financial Statements and Significant Accounting Policies

The accompanying condensed consolidated interim financial statements are prepared in accordance with the Capital Market Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published by Capital Market Board (“CMB”) in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, condensed consolidated interim financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/IFRS”) and its addendum and interpretations (“TMS”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The Group prepared its condensed consolidated interim financial statements for the period ended 30 September 2018, 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 and its accompanying notes are presented in compliance with the format recommended by CMB, including its mandatory information.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Group preferred to present its consolidated interim financial statements in condensed version. The Group’s condensed consolidated interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore, the condensed consolidated interim financial statements should be considered together with the consolidated financial statements as of 31 December 2017.

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

2.2 Financial Reporting in Hyperinflationary Economies

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

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

To allow for the determination of the financial situation and performance trends, the Group’s condensed consolidated interim financial statements have been presented comparatively with the previous period. The Group presented consolidated balance sheet as of 30 September 2018 comparatively with the balance sheet as of 31 December 2017; comprehensive consolidated income statements, consolidated statements of cash flow and consolidated statements of change in shareholders’ equity as of 30 September 2018 comparatively with the 30 September 2017 financial statements. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

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

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 financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

2.5.1 TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced TAS 18 Revenue, TAS 11 Construction Contracts and related interpretations.

The Group has adopted TFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 January 2018). Accordingly, the information presented for 2017 has not been restated – in other words it is presented, as previously reported, under TAS 18, TAS 11 and related interpretations.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below.

i) Retail sales revenues

The Group's retail sales revenues are recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Since the Group generally carries out retail sales with cash or credit cards and customers obtain control of the goods as sales are realized, revenue is recognized at the time of sale.

TFRS 15 did not have a significant effect on the recognition of the Group's retail sales revenues.

ii) Turnover premiums and supplier discounts

The Group turnover premiums income from supplier contracts and supplier discounts are accounted for on accrual basis in the period of the services of the vendors and associated with the cost of goods sold.

TFRS 15 did not have a significant effect on the recognition of the Group's turnover premiums and supplier discounts.

iii) Revenues from trade centers

The Group's revenues from trade centers consists of rental income arising from rent contracts with tenants. Such rental income from investment properties is recognized on a straight-line basis over the term of the relevant lease.

TFRS 15 did not have a significant effect on the recognition of the Group's revenue from trade centers.

iv) Customer royalty programme

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. The reward points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognised as deferred income at their fair value. Revenue from the reward points is recognised when the points are redeemed. Breakage is recognised as reward points are redeemed based upon expected redemption rates.

TFRS 15 did not have a significant effect on the recognition of the Group's Consumer royalty programmes.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

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

2.5 Summary of Significant Accounting Policies (continued)

2.5.2 TFRS 9 Financial Instruments

TFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below

i. Classification and measurement of financial assets and financial liabilities

TFRS 9 largely retains the existing requirements in TAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous TAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of TFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

Detailed information on how the Group classifies, measures and recognizes the related income and expenses in accordance with TFRS 9 is presented below.

Under TFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

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

2.5 Summary of Significant Accounting Policies (continued)

2.5.2 TFRS 9 Financial Instruments (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The effect of adopting TFRS 9 on the carrying amounts of financial assets at 1 January 2018 has no significant impacts, as described further below.

The adoption of TFRS 9 on 1 January 2018 does not have a significant effect on the carrying amounts of financial assets, as explained in more detail below

The following table and the accompanying notes below explain the original measurement categories under TAS 39 and the new measurement categories under TFRS 9 for each class of the Group's financial assets as at 1 January 2018.

	Original classification under TAS 39	New classification under TFRS 9	Original carrying amount under TAS 39	New carrying amount under TFRS 9
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	511,632,900	511,632,900
Trade receivables	Loans and receivables	Amortised cost	56,025,587	56,025,587
Other receivables	Loans and receivables	Amortised cost	64,852,076	64,852,076

ii. Impairment of financial assets

TFRS 9 replaces the "incurred loss" model in TAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortised cost and contract assets but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, other receivables and cash and cash equivalents.

The Group recognizes loss allowances for the expected credit losses of the following items under TFRS 9:

- financial assets measured at amortized cost;

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- bank balances for which credit risk has not increased significantly since initial recognition.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

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

2.5 Summary of Significant Accounting Policies (continued)

2.5.2 TFRS 9 Financial Instruments (continued)

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its obligations arising from rent contracts to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due.
- the borrower is unlikely to pay its obligations arising from retail sales and turnover premium contracts to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 360 days past due.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime expected credit losses are that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses:

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

Expected credit losses are discounted at the effective interest rate of the financial asset.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses (TFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The Group performed the calculation of expected credit losses rates separately for receivables arising from retail sales, turnover premium contracts and rent contracts. The expected credit losses were calculated based on actual credit loss experience over the past years.

Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables are estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

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

2.5 Summary of Significant Accounting Policies (continued)

2.5.2 TFRS 9 Financial Instruments (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss. As a result, the Group reclassified impairment losses amounting to TRY 3,852,417 recognized under TAS 39, from 'general administrative expenses and cost of goods sold' to "Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with TFRS 9 " in the interim condensed consolidated statement of profit or loss for the nine months period ended 30 September 2017.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial assets are written off when there is no reasonable expectation of recovery (such as a debtor failing to engage in a repayment plan with the Group). Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Impact of the new impairment model

There is no significant impact on the provision for impairment of the new model in accordance with TFRS 9.

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:

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

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

2.6.1 Employee Benefits/ Retirement Pay Provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard 19 (revised) "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the balance sheet represents the net present value of the total due to retirement of all employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The liability is not funded, as there is no funding requirement.

The following actuarial assumptions were used in the calculation of the total liability:

	30 September 2018	31 December 2017
Discount rate per annum (%)	4.14	4.14
Probability of retirement for / head-quarter (%)	95.23	97.66
Probability of retirement for / stores (%)	96.30	96.88

The Group has changed its assumptions since from 1 January 2018 related to use of the probability of retirement entitlement used in calculation of retirement allowance provision. As a result of this change, the probability of retirement entitlement for headquarter employees has been determined as 95.23% and for store employees it has been determined as 96.30%.

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY 5,434.42 (1 October 2017: TRY 4,732.48) which is effective from 1 October 2018, has been taken into consideration in calculating the Group's provision for employment termination benefits.

