

MİGROS TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2015**

(ORIGINALLY ISSUED IN TURKISH)



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

**REPORT ON REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

Introduction

1. We have reviewed the accompanying condensed consolidated balance sheet of Migros Ticaret A.Ş. and its subsidiaries (collectively referred to as the "Group") as at 30 June 2015 and the related condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information 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 Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Migros Ticaret A.Ş. is not prepared, in all material respects, in accordance with TAS 34.



Other matter

4. The consolidated financial statements of Migros Ticaret A.Ş. as of 31 December 2014 and for the year then ended were audited and the condensed consolidated interim financial information as of 30 June 2014 and for the six-month period then ended were reviewed by another audit firm whose audit report dated 11 March 2015 expressed an unqualified opinion and whose review report dated 19 August 2014 expressed a conclusion that no material non-compliance with respect to TAS 34 has come to their attention.

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

Burak Özpoyraz, SMMM
Partner

Istanbul, 19 August 2015

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF JUNE, 2015**

CONSOLIDATED INTERIM BALANCE SHEETS	1-2
CONSOLIDATED INTERIM STATEMENTS OF INCOME.....	3
CONSOLIDATED INTERIM STATEMENTS OF OTHER COMPREHENSIVE INCOME.....	4
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY.....	5
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS	6-7
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	8-47
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS.....	8-9
NOTE 2 BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	9-14
NOTE 3 SEGMENT REPORTING.....	14-19
NOTE 4 DERIVATIVE FINANCIAL INSTRUMENTS	20-21
NOTE 5 INVESTMENT PROPERTY	21-22
NOTE 6 PROPERTY, PLANT AND EQUIPMENT	23-24
NOTE 7 INTANGIBLE ASSETS	25-26
NOTE 8 INVENTORIES	26
NOTE 9 GOODWILL	26
NOTE 10 FINANCIAL LIABILITIES.....	27-29
NOTE 11 PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES	30-32
NOTE 12 PROVISION FOR EMPLOYEE BENEFITS	32-33
NOTE 13 REVENUE.....	34
NOTE 14 EXPENSES BY NATURE.....	35-36
NOTE 15 OTHER OPERATING INCOME AND EXPENSES	36
NOTE 16 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES	37
NOTE 17 FINANCIAL INCOME.....	37
NOTE 18 FINANCIAL EXPENSES.....	37
NOTE 19 TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)	38-40
NOTE 20 CAPITAL, RESERVES AND OTHER EQUITY ITEMS	41
NOTE 21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	42-43
NOTE 22 EARNINGS / (LOSSES) PER SHARE	43
NOTE 23 EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION	43-46
NOTE 24 FINANCIAL INSTRUMENTS.....	46-47
NOTE 25 SUBSEQUENT EVENTS.....	47

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

MİGROS TİCARET A.Ş.

**CONSOLIDATED BALANCE SHEETS AS OF
30 JUNE 2015 AND 31 DECEMBER 2014**

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

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

	Notes	Reviewed 30 June 2015	Audited 31 December 2014
ASSETS			
Current Assets:			
Cash and cash equivalents		825.525	689.074
Trade receivables			
Trade receivables from related parties	21	41	44
Trade receivables from third parties		61.890	47.803
Other receivables from third parties		5.543	7.672
Derivative financial instruments	4	2.634	874
Inventories	8	1.082.837	962.885
Prepaid expenses		39.271	27.173
Other current assets		2.369	672
Total current assets		2.020.110	1.736.197
Non-current assets:			
Financial investments		1.695	1.695
Other receivables from third parties		1.840	1.691
Derivative financial instruments	4	27	9
Investment properties	5	60.768	47.493
Property, plant and equipment	6	1.273.179	1.287.301
Intangible assets			
Goodwill	9	2.251.427	2.251.427
Other intangible assets	7	267.763	249.417
Prepaid expenses		11.141	18.265
Total non-current assets		3.867.840	3.857.298
Total assets		5.887.950	5.593.495

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

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

MİGROS TİCARET A.Ş.

**CONSOLIDATED BALANCE SHEETS AS OF
30 JUNE 2015 AND 31 DECEMBER 2014**

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

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

	Notes	Reviewed 30 June 2015	Audited 31 December 2014
LIABILITIES			
Current liabilities:			
Short term portion of long term borrowings	10	176.029	633.801
Trade payables			
Trade payables to related parties	21	1.201	1.170
Trade payables to third parties		2.158.920	1.895.217
Employee benefits payables		41.248	43.528
Other payables to third parties		30.953	44.186
Derivative financial instruments	4	1.267	2.229
Deferred income		23.629	19.646
Taxes on income	19	10.920	3.115
Short term provisions			
Short term provisions for employee benefits	12	73.084	62.984
Other short term provisions	11	77.326	72.058
Other current liabilities		4.750	1.834
Total current liabilities		2.599.327	2.779.768
Non-current liabilities:			
Long term borrowings	10	2.287.667	1.718.988
Other payables to third parties		3.044	2.963
Deferred income		1.507	1.551
Long term provisions			
Long term provisions for employee benefits	12	63.010	55.848
Deferred tax liabilities	19	114.396	115.211
Total non-current liabilities		2.469.624	1.894.561
Total liabilities		5.068.951	4.674.329
EQUITY			
Attributable to equity holders of parent			
Share capital	20	178.030	178.030
Other capital reserves		(365)	(365)
Additional contribution to share capital	20	27.312	27.312
Share premium		678.233	678.233
Other comprehensive income / expense not to be classified to profit or loss			
Defined benefit plans re-measurement (losses) / gains		(11.347)	(11.347)
Other comprehensive income / expense to be classified to profit or loss			
Currency translation differences		40.938	30.196
Restricted reserves		504.766	504.766
Accumulated losses		(488.213)	(586.726)
Net (loss) / income		(110.960)	98.513
Non-controlling interest		605	554
Total equity		818.999	919.166
Total liabilities and equity		5.887.950	5.593.495

