**MİGROS TİCARET ANONİM ŞİRKETİ**

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

**(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION OF THE REVIEW REPORT AND THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

# REVIEW REPORT ON CONDENSED FINANCIAL STATEMENTS

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

*Introduction*

We have reviewed the accompanying condensed balance sheet of Migros Ticaret A.Ş. ("the Company") as of 30 June 2013 and the related condensed statements of profit or loss and other comprehensive income, condensed changes in equity and condensed cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Turkish Accounting Standards published by Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with auditing standards published by Capital Markets Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements is not prepared, in all material respects, in accordance with Turkish Accounting Standards published by POA.

İstanbul, 22 August 2013

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Gaye Şentürk
Partner

## MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
## CONDENSED CONSOLIDATED FINANCIAL POSITION AT 30 JUNE 2013

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

| | Notes | Reviewed 30 June 2013 | Restated Audited 31 December 2012 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 1.071.366 | 1.040.867 |
| Trade receivables | | 57.100 | 47.345 |
| - Due from related parties | 21 | 32 | 52 |
| - Other trade receivables | | 57.068 | 47.293 |
| Other receivables | | 2.600 | 1.233 |
| - Other receivables | | 2.600 | 1.233 |
| Derivative financial instruments | 4 | 1.152 | 15 |
| Inventories | 8 | 873.139 | 786.036 |
| Prepaid expenses | | 34.871 | 29.992 |
| Other current assets | | 5.133 | 3.062 |
| **Total current assets** | | **2.045.361** | **1.908.550** |
| **Non-current assets** | | | |
| Financial investments | | 1.695 | 1.695 |
| Other receivables | | 1.356 | 1.302 |
| - Other receivables | | 1.356 | 1.302 |
| Derivative financial instruments | 4 | 1.555 | 241 |
| Investment properties | 5 | 45.268 | 45.777 |
| Property, plant and equipment | 6 | 1.171.246 | 1.142.342 |
| Intangible assets | | 2.498.625 | 2.499.937 |
| - Goodwill | 9 | 2.251.427 | 2.251.427 |
| - Other intangible assets | 7 | 247.198 | 248.510 |
| Prepaid expenses | | 30.605 | 24.501 |
| **Total non-current assets** | | **3.750.350** | **3.715.795** |
| **Total assets** | | **5.795.711** | **5.624.345** |

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

## MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
## CONDENSED CONSOLIDATED FINANCIAL POSITION AT 30 JUNE 2013

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

| | Notes | Reviewed 30 June 2013 | Restated Audited 31 December 2012 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Short term portion of the long term borrowings | 10 | 215.481 | 146.261 |
| Trade payables | | 1.794.797 | 1.554.044 |
| - Due to related parties | 21 | 2.131 | 1.251 |
| - Other trade payables | | 1.792.666 | 1.552.793 |
| Employee benefit obligations | | 46.932 | 29.496 |
| Other payables | | 2.736 | 1.701 |
| - Other payables | | 2.736 | 1.701 |
| Derivative financial instruments | 4 | 5.714 | 20.063 |
| Deferred income | | 2.550 | 3.266 |
| Taxes on income | 19 | 13.329 | 8.473 |
| Short term provisions | | 70.982 | 64.735 |
| - Short term provisions for employee benefits | 12 | 49.644 | 42.865 |
| - Other short term provisions | 11 | 21.338 | 21.870 |
| Other current liabilities | | 43.302 | 47.101 |
| **Total current liabilities** | | **2.195.823** | **1.875.140** |
| **Non-current liabilities** | | | |
| Long term borrowings | 10 | 2.295.398 | 2.340.110 |
| Other payables | | 3.044 | 2.967 |
| - Other payables | | 3.044 | 2.967 |
| Derivative financial instruments | 4 | - | 1.279 |
| Deferred income | | 2.389 | 321 |
| Long term provisons | | 42.128 | 35.834 |
| - Long term provisions for employee benefits | | 42.128 | 35.834 |
| Deferred income tax liabilities | 19 | 108.836 | 106.618 |
| **Total non-current liabilities** | | **2.451.795** | **2.487.129** |
| **EQUITY** | | | |
| **Attributable to equity holders of the parent** | | **1.147.484** | **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 | | 22.841 | 10.973 |
| Restricted reserves | | 385.856 | 385.856 |
| Retained earnings | | (4.641) | (92.704) |
| Net (loss) / income for the period | | (125.938) | 88.063 |
| **Non-controlling interest** | | **609** | **522** |
| **Total equity** | | **1.148.093** | **1.262.076** |
| **Total liabilities and equity** | | **5.795.711** | **5.624.345** |

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

## MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

| | Notes | Reviewed 1 January - 30 June 2013 | Not reviewed 1 April - 30 June 2013 | Restated Reviewed 1 January - 30 June 2012 | Restated Not reviewed 1 April - 30 June 2012 |
|---|---|---|---|---|---|
| **PROFIT OR LOSS** | | | | | |
| Revenue | 3,13 | 3.311.195 | 1.720.517 | 3.007.220 | 1.552.452 |
| Cost of sales (-) | 3,13 | (2.433.256) | (1.264.621) | (2.208.398) | (1.138.817) |
| **GROSS PROFIT/LOSS** | **3,13** | **877.939** | **455.896** | **798.822** | **413.635** |
| General administrative expenses (-) | 14 | (121.965) | (61.443) | (111.957) | (55.227) |
| Marketing, selling and distribution expenses (-) | 14 | (640.816) | (338.026) | (568.163) | (299.246) |
| Other operating income | 15 | 26.284 | 17.299 | 27.783 | 12.606 |
| Other operating expenses (-) | 15 | (45.965) | (22.100) | (67.015) | (35.089) |
| **OPERATING PROFIT** | **3** | **95.477** | **51.626** | **79.470** | **36.679** |
| Income from investment activities | 16 | 754 | 537 | 1.139 | 835 |
| Expenses from investment activities (-) | 16 | (5.042) | (1.950) | (3.777) | (207) |
| **OPERATING INCOME BEFORE FINANCE EXPENSES/INCOME** | **3** | **91.189** | **50.213** | **76.832** | **37.307** |
| Financial income | 17 | 45.292 | 6.708 | 196.386 | 109.435 |
| Financial expenses (-) | 18 | (236.032) | (199.110) | (128.426) | (67.919) |
| **NET (LOSS) / INCOME BEFORE TAX FROM CONTINUING OPERATIONS** | **3** | **(99.551)** | **(142.189)** | **144.792** | **78.823** |
| **Tax (expense) / income from continuing operations** | **19** | **(26.360)** | **(18.612)** | **(10.315)** | **(5.895)** |
| - Income tax expense | 19 | (24.933) | (15.365) | (10.691) | (2.299) |
| - Deferred tax (expense) / income | 19 | (1.427) | (3.247) | 376 | (3.596) |
| **NET (LOSS) / INCOME FROM CONTINUING OPERATIONS** | | **(125.911)** | **(160.801)** | **134.477** | **72.928** |
| **NET (LOSS) / INCOME** | | **(125.911)** | **(160.801)** | **134.477** | **72.928** |
| **Net (loss) / income attributable to:** | | | | | |
| - Non-controlling interest | | 27 | 9 | 39 | 19 |
| - Equity holders of the parent | | (125.938) | (160.810) | 134.438 | 72.909 |
| | | **(125.911)** | **(160.801)** | **134.477** | **72.928** |
| **(Loss) / earning per share (Kr)** | | | | | |
| - (Loss) / earning per share from continuing operations | 22 | (0,71) | (0,90) | 0,76 | 0,41 |

