MİGROS TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2016

(ORIGINALLY ISSUED IN TURKISH)

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

MİGROS TİCARET A.Ş.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
MİGROS TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2016, 31 DECEMBER 2015 AND 31 DECEMBER 2014

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

	Notes	31 March 2016	31 December 2015	*Restated* 31 December 2014
ASSETS				
Current Assets:				
Cash and cash equivalents		835.436	839.424	689.074
Financial investments		-	4.085	-
Trade receivables				
Trade receivables from related parties	21	41	496	44
Trade receivables from third parties		68.195	49.349	47.803
Other receivables from third parties		6.531	5.924	7.672
Derivative financial instruments	4	-	-	874
Inventories	8	1.112.141	1.104.373	949.977
Prepaid expenses		41.266	31.465	27.173
Other current assets		5.215	407	672
Total current assets		**2.068.825**	**2.035.523**	**1.723.289**
Non-current assets:				
Financial investments		1.165	1.165	1.695
Other receivables from third parties		2.069	2.035	1.691
Derivative financial instruments	4	153	422	9
Investment properties	5	60.818	58.682	47.493
Property, plant and equipment	6	1.318.455	1.308.346	1.287.301
Intangible assets				
Goodwill	9	2.251.427	2.251.427	2.251.427
Other intangible assets	7	86.102	84.689	249.417
Prepaid expenses		18.163	18.428	18.265
Total non-current assets		**3.738.352**	**3.725.194**	**3.857.298**
Total assets		**5.807.177**	**5.760.717**	**5.580.587**

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

CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2016, 31 DECEMBER 2015 AND 31 DECEMBER 2014

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

	Notes	31 March 2016	31 December 2015	*Restated* 31 December 2014
LIABILITIES				
Current liabilities:				
Short term portion of long term borrowings	10	218.148	212.910	633.801
Trade payables				
Trade payables to related parties	21	149.312	146.099	1.170
Trade payables to third parties		2.074.026	2.081.705	1.895.217
Employee benefits payables		39.819	47.193	43.528
Other payables to third parties		36.363	41.442	44.186
Derivative financial instruments		-	-	2.229
Deferred income		31.623	24.397	19.646
Taxes on income	19	6.760	9.595	3.115
Short term provisions				
Short term provisions for employee benefits	12	86.816	75.970	62.984
Other short term provisions	11	90.497	83.283	72.058
Other current liabilities		3.888	3.077	1.834
Total current liabilities		**2.737.252**	**2.725.671**	**2.779.768**
Non-current liabilities:				
Long term borrowings	10	2.436.505	2.380.236	1.718.988
Other payables to third parties		3.145	3.181	2.963
Deferred income		5.398	850	1.551
Long term provisions				
Long term provisions for employee benefits	12	71.221	64.283	55.848
Deferred tax liabilities	19	67.313	70.510	112.630
Total non-current liabilities		**2.583.582**	**2.519.060**	**1.891.980**
Total liabilities		**5.320.834**	**5.244.731**	**4.671.748**
EQUITY				
Attributable to equity holders of parent	**20**	**485.673**	**515.342**	**908.285**
Share capital		178.030	178.030	178.030
Other capital reserves		(365)	(365)	(365)
Additional contribution to share capital		27.312	27.312	27.312
Share premium		678.233	678.233	678.233
Other comprehensive income / expense not to be classified to profit or loss defined benefit plans re-measurement (losses) / gains		(8.350)	(8.350)	(11.347)
Other comprehensive income / expense to be classified to profit or loss				
Currency translation differences		2.975	4.720	30.196
Restricted reserves		504.766	504.766	504.766
Accumulated losses		(869.004)	(498.540)	(594.738)
Net (loss) / income		(27.924)	(370.464)	96.198
Non-controlling interest		**670**	**644**	**554**
Total equity		**486.343**	**515.986**	**908.839**
Total liabilities and equity		**5.807.177**	**5.760.717**	**5.580.587**

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

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2016 AND 2015

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

	Notes	1 January - 31 March 2016	*Restated* 1 January - 31 March 2015
Revenue	3,13	2.411.097	2.074.016
Cost of sales (-)	3,13, 14	(1.754.265)	(1.517.448)
Gross profit		**656.832**	**556.568**
General administrative expenses (-)	14	(82.652)	(72.533)
Marketing, selling and distribution expenses (-)	14	(501.343)	(408.715)
Other operating income	15	16.308	13.122
Other operating expense (-)	15	(46.533)	(34.304)
Operating profit		**42.612**	**54.138**
Income from investment activities	16	460	255
Expenses from investment activities (-)	16	(1.384)	(2.687)
Operating income before finance income/expense		**41.688**	**51.706**
Financial income	17	8.277	4.016
Financial expense (-)	18	(72.842)	(41.662)
Net (loss)/income before tax from continuing operations		**(22.877)**	**14.060**
Tax expense from continuing operations		**(5.032)**	**(8.638)**
- Income tax expense	19	(8.156)	(12.919)
- Deferred tax income	19	3.124	4.281
Net (loss)/income		**(27.909)**	**5.422**
Net (loss)/income attributable to:			
- Non-controlling interest		15	6
- Equity holders of parent		(27.924)	5.416
(Loss)/earning per share	22	(0,16)	0,03

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2016 AND 2015

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

	1 January - 31 March 2016	*Restated* 1 January - 31 March 2015
Net (loss)/income for the period	**(27.909)**	**5.422**
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
-Currency translation differences	(1.734)	9.383
Other comprehensive (loss)/income	**(1.734)**	**9.383**
Total comprehensive (loss)/income	**(29.643)**	**14.805**
Total comprehensive (loss)/income attributable to:		
-Non-controlling interests	26	15
-Equity holders of parent	(29.669)	14.790

