

MİGROS TİCARET ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION
INTO ENGLISH OF
CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2013**

(ORIGINALLY ISSUED IN TURKISH)

CONDENSED CONSOLIDATED FINANCIAL POSITION.....	1-2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	6-7
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	8-42
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS	8-9
NOTE 2 BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	9-14
NOTE 3 SEGMENT REPORTING.....	15-17
NOTE 4 DERIVATIVE FINANCIAL INSTRUMENTS	17-19
NOTE 5 INVESTMENT PROPERTY	20
NOTE 6 PROPERTY, PLANT AND EQUIPMENT.....	21-22
NOTE 7 INTANGIBLE ASSETS	23-24
NOTE 8 INVENTORIES.....	24
NOTE 9 GOODWILL	24
NOTE 10 FINANCIAL LIABILITIES.....	25-26
NOTE 11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	27-29
NOTE 12 PROVISION FOR EMPLOYEE BENEFITS.....	30
NOTE 13 REVENUE.....	31
NOTE 14 EXPENSES BY NATURE.....	32-33
NOTE 15 OTHER OPERATING INCOME / EXPENSES	33
NOTE 16 INCOME / EXPENSES FROM INVESTING ACTIVITIES	33-34
NOTE 17 FINANCIAL INCOME	34
NOTE 18 FINANCIAL EXPENSE.....	34
NOTE 19 TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED).....	34-37
NOTE 20 CAPITAL, RESERVES AND OTHER EQUITY ITEMS	37
NOTE 21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	38
NOTE 22 EARNINGS / (LOSSES) PER SHARE	39
NOTE 23 EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION	39-42
NOTE 24 FINANCIAL INSTRUMENTS	42
NOTE 25 SUBSEQUENT EVENTS.....	42

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

**MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL POSITION AT 30 SEPTEMBER 2013**

(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 2013	Restated Audited 31 December 2012
ASSETS			
Current assets			
Cash and cash equivalents		1.217.660	1.040.867
Trade receivables		55.701	47.345
- Due from related parties	21	35	52
- Other trade receivables		55.666	47.293
Other receivables		2.542	1.233
- Other receivables		2.542	1.233
Derivative financial instruments	4	3.071	15
Inventories	8	842.754	786.036
Prepaid expenses		32.166	29.992
Other current assets		2.324	3.062
Total current assets		2.156.218	1.908.550
Non-current assets			
Financial investments		1.695	1.695
Other receivables		1.405	1.302
- Other receivables		1.405	1.302
Derivative financial instruments	4	89	241
Investment properties	5	46.018	45.777
Property, plant and equipment	6	1.199.819	1.142.342
Intangible assets		2.497.120	2.499.937
- Goodwill	9	2.251.427	2.251.427
- Other intangible assets	7	245.693	248.510
Prepaid expenses		30.858	24.501
Total non-current assets		3.777.004	3.715.795
Total assets		5.933.222	5.624.345

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 2013**

(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 2013	Restated Audited 31 December 2012
LIABILITIES			
Current liabilities			
Short term portion of the long term borrowings	10	266.754	146.261
Trade payables		1.834.921	1.554.044
- Due to related parties	21	3.245	1.251
- Other trade payables		1.831.676	1.552.793
Employee benefit obligations		37.829	29.496
Other payables		2.308	1.701
- Other payables		2.308	1.701
Derivative financial instruments	4	6.254	20.063
Deferred income		2.185	3.266
Taxes on income	19	21.382	8.473
Short term provisions		73.414	64.735
- Short term provisions for employee benefits	12	50.577	42.865
- Other short term provisions	11	22.837	21.870
Other current liabilities		43.446	47.101
Total current liabilities		2.288.493	1.875.140
Non-current liabilities			
Long term borrowings	10	2.509.715	2.340.110
Other payables		3.199	2.967
- Other payables		3.199	2.967
Derivative financial instruments	4	181	1.279
Deferred income		2.200	321
Long term provisions		44.008	35.834
- Long term provisions for employee benefits		44.008	35.834
Deferred income tax liabilities	19	109.952	106.618
Total non-current liabilities		2.669.255	2.487.129
EQUITY			
Attributable to equity holders of the parent		974.812	1.261.554
Share capital	20	178.030	178.030
Other capital reserves		(365)	(365)
Additional contribution to shareholders' equity related to merger	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		(13.844)	(13.844)
Items that may be reclassified subsequently to profit or loss			
- Cumulative translation differences		30.815	10.973
Restricted reserves		385.856	385.856
Retained earnings		(4.641)	(92.704)
Net (loss) / income for the period		(306.584)	88.063
Non-controlling interest		662	522
Total equity		975.474	1.262.076
Total liabilities and equity		5.933.222	5.624.345

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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 2013**

