

**MİGROS TİCARET A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016**  
**(ORIGINALLY ISSUED IN TURKISH)**

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

**MİGROS TİCARET A.Ş.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 SEPTEMBER 2016**

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**MİGROS TİCARET A.Ş.**

**CONSOLIDATED BALANCE SHEETS AS OF  
30 SEPTEMBER 2016 AND 31 DECEMBER 2015**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)  
(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Notes	30 September 2016	31 December 2015
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents		1.044.156	839.424
Financial investments		647	4.085
Trade receivables			
Trade receivables from related parties	21	96	496
Trade receivables from third parties		65.367	49.349
Other receivables from third parties		8.700	5.924
Derivative financial instruments	4	319	-
Inventories	8	1.266.302	1.104.373
Prepaid expenses		30.888	31.465
Other current assets		1.505	407
<b>Total current assets</b>		<b>2.417.980</b>	<b>2.035.523</b>
<b>Non-current assets:</b>			
Financial investments		1.165	1.165
Other receivables from third parties		2.214	2.035
Derivative financial instruments	4	54	422
Investment properties	5	144.222	146.405
Property, plant and equipment	6	1.232.386	1.220.623
Intangible assets			
Goodwill	9	2.251.427	2.251.427
Other intangible assets	7	92.382	84.689
Prepaid expenses		22.967	18.428
<b>Total non-current assets</b>		<b>3.746.817</b>	<b>3.725.194</b>
<b>Total assets</b>		<b>6.164.797</b>	<b>5.760.717</b>

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

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**MİGROS TİCARET A.Ş.**

**CONSOLIDATED BALANCE SHEETS AS OF  
30 SEPTEMBER 2016 AND 31 DECEMBER 2015**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)  
(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Notes	30 September 2016	31 December 2015
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Current portion of non-current borrowings	10	208.849	212.910
Trade payables			
Trade payables to related parties	21	214.004	146.099
Trade payables to third parties		2.349.577	2.081.705
Employee benefits payables		53.664	47.193
Other payables to third parties		54.095	41.442
Deferred income		27.511	24.397
Taxes on income	19	22.050	9.595
Current provisions			
Current provisions for employee benefits	12	91.459	75.970
Other current provisions	11	45.085	83.283
Other current liabilities		3.400	3.077
<b>Total current liabilities</b>		<b>3.069.694</b>	<b>2.725.671</b>
<b>Non-current liabilities:</b>			
Long term borrowings	10	2.487.569	2.380.236
Other payables to third parties		3.254	3.181
Deferred income		4.409	850
Non-current provisions			
Non-current provisions for employee benefits	12	76.643	64.283
Deferred tax liabilities	19	59.062	70.510
<b>Total non-current liabilities</b>		<b>2.630.937</b>	<b>2.519.060</b>
<b>Total liabilities</b>		<b>5.700.631</b>	<b>5.244.731</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of parent</b>	20	<b>463.436</b>	<b>515.342</b>
Share capital		178.030	178.030
Balancing account for merger capital		27.312	27.312
Share premium		678.233	678.233
Other comprehensive income/expense			
not to be classified to profit or loss			
Defined benefit plans re-measurement losses		(8.822)	(8.350)
Other comprehensive income/expense			
to be classified to profit or loss			
Exchange differences on translation		10.219	4.720
Restricted reserves		504.766	504.766
Other reserves		(365)	(365)
Accumulated losses		(869.004)	(498.540)
Net loss for the period		(56.933)	(370.464)
<b>Non-controlling interest</b>		<b>730</b>	<b>644</b>
<b>Total equity</b>		<b>464.166</b>	<b>515.986</b>
<b>Total liabilities and equity</b>		<b>6.164.797</b>	<b>5.760.717</b>

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**MİGROS TİCARET A.Ş.**

**CONSOLIDATED STATEMENTS OF INCOME FOR THE  
INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2016 AND 2015**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	Notes	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Revenue	3,13	8.158.504	3.079.459	7.011.536	2.642.306
Cost of sales (-)	3,13, 14	(5.953.760)	(2.255.087)	(5.134.874)	(1.932.233)
<b>Gross profit</b>	<b>3, 13</b>	<b>2.204.744</b>	<b>824.372</b>	<b>1.876.662</b>	<b>710.073</b>
General administrative expenses (-)	14	(250.965)	(82.922)	(226.402)	(78.677)
Marketing, selling and distribution expenses (-)	14	(1.624.091)	(584.920)	(1.366.216)	(499.272)
Other operating income	15	88.561	55.382	60.016	30.803
Other operating expense (-)	15	(150.857)	(47.498)	(128.373)	(48.626)
<b>Operating profit</b>	<b>3</b>	<b>267.392</b>	<b>164.414</b>	<b>215.687</b>	<b>114.301</b>
Income from investment activities	16	698	155	863	316
Expenses from investment activities (-)	16	(37.309)	(720)	(117.059)	(113.246)
<b>Operating income before financial income/(expense)</b>	<b>3</b>	<b>230.781</b>	<b>163.849</b>	<b>99.491</b>	<b>1.371</b>
Financial income	17	24.940	11.363	49.696	40.365
Financial expense (-)	18	(277.554)	(152.180)	(575.584)	(375.137)
<b>Net (loss)/income before tax from continuing operations</b>		<b>(21.833)</b>	<b>23.032</b>	<b>(426.397)</b>	<b>(333.401)</b>
<b>Tax expense from continuing operations</b>	<b>19</b>	<b>(35.062)</b>	<b>(27.003)</b>	<b>(29.115)</b>	<b>(8.258)</b>
- Income tax expense (-)		(46.484)	(25.547)	(53.371)	(27.068)
- Deferred tax income/(expense)		11.422	(1.456)	24.256	18.810
<b>Net loss for the period</b>		<b>(56.895)</b>	<b>(3.971)</b>	<b>(455.512)</b>	<b>(341.659)</b>
<b>Net loss attributable to:</b>					
- Non-controlling interest		38	9	5	2
- Equity holders of parent		(56.933)	(3.980)	(455.517)	(341.661)
<b>Loss per share (TRL)</b>	<b>22</b>	<b>(0,32)</b>	<b>(0,02)</b>	<b>(2,56)</b>	<b>(1,92)</b>

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**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIODS 1 JANUARY - 30 SEPTEMBER 2016 AND 2015**

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>
<b>Net loss for the period</b>	<b>(56.895)</b>	<b>(3.971)</b>	<b>(455.512)</b>	<b>(341.659)</b>
<b>Other comprehensive income/(loss):</b>				
<b>Items not to be reclassified to profit or loss</b>	<b>(472)</b>	<b>(192)</b>	<b>808</b>	<b>808</b>
Defined benefit plan re-measurement (losses)/gains	(590)	(240)	1.010	1.010
<b>Tax effect of items not to be reclassified to profit or loss</b>				
Defined benefit plan re-measurement (losses)/gains, tax effect	118	48	(202)	(202)
<b>Items to be reclassified to profit or loss</b>	<b>5.547</b>	<b>5.067</b>	<b>(3.018)</b>	<b>(13.808)</b>
Exchange differences on translation	5.547	5.067	(3.018)	(13.808)
<b>Other comprehensive income/(loss)</b>	<b>5.075</b>	<b>4.875</b>	<b>(2.210)</b>	<b>(13.000)</b>
<b>Total comprehensive (loss)/income</b>	<b>(51.820)</b>	<b>904</b>	<b>(457.722)</b>	<b>(354.659)</b>
<b>Total comprehensive loss attributable to:</b>				
Non-controlling interests	86	46	136	85
Equity holders of parent	(51.906)	858	(457.858)	(354.744)

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

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)

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	Share capital	Balancing account for merger capital	Share premium	Other comprehensive income/expenses not to be reclassified to profit or loss	Other comprehensive income/expenses to be reclassified to profit or loss	Defined benefit plans re-measurement (losses)/gains	Exchange differences on translation	Restricted reserves	Other reserves	Retained earnings		Attributable to equity holders of the parent	Non-controlling interests	Total equity
				Defined benefit plans re-measurement (losses)/gains	Exchange differences on translation					Net income / (loss) for the period				
<b>Balances at 1 January 2015</b>	<b>178.030</b>	<b>27.312</b>	<b>678.233</b>	<b>(11.347)</b>	<b>30.196</b>	<b>504.766</b>	<b>(365)</b>	<b>(594.738)</b>	<b>96.198</b>	<b>908.285</b>	<b>554</b>	<b>908.839</b>		
Transfers	-	-	-	-	-	-	-	-	-	96.198	(96.198)	-	-	-
Total comprehensive income/(expense)	-	-	-	808	(3.149)	-	-	-	-	(455.517)	(457.858)	136	(457.722)	
Net loss for the period	-	-	-	-	-	-	-	-	-	(455.517)	(455.517)	5	(455.512)	
Cumulative translation differences	-	-	-	-	(3.149)	-	-	-	-	-	(3.149)	131	(3.018)	
Defined benefit plans re-measurement gains	-	-	-	808	-	-	-	-	-	-	808	-	808	
<b>Balances at 30 September 2015</b>	<b>178.030</b>	<b>27.312</b>	<b>678.233</b>	<b>(10.539)</b>	<b>27.047</b>	<b>504.766</b>	<b>(365)</b>	<b>(498.540)</b>	<b>(455.517)</b>	<b>450.427</b>	<b>690</b>	<b>451.117</b>		
<b>Balances at 1 January 2016</b>	<b>178.030</b>	<b>27.312</b>	<b>678.233</b>	<b>(8.350)</b>	<b>4.720</b>	<b>504.766</b>	<b>(365)</b>	<b>(498.540)</b>	<b>(370.464)</b>	<b>515.342</b>	<b>644</b>	<b>515.986</b>		
Transfers	-	-	-	-	-	-	-	-	(370.464)	370.464	-	-	-	
Total comprehensive (loss)/income	-	-	-	(472)	5.499	-	-	-	(56.933)	(51.906)	86	(51.820)		
Net loss for the period	-	-	-	-	-	-	-	-	(56.933)	(56.933)	38	(56.895)		
Cumulative translation differences	-	-	-	-	5.499	-	-	-	-	5.499	48	5.547		
Defined benefit plan re-measurement (losses)	-	-	-	(472)	-	-	-	-	-	(472)	-	(472)		
<b>Balances at 30 September 2016</b>	<b>178.030</b>	<b>27.312</b>	<b>678.233</b>	<b>(8.822)</b>	<b>10.219</b>	<b>504.766</b>	<b>(365)</b>	<b>(869.004)</b>	<b>(56.933)</b>	<b>463.436</b>	<b>730</b>	<b>464.166</b>		