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

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE
INTERIM PERIOD 1 JANUARY - 30 JUNE 2015 AND 2014**

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

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

	Notes	Reviewed 1 January - 30 June 2015	Not Reviewed 1 April - 30 June 2015	Reviewed 1 January - 30 June 2014	Not Reviewed 1 April - 30 June 2014
Revenue	3,13	4.369.230	2.295.214	3.737.696	1.965.195
Cost of sales (-)	3,13, 14	(3.199.021)	(1.684.651)	(2.742.440)	(1.447.203)
Gross profit	3, 13	1.170.209	610.563	995.256	517.992
General administrative expenses (-)	14	(147.725)	(75.192)	(131.647)	(66.518)
Marketing, selling and distribution expenses (-)	14	(866.944)	(458.229)	(730.803)	(382.254)
Other operating income	15	29.213	16.091	29.796	13.763
Other operating expense (-)	15	(79.747)	(45.443)	(69.154)	(36.761)
Operating profit	3	105.006	47.790	93.448	46.222
Income from investment activities	16	547	292	637	299
Expenses from investment activities (-)	16	(3.813)	(1.126)	(2.754)	(1.678)
Operating income before finance income / (expense)	3	101.740	46.956	91.331	44.843
Financial income	17	9.331	5.315	54.022	38.167
Financial expense (-)	18	(200.447)	(158.785)	(84.367)	26.106
Net (loss) / income before tax from continuing operations		(89.376)	(106.514)	60.986	109.116
Tax expense from continuing operations	19	(21.581)	(12.327)	(18.943)	(5.849)
- Income tax expense (-)		(26.303)	(13.384)	(21.492)	(5.074)
- Deferred tax income / (expense)		4.722	1.057	2.549	(775)
Net (loss) / income		(110.957)	(118.841)	42.043	103.267
Net income / (loss) attributable to:					
- Non-controlling interest		3	(3)	15	2
- Equity holders of parent		(110.960)	(118.838)	42.028	103.265
(Loss) / earning per share	22	(0,62)	(0,67)	0,24	0,58

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 A.Ş.

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015 AND 2014**

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

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

Notes	Reviewed 1 January - 30 June 2015	Not Reviewed 1 April - 30 June 2015	Reviewed 1 January - 30 June 2014	Not Reviewed 1 April - 30 June 2014
Net (loss) / income for the period	(110.957)	(118.841)	42.043	103.267
Other comprehensive income / (loss):				
Items to be reclassified to profit or loss				
Currency translation differences	10.790	1.407	(18.548)	(4.719)
Other comprehensive income / (loss), after tax	10.790	1.407	(18.548)	(4.719)
Total comprehensive (loss) / income	(100.167)	(117.434)	23.495	98.548
Total comprehensive (loss) / income attributable to:				
Non-controlling interests	51	36	11	(20)
Equity holders of parent	(100.218)	(117.470)	23.484	98.568

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

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

MİGROS TİCARET A.Ş.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015 AND 2014**

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

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

	Share capital	Other capital reserves	Additional contribution to share capital	Share premium	Other comprehensive income / expenses not to be reclassified to profit or loss	Other comprehensive income / expenses to be reclassified to profit or loss	Restricted reserves	Retained earnings		Attributable to equity holders of the parent	controlling interests	Non-Total equity
					Defined benefit plans re-measurement (losses) / gains	Cumulative translation differences		Accumulated losses	Net (loss) / income for the period			
Balances at 1 January 2014	178.030	(365)	27.312	678.233	(12.839)	41.122	504.766	(123.551)	(463.175)	829.533	691	830.224
Transfers	-	-	-	-	-	-	-	(463.175)	463.175	-	-	-
Total comprehensive income / (loss)	-	-	-	-	-	(18.544)	-	-	42.028	23.484	11	23.495
Net income / (loss) for the period	-	-	-	-	-	-	-	-	42.028	42.028	15	42.043
Cumulative translation differences	-	-	-	-	-	(18.544)	-	-	-	(18.544)	(4)	(18.548)
Balances at 30 June 2014	178.030	(365)	27.312	678.233	(12.839)	22.578	504.766	(586.726)	42.028	853.017	702	853.719
Balances at 1 January 2015	178.030	(365)	27.312	678.233	(11.347)	30.196	504.766	(586.726)	98.513	918.612	554	919.166
Transfers	-	-	-	-	-	-	-	98.513	(98.513)	-	-	-
Total comprehensive income / (loss)	-	-	-	-	-	10.742	-	-	(110.960)	(100.218)	51	(100.167)
Net income / (loss) for the period	-	-	-	-	-	-	-	-	(110.960)	(110.960)	3	(110.957)
Cumulative translation differences	-	-	-	-	-	10.742	-	-	-	10.742	48	10.790
Balances at 30 June 2015	178.030	(365)	27.312	678.233	(11.347)	40.938	504.766	(488.213)	(110.960)	818.394	605	818.999

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

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

MİGROS TİCARET A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015 AND 2014**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)