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2016 AND 2015

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

					Other comprehensive income / expenses not to be reclassified to profit or loss	Other comprehensive income / expenses to be reclassified to profit or loss		Retained earnings				
	Share capital	Other capital reserves	Additional contribution to share capital	Share premium	Defined benefit plans re-measurement (losses) / gains	Cumulative translation differences	Restricted reserves	Accumulated losses	Net (loss) / income for the period	Attributable to equity holders of the parent	Non - controlling interests	Total equity
Balances at 31 December 2014 (Previously reported)	**178.030**	**(365)**	**27.312**	**678.233**	**(11.347)**	**30.196**	**504.766**	**(586.726)**	**98.513**	**918.612**	**554**	**919.166**
Effect of restatement (Note 2.2)	-	-	-	-	-	-	-	(8.012)	(2.315)	(10.327)	-	(10.327)
Balances at 31 December 2014 (Restated)	**178.030**	**(365)**	**27.312**	**678.233**	**(11.347)**	**30.196**	**504.766**	**(594.738)**	**96.198**	**908.285**	**554**	**908.839**
Balances at 1 January 2015	**178.030**	**(365)**	**27.312**	**678.233**	**(11.347)**	**30.196**	**504.766**	**(594.738)**	**96.198**	**908.285**	**554**	**908.839**
Transfers	-	-	-	-	-	-	-	96.198	(96.198)	-	-	-
Total comprehensive income	-	-	-	-	-	9.374			5.416	14.790	15	14.805
Net income for the period	-	-	-	-	-	-	-	-	5.416	5.416	6	5.422
Cumulative translation differences	-	-	-	-	-	9.374	-	-	-	9.374	9	9.383
Balances at 31 March 2015 (Restated)	**178.030**	**(365)**	**27.312**	**678.233**	**(11.347)**	**39.570**	**504.766**	**(498.540)**	**5.416**	**923.075**	**569**	**923.644**
Balances at 1 January 2016	**178.030**	**(365)**	**27.312**	**678.233**	**(8.350)**	**4.720**	**504.766**	**(498.540)**	**(370.464)**	**515.342**	**644**	**515.986**
Transfers	-	-	-	-	-	-	-	(370.464)	370.464	-	-	-
Total comprehensive loss	-	-	-	-	-	(1.745)	-		(27.924)	(29.669)	26	(29.643)
Net loss for the period	-	-	-	-	-	-	-	-	(27.924)	(27.924)	15	(27.909)
Cumulative translation differences	-	-	-	-	-	(1.745)	-	-	-	(1.745)	11	(1.734)
Balances at 31 March 2016	**178.030**	**(365)**	**27.312**	**678.233**	**(8.350)**	**2.975**	**504.766**	**(869.004)**	**(27.924)**	**485.673**	**670**	**486.343**

MİGROS TİCARET A.Ş

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2016 AND 2015

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

	Notes	1 January - 31 March 2016	*Restated* 1 January - 31 March 2015
Cash flow from operating activities:			
Net (loss)/income for the period		(27.909)	5.422
Adjustments for reconciliation of (loss)/profit:			
Depreciation and amortisation	14	48.909	42.451
Provision for employee termination benefits	12	12.231	8.150
Liability for unusued vacation	12	12.735	6.156
Provision for litigation	11	2.787	2.500
Doubtful receiavable provision	15	108	548
Discount on trade payables		(1.658)	(1.631)
Discount on trade receivables		15	(55)
Inventory provisions	8	1.988	2.326
Income tax expense	19	5.032	8.638
Provision for tax penalty interest	11	2.240	1.896
Interest income	15, 17	(16.071)	(12.630)
Interest expense	15, 18	83.166	56.815
Foreing exchange losses related to bank borrowings		22.164	8.478
Fair value losses arising from derivatives	17, 18	269	1.486
Gain/(loss) on sale of property plant and equipment	16	298	(106)
Impairment of property, plant and equipment	16	626	2.538
		146.930	**132.982**
Changes in working capital:			
Trade receivables		(11.314)	1.409
Inventories		(9.756)	5.615
Other receivables related with operations		(10.900)	(14.026)
Trade payables		(2.809)	22.812
Other payables related with operations		(3.886)	(8.807)
		108.265	**139.985**
Cash flows from operating activities:			
Employement termination benefits paid	12	(5.293)	(2.621)
Unused vacation paid	12	(1.889)	(1.439)
Interest received		14.860	12.344
Interest paid		(43.564)	(31.298)
Taxes paid		(10.991)	(5.322)
Compensations paid	11	(1.031)	(1.974)
Net cash provided by operating activities		**60.357**	**109.675**

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2016 AND 2015

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

	Notes	1 January - 31 March 2016	1 January - 31 March 2015
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets	5, 6, 7	(65.179)	(35.320)
Cash inflows from the purchase of tangible and intangible assets	5, 6, 7, 16	848	392
Net cash used in investing activities		**(64.331)**	**(34.928)**
Cash flows from financing activities			
Interest received	17	1.211	286
Interest paid		(259)	-
Net cash provided by financing activities		**952**	**286**
Impact of foreign currency translation differences on cash and cash equivalents		**(966)**	**3.451**
Net (decrease)/increase in cash and cash equivalents		(3.988)	78.484
Cash and cash equivalents at the begining of period		**839.424**	**689.074**
Cash and cash equivalents at the end of period		**835.436**	**767.558**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

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

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

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

The Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods through its Migros, M-Jet, 5M, Tansaş, M-Jet and Macrocenter banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet. The Company also rents floor space in the shopping malls to other trading companies. As of 31 March 2016, the Group operates in 1.447 stores in total (31 December 2015: 1.410) which comprise 1.435 retail stores and 12 wholesale stores with a total net space of 1.019.076 m2 (31 December 2015: 1.007.914 m2) including 1.011.092 m2 for retail and 7.984 m2 for wholesale. As of 31 March 2016, the Group employed 20.838 people (31 December 2015: 20.707) on average. Retail is the main business segment of the Group and constitutes almost 97% of gross sales (31 December 2015: 97%).

The address of the registered office is as follows:

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

These condensed consolidated financial statements have been approved for issue by the Board of Directors ("BOD") on 6 May 2016 and signed by Ö. Özgür Tort, General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. The owners of the Company and regulatories have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

Subsidiaries

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Basis of preperation and presentation of financial statements

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

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

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

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

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

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

2.1 Basis of presentation (Continued)

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

2.1.2 Changes in the accounting policies, estimates and errors

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

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

2.1.3 Functional and reporting currency

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

Group companies

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

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

(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 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.

