

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016**

(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 2016**

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED BALANCE SHEETS
AT 30 SEPTEMBER 2016 AND 31 DECEMBER 2015**

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

ASSETS

		30 September 2016	31 December 2015
	Notes	Not reviewed	Audited
Current assets		2.566.577	2.160.683
Cash and cash equivalents	4	656.664	348.789
Trade receivables	7	558.784	525.685
- Trade Receivables, Other Parties		558.784	525.685
Other receivables	8	12.978	44.166
- Due from related parties		115	39.879
- Other receivables, Other parties		12.863	4.287
Inventory	9	1.135.039	975.267
Prepaid expenses	13	96.088	120.708
Current income tax assets	24	88.145	128.235
Other current assets	15	18.879	17.833
Non-current assets		2.266.441	2.007.102
Financial investments	5	181.755	181.755
Other receivables		3.966	3.480
- Other Receivables, Other Parties		3.966	3.480
Property, plant and equipment	10	2.029.273	1.784.675
Intangible assets	11	7.175	5.350
- Other intangible assets		7.175	5.350
Prepaid expenses	13	42.840	30.215
Deferred tax assets	24	1.432	1.627
Total assets		4.833.018	4.167.785

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

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED BALANCE SHEETS
AT 30 SEPTEMBER 2016 AND 31 DECEMBER 2015**

(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

		30 September 2016	31 December 2015
	Notes	Not reviewed	Audited
Current liabilities		2.953.262	2.399.268
Short term financial liabilities	6	23.372	20.260
Trade payables		2.474.602	2.108.958
- Due to Related parties	26	247.211	195.864
- Due to Third Parties	7	2.227.391	1.913.094
Other payables		131.293	111
- Due to Related Parties	26	131.150	-
- Due to Third Parties		143	111
Deferred revenue		21.991	7.279
Employee benefit obligations		26.662	23.506
Short term Provisions	12	55.199	29.928
- Provision for Employee Benefits		13.963	6.312
- Other Short term Provisions		41.236	23.616
Current Income Tax Liabilities	24	128.143	162.882
Other Current Liabilities	15	92.000	46.344
Non-current Liabilities		96.322	98.158
Non-current provisions		60.381	60.368
- Provision for Employee Benefits	14	60.381	60.368
Deferred Tax Liabilities	24	35.941	37.790
Equity		1.783.434	1.670.359
Equity holders of the parent		1.783.434	1.670.359
Paid-in Share Capital	16	303.600	303.600
Treasury Shares		(29.251)	-
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		244.929	244.929
- Property and equipment revaluation reserve	16	279.957	279.957
- Revaluation gain/loss on defined benefit plans		(35.028)	(35.028)
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		22.464	23.876
- Currency translation difference		3.052	4.464
- Fair value changes in available-for-sale financial assets		19.412	19.412
Restricted Reserves		264.528	203.399
Retained Earnings		499.466	311.424
Net Income For The Period		477.698	583.131
Total Liabilities and Equity		4.833.018	4.167.785

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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2016 AND 2015**

(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 2016 - 30 September 2016	Not reviewed 1 July 2016 - 30 September 2016	Not reviewed 1 January 2015 - 30 September 2015	Not reviewed 1 July 2015 - 30 September 2015
INCOME OR LOSS					
Revenue	17	14.838.044	5.056.046	12.892.881	4.447.577
Cost of sales (-)	17	(12.355.766)	(4.188.249)	(10.816.940)	(3.715.953)
GROSS PROFIT		2.482.278	867.797	2.075.941	731.624
Marketing Expenses (-)	18	(1.657.855)	(577.740)	(1.369.331)	(479.751)
General Administrative Expenses (-)	18	(242.370)	(80.280)	(194.685)	(65.054)
Other Operating Income	20	17.564	4.582	17.494	6.286
Other Operating Expense (-)	20	(7.393)	(2.196)	(4.080)	(2.236)
OPERATING PROFIT		592.224	212.163	525.339	190.869
Income from investing activities	23	7.617	267	1.113	224
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		599.841	212.430	526.452	191.093
Financial Income	21	26.827	5.712	44.966	25.937
Financial Expense (-)	22	(18.723)	1.405	(3.617)	889
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		607.945	219.547	567.801	217.919
- Current Tax Expense	24	(129.984)	(42.759)	(127.361)	(47.510)
- Deferred tax income /(expense)	24	(263)	(5.022)	1.562	(1.494)
PROFIT FROM CONTINUED OPERATIONS		477.698	171.766	442.002	168.915
NET INCOME FOR THE PERIOD		477.698	171.766	442.002	168.915
Profit for the Period attributable to					
Non-controlling interest		-	-	-	-
Equity holders of the parent		477.698	171.766	442.002	168.915
Earnings per share					
Earnings per share from continued operations (Full TRY)		1,573	0,566	1,456	0,556
Other comprehensive loss					
Items to be classified to profit or loss		(1.412)	4.048	(9.169)	(6.420)
Currency translation difference		(1.412)	4.048	(9.169)	(6.420)
Other comprehensive loss		(1.412)	4.048	(9.169)	(6.420)
Total comprehensive income		476.286	175.814	432.833	162.495
Total comprehensive income attributable to					
Non-controlling interest		-	-	-	-
Equity holders of the parent		476.286	175.814	432.833	162.495