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

	Notes	Reviewed 1 January - 30 June 2015	Reviewed 1 January - 30 June 2014
Cash flows from operating activities:			
Net (loss) / income for the period		(110.957)	42.043
Adjustments related to reconciliation of profit / (loss):			
Depreciation and amortisation	14	86.322	77.378
Provision for employment termination benefits	12	18.302	17.248
Provision for unused vacation	12	13.553	11.773
Provision for litigation	11	3.032	(257)
Provision for doubtful receivable	15	1.005	1.670
Income tax expense	19	21.581	18.943
Provision for tax penalty interest		3.872	-
Interest income	15, 17	(28.176)	(33.189)
Interest expense	15, 18	125.294	125.790
Foreign exchange losses / (gains) related to bank borrowings		122.593	(48.048)
Fair value losses arising from derivatives	17, 18	(2.045)	6.657
(Loss) / gain on sale of property plant and equipment	16	289	691
Impairment on property, plant and equipment	16	2.977	1.426
		257.642	222.125
Changes in working capital:			
Trade receivables		(15.088)	(13.133)
Inventories		(119.952)	(106.338)
Other receivables related with operations		(4.691)	1.240
Trade payables		263.734	269.523
Other payables related with operations		(7.548)	294
		374.097	373.711
Cash flows from operating activities:			
Employment termination benefits paid	12	(11.140)	(9.536)
Unused vacation paid	12	(3.453)	(3.908)
Interest received		27.642	27.852
Interest paid		(68.428)	(61.904)
Taxes paid		(18.498)	(35.553)
Compensations paid	11	(2.666)	(1.743)
Net cash provided by operating activities		297.554	288.919

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

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014**

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

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

	Notes	Reviewed 1 January - 30 June 2015	Reviewed 1 January - 30 June 2014
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets	5, 6, 7	(97.241)	(87.770)
Cash inflows from the sale of tangible and intangible assets	5, 6, 7, 16	951	1.198
Net cash used in investing activities		(96.290)	(86.572)
Cash flows from financing activities			
Cash outflows from financial liabilities		(17.528)	(233.172)
Cash paid with respect to derivative instruments		(695)	(3.995)
Interest received		534	5.337
Interest paid		(51.025)	(65.075)
Adjustment for increasing in financial investments		-	7.603
Net cash used in financing activities		(68.714)	(289.302)
Impact of foreign currency translation differences on cash and cash equivalents			
Net increase in cash and cash equivalents		3.901	(7.799)
		136.451	(94.754)
Cash and cash equivalents at the beginning of period		689.074	1.038.329
Cash and cash equivalents at the end of period		825.525	943.575

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

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014**

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

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

MH Perakendecilik ve Ticaret A.Ş (“MH”) transferred its Migros Ticaret A.Ş shares with the nominal value of TRL 27.371.000 to its parent company, Moonlight Capital SA, in exchange for TRL 26 per share on 13 November 2014. MH Perakendecilik ve Ticaret A.Ş (“MH”) transferred its Migros Ticaret A.Ş shares with the nominal value of TRL 26.937.336 to its parent company, Moonlight Capital SA, in exchange for TRL 26 per share on 31 December 2014. As a result of these transactions, as of 31 December 2014, the shareholding of “MH” and Moonlight Capital SA are 50,00% and 30,51%, respectively.

The Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods through its Migros, MJet, 5M, Tansaş, M-Jet and Macrocenter banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet. The Company also rents floor space in the shopping malls to other trading companies. As of 30 June 2015, the Group operates in 1.296 stores in total (31 December 2014: 1.190) which comprise 1.286 retail stores and 10 wholesale stores with a total net space of 973.793 m² (31 December 2014: 952.615 m²) including 966.434 m² for retail and 7.359 m² for wholesale. Retail is the main business segment of the Group and constitutes almost 97% of gross sales (30 June 2014: 97%).

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

MİGROS TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

The address of the registered office is as follows:

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

These consolidated financial statements have been approved for issue by the Board of Directors (“BOD”) on 19 August 2015 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.

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 2015 %	December 2014 %
Ramstore Bulgaria E.A.D. (“Ramstore Bulgaria”)	Bulgaria	Bulgaria	Dormant	100,0	100,0
Ramstore Kazakhstan LLC (“Ramstore Kazakhstan”)	Kazakhstan	Kazakhstan	Retailing	100,0	100,0
Ramstore Macedonia DOO (“Ramstore Macedonia”)	Macedonia	Bulgaria	Retailing	99,0	99,0
Sanal Merkez Ticaret A.Ş. (“Sanal Merkez”) (*)	Turkey	Turkey	Dormant	100,0	100,0

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

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The Group companies which operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted accounting principals by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

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

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

MİGROS TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014

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

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

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

2.1 Basis of Presentation (Continued)

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

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

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

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

Functional and reporting currency

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

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

MİGROS TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014

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

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

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. The following reclassifications have been made by the Group management in the 31 December 2014 balance sheet;

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

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

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

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

2.2. Changes in the Accounting Policies

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

The condensed consolidated interim financial statements for the period ended June 30, 2015 have been prepared in accordance with the accounting policies consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2014. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014.

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.

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014**

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

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

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

2.4 New and Revised Turkish Accounting Standards

**a) The new standards, amendments to published standards and interpretations effective
applicable to 30 June 2015**

- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2010 - 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project that affect 7 standards:
 - TFRS 2, “Share-based payment”
 - TFRS 3, “Business Combinations”
 - TFRS 8, “Operating segments”
 - TFRS 13, “Fair value measurement”
 - TAS 16, “Property, plant and equipment” and TAS 38, ‘Intangible assets’
 - TFRS 9, “Financial instruments”, TAS 37, “Provisions, contingent liabilities and contingent assets”, and
 - TAS 39, “Financial instruments - Recognition and measurement”
- Annual improvements 2011 - 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-2012-2013 cycle of the annual improvements project that affect 4 standards:
 - TFRS 1, “First time adoption”
 - TFRS 3, “Business combinations”
 - TFRS 13, “Fair value measurement”
 - TAS 40, “Investment property”.

b) Standards and amendments issued but not yet effective as of 30 June 2015:

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to TAS 16 ‘Property, plant and equipment’, and TAS 41, ‘Agriculture’, regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.