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

Accordingly, the Group has presented its consolidated balance sheets with the comparative financial information at 31 December 2015 and 2014.

The effects of restatement on accumulated losses and net income as of 31 March 2016 is as follows:

	31 December 2014		
	Previously reported	**Effect of restatement**	**Restated**
Inventories	962.885	(12.908)	949.977
Deferred tax liabilities	(115.211)	2.581	(112.630)
Net income	98.513	(2.315)	96.198
Accumulated losses	(586.726)	(8.012)	(594.738)

The following reclassifications have been made by the Group management in the 31 December 2014 consolidated balance sheet with the purpose of comparable presentation with the consolidated balance sheets as of 31 March 2016 and 31 December 2015;

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

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

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

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

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

2.3 New and Revised Turkish Accounting Standards

a) The new standards, amendments to published standards and interpretations effective applicable as of 31 March 2016:

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- Amendments to TAS 16 ‘Property, plant and equipment’, and TAS 41, ‘Agriculture’, regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41:

- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- TFRS 14 ‘Regulatory deferral accounts’, effective from annual periods beginning on or after 1 January 2016. TFRS 14, ‘Regulatory deferral accounts’ permits first - time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendments to TAS 27, ‘Separate financial statements’ on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

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

2.3 New and Revised Turkish Accounting Standards (Continued)

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

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

    - TFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal
    - TFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to TFRS 1) regarding servicing contracts
    - TAS 19, 'Employee benefits' regarding discount rates
    - TAS 34, 'Interim financial reporting' regarding disclosure of information.

- Amendment to TAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are initiative to improvepresentation and disclosure in financial reports

- Amendment to TFRS 10 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016.These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

b) The new standards, amendments and interpretations introduced to the prior Financial Statements as of 31 March 2016, however will be effective after 1 April 2016

- TAS 7 'effective from annual periods beginning on or after 1 January 2017. The improvements are part of the Board's Disclosure Initiative. The amendments require companies to provide information about changes in their financing liabilities and come as a response to requests from investors for information that helps them better understand changes in a company's debt. The amendments will help to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).

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

2.3 New and Revised Turkish Accounting Standards (Continued)

- TAS 12 'Income Taxes' effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.

- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. TFRS 15. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

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

- TFRS 16 'leases' effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15, 'Revenue from Contracts with Customers', is also applied. New standard requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same.

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

- TFRS 9 "Financial instruments"
- TFRS 15 "Revenue from contracts with customers"

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

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NOTE 3 - SEGMENT REPORTING

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

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

The segment information provided to the board of directors as of 31 March 2016 and 2015 is as follows:

Segment analysis for the period 1 January - 31 March 2016

	Turkey	**Other countries**	**Combined total**	**Intersegment eleminations**	**Total**
External revenues	2.331.002	80.095	2.411.097	-	2.411.097
Inter segment revenues	1.636	-	1.636	(1.636)	-
Sales revenue	2.332.638	80.095	2.412.733	(1.636)	2.411.097
Cost of sales	(1.696.290)	(59.611)	(1.755.901)	1.636	(1.754.265)
Gross profit	636.348	20.484	656.832	-	656.832
Selling and marketing expenses	(488.074)	(13.269)	(501.343)	-	(501.343)
General administrative expenses	(74.334)	(8.318)	(82.652)	-	(82.652)
Addition: Depreciation and amortisation expenses	44.706	4.203	48.909	-	48.909
Addition: Provision for employement termination benefits	6.938	-	6.938	-	6.938
Addition: Termination benefits paid	5.293	-	5.293	-	5.293
Addition: Unused vacation provision	10.846	-	10.846	-	10.846
EBITDA	**141.723**	**3.100**	**144.823**	**-**	**144.823**
Addition: Rent expenses	123.054	4.418	127.472	-	127.472
EBITDAR	**264.777**	**7.518**	**272.295**	**-**	**272.295**

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 January - 31 March 2015

	Turkey	**Other countries**	**Combined total**	**Intersegment eleminations**	**Total**
External revnues	1.964.577	109.439	2.074.016	-	2.074.016
Inter segment revenues	1.015	-	1.015	(1.015)	-
Sales revenue	1.965.592	109.439	2.075.031	(1.015)	2.074.016
Cost of sales	(1.436.124)	(82.339)	(1.518.463)	1.015	(1.517.448)
Gross profit	529.468	27.100	556.568	-	556.568
Selling and marketing expenses	(389.650)	(19.065)	(408.715)	-	(408.715)
General administrative expenses	(64.215)	(8.318)	(72.533)	-	(72.533)
Addition: Depreciation and amortisation expenses	37.592	4.859	42.451	-	42.451
Addition: Provision for employement termination benefits	5.529	-	5.529	-	5.529
Addition: Termination benefits paid	2.621	-	2.621	-	2.621
Addition: Unused vacation provision	4.717	-	4.717	-	4.717
EBITDA	**126.062**	**4.576**	**130.638**	**-**	**130.638**
Addition: Rent expenses	102.493	5.973	108.466	-	108.466
EBITDAR	**228.555**	**10.549**	**239.104**	**-**	**239.104**

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NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January - 31 March 2016	**1 January - 31 March 2015**
EBITDAR reported segments	272.295	239.104
Rent expenses	(127.472)	(108.466)
EBITDA reported segments	**144.823**	**130.638**
Depreciation and amortisation	(48.909)	(42.451)
Provision for employement termination benefits	(6.938)	(5.529)
Termination benefits paid	(5.293)	(2.621)
Unused vacation liability	(10.846)	(4.717)
Other operating income	16.308	13.122
Other operating expense (-)	(46.533)	(34.304)
Operating profit	**42.612**	**54.138**
Income from investing activities	460	255
Expense from investing activities (-)	(1.384)	(2.687)
Operating profit beftore finance income/(expense)	**41.688**	**51.706**
Financial income	8.277	4.016
Financial expense (-)	(72.842)	(41.662)
(Loss)/income before tax	**(22.877)**	**14.060**