(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	Not Reviewed	Restated	
		1 January - 30 September 2013	1 July - 30 September 2013	Not Reviewed 1 January - 30 September 2012	Not Reviewed 1 July - 30 September 2012
PROFIT OR LOSS					
Revenue	3,13	5.311.932	2.000.737	4.832.651	1.825.431
Cost of sales (-)	3,13	(3.911.286)	(1.478.030)	(3.566.141)	(1.357.743)
GROSS PROFIT/LOSS	3,13	1.400.646	522.707	1.266.510	467.688
General administrative expenses (-)	14	(183.895)	(61.930)	(168.128)	(56.171)
Marketing, selling and distribution expenses (-)	14	(1.008.039)	(367.223)	(892.294)	(324.131)
Other operating income	15	41.545	15.261	39.886	12.103
Other operating expenses (-)	15	(79.329)	(33.364)	(100.334)	(33.319)
OPERATING PROFIT	3	170.928	75.451	145.640	66.170
Income from investment activities	16	1.194	440	1.708	569
Expenses from investment activities (-)	16	(5.958)	(916)	(4.042)	(265)
OPERATING INCOME BEFORE FINANCE EXPENSES/INCOME	3	166.164	74.975	143.306	66.474
Financial income	17	82.273	36.981	161.821	(34.565)
Financial expenses (-)	18	(503.874)	(267.842)	(165.814)	(37.388)
NET (LOSS) / INCOME BEFORE TAX FROM CONTINUING OPERATIONS	3	(255.437)	(155.886)	139.313	(5.479)
Tax (expense) / income from continuing operations	19	(51.104)	(24.744)	(22.217)	(11.902)
- Income tax expense	19	(48.766)	(23.833)	(23.700)	(13.009)
- Deferred tax (expense) / income	19	(2.338)	(911)	1.483	1.107
NET (LOSS) / INCOME FROM CONTINUING OPERATIONS		(306.541)	(180.630)	117.096	(17.381)
NET (LOSS) / INCOME		(306.541)	(180.630)	117.096	(17.381)
Net (loss) / income attributable to:					
- Non-controlling interest		43	16	57	18
- Equity holders of the parent		(306.584)	(180.646)	117.039	(17.399)
		(306.541)	(180.630)	117.096	(17.381)
(Loss) / earning per share (Kr)					
- (Loss) / earning per share from continuing operations	22	(1,72)	(1,01)	0,66	(0,10)

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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

(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 2013	Not Reviewed 1 July - 30 September 2013	Restated	
			Not Reviewed 1 January - 30 September 2012	Not Reviewed 1 July - 30 September 2012
Net (loss) / profit for the period	(306.541)	(180.630)	117.096	(17.381)
OTHER COMPREHENSIVE (LOSS) / INCOME				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	19.939	8.011	(8.096)	(472)
Other comprehensive income / (loss)	19.939	8.011	(8.096)	(472)
Total comprehensive (loss) / income	(286.602)	(172.619)	109.000	(17.853)
Total comprehensive (loss) / income attributable to:				
- Non-controlling interest	140	53	45	12
- Equity holders of the parent	(286.742)	(172.672)	108.955	(17.865)
	(286.602)	(172.619)	109.000	(17.853)

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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

					Items that may be reclassified subsequently to profit or loss	Items that will not be reclassified subsequently to profit or loss		Retained earnings				
	Share capital	Other capital reserves	Share premium	Additional contribution to equity related to merger	Cumulative translation differences	Defined benefit plans, re-measurement gains / (losses)	Restricted reserves	Accumulated (losses) / profit	Net (loss) / income for the period	Attributable to owners of the parent	Non- controlling interest	Total equity
Balances at 1 January 2012	178.030	(365)	678.233	27.312	18.869	-	385.856	70.541	(163.245)	1.195.231	476	1.195.707
Transfers	-	-	-	-	-	-	-	(163.245)	163.245	-	-	-
Total comprehensive income	-	-	-	-	(8.084)	-	-	-	117.039	108.955	45	109.000
Balances at 30 September 2012	178.030	(365)	678.233	27.312	10.785	-	385.856	(92.704)	117.039	1.304.186	521	1.304.707
Balances at 1 January 2013	178.030	(365)	678.233	27.312	10.973	-	385.856	(106.548)	88.063	1.261.554	522	1.262.076
Reclassification effect (Note 2.1)	-	-	-	-	-	(13.844)	-	13.844	-	-	-	-
Restated 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 loss	-	-	-	-	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

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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

		Not Reviewed	Restated
		1 January -	1 January -
		30 September	30 September
	Notes	2013	2012
A. Cash flows from operating activities			
(Loss) / income for the period		(306.541)	117.096
Adjustments for reconciliation of (loss) / profit before taxation			
Adjustments for depreciation and amortisation	14	105.505	95.672
Adjustments for provision for employment termination benefits	12	20.181	11.316
Adjustments for provision for unused vacation	12	11.547	10.282
Adjustments for provision for litigation	11	5.240	7.324
Adjustments for doubtful receivable provision	15	6.022	1.453
Adjustments for income tax expense / income	19	51.104	22.217
Interest income	15,17	(36.815)	(48.599)
Interest expense	15,18	148.962	181.417
Adjustments for unrecognized foreign exchange differences		393.276	(142.511)
Adjustments for fair value losses	17,18	(1.939)	27.712
Adjustments for (loss) / gain on sale of property, plant and equipment	16	(627)	(1.362)
Adjustments for impairment / reversal of property, plant and equipment	16	5.391	3.696
		401.306	285.713
Changes in working capital			
Adjustments for increase / decrease in inventories		(56.718)	(76.856)
Adjustments for increase / decrease in trade receivables		(14.378)	(5.800)
Adjustments for increase / decrease in other receivables related with operations		(9.205)	(18.587)
Adjustments for increase / decrease in trade payables		280.877	198.367
Adjustments for increase / decrease in other payables related with operations		6.315	1.192
		608.197	384.029
Cash flows from operating activities			
Employment termination benefits paid	12	(12.007)	(10.225)
Unused vacation paid	12	(3.835)	(3.425)
Interest received		28.535	35.408
Interest paid		(59.793)	(79.148)
Taxes paid / return	19	(35.857)	(15.885)
Compensations paid	11	(4.273)	(5.807)
		520.967	304.947

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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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		Not Reviewed	Restated
		1 January -	1 January -
		30 September	30 September
	Notes	2013	2012
B. Cash flows from investing activities			
Cash inflows from the sale of tangible and intangible assets	5,6,7,16	1.440	2.578
Cash outflows from the purchase of tangible and intangible assets	5,6,7	(154.324)	(121.567)
		(152.884)	(118.989)
C. Cash flows from financing activities			
Cash outflows due to debt repayments		(134.891)	(340)
Cash paid with respect due to derivative instruments		(15.873)	(20.782)
Interest received		8.280	13.191
Interest paid		(57.456)	(73.038)
		(199.940)	(80.969)
D. Impact of foreign currency translation differences on cash and cash equivalents		8.650	(947)
Net increase / (decrease) in cash and cash equivalents		176.793	104.042
Cash and cash equivalents at the beginning of the period		1.040.867	1.010.255
Cash and cash equivalents at the end of the period		1.217.660	1.114.297

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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)
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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 2012: 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 2013, the Group operates 995 stores (31 December 2012: 882) with a net retail space of 883.292 (31 December 2012: 851.680) square meters. Retail is the main business of the Group and constitutes 96,9% of gross sales (September 2012: 96,8%).

