MİGROS TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Migros Ticaret A.Ş.

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Migros Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2015 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes. The financial statements of the Group, prior to restatement effects disclosed in Note 2.4, as of 31 December 2014 and for the year then ended were audited by another audit firm whose audit report dated 11 March 2015 expressed an unqualified opinion.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

   An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Migros Ticaret A.Ş. and its subsidiaries as at 31 December 2015 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other matter

5. As explained in the Note 2.4, we have also audited the adjustments made to restate the financial statements as of 31 December 2014 and 2013. In our opinion, such adjustments are appropriate and have been properly applied.

Other Responsibilities Arising From Regulatory Requirements

6. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 1 March 2016.

7. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

8. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Burak Özpoyraz, SMMM
Partner

Istanbul, 1 March 2016

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

MİGROS TİCARET A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

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

MİGROS TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2015, 2014 AND 2013

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

	Notes	2015	*Restated* 2014	*Restated* 2013
ASSETS				
Current Assets:				
Cash and cash equivalents	4	839.424	689.074	1.038.329
Financial investments	5	4.085	-	9.726
Trade receivables				
Trade receivables from related parties	27	496	44	55
Trade receivables from third parties	7	49.349	47.803	48.340
Other receivables from third parties	8	5.924	7.672	2.285
Derivative financial instruments	6	-	874	879
Inventories	9	1.104.373	949.977	841.228
Prepaid expenses	10	31.465	27.173	28.635
Other current assets	18	407	672	1.235
Total current assets		**2.035.523**	**1.723.289**	**1.970.712**
Non-current assets:				
Financial investments	5	1.165	1.695	1.695
Other receivables from third parties	8	2.035	1.691	1.434
Derivative financial instruments	6	422	9	70
Investment properties	11	58.682	47.493	46.267
Property, plant and equipment	12	1.308.346	1.287.301	1.233.665
Intangible assets				
Goodwill	14	2.251.427	2.251.427	2.251.427
Other intangible assets	13	84.689	249.417	249.581
Prepaid expenses	10	18.428	18.265	31.769
Total non-current assets		**3.725.194**	**3.857.298**	**3.815.908**
Total assets		**5.760.717**	**5.580.587**	**5.786.620**

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

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

MİGROS TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2015, 2014 AND 2013

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

	Notes	2015	*Restated* 2014	*Restated* 2013
LIABILITIES				
Current liabilities:				
Short term portion of long term borrowings	15	212.910	633.801	491.973
Trade payables				
Trade payables to related parties	27	146.099	1.170	734
Trade payables to third parties	7	2.081.705	1.895.217	1.685.229
Employee benefits payables	17	47.193	43.528	34.909
Other payables to third parties	8	41.442	44.186	33.291
Derivative financial instruments	6	-	2.229	-
Deferred income	10	24.397	19.646	3.612
Taxes on income	25	9.595	3.115	18.327
Short term provisions				
Short term provisions for employee benefits	17	75.970	62.984	52.577
Other short term provisions	16	83.283	72.058	22.430
Other current liabilities	18	3.077	1.834	17.587
Total current liabilities		**2.725.671**	**2.779.768**	**2.360.669**
Non-current liabilities:				
Long term borrowings	15	2.380.236	1.718.988	2.440.568
Other payables to third parties	8	3.181	2.963	3.244
Derivative financial instruments	6	-	-	869
Deferred income	10	850	1.551	2.250
Long term provisions				
Long term provisions for employee benefits	17	64.283	55.848	43.954
Deferred tax liabilities	25	70.510	112.630	112.854
Total non-current liabilities		**2.519.060**	**1.891.980**	**2.603.739**
Total liabilities		**5.244.731**	**4.671.748**	**4.964.408**
EQUITY				
Attributable to equity holders of parent		**515.342**	**908.285**	**821.521**
Share capital	26	178.030	178.030	178.030
Other capital reserves		(365)	(365)	(365)
Additional contribution to share capital	26	27.312	27.312	27.312
Share premium		678.233	678.233	678.233
Other comprehensive income / expense not to be classified to profit or loss				
Defined benefit plans re-measurement (losses)		(8.350)	(11.347)	(12.839)
Other comprehensive income / expense to be classified to profit or loss				
Currency translation differences		4.720	30.196	41.122
Restricted reserves		504.766	504.766	504.766
Accumulated losses		(498.540)	(594.738)	(594.738)
Net (loss) / income		(370.464)	96.198	-(Note 2.4)
Non-controlling interest		**644**	**554**	**691**
Total equity		**515.986**	**908.839**	**822.212**
Total liabilities and equity		**5.760.717**	**5.580.587**	**5.786.620**

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

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

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

	Notes	2015	*Restated* 2014
Revenue	3, 19	9.389.829	8.122.667
Cost of sales (-)	3, 19, 20	(6.864.180)	(5.959.276)
Gross Profit		**2.525.649**	**2.163.391**
General administrative expenses (-)	20	(320.631)	(282.443)
Marketing, selling and distribution expenses (-)	20	(1.833.667)	(1.555.839)
Other operating income	21	80.906	60.594
Other operating expenses (-)	21	(188.625)	(153.333)
Operating profit		**263.632**	**232.370**
Income from investment activities	22	1.326	1.362
Expenses from investment activities (-)	22	(211.462)	(3.126)
Operating income before financial income / (expense)		**53.496**	**230.606**
Financial income	23	46.555	133.492
Financial expense (-)	24	(446.035)	(182.993)
Net (loss) / income before tax from continuing operations		**(345.984)**	**181.105**
Tax expense from continuing operations		**(24.469)**	**(84.914)**
- Income tax expense (-)	25	(67.339)	(85.278)
- Deferred tax income	25	42.870	364
Net (loss) / income		**(370.453)**	**96.191**
Net income / (loss) attributable to:			
- Non-controlling interest		11	(7)
- Equity holders of parent		(370.464)	96.198
(Loss) / earning per share (TL)	**28**	**(2,08)**	**0,54**

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

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER, 2015 AND 2014

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

	Notes	2015	*Restated* 2014
Net (loss) / income for the period		**(370.453)**	**96.191**
Other comprehensive income / (loss):			
Items to be reclassified to profit or loss			
Currency translation differences		(25.397)	(11.056)
Items not to be reclassified to profit or loss			
Defined benefit plan re-measurement gains / (losses)	17	2.997	1.492
Other comprehensive income / (loss), after tax		**(22.400)**	**(9.564)**
Total comprehensive (loss) / income		**(392.853)**	**86.627**
Total comprehensive (loss) / income attributable to:			
Non-controlling interests		90	(137)
Equity holders of parent		(392.943)	86.764

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

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

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

					Other comprehensive income / expenses not to be reclassified to profit or loss	Other comprehensive income / expenses to be reclassified to profit or loss		Retained earnings				
	Share capital	Other capital reserves	Additional contribution to share capital	Share premium	Defined benefit plans re-measurement (losses) / gains	Cumulative translation differences	Restricted reserves	Accumulated losses	Net (loss) / income for the period	Attributable to equity holders of the parent	Non - controlling interests	Total equity
Balances at 31 December 2013 (Previously reported)	**178.030**	**(365)**	**27.312**	**678.233**	**(12.839)**	**41.122**	**504.766**	**(586.726)**	**-**	**829.533**	**691**	**830.224**
Effect of restatement (Note 2.4)	-	-	-	-	-	-	-	(8.012)	-	(8.012)	-	(8.012)
Balances at 31 December 2013 (Restated)	**178.030**	**(365)**	**27.312**	**678.233**	**(12.839)**	**41.122**	**504.766**	**(594.738)**	**-**	**821.521**	**691**	**822.212**
Balances at 1 January 2014	**178.030**	**(365)**	**27.312**	**678.233**	**(12.839)**	**41.122**	**504.766**	**(594.738)**	**-**	**821.521**	**691**	**822.212**
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss)	-	-	-	-	1.492	(10.926)	-	-	96.198	86.764	(137)	86.627
Net income / (loss) for the period	-	-	-	-	-	-	-	-	96.198	96.198	(7)	96.191
Cumulative translation differences	-	-	-	-	-	(10.926)	-	-	-	(10.926)	(130)	(11.056)
Defined benefit plans re-measurement (losses) / gains	-	-	-	-	1.492	-	-	-	-	1.492	-	1.492
Balances at 31 December 2014 (Restated)	**178.030**	**(365)**	**27.312**	**678.233**	**(11.347)**	**30.196**	**504.766**	**(594.738)**	**96.198**	**908.285**	**554**	**908.839**
Balances at 31 December 2014 (Previously reported)	**178.030**	**(365)**	**27.312**	**678.233**	**(11.347)**	**30.196**	**504.766**	**(586.726)**	**98.513**	**918.612**	**554**	**919.166**
Effect of restatement (Note 2.4)	-	-	-	-	-	-	-	(8.012)	(2.315)	(10.327)	-	(10.327)
Balances at 1 January 2015	**178.030**	**(365)**	**27.312**	**678.233**	**(11.347)**	**30.196**	**504.766**	**(594.738)**	**96.198**	**908.285**	**554**	**908.839**
Transfers	-	-	-	-	-	-	-	96.198	(96.198)	-	-	-
Total comprehensive (loss) / income	-	-	-	-	2.997	(25.476)	-	-	(370.464)	(392.943)	90	(392.853)
Net income / (loss) for the period	-	-	-	-	-	-	-	-	(370.464)	(370.464)	11	(370.453)
Cumulative translation differences	-	-	-	-	-	(25.476)	-	-	-	(25.476)	79	(25.397)
Defined benefit plans re-measurement (losses) / gains	-	-	-	-	2.997	-	-	-	-	2.997	-	2.997
Balances at 31 December 2015	**178.030**	**(365)**	**27.312**	**678.233**	**(8.350)**	**4.720**	**504.766**	**(498.540)**	**(370.464)**	**515.342**	**644**	**515.986**

