

BİM BİRLEŞİK MAĞAZALAR A.Ş.

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

(ORIGINALLY ISSUED IN TURKISH)

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

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

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

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

ASSETS

	Notes	Not Reviewed 30 September 2018	Audited 31 December 2017
Current assets		4.520.431	3.602.483
Cash and cash equivalents	4	801.539	980.378
Financial Investments	5	321.501	-
Trade receivables		1.075.786	877.380
- Trade receivables from third parties	7	1.075.786	877.380
Other receivables	8	42.664	46.465
- Due from related parties		21.771	25.069
- Other receivables from third parties		20.893	21.396
Inventory	9	1.922.088	1.456.249
Prepaid expenses	13	121.818	42.837
Current income tax assets	24	163.315	174.182
Other current assets	15	71.720	24.992
Non-current assets		3.891.250	3.423.192
Financial investments	5	309.731	309.731
Other receivables		7.768	4.463
- Other Receivables from third parties		7.768	4.463
Property, plant and equipment	10	3.526.513	3.057.725
Intangible assets	11	15.804	13.193
Prepaid expenses	13	27.761	35.229
Deferred tax assets	24	3.673	2.851
Total assets		8.411.681	7.025.675

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

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

LIABILITIES AND EQUITY

	Notes	Not Reviewed 30 September 2018	Audited 31 December 2017
Current liabilities		4.981.156	3.830.814
Trade payables		4.127.549	3.376.604
- Trade payables due to related parties	26	406.365	356.137
- Trade payables due to third parties	7	3.721.184	3.020.467
Other payables		206.602	141
- Other payables due to third parties		154	141
- Other payables due to related parties	16,26	206.448	-
Deferred revenue		29.617	23.396
Employee benefit obligations		79.780	76.494
Short term Provisions		131.906	70.614
- Provision for Employee Benefits	12	20.744	14.395
- Other short term Provisions	12	111.162	56.219
Current Income Tax Liabilities	24	267.438	214.182
Other Current Liabilities	15	138.264	69.383
Non-current Liabilities		263.327	236.981
Non-current provisions		98.917	99.142
- Provision for Employee Benefits	14	98.917	99.142
Deferred Tax Liabilities	24	164.410	137.839
Equity		3.167.198	2.957.880
Equity holders of the parent		3.167.198	2.957.880
Paid-in Share Capital	16	303.600	303.600
Treasury Shares	16	(235.729)	(61.111)
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		864.115	889.301
- Property and equipment revaluation reserve	10,16	785.683	810.869
- Revaluation gain/loss on defined benefit plans	14	(66.197)	(66.197)
- Fair value changes in available-for-sale financial assets		144.629	144.629
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		73.427	(18.646)
- Currency translation difference		73.427	(18.646)
Restricted Reserves	16	571.193	340.409
Retained Earnings		699.283	641.326
Net Income For The Period		891.309	863.001
Total Liabilities and Equity		8.411.681	7.025.675

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

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

		Not Reviewed 1 January 2018 - 30 September 2018	Not Reviewed 1 July 2018 - 30 September 2018	Not Reviewed 1 January 2017 - 30 September 2017	Not Reviewed 1 July 2017 - 30 September 2017
	Notes				
PROFIT OR LOSS					
Revenue	17	23.229.103	8.460.301	18.182.295	6.262.637
Cost of sales (-)	17	(19.050.819)	(6.876.305)	(15.056.464)	(5.176.034)
GROSS PROFIT		4.178.284	1.583.996	3.125.831	1.086.603
Marketing Expenses (-)	18	(2.660.025)	(954.090)	(2.043.998)	(710.549)
General Administrative Expenses (-)	18	(401.744)	(157.841)	(300.456)	(99.562)
Other Operating Income	20	23.341	8.689	19.768	7.016
Other Operating Expense (-)	20	(33.495)	(25.463)	(8.765)	(2.028)
OPERATING PROFIT		1.106.361	455.291	792.380	281.480
Income from investing activities	23	10.301	2.716	3.037	-
Expense from investing activities	23	-	-	(616)	(18)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		1.116.662	458.007	794.801	281.462
Financial Income	21	52.595	14.624	30.647	10.082
Financial Expense (-)	22	(9.358)	(3.724)	(8.676)	(2.408)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		1.159.899	468.907	816.772	289.136
- Current Tax Expense	24	(267.604)	(105.179)	(169.052)	(55.509)
- Deferred Tax Expense	24	(986)	52	(6.412)	(6.595)
PROFIT FROM CONTINUED OPERATIONS		891.309	363.780	641.308	227.032
NET INCOME FOR THE PERIOD		891.309	363.780	641.308	227.032
Profit for the Period attributable to					
Equity holders of the parent		891.309	363.780	641.308	227.032
Earnings per share					
Earnings per share from continued operations (Full TRY)	25	2,958	1,208	2,121	0,751
Other comprehensive income/(loss)					
Items not to be reclassified to profit / loss:		(25.186)	-	-	-
Gains/(losses) on revaluation of property, plant and equipment, net		(25.186)	-	-	-
Items to be reclassified to profit / loss:		92.073	62.102	9.644	6.086
Currency translation difference		92.073	62.102	9.644	6.086
Other comprehensive income/(loss)		66.887	62.102	9.644	6.086
Total comprehensive income		958.196	425.882	650.952	233.118
Total comprehensive income attributable to					
Equity holders of the parent		958.196	425.882	650.952	233.118

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

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STATEMENTS ORIGINALLY ISSUED IN TURKISH

BİM BİRLEŞİK MAĞAZALAR A.Ş.

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

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Not Reviewed									
	Other comprehensive income not to be reclassified to profit or loss						Other comprehensive income to be reclassified to profit or loss	Retained earnings		
	Paid-in share capital	Treasury shares	Restricted reserves	Financial assets fair value reserve	Tangible assets fair value reserve	Actuarial gain/loss from employee benefits	Currency translation difference	Retained earnings	Net income for the period	Total Equity
Balance at 1 January 2017	303.600	(61.111)	296.387	28.751	279.957	(48.354)	(36.956)	468.044	670.859	1.901.177
Transfers	-	-	44.022	-	-	-	-	626.837	(670.859)	-
Dividend (Note 16)	-	-	-	-	-	-	-	(454.293)	-	(454.293)
Total comprehensive income	-	-	-	-	-	-	9.644	-	641.308	650.952
Balance at 30 September 2017	303.600	(61.111)	340.409	28.751	279.957	(48.354)	(27.312)	640.588	641.308	2.097.836
Balance at 1 January 2018	303.600	(61.111)	340.409	144.629	810.869	(66.197)	(18.646)	641.326	863.001	2.957.880
Transfers	-	-	230.784	-	-	-	-	632.217	(863.001)	-
Increase/ decrease due to acquisition of treasury shares	-	(174.618)	-	-	-	-	-	-	-	(174.618)
Dividend (Note 16)	-	-	-	-	-	-	-	(574.260)	-	(574.260)
Total comprehensive income	-	-	-	-	(25.186)	-	92.073	-	891.309	958.196
Balance at 30 September 2018	303.600	(235.729)	571.193	144.629	785.683	(66.197)	73.427	699.283	891.309	3.167.198

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

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Notes	Not Reviewed 1 January 30 September 2018	Not Reviewed 1 January 30 September 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES		1.224.714	1.076.742
Profit for the period		891.309	641.308
Adjustments to reconcile profit for the period		574.949	436.527
Depreciation and amortisation	10,11,19	251.423	190.373
Provisions for impairments		38.190	7.151
- Provisions for impairments of inventories	9	38.083	7.044
- Allowance for doubtful receivables	8	107	107
Adjustments related to provisions		96.691	111.546
- Provision for employment termination benefits		41.750	85.079
- Legal provisions	12	4.637	6.478
- Other provisions		50.304	19.989
Deferred financing income arising from forward purchases		(28.418)	(19.848)
Adjustments related to interest income and other financial instruments	21	(43.427)	(25.738)
Adjustments for tax income/ losses	24	268.590	175.464
(Gain)/Loss on sale of property and equipment	23	(4.246)	616
Other adjustments related to cash flows arising from investing and financing activities		(3.854)	(3.037)
Changes in net working capital		(17.016)	172.698
Increases/decreases in inventories		(503.922)	(229.069)
Increases/decreases in trade receivables		(198.406)	(82.665)
Increases/decreases in other assets		371	19.287
Increases/decreases in trade payables		779.363	468.482
Increases/decreases in other payables		13	(20.740)
Other net working capital		(94.435)	17.403
Net cash generated from operating activities		1.449.242	1.250.533
Income taxes paid	24	(203.315)	(158.656)
Other cash inflows (Collections of doubtful receivables)		18	60
Employee benefits paid	14	(21.231)	(15.195)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(932.502)	(435.242)
Proceeds from sale of tangible and intangible assets	10,11,23	25.410	10.388
Purchases of tangible and intangible assets	10,11	(643.743)	(443.686)
- Purchases of tangible assets		(638.618)	(438.018)
- Purchases of intangible assets		(5.125)	(5.668)
Purchases of fix profit financial instruments	5	(321.501)	-
Cash advances given		3.477	(4.981)
Dividend income		3.855	3.037
C. CASH FLOWS FROM FINANCING ACTIVITIES		(458.091)	(250.363)
Dividend paid		(331.380)	(272.133)
Participation (profit) shares and cash inflows from other financial instruments		47.907	21.770
Cash outflows related to the company's own shares and receivables based on other equity instruments		(174.618)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(165.879)	391.137
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(8.480)	(4.075)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(174.359)	387.062
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	973.706	577.519
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)	4	799.347	964.581