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

MİGROS TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014

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

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

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

b) Standards and amendments issued but not yet effective as of 30 June 2015 (Continued):

- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment, it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- TFRS 14 ‘Regulatory deferral accounts’, effective from annual periods beginning on or after 1 January 2016. TFRS 14, ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- TAS 27 "Separate financial statements "; effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to TFRS 10, ‘Consolidated financial statements’ and IAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS 5, “Non-current assets held for sale and discontinued operations” regarding methods of disposal.
 - TFRS 7, “Financial instruments: Disclosures”, regarding servicing contracts.
 - TAS 19, “Employee benefits” regarding discount rates.
 - TAS 34, ‘Interim financial reporting’ regarding disclosure of information.
- TAS 1 "Presentation of Financial Statements"; effective from annual periods beginning on or after 1 January 2016. These amendments address to improve the presentation and disclosure of financial statements.

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

MİGROS TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014

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

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

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

b) Standards and amendments issued but not yet effective as of 30 June 2015 (Continued):

- TFRS 10 "Consolidated Financial Statements" and TAS 28 "Investments in Associates and Joint Ventures"; effective from annual periods beginning on or after 1 January 2016. These amendments clarify to address issues that have arisen in the context of applying the consolidation exception for investment entities.
- TFRS 15 ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2017. TFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- TFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

As the date of financial statements approval, following standards, interpretations and changes has not published by the POAASA.

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

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

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”.

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

The segment information provided to the board of directors as of 30 June 2015 is as follows:

a) Segment analysis for the period 1 January - 30 June 2015

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	4.146.260	222.970	4.369.230	-	4.369.230
Inter segment revenues	2.138	-	2.138	(2.138)	-
Sales revenue	4.148.398	222.970	4.371.368	(2.138)	4.369.230
Cost of sales	(3.031.292)	(169.867)	(3.201.159)	2.138	(3.199.021)
Gross profit	1.117.106	53.103	1.170.209	-	1.170.209
Marketing, selling and distribution expenses	(828.023)	(38.921)	(866.944)	-	(866.944)
General administrative expenses	(129.226)	(18.499)	(147.725)	-	(147.725)
Addition: Depreciation and amortisation expenses	76.459	9.863	86.322	-	86.322
Addition: Provision for employment termination benefits	7.162	-	7.162	-	7.162
Addition: Employmet termination benefits paid	11.140	-	11.140	-	11.140
Addition: Unused vacation pay liability	10.100	-	10.100	-	10.100
EBITDA	264.718	5.546	270.264	-	270.264
Addition: Rent expenses	215.274	12.078	227.352	-	227.352
EBITDAR	479.992	17.624	497.616	-	497.616

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

b) Segment analysis for the period 1 January - 30 June 2014

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	3.520.766	216.930	3.737.696	-	3.737.696
Inter segment revenues	4.313	-	4.313	(4.313)	-
Sales revenue	3.525.079	216.930	3.742.009	(4.313)	3.737.696
Cost of sales	(2.583.546)	(163.207)	(2.746.753)	4.313	(2.742.440)
Gross profit	941.533	53.723	995.256	-	995.256
Marketing, selling and distribution expenses	(698.315)	(32.488)	(730.803)	-	(730.803)
General administrative expenses	(113.728)	(17.919)	(131.647)	-	(131.647)
Addition: Depreciation and amortisation expenses	67.356	10.027	77.383	-	77.383
Addition: Provision for employment termination benefits	7.712	-	7.712	-	7.712
Addition: Employment termination benefits paid	9.536	-	9.536	-	9.536
Addition: Unused vacation pay liability	7.865	-	7.865	-	7.865
EBITDA	221.959	13.343	235.302	-	235.302
Addition: Rent expenses	181.240	9.845	191.085	-	191.085
EBITDAR	403.199	23.188	426.387	-	426.387

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment analysis for the period 1 April - 30 June 2015

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	2.181.683	113.531	2.295.214	-	2.295.214
Inter segment revenues	1.123	-	1.123	(1.123)	-
Sales revenue	2.182.806	113.531	2.296.337	(1.123)	2.295.214
Cost of sales	(1.598.246)	(87.528)	(1.685.774)	1.123	(1.684.651)
Gross profit	584.560	26.003	610.563	-	610.563
Marketing, selling and distribution expenses	(438.373)	(19.856)	(458.229)	-	(458.229)
General administrative expenses	(65.011)	(10.181)	(75.192)	-	(75.192)
Addition: Depreciation and amortisation expenses	38.867	5.004	43.871	-	43.871
Addition: Provision for employment termination benefits	1.633	-	1.633	-	1.633
Addition: Employment termination benefits paid	8.519	-	8.519	-	8.519
Addition: Unused vacation pay liability	5.383	-	5.383	-	5.383
EBITDA	135.578	970	136.548	-	136.548
Addition: Rent expenses	112.781	6.105	118.886	-	118.886
EBITDAR	248.359	7.075	255.434	-	255.434

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2015 AND 2014**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) Segment analysis for the period 1 April - 30 June 2014

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	1.864.723	100.472	1.965.195	-	1.965.195
Inter segment revenues	3.219	-	3.219	(3.219)	-
Sales revenue	1.867.942	100.472	1.968.414	(3.219)	1.965.195
Cost of sales	(1.375.045)	(75.377)	(1.450.422)	3.219	(1.447.203)
Gross profit	492.897	25.095	517.992	-	517.992
Marketing, selling and distribution expenses	(367.089)	(15.165)	(382.254)	-	(382.254)
General administrative expenses	(57.851)	(8.667)	(66.518)	-	(66.518)
Addition: Depreciation and amortisation expenses	33.990	4.982	38.972	-	38.972
Addition: Provision for employment termination benefits	4.345	-	4.345	-	4.345
Addition: Employment termination benefits paid	3.186	-	3.186	-	3.186
Addition: Unused vacation pay liability	4.347	-	4.347	-	4.347
EBITDA	113.825	6.245	120.070	-	120.070
Addition: Rent expenses	93.827	4.751	98.578	-	98.578
EBITDAR	207.652	10.996	218.648	-	218.648

