

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2019  
TOGETHER WITH INDEPENDENT AUDITOR’S REVIEW REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



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

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

#### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi and its subsidiary (the "Group") as at 30 June 2019, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six 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  
6 August 2019  
İstanbul, Turkey

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

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2019**

---

| CONTENTS   | PAGE(S) |
|--|---------|
| CONDENSED CONSOLIDATED BALANCE SHEETS.....   | 1-2     |
| CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS<br>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.....                              | 7-45    |
| NOTE 1 ORGANISATION AND NATURE OF OPERATIONS.....  | 7       |
| NOTE 2 BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED<br>FINANCIAL STATEMENTS.....        | 8-16    |
| NOTE 3 CASH AND CASH EQUIVALENTS .....   | 17      |
| NOTE 4 FINANCIAL LIABILITIES .....   | 18-20   |
| NOTE 5 TRADE RECEIVABLES AND PAYABLES.....   | 21-22   |
| NOTE 6 INVENTORIES .....   | 22      |
| NOTE 7 PROPERTY, PLANT AND EQUIPMENT .....   | 23-24   |
| NOTE 8 RIGHT OF USE ASSETS.....  | 25      |
| NOTE 9 INTANGIBLE ASSETS .....   | 26      |
| NOTE 10 GOODWILL.....  | 27      |
| NOTE 11 SHORT AND LONG TERM PROVISIONS.....  | 27-28   |
| NOTE 12 LETTER OF GUARANTEES, PLEDGES AND MORTGAGES .....                                  | 29      |
| NOTE 13 EMPLOYMENT BENEFITS.....   | 30      |
| NOTE 14 OTHER LIABILITIES.....   | 30      |
| NOTE 15 SHAREHOLDER'S EQUITY .....   | 30-32   |
| NOTE 16 REVENUE AND COST OF SALES .....  | 32      |
| NOTE 17 MARKETING AND GENERAL ADMINISTRATIVE EXPENSES .....                                | 33      |
| NOTE 18 EXPENSES BY NATURE .....   | 33      |
| NOTE 19 OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS.....                                | 34      |
| NOTE 20 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES .....                               | 34      |
| NOTE 21 FINANCE INCOME.....  | 35      |
| NOTE 22 FINANCE COSTS .....  | 35      |
| NOTE 23 TAX ASSETS AND LIABILITIES .....   | 35-38   |
| NOTE 24 EARNINGS / (LOSS) PER SHARE.....   | 38      |
| NOTE 25 TRANSACTIONS AND BALANCES WITH RELATED PARTIES .....                               | 39-41   |
| NOTE 26 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT.....                           | 42-45   |
| NOTE 27 EVENTS AFTER THE BALANCE SHEET DATE.....   | 45      |

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 JUNE 2019 AND 31 DECEMBER 2018

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

|                                | Notes | 30 June 2019         | 31 December 2018     |
|--------------------------------|-------|----------------------|----------------------|
| <b>ASSETS</b>                  |       |                      |                      |
| <b>Current Assets</b>          |       | <b>1,271,788,523</b> | <b>1,220,674,474</b> |
| Cash and Cash Equivalents      | 3     | 460,013,307          | 487,581,005          |
| Trade Receivables              |       |                      |                      |
| Due from Related Parties       | 5, 25 | 12,800,007           | 20,987,567           |
| Other Trade Receivables        | 5     | 44,658,620           | 35,055,793           |
| Other Receivables              |       |                      |                      |
| Other Receivables              |       | 2,036,665            | 1,207,744            |
| Inventories                    | 6     | 707,300,806          | 639,173,766          |
| Prepaid Expenses               |       | 44,979,118           | 36,668,599           |
| <b>Non-Current Assets</b>      |       | <b>2,269,542,637</b> | <b>1,428,208,043</b> |
| Other Receivables              |       |                      |                      |
| Other Receivables              |       | 47,921,673           | 56,661,092           |
| Property, Plant and Equipments | 7     | 616,059,219          | 633,413,074          |
| Right of Use Assets            | 8     | 825,396,023          | -                    |
| Intangible Assets              |       |                      |                      |
| Goodwill                       | 10    | 482,479,139          | 482,479,139          |
| Other Intangible Assets        | 9     | 51,121,658           | 62,576,962           |
| Prepaid Expenses               |       | 12,263,960           | 13,320,559           |
| Deferred Tax Assets            | 23    | 234,300,965          | 179,757,217          |
| <b>TOTAL ASSETS</b>            |       | <b>3,541,331,160</b> | <b>2,648,882,517</b> |

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 JUNE 2019 AND 31 DECEMBER 2018

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

|  | Notes | 30 June 2019         | 31 December 2018     |
|--|-------|----------------------|----------------------|
| <b>LIABILITIES</b>   |       |                      |                      |
| <b>Current Liabilities</b>   |       | <b>2,866,604,563</b> | <b>2,400,840,002</b> |
| Short Term Bank Loans  |       |                      |                      |
| Short Term Bank Loans from Related Parties                                     | 4, 25 | 561,222,177          | 291,370,075          |
| Other Short Term Bank Loans  | 4     | 338,954,409          | 458,268,115          |
| Short Term Portion of Long Term Bank Loans                                     |       |                      |                      |
| Other Short Term Portion of Long Term Bank Loans                               | 4     | 34,864,927           | 33,866,188           |
| Short Term Portion of Long Term Finance Lease Liabilities                      |       |                      |                      |
| Short Term Portion of Long Term Finance Lease Liabilities from Related Parties | 4, 25 | 22,109,696           | 21,282,883           |
| Other Short Term Portion of Long Term Finance Lease Liabilities                | 4     | 132,041,664          | 2,429,263            |
| Trade Payables   |       |                      |                      |
| Due to Related Parties   | 5, 25 | 36,330,578           | 20,500,662           |
| Other Trade Payables   | 5     | 1,520,099,472        | 1,396,049,061        |
| Employee Benefit Liabilities   | 13    | 77,257,340           | 48,498,301           |
| Other Payables   |       |                      |                      |
| Due to Related Parties   | 25    | 10,251,729           | 9,397,685            |
| Other Short Term Payables  |       | 38,020,862           | 18,482,327           |
| Short Term Provisions  | 11    |                      |                      |
| Provisions for Employment Benefits   |       | 11,783,728           | 9,008,246            |
| Other Short Term Provisions  |       | 68,160,815           | 72,102,195           |
| Other Current Liabilities  | 14    | 15,507,166           | 19,585,001           |
| <b>Non-Current Liabilities</b>   |       | <b>821,297,788</b>   | <b>194,793,140</b>   |
| Long Term Bank Loans   |       |                      |                      |
| Other Long Term Bank Loans   | 4     | 20,025,406           | 83,497,728           |
| Long Term Finance Lease Liabilities  |       |                      |                      |
| Long Term Finance Lease Liabilities from Related Parties                       | 4, 25 | 12,977,693           | 21,844,798           |
| Other Long Term Finance Lease Liabilities                                      | 4     | 723,643,820          | 35,210,959           |
| Long Term Provisions   |       |                      |                      |
| Provisions for Employment Termination Benefits                                 | 11    | 64,650,869           | 54,239,655           |
| <b>EQUITY</b>  |       | <b>(146,571,191)</b> | <b>53,249,375</b>    |
| <b>Shareholders' Equity</b>  |       | <b>(146,571,191)</b> | <b>53,249,375</b>    |
| Share Capital  | 15    | 700,000,000          | 700,000,000          |
| Inflation Adjustment to Share Capital  | 15    | 91,845,783           | 91,845,783           |
| Share Issue Premium  |       | 34,691,309           | 34,691,309           |
| Aktüeryal Kayıp ve Kazançlar   |       |                      |                      |
| Other Comprehensive Income/Expense Not to be Reclassified to Profit or Loss    |       |                      |                      |
| Actuarial Loss   | 15    | (4,446,458)          | (4,446,458)          |
| Restricted Reserves  | 15    | 12,318,358           | 12,318,358           |
| Accumulated Losses   | 15    | (781,159,617)        | (769,663,206)        |
| Net Loss for the Period  |       | (199,820,566)        | (11,496,411)         |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                              |       | <b>3,541,331,160</b> | <b>2,648,882,517</b> |

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 JUNE 2019 AND 2018**

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

|  | Notes | 1 January -<br>30 June 2019 | 1 April -<br>30 June 2019 | 1 January -<br>30 June 2018 | 1 April -<br>30 June 2018 |
|--|-------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| <b>CONTINUING OPERATIONS</b>   |       |                             |                           |                             |                           |
| Revenue  | 16    | 2,938,016,194               | 1,561,521,817             | 2,388,045,210               | 1,239,653,151             |
| Cost of Sales (-)  | 16    | (2,127,145,824)             | (1,129,402,027)           | (1,773,864,175)             | (925,452,437)             |
| <b>GROSS PROFIT</b>  |       | <b>810,870,370</b>          | <b>432,119,790</b>        | <b>614,181,035</b>          | <b>314,200,714</b>        |
| Marketing Expenses (-)   | 17    | (666,737,513)               | (341,524,607)             | (614,501,793)               | (310,986,560)             |
| General Administrative Expenses (-)  | 17    | (85,552,347)                | (43,512,560)              | (81,383,356)                | (37,091,995)              |
| Other Income from Main Operations  | 19    | 18,418,665                  | 9,209,032                 | 26,017,762                  | 8,444,999                 |
| Other Expenses from Main Operations (-)  | 19    | (142,071,863)               | (77,225,062)              | (83,879,457)                | (50,510,089)              |
| <b>OPERATING LOSS FROM MAIN OPERATIONS</b>   |       | <b>(65,072,688)</b>         | <b>(20,933,407)</b>       | <b>(139,565,809)</b>        | <b>(75,942,931)</b>       |
| Income From Investment Activities, net   | 20    | -                           | -                         | 569,337,061                 | 518,249,646               |
| Impairment profit / (loss) and Reversals of<br>Impairment Losses in Accordance with TFRS 9 | 5     | (1,124,874)                 | 13,536                    | (1,298,514)                 | (834,465)                 |
| <b>OPERATING PROFIT / (LOSS)</b>   |       | <b>(66,197,562)</b>         | <b>(20,919,871)</b>       | <b>428,472,738</b>          | <b>441,472,250</b>        |
| Finance Income (+)   | 21    | 27,609,528                  | 2,006,950                 | 5,655,711                   | 2,270,241                 |
| Finance Cost (-)   | 22    | (215,776,280)               | (108,865,497)             | (119,458,579)               | (60,206,796)              |
| <b>PROFIT / (LOSS) BEFORE TAX</b>  |       | <b>(254,364,314)</b>        | <b>(127,778,418)</b>      | <b>314,669,870</b>          | <b>383,535,695</b>        |
| <b>Tax Income / (Expense)</b>  |       | <b>54,543,748</b>           | <b>27,618,471</b>         | <b>(49,262,712)</b>         | <b>(65,028,622)</b>       |
| - Taxes on Income  | 23    | -                           | -                         | -                           | -                         |
| - Deferred Tax Income / (Expense)  | 23    | 54,543,748                  | 27,618,471                | (49,262,712)                | (65,028,622)              |
| <b>NET PROFIT / (LOSS) FOR THE PERIOD</b>  |       | <b>(199,820,566)</b>        | <b>(100,159,947)</b>      | <b>265,407,158</b>          | <b>318,507,073</b>        |
| <b>OTHER COMPREHENSIVE INCOME</b>  |       |                             |                           |                             |                           |
| Items that will not be reclassified to profit or loss                                      |       | -                           | -                         | <b>8,805,707</b>            | -                         |
| - Remeasurements of defined benefit asset / (liability)                                    |       | -                           | -                         | 11,007,134                  | -                         |
| - Remeasurements of defined benefit asset / (liability),<br>tax effect                     |       | -                           | -                         | (2,201,427)                 | -                         |
| <b>TOTAL COMPREHENSIVE INCOME / (EXPENSE)</b>  |       | <b>(199,820,566)</b>        | <b>(100,159,947)</b>      | <b>274,212,865</b>          | <b>318,507,073</b>        |
| Gain / (Loss) Per Share  | 24    | (0.2855)                    | (0.1431)                  | 0.3792                      | 0.4550                    |