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

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2016 AND 2015

(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	Tangible assets fair value reserve	Actuarial gain/ loss from employee benefits	Currency translation difference	Financial assets fair value reserve	Retained earnings	Net income for the period	Paid-in share capital
Balance at 1 January 2015	303.600	-	169.541	78.323	(25.420)	9.206	-	218.982	395.299	1.149.531
Transfers	-	-	33.858	-	-	-	-	361.441	(395.299)	-
Increase due to acquisition of treasury shares	-	-	-	-	-	-	-	4.018	-	4.018
Dividend (Note 16)	-	-	-	-	-	-	-	(151.577)	-	(151.577)
Total comprehensive income	-	-	-	-	-	(9.169)	-	-	442.002	432.833
Balance at 30 September 2015	303.600		203.399	78.323	(25.420)	37	-	432.864	442.002	1.434.805
Balance at 1 January 2016	303.600	-	203.399	279.957	(35.028)	4.464	19.412	311.424	583.131	1.670.359
Transfers	-	-	31.878	-	-	-	-	551.253	(583.131)	-
Increase due to acquisition of treasury shares	-	(29.251)	29.251	-	-	-	-	(29.251)	-	(29.251)
Dividend (Note 16)	-	-	-	-	-	-	-	(333.960)	-	(333.960)
Total comprehensive income	-	-	-	-	-	(1.412)	-	-	477.698	476.286
Balance at 30 September 2016	303.600	(29.251)	264.528	279.957	(35.028)	3.052	-	499.466	477.698	1.783.434

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CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2016 AND 2015

(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 2016	Not Reviewed 1 January - 30 September 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		915.919	644.603
Profit for the period		477.698	442.002
Adjustments to reconcile profit for the period		316.481	263.110
Depreciation and amortisation	10,11,19	155.361	123.945
Provisions for impairments		4.536	12.836
- Provisions for impairments of inventories	9	4.523	12.833
- Allowance for doubtful receivables	8	13	3
Adjustments related to provisions	12,14	47.735	11.759
- Provision for employment termination benefits		30.115	11.328
- Legal provisions	12	4.939	343
- Other provisions		12.681	88
Adjustments for profit share or other financial instruments (income)/expenses	21	(13.781)	(10.116)
Adjustments for tax income/ losses	24	130.247	125.799
(Gain)/Loss on sale of property and equipment	23	(4.235)	(1.113)
Other adjustments related to cash flows arising from investing and financing activities		(3.382)	-
Changes in net working capital		257.514	52.521
Increases/decreases in inventories		(164.295)	(188.006)
Increases/decreases in trade receivables		(33.099)	(53.291)
Increases/decreases in other assets		30.688	(6.290)
Increases/decreases in trade payables		365.644	300.909
Increases/decreases in other payables		32	(423)
Other net working capital		58.544	(378)
Net cash generated from operating activities		1.051.693	757.633
Income taxes paid	24	(122.792)	(103.561)
Employee benefits paid	14	(12.983)	(9.487)
Other cash inflows	8	1	18
B. CASH FLOWS FROM INVESTING ACTIVITIES		(410.321)	(334.546)
Proceeds from sale of tangible and intangible assets	10,11,23	12.393	8.243
Purchases of tangible and intangible assets	10,11	(411.907)	(337.243)
- Purchases of tangible assets		(408.290)	(335.566)
- Purchases of intangible assets		(3.617)	(1.677)
Cash advances given	13	(14.189)	(5.546)
Dividend income	23	3.382	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		(195.176)	(106.932)
Proceeds from financial liabilities		3.112	30.577
Profit share received		13.123	10.051
Dividend paid		(182.160)	(151.577)
Acquisition of treasury shares		(29.251)	(19.602)
Cash received from sale of treasury shares		-	23.619
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		310.422	203.125
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(3.205)	(28.986)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		307.217	174.139
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	347.636	323.979
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)	4	654.853	498.118

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016

(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 600 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.

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 April 2013. BIM Stores LLC financial statements are consolidated by using the full consolidation method as of 30 September 2016. 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 7 November 2016 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 2016 and 2015, the average number of employees in accordance with their categories is shown below:

	1 January- 30 September 2016	1 January- 30 September 2015
Office personnel	2.135	1.992
Warehouse personnel	3.609	3.319
Store personnel	28.560	26.048
Total	34.304	31.359

As of 30 September 2016, the Group operates in 5.961 stores (31 December 2015: 5.400).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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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 September 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 2016 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 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.

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 2016 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 2016. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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

2. Basis of preparation of financial statements (Continued)

2.2 New and amended International Financial Reporting Standards (Continued)

a. *The new standards, amendments and interpretations which are effective for the financial statements as of 30 September 2016*

- **Amendment to IFRS 11, 'Joint arrangements'** on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The standart has no impact on the financial position or performance of the Group.
- **Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture',** regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The standart has no impact on the financial position or performance of the Group.
- **Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets',** on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The standart has no impact on the financial position or performance of the Group.
- **IFRS 14 'Regulatory deferral accounts',** effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. The standart has no impact on the financial position or performance of the Group.
- **Amendments to IAS 27, 'Separate financial statements'** on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The standart has no impact on the financial position or performance of the Group.
- **Amendment to IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures',** effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The standart has no impact on the financial position or performance of the Group.

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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.)

2. Basis of preparation of financial statements (Continued)

2.2 New and amended International Financial Reporting Standards (Continued)

- **Annual improvements 2014**, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
 - IAS 19, 'Employee benefits' regarding discount rates.
 - IAS 34, 'Interim financial reporting' regarding disclosure of information.
- **Amendment to IAS 1**, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The standard has no impact on the financial position or performance of the Group.

b. Standards and amendments issued but not yet effective as of 30 September 2016:

- **Amendments to IAS 7 'Statement of cash flows'** on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The standard has no impact on the financial position or performance of the Group.
- **Amendments IAS 12 'Income Taxes'**, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets. The standard has no impact on the financial position or performance of the Group.
- **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. The standard has no impact on the financial position or performance of the Group.
- **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. The standard has no impact on the financial position or performance of the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016

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

2. Basis of preparation of financial statements (Continued)

2.2 New and amended International Financial Reporting Standards (Continued)

- **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. The standard has no impact on the financial position or performance of the Group.
- **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. The standard has no impact on the financial position or performance of the Group.
- **IFRS 16 'Leases'**, effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a far-reaching 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.
- **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.