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

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

**MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

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

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

| | | | Restated | |
|---|---|---|---|---|
| | **Reviewed 1 January - 30 June 2013** | **Not reviewed 1 April - 30 June 2013** | **Reviewed 1 January - 30 June 2012** | **Not reviewed 1 April - 30 June 2012** |
| **Net (loss) / profit for the period** | **(125.911)** | **(160.801)** | **134.477** | **72.928** |
| **OTHER COMPREHENSIVE (LOSS) / INCOME** | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Currency translation differences | 11.928 | 11.954 | (7.624) | (1.207) |
| **Other comprehensive income / (loss)** | **11.928** | **11.954** | **(7.624)** | **(1.207)** |
| **Total comprehensive (loss) / income** | **(113.983)** | **(148.847)** | **126.853** | **71.721** |
| **Total comprehensive (loss) / income attributable to:** | | | | |
| - Non-controlling interest | 87 | 45 | 33 | 29 |
| - Equity holders of the parent | (114.070) | (148.892) | 126.820 | 71.692 |
| | **(113.983)** | **(148.847)** | **126.853** | **71.721** |

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

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

**MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 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 | - | - | - | - | (7.618) | - | - | - | 134.438 | 126.820 | 33 | 126.853 |
| **Balances at 30 June 2012** | **178.030** | **(365)** | **678.233** | **27.312** | **11.251** | **-** | **385.856** | **(92.704)** | **134.438** | **1.322.051** | **509** | **1.322.560** |
| **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 losses | - | - | - | - | 11.868 | - | - | - | (125.938) | (114.070) | 87 | (113.983) |
| **Balances at 30 June 2013** | **178.030** | **(365)** | **678.233** | **27.312** | **22.841** | **(13.844)** | **385.856** | **(4.641)** | **(125.938)** | **1.147.484** | **609** | **1.148.093** |

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

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

| | Notes | Reviewed 1 January - 30 June 2013 | Restated Reviewed 1 January - 30 June 2012 |
|---|---|---|---|
| **A. Cash flows from operating activities** | | | |
| **(Losses) / income for the period** | | (125.911) | 134.477 |
| **Adjustments for reconciliation of (loss) / profit before taxation** | | | |
| Adjustments for depreciation and amortisation | 14 | 69.464 | 62.757 |
| Adjustments for provision for employment termination benefits | 12 | 14.176 | 6.849 |
| Adjustments for provision for unused vacation | 12 | 9.352 | 9.820 |
| Adjustments for provision for litigation | 11 | 2.777 | 5.016 |
| Adjustments for doubtful receivable provision | 15 | 3.893 | 480 |
| Adjustments for income tax expense / income | 19 | 26.360 | 10.315 |
| Interest income | 15,17 | (20.873) | (33.583) |
| Interest expense | 15,18 | 89.624 | 120.636 |
| Adjustments for unrecognized foreign exchange differences | | 159.711 | (178.640) |
| Adjustments for fair value losses | 17,18 | (2.206) | 15.827 |
| Adjustments for (loss) / gain on sale of property, plant and equipment | 16 | (406) | (859) |
| Adjustments for impairment / reversal of property, plant and equipment | 16 | 4.694 | 3.497 |
| | | **230.655** | **156.592** |
| **Changes in working capital** | | | |
| Adjustments for increase / decrease in inventories | | (87.103) | (55.862) |
| Adjustments for increase / decrease in trade receivables | | (13.648) | 15.910 |
| Adjustments for increase / decrease in other receivables related with operations | | (14.475) | (15.019) |
| Adjustments for increase / decrease in trade payables | | 240.753 | 59.388 |
| Adjustments for increase / decrease in other payables related with operations | | 16.101 | 1.575 |
| | | **372.283** | **162.584** |
| **Cash flows from operating activities** | | | |
| Employment termination benefits paid | 12 | (7.882) | (5.575) |
| Unused vacation paid | 12 | (2.573) | (1.951) |
| Interest received | | 15.724 | 23.924 |
| Interest paid | | (32.479) | (50.598) |
| Taxes paid / return | 19 | (20.077) | (12.402) |
| Compensations paid | 11 | (3.309) | (4.081) |
| | | **321.687** | **111.901** |

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2013

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

| | Notes | Reviewed 1 January - 30 June 2013 | Restated Reviewed 1 January - 30 June 2012 |
|---|---|---|---|
| **B. Cash flows from investing activites** | | | |
| Cash inflows from the sale of tangible and intangible assets | 5,6,7,16 | 881 | 1.881 |
| Cash outflows from the purchase of tangible and intangible assets | 5,6,7 | (95.276) | (79.622) |
| | | **(94.395)** | **(77.741)** |
| **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) | (20.710) |
| Interest received | | 5.149 | 9.659 |
| Interest paid | | (57.457) | (72.915) |
| | | **(203.072)** | **(84.306)** |
| **D. Impact of foreign currency translation differences on cash and cash equivalents** | | **6.279** | **(301)** |
| Net increase / (decrease) in cash and cash equivalents | | 30.499 | (50.447) |
| **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** | | **1.071.366** | **959.808** |

## 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 June 2013, the Group operates 967 stores (31 December 2012: 882) with a net retail space of 878.137 (31 December 2012: 851.680) square meters. Retail is the main business of the Group and constitutes 96,9% of gross sales (June 2012: 96,9%).

