

**MİGROS TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**CONVENIENCE TRANSLATION
INTO ENGLISH OF
CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2014**

(ORIGINALLY ISSUED IN TURKISH)

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL POSITION AT 30 SEPTEMBER 2014**

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

	Notes	Not Reviewed 30 September 2014	Audited 31 December 2013
ASSETS			
Current assets			
Cash and cash equivalents		1.084.036	1.038.329
Financial investments		10.255	9.726
Trade receivables		60.439	48.395
- Due from related parties	21	55	55
- Other trade receivables		60.384	48.340
Other receivables		4.858	1.050
- Other receivables		4.858	1.050
Derivative financial instruments	4	-	879
Inventories	8	946.005	851.243
Prepaid expenses		28.897	28.635
Other current assets		5.055	2.470
Total current assets		2.139.545	1.980.727
Non-current assets			
Financial investments		1.695	1.695
Other receivables		1.550	1.434
Derivative financial instruments	4	-	70
Investment properties	5	42.004	46.267
Property, plant and equipment	6	1.254.215	1.233.665
Intangible assets		2.498.424	2.501.008
- Goodwill	9	2.251.427	2.251.427
- Other intangible assets	7	246.997	249.581
Prepaid expenses		26.528	31.769
Total non-current assets		3.824.416	3.815.908
Total assets		5.963.961	5.796.635

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

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**MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL POSITION AT 30 SEPTEMBER 2014**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)
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	Notes	Not Reviewed 30 September 2014	Audited 31 December 2013
LIABILITIES			
Current liabilities			
Short term portion of the long term borrowings	10	514.219	491.973
Trade payables		2.002.467	1.685.963
- Due to related parties	21	3.134	734
- Other trade payables		1.999.333	1.685.229
Employee benefit obligations		56.329	34.909
Other payables		4.850	2.574
- Other payables		4.850	2.574
Derivative financial instruments	4	1.396	-
Deferred income		3.353	3.612
Taxes on income	19	18.465	18.327
Short term provisions		85.903	75.007
- Short term provisions for employee benefits	12	61.177	52.577
- Other short term provisions	11	24.726	22.430
Other current liabilities		40.129	48.304
Total current liabilities		2.727.111	2.360.669
Non-current liabilities			
Long term borrowings	10	2.166.232	2.440.568
Other payables		2.880	3.244
- Other payables		2.880	3.244
Derivative financial instruments	4	2.675	869
Deferred income		1.708	2.250
Long term provisions		54.646	43.954
- Long term provisions for employee benefits	12	54.646	43.954
Deferred income tax liabilities	19	114.531	114.857
Total non-current liabilities		2.342.672	2.605.742
EQUITY			
Attributable to equity holders of the parent		893.645	829.533
Share capital	20	178.030	178.030
Other capital reserves		(365)	(365)
Additional contribution to	20	27.312	27.312
Share premium		678.233	678.233
Items that will not be reclassified			
subsequently to profit or loss			
- Defined benefit plans re-measurement gains / losses		(12.839)	(12.839)
Items that may be reclassified subsequently to profit or loss			
- Cumulative translation differences		27.463	41.122
Restricted reserves		385.856	385.856
Retained earnings		(467.816)	(4.641)
Net income / (loss) for the period		77.771	(463.175)
Non-controlling interest		533	691
Total equity		894.178	830.224
Total liabilities and equity		5.963.961	5.796.635

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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2014

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	Not Reviewed 1 January - 30 September 2014	Not Reviewed 1 July - 30 September 2014	Not Reviewed 1 January - 30 September 2013	Not Reviewed 1 July - 30 September 2013
PROFIT OR LOSS					
Revenue	3,13	6.032.264	2.294.568	5.311.932	2.000.737
Cost of sales (-)	3,13	(4.424.459)	(1.682.019)	(3.911.286)	(1.478.030)
GROSS PROFIT	3,13	1.607.805	612.549	1.400.646	522.707
General administrative expenses (-)	14	(200.080)	(68.433)	(183.895)	(61.930)
Marketing, selling and distribution expenses (-)	14	(1.158.125)	(427.322)	(1.008.039)	(367.223)
Other operating income	15	44.614	15.075	41.545	15.261
Other operating expenses (-)	15	(107.968)	(39.071)	(79.329)	(33.364)
OPERATING PROFIT	3	186.246	92.798	170.928	75.451
Income from investment activities	16	773	136	1.194	440
Expenses from investment activities (-)	16	(2.871)	(117)	(5.958)	(916)
OPERATING INCOME BEFORE FINANCE EXPENSES/INCOME	3	184.148	92.817	166.164	74.975
Financial income	17	55.423	1.401	82.273	36.981
Financial expenses (-)	18	(116.064)	(31.697)	(503.874)	(267.842)
NET INCOME / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	3	123.507	62.521	(255.437)	(155.886)
Tax expense from continuing operations	19	(45.723)	(26.780)	(51.104)	(24.744)
- Income tax expense	19	(46.349)	(24.857)	(48.766)	(23.833)
- Deferred tax expense	19	626	(1.923)	(2.338)	(911)
NET INCOME / (LOSS) FROM CONTINUING OPERATIONS		77.784	35.741	(306.541)	(180.630)
NET INCOME / (LOSS)		77.784	35.741	(306.541)	(180.630)
Net income / (loss) attributable to:					
- Non-controlling interest		13	(2)	43	16
- Equity holders of the parent		77.771	35.743	(306.584)	(180.646)
		77.784	35.741	(306.541)	(180.630)
Earning / (loss) per share	22	0,44	0,20	(1,72)	(1,01)

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**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2014**

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

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

	Not Reviewed 1 January - 30 September 2014	Not Reviewed 1 July - 30 September 2014	Not Reviewed 1 January - 30 September 2013	Not Reviewed 1 July - 30 September 2013
Net profit / (loss) for the period	77.784	35.741	(306.541)	(180.630)
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	(13.830)	4.718	19.939	8.011
Other comprehensive (loss) / income	(13.830)	4.718	19.939	8.011
Total comprehensive income / (loss)	63.954	40.459	(286.602)	(172.619)
Total comprehensive income / (loss) attributable to:				
- Non-controlling interest	(158)	(169)	140	53
- Equity holders of the parent	64.112	40.628	(286.742)	(172.672)
	63.954	40.459	(286.602)	(172.619)