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS

Long term derivative instruments

	31 March 2016	**31 December 2015**
Cap option	153	422
	153	**422**

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NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group entered number of cap and interest rate swap contracts with banks in order to hedge its interest rate risk. The fair values of contracts and details as of 31 March 2016 and 31 December 2015 are as follows:

31 March 2016

	Agreement type	Transaction date	Effective date	Expiration date	Derivative instrument amount (EUR)	Fair value (TRL)
Current assets	Cap	21 Nov 2014	28 Nov 2014	30 Nov 2016	360 million	-
Non-current assets	Cap	23 July 2015	24 Nov 2015	29 May 2018	281,3 million	130
	Cap	23 July 2015	26 Nov 2015	28 May 2018	35,2 million	10
	Cap	27 July 2015	24 Nov 2015	29 May 2018	35,2 million	13

31 December 2015:

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

NOTE 5 - INVESTMENT PROPERTY

	1 January 2016	Additions	Disposals	Transfers	Cumulative translation differences	31 March 2016
Cost						
Land and buildings	108.317	3.168	-	-	(2.549)	108.936
Accumulated depreciation						
Buildings	(49.635)	(950)	-	-	2.467	(48.118)
Net book value	**58.682**					**60.818**

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NOTE 5 - INVESTMENT PROPERTY (Continued)

	1 January 2015	Additions	Disposals	Transfers(*)	Cumulative translation differences	31 March 2015
Cost						
Land and buildings	84.770	174	-	17.761	1.165	103.870
Accumulated depreciation						
Buildings	(37.277)	(892)	-	(6.287)	(194)	(44.650)
Net book value	**47.493**					**59.220**

(*) Ankara Ankamall Shopping Mall Center was transfered from property, plant and equipment and reclassified as investment property. As of 31 March 2016 the total rentable area is 6.741 m^2 (31 December 2015: 6.741 m^2) and its fair value is TRL 61.850 (31 December 2015: TRL 61.850). The mentioned fair value is determined according to the real estate valuation report dated March 2015 of Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş. The mentioned fair value is determined as an appropriate reconciliation of the "Direct capitalization" and "Market value" methods.

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

Investment properties of the Group consist of space rented to other retailers in Samal Shopping Mall in Kazakhstan and Skopje Shopping Mall in Macedonia. At 31 March 2016, total investment property of Kazakhstan and Macedonia are 5.448 and 9.393 m2 respectively (31 December 2015: Kazakhstan 6.150 m2, Macedonia 8.043 m2).

Fair value of the investment properties in Kazakhstan and Macedonia are TRL 39.808 and TRL 52.432. (31 December 2015: Kazakhstan TRL 39.908, Macedonia TRL 52.432). The mentioned fair values are determined according to the real estate valuation report dated December 2015 of TSKB Gayrimenkul Değerleme A.Ş. The mentioned fair values are determined according to "Comparison with peers" method.

The total fair value of the investment properties is TRL 154.090 and it is TRL 93.272 higher than the carrying net book value in the interim condensed consolidated financial statements as of 31 March 2016.

There is no mortgage or pledge on the investment properties of the Group as of 31 March 2016.

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NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments period ended at 31 March 2016 is as follows;

	1 January 2016	Additions	Disposals	Impairment loss(*)	Transfers	Cumulative translation differences	31 March 2016
Cost							
Land and buildings	468.536	4.581	-	-	3.006	(686)	475.437
Leasehold improvements	516.389	6.678	-	(2.649)	3.850	(478)	523.790
Machinery and equipments	617.634	8.489	(6.912)	-	7.376	(637)	625.950
Motor vehicles	2.173	86	(291)	-	251	(7)	2.212
Furniture and fixtures	317.621	4.565	(1.116)	-	2.510	(117)	323.463
Construction in progress	22.579	30.489	-	-	(16.993)	53	36.128
	1.944.932	**54.888**	**(8.319)**	**(2.649)**	**-**	**(1.872)**	**1.986.980**
Accumulated depreciation							
Buildings	(66.561)	(2.948)	-	-	-	622	(68.887)
Leasehold improvements	(207.794)	(14.544)	-	2.023	-	236	(220.079)
Machinery and equipments	(234.987)	(17.470)	6.074	-	-	360	(246.023)
Motor vehicles	(1.158)	(75)	286	-	-	(2)	(949)
Furniture and fixture	(126.086)	(7.307)	813	-	-	(7)	(132.587)
	(636.586)	**(42.344)**	**7.173**	**2.023**	**-**	**1.209**	**(668.525)**
Net book value	**1.308.346**						**1.318.455**

(*) Impairment loss amounting to TL 626 consists of leasehold improvements of the stores closed in 2016 (Note:16).

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NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January 2015	**Additions**	**Disposals**	**Impairment loss(*)**	**Transfers**	**Cumulative translation differences**	**31 March 2015**
Cost							
Land and buildings	477.570	2.445	-	-	(17.744)	3.313	465.584
Leasehold improvements	539.917	3.584	-	(12.917)	4.423	2.636	537.643
Machinery and equipments	544.833	5.086	(7.053)	-	9.779	3.106	555.751
Motor vehicles	2.489	-	(148)	-	-	43	2.384
Furniture and fixtures	278.484	5.376	(537)	-	1.369	1.024	285.716
Construction in progress	25.388	14.298	-	-	(15.588)	151	24.249
	1.868.681	**30.789**	**(7.738)**	**(12.917)**	**(17.761)**	**10.273**	**1.871.327**
Accumulated depreciation							
Buildings	(54.678)	(3.190)	-	-	6.287	(1.029)	(52.610)
Leasehold improvements	(226.365)	(11.977)	-	10.379	-	(1.338)	(229.301)
Machinery and equipments	(196.705)	(15.887)	6.854	-	-	(1.988)	(207.726)
Motor vehicles	(1.253)	(321)	143	-	-	(22)	(1.453)
Furniture and fixture	(102.379)	(6.341)	455	-	-	(443)	(108.708)
	(581.380)	**(37.716)**	**7.452**	**10.379**	**6.287**	**(4.820)**	**(599.798)**
Net book value	**1.287.301**						**1.271.529**

(*) Impairment loss amounting to TL 2.538 consists of leasehold improvements of the stores closed in 2015 (Note:16). There is no pledges on property, plant and equiptments as of 31 March 2016 and 31 December 2015.