2.3 Compliance with TAS

The Group prepared its consolidated interim financial statements for the period ended 30 September 2016 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 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 3,2501 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 3,3388. 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 2,9569, at the average TRY exchange rate for purchases of EGP, is TRY 1 = EGP 2,9341. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

2.5 Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements.

Unused vacation balance amounting to TRY3.757, which is presented in long term provision for employee benefits as of 31 December 2015 has been reclassified to short term provisions for employee benefits.

2.6. Summary of Significant Accounting Policies

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 2016. 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.

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.

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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.

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 is recorded as income of the collection right transfer date. 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.

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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 10 days term (31 December 2015: 10 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 trace 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.

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.

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:

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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

Expected useful life, residual value and amortisation method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively

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

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).

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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.

Loans and receivables

Loans and receivables 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.

Available-for-sale financial assets

Available-for-sale financial assets 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.

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. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

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.

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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.

Assets carried 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.

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 50 days term (31 December 2015: 49 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.

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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 2016	2,9959	3,3608
31 December 2015	2,9076	3,1776

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.

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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.

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).

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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.

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.

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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 2016	31 December 2015
Cash on hand	96.127	105.401
Banks		
-demand deposits	78.063	76.875
- profit share deposits	440.192	134.801
Cash in transit	42.282	31.712
	656.664	348.789
Less: accrual for profit share	(1.811)	(1.153)
Cash and cash equivalents for cash flow	654.853	347.636

As of 30 September 2016 and 31 December 2015 there is no restricted cash. As of 30 September 2016, amounting to TRY397.897 of total profit share deposits are in TRY and the gross rate for profit share from participation banks for TRY is gross 8,10% per annum (31 December 2015: gross 8.25% per annum) and average maturity is 60 days (31 December 2015: 60 days). Profit share deposits are in foreign exchange deposits are in USD and EUR and gross rate for profit share from participation banks is gross 1,75% for USD deposits and 1,30 for EUR deposits. (31 December 2015: None) and average maturities are 35 days and 18 days respectively. (31 December 2015:None) 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) Subsidiaries

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

Name of subsidiary	Share	30 September 2016	31 December 2015
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (*)	100 %	12.590	12.590
		12.590	12.590

(*) As of 30 January 2012, the Group took over the shares of İdeal Standart İşletmecilik ve Mümessillik Sanayi ve Ticaret Anonim Şirketi ("İdeal Standart") by TRY 12.590. Since the financial statements of the Company are not material for the Group's consolidated financial statements or does not have a significant influence, are not included in the scope of consolidation and the ratio of total assets and turnover of the Company is less than 1% to the Group's consolidated total assets and turnover.

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5. Financial assets (Continued)

b) Available-for-sale financial assets

The details of available-for-sale financial assets of the Group are as below:

Name of available-for-sale financial assets (-)	Share	30 September 2016	31 December 2015
Ziylan Mağazacılık ve Pazarlama A.Ş. (*)	11,5%	169.165	169.165
		169.165	169.165

(*) The Group acquired 11,5% of shares of Ziylan Mağazacılık ve Pazarlama Anonim Şirketi ("Ziylan"), on 2014 for TRY 144.900. As of 31 December 2015 the fair value of aforementioned available-for-sale financial asset is calculated by an independent valuation company by using discounted cash flow analysis method. As of 30 September 2016 there is no significant change on fair value of the asset.

6. Financial liabilities

The Group has interest free short term bank borrowings in amount of TRY 23.372 (31 December 2015: TRY20.260) to pay SGK liabilities as of 30 September 2016. Such borrowings have been closed on 3 October 2016.

7. Trade receivables and payables

a) Trade receivables, other parties, net

	30 September 2016	31 December 2015
Credit card receivables	558.784	525.685
	558.784	525.685

As of 30 September 2016 the average term of credit card receivables is 10 days (31 December 2015: 10 days).

b) Trade payables, other parties, net

	30 September 2016	31 December 2015
Other trade payables	2.242.291	1.928.360
Unincurred rediscount expense (-)	(14.900)	(15.266)
	2.227.391	1.913.094

As of 30 September 2016 the average term of trade payables is 50 days (31 December 2015: 49 days). As of 30 September 2016 letters of guarantee and cheques are amounting to TRY115.080 and mortgages are amounting to TRY6.743 (31 December 2015: TRY46.127 letters of guarantee and cheques, TRY41.488 mortgages).

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8. Other receivables and payables

a) Other Receivables from related parties

	30 September 2016	31 December 2015
Receivables from related parties (*)	115	39.879
	115	39.879

(*) Receivables from related parties consist of advance given to Bahariye Mensucat San. ve Tic. A.Ş as of 30 September 2016. As of 31 December 2015, the balance consist of advance given to Natura Gıda Sanayi ve Ticaret A.Ş. and the payable given to Ziylan Group

b) Other receivables from other parties

	30 September 2016	31 December 2015
Other receivables	12.863	4.287
Doubtful receivables	372	360
Less: Allowance for doubtful receivables	(372)	(360)
	12.863	4.287

As of 30 September 2016 and 31 December 2015, 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 2016	30 September 2015
Balance at the beginning of the period	360	372
Allowance for doubtful receivables	13	3
Collection in current year	(1)	(18)
Balance at the end of the period	372	357

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9. Inventories

	30 September 2016	31 December 2015
Trade goods, net	1.123.166	963.155
Other	11.873	12.112
	1.135.039	975.267

Cost of inventories amounting to TRY 12.674.931 (30 September 2015: TRY 10.911.225) expensed under cost of sales.

The movement of impairment for inventories in 2016 is as follows:

	30 September 2016	30 September 2015
Balance at the beginning of the period	7.258	3.460
Current year reversal	(7.258)	(3.460)
Allowance for impairment	4.523	12.833
Balance at the end of the period	4.523	12.833

As of 30 September 2016, allowance for impairment on trade goods amounting to TRY4.523 (31 December 2015: TRY7.258). Amount of the goods that were written down are reversed and has been included in cost of sales in the income statement.