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014

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

	Notes	2015	*Restated* 2014
Cash flows from operating activities:			
Net (loss) / income for the period		(370.453)	96.191
Adjustments related to reconciliation of profit / (loss):			
Depreciation and amortisation	20	185.901	161.845
Provision for employment termination benefits	17	31.898	31.751
Provision for unusued vacation	17	19.478	17.271
Provision for litigation	16	10.057	7.968
Provision for doubtful receivable	21	3.357	1.783
Discount on payables	7	(6.009)	(3.149)
Discount on receivables	7	41	(5)
Inventory provisions	9	8.501	3.304
Income tax expense	25	24.469	57.430
Provision for tax penalty	25		27.484
Provision for tax penalty interest	24	8.080	17.019
Interest income	21, 23	(68.109)	(64.713)
Interest expense	21, 24	301.824	253.620
Impairment on financial assets	22	530	-
Foreign exchange losses / (gains) related to bank borrowings		263.388	(118.563)
Fair value (gains) / losses arising from derivatives	23, 24	(932)	8.658
(Loss) on sale of property plant and equipment	22	697	337
Impairment on property, plant and equipment	22	208.909	1.427
		621.627	**499.658**
Changes in working capital:			
Trade receivables		(5.396)	(1.230)
Inventories		(162.897)	(112.053)
Other receivables related with operations		(6.871)	19.611
Trade payables		337.426	213.575
Other payables related with operations		5.982	19.791
		789.871	**639.352**
Cash flows from operating activities:			
Employement termination benefits paid	17	(19.717)	(17.992)
Unused vacation paid	17	(6.492)	(6.864)
Interest received	21	66.351	56.969
Interest paid		(166.530)	(132.357)
Taxes paid		(60.859)	(73.013)
Compensations paid	16	(6.463)	(3.820)
Net cash provided by operating activities		**596.161**	**462.275**

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014

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

	Notes	2015	*Restated* 2014
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets	11, 12, 13	(280.529)	(231.776)
Cash inflows from the sale of tangible assets	12, 13, 22	2.630	5.983
Net cash used in investing activities		**(277.899)**	**(225.793)**
Cash flows from financing activities			
Cash outflows from financial liabilities		(30.125)	(459.079)
Cash paid with respect to derivative instruments		(836)	(7.231)
Interest received		1.758	7.744
Interest paid		(128.201)	(123.367)
Net cash used in financing activities		**(157.404)**	**(581.933)**
Impact of foreign currency translation differences on cash and cash equivalents		**(10.508)**	**(3.804)**
Net increase/(decrease) in cash and cash equivalents		150.350	(349.255)
Cash and cash equivalents at the beginning of period	**4**	**689.074**	**1.038.329**
Cash and cash equivalents at the end of period	**4**	**839.424**	**689.074**

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

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”) transfered 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”) transfered 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. As a result of these transactions, as of 31 December 2014, the shareholding of “MH” and Moonlight Capital S.A. are 50,00% and 30,51%, respectively.

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”) With this transaction, the total shares directly and indirectly held by Moonlight Capital S.A. in the capital of the Company has decreased to 40,25% and the shares indirectly held by AEH in the Company have reached 40,25% as of July 15, 2015. As a result of the mentioned share purchase, the Group is jointly controlling by Moonlight Capital S.A and AEH.

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

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, M-Jet, 5M, Tansaş, M-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 31 December 2015, the Group operates in 1.410 stores in total (31 December 2014: 1.190) which comprise 1.398 retail stores and 12 wholesale stores with a total net space of 1.016.118 m^2 (2014: 952.615 m^2) including 1.007.914 m^2 for retail and 8.204 m^2 for wholesale. As of 31 December 2015, the Group employed 20.707 people (2014: 19.037) on average. Retail is the main business segment of the Group and constitutes almost 97% of gross sales (2014: 97%).

The address of the registered office is as follows:

Atatürk Mah., Turgut Özal Blv.,
No: 7 Ataşehir İstanbul

These consolidated financial statements have been approved for issue by the Board of Directors ("BOD") on 1 March 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 regulatories 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 consolidated financial statements, their respective geographical segments are as follows:

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	December 2015 (%)	December 2014 (%)
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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Basis of preperation and presentation of financial statements

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (TAS) issued by Public Oversight Accounting and Auditing Standards Authority (POAASA). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS) and its addendum and interpretations. The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the the consolidated financial statements of the Group have been prepared accordingly.

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

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 2.4). 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.

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.

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

2.1 Basis of Presentation (Continued)

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 Summary of significant accounting policies

Accounting policies applied by subsidiaries can be changed in order to convenience with the accounting policies applied by the Group. accounting policies which applied to preperation of consolidated financial statements are summarized is as follows:

(a) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Subsidiaries are companies over which Migros Ticaret has capability to control the financial and operating policies for the benefit of Migros Ticaret, through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself having the power to exercise control over the financial and operating policies.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

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

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

2.2 Summary of significant accounting policies (Continued)

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of parent.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities.

The table below sets out all Subsidiaries and demonstrates their shareholding structures:

	Direct and indirect shraholding by Migros or its subsidiaries (%)	
Subsidiary	**2015**	**2014**
Ramstore Bulgaristan (1)	100,00	100,00
Ramstore Kazakistan	100,00	100,00
Ramstore Makedonya	99,00	99,00
Sanal Merkez (2)	100,00	100,00

(1) Ramstore Bulgaria closed down its three stores and ceased its retail operations as of March 2007.

(2) Sanal Merkez are excluded from the scope of consolidation on the grounds of materiality. The subsidiary has been classified and accounted for as financial assets in the consolidated financial statements (Note 5).

(b) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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

2.2 Summary of significant accounting policies (Continued)

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a basis within other operating income or other operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(c) Revenue

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The specific accounting policies for the group's main types of revenue are explained below;

Sales of goods - Retail

The Group operates in the retail sales of food and beverages, consumer and durable goods through its stores, shopping centers, Ramstores Banner abroad and internet sales. Sales of goods are recognised when a group entity sells a product to a customer. Retail sales are usually made against a cash or credit card payment.

Sales of goods - Wholesale

Revenue from the sales of goods is recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products were shipped to the specified location, the risks of obsolescence and loss were transferred to the wholesaler, the wholesaler accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has an objective evidence that all criteria for acceptance are satisfied. Sales are recorded based on the price specified in the sales contracts, net of the discounts if available and returns at the time of sale.

Rent revenue

The Group recognises rent income on accrual basis based on the agreement.

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

2.2 Summary of significant accounting policies (Continued)

(d) Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Revenues and discounts from suppliers, sales premiums and advertising participation fees are accounted on an accrual basis and booked against cost of inventories.

(e) Property, plant and equipment

Property, plant and equipment obtained are carried at the cost less accumulated depreciation and, if any, impairment. Depreciation is provided over the economic useful lives for property, plant and equipment on a straight-line basis. Since land does not have definite useful lives, land is not depreciated.

The depreciation period for property, plant and equipment which approximate the economic useful lives of such assets, are as follows:

	Useful Lives (Years)
Buildings	25-50
Leasehold improvements	over period of lease (*)
Machinery and equipment	4-10
Furniture and fixtures	5-12
Motor vehicles	4-8

(*) Leasehold improvements include the expenses made for the leased properties and are depreciated over the shorter of the lease term and their useful lives.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

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

2.2 Summary of significant accounting policies (Continued)

Expenses for repair and maintenance of property, plant and equipment are normally charged to the income statement. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

(f) Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Brands

Brands that are acquired separately are accounted for at their acquisition cost, and brands that are acquired as a part of business combination are accounted for at their fair value in the consolidated financial statements. The Group assessed the useful life of brand as indefinite since there is no foreseeable limit to the period over which a brand is expected to generate net cash inflows for the Group. A brand is not subject to amortisation as it is considered to have an indefinite useful life. A brand is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount when the carrying amount of the brand exceeds its recoverable amount.

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

2.2 Summary of significant accounting policies (Continued)

Rent agreements

Rent agreements are designated as intangible assets by the Group and consist of taken over rent agreements of the stores that purchased. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

Computer softwares (Rights)

Rights arising on computer software are recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is 5 years.

Internally-generated intangible assets and development expenditures

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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

2.2 Summary of significant accounting policies (Continued)

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Financial assets

Classification

The group classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Reclassification

The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

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

2.2 Summary of significant accounting policies (Continued)

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- For financial assets at fair value through profit or loss' - in profit or loss within other income or other expenses
- For available-for-sale financial assets that are monetary securities denominated in a foreign currency - translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- For other monetary and non-monetary securities classified as available-for-sale - in other comprehensive income

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

2.2 Summary of significant accounting policies (Continued)

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.

Details on how the fair value of financial instruments is determined are disclosed in Note 31.

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

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

2.2 Summary of significant accounting policies (Continued)

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividents

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

(ı) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.2 (h) for further information about the group's accounting for trade receivables and impairment policies.

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

2.2 Summary of significant accounting policies (Continued)

(j) Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(k) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(l) Earnings per share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

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

2.2 Summary of significant accounting policies (Continued)

(m) Subsequent events

Subsequent events are composed of any event between the balance sheet date and the publication date of the balance sheet, even if they arise after any announcements of profits or other financial data.

The Group restates its consolidated financial statements if such subsequent events arise.

(n) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits.

Assets that result from previous events that cannot be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) Leases

The Group as lessee

Operational lease

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of premises, which are cancellable subject to a period of notice. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

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

2.2 Summary of significant accounting policies (Continued)

The Group as lessor

Operational leases

The Group presents assets subject to operating leases in the balance sheets according to their nature. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognized as a reduction of rental income over the lease term on a straight-line basis. Operating leases are amortized based on their cost after deducting their residual values.

(p) Related parties

Parties are considered related to the Group if;

(a) directly, or indirectly through one or more intermediaries, the party:
(i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
(ii) has an interest in the Company that gives it significant influence over the Company; or
(iii) has joint control over the Company;
(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venture;
(d) the party is member of the key management personnel of the Company or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
(g) the party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

(r) Segment reporting

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorised to make decisions regarding the activities of the Group. The organs and persons authorised to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on a geographical basis (Note 3).

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

2.2 Summary of significant accounting policies (Continued)

(s) Government incentives and grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(t) Investment properties

Buildings held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as “investment property”. Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are depreciated with the straight-line depreciation method over their useful lives that until 50 years (Note 11).

Investment properties are reviewed for impairment losses. Where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. The recoverable amount of the investment property is the higher of future net cash flows from the recognised of this investment property or fair value less cost to sell.

(u) Income taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current income tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

2.2 Summary of significant accounting policies (Continued)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(v) Employment termination benefits

Defined Benefit Plan

In accordance with existing social legislation in Turkey, the Group companies operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the consolidated financial statements, the Group has reflected a liability using the Projected Unit Credit Method and based upon estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

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

2.2 Summary of significant accounting policies (Continued)

Defined Contribution Plan

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are accrued.