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**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2016 AND 2015**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)

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	Notes	1 January - 30 September 2016	1 January - 30 September 2015
<b>Cash flows from operating activities:</b>			
Net loss for the period		(56.895)	(455.512)
<b>Adjustments related to reconciliation of loss</b>		<b>583.913</b>	<b>939.339</b>
Adjustments for depreciation and amortisation expenses	14	146.583	132.353
Adjustments for impairment on receivables	15	817	2.396
Adjustments for impairment on other financial assets or investments	16	-	530
Adjustments for inventory provisions	8	11.577	9.439
Adjustments for impairment on property, plant and equipment	6	26.876	3.385
Adjustments for impairment on other intangible assets	7, 16	-	111.500
Adjustments for impairment on investment properties	5	8.136	-
Adjustments for provision for employee benefits	12	48.124	41.561
Adjustments for provision for litigation	11	4.552	3.493
Adjustments for other provisions	15, 18	(36.736)	5.932
Adjustments for interest income	15, 17	(18.952)	(19.492)
Adjustments for interest expense	18	121.045	101.033
Adjustments for deferred finance expense from term purchases	15	133.961	112.987
Adjustments for unearned finance income from term sales	15	(30.750)	(28.665)
Adjustments for unrealized foreign currency translation difference		131.606	440.529
Adjustments for fair value losses arising from derivatives	17, 18	413	(7.538)
Adjustments for income tax expense	19	35.062	29.115
Loss on sale of property plant and equipment	16	1.599	781
<b>Changes in working capital</b>		<b>171.678</b>	<b>312.954</b>
Adjustments for increase in trade receivables		(16.347)	(12.389)
Adjustments for increase in other receivables related with operations		(4.576)	(9.956)
Adjustments for increase in inventories		(173.506)	(72.510)
Adjustments for increase in trade payables		337.862	400.942
Adjustments for increase in other payables related with operations		28.245	6.867
<b>Cash flows from operating activities</b>		<b>698.696</b>	<b>796.781</b>
Interest received		46.614	47.115
Interest paid		(136.047)	(119.786)
Employee benefits paid	12	(20.865)	(21.477)
Taxes paid		(34.029)	(33.666)
Other provisions paid	11	(8.066)	(3.086)
<b>Net cash provided by operating activities</b>		<b>546.303</b>	<b>665.881</b>

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	Notes	1 January - 30 September 2016	1 January - 30 September 2015
Cash outflows from the purchase of tangible and intangible assets	6, 7	(194.189)	(168.599)
Cash outflows from the purchase of investment properties	5	(3.170)	(3.534)
Cash inflows from the sale of tangible and intangible assets	6, 16	1.325	1.443
<b>Cash flows from investing activities</b>		<b>(196.034)</b>	<b>(170.690)</b>
 Cash outflows from financial liabilities		(69.388)	(17.860)
Cash paid with respect to derivative instruments		(364)	(1.932)
Interest received		3.000	1.042
Interest paid		(79.991)	(51.282)
 <b>Cash flows from financing activities</b>		<b>(146.743)</b>	<b>(70.032)</b>
 <b>Increase in cash and cash equivalents before effect of exchange rate changes</b>		<b>203.526</b>	<b>425.159</b>
Effect of exchange rate changes on cash and cash equivalents		1.206	(2.567)
Net increase in cash and cash equivalents		204.732	422.592
 <b>Cash and cash equivalents at the begining of period</b>		<b>839.424</b>	<b>689.074</b>
 <b>Cash and cash equivalents at the end of period</b>		<b>1.044.156</b>	<b>1.111.666</b>

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**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS**

Migros Ticaret A.Ş., previously named as Moonlight Perakendecilik ve Ticaret Anonim Şirketi ("Moonlight"), (collectively referred to as "Migros Ticaret" or the "Company"), was established on 19 March 2008 and is registered in Istanbul, Turkey under the Turkish Commercial Code.

Moonlight acquired 50,83% of Migros Türk Ticaret A.Ş. ("Migros Türk") shares on 30 May 2008 from Koç Holding A.Ş. ("Koç Holding") at a price of TRL 1.922.440 subsequent to the approval of the Competition Board. As of 31 December 2008, Moonlight increased its shares in Migros to 97,92% through purchases made in Istanbul Stock Exchange on various dates.

In accordance with the decision taken during Migros Türk's general assembly held on 28 April 2009, Migros Türk decided to merge with Moonlight through a takeover of its assets and liabilities as a whole within the framework of Capital Markets Board ("CMB") regulations, Turkish Commercial Code, Law No. 451, and other related articles and Corporate Tax Law No. 19-20. As a result of the mentioned merger, Moonlight's capital was decided to be increased from TRL 174.323.340 to TRL 178.030.000 (Amount expresses in Turkish Lira) and in accordance with the merger agreement approved during the General Assembly, merger ratio of 0,97918 and share exchange ratio of 1,00 was determined. As a result of the merger, registered shares amounting to TRL 3.706.660 (Amount expresses in Turkish Lira) issued by Moonlight were distributed to the minority shareholders of Migros Türk in exchange for their Migros Türk shares.

The General Assembly held on 28 April 2009 regarding the merger was registered on 30 April 2009 and the merger had been legally recognised on that date. As a result of the merger, Moonlight's trade name has been changed to Migros Ticaret A.Ş..

The Company and its subsidiaries together will be referred as "the Group".

MH Perakendecilik ve Ticaret A.Ş. ("MH") transferred its Migros Ticaret A.Ş. shares with the nominal value of TRL 27.371.000 to its parent company, Moonlight Capital S.A., in exchange for TRL 26 per share on 13 November 2014. MH Perakendecilik ve Ticaret A.Ş. ("MH") transferred its Migros Ticaret A.Ş. shares with the nominal value of TRL 26.937.336 to its parent company, Moonlight Capital S.A., in exchange for TRL 26 per share on 31 December 2014. On 15 July 2015 Moonlight Capital S.A. sold 80,50% of the shares of MH Perakendecilik ve Ticaret A.Ş. which holds %50 of Migros Ticaret A.Ş. shares to Anadolu Endüstri Holding A.Ş. ("AEH").

On 27 January 2016, Moonlight Capital S.A. conducted a sale transaction of shares, with all rights, obligations and encumbrances, held by Moonlight Capital S.A. in Migros Ticaret A.Ş. with a total nominal value of TRL 26.937 pursuant to the Accession Agreement dated 27 January 2016 for a price of TRL 26,00 per share to Kenan Investments S.A. which owns all of the shares of Moonlight Capital S.A. within the scope of intragroup share transfer. As a result of these transactions, the shareholding of MH, Moonlight Capital S.A. and Kenan Investments S.A. are 50,00%, 15,37% and 15,13%, respectively.

As of 27 January 2016, the total shares directly and indirectly held by Moonlight Capital S.A. and Kenan Investments S.A. in the capital of the Company is 40,25% and the shares indirectly held by AEH in the Company is 40,25%. As a result of the mentioned transactions, the Group is jointly controlled by Moonlight Capital S.A., Kenan Investments S.A. and AEH.

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

## MİGROS TİCARET A.Ş.

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

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#### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

The Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods through its Migros, 5M, Migros Jet and Macrocenter banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet. The Company also rents floor space in the shopping malls to other trading companies. As of 30 September 2016, the Group operates in 1.575 stores in total (31 December 2015: 1.410) which comprise 1.561 retail stores and 14 wholesale stores with a total net space of 1.065.047 m<sup>2</sup> (31 December 2015: 1.016.118 m<sup>2</sup>) including 1.056.395 m<sup>2</sup> for retail and 8.652 m<sup>2</sup> for wholesale. As of 30 September 2016, the Group employed 21.403 people (31 December 2015: 20.707) on average. Retail is the main business segment of the Group and constitutes almost 97% of gross sales (31 December 2015: 97%).

The address of the registered office is as follows:

Migros Ticaret A.Ş.  
Atatürk Mah., Turgut Özal Blv.,  
No: 7 Ataşehir İstanbul

These interim condensed consolidated financial statements have been approved for issue by the Board of Directors ("BOD") on 8 November 2016 and signed by Ö. Özgür Tort, General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. The owners of the Company and regulators have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

#### Subsidiaries

The Company has the following subsidiaries (the "Subsidiaries"). The nature of the business of the Subsidiaries and for the purpose of the interim condensed consolidated financial statements, their respective geographical segments are as follows:

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	September 2016 (%)	December 2015 (%)
Ramstore Bulgaria E.A.D. ("Ramstore Bulgaria")	Bulgaria	Bulgaria	Dormant	100,0	100,0
Ramstore Kazakhstan LLC ("Ramstore Kazakhstan")	Kazakhstan	Kazakhstan	Retailing	100,0	100,0
Ramstore Macedonia DOO ("Ramstore Macedonia")	Macedonia	Bulgaria	Retailing	99,0	99,0
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez") (*)	Turkey	Turkey	Dormant	100,0	100,0

(\*) Not included in the scope of consolidation on the grounds of materiality.

In line with the Group's long term growth strategies, the Group made a share purchase-sales agreement with Tesco Overseas Investments Limited ("Seller") on 10 June 2016 for the purchase of Seller's shares representing approximately 95,50% of the total share capital of Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. ("Kipa"). In order to obtain the necessary legal permission, an application was made to the Competition Authority on 21 June 2016. The transfer transactions will be concluded upon obtaining the necessary approvals and fulfilling the prerequisites stated in the share purchase agreement.

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

**MİGROS TİCARET A.Ş.**

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

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)

(Currencies other than TRL are expressed in thousands unless otherwise indicated.)

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### **NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

#### **2.1 Basis of Presentation**

##### **2.1.1 Basis of preparation and presentation of financial statements**

The Group companies which operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted accounting principals by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

The interim condensed consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and presented in Turkish Lira in accordance with the CMB financial reporting standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities, financial statements are prepared on historical cost basis.

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II -14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated 13 June 2013, effective from interim periods begining after 30 June 2013, listed companies required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (TAS/TFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In the scope of the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II- 14.1 (Communiqué), the Group has prepared interim condensed consolidated financial statements in accordance with TAS 34 "Interim Financial Reporting". The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In accordance with the TAS, the entities are allowed to prepare a complete set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned interim condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

Furthermore in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge, mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the interim condensed consolidated financial statements disclosures (Note 11, 23).