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10. Property, plant and equipment

The movements of property and equipment and the related accumulated depreciation for the periods ended 30 September 2016 and 2015 are as follows:

	1 January 2016	Additions	Disposals	Transfers	Currency translation difference	30 September 2016
Cost or revalued amount						
Land	505.940	23.290	-	-	(157)	529.073
Land improvements	7.589	528	-	289	-	8.406
Buildings	398.057	21.000	-	44.972	(1.559)	462.470
Leasehold improvements	529.244	86.000	(5.079)	1.373	1.484	613.022
Machinery and equipment	645.720	117.787	(7.446)	1.615	(375)	757.301
Vehicles	125.910	26.120	(13.455)	2.058	115	140.748
Furniture and fixtures	255.481	39.972	(2.627)	237	(18)	293.045
Construction in progress	51.350	93.592	-	(50.544)	(126)	94.272
	2.519.291	408.289	(28.607)	--	(636)	2.898.337
Less : Accumulated depreciation						
Land improvements	(4.603)	(832)	-	-	-	(5.435)
Buildings	-	(18.756)	-	-	5	(18.751)
Leasehold improvements	(210.511)	(41.066)	2.806	-	(800)	(249.571)
Machinery and equipment	(290.266)	(50.446)	5.387	-	(316)	(335.641)
Vehicles	(62.911)	(17.508)	9.786	-	(76)	(70.709)
Furniture and fixtures	(166.325)	(24.950)	2.436	-	(118)	(188.957)
	(734.616)	(153.558)	20.415		(1.305)	(869.064)
Net book value	1.784.675					2.029.273

	1 January 2015	Additions	Disposals	Transfers	Currency translation difference	30 September 2015
Cost or revalued amount						
Land	291.456	24.128	-	(1.042)	1.935	316.477
Land improvements	6.094	992	-	-	-	7.086
Buildings	289.825	33.863	(23)	12.984	-	336.649
Leasehold improvements	426.640	66.470	(7.988)	1.370	10.821	497.313
Machinery and equipment	527.365	89.961	(6.792)	2.185	7.686	620.405
Vehicles	107.298	24.510	(7.688)	2.358	1.243	127.721
Machinery and equipment	213.381	32.918	(2.958)	671	1.756	245.768
Construction in progress	11.836	62.723	(27)	(18.526)	2.637	58.643
	1.873.895	335.565	(25.476)	-	26.078	2.210.062
Less: Accumulated depreciation						
Land improvements	(3.647)	(707)	7	-	-	(4.347)
Buildings	(23.828)	(12.576)	-	-	-	(36.404)
Leasehold improvements	(167.597)	(33.118)	3.678	-	(3.118)	(200.155)
Machinery and equipment	(242.017)	(39.770)	5.713	-	(3.197)	(279.271)
Vehicles	(51.452)	(15.809)	5.988	-	(414)	(61.687)
Furniture and fixtures	(142.170)	(20.675)	2.969	-	(578)	(160.454)
	(630.711)	(122.655)	18.355	-	(7.307)	(742.318)
Net book value	1.243.184				18.771	1.467.744

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10. Property, plant and equipment (Continued)

Depreciation expense amounting to TRY143.056 (30 September 2015: TRY114.821) were accounted for in marketing expenses and TRY10.502 (1 January - 30 September 2015: TRY7.834) in general and administrative expenses for the period 1 January-30 September 2016. 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.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts of land and buildings would have been as follows as of 30 September 2016 and 31 December 2015, respectively:

	Land and building	
	30 September	31 December
	2016	2015
Cost	766.039	676.605
Accumulated depreciation	(94.671)	(74.032)
	671.368	602.573

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 2016 and 31 December 2015. The revaluation surplus 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 are market comparable method, cost and income approach including discounted cash flow analysis.

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.

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.

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10. Property, plant and equipment (Continued)

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 built in 2015.

The movement of revaluation fund of land and buildings of the Group is as follows:

	1 January - 30 September 2016	1 January- 31 December 2015
Balance at the beginning of the period	279.957	78.323
Increase in revaluation reserve	-	220.387
Deferred income tax on revaluation reserve	-	(18.753)
Balance at the end of the period	279.957	279.957

As of 30 September 2016 and 31 December 2015, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	30 September 2016	31 December 2015
Machinery and equipment	98.136	87.321
Furniture and fixtures	112.582	101.692
Intangible assets and leasehold improvements	52.639	43.858
Vehicles	16.849	11.274
Land improvements	3.158	2.311
	283.364	246.456

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10. Property, plant and equipment (Continued)

Pledges and mortgages on assets

As of 30 September 2016 and 31 December 2015, 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 2016 and 2015 are as follows:

	1 January 2016	Additions	Disposals	Currency translation differences	30 September 2016
Cost					
Rights	18.538	3.617	(21)	56	22.190
Other intangible assets	139	-	-	-	139
	18.677	3.617	(21)	56	22.329
Accumulated amortization					
Rights	(13.290)	(1.793)	19	(43)	(15.107)
Other intangible assets	(37)	(10)	-	-	(47)
	(13.327)	(1.803)	19	(43)	(15.154)
Net book value	5.350				7.175

	1 January 2015	Additions	Disposals	Currency translation differences	30 September 2015
Cost					
Rights	16.111	1.622	(30)	145	17.848
Other intangible assets	84	55	-	-	139
	16.195	1.677	(30)	145	17.987
Accumulated amortization					
Rights	(11.481)	(1.282)	24	(107)	(12.846)
Other intangible assets	(26)	(8)	-	-	(34)
	(11.507)	(1.290)	24	(107)	(12.880)
Net book value	4.688				5.107

As of 30 September 2016 amortisation expense amounting to TRY1.680 (1 January - 30 September 2015: TRY1.207) has been charged in marketing expenses and TRY123 (1 January - 30 September 2015: TRY83) 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.