(y) Cash flow statement

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from retailing activities.

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

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

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 4).

(z) Offsetting

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

(aa) Derivatives and hedging activities

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

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

2.2 Summary of significant accounting policies (Continued)

The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 6. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ab) Dividend

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. As a part of distribution of dividends, dividend liabilities are reflected to consolidated financial statements as liabilities, on the period of declaration.

(ac) Paid in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ad) Share premium

Share premium represents differences resulting from the sale of the Company's Subsidiaries' and Associates' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies (Note 26).

(ae) Deferred finance income / charges

Deferred finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under financial income and expenses.

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

2.3 Critical accounting estimates and assumptions

The preparation of financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below.

(a) Godwill impairment test

As explained in related accounting policy, the Group performs impairment tests on goodwill annually at 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group's eight-year business plans. Those projections are calculated in terms of TL and the growth rate expected to be realized after eight years is assumed to be nil. Discount rate used to calculate the present value of net cash flows is 9,40% (2014: 7,00%) annually, after tax, and includes the Group's specific risk factors as well (Note 14).

(b) Impairment on leasehold improvements

As explained in related accounting policy, property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated, on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executed an impairment estimate on the leasehold improvements on stores by considering the continuity of each store.

(c) Impairment on intangible assets

As explained in related accounting policy, intangible assets such as trademarks and other intangible assets with indefinite useful lives are not amortised. Instead, those assets are tested whether there is impairment on the carrying amount of them. The Group performs this test for intangible assets by comparing the brand's carrying amount to the discounted cash flow projections of the assets which are calculated on the basis of Group's five year business plans. The Group has performed an impairment test on intangible assets at 31 December 2015 and has identified impairment on brand as a result of this test (Note 13).

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

2.3 Critical accounting estimates and assumptions (Continued)

(d) Provisions

As explained in related accounting policy, provisions are recognized when the Group has a present legal or enforced obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the legal proceedings and damage claims raised against in courts as at 31 December 2015 and for the ones where the Group estimates more than 50% probability of losing the cases in courts, necessary provisions are accounted for in the consolidated financial statements (Note 16).

2.4 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. Group prepared comparatively the consolidated balance sheets as of 31 December 2015 and 31 December 2014 and consolidated comprehensive income statement, consolidated balance sheet and consolidated statements of changes in equity for the year ended 31 December 2015 and 2014.

In compliance with the presentation of financial statements comparative informations are reclassified and significant changes are explained when necessary.

In accordance with the systematical improvements, the Group has reviewed its prior years inventory valuation method and started to use the “weighted average cost method” while the cost of inventory was previously being calculated over the latest purchase cost. Within the context of TMS 8 “Accounting Policies, Accounting Estimates and Errors”, the Group has retrospectively restated its financial statements. TMS 1 (Revised) “Presentation of Financial Statements” requires when an entity makes a retrospective restatement of items in its financial statements, it shall present, as a minimum, three statements of financial position, two of each of the other statements, and related notes.

Accordingly, the Group has presented its consolidated balance sheets with the comparative financial information at 31 December 2014 and 2013. Since the restatement effect started to apply as of 31 December 2013 and the effects not calculated on statements of income for the year ended 31 December 2013, Net loss and accumulated losses have been presented under “Accumulated losses”.

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

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

The effects of restatement on accumulated losses and net income as of 31 December 2015 is as follows:

		31 December 2013	
	Previously reported	Effect of restatement	Restated
Inventories	851.243	(10.015)	841.228
Deferred tax liabilities	(114.857)	2.003	(112.854)
Net loss	(586.726)	(8.012)	(594.738)

		31 December 2014	
	Previously reported	Effect of restatement	Restated
Inventories	962.885	(12.908)	949.977
Deferred tax liabilities	(115.211)	2.581	(112.630)
Net income	98.513	(2.315)	96.198
Accumulated losses	(586.726)	(8.012)	(594.738)
Earning per share (TL)	0,55	(0,01)	0,54

The following reclassifications have been made by the Group management in the 31 December 2014 balance sheet with the purpose of comparable presentation with the consolidated financial statements as of 31 December 2015;

Bank borrowings amounting to TRL 63.838 which were accounted for under "Long term borrowings" have been classified into "Short term portion of long term borrowings".

Prepaid rent expenses amounting to TRL 6.963 which were accounted for under "Long term prepaid expenses" have been classified into "Short term prepaid expenses account.

Unearned revenues which related to gift cards amounting to TRL 15.528 which were accounted for under "Other current liabilities" have been classified into "Deferred income".

Liabilities related to customer loyalty programs amounting to TRL 977 which were accounted for under "Other current liabilities" have been classified into "Short term provision".

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

2.5 New and Revised Turkish Accounting Standards

a) The new standards, amendments to published standards and interpretations effective applicable as of 31 December 2015

- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project that affect 7 standards:

  - TFRS 2, "Share-based payment"
  - TFRS 3, "Business Combinations"
  - TFRS 8, "Operating segments"
  - TFRS 13, "Fair value measurement"
  - TAS 16, "Property, plant and equipment" and TAS 38,'Intangible assets'
  - TFRS 9, "Financial instruments", TAS 37, "Provisions, contingent liabilities and contingent assets", and
  - TAS 39, "Financial instruments - Recognition and measurement"

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-2012-2013 cycle of the annual improvements project that affect 4 standards:

  - TFRS 1, "First time adoption"
  - TFRS 3, "Business combinations"
  - TFRS 13, "Fair value measurement"
  - TAS 40, "Investment property".

b) Standards and amendments issued but not yet effective as of 31 December 2015:

- 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.

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

2.5 New and Revised Turkish Accounting Standards (Continued)

- 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.

- TAS 27 "Separate financial statements "; 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.

- Amendments to TFRS 10, ‘Consolidated financial statements’ and IAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

2.5 New and Revised Turkish Accounting Standards (Contined)

- 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”, regarding servicing contracts.
    - TAS 19, “Employee benefits” regarding discount rates.
    - TAS 34, ‘Interim financial reporting’ regarding disclosure of information.

- TAS 1 "Presentation of Financial Statements"; effective from annual periods beginning on or after 1 January 2016. These amendments are as part of the IASB initiative to improvepresentation and disclosure in financial reports.

- 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 to address issues that have arisen in the context of applying the consolidation exception for investment entities and their subsidiaries.

- 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.

- TFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

As the date of financial statements approval, following standards, interpretations and changes has been published as draft by the POAASA.

- TFRS 9 “Financial instruments”
- TFRS 15 “Revenue from contracts with customers”

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

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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". EBITDA is by calculated by deducting general administrative expenses and selling, marketing and distribution expenses and by adding depreciation expenses, unused vacation liability paid in current period, provision for employement termination benefit , unusued vacation liability on gross profit amount in the consolidated statements of profit or loss.

The segment information provided to the board of directors as of 31 December 2015 and 2014 is as follows:

a) Segment analysis as of 31 December 2015:

	Turkey	Other countries	Combined total	Intersegment eleminations	Total
External revenue	8.961.762	428.067	9.389.829	-	9.389.829
Inter segment revenue	4.717	-	4.717	(4.717)	-
Sales revenue	8.966.479	428.067	9.394.546	(4.717)	9.389.829
Cost of sales	(6.541.695)	(327.202)	(6.868.897)	4.717	(6.864.180)
Gross profit	2.424.784	100.865	2.525.649	-	2.525.649
Marketing, selling and distribution expenses	(1.761.570)	(72.097)	(1.833.667)	-	(1.833.667)
General administrative expenses	(275.204)	(45.427)	(320.631)	-	(320.631)
Addition: Depreciation and amortisation expenses	159.749	26.152	185.901	-	185.901
Addition: Provision for employement termination benefits	12.181	-	12.181	-	12.181
Addition: Employemet termination benefits paid	19.717	-	19.717	-	19.717
Addition: Unused vacation pay liability	12.986	-	12.986	-	12.986
EBITDA	**592.643**	**9.493**	**602.136**	**-**	**602.136**
Addition: Rent expenses	457.196	23.082	480.278	-	480.278
EBITDAR	**1.049.839**	**32.575**	**1.082.414**	**-**	**1.082.414**

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NOTE 3 - SEGMENT REPORTING (Continued)

b) Segment analysis as of 31 December 2014:

	Turkey	**Other countries**	**Combined total**	**Intersegment eleminations**	**Total**
External revnue	7.684.355	438.312	8.122.667	-	8.122.667
Inter segment revenue	5.179	-	5.179	(5.179)	-
Sales revenue	7.689.534	438.312	8.127.846	(5.179)	8.122.667
Cost of sales	(5.637.540)	(326.915)	(5.964.455)	5.179	(5.959.276)
Gross profit	2.051.994	111.397	2.163.391	-	2.163.391
Marketing, selling and distribution expenses	(1.489.635)	(66.204)	(1.555.839)	-	(1.555.839)
General administrative expenses	(244.495)	(37.948)	(282.443)	-	(282.443)
Addition: Depreciation and amortisation expenses	141.720	20.125	161.845	-	161.845
Addition: Provision for employement termination benefits	13.759	-	13.759	-	13.759
Addition: Employement termination benefits paid	17.992	-	17.992	-	17.992
Addition: Unused vacation pay liability	10.407	-	10.407	-	10.407
EBITDA	**501.742**	**27.370**	**529.112**	**-**	**529.112**
Addition: Rent expenses	381.411	20.659	402.070	-	402.070
EBITDAR	**883.153**	**48.029**	**931.182**	**-**	**931.182**

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NOTE 3 - SEGMENT REPORTING (Continued)

A reconciliation of EBITDA figure to income before tax is provided as follows:

	2015	**2014**
EBITDAR reported segments	1.082.414	931.182
Rent expenses	(480.278)	(402.070)
EBITDA reported segments	**602.136**	**529.112**
Depreciation and amortisation	(185.901)	(161.845)
Provision for employee termination benefits	(12.181)	(13.759)
Termination benefits paid	(19.717)	(17.992)
Unused vacation provision	(12.986)	(10.407)
Other operating income	80.906	60.594
Other operating expense (-)	(188.625)	(153.333)
Operating profit	**263.632**	**232.370**
Income from investing activities	1.326	1.362
Expense from investing activities (-)	(211.462)	(3.126)
Operating profit beftore finance income / (expense)	**53.496**	**230.606**
Financial income	46.555	133.492
Financial expense (-)	(446.035)	(182.993)
Income / (loss) before tax	**(345.984)**	**181.105**