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

**2.1 Basis of presentation (Continued)**

**2.1.2 Changes in the accounting policies, estimates and errors**

Significant changes in accounting policies and accounting errors are applied retrospectively and prior period financial statements are restated (Note 2.2). The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

The interim condensed consolidated financial statements for the period ended 30 September 2016 have been prepared in accordance with the accounting policies consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended 31 December 2015. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015.

**2.1.3 Functional and reporting currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TRL, which is the functional currency of Migros Ticaret A.Ş. and the reporting currency of the Group.

**Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions),
- All resulting exchange differences are recognised in other comprehensive income.

**2.2 Comparative information and restatement of prior period financial statements**

Group's consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to conform to the presentation of the current period consolidated financial statements and significant changes are explained.

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

**2.2 Comparative information and restatement of prior period financial statements (Continued)**

Group has reassessed the square meters of stores which are used for the purpose of retail operations and earning rent revenue and accordingly following reclassifications have been made by the Group management in the 31 December 2015 consolidated balance sheet with the purpose of comparable presentation with the consolidated balance sheets as of 30 September 2016:

Land and buildings amounting to TRL 87.723 which were accounted for under "Property, plant and equipment" in the consolidated balance sheet as of 31 December 2015 have been classified into "Investment properties".

**2.3 New and Revised Turkish Accounting Standards**

**a) The new standards, amendments to published standards and interpretations effective applicable to 30 September 2016**

- Amendment to TFRS 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.
- Amendments to TAS 16 'Property, plant and equipment', and TAS 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 TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.
- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment 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.
- TFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. TFRS 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 TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

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

**2.3 New and Revised Turkish Accounting Standards (Continued)**

**a) The new standards, amendments to published standards and interpretations effective  
applicable to 30 September 2016 (Continued)**

- Amendments to TAS 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.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
  - TFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
  - TFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to TFRS 1) regarding servicing contracts.
  - TAS 19, 'Employee benefits' regarding discount rates.
  - TAS 34, 'Interim financial reporting' regarding disclosure of information.
- Amendment to TAS 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
- Amendment to TFRS 10 'Consolidated financial statements' and TAS 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.

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

- Amendments to TAS 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.
- Amendments TAS 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.

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

**2.3 New and Revised Turkish Accounting Standards (Continued)**

**b) Standards and amendments issued but not yet effective as of 30 September 2016  
(Continued):**

- Amendments to TFRS 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 TFRS 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.
- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to TFRS 15, 'Revenue from contracts with customers', These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- Amendments to IFRS 4 'Insurance contracts' regarding the Implementation of IFRS 9 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
  - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard, IAS 39.
- TFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 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.

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

## **MİGROS TİCARET A.Ş.**

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

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### **NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

#### **2.3 New and Revised Turkish Accounting Standards (Continued)**

##### **b) Standards and amendments issued but not yet effective as of 30 September 2016 (Continued):**

- 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 farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As the date of financial statements approval, following standards, interpretations and changes has not published by the POAASA.

- TFRS 9 "Financial instruments"

Group will evaluate the effects of new and revised standards and interpretations on its operations and will be implemented after its effective date.

### **NOTE 3 - SEGMENT REPORTING**

Management determines the operating segments based on the reports analyzed and found effective in strategic decision making by the Board of Directors.

Management assesses the Group's performance on a geographic level as Turkey and other countries since the gross sales of these subsidiaries are below 10% of the Group sales. Reportable operating segment revenue comprises primarily retail sales, rent income and wholesales. Rent income and wholesale revenues are not recognized as reportable segments as they are not stated in detail in the reports provided to the board of directors. The board of directors assesses the performance of the operating segments based on a measure of Earning Before Interest, Tax, Depreciation and Amortisation, "EBITDA" and Earning Before Interest, Tax, Depreciation, Amortisation and Rent, "EBITDAR". The Group calculates the EBITDA by deducting general administrative expenses and selling, marketing and distribution expenses and adding depreciation expenses, unused vacation liability paid in current period, employee termination benefit provision expense, unused vacation liability expense on gross profit amount in consolidated statements of income.

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**NOTE 3 - SEGMENT REPORTING (Continued)**

The segment information provided to the board of directors as of 30 September 2016 and 2015 is as follows:

**a) Segment analysis for the period 1 January - 30 September 2016**

	<b>Turkey</b>	<b>Other countries</b>	<b>Combined total</b>	<b>Intersegment eliminations</b>	<b>Total</b>
External revenues	7.918.005	240.499	8.158.504	-	8.158.504
Inter segment revenues	3.123	-	3.123	(3.123)	-
 Sales revenue	 7.921.128	 240.499	 8.161.627	 (3.123)	 8.158.504
Cost of sales	(5.777.220)	(179.663)	(5.956.883)	3.123	(5.953.760)
 Gross profit	 2.143.908	 60.836	 2.204.744	 -	 2.204.744
Marketing, selling and distribution expenses	(1.583.588)	(40.503)	(1.624.091)	-	(1.624.091)
General administrative expenses	(225.250)	(25.715)	(250.965)	-	(250.965)
Addition: Depreciation and amortisation expenses	133.655	12.928	146.583	-	146.583
Addition: Provision for employment termination benefits	11.770	-	11.770	-	11.770
Addition: Employment termination benefits paid	15.412	-	15.412	-	15.412
Addition: Unused vacation pay liability	15.489	-	15.489	-	15.489
 <b>EBITDA</b>	 <b>511.396</b>	 <b>7.546</b>	 <b>518.942</b>	 -	 <b>518.942</b>
Addition: Rent expenses	394.414	13.226	407.640	-	407.640
<b>EBITDAR</b>	<b>905.810</b>	<b>20.772</b>	<b>926.582</b>	<b>-</b>	<b>926.582</b>

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**NOTE 3 - SEGMENT REPORTING (Continued)**

**b) Segment analysis for the period 1 January - 30 September 2015**

	<b>Turkey</b>	<b>Other countries</b>	<b>Combined total</b>	<b>Intersegment eliminations</b>	<b>Total</b>
External revenues	6.679.588	331.948	7.011.536	-	7.011.536
Inter segment revenues	2.777	-	2.777	(2.777)	-
 Sales revenue	 6.682.365	 331.948	 7.014.313	 (2.777)	 7.011.536
Cost of sales	(4.884.353)	(253.298)	(5.137.651)	2.777	(5.134.874)
 Gross profit	 1.798.012	 78.650	 1.876.662	 -	 1.876.662
Marketing, selling and distribution expenses	(1.308.702)	(57.514)	(1.366.216)	-	(1.366.216)
General administrative expenses	(195.818)	(30.584)	(226.402)	-	(226.402)
Addition: Depreciation and amortisation expenses	116.939	15.414	132.353	-	132.353
Addition: Provision for employment termination benefits	9.609	-	9.609	-	9.609
Addition: Employment termination benefits paid	16.318	-	16.318	-	16.318
Addition: Unused vacation pay liability	10.475	-	10.475	-	10.475
 <b>EBITDA</b>	 <b>446.833</b>	 <b>5.966</b>	 <b>452.799</b>	 -	 <b>452.799</b>
Addition: Rent expenses	336.403	18.189	354.592	-	354.592
<b>EBITDAR</b>	<b>783.236</b>	<b>24.155</b>	<b>807.391</b>	<b>-</b>	<b>807.391</b>

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**NOTE 3 - SEGMENT REPORTING (Continued)**

**c) Segment analysis for the period 1 July - 30 September 2016**

	<b>Turkey</b>	<b>Other countries</b>	<b>Combined total</b>	<b>Intersegment eliminations</b>	<b>Total</b>
External revenues	2.998.939	80.520	3.079.459	-	3.079.459
Inter segment revenues	653	-	653	(653)	-
 Sales revenue	 2.999.592	 80.520	 3.080.112	 (653)	 3.079.459
Cost of sales	(2.195.378)	(60.362)	(2.255.740)	653	(2.255.087)
 Gross profit	 804.214	 20.158	 824.372	-	 824.372
Marketing, selling and distribution expenses	(571.497)	(13.423)	(584.920)	-	(584.920)
General administrative expenses	(74.395)	(8.527)	(82.922)	-	(82.922)
Addition: Depreciation and amortisation expenses	46.121	4.341	50.462	-	50.462
Addition: Provision for employment termination benefits	430	-	430	-	430
Addition: Employment termination benefits paid	4.505	-	4.505	-	4.505
Addition: Unused vacation pay liability	(497)	-	(497)	-	(497)
 <b>EBITDA</b>	 <b>208.881</b>	 <b>2.549</b>	 <b>211.430</b>	-	 <b>211.430</b>
Addition: Rent expenses	140.241	4.363	144.604	-	144.604
<b>EBITDAR</b>	<b>349.122</b>	<b>6.912</b>	<b>356.034</b>	-	<b>356.034</b>

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**MİGROS TİCARET A.Ş.**

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**NOTE 3 - SEGMENT REPORTING (Continued)**

**d) Segment analysis for the period 1 July - 30 September 2015**

	<b>Turkey</b>	<b>Other countries</b>	<b>Combined total</b>	<b>Intersegment eliminations</b>	<b>Total</b>
External revenues	2.533.328	108.978	2.642.306	-	2.642.306
Inter segment revenues	639	-	639	(639)	-
 Sales revenue	 2.533.967	 108.978	 2.642.945	 (639)	 2.642.306
Cost of sales	(1.849.440)	(83.432)	(1.932.872)	639	(1.932.233)
 Gross profit	 684.527	 25.546	 710.073	 -	 710.073
Marketing, selling and distribution expenses	(480.679)	(18.593)	(499.272)	-	(499.272)
General administrative expenses	(66.592)	(12.085)	(78.677)	-	(78.677)
Addition: Depreciation and amortisation expenses	40.480	5.551	46.031	-	46.031
Addition: Provision for employment termination benefits	2.447	-	2.447	-	2.447
Addition: Employment termination benefits paid	5.178	-	5.178	-	5.178
Addition: Unused vacation pay liability	374	-	374	-	374
 <b>EBITDA</b>	 <b>185.735</b>	 <b>419</b>	 <b>186.154</b>	 -	 <b>186.154</b>
Addition: Rent expenses	121.129	6.111	127.240	-	127.240
<b>EBITDAR</b>	<b>306.864</b>	<b>6.530</b>	<b>313.394</b>	<b>-</b>	<b>313.394</b>