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2018

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

1. Organization and nature of operations of the Group

BİM Birleşik Mağazalar Anonim Şirketi ("BİM" or "the Company") was established on 31 May 1995 and commenced its operations in September 1995. The registered address of the Group is Ebubekir Cad. No: 73 Sancaktepe, İstanbul.

The Company is engaged in operating retail stores through its retail shops throughout Turkey, which sell an assortment of approximately 700 items, including a number of private labels. The Company is publicly traded in Istanbul Stock Exchange (ISE) since July 2005.

The Company established a new company named BIM Stores SARL on 19 May 2008 with 100% ownership in Morocco which is engaged in hard discount retail sector and started to operate on 11 July 2009. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of 30 September 2018.

The Company established a new company named BIM Stores LLC on 24 July 2012 with 100% ownership in Egypt which is engaged in hard discount retail sector and first stores of BIM Stores LLC has been opened in July 2013. BIM Stores LLC financial statements are consolidated by using the full consolidation method as of 30 September 2018.

GDP Gıda Paketleme ve Sanayi ve Ticaret A.Ş. ("GDP Gıda"), which is a 100% subsidiary to provide the supply and packaging of various foodstuffs, especially rice and pulses became a legal entity and started its activities with the completion of the registration procedures in 2017. GDP Gıda financial statements are consolidated by using the full consolidation method as of 30 September 2018.

Hereinafter, the Company and its consolidated subsidiaries together will be referred to as "the Group".

Shareholder structure of the Group is stated in Note 16. The consolidated financial statements were authorized for issue on 9 November 2018 by the Board of Directors of the Company.

Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issue.

For the periods ended 30 September 2018 and 2017, the average number of employees in accordance with their categories is shown below:

	1 January - 30 September 2018	1 January - 30 September 2017
Office personnel	3.288	3.097
Warehouse personnel	4.322	3.810
Store personnel	36.540	32.897
Total	44.150	39.804

As of 30 September 2018, the Group operates in 7.323 stores (31 December 2017: 6.765).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2018

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2. Basis of preparation of financial statements

2.1 Basis of presentation

The consolidated interim financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The Group prepared its consolidated interim financial statements for the period ended 30 September 2018 in accordance with the TAS 34 "Interim financial reporting" in the framework of the Communiqué Serial: XII and numbered 14.1 and its related announcements. The interim consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including its mandatory information.

In compliance with the TAS 34, entities have preference in presenting their interim consolidated financial statements whether full set or condensed. In this framework, Group preferred to present its interim consolidated financial statements in full set.

The Group's financial statements and notes are presented in accordance with the formats announced by the CMB on 7 June 2013, including the compulsory disclosures.

The Group and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

The consolidated financial statements are presented in accordance with formats that are determined in "Announcement regarding TAS Taxonomy" and "Financial Statement Examples and Instructions" by Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") on 2 June 2016.

Going concern assumption

The consolidated financial statements including the accounts of the Group have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

2.2 New and amended International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 30 September 2018 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2018. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The Group has adopted the new and revised standards and interpretations issued by the "POAASA" and effective from 1 January 2018, related to its business activity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. Basis of preparation of financial statements (Continued)

2.2 New and amended International Financial Reporting Standards (Continued)

a) Standards, amendments and interpretations applicable as at 30 September 2018:

- **IFRS 9, 'Financial instruments'**; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- **IFRS 15, 'Revenue from contracts with customers'**; effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- **Amendment to IFRS 15, 'Revenue from contracts with customers'**, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- **Amendments to IFRS 4, 'Insurance contracts'** regarding the implementation of IFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
 - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.
- **Amendment to IAS 40, 'Investment property'** relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- **Amendments to IFRS 2, 'Share based payments'** on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

a) Standards, amendments and interpretations applicable as at 30 September 2018 (continued):

- **Annual improvements 2014-2016;** effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:
 - IFRS 1, 'First time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,
 - IAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.
- **IFRIC 22, 'Foreign currency transactions and advance consideration';** effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2018:

- **Amendment to IFRS 9, 'Financial instruments';** effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.
- **Amendment to IAS 28, 'Investments in associates and joint venture';** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.
- **IFRS 16, 'Leases';** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The possible effects of the standard on the Group's financial position and performance is being evaluated.

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b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2018 (continued):

- **IFRIC 23, 'Uncertainty over income tax treatments';** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
 - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement';** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

It is unlikely that this changes will have a significant effect on the Group's financial position or performance.

2.3. Compliance with TAS

The Group prepared its consolidated financial statements for the period ended 30 September 2018 in accordance with the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including the mandatory disclosures.

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2. Basis of preparation of financial statements (Continued)

2.4. Presentation and functional currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group. The functional currency of the Company's subsidiary, BIM Stores SARL, is Moroccan Dirham ("MAD").

In the consolidated financial statements, MAD amounts presented in the balance sheet are translated into Turkish Lira at the TRY exchange rate for purchases of MAD at the balance sheet date, TRY 1 = MAD 1,5719 amounts in the statement of comprehensive income have been translated into TRY, at the average TRY exchange rate for purchases of MAD, is TRY 1 = MAD 2,0675. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

The functional currency of the Company's other subsidiary, BIM Stores LLC is Egyptian Pound ("EGP"). In the consolidated financial statements, EGP amounts presented in the balance sheet and in the statement of comprehensive income are translated into Turkish Lira at the TRY exchange rate for purchase of EGP at the balance sheet date, TRY 1 = EGP 2,9888, at the average TRY exchange rate for purchases of EGP, is TRY 1 = EGP 3,8074. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

The financial statements of the Group for the current period are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. Comparative information is reclassified in the current period in order to comply with the presentation of the financial statements. In the current period, there has been no classification of past turnover.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company BİM and its subsidiaries prepared for the period ended 30 September 2018. Subsidiaries are consolidated from the date on which control is transferred to the Group. The consolidated financial statements cover BİM and the subsidiaries with 100% control.

Subsidiaries are consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity.

2.5 Comparatives and restatement of prior periods' financial statements

Intercompany balances and transactions between BİM and its subsidiaries, including unrealized intercompany profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

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 liabilities simultaneously.

Accounting estimates

The preparation of financial statements in accordance with the CMB Accounting Standards require 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 as adjustments become necessary, they are reported in income statement in the periods in which they become known.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are mainly related with accounting of employee termination benefits, provision for inventories, revaluation of land and buildings, assessment of economic useful lives of property, plant and equipment and intangibles and provision for income taxes..

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2. Basis of preparation of financial statements (Continued)

2.6 Changes in accounting policies

The Group changes accounting policies when it is believed that the change will lead to better presentation of transactions and events in the financial statements. When the intentional change can affect the prior period results, the change is applied retrospectively as though it was already applied before. Accounting policy changes arising from the application of a new standard are applied considering the transition principles of the related standard, if any, retrospectively or forward. If no transition principle for the standard exists, the changes are applied retrospectively.

TFRS 15 "Revenue From Contracts with Customers"

Revenue recognition

The Group adopted TFRS 15 "Revenue From Contracts with Customers" from 1 January 2018 which proposes a five step model framework mentioned below for recognizing the revenue.

- Identify the contact with customers
- Identify separate performance obligations in the contract
- Determine the transaction price in contract
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue

The Group assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

For each performance obligation identified, the entity determine at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Group transfers control of a good or service over time and therefore satisfies a performance obligation and recognises revenue over time.

The Group recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that asset or service.