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

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2014

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

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	Share capital	Other capital reserves	Share premium	Additional contribution to equity related to merger	Items that may be reclassified subsequently to profit or loss	Items that will not be reclassified subsequently to profit or loss	Retained earnings					Total equity
					Cumulative translation differences	Defined benefit plans, re-measurement gains / (losses)	Restricted reserves	Accumulated (losses) / profit	Net income / (loss) for the period	Attributable to owners of the parent	Non-controlling interest	
Balances at 1 January 2013	178.030	(365)	678.233	27.312	10.973	(13.844)	385.856	(92.704)	88.063	1.261.554	522	1.262.076
Transfers	-	-	-	-	-	-	-	88.063	(88.063)	-	-	-
Total comprehensive income	-	-	-	-	19.842	-	-	-	(306.584)	(286.742)	140	(286.602)
Balances at 30 September 2013	178.030	(365)	678.233	27.312	30.815	(13.844)	385.856	(4.641)	(306.584)	974.812	662	975.474
Balances at 1 January 2014	178.030	(365)	678.233	27.312	41.122	(12.839)	385.856	(4.641)	(463.175)	829.533	691	830.224
Transfers	-	-	-	-	-	-	-	(463.175)	463.175	-	-	-
Total comprehensive income	-	-	-	-	(13.659)	-	-	-	77.771	64.112	(158)	63.954
Balances at 30 September 2014	178.030	(365)	678.233	27.312	27.463	(12.839)	385.856	(467.816)	77.771	893.645	533	894.178

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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2014**

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

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

	Notes	Not Reviewed 1 January - 30 September 2014	Not Reviewed 1 January - 30 September 2013
A. Cash flows from operating activities			
Income / (loss) for the period		77.784	(306.541)
Adjustments for reconciliation of profit / (loss) before taxation			
Adjustments for depreciation and amortisation	14	117.646	105.505
Adjustments for provision for employment termination benefits	12	25.335	20.181
Adjustments for provision for unused vacation	12	14.402	11.547
Adjustments for provision for litigation	11	4.974	5.240
Adjustments for doubtful receivable provision	15	2.101	6.022
Adjustments for income tax expense / income	19	45.723	51.104
Interest income	15,17	(49.009)	(36.815)
Interest expense	15,18	188.448	148.962
Adjustments for unrecognized foreign exchange differences		(48.505)	393.276
Adjustments for fair value losses	17,18	8.146	(1.939)
Adjustments for (loss) / gain on sale of property, plant and equipment	16	671	(627)
Adjustments for impairment / reversal of property, plant and equipment	16	1.427	5.391
		389.143	401.306
Changes in working capital			
Adjustments for increase / decrease in inventories		(94.762)	(56.718)
Adjustments for increase / decrease in trade receivables		(14.145)	(14.378)
Adjustments for increase / decrease in other receivables related with operations		(1.530)	(9.205)
Adjustments for increase / decrease in trade payables		316.504	280.877
Adjustments for increase / decrease in other payables related with operations		14.356	6.315
		609.566	608.197
Cash flows from operating activities			
Employment termination benefits paid	12	(14.643)	(12.007)
Unused vacation paid	12	(5.802)	(3.835)
Interest received		42.224	28.535
Interest paid		(93.627)	(59.793)
Taxes paid / return	19	(46.211)	(35.857)
Compensations paid	11	(2.678)	(4.273)
		488.829	520.967

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2014**

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	Notes	Not Reviewed 1 January - 30 September 2014	Not Reviewed 1 January - 30 September 2013
B. Cash flows from investing activities			
Cash inflows from the sale of tangible and intangible assets	5, 6, 7, 16	1.547	1.440
Cash outflows from the purchase of tangible and intangible assets	5, 6, 7	(142.955)	(154.324)
		(141.408)	(152.884)
C. Cash flows from financing activities			
Cash outflows due to debt repayments		(233.172)	(134.891)
Cash paid with respect due to derivative instruments		(3.995)	(15.873)
Interest received		6.785	8.280
Interest paid		(65.234)	(57.456)
Adjustments for increase / decrease in financial investments		(529)	-
		(296.145)	(199.940)
D. Impact of foreign currency translation differences on cash and cash equivalents			
		(5.569)	8.650
Net increase / (decrease) in cash and cash equivalents		45.707	176.793
Cash and cash equivalents at the beginning of the period		1.038.329	1.040.867
Cash and cash equivalents at the end of the period		1.084.036	1.217.660

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

Moonlight acquired 50,83% of Migros Türk Ticaret A.Ş. (“Migros Türk”) shares on 30 May 2008 from Koç Holding A.Ş. (“Koç Holding”) at a price of TL 1.922.440 subsequent to the approval of the Competition Board. As of 31 December 2008, Moonlight had increased its shares in Migros to 97,92% as a result of 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 TL 174.323.340 (Amount expresses in Turkish Lira) to TL 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 TL 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 will be mentioned as the “Group” together with its subsidiaries. The parent company of the Group is MH Perakendecilik ve Ticaret A.Ş. (“MH Perakendecilik”). Its shareholding in Migros Ticaret A.Ş is 80,51% (31 December 2013: 80,51%).

The Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods through its Migros, 5M, Tansaş and Macrocenter banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet. The Company also rents floor space in the shopping malls to other trading companies. As of 30 September 2014, the Group operates 1.128 stores (31 December 2013: 1.004) with a net retail space of 936.966 (31 December 2013: 897.119) square meters. Retail is the main business of the Group and constitutes 96,9% of gross sales (September 2013: 96,9%).

The address of the registered office is as follows:

Migros Ticaret A.Ş.
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 3 November 2014 and signed by Ö.Özgür Tort, General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. The owners of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries:

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

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Geographical segment</u>	<u>Nature of business</u>	<u>September 2014 %</u>	<u>December 2013 %</u>
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	Trade	100,0	100,0

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

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of compliance

The Company maintains its books of account and prepares its statutory financial statements (“Statutory Financial Statements”) in accordance with accounting principles in the Turkish Commercial Code and tax legislation. Subsidiaries of the company which currently operate in foreign countries, maintain their books of account and prepare their financial statements in accordance with the local tax legislations of the countries where they are operating and they maintain their books of account and prepare their financial statements in terms of national currency.

The accompanying financial statements are prepared in accordance with the CMB’s 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 the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and its addendum and interpretations (“IFRIC”) issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”) Turkish Accounting Standards Board.