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**NOTE 3 - SEGMENT REPORTING (Continued)**

A reconciliation between EBITDAR and income before tax is provided as follows:

	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>
EBITDAR reported segments	926.582	356.034	807.391	313.394
Rent expenses	(407.640)	(144.604)	(354.592)	(127.240)
<b>EBITDA reported segments</b>	<b>518.942</b>	<b>211.430</b>	<b>452.799</b>	<b>186.154</b>
Depreciation and amortisation expenses (-)	(146.583)	(50.462)	(132.353)	(46.031)
Provision for employment termination benefits (-)	(11.770)	(430)	(9.609)	(2.447)
Employement termination benefits paid (-)	(15.412)	(4.505)	(16.318)	(5.178)
Unused vacation pay liability (-)	(15.489)	497	(10.475)	(374)
Other operating income	88.561	55.382	60.016	30.803
Other operating expenses (-)	(150.857)	(47.498)	(128.373)	(48.626)
<b>Operating profit</b>	<b>267.392</b>	<b>164.414</b>	<b>215.687</b>	<b>114.301</b>
Income from investing activities	698	155	863	316
Expense from investing activities (-)	(37.309)	(720)	(117.059)	(113.246)
<b>Operating profit before finance income</b>	<b>230.781</b>	<b>163.849</b>	<b>99.491</b>	<b>1.371</b>
Financial income	24.940	11.363	49.696	40.365
Financial expenses (-)	(277.554)	(152.180)	(575.584)	(375.137)
<b>(Loss)/income before tax</b>	<b>(21.833)</b>	<b>23.032</b>	<b>(426.397)</b>	<b>(333.401)</b>

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**NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS**

**Short term derivative financial instruments**

	<b>30 September 2016</b>	<b>31 December 2015</b>
Currency option	319	-
	<b>319</b>	<b>-</b>

**Long term derivative financial instruments**

	<b>30 September 2016</b>	<b>31 December 2015</b>
Cap option	54	422
	<b>54</b>	<b>422</b>

The Group entered into a number of currency option contracts with banks in order to hedge its exchange rate risk. As at the settlement date, the Group has sells TRL and purchases option Euro at agreed strike prices. The fair values of the foreign exchange contracts as of 30 September 2016 are as follows:

	<b>Euro amount to be purchased</b>	<b>TRL amount to be sold</b>	<b>Fair value (TRL)</b>
Currency option	6.000	25.500	319

The Group entered number of cap and currency option contracts with banks in order to hedge its foreign exchange and interest rate risk. The fair values of contracts and details as of 30 September 2016 and 31 December 2015 are as follows:

**30 September 2016**

	<b>Agreement type</b>	<b>Transaction date</b>	<b>Effective date</b>	<b>Expiration date</b>	<b>Derivative instrument amount (EUR)</b>	<b>Fair value (TRL)</b>
Current assets	Cap	21 Nov 2014	28 Nov 2014	30 Nov 2016	360 million	-
	Currency option	22 June 2016	24 June 2016	31 May 2017	2,5 million	55
	Currency option	22 June 2016	24 June 2016	31 May 2017	2,5 million	206
	Currency option	22 June 2016	24 June 2016	31 May 2017	1 million	58
Non-current assets	Cap	23 July 2015	24 Nov 2015	29 May 2018	281,3 million	3
	Cap	23 July 2015	26 Nov 2015	28 May 2018	35,2 million	50
	Cap	27 July 2015	24 Nov 2015	29 May 2018	35,2 million	1

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**NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

**31 December 2015:**

	Agreement type	Transaction date	Effective date	Expiration date	Derivative instrument amount (EUR)	Fair value (TRL)
Current assets	Cap	21 Nov 2014	28 Nov 2014	30 Nov 2016	360 million	-
Non-current assets	Cap	23 July 2015	24 Nov 2015	29 May 2018	281,3 million	358
	Cap	23 July 2015	26 Nov 2015	28 May 2018	35,2 million	32
	Cap	27 July 2015	24 Nov 2015	29 May 2018	35,2 million	32

**NOTE 5 - INVESTMENT PROPERTY**

	1 January 2016	Impairment Additions	Currency translation differences	30 September 2016
<b>Cost</b>				
Land and buildings	193.943	3.170	-	11.266 (613) 207.766
<b>Accumulated depreciation</b>				
Buildings	(47.538)	(3.450)	(8.136) (6.349)	1.929 (63.544)
<b>Net book value</b>	<b>146.405</b>			<b>144.222</b>

	1 January 2015	Additions	Currency translation differences	30 September 2015
<b>Cost</b>				
Land and buildings	170.396	3.534	17.463 2.680	194.073
<b>Accumulated depreciation</b>				
Buildings	(34.791)	(3.100)	(6.189) (780)	(44.860)
<b>Net book value</b>	<b>135.605</b>			<b>149.213</b>

- (\*) The Group has performed impairment analysis for its investment properties and concluded that carrying amount of investment properties exceed its net recoverable amount by TRL 8.136. As a result, provision for impairment has been accounted for under expenses from investment activities (Note 16).
- (\*\*) Group has reassessed the square meters of stores which are used for the purpose of retail operations and earning rent revenue in Samal Shopping and property, plant and equipment which has net book value of TRL 4.917 transferred to investment properties.
- (\*\*\*) Ankara Ankamall Shopping Mall Center was transferred from property, plant and equipment and reclassified as investment property. As of 30 September 2016 the total rentable area is 6.741 m<sup>2</sup> (31 December 2015: 6.741 m<sup>2</sup>) and its fair value is TRL 61.850 (31 December 2015: TRL 61.850). The mentioned fair value is determined according to the real estate valuation report dated March 2015 of Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş. with "Direct capitalization" method.

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**NOTE 5 - INVESTMENT PROPERTY (Continued)**

Depreciation expenses of the period have been accounted under general administrative expenses.

Investment properties of the Group consist of space rented to other retailers in Samal shopping mall and Tastak store in Kazakhstan and Skopje shopping mall in Macedonia. At 30 September 2016, total investment property of Kazakhstan and Macedonia are 5.362 and 9.367 m<sup>2</sup> respectively (31 December 2015: Kazakhstan 6.150 m<sup>2</sup>, Macedonia 8.043 m<sup>2</sup>).

Fair value of the investment properties in Kazakhstan and Macedonia are TRL 38.319 and TRL 102.540 (31 December 2015: Kazakhstan TRL 38.319, Macedonia TRL 102.540). The mentioned fair values are determined according to real estate valuation report dated December 2015 of TSKB Gayrimenkul Değerleme A.Ş. and fair values are determined with the "Discounted cash flow" method.

The total fair value of the investment properties is TRL 202.709 and it is TRL 58.487 higher than the carrying net book value in the interim condensed consolidated financial statements as of 30 September 2016.

There is no mortgage or pledge on the investment properties of the Group as of 30 September 2016.

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**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT**

	<b>1 January 2016</b>	<b>Additions</b>	<b>Disposals</b>	<b>Impairment loss (*)</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>30 September 2016</b>
<b>Cost</b>							
Land and buildings	382.910	5.849	(232)	-	(8.119)	2.557	382.965
Leasehold improvements	516.389	31.875	-	(10.340)	17.278	542	555.744
Machinery and equipments	617.634	42.303	(15.029)	-	33.284	1.142	679.334
Motor vehicles	2.173	590	(685)	-	345	56	2.479
Furniture and fixtures	317.621	20.348	(3.553)	-	9.421	1.465	345.302
Construction in progress	22.579	75.032	-	-	(71.652)	540	26.499
	<b>1.859.306</b>	<b>175.997</b>	<b>(19.499)</b>	<b>(10.340)</b>	<b>(19.443)</b>	<b>6.302</b>	<b>1.992.323</b>
<b>Accumulated depreciation</b>							
Buildings	(68.658)	(3.438)	16	(24.608)	6.349	(986)	(91.325)
Leasehold improvements	(207.794)	(44.054)	-	8.072	-	(324)	(244.100)
Machinery and equipments	(234.987)	(54.074)	13.210	-	-	(968)	(276.819)
Motor vehicles	(1.158)	(295)	486	-	-	(23)	(990)
Furniture and fixture	(126.086)	(22.609)	2.863	-	-	(871)	(146.703)
	<b>(638.683)</b>	<b>(124.470)</b>	<b>16.575</b>	<b>(16.536)</b>	<b>6.349</b>	<b>(3.172)</b>	<b>(759.937)</b>
<b>Net book value</b>	<b>1.220.623</b>						<b>1.232.386</b>

(\*) The Group has performed impairment analysis for its property, plant and equipment and concluded that carrying amount of investment properties exceed its net recoverable amount by TRL 24.608. As a result, provision for impairment has been accounted for under expenses from investment activities. Furthermore impairment loss amounting to TRL 2.268 consists of leasehold improvements of the stores closed in 2016 (Note 16).

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**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

	<b>1 January 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>Impairment loss (*)</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>30 September 2015</b>
<b>Cost</b>							
Land and buildings	391.944	11.038	-	-	(17.435)	1.952	387.499
Leasehold improvements	539.917	24.961	-	(22.142)	(27.442)	(2.506)	512.788
Machinery and equipments	544.833	32.120	(18.011)	-	30.787	(3.595)	586.134
Motor vehicles	2.489	66	(291)	-	-	51	2.315
Furniture and fixtures	278.484	18.626	(2.950)	-	7.416	2.080	303.656
Construction in progress	25.388	65.030	-	-	(57.373)	767	33.812
	<b>1.783.055</b>	<b>151.841</b>	<b>(21.252)</b>	<b>(22.142)</b>	<b>(64.047)</b>	<b>(1.251)</b>	<b>1.826.204</b>
<b>Accumulated depreciation</b>							
Buildings	(57.164)	(9.397)	-	-	6.189	(359)	(60.731)
Leasehold improvements	(226.365)	(36.462)	-	18.757	28.003	1.322	(214.745)
Machinery and equipments	(196.705)	(49.283)	16.455	-	-	2.157	(227.376)
Motor vehicles	(1.253)	(308)	284	-	-	(36)	(1.313)
Furniture and fixtures	(102.379)	(19.833)	2.289	-	-	(1.253)	(121.176)
	<b>(583.866)</b>	<b>(115.283)</b>	<b>19.028</b>	<b>18.757</b>	<b>34.192</b>	<b>1.831</b>	<b>(625.341)</b>
<b>Net book value</b>	<b>1.199.189</b>						<b>1.200.863</b>

(\*) Impairment loss amounting to TRL 3.385 consists of leasehold improvements of the stores closed. (Note 16).