The Group considers the following in the assessment of transfer of control of goods sold and services,

- a) The entity has a right to payment for the goods or service,
- b) The customer has legal title to the goods or service,
- c) The entity has transferred physical possession of the asset,
- d) The customer has the significant risks and rewards related to the ownership of the goods or services,
- e) The customer has accepted the goods or services.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component since the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. If the financing component is significant in revenue, future collections are discounted by the interest rate in financing component. The difference is recognised as income from operating activities in current period.

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2. Basis of preparation of financial statements (Continued)

2.6 Changes in accounting policies (Continued)

First time adoption of TFRS 15 "Revenue From Contracts with Customers"

The Group assessed the cumulative effect of initial application of TFRS 15 "Revenue From Contracts with Customers" which replaced "TMS 18 Revenue" retrospectively ("cumulative effect approach") as of the date of first time adoption which is 1 January 2018 and concluded that the standard does not have a significant retrospective effect.

TFRS 9 "Financial Instruments"

Classification and measurement

The Group classifies the financial assets as two groups such as subsequently measured at amortised cost and fair value through other comprehensive income. The classification is made on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

"Financial assets measured at amortised cost", are the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, not have an active market and non derivative financial assets. "Cash and cash equivalents", "trade receivables" are classified as financial assets measured at amortised cost. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Gains and losses recognised as a result of the fair value adjustments of financial assets amortised at cost and non derivative financial assets are included in the income statement.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

The changes in the classification of financial assets and liabilities in accordance with TFRS 9 is explained below. Those reclassification differences do not have any impact of the measurement of financial instruments asset for financial assets.

Financial assets	Classification in accordance with TMS 39	New classification in accordance with TFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Financial investments short term	-	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Financial investments long term	Available for sale	Fair value through other comprehensive income/ profit or loss statements
Financial liabilities	Classification in accordance with TMS 39	New classification in accordance with TFRS 9
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost

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2. Basis of preparation of financial statements (Continued)

2.6 Changes in accounting policies (Continued)

Impairment

The recognition of credit losses defined in TMS 39 "Financial Instruments: Recognition and Measurement" which was effective before 1 January 2018 is replaced by recognition of expected credit losses. The objective of the impairment requirements is to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition whether assessed on an individual or collective basis considering all reasonable and supportable information, including that which is forward-looking.

Trade receivables

The Group has chosen "practical expedient" explained in TFRS 9 for the calculation of impairment of trade receivables (with maturities less than one year) that do not contain a significant financing component and accounted at amortised cost. Accordingly, the Group measured the loss allowance for trade receivables at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that is no longer met, the entity shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Group uses a provision matrix in the calculation of expected credit losses. Provision rate is calculated based on the overdue days of trade receivables and the rates are revised each reporting period if necessary. The change in expected credit losses is recognised in operational expense/income in income statement.

First time adoption of TFRS 9 "Financial assets"

The Group assessed the cumulative effect of initial application of TFRS 9 "Financial Instruments" which replaced "TMS 39 Financial Instruments: Recognition and Measurement" retrospectively as of the date of first time adoption which is 1 January 2018 and concluded that the standard does not have a significant retrospective effect.

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2. Basis of preparation of financial statements (Continued)

2.7 Summary of significant accounting policies

Revenue recognition

Revenue is recognized on accrual basis over the amount obtained or the current value of the amount to be obtained when the delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is reasonably assured. Net sales represent the invoiced value of goods less any sales returns. Retail sales are done generally with cash or credit cards.

Sales of Goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer all the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Financial income

Profit shares income from participation banks are recognized in accrual basis.

Dividend income

Dividend income from investments. Dividend payables are recognized in the period that the profit distribution is declared.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables comprise trade receivables, credit card receivables and other receivables with fixed or determinable payments and are not quoted in an active market; which have an average maturity of 11 days term (31 December 2017: 11 days) as of balance sheet date are measured at original invoice amount and if they have long term maturity, the imputing interest is netted off and the provision of doubtful receivable is deducted. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate and credit card receivables are measured at the original invoice. Estimate is made for the doubtful provision when the collection of the trade receivable is not probable. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

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2. Basis of preparation of financial statements (Continued)

2.7 Summary of significant accounting policies (Continued)

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method.

Rebates which generate from sales from ordinary operations are deducted from cost of inventories and associated with cost of sales.

Net realizable value is the estimated selling price less estimated costs necessary to realize sale.

Maddi duran varlıklar

Property, plant and equipment

All property and equipment is initially recorded at cost. Land and building are subsequently measured at revalued amounts which are the fair value at the date of the revaluation, based on valuations by external independent valuers, less subsequent depreciation for building. Group revaluates the amounts of their lands and buildings every 3 years unless there is a change in the circumstances. All other property and equipment is stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the related accounts and any gain or loss resulting from their disposal is included in the statement of income. On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset ready for use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. If the asset recognition criteria are met, the expenditures are capitalized as an additional cost of property and equipment.

Increases in the carrying amount arising on revaluation of property are initially credited to revaluation reserve in shareholders' equity net of the related deferred tax. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against property and equipment revaluation reserve directly in equity; all other decreases are charged to the income statement.

Depreciation is provided on cost or revalued amount of property and equipment except for land and construction in progress on a straight-line basis. The depreciation periods for property and equipment, which approximate the estimated economic useful lives of such assets, are as follows:

	Duration (Years)
Land improvements	5
Buildings	25
Leasehold improvements	5- 10
Machinery and equipment	4- 10
Vehicles	5- 10
Furniture and fixtures	5- 10

The economic useful life, the present value and the depreciation method are regularly reviewed for possible effects of changes in estimates, the method used and the period of depreciation are closely aligned with the economic benefits to be gained from the related asset and are recognized on a prospective basis.

When a revalued asset is sold, revaluation reserve account is transferred to retained earnings.

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2. Basis of preparation of financial statements (Continued)

2.7 Summary of significant accounting policies (Continued)

Intangible assets

Intangible assets which mainly comprise software rights are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized on a straight line basis over the best estimate of their useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category consistent with the function of the intangible asset.

The Group does not have any intangible assets with indefinite useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income.

The recoverable amount of property and equipment is the greater of net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life while the net selling price is the amount obtainable from the sale of an asset after cost of sales deducted. For the purposes of assessing impairment, assets are grouped by regions which are determined operationally (cash-generating units).

Financial assets

Classification

The group classifies its financial assets in the following categories: loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Trade receivables and cash and cash equivalents are classified in this category

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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2. Basis of preparation of financial statements (Continued)

2.7 Summary of significant accounting policies (Continued)

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial assets measured at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Financial assets measured at amortized cost are subsequently carried at amortised cost using the effective interest method.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise not to be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. e. In such cases, dividends from those investments are accounted for under consolidated statement of income.

Offsetting financial instruments

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

Recognition and derecognition of financial assets and liabilities

The Group recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

All the normal sales or purchase transactions of financial assets are recorded at the transaction date that the Group guaranteed to purchase or sell the financial asset. These transactions generally require the transfer of financial asset in the period specified by the general conditions and the procedures in the market.

All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Group committed to purchase or sell.

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset is impaired.

Financial assets measured at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

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2. Basis of preparation of financial statements (Continued)

2.7 Summary of significant accounting policies (Continued)

The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in the consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Provision for impairment is provided when there is an objective evidence of uncollectibility of trade receivables. Reserve is provided for the overdue uncollectible receivables. Also portfolio reserve is provided for the not due receivables based on certain criteria. The carrying amount of the receivable is reduced through use of an allowance account.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Gains and losses from investment securities'.

Trade payables

Trade payables which generally have an average of 53 days term (31 December 2017: 53 days) are initially recorded at original invoice amount and carried at amortized cost less due date expense. Due date expense is accounted for under cost of sales. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of such transactions. Exchange rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in the comprehensive income statement in the period in which they arise.

Foreign currency conversion rates used by the Group for the related period ended are as follows:

	USD/TRY (full)	EUR/TRY (full)
30 September 2018	5,9902	6,9505
31 December 2017	3,7719	4,5155

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2. Basis of preparation of financial statements (Continued)

2.7 Summary of significant accounting policies (Continued)

Earnings per share

Earnings per share are determined by dividing net income by the weighted average number of shares that have been outstanding during the period concerned. The weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding increase in resources

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Events after balance sheet date

Post year/period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post year/period-end events that are not adjusting events are disclosed in the notes when material.

Provisions, contingent assets and contingent liabilities

i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

ii) Contingent assets and liabilities

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognised in the financial statements but they are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable.

Leases

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term.