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 11 November 2013 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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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)
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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 2013 %</u>	<u>December 2012 %</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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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)
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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.1 Basis of Presentation (Continued)

Comparative information and restatement of prior period financial statements

Group’s consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to conform to the presentation of the current period consolidated financial statements and significant changes are explained. Group made some reclassifications in the previous period’s financial statements in order to comply with the new format of Capital Market Board issued on 7 June 2013. The nature, cause and amount of reclassifications are as follows:

- As of 31 December 2012, in the financial position table, “Prepaid expenses” amounting to TL 29.992 and TL 24.501 were formerly disclosed in “Other current assets” and “Other non-current assets”, respectively. In the current year, Group management reclassified these amounts to “Prepaid expenses”.
- As of 31 December 2012, in the financial position table, “Due to personnel and social security premium payables” amounting to TL 29.496 was formerly disclosed in “Other current liabilities”. In the current year, Group management reclassified this amount to “Employee benefit obligations”.
- As of 31 December 2012, in the financial position table, “Unearned revenue” amounting to TL 3.266 was formerly disclosed in other current liabilities. In the current year, Group management reclassified this amount to “Deferred income”.
- As of 31 December 2012, in the financial position table, “Vacation provisions” amounting to TL 42.865 was formerly disclosed in provisions. In the current year, Group management reclassified this amount to “Short-term provisions for employee benefits”.
- As of 31 December 2012, in the financial position table, “Provision for litigations” amounting to TL 21.870 was formerly disclosed in provisions. In the current year, Group management reclassified this amount to “Other short term provisions”.
- As of 31 December 2012, in the financial position table, “Employee termination benefits” amounting to TL 35.834 was formerly disclosed in “Employee benefits”. In the current year, Group management reclassified this amount to “Long-term provisions for employee benefits”.
- As of 31 December 2012, in the financial position table, “Defined benefit plans re-measurement losses” amounting to TL 13.844 was formerly disclosed in “Retained earnings”. In the current year, Group management reclassified this amount to “Defined benefit plans re-measurement losses”.
- As of 31 December 2012, in the financial position table, “Expense accrual” amounting to TL 15.932 was formerly disclosed in “Other current liabilities”. In the current year, Group management reclassified this amount to “Other trade payables”.
- As of 30 September 2012, in the consolidated profit or loss table, “Interest income on term sales” amounting to TL 19.480 and “interest expense on term purchases” amounting to TL 79.148 were formerly disclosed in “Financial income” and “Financial expenses”, respectively. In the current year, Group management reclassified these amounts to “Other operating income” and “Other operating expenses” respectively.
- As of 30 September 2012, in the consolidated profit or loss table, “Interest income from operating activities” amounting to TL 15.928 was formerly disclosed in “Financial income”. In the current year, Group management reclassified this amount to “Other operating income”.
- As of 30 September 2012, in the consolidated profit or loss table, “Gain on sale of property plant and equipment” amounting to TL 1.708 and “Loss on sale of a property, plant and equipment” amounting to TL 346 and “Losses from closed stores” amounting to TL 3.696 were formerly disclosed in “Other operating income” and “Other operating expenses”, respectively. In the current year, Group management reclassified these amounts to “Income from investing activities” and “Expenses from investing activities”, respectively.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013

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

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’s significant accounting policies that are used for the preparation of condensed consolidated financial statements as of 30 September 2013 are consistent with accounting policies presented in the consolidated financial statements as 31 December 2012.

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 Financial Reporting Standards

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

The following amendments to TFRSs have been applied in the current year and have affected the amounts reported in these consolidated financial statements.

Amendments to TAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to TAS 1 *Presentation of Items of Other Comprehensive Income* is effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to TAS 1, the ‘statement of comprehensive income’ is renamed the ‘statement of profit or loss and other comprehensive income’ and the ‘income statement’ is renamed the ‘statement of profit or loss’. The amendments to TAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to TAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to TAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

TAS 19 *Employee Benefits*

The amendments to TAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of TAS 19 and accelerate the recognition of past service costs.

The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in the previous version of TAS 19 are replaced with a ‘net-interest’ amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group Management has elected to early adopt the amendment of TAS 19 which require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013

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

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

2.4 New and Revised Turkish Financial Reporting Standards (Continued)

b) New and Revised TFRSs effective since the year 2013 with no material effect on financial statements with amendments and interpretations on current TFRSs.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including TFRS 10, TFRS 11, TFRS 12, TAS 27 (as revised in 2011) and TAS 28 (as revised in 2011).

Key requirements of these five Standards are described below:

TFRS 10 replaces the parts of TAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation - Special Purpose Entities* will be withdrawn upon the effective date of TFRS 10.

Under TFRS 10, there is only one basis for consolidation that is control. In addition, TFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

TFRS 11 replaces TAS 31 *Interests in Joint Ventures*. TFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of TFRS 11. Under TFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

TFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in TFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to TFRS 10, TFRS 11 and TFRS 12 were issued to clarify certain transitional guidance on the application of these TFRSs for the first time.