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

A reconciliation between EBITDAR and income before tax is provided as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
EBITDAR reported segments	497.616	255.434	426.387	218.648
Rent expenses	(227.352)	(118.886)	(191.085)	(98.578)
EBITDA reported segments	270.264	136.548	235.302	120.070
Depreciation and amortisation expenses	(86.322)	(43.871)	(77.383)	(38.972)
Provision for employment termination benefits	(7.162)	(1.633)	(7.712)	(4.345)
Employment termination benefits paid	(11.140)	(8.519)	(9.536)	(3.186)
Unused vacation pay liability	(10.100)	(5.383)	(7.865)	(4.347)
Other operating income	29.213	16.091	29.796	13.763
Other operating expenses (-)	(79.747)	(45.443)	(69.154)	(36.761)
Operating profit	105.006	47.790	93.448	46.222
Income from investing activities	547	292	637	299
Expense from investing activities (-)	(3.813)	(1.126)	(2.754)	(1.678)
Operating profit before finance income	101.740	46.956	91.331	44.843
Financial income	9.331	5.315	54.022	38.167
Financial expenses (-)	(200.447)	(158.785)	(84.367)	26.106
(Loss) / income before tax	(89.376)	(106.514)	60.986	109.116

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

(Amounts expressed in thousands of Turkish Lira ("TRL") unless otherwise indicated.)

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

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS

Short term derivative financial instruments

	30 June 2015	31 December 2014
Forward foreign exchange contracts	2.634	874
	2.634	874

	30 June 2015	31 December 2014
Interest swap contracts	(1.267)	(2.193)
Forward foreign exchange contracts	-	(36)
	(1.267)	(2.229)

Long term derivative financial instruments

	30 June 2015	31 December 2014
Cap option	27	9
	27	9

The Group entered into a number of forward currency exchange contracts with banks in order to hedge its exchange rate risk. As at the settlement date, the Group sells TRL and purchases Euro at agreed strike prices. The fair values of the foreign exchange contracts as of 30 June 2015 are as follows:

	Euro amount to be purchased	TRL amount to be sold	Fair value (TRL)
Forward foreign exchange contracts	16.000	46.815	2.634

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

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

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group entered number of cap and interest rate swap contracts with banks in order to hedge its interest rate risk. The fair values of contracts and details as of 30 June 2015 and 31 December 2014 are as follows:

30 June 2015

	Agreement type	Transaction date	Effective date	Expiration date	Derivative instrument amount (EUR)	Fair value (TRL)
Current assets	Cap	27 Nov 2013	29 Nov 2013	30 Nov 2015	206 million	-
Non-current assets	Cap	21 Nov 2014	28 Nov 2014	30 Nov 2016	360 million	27
Current liabilities	Interest rate swap	20 Nov 2012	30 Nov 2012	30 Nov 2015	200 million	(1.267)

31 December 2014

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

NOTE 5 - INVESTMENT PROPERTY

	1 January 2015	Additions	Disposals	Transfers (*)	Currency translation differences	30 June 2015
Cost						
Land and buildings	84.770	724	-	18.700	2.530	106.724
Accumulated depreciation						
Buildings	(37.277)	(1.789)	-	(6.385)	(505)	(45.956)
Net book value	47.493	(1.065)	-	12.315	2.025	60.768

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 5 - INVESTMENT PROPERTY (Continued)

	1 January 2014	Additions	Disposals	Transfers (*)	Currency translation differences	30 June 2014
Cost						
Land and buildings	76.364	-	-	-	(2.274)	74.090
Accumulated depreciation						
Buildings	(30.097)	(1.885)	-	-	311	(31.671)
Net book value	46.267	(1.885)	-	-	(1.963)	42.419

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

(*) Ankara Ankamall Shopping Mall Center was transferred from property, plant and equipment and reclassified as investment property. As of 30 June 2015 the total rentable area is 6.741 m² (31 December 2014: 2.322 m²) and its fair value is TRL 61.850 (31 December 2014: TRL 26.041). The mentioned fair value is determined according to the real estate valuation report dated March 2015 of Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş.

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 2015, total investment property of Kazakhstan and Macedonia are 6.722 and 8.367 m² respectively (31 December 2014: Kazakhstan 6.586 m², Macedonia 7.017 m²).

Fair value of the investment properties in Kazakhstan and Macedonia are TRL 47.699 and TRL 68.053 (31 December 2014: Kazakhstan TRL 47.699, Macedonia TRL 68.053). 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 2015.