2.6.2 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 30 September 2018 and 31 December 2017 the Group evaluated the current risks and booked related provisions.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2018 AND 2017**

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

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

2.6 Significant Accounting Estimates and Assumptions (continued)

2.6.3 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 30 September 2018 and 31 December 2017, 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.

2.6.4 Evaluation of financial position

The Group has recognized TRY 204,317,806 gain as of and for the period ended 30 September 2018 and current year loss together with accumulated losses has reached to TRY 565,345,400. As of 30 September 2018, the Group's total equity is TRY 281,714,419.

Accordingly, in accordance with the second paragraph of Article 376 of the TCC, it has been determined that two-thirds 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 30 September 2018 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 194,770,000 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 366,453,050. 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 28.

In addition, the Group management has closed certain stores within first nine month of 2018 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. 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.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

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

2.7 Summary of significant accounting policies

The condensed consolidated interim financial statements for the period ended 30 September 2018 have been prepared in accordance with TAS 34 regarding to interim financial statements of TAS. The accounting policies used in the preparation of these condensed consolidated interim financial statements for the period ended 30 September 2018 are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2017. Accordingly, these condensed consolidated interim financial statements should be considered with the annual consolidated financial statements as of and for the year ended 31 December 2017.

2.8 Amendments in Turkish Financial Reporting Standards

New standards, interpretations 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 Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

-TFRS 16 "Leases": on 16 April 2018, POA issued the new leasing standard which will replace TAS 17 Leases, TFRS Interpretation 4 Determining Whether an Arrangement Contains a Lease, TAS Interpretation 15 Operating Leases – Incentives, and TAS Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to TAS 40 Investment Properties. TFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts TFRS 15 Revenue from Contracts with Customers. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of TFRS 16.

-TFRS Interpretation 23 "Uncertainty Over Income Tax Treatments": on 24 May 2018, POA issued TFRS Interpretation 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. TAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. TFRS Interpretation 23 provides requirements that add to the requirements in TAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of TFRS Interpretation 23.

-Amendments to TFRS 9 "Prepayment features with negative compensation": on December 2017, POA has issued amendments to TFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of TFRS 9. Under TFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that application of these amendments to TAS 28 will have significant impact on its consolidated financial statements.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

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

2.8 Amendments in Turkish Financial Reporting Standards (continued)

- Amendments to TAS 28 “Long-term Interests in Associates and Joint Ventures”: on December 2017, POA has issued amendments to TAS 28 to clarify that entities also apply TFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of TAS 28. In applying TFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying TAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that application of these amendments to TAS 28 will have significant impact on its consolidated financial statements.

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

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but 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.

***Annual Improvements to IFRSs 2015-2017 Cycle
Improvements to IFRSs***

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

IAS 12 Income Taxes

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

IAS 23 Borrowing Costs

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

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

2.8 Amendments in Turkish Financial Reporting Standards (continued)

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement -

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that application of these amendments to IAS 19 will have significant impact on its consolidated financial statements.

The revised Conceptual Framework

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS 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 IFRS 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 Board 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 IFRS 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.

IFRS 17 – Insurance Contracts

On 18 May 2017, IASB issued IFRS 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. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

3. CASH AND CASH EQUIVALENTS

	<u>30 September 2018</u>	<u>31 December 2017</u>
Cash on hand	23,992,608	32,496,463
Cash in transit (*)	14,612,343	14,285,870
Credit card receivables	259,715,200	249,704,941
Banks		
Time deposit	155,874,624	197,802,448
Demand deposit	22,888,229	17,341,935
Other	<u>257,178</u>	<u>1,243</u>
	<u><u>477,340,182</u></u>	<u><u>511,632,900</u></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 26.

As at 30 September 2018 time deposits are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>30 September 2018</u>
USD	7.80%	03.Dec.18	20,965,700
USD	1.00%	01.Oct.18	38,936,300
TRY	24.00%	01.Oct.18	95,700,000
		Interest accrual	<u>272,624</u>
			<u><u>155,874,624</u></u>

As at 31 December 2017 time deposits are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>31 December 2017</u>
USD	3.90%	17.Jan.18	8,222,742
TRY	13.80%	02.Jan.18	189,350,000
		Interest accrual	<u>229,706</u>
			<u><u>197,802,448</u></u>

The Group does not have any blocked deposits as at 30 September 2018 and 31 December 2017.

The Group's exposure to currency and interest rate risks and relevant sensitivities for cash and cash equivalents are disclosed in Note 27.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

4. FINANCIAL LIABILITIES

<u>Short Term Financial Liabilities</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Short Term Financial Liabilities from Related Parties		
Bank loans (*)	421,585,667	405,373,639
Other Short Term Financial Liabilities		
Bank loans (*)	412,261,802	535,893,975
	<u>833,847,469</u>	<u>941,267,614</u>
<u>Short Term Portion of Long Term Financial Liabilities</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Short Term Portion of Long Term Financial Liabilities from Related Parties		
Finance lease payables	25,066,280	30,377,887
Other Short Term Portion of Long Term Financial Liabilities		
Bank loans (**)	39,208,102	347,644,121
Finance lease payables	2,686,517	1,597,822
	<u>66,960,899</u>	<u>379,619,830</u>
<u>Long Term Financial Liabilities</u>		
Long Term Financial Liabilities from Related Parties		
Finance lease payables	30,553,063	29,421,926
Other Long Term Financial Liabilities		
Bank loans (**)	312,713,064	311,039,753
Finance lease payables	40,131,322	25,738,324
	<u>383,397,449</u>	<u>366,200,003</u>

(*) As at 30 September 2018 and 31 December 2017 the details of short term bank loans are as follows:

<u>Currency</u>	<u>Interest rate</u>	<u>30 September 2018</u>
TRY	15.98%	775,000,000
	Interest accrual	58,847,469
		<u>833,847,469</u>

<u>Currency</u>	<u>Interest rate</u>	<u>31 December 2017</u>
TRY	15.86%	907,720,500
	Interest accrual	33,547,114
		<u>941,267,614</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

4. FINANCIAL LIABILITIES (continued)

(**) As at 30 September 2018 and 31 December 2017 the details of long term bank loans are as follows:

Currency	Interest rate	30 September 2018
TRY	15.95%	265,000,000
USD	4.50%	86,921,166
		<u>351,921,166</u>

Currency	Interest rate	31 December 2017
TRY	14.25%	565,000,000
USD	4.50%	93,683,874
		<u>658,683,874</u>

Group's financial liabilities due to related parties are stated in Note 26.