TFRS 13 Fair Value Measurement

TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

The scope of TFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in TFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under TFRS 7 *Financial Instruments: Disclosures* will be extended by TFRS 13 to cover all assets and liabilities within its scope.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013

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

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

2.4 New and Revised Turkish Financial Reporting Standards (Continued)

b) New and Revised TFRSs effective since the year 2013 with no material effect on financial statements with amendments and interpretations on current TFRSs. (cont'd)

Amendments to TAS 1 Presentation of Financial Statements (as part of the Annual Improvements to TFRSs 2009-2011 Cycle issued in May 2012)

The amendments to TAS 1 as part of the *Annual Improvements to TFRSs 2009-2011 Cycle* are effective for the annual periods beginning on or after 1 January 2013.

TAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to TAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

Amendments to TFRS 7 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to TFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

Annual Improvements to TFRSs 2009 - 2011 Cycle issued in May 2012

- Amendments to TAS 16 *Property, Plant and Equipment*;
- Amendments to TAS 32 *Financial Instruments: Presentation*;
- Amendments to TAS 34 *Interim Financial Reporting*

Amendments to TAS 16

The amendments to TAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in TAS 16 and as inventory otherwise. Amendments to TAS 16 have no significant effect on the Group's consolidated financial statements.

Amendments to TAS 32

The amendments to TAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with TAS 12 *Income Taxes*. Amendments to TAS 32 have no significant effect on the Group's consolidated financial statements.

Amendments to TAS 34

The amendments to TAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to TAS 34 did not have an effect on the Group's consolidated financial statements.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

2.4 New and Revised Turkish Financial Reporting Standards (Continued)

b) New and Revised TFRSs effective since the year 2013 with no material effect on financial statements with amendments and interpretations on current TFRSs. (cont’d)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with TAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The Group management anticipates that IFRIC 20 will have no effect to the Group’s financial statements as the Group does not engage in such activities.

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> ²
Amendments to TFRS 9 and TFRS 7	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i> ²
Amendments to TAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i> ¹

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

² Effective for annual periods beginning on or after 1 January 2015.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

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 2013 is as follows:

a) 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

b) Segment analysis for the period 1 January – 30 September 2012

	Turkey	Other countries	Combined total	Intersegment elimination	Total
External revenues	4.548.121	284.530	4.832.651	-	4.832.651
Inter segment revenues	1.764	-	1.764	(1.764)	-
Sales revenue	4.549.885	284.530	4.834.415	(1.764)	4.832.651
Cost of goods sold	(3.351.997)	(215.908)	(3.567.905)	1.764	(3.566.141)
Gross profit	1.197.888	68.622	1.266.510	-	1.266.510
Selling and marketing expenses	(852.734)	(39.560)	(892.294)	-	(892.294)
General administrative expenses	(147.731)	(20.397)	(168.128)	-	(168.128)
Addition: Depreciation and amortization	83.961	11.711	95.672	-	95.672
Addition: Provision for employment termination benefits	1.091	-	1.091	-	1.091
Addition: Termination benefits paid	10.225	-	10.225	-	10.225
Addition: Unused vacation provision	6.857	-	6.857	-	6.857
EBITDA	299.557	20.376	319.933	-	319.933
Addition: Rent expenses	214.382	11.772	226.154	-	226.154
EBITDAR	513.939	32.148	546.087	-	546.087

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) 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

d) Segment analysis for the period 1 July – 30 September 2012

	Turkey	Other countries	Combined total	Intersegment elimination	Total
External revenues	1.730.028	95.403	1.825.431	-	1.825.431
Inter segment revenues	632	-	632	(632)	-
Sales revenue	1.730.660	95.403	1.826.063	(632)	1.825.431
Cost of goods sold	(1.286.497)	(71.878)	(1.358.375)	632	(1.357.743)
Gross profit	444.163	23.525	467.688	-	467.688
Selling and marketing expenses	(310.191)	(13.940)	(324.131)	-	(324.131)
General administrative expenses	(49.586)	(6.585)	(56.171)	-	(56.171)
Addition: Depreciation and amortization	29.016	3.899	32.915	-	32.915
Addition: Provision for employment termination benefits	(183)	-	(183)	-	(183)
Addition: Termination benefits paid	4.650	-	4.650	-	4.650
Addition: Unused vacation provision	(1.012)	-	(1.012)	-	(1.012)
EBITDA	116.857	6.899	123.756	-	123.756
Addition: Rent expenses	76.390	4.017	80.407	-	80.407
EBITDAR	193.247	10.916	204.163	-	204.163

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
EBITDAR, reported segments	596.065	227.265	546.087	204.163
Rent expenses	(253.955)	(90.732)	(226.154)	(80.407)
EBITDA, reported segments	342.110	136.533	319.933	123.756
Depreciation and amortisation	(105.505)	(36.041)	(95.672)	(32.915)
Provision for employment termination benefits	(8.174)	(1.880)	(1.091)	183
Termination benefits paid	(12.007)	(4.125)	(10.225)	(4.650)
Unused vacation provision	(7.712)	(933)	(6.857)	1.012
Other operating income	41.545	15.261	39.886	12.103
Other operating expenses(-)	(79.329)	(33.364)	(100.334)	(33.319)
Operating profit	170.928	75.451	145.640	66.170
Income from investing activities	1.194	440	1.708	569
Expenses from investing activities (-)	(5.958)	(916)	(4.042)	(265)
Operating profit before finance income / (loss)	166.164	74.975	143.306	66.474
Financial income	82.273	36.981	161.821	(34.565)
Financial expenses(-)	(503.874)	(267.842)	(165.814)	(37.388)
Income before tax	(255.437)	(155.886)	139.313	(5.479)