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12. Provisions, contingent assets and liabilities

a) Short term provisions for employee benefits

Unused vacation amounting to TRY13.963 is shown on the current provisions for employee benefits amounting in the Group account of short term provisions for the period ended 30 September 2016 (31 December 2015: TRY6.312).

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

	1 January - 30 September 2016	1 January - 30 September 2015
Balance at the beginning of the period	6.312	6.919
Reversals during period	(6.312)	(6.919)
Provision amount	13.963	8.207
Balance at the end of the period	13.963	8.207

b) Other short term provisions

	30 September 2016	31 December 2015
Legal provisions (*)	18.089	13.150
Other	23.147	10.466
Total	41.236	23.616

(*) As of 30 September 2016 and 31 December 2015, the total amount of outstanding lawsuits filed against the Group, TRY25.842 and TRY20.319 (in historical terms), respectively. The Group recognized provisions amounting to TRY18.089 and TRY13.150 for the related periods, respectively.

Current period movement of provision for lawsuits is as follows;

	1 January - 30 September 2016	1 January - 30 September 2015
Balance at the beginning of the period	13.150	12.765
Provision / (reversed) amount, net	4.939	343
Balance at the end of the period	18.089	13.108

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12. Provisions, Contingent Assets and Liabilities (Continued)

Letter of guarantees, mortgages and pledges given by the Group

As of 30 September 2016 and 31 December 2015, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	30 September 2016				
	Total TRY equivalent	TRY	USD	Euro	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	16.291	15.539	250.870	-	-
<i>Guarantee</i>	16.291	15.539	250.870	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages given in favor 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 given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. Total amount of guarantees, pledges and mortgages given in favor of parent Company	-	-	-	-	-
ii. Total amount of guarantees, pledges and mortgages given in favor of other group companies which are not covered in B and C above	-	-	-	-	-
iii. Total amount of guarantees, pledges and mortgages given in favor of 3rd parties which are not covered in C above	-	-	-	-	-
Total	16.291	15.539	250.870	-	-

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12. Provisions, contingent assets and liabilities (Continued)

	31 December 2015				
	Total TRY equivalent	TRY	USD	Euro	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of legal entity	14.237	13.510	250.000	-	-
<i>Guarantee</i>	14.237	13.510	250.000	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages given in favor 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 given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. Total amount of guarantees, pledges and mortgages given in favor of parent company	-	-	-	-	-
ii. Total amount of guarantees, pledges and mortgages given in favor of other group companies which are not covered in B and C above	-	-	-	-	-
iii. Total amount of guarantees, pledges and mortgages given in favor of 3rd parties which are not covered in C above	-	-	-	-	-
Total	14.237	13.510	250.000	-	-

Insurance coverage on assets

As of 30 September 2016 and 31 December 2015, insurance coverage on assets of the Group is TRY1.348.473 and TRY1.221.416 respectively.

13. Prepaid expenses

a) Short term prepaid expenses

	30 September 2016	31 December 2015
Order advances given	84.879	115.302
Other	11.209	5.406
	96.088	120.708

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13. Prepaid expenses (Continued)

b) Long term prepaid expenses

	30 September 2016	31 December 2015
Advances given for property, plant and equipment	38.041	23.851
Other	4.799	6.364
	42.840	30.215

14. Employee termination benefits

	30 September 2016	31 December 2015
Provision for employee termination benefits	60.381	60.368
	60.381	60.368

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506.

The amount payable consists of one month's salary limited to a maximum of TRY 4.297,21 for each period of service as of 30 September 2016 (31 December 2015: TRY 3.828,37). The retirement pay provision ceiling is revised annually, and TRY 4.297,21 which is effective from 1 July 2016, is taken into consideration in the calculation of provision for employment termination benefits (effective from 1 January 2016: TRY4.092,53). 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 2016 and 31 December 2015 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 4,25% by assuming an annual inflation rate of 6,0% and a discount rate of 10,50% (31 December 2015: 10,50%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

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14. Employee termination benefits (Continued)

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 2016	1 January - 30 September 2015
Current service cost (Note 18)	8.611	7.056
Financial expense of employee termination benefit (Note 22)	4.385	2.984
Total	12.996	10.040

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

	1 January - 30 September 2016	1 January - 30 September 2015
Balance at the beginning of the period	60.368	47.985
Financial expense of employee termination benefit	4.385	2.984
Current service cost	8.611	7.056
Benefits paid	(12.983)	(9.487)
Balance at the end of the period	60.381	48.538

15. Other assets and liabilities

a) Other current assets

	30 September 2016	31 December 2015
VAT receivable	8.778	13.149
Other	10.101	4.684
	18.879	17.833

b) Other current liabilities

	30 September 2016	31 December 2015
Taxes and funds payables	86.526	40.296
Other	5.474	6.048
	92.000	46.344

As of 30 September 2016 and 31 December 2015, the Group does not have any other long-term liability.

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16. Equity

a) Share capital and capital reserves

As of 30 September 2016 and 31 December 2015, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows:

	30 September 2016		31 December 2015	
	Historical cost	%	Historical cost	%
Mustafa Latif Topbaş	44.877	14,8	44.877	14,8
Ahmet Afif Topbaş	28.500	9,4	28.500	9,4
Abdulrahman A. El Khereiji	6.072	2,0	6.072	2,0
Firdevs Çizmeci	3.500	1,1	3.500	1,1
Fatma Fitnat Topbaş	3.036	1,0	3.036	1,0
Ahmed Hamdi Topbaş	1.600	0,5	1.600	0,5
Ahmet Hamdi Topbaş	520	0,2	520	0,2
Ömer Hulusi Topbaş	360	0,1	360	0,1
Publicly traded	215.135	70,9	215.135	70,9
	303.600	100	303.600	100

The Company's share capital is fully paid and consists of 303.600.000 (31 December 2015- 303.600.000) shares of TRY 1 nominal value each.