The address of the registered office is as follows:

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

These consolidated financial statements have been approved for issue by the Board of Directors "(BOD)" on 22 August 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.

(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)**

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:

| Subsidiaries | Country of incorporation | Geographical segment | Nature of business | June 2013 % | December 2012 % |
|---|---|---|---|---|---|
| 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.

**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 June 2012, in the consolidated profit or loss table , "interest income on term sales" amounting to TL 13.691 and "interest expense on term purchases" amounting to TL 50.598 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 June 2012, in the consolidated profit or loss table, "interest income from operating activities" amounting to TL 10.233 was formerly disclosed in "financial income". In the current year, Group management reclassified this amount to "Other operating income".

- As of 30 June 2012, in the consolidated profit or loss table , "gain on sale of property plant and equipment" amounting to TL 1.139 and "loss on sale of a property, plant and equipment" amounting to TL 280 and "Losses from closed stores" amounting to TL 3.497 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.

**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 June 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.

**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.

**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 32 *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.

(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 | *Financial Instruments*[2] |
| Amendments to TFRS 9 and TFRS 7 | *Mandatory Effective Date of TFRS 9 and Transition Disclosures*[2] |
| Amendments to TAS 32 | *Offsetting Financial Assets and Financial Liabilities*[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.

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**NOTE 3 - SEGMENT REPORTING**

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

Management assesses the Group's performance on a geographic level as Turkey and other countries since the gross sales of these subsidiaries are below 10% of the Group sales. Reportable operating segment revenue comprises primarily retail sales, rent income and wholesales. Rent income and wholesale revenues are not recognized as reportable segments as they are not stated in detail in the reports provided to the board of directors. The board of directors assesses the performance of the operating segments based on a measure of Earning Before Interest, Tax, Depreciation and Amortisation, "EBITDA" and Earning Before Interest, Tax, Depreciation, Amortisation and Rent, "EBITDAR".

The segment information provided to the board of directors as of 30 June 2013 is as follows:

**a) Segment analysis for the period 1 January - 30 June 2013**

| | Turkey | Other countries | Combined total | Intersegment elimination | Total |
|---|---|---|---|---|---|
| External revenues | 3.121.177 | 190.018 | 3.311.195 | - | 3.311.195 |
| Inter segment revenues | 1.954 | - | 1.954 | (1.954) | - |
| Sales revenue | 3.123.131 | 190.018 | 3.313.149 | (1.954) | 3.311.195 |
| Cost of goods sold | (2.293.819) | (141.391) | (2.435.210) | 1.954 | (2.433.256) |
| Gross profit | 829.312 | 48.627 | 877.939 | - | 877.939 |
| Selling and marketing expenses | (613.800) | (27.016) | (640.816) | - | (640.816) |
| General administrative expenses | (106.494) | (15.471) | (121.965) | - | (121.965) |
| Addition: Depreciation and amortization | 61.007 | 8.457 | 69.464 | - | 69.464 |
| Addition: Provision for employment termination benefits | 6.294 | - | 6.294 | - | 6.294 |
| Addition: Termination benefits paid | 7.882 | - | 7.882 | - | 7.882 |
| Addition: Unused vacation provision | 6.779 | - | 6.779 | - | 6.779 |
| **EBITDA** | **190.980** | **14.597** | **205.577** | **-** | **205.577** |
| Addition: Rent expenses | 155.081 | 8.142 | 163.223 | - | 163.223 |
| **EBITDAR** | **346.061** | **22.739** | **368.800** | **-** | **368.800** |

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

| | Turkey | Other countries | Combined total | Intersegment elimination | Total |
|---|---|---|---|---|---|
| External revenues | 2.818.093 | 189.127 | 3.007.220 | - | 3.007.220 |
| Inter segment revenues | 1.132 | - | 1.132 | (1.132) | - |
| Sales revenue | 2.819.225 | 189.127 | 3.008.352 | (1.132) | 3.007.220 |
| Cost of goods sold | (2.065.500) | (144.030) | (2.209.530) | 1.132 | (2.208.398) |
| Gross profit | 753.725 | 45.097 | 798.822 | - | 798.822 |
| Selling and marketing expenses | (542.543) | (25.620) | (568.163) | - | (568.163) |
| General administrative expenses | (98.145) | (13.812) | (111.957) | - | (111.957) |
| Addition: Depreciation and amortization | 54.945 | 7.812 | 62.757 | - | 62.757 |
| Addition: Provision for employment termination benefits | 1.274 | - | 1.274 | - | 1.274 |
| Addition: Termination benefits paid | 5.575 | - | 5.575 | - | 5.575 |
| Addition: Unused vacation provision | 7.869 | - | 7.869 | - | 7.869 |
| **EBITDA** | **182.700** | **13.477** | **196.177** | **-** | **196.177** |
| Addition: Rent expenses | 137.992 | 7.755 | 145.747 | - | 145.747 |
| **EBITDAR** | **320.692** | **21.232** | **341.924** | **-** | **341.924** |

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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**NOTE 3 - SEGMENT REPORTING (Continued)**

**c) Segment analysis for the period 1 April – 30 June 2013**

| | Turkey | Other countries | Combined total | Intersegment elimination | Total |
|---|---|---|---|---|---|
| External revenues | 1.627.979 | 92.538 | 1.720.517 | - | 1.720.517 |
| Inter segment revenues | 1.405 | - | 1.405 | (1.405) | - |
| Sales revenue | 1.629.384 | 92.538 | 1.721.922 | (1.405) | 1.720.517 |
| Cost of goods sold | (1.197.880) | (68.146) | (1.266.026) | 1.405 | (1.264.621) |
| Gross profit | 431.504 | 24.392 | 455.896 | - | 455.896 |
| Selling and marketing expenses | (324.649) | (13.377) | (338.026) | - | (338.026) |
| General administrative expenses | (53.885) | (7.558) | (61.443) | - | (61.443) |
| Addition: Depreciation and amortization | 30.345 | 4.205 | 34.550 | - | 34.550 |
| Addition: Provision for employment termination benefits | 3.555 | - | 3.555 | - | 3.555 |
| Addition: Termination benefits paid | 3.126 | - | 3.126 | - | 3.126 |
| Addition: Unused vacation provision | 3.413 | - | 3.413 | - | 3.413 |
| **EBITDA** | **93.409** | **7.662** | **101.071** | **-** | **101.071** |
| Addition: Rent expenses | 80.229 | 4.061 | 84.290 | - | 84.290 |
| **EBITDAR** | **173.638** | **11.723** | **185.361** | **-** | **185.361** |