Financial statements and notes are prepared in accordance with the new format of CMB released on 7 June 2013.

The financial statements have been prepared on the historical cost basis except for the financial assets and liabilities which are expressed with their fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets

Functional 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 TL, which is the functional currency of Migros Ticaret A.Ş. and the presentation currency of the Group.

Restatement of the financial statements in Hyperinflationary periods

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

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

2.2 Changes in the Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated.

The Group has prepared the consolidated financial statements in accordance with Turkish Accounting Standard No: 34 “Interim Financial Reporting”. The Group’s significant accounting policies that are used for the preparation of condensed consolidated financial statements as of 30 September 2014 are consistent with accounting policies presented in the consolidated financial statements as 31 December 2013.

2.3 Changes in the Accounting Estimates and Errors

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. The Group did not have any major changes in the accounting estimates during the current year.

Significant accounting errors are corrected retrospectively, by restating the prior period consolidated financial statements.

2.4 New and Revised Turkish Accounting Standards

a) Amendments to TFRSs affecting amounts reported and the disclosures in the financial statements

None.

b) New and Revised TFRSs effective since the year 2014 with no material effect on financial statements with amendments and interpretations on current TFRSs.

Amendments to TFRS 10, 11, TAS 27	<i>Investment Entities¹</i>
Amendments to TAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to TAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to TAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
IFRIC 21	<i>Levies¹</i>

¹ Effective for annual periods beginning on or after 1 January 2014.

Amendments to TFRS 10, 11, TAS 27 *Investment Entities*

This amendment with the additional provisions of TFRS 10 provide ‘investment entities’ (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to TAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realization and settlement’.

Amendments to TAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

As a consequence of TFRS 13 *Fair Value Measurements*, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

Amendments to TAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

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

2.4 New and Revised Turkish Accounting Standards (cont’d)

b) New and Revised TFRSs effective since the year 2014 with no material effect on financial statements with amendments and interpretations on current TFRSs. (cont’d)

IFRIC 21 Levies

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

c) New and Revised TFRSs in issue but not yet effective

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>
Amendments to TAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Annual Improvements to 2010-2012 Cycle	<i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24</i> ¹
Annual Improvements to 2011-2013 Cycle	<i>TFRS 1, TFRS 3, TFRS 13, TAS 40</i> ¹
Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²

¹ Effective for annual periods beginning on or after 1 July 2014.

² Effective for annual periods beginning on or after 1 January 2016.

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

Amendments to TAS 19 Defined Benefit Plans: Employee Contributions

Amends TAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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c) New and Revised TFRSs in issue but not yet effective (cont’d)

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

TFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

TAS 16 and TAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The Group evaluates the effects of these standards on the consolidated financial statements.

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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”.

The segment information provided to the board of directors as of 30 September 2014 is as follows:

a) Segment analysis for the period 1 January - 30 September 2014

	Turkey	Other countries	Combined total	Intersegment elimination	Total
External revenues	5.713.522	318.742	6.032.264	-	6.032.264
Inter segment revenues	4.549	-	4.549	(4.549)	-
Sales revenue	5.718.071	318.742	6.036.813	(4.549)	6.032.264
Cost of goods sold	(4.189.884)	(239.124)	(4.429.008)	4.549	(4.424.459)
Gross profit	1.528.187	79.618	1.607.805	-	1.607.805
Selling and marketing expenses	(1.109.582)	(48.543)	(1.158.125)	-	(1.158.125)
General administrative expenses	(173.045)	(27.035)	(200.080)	-	(200.080)
Addition: Depreciation and amortization	102.625	15.021	117.646	-	117.646
Addition: Provision for employment termination benefits	10.692	-	10.692	-	10.692
Addition: Termination benefits paid	14.643	-	14.643	-	14.643
Addition: Unused vacation provision	8.600	-	8.600	-	8.600
EBITDA	382.120	19.061	401.181	-	401.181
Addition: Rent expenses	282.340	14.805	297.145	-	297.145
EBITDAR	664.460	33.866	698.326	-	698.326

b) Segment analysis for the period 1 January – 30 September 2013

	Turkey	Other countries	Combined total	Intersegment elimination	Total
External revenues	5.016.155	295.777	5.311.932	-	5.311.932
Inter segment revenues	2.794	-	2.794	(2.794)	-
Sales revenue	5.018.949	295.777	5.314.726	(2.794)	5.311.932
Cost of goods sold	(3.695.076)	(219.004)	(3.914.080)	2.794	(3.911.286)
Gross profit	1.323.873	76.773	1.400.646	-	1.400.646
Selling and marketing expenses	(965.404)	(42.635)	(1.008.039)	-	(1.008.039)
General administrative expenses	(160.317)	(23.578)	(183.895)	-	(183.895)
Addition: Depreciation and amortization	92.474	13.031	105.505	-	105.505
Addition: Provision for employment termination benefits	8.174	-	8.174	-	8.174
Addition: Termination benefits paid	12.007	-	12.007	-	12.007
Addition: Unused vacation provision	7.712	-	7.712	-	7.712
EBITDA	318.519	23.591	342.110	-	342.110
Addition: Rent expenses	241.184	12.771	253.955	-	253.955
EBITDAR	559.703	36.362	596.065	-	596.065

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NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment analysis for the period 1 July – 30 September 2014

	Turkey	Other countries	Combined total	Intersegment elimination	Total
External revenues	2.192.756	101.812	2.294.568	-	2.294.568
Inter segment revenues	236	-	236	(236)	-
Sales revenue	2.192.992	101.812	2.294.804	(236)	2.294.568
Cost of goods sold	(1.606.338)	(75.917)	(1.682.255)	236	(1.682.019)
Gross profit	586.654	25.895	612.549	-	612.549
Selling and marketing expenses	(411.267)	(16.055)	(427.322)	-	(427.322)
General administrative expenses	(59.317)	(9.116)	(68.433)	-	(68.433)
Addition: Depreciation and amortization	35.269	4.994	40.263	-	40.263
Addition: Provision for employment termination benefits	2.980	-	2.980	-	2.980
Addition: Termination benefits paid	5.107	-	5.107	-	5.107
Addition: Unused vacation provision	735	-	735	-	735
EBITDA	160.161	5.718	165.879	-	165.879
Addition: Rent expenses	101.100	4.960	106.060	-	106.060
EBITDAR	261.261	10.678	271.939	-	271.939