Revaluation surplus

As of 30 September 2016 the Group has revaluation surplus amounting TRY279.957 (31 December 2015: TRY279.957) related to revaluation of land and buildings. The revaluation surplus is not available for distribution to shareholders.

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 installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

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16. Equity (Continued)

b) Restricted reserves and retained earnings (Continued)

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 2016 and 31 December 2015 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	30 September 2016	31 December 2015
Legal reserves	235.277	203.399
Extraordinary reserves	655.950	377.112
Net profit for the period	344.833	644.675
	1.236.060	1.225.186

As of 30 September 2016, net profit for the Company's statutory books is TRY511.616 (31 December 2015: TRY644.675) and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY477.698 (31 December 2015: TRY583.131).

Treasury shares

Regarding the press release of the T.R. Prime Ministry Board of Capital Market dated 21.07.2016, our Board of Directors has decided to purchase the Company's shares back in the Stock Exchange, to allocate fund for buy-back could be no more than TRY 300.000.000 (TRY full) that is met from the internal sources and to authorize Haluk Dortluoglu, Executive Committee Member and CFO, for the transactions. As part of such buy-back operation between 26 August-30 September 2016, 0,19% of shares of the Company that 576.265 (TRY full) units of BIM shares corresponding to TRY 29.251.456 (TRY full) have been repurchased and financed through own resources of the Company.

Dividend paid

As part as the resolution of General Assembly on 13 April 2016, cash profit distribution is decided to be paid in two installments. First installment amounting to gross TRY182.160 is paid as of 30 September 2016 (2015: TRY151.577). The dividend paid per share is full TRY 0,60. Second installment amounting to gross TRY151.800 will be distributed on 7 November 2016.

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17. Sales and cost of sales

a) Net Sales

The Group's net sales for the periods ended 30 September 2016 and 2015 are as follows:

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Sales	14.888.389	5.073.494	12.938.045	4.463.157
Sales returns (-)	(50.345)	(17.448)	(45.164)	(15.580)
	14.838.044	5.056.046	12.892.881	4.447.577

b) Cost of sales

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Beginning inventory	963.155	1.295.949	794.473	1.115.556
Purchases	12.515.777	4.015.466	10.992.806	3.570.736
Ending inventory (-)	(1.123.166)	(1.123.166)	(970.339)	(970.339)
	12.355.766	4.188.249	10.816.940	3.715.953

18. Operational Expenses

a) Marketing expenses

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Personnel expenses	783.248	269.916	641.880	221.632
Rent expenses	373.616	130.085	311.560	108.844
Depreciation&amortization expenses	144.736	50.895	116.028	41.618
Electricity,water&communication expenses	90.497	38.363	73.161	30.550
Packaging expenses	82.715	26.981	69.589	24.749
Advertising expenses	42.499	15.038	36.085	11.658
Trucks fuel expense	34.621	12.734	34.675	12.131
Maintenance and repair expenses	32.369	10.451	26.966	9.165
Taxes and duty expenses	10.973	3.076	9.789	2.945
Provision for employee termination benefit	7.233	2.411	5.907	1.980
Other	55.348	17.790	43.691	14.479
	1.657.855	577.740	1.369.331	479.751

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18. Operational Expenses (Continued)

b) General and administrative expenses

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Personnel expenses	158.177	53.539	129.579	43.111
Legal and consultancy expenses	13.636	4.494	10.762	3.571
Vehicle rent expenses	11.513	4.267	6.511	2.522
Depreciation&amortization expenses	10.625	3.693	7.917	2.058
Money collection expenses	7.182	2.474	5.927	2.149
Motor vehicle expenses	6.578	2.074	6.967	2.296
Taxes and duty expenses	6.463	1.952	5.018	1.529
Provision for employee termination benefits	1.378	459	1.149	372
Communication expenses	1.189	405	1.050	361
Office supplies expenses	946	277	732	240
Other	24.683	6.646	19.073	6.845
	242.370	80.280	194.685	65.054

19. Expenses by nature

a) Depreciation and amortisation expenses

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Marketing and selling expenses	144.736	50.895	116.028	41.618
General and administrative expenses	10.625	3.693	7.917	2.058
	155.361	54.588	123.945	43.676

b) Personnel expenses

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Wages and salaries	832.361	287.825	674.362	229.672
Social security premiums - employerer contribution	109.064	35.629	97.097	35.071
Provision for employee termination benefits (Note 14)	8.611	2.870	7.056	2.352
	950.036	326.324	778.515	267.095

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20. Other operating income and expense

a) Other Operating Income

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Gain on sale of scraps	4.832	1.467	6.075	1.800
Other income from operations	12.732	3.115	11.419	4.486
	17.564	4.582	17.494	6.286

b) Other Operating Expense

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Provision expenses	6.421	1.839	3.015	1.896
Other	972	357	1.065	340
	7.393	2.196	4.080	2.236

21. Financial Income

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Income on profit share account deposits	13.781	4.577	10.116	2.923
Foreign exchange gains	13.046	1.135	34.850	23.014
	26.827	5.712	44.966	25.937

22. Financial Expenses

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Foreign exchange losses	13.550	(3.374)	248	(1.976)
Finance charge on employee termination benefit including actuarial losses	4.385	1.462	2.984	994
Other financial expenses	788	507	385	93
	18.723	(1.405)	3.617	(889)

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23. Income and expense from investing activities

a) Income from Investing Activities

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Gain on sale of property, plant and equipment	4.235	267	1.113	224
Dividend income	3.382	-	-	-
	7.617	267	1.113	224

b) Expense from Investing Activities

None (1 January- 30 September 2015: None).

24. Tax assets and liabilities

As of 30 September 2016 and 31 December 2015, provision for taxes of the Group is as follows:

	30 September 2016	31 December 2015
Current income tax liabilities	128.143	162.882
Current tax assets (Prepaid taxes)	(88.145)	(128.235)
Corporate tax payable	39.998	34.647

In Turkey, as of 30 September 2016, corporate tax rate is 20% (31 December 2015: 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 20% 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 2016 the corporate tax rate is 30% (31 December 2015: 30%) where the consolidated subsidiary of the Company, BIM Stores SARL operates. In Egypt, as of 30 September 2016 the corporate tax rate is 22.5% (31 December 2015: 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 2015: 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.