**d) Segment analysis for the period 1 April – 30 June 2012**

| | Turkey | Other countries | Combined total | Intersegment elimination | Total |
|---|---|---|---|---|---|
| External revenues | 1.460.094 | 92.358 | 1.552.452 | - | 1.552.452 |
| Inter segment revenues | 739 | - | 739 | (739) | - |
| Sales revenue | 1.460.833 | 92.358 | 1.553.191 | (739) | 1.552.452 |
| Cost of goods sold | (1.069.398) | (70.158) | (1.139.556) | 739 | (1.138.817) |
| Gross profit | 391.435 | 22.200 | 413.635 | - | 413.635 |
| Selling and marketing expenses | (286.328) | (12.918) | (299.246) | - | (299.246) |
| General administrative expenses | (49.074) | (6.153) | (55.227) | - | (55.227) |
| Addition: Depreciation and amortization | 27.935 | 3.338 | 31.273 | - | 31.273 |
| Addition: Provision for employment termination benefits | 384 | - | 384 | - | 384 |
| Addition: Termination benefits paid | 2.399 | - | 2.399 | - | 2.399 |
| Addition: Unused vacation provision | 4.147 | - | 4.147 | - | 4.147 |
| **EBITDA** | **90.898** | **6.467** | **97.365** | **-** | **97.365** |
| Addition: Rent expenses | 71.786 | 3.999 | 75.785 | - | 75.785 |
| **EBITDAR** | **162.684** | **10.466** | **173.150** | **-** | **173.150** |

(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 June 2013 | 1 April - 30 June 2013 | 1 January - 30 June 2012 | 1 April - 30 June 2012 |
|---|---|---|---|---|
| EBITDAR, reported segments | 368.800 | 185.361 | 341.924 | 173.150 |
| Rent expenses | (163.223) | (84.290) | (145.747) | (75.785) |
| **EBITDA, reported segments** | **205.577** | **101.071** | **196.177** | **97.365** |
| Depreciation and amortisation | (69.464) | (34.550) | (62.757) | (31.273) |
| Provision for employment termination benefits | (6.294) | (3.555) | (1.274) | (384) |
| Termination benefits paid | (7.882) | (3.126) | (5.575) | (2.399) |
| Unused vacation provision | (6.779) | (3.413) | (7.869) | (4.147) |
| Other operating income | 26.284 | 17.299 | 27.783 | 12.606 |
| Other operating expenses(-) | (45.965) | (22.100) | (67.015) | (35.089) |
| **Operating profit** | **95.477** | **51.626** | **79.470** | **36.679** |
| Income from investing activities | 754 | 537 | 1.139 | 835 |
| Expenses from investing activities (-) | (5.042) | (1.950) | (3.777) | (207) |
| **Operating profit before finance income / (expense)** | **91.189** | **50.213** | **76.832** | **37.307** |
| Financial income | 45.292 | 6.708 | 196.386 | 109.435 |
| Financial expenses(-) | (236.032) | (199.110) | (128.426) | (67.919) |
| **Income before tax** | **(99.551)** | **(142.189)** | **144.792** | **78.823** |

## NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS

**Short term derivative financial instruments**

| **Current assets** | **30 June 2013** | **31 December 2012** |
|---|---|---|
| Cap option | - | 15 |
| Forward foreign exchange contracts | 1.152 | - |
| | **1.152** | **15** |

| **Current liabilities** | **30 June 2013** | **31 December 2012** |
|---|---|---|
| Interest rate swap contracts | 5.714 | 9.622 |
| Forward foreign exchange contracts | - | 10.441 |
| | **5.714** | **20.063** |

**Long term derivative financial instruments**

| **Non-current assets** | **30 June 2013** | **31 December 2012** |
|---|---|---|
| Interest rate swap contracts | 1.259 | - |
| Cap option | 296 | 241 |
| | **1.555** | **241** |

| **Non-current liabilities** | **30 June 2013** | **31 December 2012** |
|---|---|---|
| Interest rate swap contracts | - | 1.279 |
| | **-** | **1.279** |

(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 June 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 | 1.152 |

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 June 2013 and 31 December 2012 are as follows:

**30 June 2013**

**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 | 1.832 |
| Interest rate swap | 6 October 2010 | 31 May 2011 | 30 November 2013 | 105 million | 1.955 |
| Interest rate swap | 6 October 2010 | 31 May 2011 | 29 November 2013 | 53 million | 937 |
| Interest rate swap | 6 October 2010 | 30 November 2011 | 30 November 2013 | 53 million | 990 |
| | | | | | **5.714** |

**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 | 296 |
| Interest rate swap | 20 November 2012 | 30 November 2012 | 30 November 2015 | 200 million | 1.259 |
| | | | | | **1.555** |

**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** |

(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 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** |

(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 June 2013 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Land and buildings | 70.589 | - | - | 1.858 | 72.447 |
| **Accumulated depreciation** | | | | | |
| Buildings | (24.812) | (2.057) | - | (310) | (27.179) |
| **Net book value** | **45.777** | | | | **45.268** |

| | Opening 1 January 2012 | Additions | Disposals | Cumulative translation differences | Closing 30 June 2012 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Land and buildings | 71.979 | 50 | - | (2.365) | 69.664 |
| **Accumulated depreciation** | | | | | |
| Buildings | (20.614) | (2.243) | - | 264 | (22.593) |
| **Net book value** | **51.365** | | | | **47.071** |