d) Segment analysis for the period 1 July – 30 September 2013

	Turkey	Other countries	Combined total	Intersegment elimination	Total
External revenues	1.894.978	105.759	2.000.737	-	2.000.737
Inter segment revenues	840	-	840	(840)	-
Sales revenue	1.895.818	105.759	2.001.577	(840)	2.000.737
Cost of goods sold	(1.401.257)	(77.613)	(1.478.870)	840	(1.478.030)
Gross profit	494.561	28.146	522.707	-	522.707
Selling and marketing expenses	(351.604)	(15.619)	(367.223)	-	(367.223)
General administrative expenses	(53.823)	(8.107)	(61.930)	-	(61.930)
Addition: Depreciation and amortization	31.467	4.574	36.041	-	36.041
Addition: Provision for employment termination benefits	1.880	-	1.880	-	1.880
Addition: Termination benefits paid	4.125	-	4.125	-	4.125
Addition: Unused vacation provision	933	-	933	-	933
EBITDA	127.539	8.994	136.533	-	136.533
Addition: Rent expenses	86.103	4.629	90.732	-	90.732
EBITDAR	213.642	13.623	227.265	-	227.265

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NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
EBITDAR, reported segments	698.326	271.939	596.065	227.265
Rent expenses	(297.145)	(106.060)	(253.955)	(90.732)
EBITDA, reported segments	401.181	165.879	342.110	136.533
Depreciation and amortisation	(117.646)	(40.263)	(105.505)	(36.041)
Provision for employment termination benefits	(10.692)	(2.980)	(8.174)	(1.880)
Termination benefits paid	(14.643)	(5.107)	(12.007)	(4.125)
Unused vacation provision	(8.600)	(735)	(7.712)	(933)
Other operating income	44.614	15.075	41.545	15.261
Other operating expenses(-)	(107.968)	(39.071)	(79.329)	(33.364)
Operating profit	186.246	92.798	170.928	75.451
Income from investing activities	773	136	1.194	440
Expenses from investing activities (-)	(2.871)	(117)	(5.958)	(916)
Operating profit before finance (expense) / income	184.148	92.817	166.164	74.975
Financial income	55.423	1.401	82.273	36.981
Financial expenses(-)	(116.064)	(31.697)	(503.874)	(267.842)
Income / (loss) before tax	123.507	62.521	(255.437)	(155.886)

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS

Short term derivative financial instruments

	30 September 2014	31 December 2013
Current assets		
Cap option	-	9
Forward foreign exchange contracts	-	870
	-	879

	30 September 2014	31 December 2013
Current liabilities		
Forward foreign exchange contracts	1.396	-
	1.396	-

Long term derivative financial instruments

	30 September 2014	31 December 2013
Non-current assets		
Cap option	-	70
	-	70

	30 September 2014	31 December 2013
Non-current liabilities		
Interest rate swap contracts	2.675	869
	2.675	869

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NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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 TL and purchases Euro at agreed strike prices. The fair values of the foreign exchange contracts as of 30 September 2014 are as follows:

	EURO Amount to be purchased	TL Amount to be sold	Fair Value (TL)
Forward foreign exchange contracts	10.000	30.639	(1.396)

The fair values of the foreign exchange contracts as of 31 December 2013 are as follows:

	EURO Amount to be purchased	TL Amount to be sold	Fair Value (TL)
Forward foreign exchange contracts	6.000	17.370	870

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 30 September 2014 and 31 December 2013 are as follows:

30 September 2014

Current assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Cap	20 November 2012	30 November 2012	30 November 2014	300 million	-
					-

Non-current assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Cap	27 November 2013	29 November 2013	30 November 2015	206 million	-
					-

Non-current liabilities

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Interest rate swap	20 November 2012	30 November 2012	30 November 2015	200 million	2.675
					2.675

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NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

31 December 2013

Current assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Cap	20 November 2012	30 November 2012	30 November 2014	300 million	9
					9

Non-current assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Cap	27 November 2013	29 November 2013	30 November 2015	206 million	70
					70

Non-current liabilities

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Interest rate swap	20 November 2012	30 November 2012	30 November 2015	200 million	869
					869

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NOTE 5 - INVESTMENT PROPERTY

	Opening 1 January 2014	Additions	Disposals	Cumulative translation differences	Closing 30 September 2014
<u>Cost</u>					
Land and buildings	76.364	-	-	(1.520)	74.844
<u>Accumulated depreciation</u>					
Buildings	(30.097)	(2.999)	-	256	(32.840)
Net book value	46.267				42.004
	Opening 1 January 2013	Additions	Disposals	Cumulative translation differences	Closing 30 September 2013
<u>Cost</u>					
Land and buildings	70.589	-	-	4.132	74.721
<u>Accumulated depreciation</u>					
Buildings	(24.812)	(3.122)	-	(769)	(28.703)
Net book value	45.777				46.018

Depreciation expenses of the period are recorded in general administrative expenses.

Investment properties of the Group consist of space rented to other retailers in Samal shopping mall and Tastak store in Kazakhstan and Skopje shopping mall in Macedonia. At 30 September 2014, total investment property of Kazakhstan and Macedonia are 6.406 and 6.716 square meters respectively (31 December 2013: Kazakhstan 7.827 square meters, Macedonia 9.170 square meters).

Fair value of the investment properties in Kazakhstan and Macedonia are TL 62.855 and TL 58.799 respectively. This value has been calculated with discounted cash flow approach.

There is no mortgage or pledge on the investment properties of the Group as of 30 September 2014.

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NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2014	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	Closing 30 September 2014
Cost							
Land and buildings	481.229	3.087	-	-	91	(3.612)	480.795
Leasehold improvements	494.845	23.809	-	(8.805)	11.026	(2.361)	518.514
Machinery and equipments	476.977	31.633	(10.456)	-	20.957	(3.141)	515.970
Vehicles	1.675	857	(106)	-	-	(50)	2.376
Furniture and fixture	244.092	18.576	(2.765)	-	8.687	(950)	267.640
Construction in progress	5.185	55.216	(123)	-	(40.761)	-	19.517
	1.704.003	133.178	(13.450)	(8.805)	-	(10.114)	1.804.812
Accumulated depreciation							
Buildings	(49.940)	(7.083)	-	-	-	1.052	(55.971)
Leasehold improvements	(189.289)	(35.751)	-	7.378	-	1.722	(215.940)
Machinery and equipments	(153.050)	(41.591)	9.136	-	-	1.114	(184.391)
Vehicles	(837)	(280)	98	-	-	-	(1.019)
Furniture and fixture	(77.222)	(18.236)	2.080	-	-	102	(93.276)
	(470.338)	(102.941)	11.314	7.378	-	3.990	(550.597)
Net book value	1.233.665						1.254.215

(*) Impairment loss amounting to net TL 1.427 consists of leasehold improvements of the stores closed in 2014 (Note:16).