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 JUNE 2019 AND 2018

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

| (Note 15)                        | Share Capital      | Inflation<br>Adjustment to<br>Share Capital | Share Issue<br>Premium | Actuarial Gains /<br>(Losses) | Restricted<br>Reserves | Retained Losses      | Net Loss for the<br>Period | Total                |
|----------------------------------|--------------------|---|------------------------|-------------------------------|------------------------|----------------------|----------------------------|----------------------|
| <b>Balance at 1 January 2018</b> | <b>700,000,000</b> | <b>91,845,783</b>                           | <b>34,691,309</b>      | <b>(601,338)</b>              | <b>12,318,358</b>      | <b>(463,854,309)</b> | <b>(305,808,897)</b>       | <b>68,590,906</b>    |
| Transfers                        | -                  | -   | -                      | -                             | -                      | (305,808,897)        | 305,808,897                | -                    |
| Total Comprehensive Loss         | -                  | -   | -                      | 8,805,707                     | -                      | -                    | 265,407,158                | 274,212,865          |
| <b>Balances at 30 June 2018</b>  | <b>700,000,000</b> | <b>91,845,783</b>                           | <b>34,691,309</b>      | <b>8,204,369</b>              | <b>12,318,358</b>      | <b>(769,663,206)</b> | <b>265,407,158</b>         | <b>342,803,771</b>   |
| <b>Balance at 1 January 2019</b> | <b>700,000,000</b> | <b>91,845,783</b>                           | <b>34,691,309</b>      | <b>(4,446,458)</b>            | <b>12,318,358</b>      | <b>(769,663,206)</b> | <b>(11,496,411)</b>        | <b>53,249,375</b>    |
| Transfers                        | -                  | -   | -                      | -                             | -                      | (11,496,411)         | 11,496,411                 | -                    |
| Total Comprehensive Income       | -                  | -   | -                      | -                             | -                      | -                    | (199,820,566)              | (199,820,566)        |
| <b>Balances at 30 June 2019</b>  | <b>700,000,000</b> | <b>91,845,783</b>                           | <b>34,691,309</b>      | <b>(4,446,458)</b>            | <b>12,318,358</b>      | <b>(781,159,617)</b> | <b>(199,820,566)</b>       | <b>(146,571,191)</b> |

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



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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018**

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

| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  | <b>Notes</b> | <b>1 January -<br/>30 June 2019</b> | <b>1 January -<br/>30 June 2018</b> |
|--|--------------|-------------------------------------|-------------------------------------|
| <b>Net profit / (loss) profit for the period</b>   |              | <b>(199,820,566)</b>                | <b>265,407,158</b>                  |
| <b>Adjustments to reconcile net profit / (loss) for the period</b>                           |              | <b>327,197,838</b>                  | <b>(295,002,131)</b>                |
| - Depreciation of investment properties  |              | -                                   | 2,213,596                           |
| - Depreciation of property, plant and equipments   | 7            | 55,042,244                          | 52,504,010                          |
| - Amortization of right of use asset   | 8            | 94,999,700                          | -                                   |
| - Amortization of intangible assets  | 9            | 16,340,898                          | 16,410,353                          |
| - Gain on sale of tangible and intangible assets and investment property                     | 20           | -                                   | (569,337,061)                       |
| - Risk, lawsuit, personnel, SSI and other provisions   | 11           | (3,941,380)                         | (29,664,489)                        |
| - Interest expense accruals  | 21           | (4,348,419)                         | (5,655,711)                         |
| - Interest income accruals   | 22           | 215,776,280                         | 119,458,579                         |
| - Impairment provision / (impairment provision no longer required)                           |              | 110,454                             | -                                   |
| - Change in unused vacation provision  | 11           | 2,775,482                           | 1,598,117                           |
| - Provision for employment termination benefit   | 11           | 18,716,334                          | 24,682,601                          |
| - Allowance for doubtful receivables   | 5            | 3,256,077                           | 2,729,644                           |
| - Change in inventory impairment   | 6            | 467,038                             | 3,499,399                           |
| - Unrealized foreign exchange loss   |              | (17,453,122)                        | 37,296,119                          |
| - Tax (income) / expense   | 23           | (54,543,748)                        | 49,262,712                          |
| <b>Changes in working capital:</b>   |              | <b>107,539,201</b>                  | <b>80,811,365</b>                   |
| - Increase / (decrease) in trade receivables, including collection from doubtful receivables |              | (12,858,904)                        | 3,541,858                           |
| - Increase in inventories  |              | (68,594,078)                        | (47,733,084)                        |
| - Decrease in due from related parties   |              | 8,187,560                           | 5,371,736                           |
| - Decrease in other receivables and current assets   |              | 7,910,498                           | 46,241,188                          |
| - Increase in prepaid expenses   |              | (12,047,374)                        | (19,306,647)                        |
| - Increase in due to other short term payables   |              | 19,538,535                          | 55,003,347                          |
| - Decrease / increase in due to other short term trade payables                              |              | 124,050,411                         | (16,660,799)                        |
| - (Decrease) / Increase in due to related parties  |              | 16,683,960                          | 1,437,423                           |
| - Increase in employee benefit liabilities   |              | 28,759,039                          | 50,837,012                          |
| - Increase in other short-term liabilities   |              | (4,090,446)                         | 2,079,331                           |
| <b>Used in operating activities</b>  |              | <b>234,916,473</b>                  | <b>51,216,392</b>                   |
| - Employee termination benefits paid   | 11           | (8,305,120)                         | (21,521,686)                        |
| <b>Net cash used in operating activities</b>   |              | <b>226,611,353</b>                  | <b>29,694,706</b>                   |

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018**

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

|  | Notes | 1 January -<br>30 June 2019 | 1 January -<br>30 June 2018 |
|--|-------|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |       |                             |                             |
| - Acquisition of property, plant and equipments                                    | 7     | (51,426,487)                | (34,914,965)                |
| - Acquisition of intangible assets   | 9     | (5,040,602)                 | (6,245,995)                 |
| - Acquisition of investment properties   |       | -                           | (756,331)                   |
| - Proceeds from sale of tangible and intangible assets and investment property     |       | -                           | 918,372,674                 |
| <b>Net cash generated from investing activities</b>                                |       | <b>(56,467,089)</b>         | <b>876,455,383</b>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |       |                             |                             |
| - Proceeds from bank borrowings  | 4     | 390,000,000                 | 123,260,000                 |
| - Repayment of borrowings  | 4     | (327,130,545)               | (336,563,295)               |
| - Repayment of financial lease payables  | 4     | (173,714,186)               | (20,515,884)                |
| - Finance cost paid  |       | (98,323,533)                | (125,151,043)               |
| - Interest received  | 21    | 4,348,419                   | 5,655,711                   |
| <b>Net cash (used in) / generated from financing activities</b>                    |       | <b>(204,819,845)</b>        | <b>(353,314,511)</b>        |
| <b>Decrease in cash and cash equivalents</b>                                       |       | <b>(34,675,581)</b>         | <b>552,835,578</b>          |
| <b>Cash and cash equivalents at the beginning of the period</b>                    |       | <b>487,581,005</b>          | <b>511,632,900</b>          |
| - The impact of change in foreign currency exchange over cash and cash equivalents |       | 7,107,883                   | (187,498)                   |
| <b>Cash and cash equivalents at the end of the period</b>                          | 3     | <b>460,013,307</b>          | <b>1,064,280,980</b>        |

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019  
AND 2018**

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

---

**1. ORGANISATION AND NATURE OF OPERATIONS**

CarrefourSA Carrefour Sabancı Ticaret Merkezi Anonim Şirketi (“The Company”) was established in 1991 to operate in the hypermarket and supermarket sectors in Turkey. The registered address of the Company is Cevizli Mahallesi, Tugay Yolu Caddesi No:67 A, B Blok Maltepe / İstanbul. The number of personnel is 10,366 as of 30 June 2019 (31 December 2018: 9,688).

As of 30 June 2019, the Company has 28 hypermarkets and 589 supermarkets (31 December 2018: 29 hypermarkets, 567 supermarkets).

**Subsidiary**

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

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

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

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

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

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

---

### 2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Basis of the Presentation

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

According to the Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013, the accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”). TFRS is composed of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards and its addendum and interpretations issued by POA.

The Group prepared its condensed consolidated financial statements for the period ended 30 June 2019, in accordance with the TAS 34 “Interim Financial Reporting” in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The condensed consolidated interim financial statements of the Group are presented in compliance with “Announcement on Financial Statements and Disclosure Formats” announced by CMB and TAS taxonomy announced by POA.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Group preferred to present its consolidated interim financial statements in condensed version. The Group’s condensed consolidated interim financial statements do not include all disclosures and notes that should be included at year-end financial statements. Therefore, the condensed consolidated interim financial statements should be considered together with the consolidated financial statements as of 31 December 2018.

Approval of condensed consolidated financial statements:

The accompanying condensed consolidated financial statements of the Group has been approved by the Company’s Board of Directors on 6 August 2019. General Assembly and related legal institutions have the right to correct these condensed consolidated financial statements and statutory financial statements.

##### **(b) Basis of measurement**

The Company and its subsidiary maintain their accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The condensed consolidated interim financial statements have been prepared in Turkish Liras on historical cost basis except for financial assets and liabilities measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

##### **(c) Presentation and functional currency**

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

#### 2.2 Financial Reporting in Hyperinflationary Economies

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

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

## CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

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

### 2.3 Comparative Information and Restatement of Prior Periods' Consolidated Financial Statements

To allow for the determination of the financial situation and performance trends, the Group's condensed consolidated interim financial statements have been presented comparatively with the previous period. The Group presented condensed consolidated balance sheet as of 30 June 2019 comparatively with the balance sheet as of 31 December 2018; condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of cash flow and condensed consolidated statements of change in shareholders' equity as of 30 June 2019 comparatively with the 30 June 2018 financial statements. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period.