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 June 2013, total investment property of Kazakhstan and Macedonia are 7.327 and 9.074 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 June 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 June 2013 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Land and buildings | 454.807 | 1.279 | - | - | 10.268 | 3.155 | 469.509 |
| Leasehold improvements | 455.539 | 13.165 | - | (9.244) | 5.175 | 1.556 | 466.191 |
| Machinery and equipments | 387.090 | 23.380 | (3.474) | - | 12.266 | 2.124 | 421.386 |
| Vehicles | 1.587 | 58 | (31) | - | - | 45 | 1.659 |
| Furniture and fixture | 197.522 | 13.319 | (670) | - | 3.880 | 920 | 214.971 |
| Construction in progress | 8.172 | 37.823 | - | - | (31.589) | - | 14.406 |
| | **1.504.717** | **89.024** | **(4.175)** | **(9.244)** | **-** | **7.800** | **1.588.122** |
| **Accumulated depreciation** | | | | | | | |
| Buildings | (38.405) | (4.443) | - | - | - | (728) | (43.576) |
| Leasehold improvements | (156.426) | (21.626) | - | 4.550 | - | (536) | (174.038) |
| Machinery and equipments | (109.559) | (24.040) | 3.080 | - | - | (984) | (131.503) |
| Vehicles | (619) | (127) | 25 | - | - | (11) | (732) |
| Furniture and fixture | (57.366) | (9.522) | 595 | - | - | (734) | (67.027) |
| | **(362.375)** | **(59.758)** | **3.700** | **4.550** | **-** | **(2.993)** | **(416.876)** |
| **Net book value** | **1.142.342** | | | | | | **1.171.246** |

(*) Impairment loss amounting to net TL 4.694 consists of leasehold improvements of the stores closed in 2013 (Note:16).

(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 June 2012 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Land and buildings | 455.747 | 1.187 | - | - | 48 | (2.790) | 454.192 |
| Leasehold improvements | 425.670 | 12.698 | - | (8.868) | 8.870 | (1.048) | 437.322 |
| Machinery and equipments | 330.621 | 20.446 | (3.835) | - | 12.950 | (1.626) | 358.556 |
| Vehicles | 2.736 | 353 | (1.366) | - | - | (33) | 1.690 |
| Furniture and fixture | 170.053 | 11.277 | (1.028) | - | 1.979 | (713) | 181.568 |
| Construction in progress | 3.210 | 28.752 | - | - | (23.847) | - | 8.115 |
| | **1.388.037** | **74.713** | **(6.229)** | **(8.868)** | **-** | **(6.210)** | **1.441.443** |
| **Accumulated depreciation** | | | | | | | |
| Buildings | (27.918) | (4.254) | - | - | - | 353 | (31.819) |
| Leasehold improvements | (124.215) | (19.779) | - | 5.371 | - | 111 | (138.512) |
| Machinery and equipments | (74.075) | (20.762) | 3.734 | - | - | 741 | (90.362) |
| Vehicles | (878) | (181) | 438 | - | - | 10 | (611) |
| Furniture and fixture | (42.070) | (8.551) | 955 | - | - | 545 | (49.121) |
| | **(269.156)** | **(53.527)** | **5.127** | **5.371** | **-** | **1.760** | **(310.425)** |
| **Net book value** | **1.118.881** | | | | | | **1.131.018** |

(*) Impairment loss amounting to net TL 3.497 consists of leasehold improvements of the stores closed in 2012 (Note:16).

(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 June 2013 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Trademark (*) | 202.175 | - | - | - | 202.175 |
| Rent agreements (**) | 32.982 | - | - | - | 32.982 |
| Rights | 41.893 | 6.252 | (2.504) | (10) | 45.631 |
| Other intangible assets (***) | 28.783 | - | - | - | 28.783 |
| | **305.833** | **6.252** | **(2.504)** | **(10)** | **309.571** |
| **Accumulated amortisation** | | | | | |
| Rent agreements | (23.449) | (1.376) | - | - | (24.825) |
| Rights | (21.045) | (4.613) | 2.504 | 95 | (23.059) |
| Other intangible assets | (12.829) | (1.660) | - | - | (14.489) |
| | **(57.323)** | **(7.649)** | **2.504** | **95** | **(62.373)** |
| **Net book value** | **248.510** | | | | **247.198** |

| | Opening 1 January 2012 | Additions | Disposals | Cumulative translation difference | Closing 30 June 2012 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Trademark (*) | 202.175 | - | - | - | 202.175 |
| Rent agreements (**) | 32.982 | - | - | - | 32.982 |
| Rights | 29.105 | 4.859 | (47) | (46) | 33.871 |
| Other intangible assets (***) | 28.783 | - | - | - | 28.783 |
| | **293.045** | **4.859** | **(47)** | **(46)** | **297.811** |
| **Accumulated amortisation** | | | | | |
| Rent agreements | (20.134) | (1.658) | - | - | (21.792) |
| Rights | (13.547) | (2.761) | 125 | (151) | (16.334) |
| Other intangible assets | (9.094) | (2.568) | - | - | (11.662) |
| | **(42.775)** | **(6.987)** | **125** | **(151)** | **(49.788)** |
| **Net book value** | **250.270** | | | | **248.023** |

(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 İsletmecilik 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 June 2013** | **31 December 2012** |
|---|---|---|
| Raw materials | 2.258 | 1.742 |
| Work in progress | 10.605 | 7.845 |
| Merchandise stocks | 858.636 | 772.791 |
| Other | 1.640 | 3.658 |
| | **873.139** | **786.036** |

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

**NOTE 9 – GOODWILL**

| | **1 January - 30 June 2013** | **1 January - 30 June 2012** |
|---|---|---|
| **Opening balance** | **2.251.427** | **2.251.427** |
| **Closing balance** | **2.251.427** | **2.251.427** |

(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 June 2013 | | |
|---|---|---|---|
| | **Weighted average interest rate** | **Euro** | **Total TL equivalent** |
| **Current portion of long-term bank borrowings** | | | |
| - with fixed interest rates | 2,00 % | 129 | 324 |
| - with floating interest rates | 4,25 % | 85.594 | 215.157 |
| **Total current financial liabilities** | | **85.723** | **215.481** |
| **Non-current bank borrowings** | | | |
| - with fixed interest rates | 2,00 % | 372 | 935 |
| - with floating interest rates | 4,25 % | 912.783 | 2.294.463 |
| **Total non-current bank borrowings** | | **913.155** | **2.295.398** |
| **Total financial liabilities** | | **998.878** | **2.510.879** |

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

| | **Euro** | **TL** |
|---|---|---|
| 1 July 2014 - 30 June 2015 | 163.957 | 412.138 |
| 1 July 2015 - 30 June 2016 | 234.171 | 588.636 |
| 1 July 2016 - 30 June 2017 | 234.171 | 588.636 |
| 1 July 2017 - 31 May 2018 | 280.856 | 705.988 |
| | **913.155** | **2.295.398** |

The fair value of bank borrowings at 30 June 2013 is TL 2.495.625.