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS

Short term derivative financial instruments

	30 September 2013	31 December 2012
Current assets		
Cap option	-	15
Forward foreign exchange contracts	3.071	-
	3.071	15

	30 September 2013	31 December 2012
Current liabilities		
Interest rate swap contracts	6.254	9.622
Forward foreign exchange contracts	-	10.441
	6.254	20.063

Long term derivative financial instruments

	30 September 2013	31 December 2012
Non-current assets		
Cap option	89	241
	89	241

	30 September 2013	31 December 2012
Non-current liabilities		
Interest rate swap contracts	181	1.279
	181	1.279

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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 2013 are as follows:

	EURO Amount to be purchased	TL Amount to be sold	Fair Value (TL)
Forward foreign exchange contracts	10.000	24.538	3.071

The fair values of the foreign exchange contracts as of 31 December 2012 are as follows:

	EURO Amount to be purchased	TL Amount to be sold	Fair Value (TL)
Forward foreign exchange contracts	32.425	88.850	(10.441)

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 2013 and 31 December 2012 are as follows:

30 September 2013

Current assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Cap	30 May 2012	31 May 2012	29 November 2013	212,5 million	-
					-

Current liabilities

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Interest rate swap	6 October 2010	30 November 2011	29 November 2013	105 million	2.005
Interest rate swap	6 October 2010	31 May 2011	30 November 2013	105 million	2.140
Interest rate swap	6 October 2010	31 May 2011	29 November 2013	53 million	1.025
Interest rate swap	6 October 2010	30 November 2011	30 November 2013	53 million	1.084
					6.254

Non-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	89
					89

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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	181
					181

31 December 2012

Current assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Cap	30 May 2012	31 May 2012	29 November 2013	212,5 million	15
					15

Non-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	241
					241

Current liabilities

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value (TL)
Interest rate swap	6 October 2010	30 November 2011	29 November 2013	105 million	3.322
Interest rate swap	6 October 2010	31 May 2011	30 November 2013	105 million	2.874
Interest rate swap	6 October 2010	31 May 2011	29 November 2013	53 million	1.663
Interest rate swap	6 October 2010	30 November 2011	30 November 2013	53 million	1.763
					9.622

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	1.279
					1.279

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOTE 5 - INVESTMENT PROPERTY

	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

	Opening 1 January 2012	Additions	Disposals	Cumulative translation differences	Closing 30 September 2012
<u>Cost</u>					
Land and buildings	71.979	57	-	(2.251)	69.785
<u>Accumulated depreciation</u>					
Buildings	(20.614)	(3.356)	-	277	(23.693)
Net book value	51.365				46.092

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 2013, total investment property of Kazakhstan and Macedonia are 8.308 and 9.097 square meters respectively (31 December 2012: Kazakhstan 8.410 square meters, Macedonia 9.131 square meters).

Fair value of the investment properties in Kazakhstan and Macedonia are TL 69.087 and TL 63.274 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 2013.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

	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).

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOT 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Opening 1 January 2012	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	Closing 30 September 2012
Cost							
Land and buildings	455.747	1.354	-	-	46	(2.914)	454.233
Leasehold improvements	425.670	20.864	-	(9.584)	10.242	(1.339)	445.853
Machinery and equipments	330.621	33.386	(5.252)	-	18.725	(2.009)	375.471
Vehicles	2.736	347	(1.409)	-	-	(36)	1.638
Furniture and fixture	170.053	18.201	(1.788)	-	3.555	(759)	189.262
Construction in progress	3.210	40.284	-	-	(32.568)	-	10.926
	1.388.037	114.436	(8.449)	(9.584)	-	(7.057)	1.477.383
Accumulated depreciation							
Buildings	(27.918)	(6.379)	-	-	-	427	(33.870)
Leasehold improvements	(124.215)	(30.705)	-	5.888	-	201	(148.831)
Machinery and equipments	(74.075)	(31.875)	5.158	-	-	754	(100.038)
Vehicles	(878)	(244)	486	-	-	127	(509)
Furniture and fixture	(42.070)	(13.160)	1.589	-	-	575	(53.066)
	(269.156)	(82.363)	7.233	5.888	-	2.084	(336.314)
Net book value	1.118.881						1.141.069

(*) Impairment loss amounting to net TL 3.696 consists of leasehold improvements of the stores closed in 2012 (Note 16).

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

NOTE 7 - INTANGIBLE ASSETS

	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

	Opening 1 January 2012	Additions	Disposals	Cumulative translation difference	Closing 30 September 2012
Cost					
Trademark (*)	202.175	-	-	-	202.175
Rent agreements (**)	32.982	-	-	-	32.982
Rights	29.105	7.074	-	(85)	36.094
Other intangible assets (***)	28.783	-	-	-	28.783
	293.045	7.074	-	(85)	300.034
Accumulated amortisation					
Rent agreements	(20.134)	(2.487)	-	-	(22.621)
Rights	(13.547)	(4.315)	-	(66)	(17.928)
Other intangible assets	(9.094)	(3.151)	-	-	(12.245)
	(42.775)	(9.953)	-	(66)	(52.794)
Net book value	250.270				247.240

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

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, Tekirdag and Çengelköy stores, with a total sales area of 13.000 square meters, from Hamoglu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İşletmecilik A.Ş. and also took over the rent agreements of the mentioned stores. The purchase cost in the amount of 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 2013	31 December 2012
Raw materials	2.811	1.742
Work in progress	5.880	7.845
Merchandise stocks	831.766	772.791
Other	2.297	3.658
	842.754	786.036

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

NOTE 9 - GOODWILL

	1 January - 30 September 2013	1 January - 30 September 2012
Opening balance	2.251.427	2.251.427
Closing balance	2.251.427	2.251.427

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOTE 10 - FINANCIAL LIABILITIES

	30 September 2013		
	Weighted average interest rate	Euro	Total TL equivalent
Current portion of long-term bank borrowings			
- with fixed interest rates	2,00%	131	360
- with floating interest rates	4,25%	96.927	266.394
Total current bank borrowings		97.058	266.754
Non-current bank borrowings			
- with fixed interest rates	2,00%	372	1.022
- with floating interest rates	4,25%	912.783	2.508.693
Total non-currency bank borrowings		913.155	2.509.715
Total financial liabilities		1.010.213	2.776.469

The redemption schedule of long-term bank borrowings with TL equivalents at 30 September 2013 is as follows:

	Euro	TL
1 October 2014 - 30 September 2015	163.957	450.619
1 October 2015 - 30 September 2016	234.171	643.595
1 October 2016 - 30 September 2017	234.171	643.595
1 October 2017 - 31 May 2018	280.856	771.906
	913.155	2.509.715

The fair value of bank borrowings at 30 September 2013 is TL 2.759.016.