There is no pledges on property, plant and equipment as of 30 September 2016 and 2015. Depreciation expenses related to property, plant and equipment have been accounted under general administrative expenses.

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**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

The total fair value of land and buildings owned by the Group in Turkey, Kazakhstan and Macedonia is TRL 670.972 as of 30 September 2016. The mentioned fair values are determined according to real estate valuation reports of Denge Gayrimenkul ve Danışmanlık A.Ş., Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş., Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. and TSKB Gayrimenkul Değerleme A.Ş. which were conducted during year 2015. The mentioned fair values are mainly determined according to "Comparison with peers" method.

Total fair value of land and buildings are TRL 379.332 higher than the carrying net book value in the interim condensed consolidated financial statements as of 30 September 2016.

**NOTE 7 - INTANGIBLE ASSETS**

	<b>1 January 2016</b>	<b>Additions</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>30 September 2016</b>
<b>Cost</b>					
Rent agreements (**)	32.982	-	-	-	32.982
Rights	109.205	15.766	8.178	251	133.400
Other intangible assets (***)	87.214	2.426	-	-	89.640
	<b>229.401</b>	<b>18.192</b>	<b>8.178</b>	<b>251</b>	<b>256.022</b>
<b>Accumulated amortisation</b>					
Rent agreements (**)	(30.147)	(719)	-	-	(30.866)
Rights	(54.471)	(16.456)	-	(265)	(71.192)
Other intangible assets (***)	(60.094)	(1.488)	-	-	(61.582)
	<b>(144.712)</b>	<b>(18.663)</b>	<b>-</b>	<b>(265)</b>	<b>(163.640)</b>
<b>Net book value</b>	<b>84.689</b>				<b>92.382</b>
	<b>1 January 2015</b>	<b>Additions</b>	<b>Impairment loss</b>	<b>Transfers</b>	<b>Currency translation differences</b>
<b>Cost</b>					
Trademark (*)	202.175	-	(111.500)	-	-
Rent agreements (**)	32.982	-	-	-	32.982
Rights	71.071	16.208	-	5.991	(58)
Other intangible assets (***)	28.783	550	-	40.593	-
	<b>335.011</b>	<b>16.758</b>	<b>(111.500)</b>	<b>46.584</b>	<b>(58)</b>
					<b>286.795</b>
<b>Accumulated amortisation</b>					
Rent agreements (**)	(28.401)	(1.309)	-	-	(29.710)
Rights	(38.562)	(11.126)	-	-	(49.881)
Other intangible assets (***)	(18.631)	(1.535)	-	(28.003)	-
	<b>(85.594)</b>	<b>(13.970)</b>	<b>-</b>	<b>(28.003)</b>	<b>(193)</b>
<b>Net book value</b>	<b>249.417</b>				<b>159.035</b>

Amortisation expenses related to intangible assets have been accounted under general administrative expenses.

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**NOTE 7 - INTANGIBLE ASSETS (Continued)**

(\*) TFRS 3, "Business Combinations", requires the acquirer at the acquisition date to allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values as at that date.

The fair value of Tansaş trademark which was considered as an identifiable intangible asset by the Group was determined by the relief from royalties method and estimated the fair value of the trademarks in the amount of TRL 202.175 at the acquisition date 30 May 2008. This amount has been accounted for as an intangible asset in the consolidated financial statements. Since the trademark does not have a definite useful life and it is foreseen that certain expenses will be incurred each year in order to maintain its value, it is considered as an intangible asset with an indefinite useful life and therefore has not been amortised. Additionally, the Group assesses the intangible assets with indefinite useful lives annually for any indication of impairment.

In order to provide operational benefits, mainly starting from the second quarter of the year 2015, The Group has started to operate its 204 Tansaş stores under Migros-MigrosJet banner. In this context, according to the impairment test made as of 31 December 2015, no fair value of Tansaş trademark is determined by using the "Relief from Royalties" method. The impairment value in Tansaş trademark is calculated in the amount of TRL 202.175 and recognized under "expenses from investment activities" in profit and loss table for the year ended 31 December 2015.

(\*\*) The Group determined the value of the benefit derived from the lease contracts of MMM and Maxi stores, which were designated as intangible assets, at an amount of TRL 32.982 and was accounted for under the intangible assets in the consolidated financial statements. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

(\*\*\*) On 24 July 2008 the Group purchased all of the furniture and fixtures of local retail chain Maxi Market's Silivri, Tekirdag and Çengelköy stores, with a total sales area of 13.000 m<sup>2</sup>, from Hamoglu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İşletmecilik A.Ş. and also took over the rent agreements of the mentioned stores. The purchase cost in the amount of TRL 10.297 which exceeds the fair value of the purchased furniture and fixtures has been accounted for as an intangible asset and has been amortised over the rent agreement period.

On 10 March 2009, the Group purchased all of the furniture and fixtures of 7 stores belonging to Mak Gıda Pazarlama San. ve Tic. A.Ş., ("Mak Gıda") a local retail chain operating in Gaziantep region, with a total sales area of 9.592 m<sup>2</sup> and on 12 February 2009 the Group purchased all of the furniture and fixtures of 21 stores belonging to Yonca Marketçilik ve İnş. Hiz. San. ve Tic. A.Ş. ("Yonca"), a local retail chain mainly operating in Adana region, with a total sales area of 17.480 square meters and also took over the rent agreements of the mentioned stores. The excess amount of the consideration given over the fair value of acquired assets in the total amount of TRL 18.486, TRL 601 for Mak Gıda and TRL 17.885 for Yonca, respectively- was accounted for under other intangible assets and has been amortised over the rent agreement period.

The evacuation cost paid by the Group to the real estate owners or previous renters relating to rented stores are presented under "other intangible assets". Related amortization expenses are recognised under the "general administrative expenses" in the statements of income.

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**NOTE 8 - INVENTORIES**

	<b>30 September 2016</b>	<b>31 December 2015</b>
Raw materials	6.427	7.191
Work in progress	10.416	5.244
Merchandise stocks	1.275.702	1.106.184
Other	905	1.325
Less: Provision for net realizable value	(27.148)	(15.571)
	<b>1.266.302</b>	<b>1.104.373</b>

**NOTE 9 - GOODWILL**

	<b>30 September 2016</b>	<b>31 December 2015</b>
Goodwill	2.251.427	2.251.427
	<b>2.251.427</b>	<b>2.251.427</b>

**NOTE 10 - FINANCIAL LIABILITIES**

	<b>30 September 2016</b>		
	Effective interest rate	Euro	Total TRL equivalent
<b>Current portion of non-current borrowings</b>			
With floating interest rate - EUR	5,25%	49.911	167.740
With fixed interest rate - TRL	13,93%	-	40.689
With fixed interest rate - EUR	2,00%	125	420
<b>Total current bank borrowings</b>			<b>208.849</b>
<b>Non-current bank borrowings</b>			
With floating interest rate - EUR	5,25%	666.244	2.239.113
With fixed interest rate - TRL	13,93%	-	248.456
<b>Total non-current bank borrowings</b>			<b>2.487.569</b>
<b>Total financial liabilities</b>			<b>2.696.418</b>

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**NOTE 10 - FINANCIAL LIABILITIES (Continued)**

The redemption schedule of bank borrowings at 30 September 2016 is as follows:

	<b>Euro loan</b>	<b>TRL loan</b>	<b>Total TRL equivalent</b>
1 October 2016 - 30 September 2017	168.160	40.689	208.849
1 October 2017 - 30 September 2018	258.578	45.587	304.165
1 October 2018 - 30 September 2019	323.045	46.005	369.050
1 October 2019 - 30 September 2020	380.008	45.180	425.188
1 October 2020 - 30 September 2021	391.921	40.148	432.069
1 October 2021 - 30 September 2022	421.447	36.907	458.354
1 October 2022 - 26 May 2023	464.114	34.629	498.743
	<b>2.407.273</b>	<b>289.145</b>	<b>2.696.418</b>

The fair value of bank borrowings at 30 September 2016 is TRL 2.717.062.

The redemption schedule of principal amounts of bank borrowings at 30 September 2016 is as follows:

	<b>Euro loan</b>	<b>TRL loan</b>	<b>Total TRL equivalent</b>
1 October 2016 - 30 September 2017	52.378	6.072	58.450
1 October 2017 - 30 September 2018	161.650	18.890	180.540
1 October 2018 - 30 September 2019	259.761	30.355	290.116
1 October 2019 - 30 September 2020	360.792	42.161	402.953
1 October 2020 - 30 September 2021	418.520	48.906	467.426
1 October 2021 - 30 September 2022	505.100	59.024	564.124
1 October 2022 - 26 May 2023	620.556	72.516	693.072
	<b>2.378.757</b>	<b>277.924</b>	<b>2.656.681</b>

As per the resolution of the Board of Directors for the refinancing the Company's current debt of EUR 830 million, an agreement has been signed on 30 April 2015 between Migros Ticaret A.Ş and Türkiye Garanti Bankası A.Ş., Türkiye İş Bankası A.Ş., Akbank T.A.Ş., Türkiye Sınai Kalkınma Bankası A.Ş. and Commercial Bank of Qatar (Q.S.C) for EUR 730 million and EUR 100 million equivalent of TRL with a maturity of 8 years and semi-annual interest payment and amortization. Furthermore, an additional EUR 100 million facility is provided to the Company valid for 8 years for any potential working capital requirements in the future.

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**NOTE 10 - FINANCIAL LIABILITIES (Continued)**

With respect to long term bank loans, all Migros Ticaret A.Ş. shares owned by MH Perakendecilik ve Ticaret A.Ş., Moonlight Capital S.A. and Kenan Investments S.A. were provided as collateral to the financial institutions as from the grant date of the loan. As of 30 September 2016, shares of Migros Ticaret A.Ş. which represents 80,51% of shares and amounting to TRL 143.323.336 nominal value (14.332.333.600 shares) owned by MH Perakendecilik ve Ticaret A.Ş., Moonlight Capital S.A. and Kenan Investments S.A. were pledged (31 December 2015: 14.332.333.600 shares representing 80,51%).

With respect to current portion of non-current bank loans, the Group has made an early payment of EUR 10.307 and TRL 4.047 on 26 May 2016 relating to November 2016 instalment.

The group has an obligation to meet various covenants according to current loan agreement. The Group has met related covenant requirements which calculated on interim condensed consolidated financial statements as of 30 September 2016.