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 58 Million Euro and its accrued interest, which reduced the remaining installments of the remaining loan of 1.052,7 Million Euro with 10 years maturity as of 31 December 2012 in chronological order. The outstanding capital payable regarding the mentioned "Facilities Agreement" as of 30 June 2013 is 994.7 Million Euro.

(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-current 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.

(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

**Current provision:**

| | 30 June 2013 | 31 December 2012 |
|---|---|---|
| Provision for litigation | 21.338 | 21.870 |
| **Other current provisions** | **21.338** | **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 | 5.016 |
| Payments during the period | (4.081) |
| **30 June 2012** | **20.395** |
| **1 January 2013** | **21.870** |
| Increase during the period | 2.777 |
| Payments during the period | (3.309) |
| **30 June 2013** | **21.338** |

(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 June 2013 and 31 December 2012 are as follows:

**Collaterals, Pledges, Mortgages:**

| **30 June 2013** | | | | |
|---|---|---|---|---|
| **Collaterals, Pledges, Mortgages:** | **Total TL Amount** | **TL** | **USD** | **Euro** |
| A. CPM given on behalf of the Company's legal personality | 60.076 | 59.164 | 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** | **60.076** | **59.164** | **472** | **25** |
| **Proportion of other CPM's to equity** | **0,0%** | | | |

| **31 December 2012** | | | | |
|---|---|---|---|---|
| **Collaterals, Pledges, Mortgages:** | **Total TL Amount** | **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%** | | | |

(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 June 2013 and 31 December 2012 are as follows:

| | 30 June 2013 | 31 December 2012 |
|---|---|---|
| Letter of guarantees given | 60.076 | 60.547 |

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

| | 30 June 2013 | 31 December 2012 |
|---|---|---|
| Guarantees obtained from customers | 110.779 | 100.448 |
| Mortgages obtained from customers | 17.609 | 17.596 |
| | **128.388** | **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 June 2013 | 31 December 2012 |
|---|---|---|
| Payable within 1 year | 22.635 | 23.119 |
| Payable in 1 to 5 years | 9.535 | 11.374 |
| 5 years and more | 2.169 | 2.551 |
| | **34.339** | **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.

(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 June 2013 | 31 December 2012 |
|---|---|---|
| Provision for unused vacation | 49.644 | 42.865 |
| Provision for employee termination benefits | 42.128 | 35.834 |
| | **91.772** | **78.699** |

Movement of unused vacation provision is as follows:

| | |
|---|---|
| **1 January 2012** | **34.045** |
| Increase during the period | 9.820 |
| Payments during the period | (1.951) |
| **30 June 2012** | **41.914** |
| **1 January 2013** | **42.865** |
| Increase during the period | 9.352 |
| Payments during the period | (2.573) |
| **30 June 2013** | **49.644** |

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

| | |
|---|---|
| **1 January 2012** | **10.516** |
| Increase during the period | 6.849 |
| Payments during the period | (5.575) |
| **30 June 2012** | **11.790** |
| **1 January 2013** | **35.834** |
| Increase during the period | 14.176 |
| Payments during the period | (7.882) |
| **30 June 2013** | **42.128** |

(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 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Domestic sales | 3.212.431 | 1.674.840 | 2.904.969 | 1.514.209 |
| Foreign sales | 189.719 | 92.248 | 189.342 | 92.286 |
| | **3.402.150** | **1.767.088** | **3.094.311** | **1.606.495** |
| Other sales | 5.235 | 2.482 | 3.871 | 1.709 |
| | **3.407.385** | **1.769.570** | **3.098.182** | **1.608.204** |
| Less: Discounts and returns | (96.190) | (49.053) | (90.962) | (55.752) |
| **Sales revenue - net** | **3.311.195** | **1.720.517** | **3.007.220** | **1.552.452** |
| Cost of sales | (2.433.256) | (1.264.621) | (2.208.398) | (1.138.817) |
| **Gross Profit** | **877.939** | **455.896** | **798.822** | **413.635** |

| | 1 January-30 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Retail sales revenue | 3.298.164 | 1.714.785 | 3.004.626 | 1.559.896 |
| Rent income | 33.906 | 16.796 | 32.432 | 16.478 |
| Wholesale revenue | 70.080 | 35.507 | 57.253 | 30.121 |
| | **3.402.150** | **1.767.088** | **3.094.311** | **1.606.495** |

(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 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Staff costs | 313.042 | 165.145 | 272.020 | 142.971 |
| Rent | 163.223 | 84.290 | 145.747 | 75.785 |
| Porterage and cleaning | 20.934 | 10.815 | 18.000 | 9.121 |
| Transportation | 35.519 | 18.707 | 32.582 | 16.451 |
| Depreciation and amortisation | 69.464 | 34.550 | 62.757 | 31.273 |
| Energy | 50.947 | 26.626 | 46.876 | 25.273 |
| Advertising | 21.807 | 13.801 | 21.911 | 12.317 |
| Repair and maintenance | 11.656 | 6.264 | 10.597 | 5.643 |
| Security | 8.809 | 4.505 | 8.243 | 4.304 |
| Warehouse | 19.638 | 10.302 | 17.206 | 8.761 |
| Taxes and other fees | 5.054 | 2.706 | 4.761 | 2.576 |
| Mechanisation | 7.572 | 2.947 | 6.680 | 3.539 |
| Communication | 3.395 | 1.734 | 3.558 | 1.837 |
| Other | 31.721 | 17.077 | 29.182 | 14.622 |
| | **762.781** | **399.469** | **680.120** | **354.473** |

| Marketing, selling and distribution expenses | 1 January-30 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Staff costs | 271.054 | 143.418 | 232.927 | 123.330 |
| Rent | 162.966 | 84.162 | 145.513 | 75.668 |
| Porterage and cleaning | 20.280 | 10.494 | 17.445 | 8.899 |
| Transportation | 35.499 | 18.696 | 32.426 | 16.390 |
| Energy | 50.382 | 26.329 | 46.295 | 24.986 |
| Advertising | 21.807 | 13.801 | 21.911 | 12.317 |
| Repair and maintenance | 11.384 | 6.124 | 10.374 | 5.649 |
| Security | 8.453 | 4.326 | 7.955 | 4.154 |
| Warehouse | 19.638 | 10.302 | 17.206 | 8.761 |
| Taxes and other fees | 4.565 | 2.572 | 4.270 | 2.668 |
| Mechanisation | 6.642 | 2.761 | 6.022 | 3.552 |
| Communication | 2.758 | 1.383 | 2.999 | 1.694 |
| Other | 25.388 | 13.658 | 22.820 | 11.178 |
| | **640.816** | **338.026** | **568.163** | **299.246** |

| General administrative expenses | 1 January-30 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Staff costs | 41.988 | 21.727 | 39.093 | 19.641 |
| Depreciation and amortisation | 69.464 | 34.550 | 62.757 | 31.273 |
| Other | 10.513 | 5.166 | 10.107 | 4.313 |
| | **121.965** | **61.443** | **111.957** | **55.227** |