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24. Tax assets and liabilities (Continued)

As of 30 September 2016 and 31 December 2015, 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 2016	31 December 2015	1 January - 30 September 2016	1 January - 30 September 2015
<i>Deferred tax liability</i>				
Tangible and intangible assets, except the effect of revaluation effect	31.335	30.096	1.239	2.202
The effect of the revaluation of land and buildings	23.291	23.291	-	-
The effect of the revaluation of financial asset	4.853	4.853	-	-
Other adjustments	3.065	2.596	469	352
<i>Deferred tax asset</i>				
Reserve for employee termination benefit	(12.076)	(12.074)	(2)	(111)
Other adjustments	(15.959)	(12.599)	(3.360)	(3.767)
Currency translation difference		-	1.917	(238)
Deferred tax	34.509	36.163	263	(1.562)

Deferred tax is presented in financial statements as follows:

	30 September 2016	31 December 2015
Deferred tax assets	1.432	1.627
Deferred tax liabilities	(35.941)	(37.790)
Net deferred tax liability	(34.509)	(36.163)

Movement of net deferred tax liability for the periods ended 30 September 2016 and 2015 are as follows:

	1 January - 30 September 2016	1 January - 30 September 2015
Balance at the beginning of the period	36.163	13.578
Deferred tax expense/(income) recognized in statement of comprehensive income	263	(1.562)
Foreign currency translation differences	(1.917)	238
Balance at the end of the period	34.509	12.254

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24. Tax assets and liabilities (Continued)

Tax reconciliation

	1 January - 30 September 2016	1 January - 30 September 2015
Profit before tax	607.945	567.801
Corporation tax at effective tax rate of 20%	(121.589)	(113.560)
Disallowable expenses	(442)	(424)
Effect of non-tax deductible and tax exempt items	411	294
Tax rate effect of the consolidated subsidiary	(2.821)	(2.073)
Other	(5.806)	(10.036)
	(130.247)	(125.799)
- Current	(129.984)	(127.361)
- Deferred	(263)	1.562

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 2016 and 2015, the movement of shares numbers is as follows:

	1 January - 30 September 2016	1 April - 30 September 2016	1 January - 30 September 2015	1 April - 30 September 2015
Earnings per share				
Average number of shares at the beginning of the period	303.600	303.600	303.600	303.600
Net profit of the year	477.698	171.766	442.002	168.915
Earnings per share	1,573	0,566	1,456	0,556

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26. Related party disclosures

a) Trade payables to related parties

Due to related parties balances as of 30 September 2016 and 31 December 2015 are as follows:

Payables related to goods and services received:

	30 September 2016	31 December 2015
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) ⁽¹⁾	78.894	67.750
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) ⁽¹⁾	70.155	56.190
Hedef Tüketim Ürünleri San. ve Dış Tic. A.Ş. (Hedef) ⁽¹⁾	32.153	26.731
Aktül Kağıt Üretim Pazarlama A.Ş. (Aktül) ⁽¹⁾	30.712	30.215
Aytaç Gıda Yatırım San. ve Ticaret A.Ş. (Aytaç) ⁽¹⁾	10.296	4.295
Golf Gıda Pazarlama ve Dağıtım Ltd. Şti (Golf) ^{(1)(*)}	7.855	-
Sena Muhtelif Ürün Paketleme Gıda Sanayi ve Tic. Ltd. Şti. (Sena) ⁽³⁾	6.504	7.482
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) ⁽²⁾	4.302	2.578
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) ^{(1)(*)}	-	360
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) ⁽¹⁾	3.899	130
Proline Bilişim Sistemleri ve Ticaret A.Ş. (Proline) ⁽¹⁾	2.441	133
	247.211	195.864

⁽¹⁾ Companies owned by shareholders of the Company.

⁽²⁾ Non consolidated subsidiaries of the Group.

⁽³⁾ Other related party

^(*) Related party Natura Gıda Sanayi ve Ticaret A.Ş. has handed over its all receivables to its %100 owned subsidiary Golf Gıda Pazarlama ve Dağıtım Ltd. Şti.As of 30 September 2016.

b) Other payables to related parties

Balance consists of dividend payables to the related parties.

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26. Related party disclosures (Continued)

c) Related party transactions

For the periods ended 30 September 2016 and 2015, summary of the major transactions with related parties are as follows:

i) Purchases from related parties during the periods ended 30 September 2016 and 2015 are as follows:

	1 January - 30 September 2016	1 January - 30 September 2015
Başak ⁽¹⁾	310.977	396.439
Turkuvaz ⁽¹⁾	248.462	169.690
Hedef ⁽¹⁾	131.374	164.061
Aktül ⁽¹⁾	112.461	83.251
Sena ⁽³⁾	29.655	24.847
Aytaç ⁽¹⁾	27.814	21.062
İdeal Standart ⁽²⁾	9.822	9.359
Avansas ⁽¹⁾	3.787	1.709
Bahariye ⁽¹⁾	1.633	960
Golf ⁽¹⁾	1.222	-
Ak Gıda ^{(1)(*)}	-	512.769
Natura ⁽¹⁾	-	103.251
Proline ⁽¹⁾	-	1.815
Seher ^{(1)(*)}	-	747
	877.207	1.489.960

(1) Companies owned by shareholders of the Company.

(2) Non consolidated subsidiaries of the Group.