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NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The total fair value of land and buildings owned by the Group in Turkey, Kazakhstan and Macedonia is TRL 691.835. The mentioned fair values are determined according to real estate valuation reports of Denge Gayrimenkul ve Danışmanlık A.Ş, Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş, Nova Taşınmaz Değerleme ve Danışmanlık A.Ş and TSKB Gayrimenkul Değerleme A.Ş which were conducted during year 2015. The mentioned fair falues are mainly determined according to "Comparison with peers" method.

Total fair value of land and buildings is TRL 285.285 higher than the carrying net book value in the interim condensed consolidated financial statements as of 31 March 2016.

NOTE 7 - INTANGIBLE ASSETS

Movement of intangible assets period ended at 31 March 2016 and 2015 is as follows;

	1 January 2016	Additions	Disposals	Cumulative translation differences	31 March 2016
Cost					
Rent agreements (**)	32.982	-	-	-	32.982
Rights	109.205	7.123	-	(129)	116.199
Other intangible assets (***)	87.214	-	-	-	87.214
	229.401	**7.123**	**-**	**(129)**	**236.395**
Accumulated amortisation					
Rent agreements (**)	(30.147)	(240)	-	-	(30.387)
Rights	(54.471)	(4.907)	-	34	(59.344)
Other intangible assets (***)	(60.094)	(468)	-	-	(60.562)
	(144.712)	**(5.615)**	**-**	**34**	**(150.293)**
Net book value	**84.689**				**86.102**

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NOTE 7 - INTANGIBLE ASSETS (Continued)

	1 January 2015	Additions	Disposals	Cumulative translation differences	31 March 2015
Cost					
Trademark (*)	202.175	-	-	-	202.175
Rent agreements (**)	32.982	-	-	-	32.982
Rights	71.071	4.357		368	75.796
Other intangible assets (***)	28.783	-	-	-	28.783
	335.011	**4.357**		**368**	**339.736**
Accumulated amortisation					
Rent agreements (**)	(28.401)	(36)	-	-	(28.437)
Rights	(38.562)	(3.332)	-	(265)	(42.159)
Other intangible assets (***)	(18.631)	(475)	-	-	(19.106)
	(85.594)	**(3.843)**	**-**	**(265)**	**(89.702)**
Net book value	**249.417**				**250.034**

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

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

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

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

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

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NOTE 7 - INTANGIBLE ASSETS (Continued)

(***) 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 m2, from Hamoglu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İsletmecilik A.Ş. and also took over the rent agreements of the mentioned stores. The purchase cost in the amount of TRL 10.297 which exceeds the fair value of the purchased furniture and fixtures has been accounted for as an intangible asset and has been amortised over the rent agreement period

On 10 March 2009, the Group purchased all of the furniture and fixtures of 7 stores belonging to Mak Gıda Pazarlama San. ve Tic. A.Ş., ("Mak Gıda") a local retail chain operating in Gaziantep region, with a total sales area of 9.592 m2 and on 12 February 2009 the Group purchased all of the furniture and fixtures of 21 stores belonging to Yonca Marketçilik ve İnş. Hiz. San. ve Tic. A.Ş. ("Yonca"), a local retail chain mainly operating in Adana region, with a total sales area of 17.480 square meters and also took over the rent agreements of the mentioned stores. The excess amount of the consideration given over the fair value of acquired assets in the total amount of TRL 18.486, TRL 601 for the Mak Gıda and TRL 17.885 for Yonca, respectively- was accounted for under other intangible assets and has been amortised over the rent agreement period.

NOTE 8 - INVENTORIES

	31 March 2016	**31 December 2015**	***Restated*** **31 December 2014**
Raw materials	6.258	7.191	6.707
Work in progress	11.204	5.244	9.794
Merchandise stocks	1.111.156	1.106.184	937.781
Other	1.082	1.325	2.765
Less: Provision for net realiazable value	(17.559)	(15.571)	(7.070)
	1.112.141	**1.104.373**	**949.977**

NOTE 9 - GOODWILL

	1 January - 31 March 2016	**1 January - 31 March 2015**
Opening balance	2.251.427	2.251.427
Closing balane	2.251.427	2.251.427

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NOTE 10 - FINANCIAL LIABILITIES

	31 March 2016		
	Effective interest rate	**Euro**	**Total TRL equivalent**
Current portion of long term borrowings			
With floating interest rate - EUR	5,25%	54.436	174.635
With fixed interest rate - TRL	13,93%	-	43.113
With fixed interest rate - EUR	2,00%	125	400
Total current bank borrowings		**54.561**	**218.148**
Non-current bank borrowings			
With floating interest rate - EUR	5,25%	680.448	2.182.945
With fixed interest rate - TRL	13,93%	-	253.560
Total non-current bank borrowings		**680.448**	**2.436.505**
Total financial liabilities			**2.654.653**

The redemption schedule of bank borrowings with effective interest rate at 31 March 2016 is as follows:

	Euro Loan TRL equivalent	**TRL Loan**	**Total TRL equivalent**
1 April 2016 - 31 March 2017	175.035	43.113	218.148
1 April 2017- 31 March 2018	212.553	42.114	254.667
1 April 2018- 31 March 2019	268.998	42.759	311.757
1 April 2019- 31 March 2020	334.281	43.478	377.759
1 April 2020- 31 March 2021	359.844	40.005	399.849
1 April 2021- 31 March 2022	379.095	36.115	415.210
1 April 2022- 31 March 2023	403.036	32.841	435.877
1 April 2023 - 26 May 2023	225.138	16.248	241.386
	2.357.980	**296.673**	**2.654.653**

The fair value of bank borrowings at 31 March 2016 is TL 2.676.704.