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2015	Additions	Disposals	Impairment loss (*)	Transfers	Currency translation differences	30 June 2015
Cost							
Land and buildings	477.570	6.364	-	-	(18.671)	5.470	470.733
Leasehold improvements	539.917	12.736	-	(20.937)	(23.893)	3.460	511.283
Machinery and equipments	544.833	17.319	(12.621)	-	19.237	4.377	573.145
Motor vehicles	2.489	64	(148)	-	-	85	2.490
Furniture and fixtures	278.484	11.700	(1.196)	-	3.750	2.149	294.887
Construction in progress	25.388	37.776	-	-	(34.057)	364	29.471
	1.868.681	85.959	(13.965)	(20.937)	(53.634)	15.905	1.882.009
Accumulated depreciation							
Buildings	(54.678)	(6.498)	-	-	6.385	(1.580)	(56.371)
Leasehold improvements	(226.365)	(24.104)	-	17.960	19.077	(1.732)	(215.164)
Machinery and equipments	(196.705)	(32.536)	11.641	-	-	(2.903)	(220.503)
Motor vehicles	(1.253)	(218)	143	-	-	(26)	(1.354)
Furniture and fixture	(102.379)	(13.012)	941	-	-	(988)	(115.438)
	(581.380)	(76.368)	12.725	17.960	25.462	(7.229)	(608.830)
Net book value	1.287.301						1.273.179

(*) Impairment loss amounting to TRL 2.977 consists of leasehold improvements of the stores closed in 2015 (Note 16).

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2014	Additions	Disposals	Impairment loss (*)	Transfers	Currency translation differences	30 June 2014
Cost							
Land and buildings	481.229	1.835	-	-	70	(5.969)	477.165
Leasehold improvements	494.845	10.898	-	(7.891)	6.681	(4.209)	500.324
Machinery and equipments	476.977	18.215	(9.276)	-	14.055	(5.543)	494.428
Motor vehicles	1.675	703	(106)	-	-	(79)	2.193
Furniture and fixtures	244.092	11.732	(2.123)	-	4.384	(1.613)	256.472
Construction in progress	5.185	36.798	(123)	-	(25.190)	-	16.670
	1.704.003	80.181	(11.628)	(7.891)	-	(17.413)	1.747.252
Accumulated depreciation							
Buildings	(49.940)	(4.798)	-	-	-	1.773	(52.965)
Leasehold improvements	(189.289)	(23.409)	-	6.465	-	2.608	(203.625)
Machinery and equipments	(153.050)	(27.473)	8.179	-	-	2.978	(169.366)
Motor vehicles	(837)	(179)	98	-	-	-	(918)
Furniture and fixtures	(77.222)	(11.939)	1.543	-	-	236	(87.382)
	(470.338)	(67.798)	9.820	6.465	-	7.595	(514.256)
Net book value	1.233.665						1.232.996

(*) Impairment loss amounting to TRL 1.426 consists of leasehold improvements of the stores closed in 2014 (Note 16).

Depreciation expenses related to property, plant and equipment have been accounted under general administrative expenses.

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 7 - INTANGIBLE ASSETS

	1 January 2015	Additions	Disposals	Transfers	Currency translation differences	30 June 2015
Cost						
Trademark (*)	202.175	-	-	-	-	202.175
Rent agreements (**)	32.982	-	-	-	-	32.982
Rights	71.071	10.558	-	2.548	510	84.687
Other intangible assets (***)	28.783	-	-	32.386	-	61.169
	335.011	10.558	-	34.934	510	381.013
Accumulated amortisation						
Rent agreements (**)	(28.401)	(873)	-	-	-	(29.274)
Rights	(38.562)	(6.341)	-	-	(414)	(45.317)
Other intangible assets (***)	(18.631)	(951)	-	(19.077)	-	(38.659)
	(85.594)	(8.165)	-	(19.077)	(414)	(113.250)
Net book value	249.417					267.763
	1 January 2014	Additions	Disposals	Transfers	Currency translation differences	30 June 2014
Cost						
Trademark (*)	202.175	-	-	-	-	202.175
Rent agreements (**)	32.982	-	-	-	-	32.982
Rights	55.542	7.589	(154)	-	(573)	62.404
Other intangible assets (***)	28.783	-	-	-	-	28.783
	319.482	7.589	(154)	-	(573)	326.344
Accumulated amortisation						
Rent agreements (**)	(26.202)	(1.100)	-	-	-	(27.302)
Rights	(27.739)	(5.089)	74	-	183	(32.571)
Other intangible assets (***)	(15.960)	(1.506)	-	-	-	(17.466)
	(69.901)	(7.695)	74	-	183	(77.339)
Net book value	249.581					249.005

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

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

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 7 - INTANGIBLE ASSETS (Continued)

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

(***) On 24 July 2008 the Group purchased all of the furniture and fixtures of local retail chain Maxi Market’s Silivri, Tekirdag and Çengelköy stores, with a total sales area of 13.000 m², from Hamoglu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İşletmecilik A.Ş. and also took over the rent agreements of the mentioned stores. The purchase cost in the amount of TRL 10.297 which exceeds the fair value of the purchased furniture and fixtures has been accounted for as an intangible asset and has been amortised over the rent agreement period.

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

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

NOTE 8 - INVENTORIES

	30 June 2015	31 December 2014
Raw materials	7.677	6.707
Work in progress	10.153	9.794
Merchandise stocks	1.062.283	943.619
Other	2.724	2.765
	1.082.837	962.885

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

NOTE 9 - GOODWILL

	1 January - 30 June 2015	1 January - 30 June 2014
Opening balance	2.251.427	2.251.427
Closing balane	2.251.427	2.251.427

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 10 - FINANCIAL LIABILITIES

	30 June 2015		Total TRL equivalent
	Effective interest rate	Euro	
Current portion of long term borrowings			
With floating interest rate - EUR	5,02 %	46.152	137.634
With fixed interest rate – TRL	12,91 %	-	38.013
With fixed interest rate - EUR	2,00 %	128	382
Total current bank borrowings		46.280	176.029
Non-current bank borrowings			
With floating interest rate - EUR	5,02 %	682.293	2.034.734
With fixed interest rate – TRL	12,91 %	-	252.566
With fixed interest rate - EUR	2,00 %	123	367
Total non-current bank borrowings		682.416	2.287.667
Total financial liabilities		728.696	2.463.696