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2. Basis of preparation of financial statements (Continued)

2.7 Summary of significant accounting policies (Continued)

Related parties

- a) A person or a close member of that person's family is related to a reporting entity if that person:
- i) has control or joint control over the reporting entity,
 - ii) has significant influence over the reporting entity, or,
 - iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
- i) The entity and the reporting entity are members of the same group,
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
 - iii) Both entities are joint ventures of the same third party,
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
 - v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
 - vi) The entity is controlled or jointly controlled by a person identified in (a),
 - vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Income taxes

Current Income Taxes and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity or other comprehensive income. In such case, the tax is recognized in shareholders' equity or other comprehensive income.

The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

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2. Basis of preparation of financial statements (Continued)

2.7 Summary of significant accounting policies (Continued)

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Employee Benefits

a) Defined benefit plans:

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnity payments to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. As detailed in Note 14, the employee benefit liability is provided for in accordance with TAS 19 "Employee Benefits" and is based on an independent actuarial study.

Actuarial gains and losses that calculated by professional actuaries, are recognized in the actuarial gain/loss fund regarding employee termination benefits in the equity. Recognized gains and losses shall not be transferred to comprehensive statement of income in the following periods. Reserve for employee termination benefits is recognized to financial statements that calculated with the discount rate estimated by professional actuarial.

b) Unused vacation

Unused vacation rights accrued in the consolidated financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date..

3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers of the Group. The chief operating decision makers, who are responsible for allocation resources and assessing performance of the operating segments, have been identified as the senior management that makes strategic decisions.

The senior management of the Group makes strategic decisions as a whole over the operations of the Group as the Group operates in a single industry and operations outside Turkey do not present an important portion in overall operations. Based on those reasons, there is a single reportable segment in accordance with the provisions in TFRS 8 and segment reporting is not applicable.

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4. Cash and cash equivalents

	30 September 2018	31 December 2017
Cash on hand	207.801	183.359
Banks		
- Demand deposits	262.220	173.896
- Profit share deposits	183.303	510.758
Cash in transit	148.215	112.365
	801.539	980.378
Less: Accrual for profit share	(2.192)	(6.672)
Cash and cash equivalents for cash flow	799.347	973.706

As of 30 September 2018 and 31 December 2017 there is no restricted cash. As of 30 September 2018, total profit share deposits are in TRY and the gross rate for profit share from participation banks for TRY is gross 13,4% per annum (31 December 2017: gross 10.71% per annum) and average maturity is 47 days (31 December 2017: 69 days). Since the profit share deposits are not used for investment purposes by the Group, are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value, profit share deposits are classified as cash and cash equivalents.

5. Financial assets

a. Short Term Financial Investments

As of 30 September 2018 Group's short term financial investments, consisting out of lease certificates and real estate investment funds, are detailed on the table below.

	30 September 2018	31 December 2017
Lease Certificates	214.500	-
Real Estate Investment Funds	107.001	-
	321.501	-

b. Long Term Financial Investments

i) Subsidiaries

The details of subsidiaries and associates' financial investment of the Group are as below:

Name of subsidiary	Share (%)	30 September 2018	31 December 2017
İdeal Standart İşletmecilik ve Müessellik San. ve Tic. A.Ş. ("İdeal Standart") (*)	100	12.590	12.590
		12.590	12.590

(*) İdeal Standart is carried at cost with the consideration of possible value and the financial results are not included in the scope of consolidation since the Group does not have any significant effect on the financial results of the Group; as of 30 September 2018, the total assets and liabilities of the current year are not more than 1% of the total assets and ceiling of the Group in the current year.

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5. Financial assets (continued)

a. Long Term Financial Investments (continued)

ii) Financial assets measured at fair value through other comprehensive income

The details of financial assets measured at fair value through other comprehensive income and fair values of the Group are as below:

Name of subsidiary	Share (%)	30 September 2018	31 December 2017
FLO Mağazacılık ve Pazarlama A.Ş. (*)	11,5	297.141	297.141
		297.141	297.141

(*) As of 31 December 2017 the fair value of available-for-sale financial asset is calculated by an independent valuation company by using 18.1% discount rate and 5.7% final growth rate with discounted cash flow analysis method. The netoff deferred tax amount of increase in fair value of available-for-sale financial asset which is amounting to TRY116.302 is shown net under "Fair Value Changes in Available-For-Sale Financial Assets" in other comprehensive income. It is assumed that there is no significant changes in the fair value of the related financial asset as of 30 September 2018.

6. Financial liabilities

None (31 December 2017: None).

7. Trade receivables and payables

a) Trade receivables from third parties

	30 September 2018	31 December 2017
Credit card receivables	1.075.786	877.380
	1.075.786	877.380

As of 30 September 2018 the average term of credit card receivables is 11 days (31 December 2017: 11 days).

b) Trade payables due to third parties

	30 September 2018	31 December 2017
Trade payables	3.746.377	3.042.960
Unincurred rediscount expense (-)	(25.193)	(22.493)
	3.721.184	3.020.467

As of 30 September 2018 the average term of trade payables is 53 days (31 December 2017: 53 days). As of 30 September 2018 letters of guarantee and cheques are amounting to TRY133.806 and mortgages are amounting to TRY21.702 (31 December 2017: TRY76.105 letters of guarantee and cheques, TRY40.601 mortgages).

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8. Other receivables

a) Other receivables from related parties

	30 September 2018	31 December 2017
Receivables from related parties	21.771	25.069
	21.771	25.069

b) Other receivables from third parties

	30 September 2018	31 December 2017
Other receivables	20.893	21.396
Doubtful receivables	514	425
Less: Allowance for doubtful receivables	(514)	(425)
	20.893	21.396

As of 30 September 2018 and 31 December 2017, the Group does not have any overdue receivables except for doubtful receivables.

Current period movement of allowance for doubtful receivables is as follows:

	30 September 2018	30 September 2017
Balance at the beginning of the period - 1 January	425	445
Allowance for doubtful receivables	107	107
Collection in current year	(18)	(60)
Balance at the end of the period - 30 September	514	492

9. Inventories

	30 September 2018	31 December 2017
Trade goods, net	1.903.823	1.442.833
Other	18.265	13.416
	1.922.088	1.456.249

Cost of inventories amounting to TRY19.510.200 (30 September 2017: TRY15.446.061) expensed under cost of sales.

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9. Inventories (continued)

The movement of impairment for inventories in 2018 is as follows:

	30 September 2018	30 September 2017
Balance at the beginning of the period - 1 January	6.041	5.992
Current year reversal	(6.041)	(5.992)
Allowance for impairment	38.083	7.044
Balance at the end of the period - 31 December	38.083	7.044

As of 30 September 2018, allowance for impairment on trade goods amounting to TRY38.083 (31 December 2017: TRY6.041).

10. Property, plant and equipment

The movements of property and equipment and the related accumulated depreciation of the Group for the periods ended

30 September 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Transfers	Currency translation difference	30 September 2018
Cost or revalued amount						
Land	809.864	8.579	(8.005)	-	7.288	817.726
Land improvements	13.126	1.090	-	182	-	14.398
Buildings	939.124	65.441	(361)	99.559	5.123	1.108.886
Machinery and equipment	957.870	190.795	(21.377)	6.466	60.130	1.193.884
Vehicles	180.581	55.086	(12.328)	6.287	9.737	239.363
Furniture and fixtures	366.021	65.959	(7.566)	1.460	14.299	440.173
Leasehold improvements	810.553	132.280	(9.798)	3.209	90.179	1.026.423
Construction in progress	72.828	119.388	(911)	(117.542)	868	74.631
	4.149.967	638.618	(60.346)	(379)	187.624	4.915.484
Less : Accumulated depreciation						
Land improvements	(7.065)	(1.397)	-	-	-	(8.462)
Buildings	-	(40.716)	-	-	(126)	(40.842)
Machinery and equipment	(424.076)	(77.524)	16.806	-	(36.214)	(521.008)
Vehicles	(91.211)	(27.475)	10.030	-	(5.687)	(114.343)
Furniture and fixtures	(233.342)	(38.065)	7.415	-	(7.028)	(271.020)
Leasehold improvements	(336.548)	(63.301)	4.964	-	(38.411)	(433.296)
	(1.092.242)	(248.478)	39.215	-	(87.466)	(1.388.971)
Net book value	3.057.725					3.526.513

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10. Property, plant and equipment (Continued)