Finance lease payables consist of the followings:

Finance Lease Payables	Peresent value of minimum lease payments	
	30 September 2018	31 December 2017
Within one year	29,797,769	32,809,779
Less : Future finance charges	(2,044,972)	(834,070)
Present value of finance lease obligations	<u>27,752,797</u>	<u>31,975,709</u>
Within two year and after	75,884,643	61,012,303
Less : Future finance charges	(5,200,258)	(5,852,053)
Present value of finance lease obligations	<u>70,684,385</u>	<u>55,160,250</u>

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

The details of property, plant and equipment acquired by finance lease as of 30 September 2018 and 2017 are disclosed at Note 9.

The repayment schedule of long-term borrowings as of 30 September 2018 and 31 December 2017 in TRY equivalent as at balance sheet date is as stated below:

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

4. FINANCIAL LIABILITIES (continued)

	<u>30 September 2018</u>	<u>31 December 2017</u>
2019	281,017,515	304,854,093
2020	62,845,823	37,000,935
2021	2,101,552	1,294,129
2022	2,031,833	1,251,196
2023 and after	35,400,726	21,799,650
	<u>383,397,449</u>	<u>366,200,003</u>

As of 30 September 2018 and 2017, the reconciliation of the Group's obligations arising from its financing activities is as follows:

	<u>30 September 2018</u>	<u>30 June 2017</u>
1 January bank loans and financial lease liabilities	1,687,087,447	1,372,493,243
current period additions	123,260,000	833,352,000
interest and capital repayments	(679,773,137)	(877,749,172)
current period interest accruals	58,847,469	41,837,193
effects of change in interest change	94,784,038	13,048,160
30 June Borrowings and financial lease liabilities	<u>1,284,205,817</u>	<u>1,382,981,424</u>

As of 30 September 2018 and 31 December 2017, 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 27.

5. TRADE RECEIVABLES AND PAYABLES

<u>Other Trade Receivables</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Other trade receivables	44,572,926	49,545,645
Shopping mall receivables	15,655,426	17,448,381
Provision for doubtful trade receivables	(29,916,601)	(29,481,378)
	<u>30,311,751</u>	<u>37,512,648</u>
Due from related parties (Note 26)	20,366,666	18,512,939
Trade receivables	<u>50,678,417</u>	<u>56,025,587</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

5. TRADE RECEIVABLES AND PAYABLES (continued)

The movement of the allowance for doubtful receivables for the periods ended 30 September 2018 and 2017 is as follows:

	<u>30 September 2018</u>	<u>30 September 2017</u>
Opening balance	29,481,378	24,417,128
Collections / reversals	(3,907,464)	(1,269,583)
Cancelation	(341,891)	-
Charge for the period	4,684,578	5,122,000
Closing balance	<u><u>29,916,601</u></u>	<u><u>28,269,545</u></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>30 September 2018</u>	<u>31 December 2017</u>
Letters of guarantee received for shopping mall	9,131,656	21,649,862
	<u><u>9,131,656</u></u>	<u><u>21,649,862</u></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. As of 30 September 2018, according to this contract, the Group has paid an amount of TRY 8,825,835 and recognized TRY 1,666,903 expense accrual.

<u>Short Term Trade Payables</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Trade payables	1,182,098,331	1,226,930,467
Due to related parties (Note 26)	19,132,120	30,677,456
	<u><u>1,201,230,451</u></u>	<u><u>1,257,607,923</u></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 27.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

6. DERIVATIVES

<u>Derivative Instruments</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Assets:		
Short term commitment - hedging assets	-	37,024,056
	<u>-</u>	<u>37,024,056</u>

In accordance with the Group's foreign exchange risk management strategy, foreign currency exchange risks arising from future lease receivables in US Dollar are hedged with the borrowings in US Dollar. As a result of the sale of the shopping mall in September 2018, the future value of US dollar denominated rental receivables has been expired and the fair value hedge accounting has been terminated.

As of 30 September 2018, the Group has accounted hedged assets amounting to TRY 54,275,818, which are recorded in the balance sheet in accordance with the Group's foreign exchange risk management strategy, in profit or loss by offsetting gain on sale of mentioned shopping mall due to the sale of shopping mall in which lease receivables (hedging item) were generated.

7. INVENTORIES

	<u>30 September 2018</u>	<u>31 December 2017</u>
Trade goods	620,399,314	608,433,263
Impairment of inventories	(8,237,755)	(6,062,815)
	<u>612,161,559</u>	<u>602,370,448</u>

The movement of allowance for impairment on inventory for the periods ended 30 September 2018 and 2017 are as follows:

	<u>30 September 2018</u>	<u>30 September 2017</u>
Opening balance	6,062,815	16,789,199
Charge for the period	8,970,263	2,641,771
Reversal of current period	(6,795,323)	(11,693,915)
Closing balance	<u>8,237,755</u>	<u>7,737,055</u>

Allowance for impairment on inventory for the years ended 30 September 2018 and 2017 is recognized in cost of sales (Note 17).

As of 30 September 2018, cost of inventory recognized in income statement is TRY 2,847,289,317 (30 September 2017: TRY 2,473,246,382) (Note 17).

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

8. INVESTMENT PROPERTIES

	Land	Buildings	Machinery and Equipment	Total
<u>Cost</u>				
Opening balance at 1 January 2018	80,691,369	171,238,543	38,241,115	290,171,027
Additions	-	60,000	696,331	756,331
Transfer (Note 10)	-	-	(204)	(204)
Disposals (*)	(80,691,369)	(171,298,543)	(38,937,242)	(290,927,154)
Closing balance at 30 September 2018	-	-	-	-
<u>Accumulated depreciation</u>				
Opening balance at 1 January 2018	-	(43,336,768)	(25,470,795)	(68,807,563)
Charge of the period	-	(1,446,640)	(766,956)	(2,213,596)
Disposals (*)	-	44,783,408	26,237,751	71,021,159
Closing balance at 30 September 2018	-	-	-	-
Net book value as of 30 June 2018	-	-	-	-

(*) The Group sold one real estate located in Istanbul in February and June 2018 (Note 21).

The Group has received rent income amounting to TRY 24,857,228 for the nine months period ended 30 September 2018 (30 September 2017: TRY 58,768,570) from investment properties. Operating costs related with investment properties including the depreciation charge for the period are amounting to TRY 8,495,066 (30 September 2017: TRY 12,584,080).