The redemption schedule of bank borrowings at 30 June 2015 is as follows:

	Euro Loan	TRL Loan	Total TRL equivalent
1 July 2015 - 30 June 2016	46.280	38.013	176.029
1 July 2016 - 30 June 2017	55.906	37.304	204.027
1 July 2017 - 30 June 2018	71.524	38.360	251.659
1 July 2018 - 30 June 2019	89.844	39.236	307.169
1 July 2019 - 30 June 2020	106.115	39.013	355.469
1 July 2020 - 30 June 2021	109.781	35.057	362.446
1 July 2021 - 30 June 2022	118.427	32.614	385.787
1 July 2022 – 26 May 2023	130.819	30.982	421.110
	728.696	290.579	2.463.696

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 10 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of principal amounts of bank borrowings at 30 June 2015 is as follows:

	Euro Loan	TRL Loan	Total TRL equivalent
1 July 2015 – 30 June 2016	12.147	4.722	40.947
1 July 2016 - 30 June 2017	25.890	10.118	87.327
1 July 2017 - 30 June 2018	48.094	18.888	162.314
1 July 2018 - 30 June 2019	77.294	30.356	260.862
1 July 2019 - 30 June 2020	107.353	42.161	362.309
1 July 2020 - 30 June 2021	124.529	48.906	420.276
1 July 2021 - 30 June 2022	150.294	59.025	507.232
1 July 2022 - 26 May 2023	184.647	72.516	623.170
	730.248	286.693	2.464.437

The fair value of bank borrowings at 30 June 2015 is TRL 2.476.101.

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

With respect to long term bank loans, all Migros Ticaret A.Ş. shares owned by MH Perakendecilik ve Ticaret A.Ş. and Moonlight Capital S.A. were provided as collateral to the financial institutions as from the grant date of the loan. As of 30 June 2015, shares of Migros Ticaret A.Ş. which represents 80,51% of shares and amounting to TRL 143.323.336 nominal value (14.332.333.600 shares) owned by MH Perakendecilik ve Ticaret A.Ş. and Moonlight Capital S.A. were pledged (31 December 2014: 14.332.333.600 shares representing 80,51%).

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 10 - FINANCIAL LIABILITIES (Continued)

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

The redemption schedule of bank borrowings with TRL equivalents at 31 December 2014 is as follows:

	Euro	TRL
1 January 2015 - 31 December 2015	224.696	633.801
1 January 2016 - 31 December 2016	239.194	674.695
1 January 2017 - 31 December 2017	240.666	678.847
1 January 2018 - 31 May 2018	129.559	365.446
	834.115	2.352.789

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

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	30 June 2015	31 December 2014
Provision for tax penalty (*)	48.375	44.503
Provision for litigation	26.944	26.578
Customer loyalty programs	2.007	977
	77.326	72.058

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

(*) A limited tax review has been conducted on the Group’s Value Added Tax (“VAT”) accounts due to the discounts relating to goods purchased in 2008, 2009, 2010, 2011 and 2012. The tax review was finalized on November 2014 and a principal tax fine of TRL 27.484 (TRL 45.602 including the interest) was calculated following the objection raised in the Tax Review Report which argues that the amounts exceeding the shrinkage limits can not be treated as deductions in the tax accounts, therefore VAT relating to these purchased goods can not be subject to deduction. The Company disclosed that all kind of legal rights including compromise is going to be applied for the related amounts. Therefore, a provision amounting to TRL 44.503 (TRL 27.484 for the principal part and TRL 17.020 for the interest charges has been accounted for in the consolidated financial statements as of 31 December 2014. As of 30 June 2015, the Group accounted for an additional provision amounting to TRL 3.872 for the current period interest charges and thus the total provision for tax penalty reached to TRL 48.375 in the condensed consolidated financial statements as of 30 June 2015.

Movement of provision for lawsuits is as follows:

1 January 2014	22.430
Increase during period	(257)
Payments during period	(1.743)
30 June 2014	20.430
1 January 2015	26.578
Increase during period	3.032
Payments during period	(2.666)
30 June 2015	26.944

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

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

Collaterals, Pledges, Mortgages

30 June 2015:

	Total TRL amount	TRL	USD	Euro
A. CPM given on behalf of the Company’s legal personality	76.909	75.641	472	-
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM	-	-	-	-
i. Total amount of CPM given behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM given behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM given behalf of third parties which are not in scope of C	-	-	-	-
Total collaterals, pledges and mortgages	76.909	75.641	472	-
Proportion of the other CPM’s to equity	-	-	-	-

31 December 2014:

	Total TRL amount	TRL	USD	Euro
A. CPM given on behalf of the Company’s legal personality	74.332	73.167	472	25
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM	-	-	-	-
i. Total amount of CPM given behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM given behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM given behalf of third parties which are not in scope of C	-	-	-	-
Total collaterals, pledges and mortgages	74.332	73.167	472	25
Proportion of the other CPM’s to equity	-	-	-	-

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

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

Contingent assets and liabilities

Guarantees given at 30 June 2015 and 31 December 2014 are as follows:

	30 June 2015	31 December 2014
Letter of guarantees given	76.909	74.332
	76.909	74.332

Guarantees received at 30 June 2015 and 31 December 2014 are as follows:

	30 June 2015	31 December 2014
Guarantees obtained from customers	95.578	97.727
Morgages obtained from customers	21.842	19.999
	117.420	117.726

The future aggregate minimum lease payments under non-cancellable operating leases of land and stores are as follows. Amounts are expressed in the total amount to be paid by the end of the lease term although the time periods specified in the contracts in line with the vast majority of our stores early release have a right to give notice of the condition.