	<b>31 December 2015</b>		
	<b>Effective interest rate</b>	<b>Euro</b>	<b>Total TRL equivalent</b>
<b>Current portion of long term borrowings</b>			
With floating interest rate - EUR	5,25%	53.746	170.783
With fixed interest rate - TRL	13,93%	-	41.733
With fixed interest rate - EUR	2,00%	124	394
<b>Total current bank borrowings</b>			<b>212.910</b>
<b>Non-current bank borrowings</b>			
With fixed floating rate - EUR	5,25%	671.824	2.134.789
With fixed interest rate - TRL	13,93%	-	245.447
<b>Total non-current bank borrowings</b>			<b>2.380.236</b>
<b>Total financial liabilities</b>			<b>2.593.146</b>

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**NOTE 10 - FINANCIAL LIABILITIES (Continued)**

The redemption schedule of bank borrowings with TRL equivalents at 31 December 2015 is as follows:

	<b>Euro Loan TRL equivalent</b>	<b>TRL Loan</b>	<b>Total TRL equivalent</b>
1 January 2016 - 31 December 2016	171.177	41.733	212.910
1 January 2017- 31 December 2017	207.864	40.766	248.630
1 January 2018- 31 December 2018	263.064	41.391	304.455
1 January 2019- 31 December 2019	326.907	42.086	368.993
1 January 2020- 31 December 2020	351.906	38.725	390.631
1 January 2021- 31 December 2021	370.732	34.960	405.692
1 January 2022- 31 December 2022	394.145	31.791	425.936
1 January 2023 - 26 May 2023	220.171	15.728	235.899
	<b>2.305.966</b>	<b>287.180</b>	<b>2.593.146</b>

The fair value of bank borrowings at 31 December 2015 is TRL 2.611.799.

The redemption schedule of principal amounts of bank borrowings at 31 December 2015 is as follows:

	<b>Euro Loan TRL equivalent</b>	<b>TRL Loan</b>	<b>Total TRL equivalent</b>
1 January 2016 - 31 December 2016	60.423	7.419	67.842
1 January 2017- 31 December 2017	114.634	14.168	128.802
1 January 2018- 31 December 2018	196.494	24.285	220.779
1 January 2019- 31 December 2019	300.183	37.100	337.283
1 January 2020- 31 December 2020	368.404	45.532	413.936
1 January 2021- 31 December 2021	436.648	53.967	490.615
1 January 2022- 31 December 2022	518.508	64.084	582.592
1 January 2023 - 26 May 2023	313.824	38.786	352.610
	<b>2.309.118</b>	<b>285.341</b>	<b>2.594.459</b>

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**NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

<b>Short-term provisions</b>	<b>30 September 2016</b>	<b>31 December 2015</b>
Provision for litigation	26.658	30.172
Provision for tax penalty (*)	15.846	52.583
Customer loyalty programs	2.581	528
	<b>45.085</b>	<b>83.283</b>

There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour disputes constitute the majority of these lawsuits. The Group management estimates the outcomes of these lawsuits and estimates their financial impact according to which the necessary provisions are accounted.

(\*) A limited tax review has been conducted on the Group’s Value Added Tax (“VAT”) accounting treatment of wastages relating to goods purchased in 2008, 2009, 2010, 2011 and 2012. The tax review was finalized on November 2014 and a principal tax fine of TRL 27.484 (TRL 45.602 including the interest) was calculated following the objection raised in the Tax Review Report which argues that the amounts exceeding the shrinkage limits can not be treated as deductions in the tax accounts, therefore VAT relating to these purchased goods can not be subject to deduction. Therefore, a provision amounting to TRL 52.583 (TRL 27.484 for the principal part and TRL 25.099 for the interest charges) has been accounted for in the consolidated financial statements as of 31 December 2015. An application in accordance with the Law numbered 6736 on Restructuring of Public Receivables has been made on 6 October 2016. After restriction the Group plans to pay TRL 15.846 in total (TRL 13.742 principal and TRL 2.104 interest charges) until 30 November 2016. Therefore Group accounted for TRL 15.846 provision and release of provision amounting to TRL 36.968 has been recognised as other operating income and interest charges of current period amounting to TRL 232 has been recognised as financial expenses in the condensed consolidated financial statements for the period 1 January – 30 September 2016.

Movement of provision for lawsuits is as follows:

<b>1 January 2015</b>	<b>26.578</b>
Increase during period	3.493
Payments during period	(3.086)
<b>30 September 2015</b>	<b>26.985</b>
<b>1 January 2016</b>	<b>30.172</b>
Increase during period	4.552
Payments during period	(8.066)
<b>30 September 2016</b>	<b>26.658</b>

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**NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES  
(Continued)**

**Collaterals, Pledges, Mortgages**

**30 September 2016:**

	<b>Total TRL amount</b>	<b>TRL</b>	<b>USD</b>	<b>Euro</b>
A. CPM given on behalf of the Company's legal personality	85.826	84.367	487	-
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM	-	-	-	-
i. Total amount of CPM given behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM given behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM given behalf of third parties which are not in scope of C	-	-	-	-
<b>Total collaterals, pledges and mortgages</b>	<b>85.826</b>	<b>84.367</b>	<b>487</b>	<b>-</b>
<b>Proportion of the other CPM's to equity</b>	<b>0,0%</b>			

**31 December 2015:**

	<b>Total TRL amount</b>	<b>TRL</b>	<b>USD</b>	<b>Euro</b>
A. CPM given on behalf of the Company's legal personality	82.958	81.585	472	-
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM	-	-	-	-
i. Total amount of CPM given behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM given behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM given behalf of third parties which are not in scope of C	-	-	-	-
<b>Total collaterals, pledges and mortgages</b>	<b>82.958</b>	<b>81.585</b>	<b>472</b>	<b>-</b>
<b>Proportion of the other CPM's to equity</b>	<b>%0,0</b>			

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**NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES  
(Continued)**

**Contingent assets and liabilities**

Guarantees given at 30 September 2016 and 31 December 2015 are as follows:

	<b>30 September 2016</b>	<b>31 December 2015</b>
Letter of guarantees given	85.826	82.958
	<b>85.826</b>	<b>82.958</b>

Guarantees received at 30 September 2016 and 31 December 2015 are as follows:

	<b>30 September 2016</b>	<b>31 December 2015</b>
Guarantees obtained from customers	93.608	91.215
Mortgages obtained from customers	23.852	23.342
	<b>117.460</b>	<b>114.557</b>

The future aggregate minimum lease payments under non-cancellable operating leases of land and stores are as follows. Amounts are expressed in the total amount to be paid by the end of the lease term although the time periods specified in the contracts in line with the vast majority of our stores early release have a right to give notice of the condition.

	<b>30 September 2016</b>	<b>31 December 2015</b>
Payable within 1 year	32.462	29.133
Payable in 1 to 5 years	6.822	6.128
5 years and more	-	366
	<b>39.284</b>	<b>35.627</b>

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**NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS**

	<b>30 September 2016</b>	<b>31 December 2015</b>
Provision for unused vacation	91.459	75.970
Provision for employment termination benefits	76.643	64.283
	<b>168.102</b>	<b>140.253</b>

Movement of provision for unused vacation is as follows:

<b>1 January 2015</b>	<b>62.984</b>
Increase during period	15.634
Payments during period	(5.159)
<b>30 September 2015</b>	<b>73.459</b>
<b>1 January 2016</b>	<b>75.970</b>
Increase during year	20.942
Payments during period	(5.453)
<b>30 September 2016</b>	<b>91.459</b>

Movements in the provision for employment termination benefits are as follows:

<b>1 January 2015</b>	<b>55.848</b>
Increase during period	25.927
Payments during period	(16.318)
Actuarial gain	(1.010)
<b>30 September 2015</b>	<b>64.447</b>
<b>1 January 2016</b>	<b>64.283</b>
Increase during period	27.182
Payments during period	(15.412)
Actuarial loss	590
<b>30 September 2016</b>	<b>76.643</b>

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**NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS (Continued)**

**Provision for employment termination benefits**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age, whose employment is terminated without due cause, is enlisted for military service or passed away. The termination benefit to be paid is one month wage per a service year up to the maximum employment termination benefit limit.

In the interim condensed consolidated financial statements as of 30 September 2016 and consolidated financial statements as of 31 December 2015, the Group reflected a liability calculated using the projected unit credit method based on Group's experience regarding the personnel turnover rates and the ability to collect the retirement pay. The calculated amount was discounted over the current market yield of government bonds at the balance sheet date.

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. As the maximum liability is revised once every six months, the maximum amount of TRL 4.297,21 effective from 1 October 2016 (1 January 2016: TRL 4.092,53) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

**NOTE 13 - REVENUE**

	<b>1 Januay - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>
Domestic sales	8.115.701	3.066.294	6.876.255	2.602.016
Foreign sales	239.621	80.165	330.044	108.272
Other sales	9.680	3.518	10.206	4.083
<b>Gross sales</b>	<b>8.365.002</b>	<b>3.149.977</b>	<b>7.216.505</b>	<b>2.714.371</b>
Discounts and returns (-)	(206.498)	(70.518)	(204.969)	(72.065)
<b>Net revenue</b>	<b>8.158.504</b>	<b>3.079.459</b>	<b>7.011.536</b>	<b>2.642.306</b>
Cost of sales	(5.953.760)	(2.255.087)	(5.134.874)	(1.932.233)
<b>Gross profit</b>	<b>2.204.744</b>	<b>824.372</b>	<b>1.876.662</b>	<b>710.073</b>

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**NOTE 13 - REVENUE (Continued)**

Details of domestic and foreign sales before other sales, discounts and returns are as follows:

	<b>1 Januay - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>
Retail sales revenue	8.070.016	3.053.363	6.971.651	2.629.405
Wholesale revenue	221.228	70.927	177.385	60.531
Rent income	64.078	22.169	57.263	20.352
	<b>8.355.322</b>	<b>3.146.459</b>	<b>7.206.299</b>	<b>2.710.288</b>