(3) Other related party

(*) Ak Gıda A.Ş and Seher Gıda are released from related party by 20 July 2015, 14 August 2015 as a result of sale of majority shares and management change of the Company. The purchases reflect the period up to that date.

ii) For the periods ended 30 September 2016 and 2015 salaries, bonuses and compensations provided to board of directors and key management comprising of 147 and 134 personnel, respectively, are as follows

	1 January - 30 September 2016	1 January - 30 September 2015
Short-term benefits to employees	34.926	29.413
Long-term defined benefits	3.255	2.716
Total benefits	38.181	32.129

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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
	Fixed profit share bearing financial instruments		
Financial assets	Profit share deposits	440.192	134.801
Financial liabilities		-	-
	Variable profit share bearing financial instruments		
Financial assets		-	-
Financial liabilities		-	-

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.

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27. Financial Instruments and Financial Risk Management (Continued)

Credit risk table (Current period 30 September 2016)

	Credit card receivables		Other receivables		Bank deposits		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)	-	558.784	115	12.863	-	518.255	181.755	-
- Maximum risk secured by guarantees etc	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	558.784	115	12.863	-	518.255	181.755	-
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)	-	-	-	372	-	-	-	-
- Impairment	-	-	-	(372)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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27. Financial Instruments and Financial Risk Management (Continued)

Credit risk table (Prior period 31 December 2015)

	Credit card receivables		Other receivables		Bank deposits		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)	-	525.685	39.879	4.287	-	211.676	181.755	-
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	525.685	39.879	4.287	-	211.676	181.755	-
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)	-	-	-	360	-	-	-	-
- Impairment	-	-	-	(360)	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
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 2016 and 31 December 2015, the Group's foreign currency position is as follows ,

	30 September 2016				31 December 2015			
	TRY equivalent	USD	Euro	GBP	TRY equivalent	USD	Euro	GBP
1. Trade receivables	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash, banks accounts)	40.793	13.383.449	140.417	58.047	1.662	443.524	109.939	5.472
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Other current assets (1+2+3)	40.793	13.383.449	140.417	58.047	1.662	443.524	109.939	5.472
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	49	15.000	1.278	-	77	25.100	1.278	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	10	3.500	-	-
8. Non-current assets (5+6+7)	49	15.000	1.278	-	87	28.600	1.278	-
9. Total assets (4+8)	40.842	13.398.449	141.695	58.047	1.749	472.124	111.217	5.472
10. Trade payables	14	4.600	-	-	6	2.000	-	-
11. Financial liabilities	-	-	-	-	-	-	-	-
12a. Monetary other liabilities	-	-	-	-	19	6.500	-	-
12b. Non monetary other liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	14	4.600	-	-	25	8.500	-	-
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)	14	4.600	-	-	25	8.500	-	-
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)	40.829	13.393.849	141.695	58.047	1.724	463.624	111.217	5.472
21. Net foreign currency asset/(liability) position of monetary items (TFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a))	40.829	13.393.849	141.695	58.047	1.714	460.124	111.217	5.472
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 2016 and 31 December 2015:

30 September 2016		Exchange rate sensitivity analysis			
		Current Period			
		Profit/Loss		Equity	
		Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
<i>Increase/ Decrease of 10% in value of U.S. Dollar against TRY:</i>					
1-	U.S Dollar net asset/(liability)	4.010	(4.010)	-	-
2-	Protected part from U.S Dollar risk(-)	-	-	-	-
3-	U.S Dollar net effect (1+2)	4.010	(4.010)	-	-
<i>Increase/Decrease of 10% in value of Euro against TRY</i>					
4-	Euro net asset/(liability)	47	(47)	-	-
5-	Protected part from Euro risk (-)	-	-	-	-
6-	Euro net effect (4+5)	47	(47)	-	-
<i>Increase/Decrease of 10% in value of GBP against TRY :</i>					
7-	GBP net asset/(liability)	23	(23)	-	-
8-	Protected part from GBP risk (-)	-	-	-	-
9-	GBP net effect (7+8)	23	(23)	-	-
Total (3+6+9)		4.080	(4.080)	-	-

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27. Financial Instruments and Financial Risk Management (Continued)

31 December 2015	Exchange rate sensitivity analysis			
	Prior period			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
<i>Increase/Decrease of 10% in value of U.S Dollar against TRY:</i>				
1- U.S Dollar net asset/(liability)	149	(149)	-	-
2- Protected part from U.S Dollar risk (-)	-	-	-	-
3- U.S Dollar net effect (1+2)	149	(149)	-	-
<i>Increase/Decrease of 10% in value of Euro against TRY:</i>				
4- Euro net asset/(liability)	35	(35)	-	-
5- Protected part from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	35	(35)	-	-
<i>Increase/Decrease of 10% in value of GBP against TRY :</i>				
7- GBP net asset/(liability)	2	(2)	-	-
8- Protected part from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	2	(2)	-	-
Total (3+6+9)	186	(186)	-	-

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 2016 and 31 December 2015, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

30 September 2016

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	2.227.391	2.242.291	2.242.291	-	-	-
Due to related parties	247.211	248.790	248.790	-	-	-

31 December 2015

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	1.913.094	1.928.360	1.928.360	-	-	-
Due to related parties	195.864	197.123	197.123	-	-	-

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 2016 and 31 December 2015 are as follows:

	30 September 2016	31 December 2015
Total liabilities	3.049.584	2.497.426
Less: Cash and cash equivalents	(656.664)	(348.789)
Net debt	2.392.920	2.148.637
Total equity	1.783.434	1.670.359
Total equity+net debt	4.176.354	3.818.996
Net debt/(Total equity+net debt) (%)	57	56

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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 2016 and 31 December 2015. See note 10 for disclosures of the land and buildings that are measured at fair value.

30 September 2016	Level 1	Level 2	Level 3	Total
Available for sale financial assets				
Retail industry	-	169.165	-	169.165
Total assets	-	169.165	-	169.165
31 December 2015	Level 1	Level 2	Level 3	Total
Available for sale financial assets				
Retail industry	-	169.165	-	169.165
Total assets	-	169.165	-	169.165

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 2016 and 31 December 2015, 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 uncollectibility 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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