Segment Assets and Liabilities

The figures provided to the board of directors with respect to total assets and liabilities are measured in a manner consistent with the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

	2015	**2014**
Turkey	5.518.843	5.293.524
Other countries	322.164	375.586
Segment assets	**5.841.007**	**5.669.110**
Less: Inter-segment eleminations	(80.290)	(88.523)
Total assets per consolidated financial statements	**5.760.717**	**5.580.587**

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NOTE 3 - SEGMENT REPORTING (Continued)

	2015	**2014**
Turkey	5.153.497	4.561.024
Other Countries	107.897	123.767
Segment liabilities	**5.261.394**	**4.684.791**
Less: Inter-segment eleminations	(16.663)	(13.043)
Total liabilities per consolidated financial statements	**5.244.731**	**4.671.748**

Segment information of capital expenditures as of 31 December 2015 and 2014:

	2015	**2014**
Turkey	264.657	209.673
Other countries	15.872	22.103
	280.529	**231.776**

NOT 4 - CASH AND CASH EQUIVALENTS

	2015	**2014**
Cash	46.233	42.780
Banks		
- demand deposit (*)	61.152	61.804
- time deposit	292.375	197.949
Cheques in collection	70	197
Credit card receivables	439.594	386.344
	839.424	**689.074**

(*) The "Group" transfers the cash in its stores registers to the bank on a daily basis. As of 31 December 2015, a cash amount of TL 52.318 in bank accounts is temporarily blocked due to the mentioned cash transfer. (2014: 55.379 TL)

Weighted average effective interest rates on TL, EURO denominated time deposits as of 31 December 2015 are 12,8% and 1,5% respectively (2014: 10,2% and 1,7%)

Credit card receivables with a maturity of less than one month are discounted at 31 December 2015 with annual rate of 11,5% (2014: 10,0%).

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NOT 4 - CASH AND CASH EQUIVALENTS (Continued)

The maturity analysis of time deposits at 31 December 2015 and 2014 is as follows:

	2015	**2014**
1 - 30 days	290.573	181.665
31 - 90 days	1.802	16.284
91 - 180 days (*)	4.085	-
	296.460	**197.949**

(*) Related amount indicating the bank deposits with 90-180 days maturity recognised as cash fund by the "Group" (Note 5).

NOT 5 - FINANCIAL INVESTMENTS

Short term financial investments

	2015	**2014**
Time deposit (*)	4.085	-
	4.085	**-**

(*) Related amount indicating the bank deposits with 90-180 days maturity recognised as cash fund by the "Group".

Long term financial investments

	2015	**2014**
Long term available for sale investments		
Financial assets - (Unlisted financial asstets)	1.165	1.695
	1.165	**1.695**

Unlisted financial assets

	2015		**2014**	
	TL	**Share %**	**TL**	**Share %**
Sanal Merkez Ticaret A.Ş.	1.165	100,00	1.695	100,00

Sanal Merkez is the subsidiary that is not included in the scope of consolidation on the grounds of materiality due to the insignificance of its impact on the consolidated net worth, financial position and results of Migros. It is accounted for under long-term available-for-sale investment at cost less impairment losses restated at 31 December 2004 as it is not quoted in any active market.

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NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

Short term derivative financial instruments

	2015	2014
Forward foreign exchange contracts	-	874
	-	**874**

	2015	2014
Interest swap contracts	-	(2.193)
Forward foreign exchange contracts	-	(36)
	-	**(2.229)**

Long term derivative financial instruments

	2015	2014
Cap option	422	9
	422	**9**

The Group entered into a number of forward currency exchange contracts with banks in order to hedge its exchange rate risk. As at the settlement date, the Group sells TRL and purchases Euro at agreed strike prices.

The fair values of the foreign exchange contracts as of 31 December 2014 are as follows:

	Euro amount to be purchased	TRL amount to be sold	Fair value (TRL)
Forward foreign exchange contracts	24.000	69.617	838

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NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group entered number of cap and interest rate swap contracts with banks in order to hedge its interest rate risk. The fair values of contracts and details as of 31 December 2015 and 2014 are as follows:

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

2014:

	Agreement type	Transaction date	Effective date	Expiration date	Derivative instrument amount (EUR)	Fair value (TRL)
Current assets	Cap	27 Nov 2013	29 Nov 2013	30 Nov 2015	206 million	-
Non-current assets	Cap	21 Nov 2014	28 Nov 2014	30 Nov 2016	360 million	9
Current liabilities	Interest rate swap	20 Nov 2012	30 Nov 2012	30 Nov 2015	200 million	(2.193)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	2015	2014
Receivables from tenants and wholesale activities	45.639	44.266
Doubtful receivables	32.748	26.923
Notes receivables	2.256	2.220
Due from related parties (Note 27)	496	44
Less: Provision for doubtfull receivables	(31.057)	(25.410)
Less: Unearned finance income on term sales	(237)	(196)
	49.845	**47.847**

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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The maturity of trade receivables are generally less than one month at as of 31 December 2015 and they were discounted with the annual rate of %11,0 (2014: 10,0%).

Movement of provision for doubtful receivables is as follows:

1 January 2014	**22.943**
Current year charge	3.135
Collections and reversals	(1.352)
Cumulative translation adjustments	684
31 December 2014	**25.410**
1 January 2015	**25.410**
Current year charge	3.611
Collections and reversals	(254)
Cumulative translation adjustments	2.290
31 December 2015	**31.057**

Trade payables:

	2015	**2014**
Supplier current accounts	2.094.948	1.899.574
Due to related parties (Note 27)	146.099	1.170
Expense accruals	11.102	13.979
Unincurred finance cost on term purchases	(24.345)	(18.336)
	2.227.804	**1.896.387**

The maturity of trade payables is generally less than three months and they are discounted with annual rate of 9,9 % as of 31 December 2015 (2014: 8,7%).

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Short term other receivables

	2015	2014
Receivables from personnel	4.639	3.613
Receivables from insurance companies	1.285	4.059
	5.924	**7.672**

Long term other receivables

	2015	2014
Deposits and guarantees given	2.035	1.691
	2.035	**1.691**

Other short term payables

	2015	2014
Other taxes and funds payable	21.345	19.003
Credit card bills collection account (*)	10.834	9.737
Value added tax payables ("VAT")	9.263	15.446
	41.442	**44.186**

(*) Majority of the payables above consist of related banks' credit card bill collections made in the stores. The collections have the maturity of less than one month.

Long term other payables

	2015	2014
Deposits and guarantees received	3.181	2.963
	3.181	**2.963**

NOTE 9 - INVENTORIES

	2015	*Restated* 2014	*Restated* 2013
Raw materials	7.191	6.707	673
Work in progress	5.244	9.794	5.703
Merchandise stocks	1.106.184	937.781	836.090
Other	1.325	2.765	2.528
Less: Provision for net realiazable value	(15.571)	(7.070)	(3.766)
	1.104.373	**949.977**	**841.228**

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

NOTE 10 - PREPAID EXPENSES AND DEFERRED REVENUE

Short term prepaid expenses

	2015	2014
Prepaid rent expenses	14.468	14.827
Prepaid insurance expenses	7.939	2.839
Advances given	2.744	3.328
Prepaid other expenses	6.314	6.179
	31.465	**27.173**

Long term prepaid expenses

	2015	2014
Prepaid rent expenses	15.049	16.342
Advances given for property, plant and equipement	3.379	-
Other	-	1.923
	18.428	**18.265**

Short term deferred revenue

	2015	2014
Customer bonds	20.711	15.528
Deferred revenue	3.686	4.118
	24.397	**19.646**

Long term deferred revenue

	2015	2014
Deferred revenue	850	1.551
	850	**1.551**

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

NOTE 11 - INVESTMENT PROPERTY

	1 January 2015	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2015
Cost						
Land and buildings	84.770	4.743	-	17.463	1.341	108.317
Accumulated depreciation						
Buildings	(37.277)	(3.684)	-	(6.189)	(2.485)	(49.635)
Net book value	**47.493**					**58.682**

	1 January 2014	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2014
Cost						
Land and buildings	76.364	-	-	10.219	(1.813)	84.770
Accumulated depreciation						
Buildings	(30.097)	(3.897)	-	(3.622)	339	(37.277)
Net book value	**46.267**					**47.493**

(*) Ankara Ankamall Shopping Mall Center was transfered from property, plant and equipment and reclassified as investment property. As of 31 December 2015 the total rentable area is 6.741 m^2 (2014: 2.322 m^2) and its fair value is TRL 61.850 (2014: TRL 26.041). The mentioned fair value is determined according to the real estate valuation report dated March 2015 of Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş. The mentioned fair value is determined as an appropriate reconciliation of the "Direct capitalization" and "Market value" methods.

Depreciation expenses of the period have been accounted for 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 31 December 2015, total investment property of Kazakhstan and Macedonia are 6.150 and 8.043 m^2 respectively (2014: Kazakhstan 6.586 m^2, Macedonia 7.017 m^2).

Fair value of the investment properties in Kazakhstan and Macedonia are TRL 45.395 and TRL 102.540 (2014: Kazakhstan TRL 47.699, Macedonia TRL 68.053). The mentioned fair values are determined according to real estate valuation report dated December 2015 of TSKB Gayrimenkul Değerleme A.Ş. The mentioned fair values are determined with the "Discounted cash flow" method.

There is no mortgage or pledge on the investment properties of the Group as of 31 December 2015.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to TL 22.159 (2014: TL 18.594). Direct operating expenses arising on the investment property in the period include maintenance and repair costs which amounted to TL 5.061 (2014: TL 4.466).