	1 January 2017	Additions	Disposals	Transfers	Currency translation difference	30 September 2017
Cost or revalued amount						
Land	532.772	8.271	-	-	837	541.880
Land improvements	9.389	1.002	(13)	23	-	10.401
Buildings	542.006	15.400	(725)	55.502	339	612.522
Leasehold improvements	651.107	105.060	(5.874)	4.227	9.490	764.010
Machinery and equipment	784.923	132.707	(13.887)	1.932	5.534	911.209
Vehicles	142.003	43.268	(9.790)	632	908	177.021
Furniture and fixtures	305.452	45.849	(3.829)	644	1.335	349.451
Construction in progress	39.486	86.461	(1.600)	(62.960)	82	61.469
	3.007.138	438.018	(35.718)	-	18.525	3.427.963
Less : Accumulated depreciation						
Land improvements	(5.712)	(961)	-	-	-	(6.673)
Buildings	(28.109)	(25.391)	8	-	(19)	(53.511)
Leasehold improvements	(265.211)	(49.970)	2.952	-	(3.404)	(315.633)
Machinery and equipment	(348.280)	(60.894)	10.395	-	(3.033)	(401.812)
Vehicles	(72.236)	(21.056)	7.807	-	(474)	(85.959)
Furniture and fixtures	(196.766)	(29.918)	3.560	-	(600)	(223.724)
	(916.314)	(188.190)	24.722	-	(7.530)	(1.087.312)
Net book value	2.090.824					2.340.651

Depreciation expense amounting to TRY228.979 (1 January - 30 September 2017: TRY175.730) were accounted for in marketing expenses and TRY19.499 (1 January - 30 September 2017: TRY12.460) in general and administrative expenses for the period 1 January – 30 September 2018. The land and buildings were revalued and reflected to financial statements with their fair value. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the equity. The revaluation surplus is not available for distribution to shareholders.

Fair values of land and buildings

An independent valuation of the group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 30 September 2018. The revaluation surplus, as of 31 December 2017 net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'property and equipment revaluation reserve' in shareholders equity. The fair value of non-financial assets by valuation method is calculated by inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Valuation techniques used to derive level 2 fair values

Sale or purchase costs or tax deductions are not taken into account in assumption of Level 2 fair value of land and buildings. The most common valuation techniques used is market comparable method, and for some land and buildings cost and income approach including discounted cash flow analysis are also used. Comparable value per square meter is determined based on assumptions such as bargaining share and adjustment for location in market comparable method.

Market comparable method

A property's fair value is estimated based on comparison of sales and market data of similar or comparable properties. The revaluated property is compared with the sales of similar properties in the market or asked price and bid price.

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10. Property, plant and equipment (Continued)

Discounted cash flow method

Value assumption is conducted through discount method by taking into account the data of expenditure and revenue belong to the revaluated property. The reduction is associated with value and revenue converting the amount of revenue to value assumption. Either the ratio of proceeds or/and discount should be taken into consideration. Within this approach, Direct Capitalization of Income and Cash Flow Analysis are applied predominantly. During the application of Direct Capitalization of Income, rental data belong to the similar real estate in the same region where the property based in has been used. Unless enough data for probable ratio of capitalization is attained, the method aforementioned has not been applied on.

Cost approach

Instead of purchase of property, the probability of construction of the same of the property or another property provides the same benefit is taken into account. In practice the estimated value includes the amortization of old and less functional properties in case new one's cost exceeds the potential price to be paid for revaluation of the property.

It determines how transaction will be traded in the market and the approach and methods will be used in estimation of fair value of land and building. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into the valuation approach is price per square meter.

In the market comparable method, one of the methods applied during the valuation, room for negotiation has been considered and reconciliation has done for the positive and negative features of property with respect to the precedents.

Valuation processes of the group

The Group's finance department reviews the fair value of land and buildings for reporting purposes. On an annual basis, the Group engages external, independent and CMB licensed valuation firm.

Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount as of balance sheet date. Group revaluates the amount of their lands and buildings every 3 years unless there is a change in the circumstances. The valuation of land and buildings was performed as of 31 December 2017.

The fair values of the land and buildings (administrative building, warehouses and stores) of the Group have been determined by a real estate appraisal company who has CMB license, holds a recognised and relevant professional qualification and has recent experience in the location and category of the the land and buildings.

The movement of revaluation fund of land and buildings owned by the Group are shown in the following table:

	1 January - 30 September 2018	1 January - 30 September 2017
Balance at the beginning of the period - 1 January	810.869	279.957
Revaluation increase	-	-
Deferred tax arising from revaluation increase (*)	(25.186)	-
Balance at the end of the period - 31 December	785.683	279.957

(*) According to law amendment which was published in the Official Gazette dated 5 December 2017, the tax exemption about revaluation increase was reduced from %75 to %50.

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10. Property, plant and equipment (Continued)

As of 30 September 2018 and 31 December 2017, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	30 September 2018	31 December 2017
Furniture and fixtures	130.028	137.015
Machinery and equipment	146.502	109.119
Intangible assets and leasehold improvements	104.728	76.982
Vehicles	25.679	22.311
Land improvements	4.634	4.015
	411.571	349.442

Pledges and mortgages on assets

As of 30 September 2018 and 31 December 2017, there is no pledge or mortgage on property and equipment of the Group.

11. Intangible assets

The movements of intangible assets and related accumulated amortization for the periods ended 30 September 2018 and 2017 are as follows:

	1 January 2018	Additions	Disposals	Transfers	Currency translation differences	30 September 2018
Cost						
Right	31.972	5.100	(588)	379	1.116	37.979
Other intangible assets	216	25	-	-	-	241
	32.188	5.125	(588)	379	1.116	38.220
Accumulated amortization						
Right	(18.894)	(2.892)	553	-	(1.029)	(22.262)
Other intangible assets	(101)	(53)	-	-	-	(154)
	(18.995)	(2.945)	553	-	(1.029)	(22.416)
Net book value	13.193					15.804

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11. Intangible assets (Continued)

	1 January 2017	Additions	Disposals	Currency translation differences	30 September 2017
Cost					
Right	23.094	5.668	(96)	140	28.806
Other intangible assets	139	-	-	-	139
	23.233	5.668	(96)	140	28.945
Accumulated amortization					
Right	(15.782)	(2.173)	89	(112)	(17.978)
Other intangible assets	(49)	(10)	-	-	(59)
	(15.831)	(2.183)	89	(112)	(18.037)
Net book value	7.402				10.908

As of 30 September 2018 amortisation expense amounting to TRY2.714 (1 January - 30 September 2017: TRY2.039) has been charged in marketing expenses and TRY231 (1 January - 30 September 2017: TRY144) in general and administrative expenses.

The intangible assets are amortized over estimated useful life which is 5 years. Major part of the rights is software licenses.

12. Provisions, contingent assets and liabilities

a) Short term provisions for employee benefits

Unused vacation amounting to TRY20.744 is shown on the current provisions for employee benefits amounting in the Group account of short term provisions for the period ended 30 September 2018 (31 December 2017: TRY14.395).

Current period movement of short term unused vacation provision is as follows;

	1 January - 30 September 2018	1 January - 30 September 2017
Balance at the beginning of the period - 1 January	14.395	2.391
Reversals during period	(14.395)	(2.391)
Provision of unused vacation	20.744	14.534
Balance at the end of the period - 30 September	20.744	14.534

b) Other short term provisions

	30 September 2018	31 September 2017
Legal provisions (*)	28.215	23.578
Expense accruals	40.146	15.105
Other	42.801	17.536
Total	111.162	56.219

(*) As of 30 September 2018 and 31 December 2017, the total amount of outstanding lawsuits filed against

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the Group, TRY44.322 and TRY39.567 (in historical terms), respectively. The Group recognized provisions amounting to TRY28.215 and TRY23.578 for the related periods, respectively.

12. Provisions, contingent assets and liabilities (Continued)

b) Other short term provisions

Current period movement of provision for lawsuits is as follows;

	1 January - 30 September 2018	1 January - 30 September 2017
Balance at the beginning of the period - 1 January	23.578	17.917
Provisions required	4.637	6.478
Balance at the end of the period - 30 September	28.215	24.395

Letter of guarantees, mortgages and pledges given by the Group

As of 30 September 2018 and 31 December 2017, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	30 September 2018				
	Total TRY equivalent	TRY	USD	Euro	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of					
<i>Guarantee</i>	125.356	123.853	250.870	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages provided on behalf of third parties to conduct business activities	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. On behalf of majority Shareholder	-	-	-	-	-
ii. On behalf of other group companies which are not covered in B and C above	-	-	-	-	-
iii. On behalf of third parties which are not covered by item C	-	-	-	-	-
Total	125.356	123.853	250.870	-	-

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12. Provisions, contingent assets and liabilities (Continued)

	31 December 2017				
	Total TRY equivalent	TRY	USD	Euro	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of					
<i>Guarantee</i>	94.086	93.139	250.870	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages provided on behalf of the parties which are included in the scope of full consolidation					
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages provided on behalf of third parties to conduct business activities	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. On behalf of majority Shareholder	-	-	-	-	-
ii. On behalf of other group companies which are not covered in B and C above	-	-	-	-	-
iii. On behalf of third parties which are not covered by item C	-	-	-	-	-
Total	94.086	93.139	250.870	-	-

Insurance coverage on assets

As of 30 September 2018 and 31 December 2017, insurance coverage on assets of the Group is TRY2.074.825 and TRY1.820.975 respectively.