Within the context of the “Facilities Agreement” signed with various financial institutions on 13 February 2008, considering the current market conditions and future plans, on 29 March 2013, the Group made an early payment of EUR 58 Million and its accrued interest, which reduced the remaining installments of the remaining loan of EUR 1.052,7 Million with 10 years maturity as of 31 December 2012 in chronological order. The outstanding capital payable regarding the mentioned “Facilities Agreement” as of 30 September 2013 is EUR 994.7 Million.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOT 10 - FINANCIAL LIABILITIES (Continued)

	31 December 2012		
	Weighted average interest rate	Euro	Total TL equivalent
Current portion of long-term bank borrowings			
- with fixed interest rates	2,00%	124	291
- with floating interest rates	4,30%	62.070	145.970
Total current bank borrowings		62.194	146.261
Non-current bank borrowings			
- with fixed interest rates	2,00%	370	874
- with floating interest rates	4,30%	994.701	2.339.236
Total non-currency bank borrowings		995.071	2.340.110
Total financial liabilities		1.057.265	2.486.371

The redemption schedule of long-term bank borrowings at 31 December 2012 is as follows:

	Euro	TL
1 January 2014 - 31 December 2014	163.957	385.577
1 January 2015 - 31 December 2015	199.064	468.139
1 January 2016 - 31 December 2016	234.171	550.700
1 January 2017 - 31 December 2017	257.452	605.449
1 January 2018 - 31 May 2018	140.427	330.245
	995.071	2.340.110

The fair value of bank borrowings at 31 December 2012 is TL 2.467.291.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2013	31 December 2012
Provision for litigation	22.837	21.870
Total current provisions	22.837	21.870

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 2012	19.460
Increase during the period	7.324
Payments during the period	(5.807)
30 September 2012	20.977
1 January 2013	21.870
Increase during the period	5.240
Payments during the period	(4.273)
30 September 2013	22.837

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

a) Guarantees given as at 30 September 2013 and 31 December 2012 are as follows:

Collaterals, Pledges, Mortgages:

30 September 2013				
Collaterals, Pledges, Mortgages:	Total TL Equivalent	TL	USD	Euro
A. CPM given on behalf of the Company's legal personality	61.485	60.456	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	61.485	60.456	472	25
Proportion of other CPM's to equity	0,0%			

31 December 2012				
Collaterals, Pledges, Mortgages:	Total TL Equivalent	TL	USD	Euro
A. CPM given on behalf of the Company's legal personality	60.547	59.646	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	60.547	59.646	472	25
Proportion of other CPM's to equity	0,0%			

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

Collaterals, Pledges, Mortgages (Continued):

Contingent assets and liabilities:

a) Guarantees given at 30 September 2013 and 31 December 2012 are as follows:

	30 September 2013	31 December 2012
Letter of guarantees given	61.485	60.547

b) Guarantees received at 30 September 2013 and 31 December 2012 are as follows:

	30 September 2013	31 December 2012
Guarantees obtained from customers	113.892	100.448
Mortgages obtained from customers	18.655	17.596
	132.547	118.044

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 2013	31 December 2012
Payable within 1 year	21.605	23.119
Payable in 1 to 5 years	8.812	11.374
5 years and more	1.861	2.551
	32.278	37.044

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 Company introduced its petition of appeal to the court. The decision has been approved by the Supreme Court on 3 July 2013; the case ended in favor of the Company.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS

	30 September 2013	31 December 2012
Provision for unused vacation	50.577	42.865
Provision for employee termination benefits	44.008	35.834
	94.585	78.699

Movement of unused vacation provision is as follows:

1 January 2012	34.045
Increase during the period	10.282
Payments during the period	(3.425)
30 September 2012	40.902
1 January 2013	42.865
Increase during the period	11.547
Payments during the period	(3.835)
30 September 2013	50.577

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

1 January 2012	10.516
Increase during the period	11.316
Payments during the period	(10.225)
30 September 2012	11.607
1 January 2013	35.834
Increase during the period	20.181
Payments during the period	(12.007)
30 September 2013	44.008

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

NOTE 13 - REVENUE

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

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Domestic sales	5.159.189	1.946.758	4.685.104	1.780.135
Foreign sales	294.913	105.194	283.868	94.526
	5.454.102	2.051.952	4.968.972	1.874.661
Other sales	9.488	4.253	6.390	2.519
	5.463.590	2.056.205	4.975.362	1.877.180
Less: Discounts and returns	(151.658)	(55.468)	(142.711)	(51.749)
Sales revenue - net	5.311.932	2.000.737	4.832.651	1.825.431
Cost of sales	(3.911.286)	(1.478.030)	(3.566.141)	(1.357.743)
Gross Profit	1.400.646	522.707	1.266.510	467.688
	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Retail sales revenue	5.286.594	1.988.430	4.811.509	1.806.883
Rent income	51.328	17.422	48.847	16.415
Wholesale revenue	116.180	46.100	108.616	51.363
	5.454.102	2.051.952	4.968.972	1.874.661