As at 31 December 2017, total insurance amount over investment properties is TRY 340,952,353 30 September 2018 there is no mortgage on investment properties.

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

9. 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 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	-	6,662,850	-	47,995,994	194,465	988,897	55,842,206
Transfers (Note 10) (*)	-	(19,601,356)	-	20,527,187	725	(971,474)	(44,918)
Disposals (**)	(56,526,726)	(73,462,578)	-	(77,099,557)	(3,448,802)	(16,258)	(210,553,921)
Closing balance at 30 September 2018	<u>123,076,878</u>	<u>211,272,137</u>	<u>20,512,454</u>	<u>1,002,967,891</u>	<u>20,510,383</u>	<u>1,454,486</u>	<u>1,379,794,229</u>
Accumulated depreciation							
Opening balance at 1 January 2018	-	(132,164,072)	(7,296,398)	(615,831,162)	(12,678,153)	-	(767,969,785)
Transfers (Note 10) (*)	-	42,026,806	-	(42,026,806)	-	-	-
Charge of the period	-	(6,556,865)	(300,331)	(70,243,196)	(1,801,852)	-	(78,902,244)
Impairment (i)	-	(6,556,865)	(300,331)	(70,243,196)	(1,801,852)	-	(78,902,244)
Disposals (**)	-	23,649,278	-	55,864,742	1,378,639	-	80,892,659
Closing balance at 30 September 2018	<u>-</u>	<u>(73,044,853)</u>	<u>(7,596,729)</u>	<u>(672,236,422)</u>	<u>(13,101,366)</u>	<u>-</u>	<u>(765,979,370)</u>
Net book value as of 1 January 2018	<u><u>179,603,604</u></u>	<u><u>165,509,149</u></u>	<u><u>13,216,056</u></u>	<u><u>395,713,105</u></u>	<u><u>11,085,842</u></u>	<u><u>1,453,321</u></u>	<u><u>766,581,077</u></u>
Net book value as of 30 September 2018	<u><u>123,076,878</u></u>	<u><u>138,227,284</u></u>	<u><u>12,915,725</u></u>	<u><u>330,731,469</u></u>	<u><u>7,409,017</u></u>	<u><u>1,454,486</u></u>	<u><u>613,814,859</u></u>

From depreciation and amortization expenses, TRY 81,700,919 (30 September 2017: TRY 58,887,270) is included in marketing expenses and TRY 24,123,726 (30 September 2017: TRY 22,975,532) is included in general administrative expenses.

(*) For the period ended 30 September 2018, transfers also include classifications between building and machinery and equipment due to their substance.

(**) The Group sold two real estates located in Istanbul in February and June 2018. It also includes the disposal amounts related to the stores that were closed within current period.

As at 30 September 2018, total insurance amount over property, plant and equipment is TRY 1,558,213,823 (31 December 2017: TRY 1,347,017,013). As at 30 September 2018 and 31 December 2017 there is no mortgage on property, plant and equipment.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2018 AND 2017

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Buildings	Buildings Purchased by Finance Lease	Machinery and Equipment	Other Tangible Assets	Construction in Progress	Total
Cost							
Opening balance at 1 January 2017	195,684,581	287,195,242	20,512,454	902,568,179	23,761,344	5,804,798	1,435,526,598
Additions	-	7,722,993	-	33,751,729	220,770	1,654,784	43,350,276
Transfers (Note 10)	-	58,000	-	5,040,504	-	(5,108,504)	(10,000)
Disposals	(16,510,977)	(10,271,985)	-	(22,239,089)	(470,720)	(250,778)	(49,743,549)
Closing balance at 30 September 2017	179,173,604	284,704,250	20,512,454	919,121,323	23,511,394	2,100,300	1,429,123,325
Accumulated depreciation							
Opening balance at 1 January 2017	-	(134,122,240)	(6,895,957)	(613,846,279)	(15,143,012)	-	(770,007,488)
Charge of the period	-	(5,149,421)	(300,331)	(50,196,197)	(1,357,149)	-	(57,003,098)
Impairment	-	994	-	526,908	27,553	-	555,455
Disposals	-	2,867,170	-	15,873,398	412,256	-	19,152,824
Closing balance at 30 September 2017	-	(136,403,497)	(7,196,288)	(647,642,170)	(16,060,352)	-	(807,302,307)
Net book value as of 1 January 2017	195,684,581	153,073,002	13,616,497	288,721,900	8,618,332	5,804,798	665,519,110
Net book value as of 30 September 2017	179,173,604	148,300,753	13,316,166	271,479,153	7,451,042	2,100,300	621,821,018

(i) The Group reversed impairment provision for loss making stores amounting to TRY 555,455 as it is no longer required. The impairment provision no longer required is recognized in Other Income from Main Operations.

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2018 AND 2017

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

10. INTANGIBLE ASSETS

Other Intangible Assets

<u>Cost</u>	<u>Total</u>
Opening balance at 1 January 2018	195,907,791
Additions	9,084,342
Transfers	45,122
Disposals	(1,849,195)
Closing balance at 30 September 2018	203,188,060
<u>Accumulated amortization</u>	
Opening balance at 1 January 2018	(112,567,820)
Charge of the period	(24,708,805)
Disposals	1,042,013
Closing balance at 30 September 2018	(136,234,612)
Net book value as of 1 January 2018	83,339,971
Net book value as of 30 September 2018	66,953,448

<u>Cost</u>	<u>Total</u>
Opening balance at 1 January 2017	161,986,946
Additions	12,959,791
Transfers	10,000
Disposals	(81,608)
Closing balance at 30 September 2017	174,875,129
<u>Accumulated amortization</u>	
Opening balance at 1 January 2017	(86,653,963)
Charge of the period	(20,451,620)
Impairment of intangible assets (i)	56,967
Disposals	73,126
Closing balance at 30 September 2017	(106,975,490)
Net book value as of 1 January 2017	75,332,983
Net book value as of 30 September 2017	67,899,639

(*) As of 30 September 2017, the Group reversed impairment provision for intangible assets amounting to TRY 56,967 as it is no longer required. Impairment provisions for intangible assets recognized in other income from main operations.