(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 June 2013 and 2012 are as follows:

| | 1 January- 30 June 2013 | 1 April- 30 June 2013 | 1 January- 30 June 2012 | 1 April- 30 June 2012 |
|---|---|---|---|---|
| Cost of trade goods | (2.420.427) | (1.258.375) | (2.197.182) | (1.134.680) |
| Service costs | (12.829) | (6.246) | (11.216) | (4.137) |
| | **(2.433.256)** | **(1.264.621)** | **(2.208.398)** | **(1.138.817)** |

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 June 2013 | 1 April- 30 June 2013 | 1 January- 30 June 2012 | 1 April- 30 June 2012 |
|---|---|---|---|---|
| Interest income on term sales | 9.628 | 4.926 | 13.691 | 6.936 |
| Interest income from operating activities | 6.096 | 3.171 | 10.233 | 5.454 |
| Gain on sales of scrap goods | 345 | 63 | 432 | 106 |
| Gain on damage insurance | 221 | 73 | 1.441 | 39 |
| Provision write-off | 6.005 | 5.945 | 102 | 36 |
| Other | 3.989 | 3.121 | 1.884 | 35 |
| | **26.284** | **17.299** | **27.783** | **12.606** |

| **Other operating expenses:** | 1 January- 30 June 2013 | 1 April- 30 June 2013 | 1 January- 30 June 2012 | 1 April- 30 June 2012 |
|---|---|---|---|---|
| Interest expense on term purchases | (32.479) | (17.110) | (50.598) | (25.808) |
| Bad debt expense | (3.893) | (1.148) | (480) | (257) |
| Litigation provisions | (2.777) | (41) | (5.016) | (1.549) |
| Losses from prior period rent differences | (2.840) | (1.232) | (6.664) | (6.043) |
| Other | (3.976) | (2.569) | (4.257) | (1.432) |
| | **(45.965)** | **(22.100)** | **(67.015)** | **(35.089)** |

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

| **Income from investing activities:** | 1 January- 30 June 2013 | 1 April- 30 June 2013 | 1 January- 30 June 2012 | 1 April- 30 June 2012 |
|---|---|---|---|---|
| Gain on sale of property, plant and equipment | 754 | 537 | 1.139 | 835 |
| | **754** | **537** | **1.139** | **835** |

(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)

| Expenses from investing activities: | 1 January-30 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Losses from closed stores | (4.694) | (1.710) | (3.497) | (134) |
| Loss on sale of property, plant and equipment | (348) | (240) | (280) | (73) |
| | **(5.042)** | **(1.950)** | **(3.777)** | **(207)** |

## NOTE 17 - FINANCIAL INCOME

| | 1 January-30 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Interest income on bank deposits | 5.149 | 2.097 | 9.659 | 4.337 |
| Foreign exchange gains | 22.064 | (12.321) | 178.760 | 97.131 |
| Financial income on derivatives | 18.079 | 16.932 | 7.967 | 7.967 |
| | **45.292** | **6.708** | **196.386** | **109.435** |

## NOTE 18 - FINANCIAL EXPENSES

| | 1 January-30 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Foreign exchange losses | (160.313) | (154.590) | (32.110) | (17.295) |
| Interest expense on bank borrowings | (57.145) | (29.658) | (70.038) | (32.932) |
| Financial expense on derivatives | (15.873) | (13.503) | (23.794) | (16.413) |
| Other | (2.701) | (1.359) | (2.484) | (1.279) |
| | **(236.032)** | **(199.110)** | **(128.426)** | **(67.919)** |

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

| | 30 June 2013 | 31 December 2012 |
|---|---|---|
| Taxes and fund payable | 24.933 | 36.506 |
| Less: Prepaid current income taxes | (11.604) | (28.033) |
| **Taxes on income, net** | **13.329** | **8.473** |

| | 30 June 2013 | 31 December 2012 |
|---|---|---|
| Deferred tax assets | 27.497 | 27.789 |
| Deferred tax liabilities | (136.333) | (134.407) |
| **Deferred tax assets, net** | **(108.836)** | **(106.618)** |

(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 June 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 2012. 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 June 2013 and 2012 are as follows:

| | **1 January-30 June 2013** | **1 April-30 June 2013** | **1 January-30 June 2012** | **1 April-30 June 2012** |
|---|---|---|---|---|
| Current period tax expense | (24.933) | (15.365) | (10.691) | (2.299) |
| Deferred tax (expense) / income | (1.427) | (3.247) | 376 | (3.596) |
| | **(26.360)** | **(18.612)** | **(10.315)** | **(5.895)** |

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).

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

| | Cumulative temporary differences | | Deferred tax asset / (liability) | |
|---|---|---|---|---|
| | **30 June 2013** | **31 December 2012** | **30 June 2013** | **31 December 2012** |
| Fair value change of derivative instruments | 5.714 | 21.342 | 1.143 | 4.268 |
| Short term provisions | 70.982 | 64.735 | 14.196 | 12.947 |
| Inventories | 13.055 | 11.625 | 2.611 | 2.325 |
| Provision for employment termination benefits | 42.128 | 35.834 | 8.426 | 7.167 |
| Unincurred interest income | 174 | 134 | 35 | 27 |
| Other | 5.429 | 5.274 | 1.086 | 1.055 |
| **Deferred income tax assets** | | | **27.497** | **27.789** |
| Fair value change of derivative instruments | 2.707 | 256 | (541) | (51) |
| Property, plant and equipment and intangible assets | 697.833 | 693.759 | (132.337) | (131.444) |
| Unincurred interest expense | 13.356 | 10.249 | (2.671) | (2.050) |
| Other | 3.912 | 4.310 | (784) | (862) |
| **Deferred income tax liability** | | | **(136.333)** | **(134.407)** |
| **Total deferred income tax liability, net** | | | **(108.836)** | **(106.618)** |

| | **30 June 2013** | **31 December 2012** |
|---|---|---|
| Deferred income tax assets: | | |
| Deferred income tax asset to be recovered after more than 12 months | 8.426 | 7.423 |
| Deferred income tax asset to be recovered within 12 months | 19.071 | 20.366 |
| | **27.497** | **27.789** |
| Deferred income tax liabilities: | | |
| Deferred income tax liability to be settled after more than 12 months | (132.878) | (131.495) |
| Deferred income tax liabilitiy to be settled within 12 months | (3.455) | (2.912) |
| | **(136.333)** | **(134.407)** |
| **Deferred tax liabilities, net** | **(108.836)** | **(106.618)** |