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

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments period ended at 31 December 2015 is as follows;

	1 January 2015	Additions	Disposals	Impairment loss (*)	Transfers	Currency translation differences	31 December 2015
Cost							
Land and buildings	477.570	15.082	-	-	(17.337)	(6.779)	468.536
Leasehold improvements	539.917	57.686	-	(31.252)	(42.013)	(7.949)	516.389
Machinery and equipments	544.833	63.104	(22.770)	-	42.849	(10.382)	617.634
Motor vehicles	2.489	379	(630)	-	-	(65)	2.173
Furniture and fixtures	278.484	32.370	(4.503)	-	12.136	(866)	317.621
Construction in progress	25.388	79.395	-	-	(83.211)	1.007	22.579
	1.868.681	**248.016**	**(27.903)**	**(31.252)**	**(87.576)**	**(25.034)**	**1.944.932**
Accumulated depreciation							
Buildings	(54.678)	(19.737)	-		6.189	1.665	(66.561)
Leasehold improvements	(226.365)	(49.379)	-	24.518	39.470	3.962	(207.794)
Machinery and equipments	(196.705)	(65.190)	20.553	-	-	6.355	(234.987)
Motor vehicles	(1.253)	(388)	485	-	-	(2)	(1.158)
Furniture and fixture	(102.379)	(27.243)	3.538	-	-	(2)	(126.086)
	(581.380)	**(161.937)**	**24.576**	**24.518**	**45.659**	**11.978**	**(636.586)**
Net book value	**1.287.301**						**1.308.346**

(*) Impairment loss amounting to TRL 6.734 consists of leasehold improvements of the stores closed in 2015 (Note 22).

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipments for the period ended ar of 31 December 2014 is as follows;

	1 January 2014	Additions	Disposals	Impairment loss (*)	Transfers	Currency translation differences	31 December 2014
Cost							
Land and buildings	481.229	9.155	(110)	-	(9.027)	(3.677)	477.570
Leasehold improvements	494.845	46.004	(2.368)	(10.766)	14.237	(2.035)	539.917
Machinery and equipments	476.977	52.580	(13.305)	-	31.344	(2.763)	544.833
Motor vehicles	1.675	991	(122)	-	-	(55)	2.489
Furniture and fixtures	244.092	29.434	(5.171)	-	11.455	(1.326)	278.484
Construction in progress	5.185	77.636	-	-	(58.228)	795	25.388
	1.704.003	**215.800**	**(21.076)**	**(10.766)**	**(10.219)**	**(9.061)**	**1.868.681**
Accumulated depreciation							
Buildings	(49.940)	(9.470)	80	-	3.622	1.030	(54.678)
Leasehold improvements	(189.289)	(48.237)	-	9.339	-	1.822	(226.365)
Machinery and equipments	(153.050)	(56.341)	11.847	-	-	839	(196.705)
Motor vehicles	(837)	(381)	113	-	-	(148)	(1.253)
Furniture and fixtures	(77.222)	(27.828)	2.720	-	-	(49)	(102.379)
	(470.338)	**(142.257)**	**14.760**	**9.339**	**3.622**	**3.494**	**(581.380)**
Net book value	**1.233.665**						**1.287.301**

(*) Impairment loss amounting to TRL 1.427 consists of leasehold improvements of the stores closed in 2014 (Note 22).

There is no pledges on property, plant and equiptments as of 31 Decebmer 2015 and 2014.Depreciation expenses related to property, plant and equipment have been accounted under general administrative expenses.

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

NOTE 13 - INTANGIBLE ASSETS

Movement of intangible assets period ended at 31 December 2015 is as follows;

	1 January 2015	Additions	Disposals	Impairment loss (*)	Transfers	Currency translation differences	31 December 2015
Cost							
Trademark (*)	202.175	-	-	(202.175)	-	-	-
Rent agreements (**)	32.982	-	-		-	-	32.982
Rights	71.071	27.220	(375)	-	12.232	(943)	109.205
Other intangible assets (***)	28.783	550	-	-	57.881	-	87.214
	335.011	**27.770**	**(375)**	**(202.175)**	**70.113**	**(943)**	**229.401**
Accumulated amortisation							
Rent agreements (**)	(28.401)	(1.746)	-	-	-	-	(30.147)
Rights	(38.562)	(16.541)	375	-	-	257	(54.471)
Other intangible assets (***)	(18.631)	(1.993)	-	-	(39.470)	-	(60.094)
	(85.594)	**(20.280)**	**375**	**-**	**(39.470)**	**257**	**(144.712)**
Net book value	**249.417**						**84.689**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 13 - INTANGIBLE ASSETS (Continued)

Movement of intangible assets period ended at 31 December 2014 is as follows;

	1 January 2014	Additions	Disposals	Impairment loss (*)	Transfers	Currency translation differences	31 December 2014
Cost							
Trademark (*)	202.175	-	-	-	-	-	202.175
Rent agreements (**)	32.982	-	-	-	-	-	32.982
Rights	55.542	15.976	(146)	-	-	(301)	71.071
Other intangible assets (***)	28.783	-	-	-	-	-	28.783
	319.482	**15.976**	**(146)**	**-**	**-**	**(301)**	**335.011**
Accumulated amortisation							
Rent agreements (**)	(26.202)	(2.199)	-	-	-	-	(28.401)
Rights	(27.739)	(10.821)	142	-	-	(144)	(38.562)
Other intangible assets (***)	(15.960)	(2.671)	-	-	-	-	(18.631)
	(69.901)	**(15.691)**	**142**	**-**	**-**	**(144)**	**(85.594)**
Net book value	**249.581**						**249.417**

NOTE 13 - 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 182 Tansaş stores under Migros-MigrosJet banner and it has decided to convert the remaining 22 Tansaş stores during year 2016 in accordance with the strategic evaluations and analyses. 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 202.175 TL and recognized under "expenses from investment activities".

(**) 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^2, from Hamoglu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İsletmecilik 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^2 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 the 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.

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

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NOTE 14 - GOODWILL

	2015	**2014**
Opening balance	2.251.427	2.251.427
Closing balance	2.251.427	2.251.427

The details of the calculation of goodwill are as follows:

a) On 30 May 2008, Moonlight acquired 50,83259% of the shares of Migros, which operates in the retail sector, from Koç Holding. Moonlight Capital SA signed a share transfer agreement regarding this acquisition in February 2008 on behalf of Moonlight. Dividends paid to Koç Holding by Migros amounting to TL 53.626 were deducted from the sales price determined on the share transfer agreement and the consideration determined as TL 1.923.740 was paid in cash on the closing date. The transfer of the shares of Migros to Moonlight succeeding Moonlight Capital SA has been completed on 30 May 2008 for TL 1.923.740. As a result of the price adjustment defined in share transfer agreement, price difference amounting to TL 1.300 has been realised on behalf of Moonlight and this amount has been paid in August.

   Pursuant to Communiqué Serial IV No. 8 on Principles Regarding Proxy Voting at Shareholders' Meetings of Publicly Held Joint Stock Corporations Exercising Proxy Solicitation and Tender Offers, the Company purchased 30,76% of the shares of Migros in consideration of the sum of TL 1.148.553 from other shareholders of Migros in August 2008, prior to the call for tender realised between 6 October and 20 October 2008; and between those dates, in compliance with the call liability, purchased 16,31% of shares in Migros in consideration of the sum of TL 637.212.

   Acquisitions mentioned above have been collectively considered in goodwill calculation. The fair values of plant property and equipment acquired as a result of the acquisition of Migros Türk shares, have been determined through the best estimate of the management and included in the consolidated financial statements.

Net assets acquired by Migros and the details of the calculation of goodwill are as follows:

Total acquisition cost	3.708.205
Net asset acquired	(1.468.995)
Goodwill	**2.239.210**

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NOTE 14 - GOODWILL (Continued)

b) Group, acquired Ades Gıda San. ve Tic A.Ş., Amaç Gıda Tic ve San A.Ş. and Egeden Gıda Tüketim ve Tic. A.Ş. at 31 July 2010.

Net assets acquired by Migros and the details of the calculation of goodwill are as follows:

Total acquisition cost	14.886
Net asset acquired	(2.669)
Goodwill	**12.217**

Impairment tests for goodwill

The whole amount of goodwill is related to the acquisition of Migros Türk, the Group management considers the synergy to be created by the important domestic market position as the main reason for the goodwill. Accordingly, the Group management allocated the above mentioned goodwill amount to Turkish domestic operations which is the main cash generating unit, considering its market share and importance of the total turnover of the domestic operations in the Group consolidation.

The recoverable amount of cash-generating unit was determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, which are based on TL budgets approved by management covering an eight year period. The growth rate expected to be realized after eight years is assumed to be nil and in the preparation of these analysis it has been assumed by the management that existing profitability of the Company will be maintained.

The Group management determined the budgeted gross profit margin by taking into consideration the previous performance of the company and the market growth expectations. The discount rate 9,40% used is the after tax discount rate and includes the company-specific risks. The fact that the after-tax discount rate used in the calculation of discounted cash flows is higher/lower by 100 basis points (such as 8,40% or 10,40% instead of 9,40%) causes a decrease/increase of TL 838.667 (2014: TL 1.135.433) in the fair value calculations for which sales costs are deducted, as of 31 December 2015. Within the context of analysis performed by the Management, above mentioned changes in the key assumptions on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

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NOTE 15 - FINANCIAL LIABILITIES

	31 December 2015		
	Effective interest rate	**Euro**	**Total TRL equivalent**
Current portion of long term borrowings			
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
Total current bank borrowings			**212.910**
Non-current bank borrowings			
With floating interest rate - EUR	5,25%	671.824	2.134.789
With fixed interest rate - TRL	13,93%	-	245.447
Total non-current bank borrowings			**2.380.236**
Total financial liabilities			**2.593.146**

The redemption schedule of bank borrowings with effective interest rate at 31 December 2015 is as follows:

	Euro Loan TRL equivalent	**TRL Loan**	**Total TRL equivalent**
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
	2.305.966	**287.180**	**2.593.146**

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

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 15 - FINANCIAL LIABILITIES (Continued)

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

	Euro Loan TRL equivalent	**TRL Loan**	**Total TRL equivalent**
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
	2.309.118	**285.341**	**2.594.459**

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.

With respect to long term bank loans, all Migros Ticaret A.Ş. shares owned by MH Perakendecilik ve Ticaret A.Ş. and Moonlight Capital S.A. were provided as collateral to the financial institutions as from the grant date of the loan. As of 31 December 2015, 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. and Moonlight Capital S.A. were pledged (2014: 14.332.333.600 shares representing 80,51%).