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NOT 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Opening 1 January 2013	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	Closing 30 September 2013
Cost							
Land and buildings	454.807	2.975	-	-	10.469	6.167	474.418
Leasehold improvements	455.539	24.295	-	(11.237)	6.825	2.605	478.027
Machinery and equipments	387.090	40.628	(5.586)	-	22.868	3.605	448.605
Vehicles	1.587	62	(33)	-	-	85	1.701
Furniture and fixture	197.522	24.070	(1.377)	-	6.484	1.858	228.557
Construction in progress	8.172	54.006	-	-	(46.646)	-	15.532
	1.504.717	146.036	(6.996)	(11.237)	-	14.320	1.646.840
Accumulated depreciation							
Buildings	(38.405)	(6.756)	-	-	-	(1.313)	(46.474)
Leasehold improvements	(156.426)	(32.595)	-	5.846	-	(10)	(183.185)
Machinery and equipments	(109.559)	(37.083)	4.852	-	-	(2.644)	(144.434)
Vehicles	(619)	(200)	26	-	-	(17)	(810)
Furniture and fixture	(57.366)	(14.504)	1.305	-	-	(1.553)	(72.118)
	(362.375)	(91.138)	6.183	5.846	-	(5.537)	(447.021)
Net book value	1.142.342						1.199.819

(*) Impairment loss amounting to net TL 5.391 consists of leasehold improvements of the stores closed in 2013 (Note:16).

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NOTE 7 – INTANGIBLE ASSETS

	Opening 1 January 2014	Additions	Disposals	Cumulative translation difference	Closing 30 September 2014
Cost					
Trademark (*)	202.175	-	-	-	202.175
Rent agreements (**)	32.982	-	-	-	32.982
Rights	55.542	9.777	(162)	(318)	64.839
Other intangible assets (***)	28.783	-	-	-	28.783
	319.482	9.777	(162)	(318)	328.779
Accumulated amortisation					
Rent agreements	(26.202)	(1.649)	-	-	(27.851)
Rights	(27.739)	(7.862)	80	(255)	(35.776)
Other intangible assets	(15.960)	(2.195)	-	-	(18.155)
	(69.901)	(11.706)	80	(255)	(81.782)
Net book value	249.581				246.997

	Opening 1 January 2013	Additions	Disposals	Cumulative translation difference	Closing 30 September 2013
Cost					
Trademark (*)	202.175	-	-	-	202.175
Rent agreements (**)	32.982	-	-	-	32.982
Rights	41.893	8.288	(2.634)	(22)	47.525
Other intangible assets (***)	28.783	-	-	-	28.783
	305.833	8.288	(2.634)	(22)	311.465
Accumulated amortisation					
Rent agreements	(23.449)	(2.065)	-	-	(25.514)
Rights	(21.045)	(6.594)	2.634	162	(24.843)
Other intangible assets	(12.829)	(2.586)	-	-	(15.415)
	(57.323)	(11.245)	2.634	162	(65.772)
Net book value	248.510				245.693

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NOTE 7 – INTANGIBLE ASSETS (Continued)

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

The fair value of Tansaş trademark which was considered as an identifiable intangible asset by the Group was determined by the relief from royalties method and estimated the fair value of the trademarks in the amount of TL 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, Migros assesses the intangible assets with indefinite useful lives annually for any indication of impairment.

- (**) 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 TL 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, Tekirdağ and Çengelköy stores, with a total sales area of 13.000 square meters, from Hamoğlu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İşletmecilik A.Ş. and also took over the rent agreements of the mentioned stores. The purchase cost in the amount of TL 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 square meters 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 TL 18.486, TL 601 for the Mak Gıda and TL 17.885 for Yonca, respectively- was accounted for under other intangible assets and has been amortised over the rent agreement period.

NOTE 8 – INVENTORIES

	30 September 2014	31 December 2013
Raw materials	6.130	673
Work in progress	8.007	5.703
Merchandise stocks	929.092	842.339
Other	2.776	2.528
	946.005	851.243

The Group valued the cost value of inventories over the most recent purchase price.

NOTE 9 – GOODWILL

	1 January - 30 September 2014	1 January - 30 September 2013
Opening balance	2.251.427	2.251.427
Closing balance	2.251.427	2.251.427

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NOTE 10 - FINANCIAL LIABILITIES

	30 September 2014		
	Weighted average interest rate	Euro	Total TL equivalent
Current portion of long-term bank borrowings			
- with fixed interest rates	2,00%	130	376
- with floating interest rates	4,35%	177.715	513.843
Total current bank borrowings		177.845	514.219
Non-current bank borrowings			
- with fixed interest rates	2,00%	248	717
- with floating interest rates	4,35%	748.950	2.165.515
Total non-current bank borrowings		749.198	2.166.232
Total financial liabilities		927.043	2.680.451

The redemption schedule of long-term bank borrowings with TL equivalents at 30 September 2014 is as follows:

	Euro	TL
1 October 2015 - 30 September 2016	234.171	677.082
1 October 2016 - 30 September 2017	234.171	677.082
1 October 2017 - 31 May 2018	280.856	812.068
	749.198	2.166.232

The fair value of bank borrowings at 30 September 2014 is TL 2.668.107.

With respect to long term bank loans, all Migros Ticaret A.Ş. shares owned by Parent Company MH Perakendecilik ve Ticaret A.Ş. was provided as collateral to the financial institutions as from the grant date of the loan. As of 30 September 2014, shares of Migros Ticaret A.Ş. which represents 80,51% of shares and amounting to 143.323.336 TL nominal value (14.332.333.600 shares) owned by MH Perakendecilik ve Ticaret A.Ş. is pledged (31 December 2013: 14.332.333.600 shares representing 80,51%).