**NOTE 14 - EXPENSE BY NATURE**

<b>Total</b>	<b>1 Januay - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>
Staff costs	802.258	280.972	659.624	237.079
Rent	407.640	144.604	354.592	127.240
Depreciation and amortisation	146.583	50.462	132.353	46.031
Energy	105.473	42.797	97.835	40.243
Transportation	72.063	27.961	62.184	23.467
Porterage and cleaning	58.024	20.724	46.022	17.542
Advertising	57.309	21.697	49.728	15.767
Warehouse	51.694	18.746	40.820	15.083
Repair and maintanence	32.131	12.204	28.692	11.600
Mechanisation	21.321	6.566	18.870	7.371
Security	19.795	6.896	17.400	6.105
Taxes and other fees	10.883	2.883	10.572	3.183
Communication	7.659	2.566	7.209	2.471
Other	82.223	28.764	66.717	24.767
	<b>1.875.056</b>	<b>667.842</b>	<b>1.592.618</b>	<b>577.949</b>

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**NOTE 14 - EXPENSE BY NATURE (Continued)**

Marketing, selling and distribution	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Staff costs	719.940	255.035	586.819	212.175
Rent	407.170	144.447	354.152	127.096
Energy	104.460	42.407	96.891	39.900
Transportation	72.063	27.961	62.184	23.467
Advertising	57.202	21.697	49.726	15.768
Porterage and cleaning	56.295	20.143	44.633	17.025
Warehouse	51.694	18.746	40.820	15.083
Repair and maintanence	31.718	12.080	28.220	11.396
Security	19.041	6.645	16.753	5.867
Mechanisation	18.912	5.849	16.512	6.528
Taxes and other fees	9.896	2.719	9.720	2.961
Communication	6.604	2.215	5.917	2.010
Other	69.096	24.976	53.869	19.996
	<b>1.624.091</b>	<b>584.920</b>	<b>1.366.216</b>	<b>499.272</b>
General administrative	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Depreciation and amortisation	146.583	50.462	132.353	46.031
Staff costs	82.318	25.937	72.805	24.904
Other	22.064	6.523	21.244	7.742
	<b>250.965</b>	<b>82.922</b>	<b>226.402</b>	<b>78.677</b>

Expenses by nature in cost of sales for the periods 1 January - 30 September 2016 and 2015 are as follows:

	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Cost of goods sold	5.929.784	2.246.936	5.111.386	1.924.433
Cost of service rendered	23.976	8.151	23.488	7.800
	<b>5.953.760</b>	<b>2.255.087</b>	<b>5.134.874</b>	<b>1.932.233</b>

Cost of trade goods include discounts, incentives and volume rebates obtained from suppliers. Service costs comprise energy, advertising, cleaning, security and administrative expenses incurred in the Group's shopping malls.

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**NOTE 15 - OTHER OPERATING INCOME AND EXPENSES**

<b>Other operating income</b>	<b>1 Januay - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>
Interest income on term sales	30.750	10.612	28.665	11.311
Interest income from operating activities	15.952	6.439	18.450	8.162
Cancelled tax penalty				
Provision (Note 11)	36.968	36.968	-	-
Other	4.891	1.363	12.901	11.330
	<b>88.561</b>	<b>55.382</b>	<b>60.016</b>	<b>30.803</b>

<b>Other operating expenses</b>	<b>1 Januay - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>
Interest expense on term purchases	133.961	45.733	112.987	44.558
Compensation paid and provision for litigation	4.552	(680)	3.493	461
Bad debt provision expense	817	391	2.396	1.391
Other	11.527	2.054	9.497	2.216
	<b>150.857</b>	<b>47.498</b>	<b>128.373</b>	<b>48.626</b>

**NOTE 16 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

<b>Income from investing activities</b>	<b>1 Januay - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>
Gain on sale of property, plant and equipment	698	155	863	316
	<b>698</b>	<b>155</b>	<b>863</b>	<b>316</b>

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**NOTE 16 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES (Continued)**

Expense from investing activities	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Losses from impairment provision investment properties and property, plant and equipment	32.744	-	-	-
Losses from leasehold improvements of closed stores	2.268	255	3.385	408
Loss on sale of property, plant and equipment	2.297	465	1.644	808
Impairment losses on intangible assets	-	-	111.500	111.500
Impairment losses on financial investments	-	-	530	530
	<b>37.309</b>	<b>720</b>	<b>117.059</b>	<b>113.246</b>

**NOTE 17 - FINANCIAL INCOME**

Financial income	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Foreign exchange gains	21.621	10.599	38.047	32.736
Interest income on bank deposits	3.000	926	1.042	507
Financial income on derivatives	319	(162)	10.607	7.122
	<b>24.940</b>	<b>11.363</b>	<b>49.696</b>	<b>40.365</b>

**NOTE 18 - FINANCIAL EXPENSES**

Financial expense	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Foreign exchange losses	143.051	112.877	449.207	323.660
Interest expense on bank borrowings	121.045	40.350	101.033	44.168
Interest expense of tax penalty ( Not 11)	232	(4.343)	5.932	2.060
Financial expense on derivatives	732	19	3.069	1.629
Expenses arising from the restructure of bank borrowings	-	-	8.969	-
Other	12.494	3.277	7.374	3.620
	<b>277.554</b>	<b>152.180</b>	<b>575.584</b>	<b>375.137</b>

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**NOTE 19 - TAX ASSETS AND LIABILITIES**

	<b>30 September 2016</b>	<b>31 December 2015</b>
Taxes and fund payable	46.484	67.339
Less: Prepaid current income taxes	(24.434)	(57.744)
<b>Taxes on income</b>	<b>22.050</b>	<b>9.595</b>
	<b>30 September 2016</b>	<b>31 December 2015</b>
Deferred tax assets	51.506	43.954
Deferred tax liabilities	(110.568)	(114.464)
<b>Deferred tax liabilities, net</b>	<b>(59.062)</b>	<b>(70.510)</b>

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated change based on the Group results for the period. Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

In Turkey, income tax rate as of 30 September 2016 is 20% (2015: 20%).

Implied income tax rates in Kazakhstan, Bulgaria and Macedonia are 20%, 10% and 10% respectively (31 December 2015: 20%, 10% and 10% respectively).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2016. Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the prior years profit retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The details of taxation on income for the periods ended 30 September 2016 and 2015 are as follows:

	<b>1 Januay - 30 September 2016</b>	<b>1 July - 30 September 2016</b>	<b>1 January - 30 September 2015</b>	<b>1 July - 30 September 2015</b>
Current period				
tax expense	(46.484)	(25.547)	(53.371)	(27.068)
Deferred tax income	11.422	(1.456)	24.256	18.810
<b>Current year tax expense</b>	<b>(35.062)</b>	<b>(27.003)</b>	<b>(29.115)</b>	<b>(8.258)</b>

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**NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)**

**Income withholding tax**

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is applied as 10% from 24 April 2003 until 22 July 2006. This rate was changed to 15% commencing from 22 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, investments without investment incentive certificates do not qualify for tax allowance.

**Deferred income tax**

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and its statutory tax financial statements. Temporary differences generally arise due to the recording of incomes and expenses in different reporting periods according to Tax Laws and TAS. As of 30 September 2016 deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on the taxable income in the coming years under the liability method using a principal tax rate of 20%, 20%, 10% and 10% for Turkey, Kazakhstan, Bulgaria and Macedonia, respectively (31 December 2015: 20%, 20%, 10% and 10% respectively).

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**NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)**

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 September 2016 and 31 December 2015 using the currently enacted tax rates, is as follows:

	<b>Cumulative temporary differences</b>		<b>Deferred tax assets/(liabilities)</b>	
	<b>30 September 2016</b>	<b>31 December 2015</b>	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Deferred tax assets:</b>				
Short term provisions	118.118	106.142	23.624	21.228
Inventories	54.945	43.226	10.989	8.645
Provision for employee Termination benefits	76.643	64.283	15.329	12.857
Unearned interest income	148	237	30	47
Other	7.670	5.886	1.534	1.177
			<b>51.506</b>	<b>43.954</b>
<b>Deferred tax liabilities:</b>				
Fair value changes of derivatives	373	422	(75)	(84)
Property, plant and equipment and intangible assets	760.842	578.929	(104.469)	(108.762)
Deferred finance expense	26.430	24.345	(5.286)	(4.869)
Other	3.690	3.745	(738)	(749)
			<b>(110.568)</b>	<b>(114.464)</b>
<b>Deferred tax liability, net</b>			<b>(59.062)</b>	<b>(70.510)</b>

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**NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)**

<b>1 January 2015</b>	<b>(112.630)</b>
Deferred tax income from continuing operations	24.256
Accounted for under equity	(202)
Cumulative translation difference	(2.675)
<b>30 September 2015</b>	<b>(91.251)</b>
<b>1 January 2016</b>	<b>(70.510)</b>
Deferred tax income from continuing operations	11.422
Accounted for under equity	118
Cumulative translation difference	(92)
<b>30 September 2016</b>	<b>(59.062)</b>

**NOTE 20 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

The Company's authorised and issued capital consists of 17.803.000.000 shares at 1 shares of Kr1 nominal value as of 30 September 2016 (31 December 2015: 17.803.000.000 shares). All shares are paid-in and no privileges are given to different share groups and shareholders. MH Perakendecilik ve Ticaret A.Ş. ("MH") transferred its Migros Ticaret A.Ş. shares with the nominal value of TRL 27.371.000 to its parent company, Moonlight Capital S.A., in exchange for TRL 26 per share on 13 November 2014. MH Perakendecilik ve Ticaret A.Ş. ("MH") transferred its Migros Ticaret A.Ş. shares with the nominal value of TRL 26.937.336 to its parent company, Moonlight Capital S.A., in exchange for TRL 26 per share on 31 December 2014. On 27 January 2016, Moonlight Capital S.A. conducted a sale transaction of shares, with all rights, obligations and encumbrances, held by Moonlight Capital S.A. in Migros Ticaret A.Ş. with a total nominal value of TRL 26.937.336 pursuant to the Accession Agreement dated 27 January 2016 for a price of TRL 26 per share to Kenan Investments S.A. which owns all of the shares of Moonlight Capital S.A. within the scope of intragroup share transfer.

As a result of these transactions, the shareholding of MH, Moonlight Capital S.A. and Kenan Investments S.A. are 50,00%, 15,37% and 15,13%, respectively.