The group has an obligation to meet various covenants according to bank borrowings. The Group meets the covenant requirements which calculated on consolidated financail statement as of 31 December 2015

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 15 - FINANCIAL LIABILITIES (Continued)

	31 December 2014		
	Effective interest rate	**Euro**	**Total TRL equivalent**
Current portion of long term borrowings			
With floating interest rate	%4,50	224.570	633.445
With fixed interest rate	%2,00	126	356
Total current bank borrowings		**224.696**	**633.801**
Non-current bank borrowings			
With fixed floating rate	%4,50	609.298	1.718.646
With fixed interest rate	%2,00	121	342
Total non-current bank borrowings		**609.419**	**1.718.988**
Total financial liabilities		**834.115**	**2.352.789**

The redemption schedule of TRL equiavlents of bank borrowings with effective interest rate at 31 December 2014 is as follows:

	Euro Loan TRL equivalent	**TRL Loan**	**Total TRL equivalent**
1 January 2015 - 31 December 2015	633.801	-	633.801
1 January 2016 - 31 December 2016	674.695	-	674.695
1 January 2017 - 31 December 2017	678.847	-	678.847
1 January 2018 - 31 May 2018	365.446	-	365.446
	2.352.789	**-**	**2.352.789**

The fair value of bank borrowings at 31 December 2014 is TRL 2.345.052.

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	**2015**	**2014**
Provision for tax penalty (*)	52.583	44.503
Provision for litigation	30.172	26.578
Customer loyalty programs	528	977
	83.283	**72.058**

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. The Company disclosed that all available legal course of actions and rights including compromise is going to be excercised regarding the above mentioned amounts. Therefore, a provision amounting to TRL 44.503 (TRL 27.484 for the principal part and TRL 17.019 for the interest charges has been accounted for in the consolidated financial statements as of 31 December 2014. The Group accounted for an additional provision amounting to TRL 8.080 for the current period interest charges and thus the total provision for tax penalty reached to TRL 52.583 in the consolidated financial statements as of 31 December 2015.

Movement of provision for lawsuits is as follows:

1 January 2014	**22.430**
Increase during period	7.968
Payments during period	(3.820)
31 December 2014	**26.578**
1 January 2015	**26.578**
Increase during period	10.057
Payments during period	(6.463)
31 December 2015	**30.172**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, Pledges, Mortgages

2015:

	Total TRL amount	**TRL**	**USD**	**Euro**
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	-	-	-	-
Total collaterals, pledges and mortgages	**82.958**	**81.585**	**472**	**-**
Proportion of the other CPM's to equity	**-**	**-**	**-**	**-**

2014:

	Total TRL amount	**TRL**	**USD**	**Euro**
A. CPM given on behalf of the Company's legal personality	74.332	73.167	472	25
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	-	-	-	-
Total collaterals, pledges and mortgages	**74.332**	**73.167**	**472**	**25**
Proportion of the other CPM's to equity	**-**	**-**	**-**	**-**

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

NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities

Guarantees given at 31 December 2015 and 2014 are as follows:

	2015	2014
Letter of guarantees given	82.958	74.332
	82.958	**74.332**

Guarantees received at 31 December 2015 and 2014 are as follows:

	2015	2014
Guarantees obtained from customers	91.215	97.727
Mortgages obtained from customers	23.342	19.999
	114.557	**117.726**

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.

	2015	2014
Payable within 1 year	29.133	26.907
Payable in 1 to 5 years	6.128	7.170
5 years and more	366	1.262
	35.627	**35.339**

With respect to long term bank loans, all Migros Ticaret A.Ş. shares owned by MH Perakendecilik ve Ticaret A.Ş. and Moonlight Capital S.A. were provided as collateral to the financial institutions as from the grant date of the loan. As of 31 December 2015, 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. and Moonlight Capital S.A. were pledged (2014: 14.332.333.600 shares representing 80,51%).

(Amounts expressed in thousands of Turkish Lira (“TRL”) unless otherwise indicated.)
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NOTE 17 - PROVISION FOR EMPLOYEE BENEFITS

	2015	**2014**
Due to personnel	31.813	28.224
Social security deductions	15.380	15.304
	47.193	**43.528**

	2015	**2014**
Provision for unused vacation	75.970	62.984
Provision for employment termination benefits	64.283	55.848
	140.253	**118.832**

Movement of provision for unused vacation is as follows:

1 January 2014	**52.577**
Increase during period	17.271
Payments during period	(6.864)
31 December 2014	**62.984**
1 January 2015	**62.984**
Increase during year	19.478
Payments during period	(6.492)
31 December 2015	**75.970**

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 consolidated financial statements as of 31 December 2015 and 2014, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 17 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

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

	2015	**2014**
Discount rate (%)	3,77	2,88
Turnover rate to estimate the probability of retirement (%)	79,77 - 100,00	75,90 - 100,00

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 TL 4.092,53 effective from 1 January 2016 (1 January 2015: TL 3.541,37) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

In the calculation, the employees were separated into two groups based on the working years in the Group: 0-14 years and 15 years and above. The probability of retirement is used as 79,77% and 100% for the employees working 0-14 years and 15 years and above, respectively.

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

1 January 2014	**43.954**
Increase during period	31.751
Payments during period	(17.992)
Actuarial gain	(1.865)
31 December 2014	**55.848**
1 January 2015	**55.848**
Increase during period	31.898
Payments during period	(19.717)
Actuarial gain	(3.746)
31 December 2015	**64.283**

The Company has a collective labour agreement with Tez-Koop İş Sendikası (labour union) for the period of 1 May 2014 and 30 April 2017.

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 18 - OTHER ASSETS AND LIABILITIES

Other current assets

	2015	2014
Deductable taxes and funds	-	181
VAT receivables	3	132
Other	404	359
	407	**672**

Other current liabilities

	2015	2014
VAT payables	994	-
Other taxes	176	-
Other	1.907	1.834
	3.077	**1.834**

NOTE 19 - REVENUE

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

	2015	2014
Domestic sales	9.210.030	7.898.055
Foreign sales	425.650	437.035
Other sales	15.648	13.752
Gross sales	**9.651.328**	**8.348.842**
Discounts and returns (-)	(261.499)	(226.175)
Sales revenue, net	**9.389.829**	**8.122.667**
Cost of sales	(6.864.180)	(5.959.276)
Gross profit	**2.525.649**	**2.163.391**

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

	2015	2014
Retail sales revenue	9.316.993	8.075.400
Rent income	242.074	191.622
Wholesale revenue	76.613	68.068
	9.635.680	**8.335.090**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 20 - EXPENSE BY NATURE

Total	**2015**	**2014**
Staff costs	893.441	752.798
Rent	480.278	402.070
Depreciation and amortisation	185.901	161.845
Energy	126.566	113.045
Transportation	82.861	79.673
Advertising	65.626	55.160
Porterage and cleaning	61.198	52.643
Warehouse	55.804	49.551
Repair and maintanence	37.848	29.657
Mechanisation	25.733	20.168
Security	22.996	20.525
Taxes and other fees	14.455	12.021
Communication	9.631	8.498
Other	91.960	80.628
	2.154.298	**1.838.282**

Marketing, selling and distribution expenses	**2015**	**2014**
Staff costs	787.968	659.949
Rent	479.692	401.440
Energy	125.324	111.981
Transportation	82.861	79.474
Advertising	65.591	55.144
Porterage and cleaning	59.306	51.043
Warehouse	55.804	49.551
Repair and maintanence	37.235	29.166
Security	22.135	19.762
Mechanisation	22.083	16.537
Taxes and other fees	13.275	10.932
Communication	7.931	6.666
Other	74.462	64.194
	1.833.667	**1.555.839**

General administrative expenses	**2015**	**2014**
Depreciation and amortisation	185.901	161.845
Staff costs	105.473	92.849
Other	29.257	27.749
	320.631	**282.443**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 20 - EXPENSE BY NATURE (Continued)

Expenses by nature in cost of sales for the year ended at 31 December 2015 and 2014 are as follows:

	2015	2014
Cost of goods sold	6.833.376	5.931.885
Cost of service rendered	30.804	27.391
	6.864.180	**5.959.276**

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.

NOTE 21 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	**2015**	**2014**
Interest income on term sales	39.510	32.221
Interest income from operating activities	26.841	24.748
Gain on sale of scrap goods	1.687	834
Other	12.868	2.791
	80.906	**60.594**

Other operating expenses	**2015**	**2014**
Interest expense on term purchases	160.520	129.208
Litigation provision	10.057	7.968
Bad debt provision expense	3.357	1.783
Other	14.691	14.374
	188.625	**153.333**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 22 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	**2015**	**2014**
Gain on sale of property, plant and equipment	1.326	1.362
	1.326	**1.362**

Expense from investing activities	**2015**	**2014**
Impairment on intangible assets (Note 13)	202.175	-
Losses from leasehold improvements of closed stores	6.734	1.427
Loss on sale of property, plant and equipment	2.023	1.699
Impairment on financial assets	530	-
	211.462	**3.126**

NOTE 23 - FINANCIAL INCOME

	2015	**2014**
Foreign expense gains	39.077	124.866
Financial income on derivatives	5.720	882
Interest income on bank deposits	1.758	7.744
	46.555	**133.492**

NOTE 24 - FINANCIAL EXPENSES

	2015	**2014**
Foreign exchange losses	278.887	26.541
Interest expense on bank borrowings	135.295	121.263
Refinancing expense	8.969	-
Interest expense on tax penalty(Note 16)	8.080	17.019
Financial expense on derivativies	4.788	9.540
Other	10.016	8.630
	446.035	**182.993**

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NOTE 25 - TAX ASSETS AND LIABILITIES

	2015	2014
Income tax payable	67.339	63.724
Less: Prepaid current income taxes	(57.744)	(60.609)
Taxes on income	**9.595**	**3.115**

	2015	*Restated* 2014	*Restated* 2013
Deferred tax assets	43.954	37.002	30.558
Deferred tax liabilities	(114.464)	(149.632)	(143.412)
Deferred tax liabilities, net	**(70.510)**	**(112.630)**	**(112.854)**

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.

Turkey

In Turkey, corporation tax rate for the year 2015 is 20% (2014: 20%). Corporation tax is applied to the total income of the companies after adjusting for certain disallowable expenses, exempt income (participation exemption, investment exemption, etc.), investment and other allowances (R&D activities allowances etc.). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

Except for the dividends paid to non-resident corporations, which have a representative office in Turkey, or resident corporations, dividends are not subject to withholding tax. Dividends paid to other organizations or individuals are subject to withholding tax at the rate of 15% .Transfer of profit to capital is not accepted as a dividend distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2014: 20%). Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

There are numerous exemptions in the Corporation Tax Law concerning the corporations. Those related to the Company are as follows:

Domestic participation exemption:

Dividend income earned from investments in another company's shares is excluded in the calculation of the corporate tax (dividend income gained related to the participation in investment funds and investment trust shares is excluded).