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NOT 10 - FINANCIAL LIABILITIES (Continued)

	31 December 2013		
	Weighted average interest rate	Euro	Total TL equivalent
Current portion of long-term bank borrowings			
- with fixed interest rates	2,00%	124	364
- with floating interest rates	4,28%	167.413	491.609
Total current bank borrowings		167.537	491.973
Non-current bank borrowings			
- with fixed interest rates	2,00%	248	728
- with floating interest rates	4,28%	830.867	2.439.840
Total non-current bank borrowings		831.115	2.440.568
Total financial liabilities		998.652	2.932.541

The redemption schedule of long-term bank borrowings at 31 December 2013 is as follows:

	Euro	TL
1 January 2015 - 31 December 2015	199.064	584.551
1 January 2016 - 31 December 2016	234.171	687.643
1 January 2017 - 31 December 2017	257.452	756.007
1 January 2018 - 31 May 2018	140.428	412.367
	831.115	2.440.568

The fair value of bank borrowings at 31 December 2013 is TL 2.919.980.

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NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2014	31 December 2013
Provision for litigation	24.726	22.430
Total current provisions	24.726	22.430

There are various lawsuits filed against or in favor of the Group. Receivables, rent or labor 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.

Movement of provision for lawsuits as follows:

1 January 2013	21.870
Increase during the period	5.240
Payments during the period	(4.273)
30 September 2013	22.837
1 January 2014	22.430
Increase during the period	4.974
Payments during the period	(2.678)
30 September 2014	24.726

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

a) Guarantees given as at 30 September 2014 and 31 December 2013 are as follows:

Collaterals, Pledges, Mortgages:

30 September 2014				
Collaterals, Pledges, Mortgages:	Total TL Amount	TL	USD	Euro
A. CPM given on behalf of the Company's legal personality	71.833	70.685	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 on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
Total Collaterals, Pledges, Mortgages	71.833	70.685	472	25
Proportion of other CPM's to equity	0,0%			
31 December 2013				
Collaterals, Pledges, Mortgages:	Total TL Amount	TL	USD	Euro
A. CPM given on behalf of the Company's legal personality	74.024	72.943	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 on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
Total Collaterals, Pledges, Mortgages	74.024	72.943	472	25
Proportion of other CPM's to equity	0,0%			

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

Collaterals, Pledges, Mortgages (Continued):

Contingent assets and liabilities:

a) Guarantees given at 30 September 2014 and 31 December 2013 are as follows:

	30 September 2014	31 December 2013
Letter of guarantees given	71.833	74.024

b) Guarantees received at 30 September 2014 and 31 December 2013 are as follows:

	30 September 2014	31 December 2013
Guarantees obtained from customers	101.435	100.338
Mortgages obtained from customers	19.990	19.116
	121.425	119.454

c) 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.

	30 September 2014	31 December 2013
Payable within 1 year	22.074	26.284
Payable in 1 to 5 years	9.284	10.703
5 years and more	1.528	2.282
	32.886	39.269

d) Tax legislations in Kazakhstan are subject to different manners of interpretation; therefore, it alters frequently. Accordingly, the interpretation of tax implications regarding the operations of Ramstore Kazakhstan by the tax authorities may differ from the interpretation of the management, which might lead to additional tax burden, related penalties and interest payments. Tax authorities in Kazakhstan maintain the right to inspect the accounts for the past five fiscal years.

e) Yeni Gimat İşyerleri İşletmesi A.Ş. (“Yeni Gimat”) has filed an action of debt regarding the claim of rent difference of the immovable rented to Migros Ticaret amounting TL 38.583 which covers the period from 14 June 2001 to the date of trial, 12 June 2009.

Although the mentioned case concluded in favor of the Company on 3 October 2012, the claimant requested an appeal and the Company introduced its petition of appeal to the court. The decision was approved by the Supreme Court on 3 July 2013, the case ended in favor of the Company. The claimant re-requested an appeal on 23 October 2013, the Supreme Court denied the secondary request.

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NOTE 12 – PROVISION FOR EMPLOYEE BENEFITS

	30 September 2014	31 December 2013
Provision for unused vacation	61.177	52.577
Provision for employee termination benefits	54.646	43.954
	115.823	96.531

Movement of unused vacation provision is as follows:

1 January 2013	42.865
Increase during the period	11.547
Payments during the period	(3.835)
30 September 2013	50.577
1 January 2014	52.577
Increase during the period	14.402
Payments during the period	(5.802)
30 September 2014	61.177

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

1 January 2013	35.834
Increase during the period	20.181
Payments during the period	(12.007)
30 September 2013	44.008
1 January 2014	43.954
Increase during the period	25.335
Payments during the period	(14.643)
30 September 2014	54.646

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NOTE 13 - REVENUE

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

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Domestic sales	5.875.302	2.253.072	5.159.189	1.946.758
Foreign sales	317.815	101.412	294.913	105.194
	6.193.117	2.354.484	5.454.102	2.051.952
Other sales	9.391	2.931	9.488	4.253
	6.202.508	2.357.415	5.463.590	2.056.205
Less: Discounts and returns	(170.244)	(62.847)	(151.658)	(55.468)
Sales revenue - net	6.032.264	2.294.568	5.311.932	2.000.737
Cost of sales	(4.424.459)	(1.682.019)	(3.911.286)	(1.478.030)
Gross Profit	1.607.805	612.549	1.400.646	522.707
	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Retail sales revenue	6.003.804	2.285.459	5.286.594	1.988.430
Rent income	51.189	16.957	51.328	17.422
Wholesale revenue	138.124	52.068	116.180	46.100
	6.193.117	2.354.484	5.454.102	2.051.952

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NOTE 14 - EXPENSES BY NATURE

Total	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Staff costs	556.894	202.917	483.210	170.168
Rent	297.145	106.060	253.955	90.732
Porterage and cleaning	38.838	14.861	34.169	13.235
Transportation	61.053	23.398	56.868	21.349
Depreciation and amortisation	117.646	40.268	105.505	36.041
Energy	84.667	34.222	84.523	33.576
Advertising	41.571	14.428	37.330	15.523
Repair and maintenance	21.212	8.436	17.868	6.212
Security	15.064	5.286	13.593	4.784
Warehouse	36.656	13.656	30.780	11.142
Taxes and other fees	8.552	3.301	7.489	2.435
Mechanisation	15.005	5.920	11.297	3.725
Communication	6.290	2.200	5.273	1.878
Other	57.612	20.802	50.074	18.353
	1.358.205	495.755	1.191.934	429.153