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

11. GOODWILL

Goodwill amount is consisted of following investments:

<u>Investments:</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Kiler Alışveriş	404,218,260	404,218,260
Gima	180,159,453	180,159,453
Alpark	48,301,156	48,301,156
	<u>632,678,869</u>	<u>632,678,869</u>

12. SHORT AND LONG TERM PROVISIONS

Provisions for short term liabilities as of 30 September 2018 and 31 December 2017 are as follows:

<u>Short Term Provisions</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Provision for other, risk, litigations and	69,871,018	93,121,942
Provision for personnel and social	770,000	770,000
Other	2,519,154	14,036,963
	<u>73,160,172</u>	<u>107,928,905</u>

Movements of provision for short term liabilities as of 30 September 2018 and 2017 are as follows:

	<u>Provision for other, risk, litigations and onerous contracts</u>	<u>Provision for personnel and social security</u>	<u>Other</u>	<u>Total</u>
Opening balance, 1 January 2018	93,121,942	770,000	14,036,963	107,928,905
Charge of the period	11,292,238	-	-	11,292,238
Current year reversal / charge	(34,543,162)	-	(11,517,809)	(46,060,971)
Closing balance, 30 September 2018	<u>69,871,018</u>	<u>770,000</u>	<u>2,519,154</u>	<u>73,160,172</u>

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

12. SHORT AND LONG TERM PROVISIONS (Continued)

Contingent Assets and Liabilities

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

Provisions for employment benefits as of 30 September 2018 and 31 December 2017 are as follows:

<u>Short Term Employment Benefits</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Unused vacation provision	7,123,892	8,247,818
	<u>7,123,892</u>	<u>8,247,818</u>
<u>Long Term Employment Benefits</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Employment termination benefit provision	43,911,018	51,336,450
	<u>43,911,018</u>	<u>51,336,450</u>

Movement for employment termination benefit provision for 30 September 2018 and 2017 are as follows:

	<u>30 September 2018</u>	<u>30 June 2017</u>
Opening balance at 1 January	51,336,450	48,120,758
Service cost	28,617,467	25,627,318
Interest cost	1,351,569	1,693,851
Actuarial gain / (loss)	(11,007,134)	-
Paid compensation during the period	(26,387,334)	(25,426,255)
Closing balance at 30 September	<u>43,911,018</u>	<u>50,015,672</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

13. LETTER OF GUARANTEES, PLEDGES AND MORTGAGES

GPM given by the Group

	<u>30 September 2018</u>	<u>31 December 2017</u>
A. GPM given on behalf of its own legal entity	91,989,370	80,665,380
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>91,989,370</u>	<u>80,665,380</u>

<u>30 September 2018</u>	Total TRY	TRY	USD (TRY Equivalent)	EUR (TRY Equivalent)
Letter of guarantees	<u>91,989,370</u>	<u>86,252,290</u>	<u>2,054,525</u>	<u>3,682,555</u>
	<u>91,989,370</u>	<u>86,252,290</u>	<u>2,054,525</u>	<u>3,682,555</u>

<u>31 December 2017</u>	Total TRY	TRY	USD (TRY Equivalent)	EUR (TRY Equivalent)
Letter of guarantees	<u>80,665,380</u>	<u>77,657,723</u>	<u>952,726</u>	<u>2,054,931</u>
	<u>80,665,380</u>	<u>77,657,723</u>	<u>952,726</u>	<u>2,054,931</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

14. EMPLOYMENT BENEFITS

Other short term liabilities as of 30 September 2018 and 31 December 2017 are as follows:

<u>Employee Benefit Liabilities</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Payables to personnel and Social	25,867,997	24,795,358
Personnel salary and premium payables	24,945,747	995,629
	<u>50,813,744</u>	<u>25,790,987</u>

15. OTHER LIABILITIES

Other short term liabilities as of 30 September 2018 and 31 December 2017 are as follows:

<u>Other Current Liabilities</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Unearned income	10,838,237	12,030,514
Liabilities for shopping cheques	2,670,211	675,608
Accrued expenses	439,540	555,881
	<u>13,947,988</u>	<u>13,262,003</u>

16. SHAREHOLDERS' EQUITY

a) Capital

Shareholder structure as of 30 September 2018 and 31 December 2017 is stated below:

<u>Shareholders</u>	<u>(%)</u>	<u>30 September 2018</u>	<u>(%)</u>	<u>31 December 2017</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
		<u>700,000,000</u>		<u>700,000,000</u>
Nominal share capital	100.00	700,000,000	100.00	700,000,000

The issued capital of the Group is TRY 700,000,000 (31 December 2017: TRY 700,000,000) as of 30 September 2018 with a nominal value of 1 KR of 70,000,000,000 shares (31 December 2017: 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).

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

16. SHAREHOLDERS' EQUITY (Continued)

The inflation adjustment on share capital as of 30 September 2018 and 31 December 2017 are as follows:

	<u>30 September 2018</u>	<u>31 December 2017</u>
Inflation adjustment on share capital	91,845,783	91,845,783
	<u>91,845,783</u>	<u>91,845,783</u>

b) Retained Losses

	<u>30 September 2018</u>	<u>31 December 2017</u>
Retained Losses	(769,663,206)	(463,854,309)
	<u>(769,663,206)</u>	<u>(463,854,309)</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 117,807,937 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>30 September 2018</u>	<u>31 December 2017</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.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

16. 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>30 September 2018</u>	<u>31 December 2017</u>
Actuarial losses	8,204,369	(601,338)
	<u>8,204,369</u>	<u>(601,338)</u>

17. REVENUE AND COST OF SALES

	1 January - <u>30 September 2018</u>	1 July - <u>30 September 2018</u>	1 January - <u>30 September 2017</u>	1 July - <u>30 September 2017</u>
<u>NET SALES</u>				
Revenue from retail operations	3,794,092,038	1,414,314,708	3,308,691,693	1,175,982,061
Loyalty program discounts	(13,882,724)	(7,396,893)	(5,310,114)	(121,206)
Sales returns	(27,432,764)	(10,954,084)	(23,790,140)	(9,246,979)
Sales discount	(2,160,127)	(572,664)	(3,606,307)	(416,922)
Rent income	36,551,943	3,732,089	73,334,852	25,233,029
	<u>3,787,168,366</u>	<u>1,399,123,156</u>	<u>3,349,319,984</u>	<u>1,191,429,983</u>