13. Prepaid expenses

a) Short term prepaid expenses

	30 September 2018	31 December 2017
Order advances given	104.986	33.263
Other	16.832	9.574
	121.818	42.837

b) Long term prepaid expenses

	30 September 2018	31 December 2017
Advances given for property, plant and equipment	26.376	29.852
Other	1.385	5.377
	27.761	35.229

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14. Employee termination benefits

	30 September 2018	31 December 2017
Provision for employee termination benefits	98.917	99.142
	98.917	99.142

The amount payable consists of one month's salary limited to a maximum of TRY 5.434,42 for each period of service as of 30 September 2018 (31 December 2017: TRY4.732,48). The retirement pay provision ceiling is revised semiannually, and TRY5.434,42 which is effective from 1 July 2018, is taken into consideration in the calculation of provision for employment termination benefits (effective from 1 January 2018: TRY5.001,76). Liability of employment termination benefits is not subject to any funding as there is not any obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) is accounted in the statement of comprehensive income under "Actuarial gain/loss from defined benefit plans".

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 30 September 2018 and 31 December 2017 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by using real discount rate of 4,72% by assuming an annual inflation rate of 6,0% and a discount rate of 11,0% (31 December 2017: 11%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

The following tables summarize the components of net benefit expense recognized in the comprehensive statement of income and amounts recognized in the balance sheet:

	1 January - 30 September 2018	1 January - 30 September 2017
Current service cost (Note 19)	13.866	9.470
Financial expense of employee termination benefit (Note 22)	7.140	5.660
Total	21.006	15.130

Changes in the carrying value of defined benefit obligation are as follows:

	1 January - 30 September 2018	1 January - 30 September 2017
Balance at the beginning of the period – 1 January	99.142	77.671
Financial expense of employee termination benefit	7.140	5.660
Current service cost	13.866	9.470
Benefits paid	(21.231)	(15.195)
Balance at the end of the period – 30 September	98.917	77.606

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15. Other assets and liabilities

a) Other current assets

	30 September 2018	31 December 2017
VAT receivable	52.532	15.919
Other	19.188	9.073
	71.720	24.992

b) Other current liabilities

	30 September 2018	31 December 2017
Taxes and funds payables	137.421	67.516
Other	843	1.867
	138.264	69.383

As of 30 September 2018 and 31 December 2017, the Group does not have any other long-term liability.

16. Equity

a) Share capital and capital reserves

As of 30 September 2018 and 31 December 2017, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows:

	30 September 2018		31 December 2017	
	Historical cost	(%)	Historical cost	(%)
Merkez Bereket Gıda Sanayi ve Ticaret A.Ş.	44.877	14,78	44.877	14,78
Naspak Gıda Sanayi Ve Ticaret A.Ş.	31.896	10,51	31.896	10,51
Other	9.674	3,19	11.192	3,69
Publicly traded	217.153	71,52	215.635	71,02
	303.600	100,00	303.600	100,00

The Company's share capital is fully paid and consists of 303.600.000 (31 December 2017: 303.600.000) shares of TRY 1 nominal value each.

Revaluation surplus

As of 30 September 2018 the Group has revaluation surplus amounting TRY 785.683 (31 December 2017: TRY810.869) related to revaluation of land and buildings (Note 10). The revaluation surplus is not available for distribution to shareholders.

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16. Equity (Continued)

b) Restricted reserves and retained earnings

The legal reserves consist of first and second legal reserves, per the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of net statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above and Turkish Capital Market Board (CMB) requirements related to profit distribution.

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees, and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

Dividend distribution policy of the Company is in line with the CMB Law numbered 6362 dated 30 December 2012.

Inflation adjustment to shareholders' equity and book value of extraordinary reserves can be used as an internal source in capital, dividend distribution in cash or net-off against prior years' loss. In case the inflation adjustment to shareholders' equity is used for dividend distribution in cash, the distribution is subject to corporate tax.

As of 30 September 2018 and 31 December 2017 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	30 September 2018	31 December 2017
Legal reserves	571.194	340.409
Extraordinary reserves	837.040	777.717
Net profit for the period	933.433	867.509
	2.341.667	1.985.635

As of 30 September 2018, net profit for the Company's statutory books is TRY933.433 (31 December 2017: TRY867.509) and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY891.309 (31 December 2017: TRY863.001).

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16. Equity (Continued)

c) Treasury shares

As part of the resolution of the Board of Directors on 8 May 2018, buy-back operations have been started. As part of such buy-back operation between 9 May - 15 August 2018, %0,85 of shares of the Company equivalent to 2.587.553 units of BİM shares corresponding to TRY 174.618.286 (TRY full) have been repurchased. The BİMAS shares owned by the Group have reached 3.817.833 units with repurchases made in previous programs (The ratio of the Company capital %1,26). and financed through own resources of the Company. Repurchase of shares have been financed through own resources of the Company.

As of the date of the report, the shares that have been repurchased have not been sold. Based on the redemption, own shares' dividend payment amounting to TRY2.580 is accounted under Retained Earnings in equity accounts.

Buy-back programme has been terminated due to Board's decision on 11 September 2018.

d) Dividend paid

At the Ordinary General Assembly meeting held on April 25, 2018, it was decided to distribute cash dividend of TRY 576.840 to shareholders from 2017 and two installments to be paid on June 6, 2018 and November 7, 2018. TRY 2.580 of the amount decided to be distributed consist of dividend payment that corresponds to the Group's own interests. In this context, the dividend payment (2017 first installment: TRY 272,133), which is the first installment of the gross amount of TRY 331.380, has been completed as of June 6, 2018. The gross dividend paid per share is 1,1 full TL. The second installment, gross TRY 242.880 (net TRY 206.448), paid to shareholders as of 7 November 2018.

17. Sales and cost of sales

a) Net Sales

The Group's net sales for the periods ended 30 September 2018 and 2017 are as follows:

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Sales	23.324.002	8.493.644	18.245.631	6.285.250
Sales returns (-)	(94.899)	(33.343)	(63.336)	(22.613)
	23.229.103	8.460.301	18.182.295	6.262.637

b) Cost of sales

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Beginning inventory	1.442.833	1.751.818	1.108.209	1.440.767
Purchases	19.511.809	7.028.310	15.278.661	5.065.673
Ending inventory (-)	(1.903.823)	(1.903.823)	(1.330.406)	(1.330.406)
	19.050.819	6.876.305	15.056.464	5.176.034

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18. Operational expenses

a) Marketing expenses

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Personnel expenses	1.262.809	441.734	966.723	331.414
Rent expenses	569.191	204.191	452.799	158.693
Depreciation and amortization expenses	231.690	81.802	177.770	62.396
Electricity, water and communication expenses	147.008	62.953	110.396	46.589
Packaging expenses	133.241	51.153	101.404	33.812
Advertising expenses	61.911	20.193	53.958	15.865
Trucks fuel expense	65.892	25.055	49.024	17.033
Maintenance and repair expenses	57.511	20.828	42.501	15.341
Taxes and duty expenses	21.222	6.449	14.588	4.453
Provision for employee termination benefit	11.786	3.929	7.955	2.652
Other	97.764	35.803	66.880	22.301
	2.660.025	954.090	2.043.998	710.549

b) General and administrative expenses

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Personnel expenses	235.458	81.126	187.878	62.491
Vehicle rent expenses	23.344	9.286	16.615	5.787
Depreciation and amortization expenses	19.733	8.394	12.603	4.443
Legal and consultancy expenses	20.715	9.423	16.127	5.088
Taxes and duty expenses	14.755	4.722	10.842	3.205
Motor vehicle expenses	11.158	4.011	8.426	2.708
Money collection expenses	10.343	3.618	8.330	2.875
Provision for employee termination benefits	2.080	693	1.515	505
Communication expenses	2.437	1.190	1.618	518
Office supplies expenses	1.530	594	1.144	395
Other	60.191	34.784	35.358	11.547
	401.744	157.841	300.456	99.562