The classifications in condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2018 presented below:

- Logistics expenses amounting to TL 36,602,016 which has been presented under cost of sales is reclassified to the marketing expenses.
- Logistics income amounting to TL 600,428 which has been presented under cost of sales is reclassified to the other income from operating activities.
- Depreciation expenses amounting to TL 1,113,181 which has been presented under general administrative expenses is reclassified to the sales and marketing expenses.

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

### 2.4 Offsetting

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

### 2.5 Summary of Significant Accounting Policies

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

#### IFRS 16 Leases

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

(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)**

IFRS 16 Leases (Continued)

**i) Definition of a lease**

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

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

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

**ii) As a lessee**

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

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

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

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

Book value of right of use assets are presented below:

|                           | <b>Building</b> | <b>Vehicle</b> | <b>Total</b>       |
|---------------------------|-----------------|----------------|--------------------|
| Balance at 1 January 2019 | 868,359,716     | 12,445,125     | <b>880,804,841</b> |
| Balance at 30 June 2019   | 815,025,086     | 10,370,937     | <b>825,396,023</b> |

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

Book value of lease liabilities are presented below:

|                           | <b>Building</b> | <b>Vehicle</b> | <b>Total</b>       |
|---------------------------|-----------------|----------------|--------------------|
| Balance at 1 January 2019 | 867,551,269     | 12,445,125     | <b>879,996,394</b> |
| Balance at 30 June 2019   | 844,297,500     | 11,387,985     | <b>855,685,485</b> |

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

## CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(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)

#### TFRS 16 Leases (Continued)

#### ii) As a lessee (Continued)

##### a. Significant accounting policies

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

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

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

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

##### b. Transition

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

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

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

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

–As of 1 January 2019 applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

(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)**

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

IFRS 16 Leases (Continued)

**iii) As a lessor**

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

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

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

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

**iv) Impacts on consolidated financial statements**

**a) Impacts on transition**

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

|  | <b>1 January 2019</b> |
|--|-----------------------|
| Right of use assets  | <b>868,024,109</b>    |
| Right of use assets (previously classified as financial leasing in accordance with TAS 17) | <b>12,780,732</b>     |
| <b>Total right of use assets</b>   | <b>880,704,731</b>    |

|  | <b>1 January 2019</b> |
|--|-----------------------|
| Lease liability  | <b>868,024,109</b>    |
| Lease liability (previously classified as financial leasing in accordance with TAS 17) | <b>11,972,285</b>     |
| <b>Total lease liabilities</b>   | <b>879,996,394</b>    |



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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

(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)**

IFRS 16 Leases (Continued)

**iv) Impacts on consolidated financial statements (Continued)**

**a) Impacts on transition (Continued)**

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

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

**b) Impacts for the period**

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases under TAS 17, the Group recognised TRY 825,396,023 right-of-use assets and TRY 855,685,485 lease liabilities as at 30 June 2019. Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised TRY 94,999,700 of depreciation charges and TRY 98,065,379 interest costs from these leases.

**2.6 Significant Accounting Estimates and Assumptions**

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

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

**2.6.1 Provisions**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In that scope, as of 30 June 2019 and 31 December 2018 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.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

(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)**

**2.6.2 Deferred tax asset**

The Group recognizes deferred tax asset and liability on the differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TAS and the corresponding tax bases which is used in the computation of taxable profit. Under current circumstances, the partial or complete recoverable amounts of deferred tax assets are predicted. During the evaluation, future profit projections, current year’s losses, unused losses and the expiration dates of other tax assets, and if necessary tax planning strategies are considered. Based on the data obtained, if the Group’s taxable profit, which will be obtained in the future, is not enough to fulfill the deferred tax assets, a provision is provided either for the whole or for a certain part of the deferred tax asset. As of 30 June 2019 and 31 December 2018, after the necessary evaluations, the deferred tax assets are fully accounted because of expectation of taxable profit in the future.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. The Group estimates that it will be able to utilize the deductible carry forward tax losses using the estimated profits in the following years.

**2.6.3 Evaluation of financial position**

The Group has recognized TRY 199,820,566 loss as of and for the six-month interim period ended 30 June 2019 and current year loss together with accumulated losses has reached to TRY 980,980,183. As of 30 June 2019, the Group’s total equity is TRY (146,571,191).

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

Aforementioned special purpose financial statement has been prepared based on the Company’s 30 June 2019 balance sheet which is in compliance with Turkish Tax Legislation.

The market value of the Company’s lands and buildings has been determined as TRY 424,845,000 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 216,468,582. As a result, the Company does not need to take the measures stipulated in Article 376 of the TCC in accordance with the relevant communique of the CMB due to the positive difference between its assets and liabilities.

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

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

**2.7 Amendments in Turkish Financial Reporting Standards**

*Standards issued but not yet effective and not early adopted*

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

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

**2.7 Amendments in Turkish Financial Reporting Standards (continued)**

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

- TFRS 17 – Insurance Contracts: On 16 February 2019, POA issued TFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers’ risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier.

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

- Amendments to IAS 1 and IAS 8 - Definition of Material, in 7 June 2019 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**3. CASH AND CASH EQUIVALENTS**

|                         | <u>30 June 2019</u> | <u>31 December 2018</u> |
|-------------------------|---------------------|-------------------------|
| Cash on hand            | 27,667,846          | 24,737,434              |
| Cash in transit (*)     | 17,125,248          | 26,195,014              |
| Credit card receivables | 293,257,957         | 316,020,489             |
| Banks                   |                     |                         |
| Time deposit            | 62,277,687          | 86,850,987              |
| Demand deposit          | 52,860,632          | 32,793,786              |
| Other                   | 6,823,937           | 983,295                 |
|                         | <u>460,013,307</u>  | <u>487,581,005</u>      |

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

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

As at 30 June 2019 and 31 December 2018 time deposits are as follows:

| <u>Currency</u> | <u>Interest rate</u> | <u>Maturity</u>  | <u>30 June 2019</u>     |
|-----------------|----------------------|------------------|-------------------------|
| USD             | 3.60%                | 16 July 2019     | 62,155,080              |
|                 |                      | Interest accrual | 122,607                 |
|                 |                      |                  | <u>62,277,687</u>       |
| <u>Currency</u> | <u>Interest rate</u> | <u>Maturity</u>  | <u>31 December 2018</u> |
| USD             | 4.85%                | 29 January 2019  | 86,804,850              |
|                 |                      | Interest accrual | 46,137                  |
|                 |                      |                  | <u>86,850,987</u>       |

The Group does not have any blocked deposits as at 30 June 2019 and 31 December 2018.

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**4. FINANCIAL LIABILITIES**

| <u>Short Term Financial Liabilities</u>                                       | <u>30 June 2019</u> | <u>31 December 2018</u> |
|---|---------------------|-------------------------|
| Short Term Financial Liabilities from Related Parties                         |                     |                         |
| Bank loans (*)  | 561,222,177         | 291,370,075             |
| Other Short Term Financial Liabilities  |                     |                         |
| Bank loans (*)  | 338,954,409         | 458,268,115             |
|   | <u>900,176,586</u>  | <u>749,638,190</u>      |
| <br>  |                     |                         |
| <u>Short Term Portion of Long Term Financial Liabilities</u>                  | <u>30 June 2019</u> | <u>31 December 2018</u> |
| Short Term Portion of Long Term Financial Liabilities<br>from Related Parties |                     |                         |
| Finance lease payables  | 22,109,696          | 21,282,883              |
| Other Short Term Portion of Long Term Financial Liabilities                   |                     |                         |
| Bank loans (**)   | 34,864,927          | 33,866,188              |
| Finance lease payables  | 132,041,664         | 2,429,263               |
|   | <u>189,016,287</u>  | <u>57,578,334</u>       |
| <br>  |                     |                         |
| <u>Long Term Financial Liabilities</u>  |                     |                         |
| Long Term Financial Liabilities from Related Parties                          |                     |                         |
| Finance lease payables  | 12,977,693          | 21,844,798              |
| Other Long Term Financial Liabilities   |                     |                         |
| Bank loans (**)   | 20,025,406          | 83,497,728              |
| Finance lease payables  | 723,643,820         | 35,210,959              |
|   | <u>756,646,919</u>  | <u>140,553,485</u>      |

(\*) As at 30 June 2019 and 31 December 2018 the details of short term bank loans are as follows:

| <u>Currency</u> | <u>Interest rate (*)</u> | <u>30 June 2019</u>     |
|-----------------|--------------------------|-------------------------|
| TRY             | 21.09%                   | 865,000,000             |
|                 | Interest accrual         | 35,176,586              |
|                 |                          | <u>900,176,586</u>      |
| <br>            |                          |                         |
| <u>Currency</u> | <u>Interest rate</u>     | <u>31 December 2018</u> |
| TRY             | 22.96%                   | 733,848,972             |
|                 | Interest accrual         | 15,789,218              |
|                 |                          | <u>749,638,190</u>      |

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**4. FINANCIAL LIABILITIES (Continued)**

(\*\*) As at 30 June 2019 and 31 December 2018 the details of long term bank loans are as follows:

| Currency | Interest rate | 30 June 2019      |
|----------|---------------|-------------------|
| USD      | 4.50%         | 54,890,333        |
|          |               | <u>54,890,333</u> |

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

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

Finance lease payables consist of the followings:

| Finance Lease Payables                     | Present value of minimum lease payments |                   |
|--|---|-------------------|
|  | 30 June 2019                            | 31 December 2018  |
| Within one year                            | 202,630,446                             | 25,675,924        |
| Less : Future finance charges              | (48,479,086)                            | (1,963,778)       |
| Present value of finance lease obligations | <u>154,151,360</u>                      | <u>23,712,146</u> |
| Within two year and after                  | 1,365,694,163                           | 114,112,194       |
| Less : Future finance charges              | (629,072,650)                           | (57,056,437)      |
| Present value of finance lease obligations | <u>736,621,513 -</u>                    | <u>57,055,757</u> |

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

The details of property, plant and equipment acquired by finance lease as of 30 June 2019 and 30 June 2018 are disclosed at Note 7.