	1 January - <u>30 September 2018</u>	1 July - <u>30 September 2018</u>	1 January - <u>30 September 2017</u>	1 July - <u>30 September 2017</u>
<u>COST OF SALES</u>				
Opening balance of inventories	(602,370,448)	(646,604,133)	(559,601,568)	(601,732,891)
Purchases	(2,857,080,428)	(1,012,332,718)	(2,507,171,332)	(866,255,971)
Closing balance of inventories	612,161,559	612,161,559	593,526,518	593,526,518
Shopping mall general expenses	(9,862,081)	(1,624,199)	(13,972,883)	(5,502,987)
	<u>(2,857,151,398)</u>	<u>(1,048,399,491)</u>	<u>(2,487,219,265)</u>	<u>(879,965,331)</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

18. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

Operating expenses for the periods ended 30 September 2018 and 2017 are as follows:

<u>OPERATING EXPENSES</u>	<u>1 January - 30 September 2018</u>	<u>1 July - 30 September 2018</u>	<u>1 January - 30 September 2017</u>	<u>1 July - 30 September 2017</u>
Marketing expenses	(874,806,580)	(296,906,803)	(757,552,180)	(258,669,310)
General administrative expenses	(117,057,984)	(34,561,447)	(93,427,905)	(34,181,177)
	<u>(991,864,564)</u>	<u>(331,468,250)</u>	<u>(850,980,085)</u>	<u>(292,850,487)</u>

19. EXPENSES BY NATURE

	<u>1 January - 30 September 2018</u>	<u>1 July - 30 September 2018</u>	<u>1 January - 30 September 2017</u>	<u>1 July - 30 September 2017</u>
Personnel expenses	(429,906,403)	(135,869,822)	(376,530,323)	(127,677,237)
Rent expenses	(213,739,260)	(77,537,798)	(175,597,849)	(59,867,690)
Depreciation and amortization expenses	(105,824,645)	(34,696,686)	(81,862,802)	(28,050,176)
Overhead expenses	(69,320,958)	(29,599,940)	(58,731,960)	(24,089,990)
Advertising expenses	(28,097,620)	(7,064,864)	(36,613,683)	(11,425,912)
Repair and maintenance expenses	(40,534,653)	(12,974,238)	(33,008,825)	(11,466,913)
Outsourced expenses	(28,892,905)	(9,016,541)	(28,819,728)	(9,457,349)
Consultancy expenses	(16,393,768)	(4,897,577)	(7,804,692)	(2,359,647)
Stationery consumption expenses	(18,799,758)	(7,456,951)	(16,703,457)	(5,655,054)
Travel expenses	(5,416,456)	(1,483,755)	(5,935,401)	(2,384,430)
Taxation and other expenses	(5,453,333)	(1,553,763)	(6,005,598)	(2,069,577)
Decoration material expenses	(1,927,344)	(617,620)	(2,655,376)	(1,029,441)
Insurance expenses	(5,106,053)	(1,701,655)	(4,618,660)	(1,528,969)
Communication expenses	(1,304,798)	(412,884)	(1,426,949)	(372,939)
Other	(21,146,610)	(6,584,156)	(14,664,782)	(5,415,163)
	<u>(991,864,564)</u>	<u>(331,468,250)</u>	<u>(850,980,085)</u>	<u>(292,850,487)</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

20. OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS

Other operating income/expenses from main operations for the periods ended 30 September 2018 and 2017 are as follows:

<u>Other Operating Income</u>	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Provision no longer required (i)	15,600,000	-	22,031,503	558,651
Foreign exchange gain from operational activities	19,829,213	12,025,162	1,228,440	(653,116)
Impairments no longer required (ii)	-	-	612,422	218,431
Interest income from time deposit less than 3 months	-	-	178,800	18,911
Other income and gains	11,451,192	9,438,584	4,746,750	2,816,607
	<u>46,880,405</u>	<u>21,463,746</u>	<u>28,797,915</u>	<u>2,959,484</u>

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

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

<u>Other Operating Expenses</u>	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Interest expenses from purchases via credit	(60,071,188)	(22,871,857)	(42,672,257)	(15,497,146)
Provision expenses (i)	(7,587,091)	(684,858)	(8,781,739)	509,327
Foreign exchange losses from operational activities	(21,265,421)	(12,698,238)	(5,732,097)	(905,923)
Interest expenses from operational activities	(509,022)	(376,009)	(544,590)	(62,975)
Other expenses and losses	(43,695,750)	(12,618,053)	(39,329,243)	(15,382,074)
	<u>(133,128,472)</u>	<u>(49,249,015)</u>	<u>(97,059,926)</u>	<u>(31,338,791)</u>

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

21. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Gain on sale of property ,plant and equipment (*)	569,337,061	-	21,289,283	-
	<u>569,337,061</u>	<u>-</u>	<u>21,289,283</u>	<u>-</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 June 2018 and one trade center located in the province of Istanbul with a price of TRY 880,745,358 including VAT in September 2018. The Group management sold one real estate located in the province of Istanbul in March 2017.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

22. FINANCIAL INCOME

Financial incomes for the periods ended 30 September 2018 and 2017 are as follows:

<u>Financial Income</u>	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Income Accruals	24,124,629	18,468,918	-	-
Foreing Exchange Income	15,277,322	15,277,322	-	-
	<u>39,401,951</u>	<u>33,746,240</u>	<u>-</u>	<u>-</u>

23. FINANCIAL EXPENSES

Financial expenses for the periods ended 30 September 2018 and 2017 are as follows:

<u>Financial Expenses</u>	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Interest expenses	(164,116,001)	(47,541,746)	(129,376,905)	(49,586,131)
Credit card commision expenses	(6,029,948)	(3,145,624)	(4,247,872)	(1,959,583)
	<u>(218,520,314)</u>	<u>(99,061,735)</u>	<u>(133,624,777)</u>	<u>(51,545,714)</u>

24. TAX ASSETS AND LIABILITIES

<u>Tax Expense of the Period</u>	1 January - 30 September 2018	1 January - 30 September 2017
Corporate tax expense of the period	-	-
Deferred tax income	(37,028,115)	39,834,031
Tax income from continuing operations	<u>(37,028,115)</u>	<u>39,834,031</u>

Corporate tax:

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

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

In Turkey, corporate tax rate is 22% as of 30 September 2018 (2017: 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%.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2018 AND 2017**

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

24. TAX ASSETS AND LIABILITIES (Continued)

The tax legislation provides for a temporary tax of 22% (2017: 20%) to be calculated and paid based on earnings generated for each quarter for the three month period ended 30 September 2018. 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.