Marketing, selling and distribution expenses	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Staff costs	493.649	181.729	420.291	149.237
Rent	296.709	105.908	253.564	90.598
Porterage and cleaning	37.695	14.459	33.141	12.861
Transportation	61.053	23.398	56.834	21.335
Energy	83.873	33.930	83.629	33.247
Advertising	41.571	14.428	37.330	15.523
Repair and maintenance	20.844	8.345	17.506	6.122
Security	14.491	5.079	13.054	4.601
Warehouse	36.656	13.656	30.780	11.142
Taxes and other fees	7.675	2.800	6.917	2.352
Mechanisation	12.584	4.976	9.895	3.253
Communication	5.003	1.712	4.286	1.528
Other	46.322	16.902	40.812	15.424
	1.158.125	427.322	1.008.039	367.223

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NOTE 14 - EXPENSES BY NATURE (Continued)

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
General administrative expenses				
Staff costs	63.245	21.188	62.919	20.931
Depreciation and amortisation	117.646	40.268	105.505	36.041
Other	19.189	6.977	15.471	4.958
	200.080	68.433	183.895	61.930

Expenses by nature in cost of sales for the periods 1 January – 30 September 2014 and 2013 are as follows:

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Cost of trade goods	(4.404.066)	(1.674.859)	(3.891.753)	(1.471.326)
Service costs	(20.393)	(7.160)	(19.533)	(6.704)
	(4.424.459)	(1.682.019)	(3.911.286)	(1.478.030)

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

NOTE 15 - OTHER OPERATING INCOME / EXPENSES

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Other operating income:				
Interest income on term sales	23.923	7.664	17.000	7.372
Interest income from operating activities	18.301	6.708	11.535	5.439
Gain on sales of scrap goods	591	380	623	278
Gain on damage insurance	481	71	247	26
Provision write-off (*)	209	15	6.036	31
Other	1.109	237	6.104	2.115
	44.614	15.075	41.545	15.261

(*) As of 30.09.2014, provision write-offs do not have the impact of the cancellation of the rent provision of TL 5.896 which was accounted in the same period last year.

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NOTE 15 - OTHER OPERATING INCOME / EXPENSES (Continued)

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Other operating expenses:				
Interest expense on term purchases	(93.627)	(31.723)	(59.793)	(27.314)
Bad debt expense	(2.101)	(431)	(6.022)	(2.129)
Litigation provisions	(4.974)	(5.231)	(5.240)	(2.463)
Losses from prior period rent differences	(925)	(113)	(3.586)	(746)
Other	(6.341)	(1.573)	(4.688)	(712)
	(107.968)	(39.071)	(79.329)	(33.364)

NOTE 16 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Income from investing activities:				
Gain on sale of property, plant and equipment	773	136	1.194	440
	773	136	1.194	440
Expenses from investing activities:				
Losses from closed stores	(1.427)	(1)	(5.391)	(697)
Loss on sale of property, plant and equipment	(1.444)	(116)	(567)	(219)
	(2.871)	(117)	(5.958)	(916)

NOTE 17 - FINANCIAL INCOME

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Interest income on bank deposits	6.785	1.448	8.280	3.131
Foreign exchange gains	48.638	(47)	56.181	34.117
Financial income on derivatives	-	-	17.812	(267)
	55.423	1.401	82.273	36.981

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NOTE 18 - FINANCIAL EXPENSES

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Foreign exchange losses	(6.989)	3.007	(394.692)	(234.379)
Interest expense on bank borrowings	(94.821)	(30.935)	(89.169)	(32.024)
Financial expense on derivatives	(8.146)	(1.489)	(15.873)	-
Other	(6.108)	(2.280)	(4.140)	(1.439)
	(116.064)	(31.697)	(503.874)	(267.842)

NOTE 19 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

	30 September 2014	31 December 2013
Taxes and fund payable	52.279	70.938
Less: Prepaid current income taxes	(33.814)	(52.611)
Taxes on income, net	18.465	18.327

	30 September 2014	31 December 2013
Deferred tax assets	34.054	28.555
Deferred tax liabilities	(148.585)	(143.412)
Deferred tax liabilities, net	(114.531)	(114.857)

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

In Turkey, corporation tax rate as of 30 September 2014 is 20% (2013: 20%).

Implied corporation tax rates in Kazakhstan, Bulgaria and Macedonia are 20%, 10% and 10% respectively (31 December 2013: 20%, 10% and 10% respectively).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2014. Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the prior years profit retroactively.

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

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NOTE 19 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

The details of taxation on income for the periods ended 30 September 2014 and 2013 are as follows:

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Current period tax expense	(52.279)	(24.857)	(48.766)	(23.833)
Prior period tax income (*)	5.930	-	-	-
Period tax expense	(46.349)	(24.857)	(48.766)	(23.833)
Deferred tax (expense) / income	626	(1.923)	(2.338)	(911)
	(45.723)	(26.780)	(51.104)	(24.744)

(*) The Company revised tax provisions for the year 2013, which was stated in the financial statements as of 31 December 2013, by giving correction declaration to the related tax office.

According to the mentioned revision, The Company paid TL 5.930 less tax amount for the year 2013.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is applied as 10% from 24 April 2003 until 22 July 2006. This rate was changed to 15% commencing from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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

Deferred income tax

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and its statutory tax financial statements. Temporary differences generally arise due to the recording of incomes and expenses in different reporting periods according to Tax Laws and TAS. 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 2013: 20%, 20%, 10% and 10% respectively).

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NOTE 19 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

Deferred income tax (continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 September 2014 and 31 December 2013 using the currently enacted tax rates, is as follows:

	Cumulative temporary		Deferred tax	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Fair value change of derivative instruments	4.071	869	814	174
Short term provisions	85.903	75.007	17.181	15.002
Inventories	19.739	16.781	3.948	3.356
Provision for employment termination benefits	54.646	43.954	10.929	8.791
Unincurred interest income	238	201	48	40
Other	5.668	5.959	1.134	1.192
Deferred income tax assets			34.054	28.555
Fair value change of derivative instruments	-	(949)	-	(190)
Property, plant and equipment and intangible assets	(753.901)	(734.964)	(143.746)	(139.482)
Unincurred interest expense	(21.276)	(15.186)	(4.255)	(3.037)
Other	(2.918)	(3.514)	(584)	(703)
Deferred income tax liability			(148.585)	(143.412)
Total deferred income tax liability, net			(114.531)	(114.857)
			30 September 2014	31 December 2013
Deferred income tax assets:				
Deferred income tax asset to be recovered after more than 12 months			11.464	8.965
Deferred income tax asset to be recovered within 12 months			22.590	19.590
			34.054	28.555
Deferred income tax liabilities:				
Deferred income tax liability to be settled after more than 12 months			(144.170)	(140.216)
Deferred income tax liability to be settled within 12 months			(4.415)	(3.196)
			(148.585)	(143.412)
Deferred tax liabilities, net			(114.531)	(114.857)