Preferential right certificate sales and issued premiums exemption:

New share issue premiums, which represent the difference between the nominal and sale values of shares issued by joint-stock companies, are exempt from corporation tax.

Foreign company participation exemption:

The participation income of corporations participating for at least one continuous year of 10% that does not have their legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) up until the date the income is generated and transferred to Turkey and until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike in their country of legal or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Real estate, investment equity, preferential rights, usufruct shares, founding shares, sales exemption:

A 75% portion of corporations' profits from the sale of participation shares, founding shares, pre-emptive rights and property, which have been in their assets for at least for two years, is exempt from corporate tax provided that these profits are added to share capital and are not withdrawn within five years. Income from the sale is generated until the end of the second calendar year following the year in which sale was realized.

Tax exemption from software and R&D activities:

According to tax law, 100% of the expenses due to R&D activities incurred by corporate firms are exempt from tax basis.

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

Other geographical segmenets

Effective tax rate of Kazakhstan, Bulgaria and Macedonia is %20, %10, %10 respectively (2014: %20, %10, %10)

The details of taxation on income for the periods ended 31 December 2015 and 2014 are as follows:

	2015	2014
Current period income tax expense	(67.339)	(63.724)
Prior period tax expenses (Note 16)	-	(27.484)
Prior period tax income (*)	-	5.930
Deferred tax income / (expense)	42.870	364
Current period tax expense	**(24.469)**	**(84.914)**

(*) The Company has re-evaluated the tax provision relating 2013 and applied to tax authorities with a correction in its tax returns. In accordance with this correction, the Company has paid TRL 5.930 less tax for year 2013.

Income witholding 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.

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

	2015	2014
(Loss) / income before tax	(345.984)	181.105
Expected tax income / (expense) according to parent company rax rate (%20)	69.196	(36.221)
Differences in tax rate of subsidiaries	(5)	(219)
Expected tax expense of the Group	**69.191**	**(36.440)**
Effect of non-deductable expenses	(100.785)	(49.434)
Effect of exemptions for R&D	1.492	1.702
Effect of non-taxable incomes	346	67
Temporary differences which deferred tax not calculated	5.734	-
Other	(447)	(809)
Tax expense of Group	**(24.469)**	**(84.914)**

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 31 December 2015 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 2014: 20%, 20%, 10% and 10% respectively).

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 25 - 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 31 December 2015 and 2014 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences			Deferred tax assets / (liabilities)		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
Deferred tax assets:						
Fair value change of derivative financial instruments	-	2.229	869	-	446	174
Short term provisions	106.142	89.562	75.008	21.228	17.912	15.002
Inventories	43.226	32.501	26.795	8.645	6.500	5.359
Provision for employee termination benefits	64.283	55.848	43.954	12.857	11.170	8.791
Unincurred interest income	237	196	201	47	39	40
Other	5.886	4.677	5.959	1.177	935	1.192
				43.954	**37.002**	**30.558**
Deferred tax liabilities:						
Fair value change of derivative financial instruments	422	882	949	(84)	(176)	(190)
Property, plant and equiment	578.929	762.124	734.964	(108.762)	(145.245)	(139.482)
Unincurred interest expense	24.345	18.336	15.186	(4.869)	(3.667)	(3.037)
Other	3.745	2.719	3.514	(749)	(544)	(703)
				(114.464)	**(149.632)**	**(143.412)**
Total deferred tax liability, net				**(70.510)**	**(112.630)**	**(112.854)**

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NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

	2015	**2014**
Deferred tax assets will be utilised in more than 1 year	12.963	14.197
Deferred tax assets will be utilised in less than 1 year	30.992	22.806
	43.955	**37.003**
Deferred tax liabilities will be incurred in more than 1 year	(109.596)	(145.806)
Deferred tax liabilities will be incurred in less than 1 year	(4.869)	(3.827)
	(114.465)	**(149.632)**
Deferred tax liability, net	**(70.510)**	**(112.630)**

1 January 2014	**(112.854)**
Deferred tax expense from continuing operations	364
Accounted for under equity	(373)
Currency translation difference	233
31 December 2014	**(112.630)**
1 January 2015	**(112.630)**
Deferred tax income from continuing operations	42.870
Accounted for under equity	(749)
Currency translation difference	(1)
31 December 2015	**(70.510)**

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NOTE 26 - 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 2015 (31 December 2014: 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”) transfered 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”) transfered 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. As a result of these transactions, as of 31 December 2014, the shareholding of “MH” and Moonlight Capital S.A. are 50,00% and 30,51%, respectively.

The shareholders of the Company and their shareholdings stated at historical amounts at 31 December 2015 and 2014 are stated below:

	2015		2014	
	TRL	**Share (%)**	**TRL**	**Share (%)**
MH Perakendecilikve Ticaret A.Ş.	89.015	50,00	89.015	50,00
Moonlight Capital S.A.	54.308	30,51	54.308	30,51
Other	34.707	19,49	34.707	19,49
Total	**178.030**	**100,00**	**178.030**	**100,00**

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. On the other hand, in the event that it is decided to distribute the entire profit for the period as dividends, exclusively for this situation a second legal reserve is set aside at 9% for the portion exceeding 5% of the capital issue/paid from the net distributable profit for the period. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under “Restricted reserves”, the amount of restricted reserves is TL 438.950 as of 31 December 2015 (2014: TL 438.950).

In accordance with CMB accounting and financial reporting standards; TL 65.816 is followed under a seperate fund account in the Company’s legal books in order to benefit from the investment sales income exemption. To benefit from the exemption, the related profit has to be kept under this fund account for 5 years and should not be withdrawn during that period. The said amount has been accounted for under “restricted reserves” account in accordance with the CMB accounting and financial reporting standards and total restricted reserves at 31 December 2015 amount to TL 504.766 (2014: TL 504.766)

NOTE 26 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

In accordance with the Communiqué Serial: II No:14.1 according to the CMB's announcements clarifying the said Communiqué, "Share Capital", "Restricted Reserves Allocated from Profit" and "Share Premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising from the valuation of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";

- if the difference is arising from valuation of "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

It was determined that there is no need to set aside first order legal reserves as the first order legal reserves reached 20% of capital in accordance with Turkish Commercial Code. Additionally, it was decided that there is no need to set aside second order legal reserves since no dividend was distributed in the current period.

Capital adjustment differences have no other use other than being transferred to share capital.

Dividend requirements applicable to listed companies regulated by CMB are as follows:

In accordance with the CMB Decision No. 02/51 and dated 27 January 2010, concerning allocation basis of profit from operations of 2009, minimum profit distribution will not be applied for the year 2013. According to the Board's decision and Communiqué No. IV-27 issued by the CMB regarding the allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realised as cash or as bonus shares (by adding the cash dividend to capital) or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company.

In addition, according to the aforementioned Board decision, the entities which are required to prepare consolidated financial statements can provide the necessary amount from their statutory reserves; the distributable profit can be calculated based on the net income declared at the publicly announced consolidated financial statements in the accordance with Communiqué: II No:14.1.

Accordingly, if the amount of dividend distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit shall be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit shall be distributed. It is stated that dividend distributions should not be made if there is a loss in either the consolidated financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

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NOTE 26 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Dividend paid

Group did not distribute any dividend in 2015 from 2014 profits (2014: The Group did not distribute any dividend in 2014 from 2013 profits).

Resources Subject to Dividend Distributions

In accordance with the Board Decision dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué II No:14.1. The concerning amount for Migros Ticaret A.Ş is TRL 1.089.276. TRL 210.472 portion out of total amount will comprise the inflation effects of statutory equity items that are subject to taxation and gain on the sale of subsidiaries. The Company's reserve that can be subject to dividend distribution in accordance with financial statements prepared in accordance with the accounting principles of TFRS amounts to TL 224.980. Decision of the dividend distribution is determined by shareholders in General Assembly Meeting.

	2015	***Restated*** **2014**	***Restated*** **2013**
Share capital	178.030	178.030	178.030
Other capital reserves	(365)	(365)	(365)
Additional contribution to equity related to merger	27.312	27.312	27.312
Share premium	678.233	678.233	678.233
Actuarial gain / loss	(8.350)	(11.347)	(12.839)
Cumulative translation differences	4.720	30.196	41.122
Restricted reserves	504.766	504.766	504.766
Retained earnings	(498.540)	(594.738)	(594.738)
Net (loss) / income	(370.464)	96.198	-
Attributable to equity holders of Group	**515.342**	**908.285**	**821.521**

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.

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

NOTE 26 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

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 "Additional contribution to shareholders' 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.

NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Due from related parties	**2015**	**2014**
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	399	-
Anadolu Motor Üretim ve Pazarlama A.Ş	75	-
Other	22	44
	496	**44**

Due to related parties	**2015**	**2014**
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	65.908	-
Coca Cola Satış ve Dağıtım A.Ş.	37.889	-
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş.	31.504	-
AEH Sigorta Acenteliği A.Ş.	4.465	-
Adel Kalemcilik Ticaret ve San. A.Ş.	4.376	-
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	1.756	-
Other	201	1.170
	146.099	**1.170**

Bank borrowings from related parties	**2015**	**2014**
Alternatifbank A.Ş.	31.722	-
	31.722	**-**

Cash and due from related parties	**2015**	**2014**
Alternatifbank A.Ş.	9.563	-
	9.563	**-**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)
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NOTE 27 - 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	**2015**	**2014**
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	112.331	-
Coca Cola Satış ve Dağıtım A.Ş.	72.802	-
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş.	38.060	-
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	3.735	-
Adel Kalemcilik Ticaret ve San. A.Ş.	3.679	-
Natura Gıda San. ve Tic. A.Ş.	823	3.877
	231.430	**3.877**

Other transactions	**2015**	**2014**
Rent revenue	1.337	1.077
Rent expenses	(1.167)	-
Other income	345	258
Other expenses	(16)	-
Other transactions, net	**499**	**1.335**

Interest income from related parties	**2015**	**2014**
Alternatifbank A.Ş.	3.107	-
Other	1	-
	3.108	**-**

Interest paid to related parties	**2015**	**2014**
Alternatifbank A.Ş.	750	-
	750	**-**

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NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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 31 December 2015 and 2014 is as follows:

	2015	2014
Short term benefits	14.284	12.445
	14.284	**12.445**

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

NOTE 28 - EARNINGS / (LOSSES) PER SHARE

	2015	2014
Net income / (loss) attributable to shareholders	(370.464)	96.198
Weighted average number of shares with Kr1 face value each('000)	17.803.000	17.803.000
Earning / (loss) per share	**(2,08)**	**0,54**

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

NOTE 29 - FINANCIAL RISK MANAGEMENT

Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize their potential adverse effects on the financial performance of the Group.