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**NOTE 20 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)**

The shareholders of the Company and their shareholdings stated at historical amounts at 30 September 2016 and 31 December 2015 are stated below:

	<b>30 September 2016</b>		<b>31 December 2015</b>	
	<b>TRL</b>	<b>Share (%)</b>	<b>TRL</b>	<b>Share (%)</b>
MH Perakendecilik ve Ticaret A.Ş.	89.015	50,00	89.015	50,00
Moonlight Capital S.A.	27.371	15,37	54.308	30,51
Kenan Investments S.A.	26.937	15,13	-	-
Other	34.707	19,49	34.707	19,49
<b>Total</b>	<b>178.030</b>	<b>100,00</b>	<b>178.030</b>	<b>100,00</b>

**Merger of enterprises subject to common control**

In accordance with the decision adopted during Migros Türk's general assembly held on 28 April 2009, Migros Türk has decided to merge with Moonlight through a takeover of its assets and liabilities as a whole within the framework of Capital Markets Board ("CMB") requirements, Turkish Commercial Code, Law No. 451, and other related articles and Corporate Tax Law No. 19-20. As a result of the mentioned merger, it has been decided to increase Moonlight's capital from TRL 174.323.340 to TRL178.030.000 (Amounts expressed in Turkish Lira ("TRL") and also in accordance with the merger agreement approved during the General Assembly, merger ratio of 0,97918 and share exchange ratio of 1,00 has been identified. As a result of the merger, registered shares amounting to TRL 3.706.660 (Amounts expressed in Turkish Lira ("TRL") issued by Moonlight have been distributed to the shareholders of Migros Türk other than Moonlight in exchange for their Migros Türk shares.

On 30 April 2009 Istanbul Trade Registry Office has announced the registry of Migros Türk's general assembly held on 28 April 2009 and merger agreement on 06 May 2009 dated and 7305 numbered Trade Registry Gazette. As a result of the merger, Moonlight's trade name has been changed as Migros Ticaret A.Ş..

The difference occurred as a result of merger amounting TRL 27.312, has been presented as "Balancing account for merger capital' equity related to merger" under consolidated equity, as there are no related lines present at the financial statement presentation format which is held mandatory by CMB.

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**NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

**a) Balances with related parties**

	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Due from related parties</b>		
Anadolu Restoran İşletmeleri Ltd. Şti.	44	-
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş.	39	399
Other	13	97
	<b>96</b>	<b>496</b>
<b>Due to related parties</b>		
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	90.907	65.908
Coca Cola Satış ve Dağıtım A.Ş.	70.056	37.889
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş.	43.542	31.504
Adel Kalemcilik Ticaret ve San. A.Ş.	8.068	4.376
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	1.258	1.756
AEH Sigorta Acenteliği A.Ş.	42	4.465
Other	131	201
	<b>214.004</b>	<b>146.099</b>
<b>Bank borrowings from related parties</b>		
Alternatifbank A.Ş.	33.126	31.772
	<b>33.126</b>	<b>31.772</b>
<b>Cash and due from related parties</b>		
Alternatifbank A.Ş.	269.997	9.563
	<b>269.997</b>	<b>9.563</b>

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**NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

**b) Transactions with related parties**

On 15 July 2015 Moonlight Capital S.A. sold 80,50% of the shares of MH Perakendecilik ve Ticaret A.Ş. which holds %50 of Migros Ticaret A.Ş. shares to Anadolu Endüstri Holding A.Ş. ("AEH"). After the transaction, AEH companies are defined as related party and transactions has been disclosed since 1 July 2015.

Inventory purchases	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	181.715	78.011	61.282	61.282
Coca Cola Satış ve Dağıtım A.Ş.	125.908	49.245	48.412	48.412
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş.	83.223	20.811	23.409	23.409
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	12.041	5.226	725	725
Adel Kalemçilik Ticaret ve San. A.Ş.	5.269	5.269	4.807	4.807
Other	326	-	826	(273)
	<b>408.482</b>	<b>158.562</b>	<b>139.461</b>	<b>138.362</b>
Other transactions	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Rent income	492	205	866	331
Rent expenses	(2.042)	(809)	(501)	(501)
Other income	271	69	302	170
Other expenses	(59)	(23)	(16)	(16)
<b>Other transactions, net</b>	<b>(1.338)</b>	<b>(558)</b>	<b>651</b>	<b>(16)</b>
Interest income	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Alternatifbank A.Ş.	4.671	2.404	1.486	1.486
Other	-	-	1	1
	<b>4.671</b>	<b>2.404</b>	<b>1.487</b>	<b>1.487</b>

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**NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

**b) Transactions with related parties**

Interest expense	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Alternatifbank A.Ş.	1.341	397	416	416
	<b>1.341</b>	<b>397</b>	<b>416</b>	<b>416</b>

**c) Key management compensation**

The Group has determined key management personnel as chairman, members of Board of Directors, general manager and vice general managers.

Total compensation provided to key management personnel by Group for the period ended 30 September 2016 and 2015 is as follows;

	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Short term benefits	9.723	3.237	8.775	2.950
	<b>9.723</b>	<b>3.237</b>	<b>8.775</b>	<b>2.950</b>

Key management compensation paid or payable consists of benefits, salaries, premiums, individual pension premiums, vehicle rents and SSI employer shares.

**NOTE 22 - EARNINGS/(LOSSES) PER SHARE**

	1 Januay - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Net loss attributable to shareholders	(56.933)	(3.980)	(455.517)	(341.661)
Weighted average number of shares with Kr1 face value each('000)	17.803.000	17.803.000	17.803.000	17.803.000
<b>Loss per share</b>	<b>(0,32)</b>	<b>(0,02)</b>	<b>(2,56)</b>	<b>(1,92)</b>

There is no difference between basic and diluted earnings per share for any of the periods.

**NOTE 23 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION**

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Foreign exchange risk due to short term financial loans are monitored and limited with derivative instruments. At 30 September 2016, if Euro had appreciated against TRL by 5% and all other variables had remained constant, the loss for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been higher in the amount of TRL 110.044 (31 December 2015: TRL 107.103).

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**NOTE 23 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)**

	FOREIGN CURRENCY POSITION				31 December 2015			
	30 September 2016				Total TRL equivalent	USD	Euro	Other TRL equivalent
	Total TRL equivalent	USD	Euro	Other TRL equivalent				
Monetary financial assets	241.865	5.223	62.151	17.342	198.668	5.433	52.636	15.614
Trade receivables	11.623	185	-	11.069	9.205	214	-	8.583
Other	4.868	679	-	2.834	5.299	804	-	2.963
<b>Current assets</b>	<b>258.356</b>	<b>6.087</b>	<b>62.151</b>	<b>31.245</b>	<b>213.172</b>	<b>6.451</b>	<b>52.636</b>	<b>27.160</b>
Other	-	-	-	-	-	-	-	-
<b>Non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>258.356</b>	<b>6.087</b>	<b>62.151</b>	<b>31.245</b>	<b>213.172</b>	<b>6.451</b>	<b>52.636</b>	<b>27.160</b>
Trade payables	33.549	1.918	-	27.801	29.430	1.427	278	24.399
Financial liabilities	168.160	-	50.036	-	171.177	-	53.870	-
Non-monetary other liabilities	1.733	-	-	1.733	7.681	2.178	-	1.349
<b>Current liabilities</b>	<b>203.442</b>	<b>1.918</b>	<b>50.036</b>	<b>29.534</b>	<b>208.288</b>	<b>3.605</b>	<b>54.148</b>	<b>25.748</b>
Financial liabilities	2.239.113	-	666.244	-	2.134.789	-	671.824	-
Non-monetary other liabilities	2.483	-	739	-	2.463	-	775	-
<b>Non-current liabilities</b>	<b>2.241.596</b>	<b>-</b>	<b>666.983</b>	<b>-</b>	<b>2.137.252</b>	<b>-</b>	<b>672.599</b>	<b>-</b>
<b>Total liabilities</b>	<b>2.445.038</b>	<b>1.918</b>	<b>717.019</b>	<b>29.534</b>	<b>2.345.540</b>	<b>3.605</b>	<b>726.747</b>	<b>25.748</b>

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**NOTE 23 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)**

	FOREIGN CURRENCY POSITION				31 December 2015			
	30 September 2016			Other TRL equivalent	31 December 2015			Other TRL equivalent
	Total TRL equivalent	USD	Euro		Total TRL equivalent	USD	Euro	
Net asset / (liability) position of off-balance sheet derivatives (A-B)	-	-	-	-	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-
<b>Net foreign currency (liability)/asset position</b>	<b>(2.186.682)</b>	<b>4.169</b>	<b>(654.868)</b>	<b>(1.711)</b>	<b>(2.132.367)</b>	<b>2.846</b>	<b>(674.111)</b>	<b>1.412</b>
<b>Net foreign currency (liability)/asset position of monetary items</b>	<b>(2.187.334)</b>	<b>3.490</b>	<b>(654.129)</b>	<b>(609)</b>	<b>(2.127.522)</b>	<b>4.221</b>	<b>(673.336)</b>	<b>(202)</b>
Fair value hedge funds of foreign currency	319	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	19.226	-	6.000	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	20.252	58.612	-	-	81.886	30.118	-	-

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**NOTE 23 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)**

Foreign currency sensitivity analysis as of 30 September 2016 and 31 December 2015 is as follows:

**30 September 2016**

	<b>Gain/Loss</b>	
	Foreign exchange appreciation	Foreign exchange depreciation
%5 change in Euro exchange rate		
Euro net liability/asset	(110.044)	110.044
Portion secured from Euro risk	-	-
<b>Euro net effect</b>	<b>(110.044)</b>	<b>110.044</b>

**31 December 2015**

	<b>Gain/Loss</b>	
	Foreign exchange appreciation	Foreign exchange depreciation
%5 change in Euro exchange rate		
Euro net liability/asset	(107.103)	107.103
Portion secured from Euro risk	-	-
<b>Euro net effect</b>	<b>(107.103)</b>	<b>107.103</b>

**NOTE 24 - FINANCIAL INSTRUMENTS**

**Fair value estimation**

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

Effective 1 January 2009, the Group adopted the amendment to Turkish Financial Reporting Standards 7 ("TFRS 7") for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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).

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**NOTE 24 - FINANCIAL INSTRUMENTS (Continued)**

In the balance sheet, derivative financial instrument is the only item that is recognized at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2. Apart from that, for disclosure purposes, the borrowings carried at the amortized cost at the balance sheet are presented with their values in Note 10. The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate (Euribor) that is available to the Group for similar financial instruments that can be classified as level 2. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables.

**NOTE 25 - SUBSEQUENT EVENTS**

For the possible future short term capital expenditures and general cash needs such as working capital, a facility agreement which enables the Group to withdraw up to 170.000 TL was signed with Rabobank A.Ş on 26 October 2016 and 100.000 TL (with 12,8% interest rate and one year maturity) was used as of 7 November 2016. The assigned loan does not require an additional guarantee.

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