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NOTE 10 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of principal amounts of bank borrowings at 31 March 2016 is as follows:

	Euro Loan TRL equivalent	TRL Loan	Total TRL equivalent
1 April 2016 - 31 March 2017	61.003	7.419	68.422
1 April 2017- 31 March 2018	115.734	14.168	129.902
1 April 2018- 31 March 2019	198.381	24.285	222.666
1 April 2019- 31 March 2020	303.064	37.100	340.164
1 April 2020- 31 March 2021	371.940	45.532	417.472
1 April 2021- 31 March 2022	440.839	53.967	494.806
1 April 2022- 31 March 2023	523.485	64.084	587.569
1 April 2023 - 26 May 2023	316.836	38.786	355.622
	2.331.282	**285.341**	**2.616.623**

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

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

The Group has obligation to meet various financial covenants according to loan agreement related to bank borrowings. As of 31 March 2016 the Group has met defined financial covenants requirements.

(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 (Continued)

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

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

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

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 10 - FINANCIAL LIABILITIES (Continued)

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

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

NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	**31 March 2016**	**31 December 2015**
Provision for tax penalty (*)	54.823	52.583
Provision for litigation	31.928	30.172
Customer loyalty programs	3.746	528
	90.497	**83.283**

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

(*) A limited tax review has been conducted on the Group's Value Added Tax ("VAT") accounting treatment of wastages relating to goods purchased in 2008, 2009, 2010, 2011 and 2012. The tax review was finalized on November 2014 and a principal tax fine of TRL 27.484 (TRL 45.602 including the interest) was calculated following the objection raised in the Tax Review Report which argues that the amounts exceeding the shrinkage limits can not be treated as deductions in the tax accounts, therefore VAT relating to these purchased goods can not be subject to deduction. The Company disclosed that all available legal course of actions and rights including compromise is going to be excercised regarding the above mentioned amounts. Therefore, a provision amounting to TRL 52.583 (TRL 27.484 for the principal part and TRL 25.099 for the interest charges has been accounted for in the consolidated financial statements as of 31 December 2015. The Group accounted for an additional provision amounting to TRL 2.240 for the current period interest charges and thus the total provision for tax penalty reached to TRL 54.823 in the interim condensed consolidated financial statements as of 31 March 2016.

(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)

Movement of provision for lawsuits is as follows:

1 January 2015	**26.578**
Increase during period	2.500
Payments during period	(1.974)
31 March 2015	**27.104**
1 January 2016	**30.172**
Increase during period	2.787
Payments during period	(1.031)
31 March 2016	**31.928**

Collaterals, Pledges, Mortgages

31 March 2016:

	Total TRL amount	**TRL**	**USD**	**Euro**
A. CPM given on behalf of the Company's legal personality	92.455	91.117	472	-
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM	-	-	-	-
i. Total amount of CPM given behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM given behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM given behalf of third parties which are not in scope of C	-	-	-	-
Total collaterals, pledges and mortgages	**92.455**	**91.117**	**472**	**-**
Proportion of the other CPM's to equity	**0,0%**			

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

31 December 2015:

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

Contingent assets and liabilities

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

	31 March 2016	31 December 2015
Letter of guarantees given	92.455	82.985
	92.455	**82.985**

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

	31 March 2016	31 December 2015
Guarantees obtained from customers	80.302	91.215
Morgages obtained from customers	23.194	23.342
	103.496	**114.557**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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.

	31 March 2016	**31 December 2015**
Payable within 1 year	30.855	26.133
Payable in 1 to 5 years	7.648	6.128
5 years and more	102	366
	38.605	**32.627**

NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS

	31 March 2016	**31 December 2015**
Provision for unused vacation	86.816	75.970
Provision for employee termination benefits	71.221	64.283
	158.037	**140.253**

Movement of unused vacation provision is as follows:

1 January 2015	**62.984**
Increase during year	6.156
Payments during period	(1.439)
31 March 2015	**67.701**
1 January 2016	**75.970**
Increase during year	12.735
Payments during period	(1.889)
31 March 2016	**86.816**

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NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

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

1 January 2015	**55.848**
Increase during period	8.150
Payments during period	(2.621)
31 March 2015	**61.377**
1 January 2016	**64.283**
Increase during period	12.231
Payments during period	(5.293)
31 March 2016	**71.221**

Provision for employee termination benefits

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

In the condensed consolidated financial statements as of 31 March 2016 and consolidated financial statements as of 31 December 2015, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL 4.092,53 effective from 1 January 2016 (1 January 2015: TL 3.541,37) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 13 - REVENUE

	1 January - 31 March 2016	1 January - 31 March 2015
Domestic sales	2.390.352	2.025.862
Foreign sales	79.833	105.191
Other sales	2.650	2.558
Gross sales	**2.472.835**	**2.133.611**
Discounts and returns (-)	(61.738)	(59.595)
Sales revenue, net	**2.411.097**	**2.074.016**
Cost of sales	(1.754.265)	(1.517.448)
Gross profit	**656.832**	**556.568**

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

	1 January - 31 March 2016	1 January - 31 March 2015
Retail sales revenue	2.389.310	2.062.539
Rent income	21.018	17.781
Wholesale revenue	59.857	46.979
	2.470.185	**2.127.299**

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NOTE 14 - EXPENSE BY NATURE

Total	**1 January - 31 March 2016**	**1 January- 31 March 2015**
Staff costs	252.611	200.508
Rent	127.472	108.466
Depreciation and amortisation	48.909	42.451
Energy	30.525	27.425
Advertising	19.715	15.543
Transportation	19.528	18.251
Porterage and cleaning	17.038	13.265
Warehouse	15.999	12.611
Repair and maintanence	8.980	7.306
Mechanisation	6.605	5.010
Security	6.350	5.636
Taxes and other fees	3.681	2.956
Communication	2.533	2.174
Other	24.049	19.646
	583.995	**481.248**