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19. Expenses by nature

a) Depreciation and amortisation expenses

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Marketing and selling expenses	231.690	81.802	177.770	62.396
General and administrative expenses	19.733	8.394	12.603	4.443
	251.423	90.196	190.373	66.839

b) Personel expenses

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Wages and salaries	1.328.979	466.258	1.024.890	350.242
Social security premiums – employer contribution	169.288	56.602	129.711	43.662
Provision for employee termination benefits (Note 14)	13.866	4.622	9.470	3.157
	1.512.133	527.482	1.164.071	397.061

20. Other operating income and expenses

a) Other operating income

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Gain on sale of scraps	5.565	1.959	4.961	1.616
Other income from operations	17.776	6.730	14.807	5.400
	23.341	8.689	19.768	7.016

b) Other operating expense

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Provision expenses	28.212	24.511	7.094	1.690
Other	5.283	952	1.671	338
	33.495	25.463	8.765	2.028

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21. Financial income

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Profit share deposits income	43.427	9.094	25.738	8.747
Foreign exchange gains	9.168	5.530	4.909	1.335
	52.595	14.624	30.647	10.082

22. Financial expenses

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Finance charge on employee termination benefit including actuarial losses	7.140	2.380	5.660	1.886
Foreign exchange losses	1.206	852	2.584	433
Other financial expenses	1.012	492	432	89
	9.358	3.724	8.676	2.408

23. Income and expense from investing activities

a) Income from investing activities

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Dividend income	3.855	-	3.037	-
Income from Financial Investments	2.200	2.200	-	-
Gain on sale of property, plant and equipment	4.246	516	-	-
	10.301	2.716	3.037	-

b) Expense from Investing Activities

None (30 September 2017: TRY616).

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24. Tax assets and liabilities

As of 30 September 2018 and 31 December 2017, provision for taxes of the Group is as follows:

	30 September 2018	31 December 2017
Current income tax liabilities	267.438	214.182
Current tax assets (Prepaid taxes)	(163.315)	(174.182)
Corporate tax payable	104.123	40.000

In Turkey, as of 30 September 2018, corporate tax rate is 22% (31 December 2017: 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 22% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Morocco, as of 30 September 2018 the corporate tax rate is 30% (31 December 2017: 30%) where the consolidated subsidiary of the Company, BIM Stores SARL operates. In Egypt, as of 30 September 2018 the corporate tax rate is 22.5% (31 December 2017: 22.5%) where the consolidated subsidiary of the Company, BIM Stores LLC operates.

There is no taxable temporary differences related with the consolidated subsidiaries for which the Company recognised deferred tax liability (31 December 2017: None).

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding tax rate applies to dividends distributed by resident corporations resident real persons except for, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

In addition, if the profit is not distributed or added to the capital, the income tax is not calculated.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Law on the Amendment of Certain Tax Laws and Some Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 30 September 2018 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

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24. Tax assets and liabilities (continued)

As of 30 September 2018 and 31 December 2017, temporary differences based for deferred tax and deferred tax asset and liability calculated by using applicable tax rates are as follows:

	Balance sheet		Comprehensive income	
	30 September 2018	31 December 2017	1 January - 30 September 2018	1 January - 30 September 2017
<i>Deferred tax liability</i>				
Tangible and intangible assets, except the effect of revaluation effect	69.299	56.335	12.964	9.289
The effect of the revaluation of land and buildings	132.843	107.657	25.186	-
The effect of the revaluation of financial asset	7.612	7.612	-	-
Other adjustments	5.637	5.133	504	436
<i>Deferred tax asset</i>				
Reserve for employee termination benefit	(19.783)	(19.828)	45	13
Other adjustments	(34.871)	(21.921)	(12.950)	(3.502)
Currency translation difference	-	-	423	176
Deferred tax	160.737	134.988	26.172	6.412

Deferred tax is presented in financial statements as follows:

	30 September 2018	31 December 2017
Deferred tax assets	3.673	2.851
Deferred tax liabilities	(164.410)	(137.839)
Net deferred tax liability	(160.737)	(134.988)

Movement of net deferred tax liability for the periods ended 30 September 2018 and 2017 are as follows:

	1 January - 30 September 2018	1 January - 30 September 2017
Balance at the beginning of the period - 1 January	134.988	39.715
Deferred tax expense/(income) recognized in statement of profit or loss	986	6.412
Deferred tax expense/(income) recognized in statement of other comprehensive income	25.186	-
- Revaluation of property, plant and equipment	25.186	-
Foreign currency translation differences	(423)	(176)
Balance at the end of the period - 30 September	160.737	45.951

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24. Tax assets and liabilities (Continued)

Tax reconciliation

	1 January - 30 September 2018	1 January - 30 September 2017
Profit before tax	1.159.899	816.772
Corporate tax at effective tax rate of 22% (30 September 2017:20%)	(255.178)	(163.354)
Disallowable expenses	(849)	(861)
Tax rate effect of the consolidated subsidiary	(1.403)	(2.545)
Other	(11.160)	(8.704)
	(268.590)	(175.464)
- Current	(267.604)	(169.052)
- Deferred	(986)	(6.412)

25. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. All shares of the Company are in same status.

For the periods ended 30 September 2018 and 2017, the movement of shares numbers is as follows:

	1 January - 30 September 2018	1 January - 30 September 2017
Earnings per share		
Average number of shares at the beginning of the period	301.320	302.370
Net profit of the year	891.309	641.308
Earnings per share	2,958	2,121

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26. Related party disclosures

a) Trade payables to related parties

Due to related parties balances as of 30 September 2018 and 31 December 2017 are as follows:

Payables related to goods and services received:

	30 September 2018	31 December 2017
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) ⁽¹⁾	119.188	97.145
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) ⁽¹⁾	127.568	94.994
Hedef Tüketim Ürünleri San. ve Dış Tic. A.Ş. (Hedef) ⁽¹⁾	76.481	65.676
Aktül Kağıt Üretim Pazarlama A.Ş. (Aktül) ⁽¹⁾	31.399	26.115
Sena Muhtelif Ürün Paketleme Gıda Sanayi ve Tic. Ltd. Şti. (Sena) ⁽³⁾	22.569	28.458
Reka Bitkisel Yağlar Sanayi ve Ticaret A.Ş. (Reka) ⁽¹⁾	-	15.878
Apak Pazarlama ve Gıda Sanayi Tic. Ltd. Şti. (Apak) ⁽¹⁾	17.083	17.190
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) ⁽²⁾	5.426	3.038
Proline Bilişim Sistemleri ve Ticaret A.Ş. (Proline) ⁽¹⁾	822	307
Aytaç Gıda Yatırım San. ve Ticaret A.Ş. (Aytaç) ⁽¹⁾	-	7.299
Bahariye Mensucat San. ve Tic. A.Ş. ⁽¹⁾	-	-
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) ⁽¹⁾	393	37
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) ⁽¹⁾	5.436	-
	406.365	356.137

⁽¹⁾ Companies owned by shareholders of the Company.

⁽²⁾ Non consolidated subsidiaries of the Group.

⁽³⁾ Other related party

b) Other payables to related parties

Other payables to related parties as of September, 30, 2018 refers to the second installment amount of the profit distribution of 2017 determined at the ordinary general assembly meeting of the year 2017. The relevant dividend amount will be paid to the Company's shareholders on 7 November 2018 (31 December 2017: None).

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26. Related party disclosures (Continued)

c) Related party transactions

For the periods ended 30 September 2018 and 2017, summary of the major transactions with related parties are as follows:

i) Purchases from related parties during the periods ended 30 September 2018 and 2017 are as follows:

	1 January - 30 September 2018	1 January - 30 September 2017
Başak ⁽¹⁾	695.233	563.755
Turkuvaz ⁽¹⁾	400.766	327.027
Reka ^{(1) (*)}	377.924	-
Hedef ⁽¹⁾	322.497	235.350
Aktül ⁽¹⁾	212.015	156.364
Aytaç ⁽¹⁾	151.028	75.351
Natura ⁽¹⁾	190.198	147.169
Sena ⁽³⁾	99.794	45.102
Apak ⁽¹⁾	89.842	78.475
İdeal Standart ⁽²⁾	12.716	10.796
Proline ⁽¹⁾	5.306	31
Bahariye ⁽¹⁾	2.306	-
Avansas ⁽¹⁾	1.878	1.294
	2.561.503	1.640.714

⁽¹⁾ Companies owned by shareholders of the Company.

⁽²⁾ Non consolidated subsidiaries of the Group.