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOTE 14 - EXPENSES BY NATURE

Total	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Staff costs	483.210	170.168	417.963	145.943
Rent	253.955	90.732	226.154	80.407
Porterage and cleaning	34.169	13.235	29.764	11.764
Transportation	56.868	21.349	51.717	19.135
Depreciation and amortisation	105.505	36.041	95.672	32.915
Energy	84.523	33.576	80.313	33.437
Advertising	37.330	15.523	34.765	12.854
Repair and maintenance	17.868	6.212	15.926	5.329
Security	13.593	4.784	13.101	4.858
Warehouse	30.780	11.142	26.565	9.359
Taxes and other fees	7.489	2.435	6.698	1.937
Mechanisation	11.297	3.725	10.000	3.320
Communication	5.273	1.878	5.261	1.703
Other	50.074	18.353	46.523	17.341
	1.191.934	429.153	1.060.422	380.302

Marketing, selling and distribution expenses	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Staff costs	420.291	149.237	360.644	127.717
Rent	253.564	90.598	225.802	80.289
Porterage and cleaning	33.141	12.861	28.912	11.467
Transportation	56.834	21.335	51.685	19.259
Energy	83.629	33.247	79.412	33.117
Advertising	37.330	15.523	34.765	12.854
Repair and maintenance	17.506	6.122	15.542	5.168
Security	13.054	4.601	12.593	4.638
Warehouse	30.780	11.142	26.565	9.359
Taxes and other fees	6.917	2.352	5.936	1.666
Mechanisation	9.895	3.253	8.805	2.783
Communication	4.286	1.528	4.404	1.405
Other	40.812	15.424	37.229	14.409
	1.008.039	367.223	892.294	324.131

General administrative expenses	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Staff costs	62.919	20.931	57.319	18.226
Depreciation and amortisation	105.505	36.041	95.672	32.915
Other	15.471	4.958	15.137	5.030
	183.895	61.930	168.128	56.171

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOTE 14 - EXPENSES BY NATURE (Continued)

Expenses by nature in cost of sales for the periods 1 January – 30 September 2013 and 2012 are as follows:

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Cost of trade goods	(3.891.753)	(1.471.326)	(3.548.076)	(1.350.894)
Service costs	(19.533)	(6.704)	(18.065)	(6.849)
	(3.911.286)	(1.478.030)	(3.566.141)	(1.357.743)

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

Other operating income:	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Interest income on term sales	17.000	7.372	19.480	5.789
Interest income from operating activities	11.535	5.439	15.928	5.695
Gain on sales of scrap goods	623	278	483	51
Gain on damage insurance	247	26	1.515	74
Provision write-off	6.036	31	214	112
Other	6.104	2.115	2.266	382
	41.545	15.261	39.886	12.103

Other operating expenses:	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Interest expense on term purchases	(59.793)	(27.314)	(79.148)	(28.550)
Bad debt expense	(6.022)	(2.129)	(1.453)	(973)
Litigation provisions	(5.240)	(2.463)	(7.325)	(2.309)
Losses from prior period rent differences	(3.586)	(746)	(7.750)	(1.086)
Other	(4.688)	(712)	(4.658)	(401)
	(79.329)	(33.364)	(100.334)	(33.319)

NOTE 16 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities:	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Gain on sale of property, plant and equipment	1.194	440	1.708	569
	1.194	440	1.708	569

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

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

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Expenses from investing activities:				
Losses from closed stores	(5.391)	(697)	(3.696)	(199)
Loss on sale of property, plant and equipment	(567)	(219)	(346)	(66)
	(5.958)	(916)	(4.042)	(265)

NOTE 17 - FINANCIAL INCOME

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Interest income on bank deposits	8.280	3.131	13.191	3.532
Foreign exchange gains	56.181	34.117	142.722	(36.038)
Financial income on derivatives	17.812	(267)	5.908	(2.059)
	82.273	36.981	161.821	(34.565)

NOTE 18 - FINANCIAL EXPENSES

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Foreign exchange losses	(394.692)	(234.379)	(26.108)	6.002
Interest expense on bank borrowings	(89.169)	(32.024)	(102.269)	(32.231)
Financial expense on derivatives	(15.873)	-	(33.620)	(9.826)
Other	(4.140)	(1.439)	(3.817)	(1.333)
	(503.874)	(267.842)	(165.814)	(37.388)

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

	30 September 2013	31 December 2012
Taxes and fund payable	48.766	36.506
Less: Prepaid current income taxes	(27.384)	(28.033)
Taxes on income, net	21.382	8.473
	30 September 2013	31 December 2012
Deferred tax assets	29.223	27.789
Deferred tax liabilities	(139.175)	(134.407)
Deferred tax liabilities, net	(109.952)	(106.618)

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013

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

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

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 2013 is 20% (2012: 20%).

Implied corporation tax rates in Kazakhstan, Bulgaria and Macedonia are 20%, 10% and 10% respectively (31 December 2012: 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 2013. Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the prior years profit retroactively.

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

The details of taxation on income for the periods ended 30 September 2013 and 2012 are as follows:

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Current period tax expense	(48.766)	(23.833)	(23.700)	(13.009)
Deferred tax (expense) / income	(2.338)	(911)	1.483	1.107
	(51.104)	(24.744)	(22.217)	(11.902)

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 CMB Financial Reporting Standards 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 CMB Accounting Standards. 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 2012: 20%, 20%, 10% and 10% respectively).