The repayment schedule of long-term borrowings as of 30 June 2019 and 31 December 2018 in TRY equivalent as at balance sheet date is as stated below:

|                | 30 June 2019       | 31 December 2018   |
|----------------|--------------------|--------------------|
| 2019           | 97,571,219         | 57,578,334         |
| 2020           | 190,468,999        | 107,645,037        |
| 2021           | 106,484,696        | 2,182,446          |
| 2022           | 108,068,668        | 2,068,669          |
| 2023           | 91,362,181         | 2,119,504          |
| 2024 and after | 351,707,443        | 26,537,829         |
|                | <u>945,663,206</u> | <u>198,131,819</u> |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**4. FINANCIAL LIABILITIES (continued)**

As of 30 June 2019 and 2018, the reconciliation of the Group's obligations arising from its borrowings is as follows:

|  | <u>30 June 2019</u>       | <u>30 June 2018</u>         |
|--|---------------------------|-----------------------------|
| 1 January bank loans                                 | 867,002,106               | 1,599,951,488               |
| Current period additions                             | 390,000,000               | 123,260,000                 |
| Interest and capital repayments                      | (419,846,139)             | (458,830,014)               |
| Current period interest expenses (includes accruals) | 112,102,963               | 116,574,255                 |
| Effects of change in interest change                 | 5,807,989                 | 18,950,182                  |
| <b>30 June Borrowings</b>                            | <b><u>955,066,919</u></b> | <b><u>1,399,905,911</u></b> |

As of 30 June 2019 and 2018, the reconciliation of the Group's obligations arising from its operating lease liability is as follows:

|  | <u>30 June 2019</u>       | <u>30 June 2018</u>      |
|--|---------------------------|--------------------------|
| 1 January bank loans                                 | 923,124,075               | 87,135,959               |
| Current period additions                             | 39,590,881                | --                       |
| Current period payments                              | (173,714,186)             | (20,515,884)             |
| Current period interest expenses (includes accruals) | 98,065,379                | --                       |
| Effects of change in interest change                 | 3,706,724                 | 18,158,438               |
| <b>30 June Leases (*)</b>                            | <b><u>890,772,873</u></b> | <b><u>84,778,513</u></b> |

As of 30 June 2019 and 31 December 2018, there are no guarantees given related to the financial borrowings.

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

\* As of 30 June 2018 leases includes reconciliation of Group's financial lease obligations.



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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**5. TRADE RECEIVABLES AND PAYABLES**

| <u>Other Short Term Trade Receivables</u> | <u>30 June 2019</u> | <u>31 December 2018</u> |
|---|---------------------|-------------------------|
| Other trade receivables                   | 59,364,308          | 49,851,346              |
| Shopping mall receivables                 | 15,496,792          | 14,282,053              |
| Provision for doubtful trade receivables  | (30,202,480)        | (29,077,606)            |
|   | <u>44,658,620</u>   | <u>35,055,793</u>       |
| Due from related parties (Note 25)        | 12,800,007          | 20,987,567              |
|   | <u>57,458,627</u>   | <u>56,043,360</u>       |

The movement of the allowance for doubtful receivables for the six month periods ended 30 June 2019 and 2018 are as follows:

|                         | <u>30 June 2019</u> | <u>30 June 2018</u> |
|-------------------------|---------------------|---------------------|
| Opening balance         | 29,077,606          | 29,481,378          |
| Collections / reversals | (2,131,203)         | (1,431,130)         |
| Cancelation             | -                   | (426,663)           |
| Charge for the period   | 3,256,077           | 2,729,644           |
| Closing balance         | <u>30,202,480</u>   | <u>30,353,229</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 June 2019</u> | <u>31 December 2018</u> |
|---|---------------------|-------------------------|
| Letters of guarantee received for shopping mall receivables (*) | 2,473,394           | 7,331,349               |
|   | <u>2,473,394</u>    | <u>7,331,349</u>        |

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**5. TRADE RECEIVABLES AND PAYABLES (Continued)**

| <u>Short Term Trade Payables</u> | <u>30 June 2019</u>  | <u>31 December 2018</u> |
|----------------------------------|----------------------|-------------------------|
| Trade payables                   | 1,520,099,472        | 1,396,049,061           |
| Due to related parties (Note 25) | 36,330,578           | 20,500,662              |
|                                  | <u>1,556,430,050</u> | <u>1,416,549,723</u>    |

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

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

**6. INVENTORIES**

|                           | <u>30 June 2019</u> | <u>31 December 2018</u> |
|---------------------------|---------------------|-------------------------|
| Trade goods               | 715,371,984         | 647,532,948             |
| Impairment of inventories | (8,071,178)         | (8,359,182)             |
|                           | <u>707,300,806</u>  | <u>639,173,766</u>      |

The movement of allowance for impairment on inventory for the periods ended 30 June 2019 and 2018 are as follows:

|                            | <u>30 June 2019</u> | <u>30 June 2018</u> |
|----------------------------|---------------------|---------------------|
| Opening balance            | 8,359,182           | 6,062,815           |
| Charge for the period      | 467,038             | 3,499,399           |
| Reversal of current period | (755,042)           | (483,230)           |
| Closing balance            | <u>8,071,178</u>    | <u>9,078,984</u>    |

Allowance for impairment on inventory for the six month period ended 30 June 2019 and 2018 is recognized in cost of sales (Note 16).

For the six month period ended 30 June 2019, cost of inventory recognized in income statement is TRY 2,124,880,961 (30 June 2018: TRY 1,765,626,293) (Note 16).

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

7. PROPERTY, PLANT AND EQUIPMENT

|  | Land               | Buildings          | Buildings<br>Purchased by<br>Finance Lease | Machinery and<br>Equipment | Other Tangible<br>Assets | Construction in<br>Progress | Total              |
|--|--------------------|--------------------|--|----------------------------|--------------------------|-----------------------------|--------------------|
| <b>Cost</b>                                |                    |                    |  |                            |                          |                             |                    |
| Opening balance at 1 January 2019          | 123,076,827        | 211,934,774        | 20,512,454                                 | 865,314,316                | 16,016,457               | 3,136,591                   | 1,239,991,419      |
| Additions                                  | 105,000            | 3,032,003          | -  | 40,670,265                 | 25,836                   | 7,593,383                   | 51,426,487         |
| Transfers (Note 8 and 9)                   | -                  | -                  | (20,512,454)                               | 2,375,331                  | 3,378                    | (2,804,226)                 | (20,937,971)       |
| Impairments                                | -                  | -                  | -  | 187,670                    | 1,812                    | -                           | 189,482            |
| Disposals (*)                              | -                  | (239,300)          | -  | (11,795,881)               | (106,450)                | -                           | (12,141,631)       |
| Closing balance at 30 June 2019            | 123,181,827        | 214,727,477        | -  | 896,751,701                | 15,941,033               | 7,925,748                   | 1,258,527,786      |
| <b>Accumulated depreciation</b>            |                    |                    |  |                            |                          |                             |                    |
| Opening balance at 1 January 2019          | -                  | (72,743,728)       | (7,731,722)                                | (517,045,018)              | (9,057,877)              | -                           | (606,578,345)      |
| Charge of the period                       | -                  | (4,483,035)        | -  | (49,506,105)               | (1,053,104)              | -                           | (55,042,244)       |
| Transfers (Note 8 and 9)                   | -                  | -                  | 7,731,722                                  | -                          | -                        | -                           | 7,731,722          |
| Impairment                                 | -                  | -                  | -  | (99,061)                   | (1,095)                  | -                           | (100,156)          |
| Disposals (*)                              | -                  | 115,814            | -  | 11,306,035                 | 98,607                   | -                           | 11,520,456         |
| Closing balance at 30 June 2019            | -                  | (77,110,949)       | -  | (555,344,149)              | (10,013,469)             | -                           | (642,468,567)      |
| <b>Net book value as of 1 January 2019</b> | <b>123,076,827</b> | <b>139,191,046</b> | <b>12,780,732</b>                          | <b>348,269,298</b>         | <b>6,958,580</b>         | <b>3,136,591</b>            | <b>633,413,074</b> |
| <b>Net book value as of 30 June 2019</b>   | <b>123,181,827</b> | <b>137,616,528</b> | <b>-</b>                                   | <b>341,407,552</b>         | <b>5,927,564</b>         | <b>7,925,748</b>            | <b>616,059,219</b> |

As at 30 June 2019, from depreciation and amortization expenses, TRY 146,923,554 (30 June 2018: TRY 56,035,328) is included in marketing expenses and TRY 19,459,287 (30 June 2018: TRY 15,092,631) is included in general administrative expenses.

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

As at 30 June 2019, total insurance amount over property, plant and equipment is TRY 798,565,199 (31 December 2018: TRY 1,368,503,072). As at 30 June 2019 and 31 December 2018 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

|  | <u>Land</u>               | <u>Buildings</u>          | <u>Buildings<br/>Purchased by<br/>Finance Lease</u> | <u>Machinery and<br/>Equipment</u> | <u>Other Tangible<br/>Assets</u> | <u>Construction in<br/>Progress</u> | <u>Total</u>              |
|--|---------------------------|---------------------------|---|------------------------------------|----------------------------------|-------------------------------------|---------------------------|
| <b><u>Cost</u></b>                         |                           |                           |   |                                    |                                  |                                     |                           |
| 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                                  | -                         | 4,660,898                 | -   | 29,352,445                         | 175,615                          | 726,007                             | 34,914,965                |
| Transfers (Note 9)                         | -                         | 947,118                   | -   | (21,287)                           | 725                              | (971,474)                           | (44,918)                  |
| Disposals (*)                              | (56,526,726)              | (73,097,600)              | -   | (74,067,355)                       | (3,107,093)                      | (16,258)                            | (206,815,032)             |
| Closing balance at 30 June 2018            | <u>123,076,878</u>        | <u>230,183,637</u>        | <u>20,512,454</u>                                   | <u>966,808,070</u>                 | <u>20,833,242</u>                | <u>1,191,596</u>                    | <u>1,362,605,877</u>      |
| <b><u>Accumulated depreciation</u></b>     |                           |                           |   |                                    |                                  |                                     |                           |
| Opening balance at 1 January 2018          | -                         | (132,164,072)             | (7,296,398)   | (615,831,162)                      | (12,678,153)                     | -                                   | (767,969,785)             |
| Charge of the period                       | -                         | (4,463,504)               | (200,220)   | (46,600,403)                       | (1,239,883)                      | -                                   | (52,504,010)              |
| Disposals (*)                              | -                         | 23,534,740                | -   | 53,680,806                         | 1,254,811                        | -                                   | 78,470,357                |
| Closing balance at 30 June 2018            | <u>-</u>                  | <u>(113,092,836)</u>      | <u>(7,496,618)</u>                                  | <u>(608,750,759)</u>               | <u>(12,663,225)</u>              | <u>-</u>                            | <u>(742,003,438)</u>      |
| <b>Net book value as of 1 January 2018</b> | <b><u>179,603,604</u></b> | <b><u>165,509,149</u></b> | <b><u>13,216,056</u></b>                            | <b><u>395,713,105</u></b>          | <b><u>11,085,842</u></b>         | <b><u>1,453,321</u></b>             | <b><u>766,581,077</u></b> |
| <b>Net book value as of 30 June 2018</b>   | <b><u>123,076,878</u></b> | <b><u>117,090,801</u></b> | <b><u>13,015,836</u></b>                            | <b><u>358,057,311</u></b>          | <b><u>8,170,017</u></b>          | <b><u>1,191,596</u></b>             | <b><u>620,602,439</u></b> |

(\*) The Group sold two real estates located in Istanbul in February and June 2018. 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.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**8. RIGHT OF USE ASSETS**

|                                   | <u>Buildings</u>   | <u>Vehicles</u>   | <u>Total</u>       |
|-----------------------------------|--------------------|-------------------|--------------------|
| Opening balance at 1 January 2019 | 855,578,984        | 12,445,125        | 868,024,109        |
| Transfer(*) (Note7)               | 12,780,732         | --                | 12,780,732         |
| Addition                          | 39,590,882         | --                | 39,590,882         |
| Amortization                      | (92,925,512)       | (2,074,188)       | (94,999,700)       |
| Closing balance at 30 June 2019   | <u>815,025,086</u> | <u>10,370,937</u> | <u>825,396,023</u> |

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

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

As of 30 June 2019, the Group has prepaid rent expenses not amortized amounting to TL 4.793.454 which is accounted under use rights of the Group.