(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 | 376 |
| Cumulative translation difference | (572) |
| **30 June 2012** | **(105.542)** |
| **1 January 2013** | **(106.618)** |
| Deferred tax expense from continuing operations | (1.427) |
| Cumulative translation difference | (791) |
| **30 June 2013** | **(108.836)** |

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

**Share Capital**

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

| | **30 June 2013** | | **31 December 2012** | |
|---|---|---|---|---|
| **Shareholders** | **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.

(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

| Due from related parties | 30 June 2013 | 31 December 2012 |
|---|---|---|
| Mavi Jeans Giyim Sanayi ve Tic. A.Ş. | 11 | 11 |
| Tekin Acar Büyük Mağazacılık T.A.Ş. | 8 | 5 |
| Provus Bilişim Hizmetleri A.Ş. | 7 | 13 |
| Sanal Merkez T.A.Ş. | 6 | 23 |
| **Total due from related parties** | **32** | **52** |

| Due to related parties | 30 June 2013 | 31 December 2012 |
|---|---|---|
| Natura Gıda San. Tic. ve A.Ş. | 1.002 | 118 |
| Other | 1.129 | 1.133 |
| **Total due to related parties** | **2.131** | **1.251** |

### ii) Other transactions with related parties

| Inventory purchases | 1 January-30 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Natura Gıda San. Tic. ve A.Ş. | 1.307 | 1.101 | - | - |
| | **1.307** | **1.101** | **-** | **-** |

| | 1 January-30 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Rent income | 446 | 174 | 282 | 111 |
| | **446** | **174** | **282** | **111** |

### 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 June 2013 and 2012 is as follows:

| | 1 January-30 June 2013 | 1 April-30 June 2013 | 1 January-30 June 2012 | 1 April-30 June 2012 |
|---|---|---|---|---|
| Short-term benefits to employees | 4.038 | 2.019 | 5.913 | 3.029 |
| | **4.038** | **2.019** | **5.913** | **3.029** |

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

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

| | **1 January-30 June 2013** | **1 April-30 June 2013** | **1 January-30 June 2012** | **1 April-30 June 2012** |
|---|---|---|---|---|
| Net (loss) / income attributable to the shareholders | (125.938) | (160.810) | 134.438 | 72.909 |
| 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)** | **(0,71)** | **(0,90)** | **0,76** | **0,41** |

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 June 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 109.125.

(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 June 2013** | | | | **31 December 2012** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Total TL equivalent** | **USD** | **EURO** | **Other TL equivalent** | **Total TL equivalent** | **USD** | **EURO** | **Other TL equivalent** |
| Trade receivables | 5.255 | 213 | 1 | 4.843 | 4.740 | 246 | - | 4.301 |
| Monetary financial assets | 352.182 | 2.293 | 131.724 | 16.654 | 440.591 | 158 | 180.059 | 16.865 |
| Other | 9.922 | 1.302 | - | 7.416 | 6.717 | 1.422 | - | 4.182 |
| **Current assets** | **367.359** | **3.808** | **131.725** | **28.913** | **452.048** | **1.826** | **180.059** | **25.348** |
| **Total assets** | **367.359** | **3.808** | **131.725** | **28.913** | **452.048** | **1.826** | **180.059** | **25.348** |
| Trade payables | 6.441 | 475 | 99 | 5.278 | 7.478 | 131 | - | 7.244 |
| Financial liabilities | 215.481 | - | 85.723 | - | 146.261 | - | 62.194 | - |
| Non-monetary other liabilities | 5.574 | 830 | - | 3.976 | 4.061 | 1.131 | - | 2.045 |
| **Current liabilities** | **227.496** | **1.305** | **85.822** | **9.254** | **157.800** | **1.262** | **62.194** | **9.289** |
| Financial liabilities | 2.295.398 | - | 913.155 | - | 2.340.110 | - | 995.071 | - |
| Non-monetary other liabilities | 2.494 | - | 992 | - | 2.500 | - | 1.063 | - |
| **Non-current liabilities** | **2.297.892** | **-** | **914.147** | **-** | **2.342.610** | **-** | **996.134** | **-** |
| **Total liabilities** | **2.525.388** | **1.305** | **999.969** | **9.254** | **2.500.410** | **1.262** | **1.058.328** | **9.289** |

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

**FOREIGN CURRENCY POSITION**

| | **30 June 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** | **(2.158.029)** | **2.503** | **(868.244)** | **19.659** | **(2.048.362)** | **564** | **(878.269)** | **16.059** |
| **Net foreign currency asset / (liability) position of monetary items** | **(2.159.883)** | **2.031** | **(867.252)** | **16.219** | **(2.048.518)** | **273** | **(877.206)** | **13.922** |
| Fair value of hedged funds of foreign currency | 1.152 | - | - | - | 10.441 | - | - | - |
| Hedged amount of foreign currency assets | - | - | - | - | - | - | - | - |
| Hedged amount of foreign currency liabilities | 25.137 | - | 10.000 | - | 76.254 | - | 32.425 | - |
| Export | - | - | - | - | - | - | - | - |
| Import | 41.933 | 23.091 | - | - | 74.715 | 41.764 | - | - |

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

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

**30 June 2013**

| | Gain / Loss | |
|---|---|---|
| | **Foreign exchange appreciation** | **Foreign exchange depreciation** |
| 5% change in Euro Exchange rate | | |
| Euro net asset / liability | (109.125) | 109.125 |
| Portion secured from Euro risk | - | - |
| **Euro net effect** | **(109.125)** | **109.125** |

**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