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

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 2013 and 31 December 2012 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax asset / (liability)	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Fair value change of derivative instruments	6.435	21.342	1.287	4.268
Short term provisions	73.414	64.735	14.683	12.947
Inventories	16.000	11.625	3.200	2.325
Provision for employment termination benefits	44.008	35.834	8.802	7.167
Unincurred interest income	145	134	29	27
Other	6.112	5.274	1.222	1.055
Deferred income tax assets			29.223	27.789
Fair value change of derivative instruments	3.160	256	(632)	(51)
Property, plant and equipment and intangible assets	709.830	693.759	(134.775)	(131.444)
Unincurred interest expense	15.062	10.249	(3.012)	(2.050)
Other	3.780	4.310	(756)	(862)
Deferred income tax liability			(139.175)	(134.407)
Total deferred income tax liability, net			(109.952)	(106.618)
			30 September 2013	31 December 2012
Deferred income tax assets:				
Deferred income tax asset to be recovered after more than 12 months			8.838	7.423
Deferred income tax asset to be recovered within 12 months			20.385	20.366
			29.223	27.789
Deferred income tax liabilities:				
Deferred income tax liability to be settled after more than 12 months			(135.407)	(131.495)
Deferred income tax liability to be settled within 12 months			(3.768)	(2.912)
			(139.175)	(134.407)
Deferred tax liabilities, net			(109.952)	(106.618)

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

Deferred income tax (continued)

	Deferred income tax liabilities
1 January 2012	(105.346)
Deferred tax income from continuing operations	1.483
Cumulative translation difference	(51)
30 September 2012	(103.914)
1 January 2013	(106.618)
Deferred tax expense from continuing operations	(2.338)
Cumulative translation difference	(996)
30 September 2013	(109.952)

NOTE 20 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Share Capital

As of 30 September 2013 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 2013 and 31 December 2012 are stated below:

Shareholders	30 September 2013		31 December 2012	
	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.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

	30 September 2013	31 December 2012
Due from related parties		
Mavi Jeans Giyim Sanayi ve Tic. A.Ş.	12	11
Tekin Acar Büyük Mağazacılık T.A.Ş.	8	5
Provus Bilişim Hizmetleri A.Ş.	2	13
Sanal Merkez T.A.Ş.	13	23
Total due from related parties	35	52
Due to related parties		
Natura Gıda San. Tic. ve A.Ş.	2.117	118
Other	1.128	1.133
Total due to related parties	3.245	1.251

ii) Other transactions with related parties

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Inventory purchases				
Natura Gıda San. Tic. ve A.Ş.	2.343	1.036	-	-
	2.343	1.036	-	-
Rent income				
	625	179	977	695
	625	179	977	695

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 2013 and 2012 is as follows:

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Short-term benefits to employees				
	6.371	2.333	8.873	2.960
	6.371	2.333	8.873	2.960

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

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

NOTE 22 - EARNINGS / (LOSSES) PER SHARE

	1 January - 30 September 2013	1 July - 30 September 2013	1 January - 30 September 2012	1 July - 30 September 2012
Net (loss) / income attributable to the shareholders	(306.584)	(180.646)	117.039	(17.399)
Weighted average number of sales with Kr1 face value each ('000)	17.803.000	17.803.000	17.803.000	17.803.000
(Losses) / earnings per share (Kr)	(1,72)	(1,01)	0,66	(0,10)

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 2013, 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 120.601.

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

FOREIGN CURRENCY POSITION

	30 September 2013				31 December 2012			
	Total TL equivalent	USD	EURO	Other TL equivalent	Total TL equivalent	USD	EURO	Other TL equivalent
Trade receivables	6.628	301	1	6.013	4.740	246	-	4.301
Monetary financial assets	397.001	4.911	133.947	18.871	440.591	158	180.059	16.865
Other	11.436	1.251	-	8.891	6.717	1.422	-	4.182
Current assets	415.065	6.463	133.948	33.775	452.048	1.826	180.059	25.348
Other	262	129	-	-	-	-	-	-
Non-current assets	262	129	-	-	-	-	-	-
Total assets	415.327	6.592	133.948	33.775	452.048	1.826	180.059	25.348
Trade payables	13.778	2.718	403	7.142	7.478	131	-	7.244
Financial liabilities	266.754	-	97.058	-	146.261	-	62.194	-
Non-monetary other liabilities	7.650	829	-	5.964	4.061	1.131	-	2.045
Current liabilities	288.182	3.547	97.461	13.106	157.800	1.262	62.194	9.289
Financial liabilities	2.509.715	-	913.155	-	2.340.110	-	995.071	-
Non-monetary other liabilities	2.575	-	937	-	2.500	-	1.063	-
Non-current liabilities	2.512.290	-	914.092	-	2.342.610	-	996.134	-
Total liabilities	2.800.472	3.547	1.011.553	13.106	2.500.410	1.262	1.058.328	9.289

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013

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

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

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

FOREIGN CURRENCY POSITION

	30 September 2013				31 December 2012			
	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	(2.385.145)	3.045	(877.605)	20.669	(2.048.362)	564	(878.269)	16.059
Net foreign currency asset / (liability) position of monetary items	(2.386.618)	2.494	(876.668)	17.742	(2.048.518)	273	(877.206)	13.922
Fair value of hedged funds of foreign currency	3.071	-	-	-	(10.441)	-	-	-
Hedged amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedged amount of foreign currency liabilities	27.484	-	10.000	-	76.254	-	32.425	-
Export	-	-	-	-	-	-	-	-
Import	57.735	30.934	-	-	74.715	41.764	-	-

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2013**

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

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

30 September 2013

	Gain / Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
5% change in Euro Exchange rate		
Euro net asset / liability	(120.601)	120.601
Portion secured from Euro risk	-	-
Euro net effect	(120.601)	120.601

31 December 2012

	Gain / Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
5% change in Euro Exchange rate		
Euro net asset / liability	(103.271)	103.271
Portion secured from Euro risk	-	-
Euro net effect	(103.271)	103.271

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.

NOTE 25 - SUBSEQUENT EVENTS

None.