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

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

CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

9. INTANGIBLE ASSETS

**Other Intangible Assets**

| <b><u>Cost</u></b>                         | <b><u>Total</u></b>      |
|--|--------------------------|
| Opening balance at 1 January 2019          | 171,801,942              |
| Additions                                  | 5,040,602                |
| Transfers (Note 7)                         | 425,517                  |
| Impairment                                 | 14,588                   |
| Disposals                                  | (1,039,731)              |
| Closing balance at 30 June 2019            | <u>176,242,918</u>       |
| <b><u>Accumulated amortization</u></b>     |                          |
| Opening balance at 1 January 2019          | (109,224,980)            |
| Charge of the period                       | (16,340,898)             |
| Impairment (i)                             | (10,297)                 |
| Disposals                                  | 454,915                  |
| Closing balance at 30 June 2019            | <u>(125,121,260)</u>     |
| <b>Net book value as of 1 January 2019</b> | <b><u>62,576,962</u></b> |
| <b>Net book value as of 30 June 2019</b>   | <b><u>51,121,658</u></b> |

| <b><u>Cost</u></b>                         | <b><u>Total</u></b>      |
|--|--------------------------|
| Opening balance at 1 January 2018          | 195,907,791              |
| Additions                                  | 6,245,995                |
| Transfers (Note 7)                         | 45,122                   |
| Disposals                                  | (1,694,687)              |
| Closing balance at 30 June 2018            | <u>200,504,221</u>       |
| <b><u>Accumulated amortization</u></b>     |                          |
| Opening balance at 1 January 2018          | (112,567,820)            |
| Charge of the period                       | (16,410,353)             |
| Disposals                                  | 909,744                  |
| Closing balance at 30 June 2018            | <u>(128,068,429)</u>     |
| <b>Net book value as of 1 January 2018</b> | <b><u>83,339,971</u></b> |
| <b>Net book value as of 30 June 2019</b>   | <b><u>72,435,792</u></b> |

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.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**10. GOODWILL**

Goodwill amount is consisted of following investments:

| <u>Investments:</u> | <u>30 June 2019</u> | <u>31 December 2018</u> |
|---------------------|---------------------|-------------------------|
| Kiler Alışveriş     | 254,018,530         | 254,018,530             |
| Gima                | 180,159,453         | 180,159,453             |
| Alpark              | 48,301,156          | 48,301,156              |
|                     | <u>482,479,139</u>  | <u>482,479,139</u>      |

**11. SHORT AND LONG TERM PROVISIONS**

Provisions for short term liabilities as of 30 June 2019 and 31 December 2018 are as follows:

| <u>Other Short Term Provisions</u>                           | <u>30 June 2019</u> | <u>31 December 2018</u> |
|--|---------------------|-------------------------|
| Provision for other, risk, litigations and onerous contracts | 67,390,815          | 67,751,688              |
| Provision for personnel and social security                  | 770,000             | 770,000                 |
| Other  | -                   | 3,580,507               |
|  | <u>68,160,815</u>   | <u>72,102,195</u>       |

Movements of provision for short term liabilities for the six month period ended 30 June 2019 and 2018 are as follows:

|                                 | <u>Provision for other risks,<br/>litigations and onerous<br/>contracts</u> | <u>Provision for<br/>personnel and<br/>social security</u> | <u>Other</u>       | <u>Total</u>       |
|---------------------------------|---|--|--------------------|--------------------|
| Opening balance, 1 January 2019 |   |  |                    |                    |
| Charge of the period            | 67,751,688  | 770,000  | 3,580,507          | 72,102,195         |
| Current year reversal / charge  | 4,529,512   | -  | 631,166            | 5,160,678          |
| Closing balance, 30 June 2019   | <u>(4,890,385)</u>  | <u>-</u>   | <u>(4,211,673)</u> | <u>(9,102,058)</u> |
|                                 | <u>67,390,815</u>   | <u>770,000</u>   | <u>-</u>           | <u>68,160,815</u>  |

|                                 | <u>Provision for other risks,<br/>litigations and onerous<br/>contracts</u> | <u>Provision for<br/>personnel and<br/>social security</u> | <u>Other</u>        | <u>Total</u>        |
|---------------------------------|---|--|---------------------|---------------------|
| Opening balance, 1 January 2018 |   |  |                     |                     |
| Charge of the period            | 74,209,141  | 770,000  | 32,949,764          | 107,928,905         |
| Current year reversal / charge  | 8,240,455   | -  | 3,901,495           | 12,141,950          |
| Closing balance, 30 June 2018   | <u>(30,573,735)</u>   | <u>-</u>   | <u>(11,232,704)</u> | <u>(41,806,439)</u> |
|                                 | <u>51,875,861</u>   | <u>770,000</u>   | <u>25,618,555</u>   | <u>78,264,416</u>   |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**11. SHORT AND LONG TERM PROVISIONS (Continued)**

Contingent Assets and Liabilities

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

Provisions for employment benefits as of 30 June 2019 and 31 December 2018 are as follows:

| <u>Short Term Employment Benefits</u>    | <u>30 June 2019</u> | <u>31 December 2018</u> |
|--|---------------------|-------------------------|
| Unused vacation provision                | 11,783,728          | 9,008,246               |
|  | <u>11,783,728</u>   | <u>9,008,246</u>        |
| <br>                                     |                     |                         |
| <u>Long Term Employment Benefits</u>     | <u>30 June 2019</u> | <u>31 December 2018</u> |
| Employment termination benefit provision | 64,650,869          | 54,239,655              |
|  | <u>64,650,869</u>   | <u>54,239,655</u>       |

Movement for employment termination benefit provision for the six month period ended 30 June 2019 and 2018 are as follows:

|                                     | <u>30 June 2019</u> | <u>30 June 2018</u> |
|-------------------------------------|---------------------|---------------------|
| Opening balance at 1 January        | 54,239,655          | 51,336,450          |
| Service cost                        | 17,378,917          | 23,628,671          |
| Interest cost                       | 1,337,417           | 1,053,930           |
| Actuarial gain / (loss)             | -                   | (11,007,134)        |
| Paid compensation during the period | <u>(8,305,120)</u>  | <u>(21,521,686)</u> |
| Closing balance at 30 June          | <u>64,650,869</u>   | <u>43,490,231</u>   |



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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**12. LETTER OF GUARANTEES, PLEDGES AND MORTGAGES**

GPM given by the Group

|   | <u>30 June 2019</u> | <u>31 December 2018</u> |
|---|---------------------|-------------------------|
| A. GPM given on behalf of its own legal entity  | 103,240,813         | 104,645,854             |
| B. GPM given on behalf of consolidated subsidiaries                                     | -                   | -                       |
| C. Total amount of GPM given on behalf of other third parties' debt                     | -                   | -                       |
| D. Other GPM  | -                   | -                       |
| i. Total amount of GPM given on behalf of the Parent                                    | -                   | -                       |
| ii. Total amount of GPM given on behalf of other group companies not covered in B and C | -                   | -                       |
| iii. Total amount of GPM given on behalf of third parties not covered in C              | -                   | -                       |
|   | <u>103,240,813</u>  | <u>104,645,854</u>      |

**30 June 2019**

|                      | Total TRY          | TRY               | USD (TRY Equivalent) | EUR (TRY Equivalent) |
|----------------------|--------------------|-------------------|----------------------|----------------------|
| Letter of guarantees | <u>103,240,813</u> | <u>97,763,438</u> | <u>1,973,890</u>     | <u>3,503,484</u>     |
|                      | <u>103,240,813</u> | <u>97,763,438</u> | <u>1,973,890</u>     | <u>3,503,484</u>     |

**31 December 2018**

|                      | Total TRY          | TRY               | USD (TRY Equivalent) | EUR (TRY Equivalent) |
|----------------------|--------------------|-------------------|----------------------|----------------------|
| Letter of guarantees | <u>104,645,854</u> | <u>99,647,673</u> | <u>1,804,390</u>     | <u>3,193,791</u>     |
|                      | <u>104,645,854</u> | <u>99,647,673</u> | <u>1,804,390</u>     | <u>3,193,791</u>     |

The ratio of the CPM given on behalf of third parties except for the CPM given on behalf of the Company's own legal personality to total equity is 0% as at 30 June 2019 (31 December 2018: 0%).

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**13. EMPLOYMENT BENEFITS**

Other short term liabilities as of 30 June 2019 and 31 December 2018 are as follows:

| <u>Employee Benefit Liabilities</u>       | <u>30 June 2019</u> | <u>31 December 2018</u> |
|---|---------------------|-------------------------|
| Payables to personnel and Social Security | 40,041,016          | 14,421,391              |
| Personnel salary and premium payables     | 37,216,324          | 34,076,910              |
|   | <u>77,257,340</u>   | <u>48,498,301</u>       |

**14. OTHER LIABILITIES**

Other short term liabilities as of 30 June 2019 and 31 December 2018 are as follows:

| <u>Other Current Liabilities</u> | <u>30 June 2019</u> | <u>31 December 2018</u> |
|----------------------------------|---------------------|-------------------------|
| Unearned income                  | 14,567,553          | 11,939,666              |
| Liabilities for shopping cheques | 605,999             | 7,233,230               |
| Accrued expenses                 | 333,614             | 412,105                 |
|                                  | <u>15,507,166</u>   | <u>19,585,001</u>       |

**15. SHAREHOLDERS' EQUITY**

**a) Capital**

Shareholder structure as of 30 June 2019 and 31 December 2018 is stated below:

| <u>Shareholders</u>            | <u>(%)</u>    | <u>30 June 2019</u> | <u>(%)</u>    | <u>31 December 2018</u> |
|--------------------------------|---------------|---------------------|---------------|-------------------------|
| Hacı Ömer Sabancı Holding A.Ş. | 50.61         | 354,239,053         | 50.61         | 354,239,053             |
| Carrefour Nederland BV         | 46.02         | 322,129,074         | 46.02         | 322,129,074             |
| Shares publicly held           | 2.54          | 17,827,391          | 2.54          | 17,827,391              |
| Other                          | 0.83          | 5,804,482           | 0.83          | 5,804,482               |
|                                |               |                     |               |                         |
| Nominal share capital          | <u>100.00</u> | <u>700,000,000</u>  | <u>100.00</u> | <u>700,000,000</u>      |

The issued capital of the Group is TRY 700,000,000 (31 December 2018: TRY 700,000,000) as of 30 June 2019 with a nominal value of 1 KR of 70,000,000,000 shares (31 December 2018: 70,000,000,000 shares). The Company's registered capital ceiling is TRY 1,500,000,000 and the registered capital ceiling is valid between the years 2017 and 2020 (5 years).