Individual subsidiaries manage their risk under policies approved by their Boards of Directors.

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NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Group management invests its interest bearing assets on short term investments with the principle of balancing the maturity of the assets and liabilities that are sensitive to the interest rate changes.

The weighted average effective interest rate of Group’s financial liabilities that are sensitive to interest is 5,25%. (2014: 4,50%) As of 31 December 2015, if interest rates on TL, USD and Euro denominated borrowings had been 100 base point higher/lower with all other variables held constant, pre-tax profit for the year would have been TL 2.350 (2014: TL 1.513) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Interest rate positions of the Group at 31 December 2015 and 2014 are as follows:

	2015	2014
Financial instruments with fixed interest rate		
Time deposits	296.460	197.949
Financial liabilities	287.574	698
Financial instruments with floating interest rate		
Financial liabilities	2.305.572	2.352.091

Liquidity and funding risk

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

The funding risk of the current and future debt requirements is managed through the continuous availability of qualified lenders. As of 31 December 2015, the Group’s financial debt with a maturity longer than 1 year is TL 2.380.236 (2014: TL 1.718.988) (Note 15).

The maturity analysis of Group’s financial liabilities as of 31 December 2015 is as follows:

Financial liabilities (non-derivative):

	Carrying value	Contractual cash outflows	Up to 3 months	3 months - 12 months	1 years - 5 years	Over 5 years
Financial payables	2.593.146	3.364.874	-	215.525	1.332.488	1.816.861
Trade payables	2.227.804	2.252.149	1.813.321	438.828	-	-
Other payables	88.091	88.091	88.091	-	-	-
	4.909.041	**5.705.114**	**1.901.412**	**654.353**	**1.332.488**	**1.816.861**

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NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Derivative financial instruments:

	Carrying value	Contractual cash outflows	Up to 3 months	3 months - 12 months	1 years - 5 years	Over 5 years
Derivative cash inflows	422	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-
	422	**-**	**-**	**-**	**-**	**-**

The maturity analysis of Group's financial liabilities as of 31 December 2014 is as follows:

Financial liabilities (non-derivative):

	Carrying value	Contractual cash outflows	Up to 3 months	3 months - 12 months	1 years - 5 years
Financial payables	2.352.789	2.550.559	-	653.320	1.897.239
Trade payables	1.896.387	1.914.723	1.541.014	372.941	768
Other payables	87.714	87.714	87.714	-	-
	4.336.890	**4.552.996**	**1.628.728**	**1.026.261**	**1.898.007**

Derivative financial instruments:

	Carrying value	Contractual cash outflows	Up to 3 months	3 months - 12 months	1 years - 5 years
Derivative cash inflows	883	-	-	-	-
Derivative cash outflows	(2.229)	(4.100)	-	(4.100)	-
	(1.346)	**(4.100)**	**-**	**(4.100)**	**-**

Credit risk

The Group is exposed to credit risk due to its sales other than retail sales. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk from any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer base.

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NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The risk details of credits and receivables as of 31 December 2015 and 2014 are as follows. Amounts showing the maximum credit risk exposed as of the balance sheet date are disclosed by disregarding guarantees on hand and other factors that increase the credit quality.

	31 December 2015			
	Trade receivables		Other receivables	Deposits
	Related party	Other	Other	in bank
Maximum risk exposed credit risk as of reporting date (A+B+C)	**496**	**49.349**	**7.959**	**357.612**
Secured portion of maximum credit risk by guarantees	36	8.670	-	-
A. Net book value of financial assets either are not due or not impaired	496	46.955	7.959	357.612
secured portion by guarantees	36	6.822	-	-
B. Financial assets with renegotiated conditions	-	-	-	-
secured portion by guarantees	-	-	-	-
C. Net book value of the expired or not impaired financial assets	-	703	-	-
secured portion with guarantees	-	157	-	-
D. Impaired assets				
net book value	-	1.691	-	-
over due (gross book value)	-	32.748	-	-
impairment (-)	-	(31.057)	-	-
secured portion of the net value by guarantees etc.	-	1.691	-	-

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NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2014			
	Trade receivables		**Other receivables**	**Deposits**
	Related party	**Other**	**Other**	**in bank**
Maximum risk exposed credit risk as of reporting date (A+B+C)	**44**	**47.803**	**9.363**	**259.753**
Secured portion of maximum credit risk by guarantees	44	5.330	-	-
A. Net book value of financial assets				
either are not due or not impaired	44	44.972	9.363	259.753
secured portion by guarantees	44	3.502	-	-
B. Financial assets with renegotiated conditions	-	-	-	-
secured portion by guarantees	-	-	-	-
C. Net book value of the expired				
or not impaired financial assets	-	1.318	-	-
secured portion with guarantees	-	314	-	-
D. Impaired assets				
net book value	-	1.513	-	-
over due (gross book value)	-	26.923	-	-
impairment (-)	-	(25.410)	-	-
secured portion of the net value by guarantees etc.	-	1.513	-	-

As of today there are no uncollected, overdue, and renegotiated bank deposits nor credit card receivables present at the Group portfolio, thus the Group is in the opinion that there are no credit risks regarding these assets. The Group's past experience in collecting their receivables was taken into account while determining the provisions. Thus, the group does not consider of any further trade receivables risk other than the provision for possible collection losses.

a) Credit quality of financial assets

	2015	**2014**
Group 1	466	5.251
Group 2	54.824	48.762
Group 3	120	366
	55.410	**54.379**

Group 1 - New customers (Less than 3 months)
Group 2 - Existing customers with no defaults in the past (more than 3 months)
Group 3 - Existing customers with some defaults in the past of which were fully recovered

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NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

b) Aging of the receivables which are overdue but not impaired

	2015	**2014**
0-1 months	504	618
1-3 months	107	115
3-12 months	31	585
1-5 year	61	-
	703	**1.318**

c) Geographical concentration of the trade and other receivables

	2015	**2014**
Turkey	47.562	44.683
Other	10.242	12.527
	57.804	**57.210**

Net debt ratio as of 31 December 2015 and 2014 is as follows;

	2015	**2014**
Total liabilities	5.244.731	4.671.748
Less: Cash and cash equivalents	(839.424)	(689.074)
Deferred tax liabilities	(70.510)	(112.630)
Net debt	4.334.797	3.870.044
Equity attributable to holders of parent	515.342	908.285
Equity + net debt	4.850.139	4.778.329
	%**89,37**	%**80,99**

NOTE 30 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

Foreign currency risk

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. At 31 December 2015, if Euro had appreciated against TRL by 5% and all other variables had remained constant, the profit 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 less in the amount of TRL 107.103.

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NOTE 30 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

FOREIGN CURRENCY POSITION

	31 December 2015				31 December 2014			
	Total TRL equivalent	**USD**	**Euro**	**Other TRL equivalent**	**Total TRL equivalent**	**USD**	**Euro**	**Other TRL equivalent**
Trade receivables	9.205	214	-	8.583	6.192	343	-	5.396
Monetary financial assets	198.668	5.433	52.636	15.614	49.014	9.225	6.554	9.137
Other	5.299	804	-	2.963	8.607	1.456	24	5.164
Current assets	**213.172**	**6.451**	**52.636**	**27.160**	**63.813**	**11.024**	**6.578**	**19.697**
Other	-	-	-	-	-	-	-	-
Non-current assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**213.172**	**6.451**	**52.636**	**27.160**	**73.423**	**11.024**	**6.578**	**29.307**
Trade payables	29.430	1.427	278	24.399	18.952	1.128	174	15.845
Financial liabilities	171.177	-	53.870	-	633.801	-	224.696	-
Non-monetary other liabilities	7.681	2.178	-	1.349	5.737	2.030	-	1.030
Current liabilities	**208.288**	**3.605**	**54.148**	**25.748**	**658.490**	**3.158**	**224.870**	**16.875**
Financial liabilities	2.134.789	-	671.824	-	1.718.988	-	609.419	-
Non-monetary other liabilities	2.463	-	775	-	2.404	-	852	-
Non-current liabilities	**2.137.252**	**-**	**672.599**	**-**	**1.721.392**	**-**	**610.271**	**-**
Total liabilities	**2.345.540**	**3.605**	**726.747**	**25.748**	**2.379.882**	**3.158**	**835.141**	**16.875**

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NOTE 30 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	31 December 2015				31 December 2014			
	Total TRL equivalent	**USD**	**Euro**	**Other TRL equivalent**	**Total TRL equivalent**	**USD**	**Euro**	**Other TRL equivalent**
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	-	-	-	-	-	-	-	-
Net foreign currency asset / (liability) position	**(2.132.367)**	**2.846**	**(674.111)**	**1.412**	**(2.316.069)**	**7.866**	**(828.563)**	**11.711**
Net foreign currency asset / (liability) position of monetary items	**(2.127.522)**	**4.221**	**(673.336)**	**(202)**	**(2.316.535)**	**8.440**	**(827.735)**	**(1.312)**
Fair value hedge funds of foreign currency	-	-	-	-	838	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	67.697	-	24.000	-
Export	-	-	-	-	-	-	-	-
Import	81.886	30.118	-	-	73.066	33.286	-	-

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NOTE 30 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity analysis as of 31 December 2015 and 2014 is as follows:

2015

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

2014

	Gain / Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
%5 change in Euro exchange rate		
Euro net asset / liability	(116.857)	116.857
Portion secured from Euro risk	-	-
Euro net effect	**(116.857)**	**116.857**

NOTE 31 - 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).

NOTE 31 - 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 15. 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 32 - SUBSEQUENT EVENTS

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 TL 26.937 pursuant to the Accession Agreement dated 27 January 2016 for a price of TL 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.

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