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NOTE 19 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

Deferred income tax (continued)

1 January 2013	(106.618)
Deferred tax income from continuing operations	(2.338)
Cumulative translation difference	(996)
30 September 2013	(109.952)
1 January 2014	(114.857)
Deferred tax expense from continuing operations	626
Cumulative translation difference	(300)
30 September 2014	(114.531)

NOTE 20 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Share Capital

As of 30 September 2014 the Company’s authorised capital consists of 17.803.000.000 shares at 1 shares of KR 1 nominal value. All shares are paid-in and no privileges are given to different share groups and shareholders.

The shareholders of the Company and their shareholdings stated at historical amounts at 30 September 2014 and 31 December 2013 are stated below:

Shareholders	30 September 2014		31 December 2013	
	Share %	Amount	Share %	Amount
MH Perakendecilik ve Ticaret A.Ş.	80,51	143.323	80,51	143.323
Other	19,49	34.707	19,49	34.707
	100,00	178.030	100,00	178.030

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 TL 174.323.340 to TL178.030.000 (Amounts expressed in Turkish Lira (“TL”)) 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 TL 3.706.660 (Amounts expressed in Turkish Lira (“TL”)) issued by Moonlight have been distributed to the shareholders of Migros Türk other than Moonlight in exchange for their Migros Türk shares.

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

The difference occurred as a result of merger amounting TL 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.

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NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

Due from related parties	30 September 2014	31 December 2013
Mavi Jeans Giyim Sanayi ve Tic. A.Ş.	44	18
Tekin Acar Büyük Mağazacılık T.A.Ş.	8	6
Provus Bilişim Hizmetleri A.Ş.	-	1
Sanal Merkez T.A.Ş.	3	30
Total due from related parties	55	55

Due to related parties	30 September 2014	31 December 2013
Natura Gıda San. Tic. ve A.Ş.	3.048	648
Other	86	86
Total due to related parties	3.134	734

(ii) Other transactions with related parties

Inventory purchases	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Natura Gıda San. Tic. ve A.Ş.	4.054	1.878	2.343	1.036
	4.054	1.878	2.343	1.036

Rent income	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Rent income	816	288	625	179
Other	190	75	-	-
	1.006	363	625	179

(iii) Key management compensation

The Group has determined key management personnel as chairman, members of Board of Directors, general manager and vice general managers. Total compensation provided to key management personnel by Group for the period ended 30 September 2014 and 2013 is as follows:

Short-term benefits to employees	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Short-term benefits to employees	8.225	2.766	6.371	2.333
	8.225	2.766	6.371	2.333

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

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NOTE 22 - EARNINGS / (LOSSES) PER SHARE

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
Net income / (loss) attributable to the shareholders	77.771	35.743	(306.584)	(180.646)
Weighted average number of sales with Kr1 face value each ('000)	17.803.000	17.803.000	17.803.000	17.803.000
Earnings / (losses) per share (Kr)	0,44	0,20	(1,72)	(1,01)

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

NOTE 23 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. At 30 September 2014, if Euro had appreciated against TL 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 TL 119.761.

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

FOREIGN CURRENCY POSITION

	30 September 2014				31 December 2013			
	Total TL equivalent	USD	EURO	Other TL equivalent	Total TL equivalent	USD	EURO	Other TL equivalent
Trade receivables	7.960	418	12	6.973	7.701	374	27	6.823
Monetary financial assets	320.380	10.084	99.461	9.818	391.178	4.917	123.169	18.998
Other	11.437	1.705	31	7.462	12.494	1.214	-	9.903
Current assets	339.777	12.207	99.504	24.253	411.373	6.505	123.196	35.724
Other	-	-	-	-	203	95	-	-
Non-current assets	-	-	-	-	203	95	-	-
Total Assets	339.777	12.207	99.504	24.253	411.576	6.600	123.196	35.724
Trade payables	11.432	267	49	10.681	17.481	1.039	147	14.831
Financial liabilities	514.219	-	177.844	-	491.973	-	167.537	-
Non-monetary other liabilities	10.813	1.519	-	7.351	8.783	1.694	-	5.167
Current liabilities	536.464	1.786	177.893	18.032	518.237	2.733	167.684	19.998
Financial liabilities	2.166.232	-	749.198	-	2.440.568	-	831.115	-
Non-monetary other liabilities	2.333	-	807	-	2.593	-	883	-
Non-current liabilities	2.168.565	-	750.005	-	2.443.161	-	831.998	-
Total liabilities	2.705.029	1.786	927.898	18.032	2.961.398	2.733	999.682	19.998

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

FOREIGN CURRENCY POSITION

	30 September 2014				31 December 2013			
	Total TL equivalent	USD	EURO	Other TL equivalent	Total TL equivalent	USD	EURO	Other TL 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	(2.365.252)	10.421	(828.394)	6.221	(2.549.822)	3.867	(876.486)	15.726
Net foreign currency asset / (liability) position of monetary items	(2.363.543)	10.235	(827.618)	6.110	(2.551.143)	4.252	(875.603)	10.990
Fair value of hedged funds of foreign currency	(1.396)	-	-	-	870	-	-	-
Hedged amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedged amount of foreign currency liabilities	28.914	-	10.000	-	17.619	-	6.000	-
Export	-	-	-	-	-	-	-	-
Import	51.560	23.551	-	-	78.314	41.080	-	-

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

30 September 2014

	Gain / Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
5% change in Euro Exchange rate		
Euro net asset / liability	(119.761)	119.761
Portion secured from Euro risk	-	-
Euro net effect	(119.761)	119.761

31 December 2013

	Gain / Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
5% change in Euro Exchange rate		
Euro net asset / liability	(128.690)	128.690
Portion secured from Euro risk	-	-
Euro net effect	(128.690)	128.690

NOTE 24 - FINANCIAL INSTRUMENTS

Fair value estimation

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

Effective 1 January 2009, the group adopted the amendment to 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).

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

NOTE 25 - SUBSEQUENT EVENTS

None