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**15. SHAREHOLDERS’ EQUITY (Continued)**

The inflation adjustment on share capital as of 30 June 2019 and 31 December 2018 are as follows:

|                                       | <u>30 June 2019</u> | <u>31 December 2018</u> |
|---------------------------------------|---------------------|-------------------------|
| Inflation adjustment on share capital | 91,845,783          | 91,845,783              |
|                                       | <u>91,845,783</u>   | <u>91,845,783</u>       |

As of 30 June 2019, capital adjustment differences amounting to TL 91,845,783 consist of capital adjustment differences resulting from the restatement of the Group's paid-in capital amount and that are not offset to the previous year's losses or added to share capital (31 December 2018: TL 91,845,783).

**b) Retained Losses**

|                 | <u>30 June 2019</u>  | <u>31 December 2018</u> |
|-----------------|----------------------|-------------------------|
| Retained Losses | (781,159,617)        | (769,663,206)           |
|                 | <u>(781,159,617)</u> | <u>(769,663,206)</u>    |

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below: In accordance with the CMB’s decree issued on 23 January 2014, in relation to the profit distribution of earnings derived from the operations in 2013, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the CMB’s Communiqué Serial:II, No: 19.1 “Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations”, terms of articles of association and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

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

With respect to the Corporate Tax Law (“CTL”) 5/1-e article, the Group has to keep restricted reserves amounting to TRY 269,758,675 which is related to property sales in 2014, 2015 and 2016 and TRY 37,034,037 which is related Kiler acquisition, in its corporate tax base financial statements for 5 years.

**c) Restricted Reserves**

|                | <u>30 June 2019</u> | <u>31 December 2018</u> |
|----------------|---------------------|-------------------------|
| Legal reserves | 12,318,358          | 12,318,358              |
|                | <u>12,318,358</u>   | <u>12,318,358</u>       |

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**15. SHAREHOLDERS' EQUITY (Continued)**

CMB's Communiqué II-1411 and other related CMB's announcements, "Paid-in capital", "Restricted reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

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

Capital restatement differences can only be included in capital.

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

|                           | <u>30 June 2019</u> | <u>31 December 2018</u> |
|---------------------------|---------------------|-------------------------|
| Actuarial (losses) / gain | <u>(4,446,458)</u>  | <u>(4,446,458)</u>      |
|                           | <u>(4,446,458)</u>  | <u>(4,446,458)</u>      |

**16. REVENUE AND COST OF SALES**

| <b><u>NET SALES</u></b>        | 1 January -<br><u>30 June 2019</u> | 1 April -<br><u>30 June 2019</u> | 1 January -<br><u>30 June 2018</u> | 1 April -<br><u>30 June 2018</u> |
|--------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| Revenue from retail operations | 2,985,264,032                      | 1,594,713,668                    | 2,379,777,330                      | 1,244,883,035                    |
| Loyalty program discounts      | (18,258,421)                       | (6,207,754)                      | (6,485,831)                        | (5,278,406)                      |
| Sales returns                  | (34,153,641)                       | (29,215,685)                     | (16,478,680)                       | (9,267,205)                      |
| Sales discount                 | (4,117,314)                        | (2,504,155)                      | (1,587,463)                        | (1,036,720)                      |
| Rent income                    | 9,281,538                          | 4,735,743                        | 32,819,854                         | 10,352,447                       |
|                                | <u>2,938,016,194</u>               | <u>1,561,521,817</u>             | <u>2,388,045,210</u>               | <u>1,239,653,151</u>             |

| <b><u>COST OF SALES</u></b>    | 1 January -<br><u>30 June 2019</u> | 1 April -<br><u>30 June 2019</u> | 1 January -<br><u>30 June 2018</u> | 1 April -<br><u>30 June 2018</u> |
|--------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| Opening balance of inventories | (639,173,766)                      | (693,102,046)                    | (602,370,448)                      | (647,971,957)                    |
| Purchases                      | (2,193,008,001)                    | (1,142,532,291)                  | (1,809,859,978)                    | (921,225,510)                    |
| Closing balance of inventories | 707,300,806                        | 707,300,806                      | 646,604,133                        | 646,604,133                      |
| Shopping mall general expenses | (2,264,863)                        | (1,068,496)                      | (8,237,882)                        | (2,859,103)                      |
|                                | <u>(2,127,145,824)</u>             | <u>(1,129,402,027)</u>           | <u>(1,773,864,175)</u>             | <u>(925,452,437)</u>             |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**17. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES**

Operating expenses for the periods ended 30 June 2019 and 2018 are as follows:

| <b><u>OPERATING EXPENSES</u></b> | <u>1 January -<br/>30 June 2019</u> | <u>1 April -<br/>30 June 2019</u> | <u>1 January -<br/>30 June 2018</u> | <u>1 April -<br/>30 June 2018</u> |
|----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Marketing expenses               | (666,737,513)                       | (341,524,607)                     | (614,501,793)                       | (310,986,560)                     |
| General administrative expenses  | <u>(85,552,347)</u>                 | <u>(43,512,560)</u>               | <u>(81,383,356)</u>                 | <u>(37,091,995)</u>               |
|                                  | <u><u>(752,289,860)</u></u>         | <u><u>(385,037,167)</u></u>       | <u><u>(695,885,149)</u></u>         | <u><u>(348,078,555)</u></u>       |

**18. EXPENSES BY NATURE**

|  | <u>1 January -<br/>30 June 2019</u> | <u>1 April -<br/>30 June 2019</u> | <u>1 January -<br/>30 June 2018</u> | <u>1 April -<br/>30 June 2018</u> |
|--|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Personnel expenses                     | (362,140,699)                       | (185,231,347)                     | (305,092,803)                       | (151,774,855)                     |
| Rent expenses                          | (38,469,477)                        | (20,548,240)                      | (152,845,990)                       | (79,142,875)                      |
| Depreciation and amortization expenses | (166,382,841)                       | (84,356,036)                      | (71,127,959)                        | (35,590,503)                      |
| Overhead expenses                      | (59,505,345)                        | (30,911,316)                      | (41,023,671)                        | (20,352,976)                      |
| Advertising expenses                   | (19,930,963)                        | (10,077,784)                      | (19,423,700)                        | (9,279,952)                       |
| Repair and maintenance expenses        | (30,976,323)                        | (16,155,386)                      | (29,253,333)                        | (15,876,509)                      |
| Outsourced expenses                    | (24,376,822)                        | (12,112,521)                      | (21,709,278)                        | (10,361,716)                      |
| Consultancy expenses                   | (11,275,934)                        | (4,943,344)                       | (11,497,422)                        | (5,477,342)                       |
| Stationery consumption expenses        | (3,397,506)                         | (1,771,679)                       | (3,265,230)                         | (1,417,077)                       |
| Travel expenses                        | (4,643,385)                         | (2,619,307)                       | (4,185,511)                         | (2,066,044)                       |
| Taxation and other expenses            | (4,020,323)                         | (1,701,447)                       | (3,957,308)                         | (1,713,472)                       |
| Decoration material expenses           | (3,270,190)                         | (1,673,626)                       | (2,918,780)                         | (1,601,237)                       |
| Insurance expenses                     | (3,465,283)                         | (1,710,254)                       | (3,551,150)                         | (1,803,429)                       |
| Communication expenses                 | (573,308)                           | (255,073)                         | (630,075)                           | (327,787)                         |
| Other                                  | <u>(19,861,461)</u>                 | <u>(10,969,807)</u>               | <u>(25,402,939)</u>                 | <u>(11,292,781)</u>               |
|  | <u><u>(752,289,860)</u></u>         | <u><u>(385,037,167)</u></u>       | <u><u>(695,885,149)</u></u>         | <u><u>(348,078,555)</u></u>       |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**19. OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS**

Other operating income/expenses from main operations for the periods ended 30 June 2019 and 2018 are as follows:

| <u>Other Operating Income</u>                     | <u>1 January -<br/>30 June 2019</u> | <u>1 April -<br/>30 June 2019</u> | <u>1 January -<br/>30 June 2018</u> | <u>1 April -<br/>30 June 2018</u> |
|---|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Provision no longer required (i)                  | 4,253,518                           | 2,858,561                         | 15,600,000                          | 600,000                           |
| Foreign exchange gain from operational activities | 12,398,558                          | 7,980,730                         | 7,804,050                           | 6,352,637                         |
| Impairments no longer required (ii)               | 110,454                             | 110,454                           | -                                   | -                                 |
| Other income and gains                            | 1,656,135                           | (1,740,713)                       | 2,613,712                           | 1,492,362                         |
|   | <u>18,418,665</u>                   | <u>9,209,032</u>                  | <u>26,017,762</u>                   | <u>8,444,999</u>                  |

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

| <u>Other Operating Expenses</u>                     | <u>1 January -<br/>30 June 2019</u> | <u>1 April -<br/>30 June 2019</u> | <u>1 January -<br/>30 June 2018</u> | <u>1 April -<br/>30 June 2018</u> |
|---|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Interest expenses from purchases via credit         | (108,831,271)                       | (57,285,007)                      | (37,199,331)                        | (19,279,960)                      |
| Provision expenses (i)                              | (3,271,447)                         | (2,516,087)                       | (6,902,232)                         | (4,038,278)                       |
| Foreign exchange losses from operational activities | (9,259,407)                         | (7,004,031)                       | (8,567,182)                         | (4,483,528)                       |
| Interest expenses from operational activities       | (627,885)                           | (407,101)                         | (133,013)                           | (133,013)                         |
| Other expenses and losses                           | (20,081,853)                        | (10,012,836)                      | (31,077,699)                        | (22,575,310)                      |
|   | <u>(142,071,863)</u>                | <u>(77,225,062)</u>               | <u>(83,879,457)</u>                 | <u>(50,510,089)</u>               |

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

**20. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

|   | <u>1 January -<br/>30 June 2019</u> | <u>1 April -<br/>30 June 2019</u> | <u>1 January -<br/>30 June 2018</u> | <u>1 April -<br/>30 June 2018</u> |
|---|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Gain on sale of property ,plant and equipment |                                     |                                   |                                     |                                   |
| (*)   | -                                   | -                                 | 569,337,061                         | 518,249,646                       |
|   | <u>-</u>                            | <u>-</u>                          | <u>569,337,061</u>                  | <u>518,249,646</u>                |

(\*) The Group management sold two trade centers located in the province of Istanbul with a price of TRY 145,000,000 including VAT in February 2018 and with a price of TRY 880,745,358 including VAT in June 2018.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**21. FINANCE INCOME**