Marketing, selling and distrbution expenses	**1 January - 31 March 2016**	**1 January - 31 March 2015**
Staff costs	226.183	176.763
Rent	127.315	108.304
Energy	30.222	27.145
Advertising	19.662	15.529
Transportation	19.528	18.251
Porterage and cleaning	16.468	12.845
Warehouse	15.999	12.611
Repair and maintanence	8.844	7.146
Security	6.100	5.429
Mechanisation	5.831	4.015
Taxes and other fees	3.286	2.781
Communication	2.198	1.858
Other	19.707	16.038
	501.343	**408.715**

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NOTE 14 - EXPENSE BY NATURE (Continued)

General administrative expenses	**1 January - 31 March 2016**	**1 January - 31 March 2015**
Depreciation and amortisation	48.909	42.451
Staff costs	26.428	23.745
Other	7.315	6.337
	82.652	**72.533**

Expenses by nature in cost of sales for the periods 1 January - 31 March 2016 and 2015 are as follows:

	1 January - 31 March 2016	**1 January - 31 March 2015**
Cost of goods sold	1.746.197	1.509.500
Cost of service rendered	8.068	7.948
	1.754.265	**1.517.448**

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 AND EXPENSES

Other operating income	**1 January - 31 March 2016**	**1 January - 31 March 2015**
Interest income on term sales	9.925	7.755
Interest income from operating activities	4.920	4.644
Gain on sale of scrap goods	454	370
Other	1.009	353
	16.308	**13.122**

Other operating expenses	**1 January - 31 March 2016**	**1 January - 31 March 2015**
Interest expense on term purchases	41.906	29.667
Litigation provision	2.787	2.500
Bad debt provision expense	108	548
Other	1.732	1.589
	46.533	**34.304**

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NOTE 16 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	**1 January - 31 March 2016**	**1 January - 31 March 2015**
Gain on sale of property, plant and equipment	460	255
	460	**255**

Expense from investing activities	**1 January - 31 March 2016**	**1 January - 31 March 2015**
Losses from leasehold improvements of closed stores (Note 6)	626	2.538
Loss on sale of property, plant and equipment	758	149
	1.384	**2.687**

NOTE 17 - FINANCIAL INCOME

	1 January - 31 March 2016	**1 January - 31 March 2015**
Foreign expense gains	7.066	2.997
Interest income on bank deposits	1.211	286
Financial income on derivatives	-	733
	8.277	**4.016**

NOTE 18 - FINANCIAL EXPENSES

	1 January - 31 March 2016	**1 January - 31 March 2015**
Interest expense on bank borrowings	39.602	25.517
Foreign exchange losses	28.083	9.617
Interest expense on tax penalty (Note 11)	2.240	1.896
Financial expense on derivativies	269	2.219
Other	2.648	2.413
	72.842	**41.662**

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NOTE 19 - TAX ASSETS AND LIABILITIES

	31 March 2016	31 December 2015
Taxes and fund payable	8.156	67.339
Less: Prepaid current income taxes	(1.396)	(57.744)
Taxes on income	**6.760**	**9.595**

	31 March 2016	31 December 2015	*Restated* 31 December 2014
Deferred tax assets	45.125	43.954	37.002
Deferred tax liabilities	(112.438)	(114.464)	(149.632)
Deferred tax liabilities, net	**(67.313)**	**(70.510)**	**(112.630)**

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 interim condensed consolidated financial statements, have been calculated on a separate-entity basis.

In Turkey, corporation tax rate as of 31 March 2016 is 20% (2015: 20%).

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

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

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

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

The details of taxation on income for the periods ended 31 March 2016 and 2015 are as follows:

	1 January - 31 March 2016	***Restated*** **1 January - 31 March 2015**
Current period tax expense	(8.156)	(12.919)
Deferred tax income	3.124	4.281
	(5.032)	**(8.638)**

Income witholding tax

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

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

Deferred income tax

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

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 March 2016, 31 December 2015 and 31 December 2014 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences			Deferred tax assets/(liabilities)		
	31 March 2016	**31 December 2015**	**31 December 2014**	**31 March 2016**	**31 December 2015**	**31 December 2014**
Deferred tax assets:						
Fair value change of derivative financial instruments	-	-	2.229	-	-	446
Short term provisions	118.744	106.142	89.562	23.749	21.228	17.912
Inventories	27.405	43.226	32.501	5.481	8.645	6.500
Provision for employee termination benefits	71.221	64.283	55.848	14.244	12.857	11.170
Unincurred interest income	252	237	196	50	47	39
Other	8.006	5.886	4.677	1.601	1.177	935
				45.125	**43.954**	**37.002**
Deferred tax liabilities:						
Fair value change of derivative financial instruments	153	422	882	(31)	(84)	(176)
Property, plant and equiment, intangible assets and investment properties	773.117	578.929	762.124	(106.457)	(108.762)	(145.245)
Unincurred interest expense	26.003	24.345	18.336	(5.201)	(4.869)	(3.667)
Other	3.745	3.745	2.719	(749)	(749)	(544)
				(112.438)	**(114.464)**	**(149.632)**
Total deferred tax liability, net				**(67.313)**	**(70.510)**	**(112.630)**

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

1 January 2015	**(112.630)**
Deferred tax income from continuing operations	4.281
Cumulative translation difference	(594)
31 March 2015	**(108.943)**
1 January 2016	**(70.510)**
Deferred tax expense from continuing operations	3.124
Cumulative translation difference	73
31 March 2016	**(67.313)**

NOTE 20 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company's authorised and issued capital consists of 17.803.000.000 shares at 1 shares of Kr1 nominal value as of 31 March 2016 (31 December 2015: 17.803.000.000 shares). All shares are paid-in and no privileges are given to different share groups and shareholders. MH Perakendecilik ve Ticaret A.Ş ("MH") transfered its Migros Ticaret A.Ş. shares with the nominal value of 27.371.000 TL to its parent company, Moonlight Capital SA., in exchange for 26 TL per share on 13 November 2014. MH Perakendecilik ve Ticaret A.Ş ("MH") transfered its Migros Ticaret A.Ş shares with the nominal value of 26.937.336 TL to its parent company, Moonlight Capital SA, in exchange for 26 TL per share on 31 December 2014. On 27 January 2016, Moonlight Capital S.A. conducted a sale transaction of shares, with all rights, obligations and encumbrances, held by Moonlight Capital S.A. in Migros Ticaret A.Ş. with a total nominal value of TL 26.937.336 pursuant to the Accession Agreement dated 27 January 2016 for a price of TL 26,00 per share to Kenan Investments S.A. which owns all of the shares of Moonlight Capital S.A. within the scope of intragroup share transfer.