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 30 September 2018. 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 30 September 2018 and 31 December 2017, 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 TAS 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 TAS and tax legislation.

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

24. TAX ASSETS AND LIABILITIES (Continued)

Deferred tax calculation for the periods ended 30 September 2018 and 31 December 2017 is as follows:

<u>The basis for deferred tax timing differences:</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Reserve for onerous contract and other contingencies	74,301,247	100,745,621
Provision for impairment in fixed assets	1,313,155	9,281,756
Inventory valuation differences	106,864,444	93,426,989
Other current assets	(35,754,498)	(29,259,614)
Provision for employment termination benefit	43,911,018	51,336,450
Tangible and intangible fixed assets	(89,149,163)	(150,908,186)
Other short term liabilities	24,634,025	10,691,543
Finance lease obligations	43,027,932	27,928,436
Carry forward tax losses	708,702,766	958,101,773
Other	696,683	198,552
	<u>878,547,609</u>	<u>1,071,543,320</u>

<u>Deferred tax assets / (liabilities) :</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Reserve for onerous contract and other contingencies	16,346,275	22,164,037
Provision for impairment in fixed assets	262,631	1,856,351
Inventory valuation differences	23,510,178	20,553,938
Other current assets	(7,865,990)	(6,437,115)
Provision for employment termination benefit	8,782,204	10,267,290
Tangible and intangible fixed assets	(17,371,017)	(29,717,920)
Other short term liabilities	5,419,485	2,352,139
Finance lease obligations	8,663,519	5,597,533
Carry forward tax losses	141,755,182	192,205,342
Other	153,269	43,682
	<u>179,655,736</u>	<u>218,885,277</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

24. TAX ASSETS AND LIABILITIES (Continued)

Carry forward tax losses

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

	<u>30 September 2018</u>	<u>31 December 2017</u>
2019	-	11,238,173
2020	731,442	18,011,218
2021	361,652,358	584,715,820
2022	344,549,152	344,136,562
2023	1,769,814	-
	<u>708,702,766</u>	<u>958,101,773</u>

The movements of deferred tax asset and liability as of 30 September 2018 and 2017 are as follows:

<u>Deferred tax asset movements</u>	<u>30 September 2018</u>	<u>30 September 2017</u>
Opening balance at 1 January	218,885,277	172,419,007
Current year loss	(37,028,115)	39,834,031
Acquired deferred tax asset with business combination	(2,201,426)	-
Closing balance at 30 September	<u>179,655,736</u>	<u>212,253,038</u>

25. EARNINGS PER SHARE

Weighted average number of shares and basic earnings per share for the periods ended 30 September 2018 and 2017 are as follows:

	<u>30 September 2018</u>	<u>30 September 2017</u>
Opening, number of shares - Beginning of period (Note 16)	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 16)	70,000,000,000	70,000,000,000
Net profit / (loss) for the period	<u>204,317,806</u>	<u>(133,495,257)</u>
Earnings / (loss) per share (Kr)	<u>0.2919</u>	<u>(0.1907)</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

<u>Cash and cash equivalents (Note 3)</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Akbank T.A.Ş.	208,119,051	57,480,754
	<u>208,119,051</u>	<u>57,480,754</u>
<u>Trade receivables from related parties (Note 5)</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Carrefour World Trade	18,599,551	16,810,710
Akbank T.A.Ş.	1,025,406	598,918
Socomo S.A.	311,285	-
Carrefour Romania	-	577,516
Carrefour Global Sourcing Asia	95,860	120,095
Ak Finansal Kiralama A.Ş.	36,918	36,918
Carrefour Nederland BV	65,955	181,708
Teknosa İç ve Dış Ticaret A.Ş.	123,291	-
Other	108,400	187,074
	<u>20,366,666</u>	<u>18,512,939</u>
<u>Due from related parties-other</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Başkent Elektrik Dağıtım A.Ş.	212,390,000	-
	<u>212,390,000</u>	<u>-</u>
<u>Financial liabilities (Note 4)</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Akbank T.A.Ş.	421,585,667	405,373,639
Ak Finansal Kiralama A.Ş.	55,619,343	59,799,813
	<u>477,205,010</u>	<u>465,173,452</u>
<u>Trade payables to related parties (Note 5)</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Tic. A.Ş.	8,219,271	14,553,352
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	6,794,631	6,217,631
Teknosa İç ve Dış Ticaret A.Ş.	1,356,992	1,145,500
Aksigorta A.Ş.	106,004	230,692
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	2,295,174	7,517,857
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	106,350	71,988
Avivasa Emeklilik ve Hayat A.Ş.	4,117	60,209
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş.	4,683	-
Diğer	244,898	880,227
	<u>19,132,120</u>	<u>30,677,456</u>
<u>Other short term payables to related parties</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Hacı Ömer Sabancı Holding A.Ş.	5,676,220	4,695,126
Carrefour Partenariat International	3,587,857	3,196,695
	<u>9,264,077</u>	<u>7,891,821</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
<u>Purchases from related parties (goods)</u>				
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Tic. A.Ş.	150,284,975	50,254,244	132,180,695	49,966,553
Teknosa İç ve Dış Ticaret A.Ş.	2,924,155	734,549	818,219	663,541
Yünsa Yünlü San. Ve Tic. A.Ş.	221,546	-	-	-
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	-	-	106,650	61,075
	<u>153,430,676</u>	<u>50,988,793</u>	<u>133,105,564</u>	<u>50,691,169</u>
<u>Purchases from related parties (services)</u>				
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	45,563,220	15,003,391	46,687,875	19,325,660
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	5,742,929	1,710,449	4,478,330	1,622,970
Aksigorta A.Ş.	5,556,967	2,410,895	5,629,669	2,107,617
Teknosa İç ve Dış Ticaret A.Ş.	216,808	64,085	447,070	254,338
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş.	-	-	671,573	-
Diğer	12,300	7,102	992,399	817,956
	<u>57,092,224</u>	<u>19,195,922</u>	<u>58,906,916</u>	<u>24,128,541</u>
<u>Rent income from related parties</u>				
Teknosa İç ve Dış Ticaret A.Ş.	2,964,681	-	3,481,206	1,235,127
Akbank T.A.Ş.	896,098	252,852	1,239,400	465,991
	<u>3,860,779</u>	<u>252,852</u>	<u>4,720,606</u>	<u>1,701,118</u>
<u>Other income from related parties</u>				
Carrefour World Trade	22,088,453	10,840,148	14,795,530	5,106,458
Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Ticaret A.Ş.	3,499,791	1,217,404	2,667,115	1,000,608
Akbank T.A.Ş.	1,927,389	670,003	1,434,577	504,483
Carrefour Romania	529,186	-	908,346	316,453
Carrefour Global Sourcing Asia	634,197	235,532	489,698	154,358
Socomo SA	331,028	-	-	-
Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş.	332,195	10,176	293,803	24,528
Kordsa Teknik Tekstil A.Ş.	474,979	188,292	345,992	115,522
Teknosa İç ve Dış Ticaret A.Ş.	285,072	109,415	148,071	-
Çimsa Çimento Sanayi ve Ticaret A.Ş.	175,469	1,920	184,020	12,944
Carrefour Nederland BV	145,102	40,423	267,160	92,580
Avivasa Emeklilik ve Hayat A.Ş.	98,122	-	95,072	194
Akçansa Çimento Sanayi ve Ticaret A.Ş.	46,923	128	193,062	84,709
Ak Yatırım Menkul Değerler A.Ş.	7,970	-	112,377	26,946
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	-	-	74,089	-
Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	6,402	5,847	104,003	35,000
Diğer	87,853	7,663	51,861	39
	<u>30,670,131</u>	<u>13,326,951</u>	<u>22,164,776</u>	<u>7,474,822</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
<u>Other expenses to related parties</u>				
Hacı Ömer Sabancı Holding A.Ş.	12,768,148	4,844,486	11,074,807	3,837,186
Carrefour Partenariat International	9,436,167	3,587,857	8,229,271	2,941,967
	<u>22,204,315</u>	<u>8,432,343</u>	<u>19,304,078</u>	<u>6,779,153</u>
	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
<u>Interest income from related parties</u>				
Akbank T.A.Ş.	6,167,119	4,618,672	103,803	18,911
<u>Interest expense and credit card commission to related parties</u>				
Akbank T.A.Ş.	53,078,676	18,230,788	11,239,472	4,462,379