Finance incomes for the periods ended 30 June 2019 and 2018 are as follows:

| <u>Finance Income</u>   | 1 January -<br>30 June 2019 | 1 April -<br>30 June 2019 | 1 January -<br>30 June 2018 | 1 April -<br>30 June 2018 |
|-------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Income accruals         | 4,348,419                   | 2,678,678                 | 5,655,711                   | 2,270,241                 |
| Foreing exchange income | 23,261,109                  | (671,728)                 | --                          | --                        |
|                         | <u>27,609,528</u>           | <u>2,006,950</u>          | <u>5,655,711</u>            | <u>2,270,241</u>          |

**22. FINANCE COST**

Finance costs for the periods ended 30 June 2019 and 2018 are as follows:

| <u>Finance Costs</u>                            | 1 January -<br>30 June 2019 | 1 April -<br>30 June 2019 | 1 January -<br>30 June 2018 | 1 April -<br>30 June 2018 |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Interest expenses                               | (112,102,963)               | (56,323,538)              | (116,574,255)               | (58,334,403)              |
| Interest expenses due finance lease liabilities | (98,065,379)                | (49,469,539)              | --                          | --                        |
| Credit card commision expenses                  | (5,607,938)                 | (3,072,420)               | (2,884,324)                 | (1,872,393)               |
|   | <u>(215,776,280)</u>        | <u>(108,865,497)</u>      | <u>(119,458,579)</u>        | <u>(60,206,796)</u>       |

**23. TAX ASSETS AND LIABILITIES**

| <u>Tax Expense of the Period</u>      | 1 January -<br>30 June 2019 | 1 January -<br>30 June 2018 |
|---------------------------------------|-----------------------------|-----------------------------|
| Corporate tax expense of the period   | -                           | -                           |
| Deferred tax income                   | 54,543,748                  | (49,262,712)                |
| Tax income from continuing operations | <u>54,543,748</u>           | <u>(49,262,712)</u>         |

*Corporate tax:*

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

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

The tax legislation provides for a temporary tax of 22% (2018: 22%) to be calculated and paid based on earnings generated for each quarter for the six month period ended 30 June 2019. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

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

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

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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

#### 23. TAX ASSETS AND LIABILITIES (Continued)

In Turkey, corporate tax rate is 22% as of 31 December 2018 (2016: 20%). However, according to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%. In Turkey, temporary corporate tax is calculated and filed quarterly. Losses can be carried forward for a maximum period of five years to offset against future taxable income. However, losses cannot be carried back to offset profits from previous periods.

In Turkey, advance tax is calculated quarterly and are accrued. Losses can be carried forward for offsetting against future taxable income for up to 5 years. However, losses incurred cannot be deducted retrospectively from previous years' profits.

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 June 2019 and 30 June 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 from %10 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 June 2019 and 31 December 2018, the Group has no income tax liabilities.

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



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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**23. TAX ASSETS AND LIABILITIES (Continued)**

Deferred tax calculation for the periods ended 30 June 2019 and 31 December 2018 is as follows:

| <u>The basis for deferred tax timing differences:</u> | <u>30 June 2019</u>  | <u>31 December 2018</u> |
|---|----------------------|-------------------------|
| Reserve for onerous contract and other contingencies  | 85,077,688           | 85,902,080              |
| Inventory valuation differences                       | 495,143              | 1,114,969               |
| Stock valuation difference                            | 131,778,660          | 116,568,355             |
| Other current assets                                  | (16,094,836)         | (23,143,331)            |
| Provision for employment termination benefit          | 64,650,869           | 54,239,655              |
| Tangible and intangible fixed assets                  | (911,414,442)        | (115,790,321)           |
| Other short term liabilities                          | 43,152,991           | 62,070,738              |
| Finance lease obligations                             | 853,959,965          | 37,797,782              |
| Carry forward tax losses                              | 882,398,086          | 655,551,551             |
|   | <u>1,134,004,124</u> | <u>874,311,478</u>      |

| <u>Deferred tax assets / (liabilities) :</u>         | <u>30 June 2019</u> | <u>31 December 2018</u> |
|--|---------------------|-------------------------|
| Reserve for onerous contract and other contingencies | 18,717,092          | 18,898,458              |
| Inventory valuation differences                      | 99,029              | 222,994                 |
| Stock valuation difference                           | 28,991,305          | 25,645,038              |
| Other current assets                                 | (3,540,864)         | (5,091,533)             |
| Provision for employment termination benefit         | 12,930,174          | 10,847,931              |
| Tangible and intangible fixed assets                 | (182,281,990)       | (23,157,465)            |
| Other short term liabilities                         | 9,493,658           | 13,655,562              |
| Finance lease obligations                            | 173,398,316         | 7,611,293               |
| Carry forward tax losses                             | 176,494,245         | 131,124,939             |
|  | <u>234,300,965</u>  | <u>179,757,217</u>      |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**23. TAX ASSETS AND LIABILITIES (Continued)**

Carry forward tax losses

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

|      | <u>30 June 2019</u> | <u>31 December 2018</u> |
|------|---------------------|-------------------------|
| 2020 | 731,442             | 731,442                 |
| 2021 | 312,597,059         | 308,390,409             |
| 2022 | 344,549,152         | 344,549,152             |
| 2023 | 1,880,548           | 1,880,548               |
| 2024 | 222,639,885         | -                       |
|      | <u>882,398,086</u>  | <u>655,551,551</u>      |

The movements of deferred tax asset and liability as of 30 June 2019 and 2018 are as follows:

| <u>Deferred tax asset movements</u>                                   | <u>30 June 2019</u> | <u>30 June 2018</u> |
|---|---------------------|---------------------|
| Opening balance at 1 January  | 179,757,217         | 218,885,277         |
| Current year loss   | 54,543,748          | (49,262,712)        |
| Acquired deferred tax asset with business combination (losses) / gain | -                   | (2,201,426)         |
| Closing balance at 30 September                                       | <u>234,300,965</u>  | <u>167,421,139</u>  |

**24. EARNINGS PER SHARE**

Weighted average number of shares and basic earnings per share for the periods ended 30 June 2019 and 30 June 2018 are as follows:

|   | <u>30 June 2019</u>   | <u>30 June 2018</u>   |
|---|-----------------------|-----------------------|
| Opening, number of shares - Beginning of period (Note 15) | 70,000,000,000        | 70,000,000,000        |
| Issued shares   | -                     | -                     |
| Closing, number of shares - End of period (total)         | <u>70,000,000,000</u> | <u>70,000,000,000</u> |
| Weighted average number of shares (Note 15)               | 70,000,000,000        | 70,000,000,000        |
| Net profit / (loss) for the period                        | (199,820,566)         | 265,407,158           |
| Earnings / (loss) per share (Kr)                          | <u>(0.2855)</u>       | <u>0.3792</u>         |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

| <u>Cash and cash equivalents (Note 3)</u>                      | <u>30 June 2019</u> | <u>31 December 2018</u> |
|--|---------------------|-------------------------|
| Akbank T.A.Ş.  | 151,212,069         | 229,239,135             |
|  | <u>151,212,069</u>  | <u>229,239,135</u>      |
| <br>   |                     |                         |
| <u>Trade receivables from related parties (Note 5)</u>         | <u>30 June 2019</u> | <u>31 December 2018</u> |
| Carrefour World Trade  | 12,004,990          | 20,110,514              |
| Akbank T.A.Ş.  | 33,706              | 36,886                  |
| Socomo S.A.  | 163,069             | 311,285                 |
| Carrefour Global Sourcing Asia                                 | 84,122              | 226,083                 |
| Ak Finansal Kiralama A.Ş.                                      | 36,918              | 36,918                  |
| Carrefour Nederland BV   | 185,693             | 15,081                  |
| Teknosa İç ve Dış Ticaret A.Ş.                                 | 200,342             | -                       |
| Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.        | -                   | 7,334                   |
| Other  | 91,167              | 243,466                 |
|  | <u>12,800,007</u>   | <u>20,987,567</u>       |
| <br>   |                     |                         |
| <u>Financial liabilities (Note 4)</u>                          | <u>30 June 2019</u> | <u>31 December 2018</u> |
| Akbank T.A.Ş.  | 561,222,177         | 291,370,075             |
| Ak Finansal Kiralama A.Ş.                                      | 35,087,389          | 43,127,681              |
|  | <u>596,309,566</u>  | <u>334,497,756</u>      |
| <br>   |                     |                         |
| <u>Trade payables to related parties (Note 5)</u>              | <u>30 June 2019</u> | <u>31 December 2018</u> |
| Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Tic. A.Ş. | 8,698,801           | 7,448,170               |
| Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. | 13,253,612          | 3,215,695               |
| Teknosa İç ve Dış Ticaret A.Ş.                                 | 1,875,978           | 965,208                 |
| Aksigorta A.Ş.   | 2,758,790           | 93,091                  |
| Sabancı Dijital Teknoloji Hizmetler A.Ş.                       | 9,325,602           | 8,435,636               |
| Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.        | 106,350             | 106,350                 |
| Avivasa Emeklilik ve Hayat A.Ş.                                | 91,842              | 4,120                   |
| Other  | 219,603             | 232,392                 |
|  | <u>36,330,578</u>   | <u>20,500,662</u>       |
| <br>   |                     |                         |
| <u>Other short term payables to related parties</u>            | <u>30 June 2019</u> | <u>31 December 2018</u> |
| Hacı Ömer Sabancı Holding A.Ş.                                 | 6,280,778           | 5,844,528               |
| Carrefour Partenariat International                            | 3,970,951           | 3,553,157               |
|  | <u>10,251,729</u>   | <u>9,397,685</u>        |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