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

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

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

	31 March 2016		31 December 2015	
	TL	**Share (%)**	**TL**	**Share (%)**
MH Perakendecilikve Ticaret A.Ş.	89.015	50,00	89.015	50,00
Moonlight Capital S.A.	27.371	15,37	54.308	30,51
Kenan Investments S.A.	26.937	15,13	-	-
Other	34.707	19,49	34.707	19,49
Total	**178.030**	**100,00**	**178.030**	**100,00**

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.

NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Due from related parties	**31 March 2016**	**31 December 2015**
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş.	17	399
Anadolu Motor Üretim ve Pazarlama A.Ş.	-	75
Other	24	22
	41	**496**

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

Due to related parties	**31 March 2016**	**31 December 2015**
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	61.435	65.908
Coca Cola Satış ve Dağıtım A.Ş.	42.315	37.889
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş.	38.409	31.504
AEH Sigorta Acenteliği A.Ş.	1.526	4.465
Adel Kalemcilik Ticaret ve San. A.Ş.	4.337	4.376
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	1.169	1.756
Other	121	201
	149.312	**146.099**

Bank borrowings from related parties	**31 March 2016**	**31 December 2015**
Alternatifbank A.Ş.	32.461	31.772
	32.461	**31.772**

Cash and due from related parties	**31 March 2016**	**31 December 2015**
Alternatifbank A.Ş.	169.502	9.563
	169.502	**9.563**

b) Transactions with related parties

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

Inventory purchases	**31 March 2016**	**31 March 2015**
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	39.819	-
Coca Cola Satış ve Dağıtım A.Ş.	31.445	-
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş.	28.594	-
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	2.021	-
Adel Kalemcilik Ticaret ve San. A.Ş.	326	-
Other	-	332
	102.205	**332**

(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 (Continued)

Other transactions	**31 March 2016**	**31 March 2015**
Rent income	134	177
Rent expense	(619)	-
Other income	95	60
Other expense	(14)	-
Other transactions, net	**(404)**	**237**

Interest income from related parties	**31 March 2016**	**31 March 2015**
Alternatifbank A.Ş.	855	-
	855	**-**

Interest paid to related parties	**31 March 2016**	**31 March 2015**
Alternatifbank A.Ş.	383	-
	383	**-**

c) Key management compensation

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

Total compensation provided to key management personnel by Group for the period ended 31 March 2016 and 2015 is as follows:

	31 March 2016	**31 March 2015**
Short term benefits	2.710	2.870
	2.710	**2.870**

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 22 - EARNINGS/(LOSSES) PER SHARE

	31 March 2016	31 March 2015
Net (loss)/income attributable to shareholders	(27.924)	5.416
Weighted average number of shares with Kr1 face value each('000)	17.803.000	17.803.000
Earning (loss)/earning per share	**(0,16)**	**0,03**

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 31 March 2016, 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 109.511.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 23 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

FOREIGN CURRENCY POSITION

	31 March 2016				31 December 2015			
	Total TL equivalent	**USD**	**Euro**	**Other TL equivalent**	**Total TL equivalent**	**USD**	**Euro**	**Other TL equivalent**
Trade receivables	10.390	276	-	9.609	9.205	214	-	8.583
Monetary financial assets	202.365	6.728	53.056	13.093	198.668	5.433	52.636	15.614
Other	5.221	759	-	3.070	5.299	804	-	2.963
Current assets	**217.976**	**7.763**	**53.056**	**25.772**	**213.172**	**6.451**	**52.636**	**27.160**
Other	-	-	-	-	-	-	-	-
Non-current assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**217.976**	**7.763**	**53.056**	**25.772**	**213.172**	**6.451**	**52.636**	**27.160**
Trade payables	26.321	1.202	7	22.893	29.430	1.427	278	24.399
Financial liabilities	175.035	-	54.561	-	171.177	-	53.870	-
Non-monetary other liabilities	3.499	542	-	1.963	7.681	2.178	-	1.349
Current liabilities	**204.855**	**1.744**	**54.568**	**24.856**	**208.288**	**3.605**	**54.148**	**25.748**
Financial liabilities	2.182.945	-	680.448	-	2.134.789	-	671.824	-
Non-monetary other liabilities	2.420	-	754	-	2.463	-	775	-
Non-current liabilities	**2.185.365**	**-**	**681.202**	**-**	**2.137.252**	**-**	**672.599**	**-**
Total liabilities	**2.390.220**	**1.744**	**735.770**	**24.856**	**2.345.540**	**3.605**	**726.747**	**25.748**

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

FOREIGN CURRENCY POSITION

	31 March 2016				31 December 2015			
	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	**(2.172.244)**	**6.019**	**(682.714)**	**916**	**(2.132.367)**	**2.846**	**(674.111)**	**1.412**
Net foreign currency asset/(liability) position of monetary items	**(2.171.546)**	**5.802**	**(681.959)**	**(191)**	**(2.127.522)**	**4.221**	**(673.336)**	**(202)**
Fair value hedge funds of foreign currency	-	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	32.417	11.230	-	-	81.886	30.118	-	-

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

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

31 March 2016

	Gain/Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
%5 change in Euro exchange rate		
Euro net asset/liability	(109.511)	109.511
Portion secured from Euro risk	-	-
Euro net effect	**(109.511)**	**109.511**

31 December 2015

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

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).

NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

In the balance sheet, derivative financial instrument is the only item that is recognized at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2. Apart from that, for disclosure purposes, the borrowings carried at the amortized cost at the balance sheet are presented with their values in Note 10.

The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate (Euribor) that is available to the Group for similar financial instruments that can be classified as level 2. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables.

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