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

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Salaries and other short term benefits	7,573,075	2,983,017	5,963,103	1,103,894
Other long term benefits	299,484	132,575	217,356	82,814
	<u>7,872,559</u>	<u>3,115,592</u>	<u>6,180,459</u>	<u>1,186,708</u>

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

27. 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:

	30 September 2018		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	25,441,844	759,049	3,006,257
2. Liquid assets	65,713,225	10,389,140	500,712
3. CURRENT ASSETS	91,155,069	11,148,189	3,506,969
4. Other	46,287,043	6,740,863	850,000
5. NON-CURRENT ASSETS	46,287,043	6,740,863	850,000
6. TOTAL ASSETS	137,442,112	17,889,052	4,356,969
7. Trade payables	2,870,565	9,491	404,822
8. Other payables	3,587,857	-	516,201
9. Financial liabilities	70,811,057	11,372,665	386,521
10. Non-monetary other liabilities	2,862,622	477,884	-
11. CURRENT LIABILITIES	80,132,101	11,860,040	1,307,544
12. Financial liabilities	114,827,637	12,469,684	5,773,935
13. NON-CURRENT LIABILITIES	114,827,637	12,469,684	5,773,935
14. TOTAL LIABILITIES	194,959,738	24,329,724	7,081,479
15. Net foreign currency asset / liability position	(57,517,626)	(6,440,672)	(2,724,510)
16. Net monetary foreign currency asset / liability position	(58,123,796)	(12,703,651)	2,585,946
17. Fair value of financial instruments uses for foreign currency hedge	-	-	-
18. Hedged amount of foreign currency denominated assets	-	-	-
19. Import	4,293,868	329,961	518,713

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Risk (Continued)

	31 December 2017		
	TRY Equivalents (Functional currency)	USD	EUR
1. Trade receivables	19,372,197	188,958	4,132,315
2. Liquid assets	9,089,549	2,350,888	49,216
3. CURRENT ASSETS	28,461,746	2,539,846	4,181,531
4. Other	31,866,157	7,430,733	850,000
5. NON-CURRENT ASSETS	31,866,157	7,430,733	850,000
6. TOTAL ASSETS	60,327,903	9,970,579	5,031,531
7. Trade payables	21,472,617	1,984,159	3,097,900
8. Other payables	3,196,695	-	707,938
9. Financial liabilities	1,597,822	-	353,853
10. Non-monetary other liabilities	2,485,466	657,219	1,440
11. CURRENT LIABILITIES	28,752,600	2,641,378	4,161,131
12. Financial liabilities	25,738,735	-	5,700,085
13. NON-CURRENT LIABILITIES	25,738,735	-	5,700,085
14. TOTAL LIABILITIES	54,491,335	2,641,378	9,861,216
15. Net foreign currency liability position	5,836,568	7,329,201	(4,829,685)
16. Net monetary foreign currency asset / liability position	3,792,435	555,687	375,693
17. Fair value of financial instruments uses for foreign currency hedge	-	-	-
18. Hedged amount of foreign currency denominated assets	-	-	-
19. Import	5,062,240	267,317	897,785

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Risk (Continued)

Foreign currency sensitivity

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

30 September 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	(3,858,092)	3,858,092	-	-
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	(3,858,092)	3,858,092	-	-
In case of 10% appreciation of EUR against TRY				
4 - Euro net asset / liability	(1,893,671)	1,893,671	-	-
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(1,893,671)	1,893,671	-	-
TOTAL (3 + 6)	(5,751,763)	5,751,763	-	-

31 December 2017

	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	2,764,501	(2,764,501)	-	-
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	2,764,501	(2,764,501)	-	-
In case of 10% appreciation of EUR against TRY				
4 - Euro net asset / liability	(2,180,844)	2,180,844	-	-
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(2,180,844)	2,180,844	-	-
TOTAL (3 + 6)	583,657	(583,657)	-	-

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value

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

Financial assets

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

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

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

Financial liabilities

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

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

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

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

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

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

28. EVENTS AFTER THE BALANCE SHEET DATE

On 31 October 2018, 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 30 June 2018. According to the second paragraph of Article 376 of the Turkish Commercial Code, two-thirds of the Group's capital and legal reserves were unrequited in these interim consolidated 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 366,453,050. 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.