|   | 1 January -<br>30 June 2019 | 1 April -<br>30 June 2019 | 1 January -<br>30 June 2018 | 1 April -<br>30 June 2018 |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| <u>Purchases from related parties (goods)</u>                     |                             |                           |                             |                           |
| Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Tic. A.Ş.    | 115,024,810                 | 61,556,782                | 100,030,731                 | 54,135,656                |
| Teknosa İç ve Dış Ticaret A.Ş.                                    | 1,768,744                   | 1,768,744                 | 2,189,606                   | 2,189,606                 |
|   | <u>116,793,554</u>          | <u>63,325,526</u>         | <u>102,220,337</u>          | <u>56,325,262</u>         |
| <u>Purchases from related parties (services)</u>                  |                             |                           |                             |                           |
| Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.    | 38,006,223                  | 22,616,469                | 30,559,829                  | 15,318,861                |
| Sabancı Dijital Teknoloji Hizmetler A.Ş.                          | 4,764,963                   | 2,550,120                 | 4,032,480                   | 2,201,579                 |
| Aksigorta A.Ş.  | 3,378,521                   | 1,526,199                 | 3,146,072                   | 1,254,093                 |
| Teknosa İç ve Dış Ticaret A.Ş.                                    | 83,409                      | 48,455                    | 152,723                     | 127,421                   |
| Other   | 14,592                      | 14,592                    | 5,198                       | 3,884                     |
|   | <u>46,247,708</u>           | <u>26,755,835</u>         | <u>37,896,302</u>           | <u>18,905,838</u>         |
| <u>Rent income from related parties</u>                           |                             |                           |                             |                           |
| Akbank T.A.Ş.   | 1,037,189                   | 82,143                    | 643,246                     | 107,076                   |
| Teknosa İç ve Dış Ticaret A.Ş.                                    | 564,658                     | 423,494                   | 2,964,681                   | 1,545,546                 |
|   | <u>1,601,847</u>            | <u>505,637</u>            | <u>3,607,927</u>            | <u>1,652,622</u>          |
| <u>Other income from related parties</u>                          |                             |                           |                             |                           |
| Carrefour World Trade   | 11,680,188                  | 6,066,729                 | 11,248,305                  | 6,229,131                 |
| Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Ticaret A.Ş. | 2,585,753                   | 1,354,969                 | 2,282,387                   | 1,236,220                 |
| Teknosa İç ve Dış Ticaret A.Ş.                                    | 1,030,323                   | 651,995                   | 175,657                     | 155,439                   |
| Avivasa Emeklilik ve Hayat A.Ş.                                   | 397,425                     | 62,675                    | 98,122                      | 95,338                    |
| Carrefour Global Sourcing Asia                                    | 388,770                     | 204,220                   | 398,665                     | 181,538                   |
| Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş.                      | 293,347                     | 287,587                   | 322,019                     | 306,323                   |
| Carrefour Nederland BV  | 170,612                     | 135,008                   | 104,679                     | 40,423                    |
| Çimsa Çimento Sanayi ve Ticaret A.Ş.                              | 132,284                     | 131,276                   | 173,549                     | 127,229                   |
| Sabancı Dijital Teknoloji Hizmetler A.Ş.                          | 107,400                     | 107,400                   | -                           | -                         |
| Akbank T.A.Ş.   | 64,793                      | 51,453                    | 1,257,386                   | 547,541                   |
| Hacı Ömer Sabancı Holding A.Ş.                                    | 42,387                      | 42,387                    | -                           | -                         |
| Akçansa Çimento Sanayi ve Ticaret A.Ş.                            | 35,307                      | 2,109                     | 46,795                      | 435                       |
| Aksigorta A.Ş.  | 1,141                       | 1,141                     | -                           | -                         |
| Carrefour Romania   | -                           | -                         | 529,186                     | 184,789                   |
| Kordsa Teknik Tekstil A.Ş.  | -                           | -                         | 286,687                     | 158,421                   |
| Ak Yatırım Menkul Değerler A.Ş.                                   | -                           | -                         | 7,970                       | 485                       |
| Brisa-Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.           | -                           | -                         | 555                         | 555                       |
| Other   | 52,143                      | 30,382                    | 80,190                      | 59,820                    |
|   | <u>16,981,873</u>           | <u>9,129,331</u>          | <u>17,343,180</u>           | <u>9,323,687</u>          |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

|   | 1 January -<br>30 June 2019 | 1 April -<br>30 June 2019 | 1 January -<br>30 June 2018 | 1 April -<br>30 June 2018 |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| <u>Other expenses to related parties</u>                              |                             |                           |                             |                           |
| Hacı Ömer Sabancı Holding A.Ş.  | 10,066,657                  | 5,355,150                 | 7,923,662                   | 4,104,257                 |
| Carrefour Partenariat International                                   | 7,371,132                   | 3,910,224                 | 5,848,310                   | 3,056,446                 |
| Ak Yatırım Menkul Değerler A.Ş.                                       | 22,824                      | 22,824                    | -                           | -                         |
| Sabancı Dijital Teknoloji Hizmetler A.Ş.                              | 482,380                     | 482,380                   | -                           | -                         |
|   | <u>17,942,993</u>           | <u>9,770,578</u>          | <u>13,771,972</u>           | <u>7,160,703</u>          |
|   | 1 January -<br>30 June 2019 | 1 April -<br>30 June 2019 | 1 January -<br>30 June 2018 | 1 April -<br>30 June 2018 |
| <u>Interest income from related parties</u>                           |                             |                           |                             |                           |
| Akbank T.A.Ş.   | 3,248,871                   | 2,190,788                 | 1,548,447                   | 1,482,407                 |
| <u>Interest expense and credit card commission to related parties</u> |                             |                           |                             |                           |
| Akbank T.A.Ş.   | 54,458,569                  | 30,398,956                | 34,847,888                  | 17,859,002                |

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 -<br>30 June 2019 | 1 April -<br>30 June 2019 | 1 January -<br>30 June 2018 | 1 April -<br>30 June 2018 |
|--|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Salaries and other short term benefits | 5,760,989                   | 2,152,809                 | 4,590,058                   | 2,512,582                 |
| Other long term benefits               | 294,109                     | 152,191                   | 166,909                     | 83,471                    |
|  | <u>6,055,098</u>            | <u>2,305,000</u>          | <u>4,756,967</u>            | <u>2,596,053</u>          |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Foreign Currency Risk**

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

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

|   | <b>30 June 2019</b>                                  |             |            |
|---|--|-------------|------------|
|   | <b>TRY Equivalents<br/>(Functional<br/>currency)</b> | <b>USD</b>  | <b>EUR</b> |
| 1. Trade receivables  | 13,482,335   | 185,392     | 1,895,276  |
| 2. Liquid assets  | 89,700,309   | 12,688,752  | 2,545,571  |
| 3. CURRENT ASSETS   | 103,182,644  | 12,874,144  | 4,440,847  |
| 4. Other  | 32,311,574   | 4,531,100   | 951,752    |
| 5. NON-CURRENT ASSETS   | 32,311,574   | 4,531,100   | 951,752    |
| 6. TOTAL ASSETS   | 135,494,218  | 17,405,244  | 5,392,599  |
| 7. Trade payables   | 4,577,680  | 576,710     | 192,141    |
| 8. Other payables   | 3,970,951  | -           | 606,187    |
| 9. Financial liabilities  | 56,974,622   | 9,899,849   | -          |
| 10. Non-monetary other liabilities                                      | 1,103,323  | 191,712     | -          |
| 11. CURRENT LIABILITIES   | 66,626,576   | 10,668,271  | 798,328    |
| 12. Financial liabilities   | 59,539,977   | 5,734,582   | 4,051,000  |
| 13. NON-CURRENT LIABILITIES   | 59,539,977   | 5,734,582   | 4,051,000  |
| 14. TOTAL LIABILITIES   | 126,166,553  | 16,402,853  | 4,849,328  |
| 15. Net foreign currency asset / liability position                     | 9,327,665  | 1,002,391   | 543,271    |
| 16. Net monetary foreign currency asset / liability position            | (21,880,588)   | (3,336,997) | (408,481)  |
| 17. Fair value of financial instruments uses for foreign currency hedge | -  | -           | -          |
| 18. Hedged amount of foreign currency denominated assets                | -  | -           | -          |
| 19. Import  | -  | -           | -          |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

**Foreign Currency Risk (Continued)**

**31 December 2018**

|   | <b>TRY Equivalents<br/>(Functional<br/>currency)</b> | <b>USD</b>  | <b>EUR</b>  |
|---|--|-------------|-------------|
| 1. Trade receivables  | 24,712,035   | 852,063     | 3,355,909   |
| 2. Liquid assets  | 92,169,419   | 17,116,781  | 351,650     |
| 3. CURRENT ASSETS   | 116,881,454  | 17,968,844  | 3,707,559   |
| 4. Other  | 40,455,284   | 6,715,863   | 850,000     |
| 5. NON-CURRENT ASSETS   | 40,455,284   | 6,715,863   | 850,000     |
| 6. TOTAL ASSETS   | 157,336,738  | 24,684,707  | 4,557,559   |
| 7. Trade payables   | 14,318,634   | 1,457,398   | 1,103,419   |
| 8. Other payables   | 3,553,156  | -           | 589,442     |
| 9. Financial liabilities  | 58,372,235   | 11,095,485  | -           |
| 10. Non-monetary other liabilities                                      | 1,273,880  | 242,141     | -           |
| 11. CURRENT LIABILITIES   | 77,517,905   | 12,795,024  | 1,692,861   |
| 12. Financial liabilities   | 81,985,566   | 9,876,980   | 4,980,717   |
| 13. NON-CURRENT LIABILITIES   | 81,985,566   | 9,876,980   | 4,980,717   |
| 14. TOTAL LIABILITIES   | 159,503,471  | 22,672,004  | 6,673,578   |
| 15. Net foreign currency liability position                             | (2,166,733)  | 2,012,703   | (2,116,019) |
| 16. Net monetary foreign currency asset / liability position            | (41,348,137)   | (4,461,019) | (2,966,019) |
| 17. Fair value of financial instruments uses for foreign currency hedge | -  | -           | -           |
| 18. Hedged amount of foreign currency denominated assets                | -  | -           | -           |
| 19. Import  | -  | -           | -           |

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

**Foreign Currency Risk (Continued)**

Foreign currency sensitivity

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

**30 June 2019**

|  | Income / Expense                 |                                  | Equity                           |                                  |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|  | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| In case of 10% appreciation of USD against TRY |                                  |                                  |                                  |                                  |
| 1 - US Dollar net asset / liability            | 576,886                          | (576,886)                        | -                                | -                                |
| 2- Part of hedged from US Dollar risk (-)      | -                                | -                                | -                                | -                                |
| <b>3- US Dollar net effect (1 +2)</b>          | <b>576,886</b>                   | <b>(576,886)</b>                 | -                                | -                                |
| In case of 10% appreciation of EUR against TRY |                                  |                                  |                                  |                                  |
| 4 - Euro net asset / liability                 | 355,881                          | (355,881)                        | -                                | -                                |
| 5 - Part of hedged from Euro risk (-)          | -                                | -                                | -                                | -                                |
| <b>6- Euro net effect (4 +5)</b>               | <b>355,881</b>                   | <b>(355,881)</b>                 | -                                | -                                |
| <b>TOTAL (3 + 6)</b>                           | <b>932,767</b>                   | <b>(932,767)</b>                 | -                                | -                                |

**31 December 2018**

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



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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

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

**26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

**FAIR VALUE**

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

***Financial assets***

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

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

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

***Financial liabilities***

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

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

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

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

**Classification regarding fair value measurement**

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

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

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

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

**27. EVENTS AFTER THE BALANCE SHEET DATE**

On 6 August 2019, the Group made the following material event disclosure at Public Disclosure Platform in accordance with CMB's principle decision dated 10 April 2014 and numbered 11/352.

"Our Company has issued consolidated financial statements in accordance with CMB regulations dated 30 June 2019. According to the third paragraph of Article 376 of the Turkish Commercial Code, the total of the Group's capital and legal reserves were unrequited in these condensed consolidated interim financial statements. The Special Purpose Financial Statement (TTK 376 balance sheet) has been prepared and presented in accordance with the CMB decision dated 10 April 2014 and numbered 11/352 by taking probable selling prices of the land and buildings into consideration. In this Special Purpose Financial Statement of the Company (TTK 376 balance sheet), the shareholders' equity is determined as TRY 216,648,584. As a result, the Company does not need to take the measures stipulated in Article 376 of the TCC in accordance with the relevant communique of the CMB due to the positive difference between its assets and liabilities.