⁽³⁾ Other related party

^(*) Has entered into the status of the related company as of September 20, 2017.

ii) For the periods ended 30 September 2018 and 2017 salaries, bonuses and compensations provided to board of directors and key management comprising of 140 and 133 personnel, respectively, are as follows

	1 January - 30 September 2018	1 January - 30 September 2017
Short-term benefits to employees	55.771	43.655
Total benefits	55.771	43.655

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27. Financial instruments and financial risk management

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and profit share rates. These risks are market risk (including foreign currency risk and profit share rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The Group's principal financial instruments comprise cash and short-term interest free bank loans. The main purpose of using these financial instruments is to raise finance for the Group's operations. The Group has other financial instruments such as trade receivables and payables which arise directly from its operations. The Group manages its capital through cash provided by its operations and review of the maturities of the trade payables.

Price risk

Price risk is a combination of foreign currency, profit share and market risk. The Group naturally manages its price risk by matching the same foreign currency denominated receivable and payables and assets and liabilities bearing profit share. The Group closely monitors its market risk by analyzing the market conditions and using appropriate valuation methods.

Profit share rate risk

The Group does not have material profit share rate sensitive asset. The Group's income and cash flows from operations are independent from profit share rate risk.

The Group's profit share rate risk mainly comprises of outstanding short-term borrowings in the prior period. The Group's forthcoming loans in order to continue its operating activities are effected from forthcoming profit share ratios.

Profit share rate position table

According to TFRS 7 "Financial Assets", the profit share rate position of the Group is as follows:

Profit share position table		Current period	Previous period
Financial assets	Fixed profit share bearing financial instruments	504.804	510.758
	Profit share deposits	183.303	510.758
	Lease Certificates & Investment Funds	321.501	-
	Financial liabilities	-	-
Financial assets	Variable profit share bearing financial instruments	-	-
Financial liabilities		-	-

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27. Financial Instruments and Financial Risk Management (Continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Since the Group is engaged in the retail sector and transactions are mainly on a cash basis or has 1 month maturity credit card collections, the exposure to credit and price risk is minimal.

Credit risk table (Current period - 30 September 2018)

	Credit card receivables		Other receivables		Deposits in bank		Financial assets	
	Related party	Other party	Related party	Other party	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	1.075.786	21.771	20.893	-	445.523	309.731	321.501
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	1.075.786	21.771	20.893	-	445.523	309.731	321.501
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	514	-	-	-	-
- Impairment	-	-	-	(514)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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27. Financial Instruments and Financial Risk Management (Continued)

Credit risk table (Current period - 31 December 2017)

	Credit card receivables		Other receivables		Deposits in bank		Financial assets	
	Related party	Other party	Related party	Other party	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	877.380	25.069	21.396	-	684.654	309.731	-
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	877.380	25.069	21.396	-	684.654	309.731	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	425	-	-	-	-
- Impairment	-	-	-	(425)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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27. Financial Instruments and Financial Risk Management (Continued)

There is an insignificant amount of foreign currency denominated assets and liabilities so the Company does not use derivative financial instruments or future contracts to reduce the risk of foreign currency.

Foreign currency position

As of 30 September 2018 and 31 December 2017, the Group's foreign currency position is as follows:

	30 September 2018				31 December 2017			
	TRY equivalent	USD	Euro	GBP	TRY equivalent	USD	Euro	GBP
1. Trade receivables	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash, banks accounts)	31.651	5.062.542	190.324	372	12.423	3.145.291	113.557	9.102
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Other current assets (1+2+3)	31.651	5.062.542	190.324	372	12.423	3.145.291	113.557	9.102
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	163	25.700	1.278	-	106	26.600	1.278	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-current assets (5+6+7)	163	25.700	1.278	-	106	26.600	1.278	-
9. Total assets (4+8)	31.814	5.088.242	191.602	372	12.529	3.171.891	114.835	9.102
10. Trade payables	-	-	-	-	317	84.078	-	-
11. Financial liabilities	-	-	-	-	-	-	-	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-
12b. Non monetary other liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	-	-	-	-	317	84.078	-	-
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-	-	-	-	-
18. Total liabilities (13+17)	-	-	-	-	317	84.078	-	-
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Hedged total assets amount	-	-	-	-	-	-	-	-
19b. Hedged total liabilities amount	-	-	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	31.814	5.088.242	191.602	372	12.212	3.087.813	114.835	9.102
21. Net foreign currency asset/(liability) position of monetary items (TFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a))	31.814	5.088.242	191.602	372	12.212	3.087.813	114.835	9.102
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
23. Export	-	-	-	-	-	-	-	-
24. Import	-	-	-	-	-	-	-	-

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27. Financial Instruments and Financial Risk Management (Continued)

Exchange rate risk

The following table demonstrates the sensitivity to a possible change in the U.S Dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax as of 30 September 2018 and 31 December 2017:

30 September 2018

Exchange rate sensitivity analysis				
Current Period				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<i>Change of USD against TRY by 10%:</i>				
1- USD net asset/(liability)	3.048	(3.048)	-	-
2- Protected part from USD risk(-)	-	-	-	-
3- USD net effect (1+2)	3.048	(3.048)	-	-
<i>Change of EUR against TRY by 10%</i>				
4- EUR net asset/(liability)	133	(133)	-	-
5- Protected part from EUR risk(-)	-	-	-	-
6- EUR net effect (4+5)	133	(133)	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	-	-	-	-
8- Protected part from GBP(-)	-	-	-	-
9- GBP net effect (7+8)	-	-	-	-
Total (3+6+9)	3.181	(3.181)	-	-

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27. Financial Instruments and Financial Risk Management (Continued)

31 December 2017

Exchange rate sensitivity analysis				
Previous Period				
Profit/(Loss)		Equity		
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<i>Change of USD against TRY by 10%:</i>				
1- USD net asset/(liability)	1.165	(1.165)	-	-
2- Protected part from USD risk(-)			-	-
3- USD net effect (1+2)	1.165	(1.165)	-	-
<i>Change of EUR against TRY by 10%</i>				
4- EUR net asset/(liability)	52	(52)	-	-
5- Protected part from EUR risk(-)			-	-
6- EUR net effect (4+5)	52	(52)	-	-
<i>Change of GBP against TRY by 10%:</i>				
7- GBP net asset/(liability)	5	(5)	-	-
8- Protected part from GBP risk(-)			-	-
9- GBP net effect (7+8)	5	(5)	-	-
Total (3+6+9)	1.222	(1.222)	-	-

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

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27. Financial Instruments and Financial Risk Management (Continued)

As of 30 September 2018 and 31 December 2017 maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

30 September 2018

Sözleşme uyarınca vadeler	Book value	Total cash outflow	Less than 3 months	3 -12 months	1 - 5 years	More than 5 years
Non derivative financial liabilities	-	-	-	-	-	-
Trade payables	3.721.184	3.746.377	3.746.377	-	-	-
Due to related parties	406.365	409.590	409.590	-	-	-

31 December 2017

Contractual maturities	Book value	Total cash outflow	Less than 3 months	3 -12 months	1 - 5 years	More than 5 years
Non derivative financial liabilities	-	-	-	-	-	-
Trade payables	3.020.467	3.042.960	3.042.960	-	-	-
Due to related parties	356.137	358.727	358.727	-	-	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. Net debt is calculated as total liabilities less cash and cash equivalents.

The gearing ratios at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Total liabilities	5.244.483	4.067.795
Less: Cash and cash equivalents	(801.539)	(980.378)
Net debt	4.442.944	3.087.417
Total equity	3.167.198	2.957.880
Total equity+net debt	7.610.142	6.045.297
Net debt/(Total equity+net debt) (%)	58	51

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28. Financial instruments (fair value disclosures and disclosures in the frame of hedge accounting)

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 30 September 2018 and 31 December 2017. See note 10 for disclosures of the land and buildings that are measured at fair value (Note 10).

30 September 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Retail industry	-	297.141	-	297.141
Total assets	-	297.141	-	-
31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Retail industry	-	297.141	-	297.141
Total assets	-	297.141	-	297.141

There were no transfers between levels during year.

(a) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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**28. Financial instruments (fair value disclosures and disclosures in the frame of hedge accounting)
(Continued)**

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments,
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves,
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value,
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

As of 30 September 2018 and 31 December 2017, except for the available for sale financial assets disclosed in Note 5, the fair values of certain financial assets carried at cost including cash and cash equivalents profit share accruals and other short term financial assets are considered to approximate their respective carrying values due to their short-term nature. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibilities are estimated to be their fair values.

- Financial liabilities

Financial liabilities of which fair values approximate their carrying values:

Fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings with variable rates are considered to approximate their respective carrying values since the profit share rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

29. Events after balance sheet date

None.

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