	30 June 2015	31 December 2014
Payable within 1 year	26.625	26.907
Payable in 1 to 5 years	6.694	7.170
5 years and more	842	1.262
	34.161	35.339

NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS

	30 June 2015	31 December 2014
Provision for unused vacation	73.084	62.984
Provision for employment termination benefits	63.010	55.848
	136.094	118.832

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

Movement of provision for unused vacation is as follows:

1 January 2014	52.577
Increase during period	11.773
Payments during period	(3.908)
30 June 2014	60.442
1 January 2015	62.984
Increase during year	13.553
Payments during period	(3.453)
30 June 2015	73.084

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

1 January 2014	43.954
Increase during period	17.248
Payments during period	(9.536)
30 June 2014	51.666
1 January 2015	55.848
Increase during period	18.302
Payments during period	(11.140)
30 June 2015	63.010

Provision for employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age, whose employment is terminated without due cause, is enlisted for military service or passed away. The amount payable consists of one month’s salary limited to a maximum of TRL 3.709,98 (31 December 2014: TRL 3.541,37) for each year of service at 30 June 2015.

In the consolidated financial statements as of June 30, 2015 and December 31, 2014, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

(Currencies other than TRL 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 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Domestic sales	4.274.239	2.252.131	3.622.230	1.920.089
Foreign sales	221.772	116.581	216.403	100.167
Other sales	6.123	(189)	6.460	2.604
Gross sales	4.502.134	2.368.523	3.845.093	2.022.860
Discounts and returns (-)	(132.904)	(73.309)	(107.397)	(57.665)
Net revenue	4.369.230	2.295.214	3.737.696	1.965.195
Cost of sales	(3.199.021)	(1.684.651)	(2.742.440)	(1.447.203)
Gross profit	1.170.209	610.563	995.256	517.992

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

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Retail sales revenue	4.342.247	2.279.708	3.718.345	1.954.795
Wholesale revenue	116.854	69.875	86.056	48.980
Rent income	36.910	19.129	34.232	16.481
	4.496.011	2.368.712	3.838.633	2.020.256

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 14 - EXPENSE BY NATURE

Total	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Staff costs	422.545	222.037	353.977	184.579
Rent	227.352	118.886	191.085	98.578
Depreciation and amortisation	86.322	43.871	77.378	38.967
Energy	57.592	30.167	50.445	26.039
Transportation	38.717	20.466	37.655	19.928
Advertising	33.961	18.418	27.143	13.892
Porterage and cleaning	28.480	15.215	23.977	12.826
Warehouse	25.737	13.126	23.000	12.092
Repair and maintenance	17.091	9.785	12.776	6.613
Mechanisation	11.499	6.489	9.085	5.093
Security	11.295	5.659	9.778	4.832
Taxes and other fees	7.389	4.433	5.251	3.165
Communication	4.738	2.564	4.090	2.064
Other	41.951	22.305	36.810	20.104
	1.014.669	533.421	862.450	448.772
Marketing, selling and distribution expenses	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Staff costs	374.644	197.881	311.920	164.025
Rent	227.057	118.753	190.801	98.435
Energy	56.991	29.846	49.943	25.787
Transportation	38.717	20.466	37.655	19.937
Advertising	33.958	18.429	27.143	13.892
Porterage and cleaning	27.608	14.763	23.236	12.459
Warehouse	25.737	13.126	23.000	12.092
Repair and maintenance	16.824	9.678	12.499	6.453
Security	10.886	5.457	9.412	4.647
Mechanisation	9.985	5.970	7.608	4.108
Taxes and other fees	6.759	3.978	4.875	3.020
Communication	3.907	2.049	3.291	1.682
Other	33.871	17.833	29.420	15.717
	866.944	458.229	730.803	382.254

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 14 - EXPENSE BY NATURE (Continued)

General administrative expenses	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Depreciation and amortisation	86.322	43.871	77.378	38.967
Staff costs	47.901	24.156	42.057	20.554
Other	13.502	7.165	12.212	6.997
	147.725	75.192	131.647	66.518

Expenses by nature in cost of sales for the periods 1 January - 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Cost of goods sold	3.183.332	1.676.911	2.729.207	1.440.886
Cost of service rendered	15.689	7.740	13.233	6.317
	3.199.021	1.684.651	2.742.440	1.447.203

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

NOTE 15 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Interest income on term sales	17.354	9.600	16.259	7.583
Interest income from operating activities	10.288	5.643	11.593	5.883
Other	1.571	848	1.944	297
	29.213	16.091	29.796	13.763

Other operating expenses	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Interest expense on term purchases	68.428	38.762	61.904	34.126
Compensation paid	2.665	691	-	-
Bad debt provision expense	1.005	457	1.670	953
Provision for litigation	367	(159)	-	-
Other	7.282	5.692	5.580	1.682
	79.747	45.443	69.154	36.761

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 16 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Gain on sale of property, plant and equipment	547	292	637	299
	547	292	637	299
Expense from investing activities	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Losses from leasehold improvements of closed stores	2.977	439	1.426	1.000
Loss on sale of property, plant and equipment	836	687	1.328	678
	3.813	1.126	2.754	1.678

NOTE 17 - FINANCIAL INCOME

Financial income	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Foreign exchange gains	5.312	2.315	48.685	36.024
Financial income on derivatives	3.485	2.752	-	-
Interest income on bank deposits	534	248	5.337	2.143
	9.331	5.315	54.022	38.167

NOTE 18 - FINANCIAL EXPENSES

Financial expense	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Foreign exchange losses	123.231	113.614	9.996	(62.666)
Interest expense on bank borrowings	56.866	31.350	63.886	30.041
Expenses arising from the restructure of bank borrowings	8.969	8.969	-	-
Interest expense of tax penalty	3.872	3.872	-	-
Financial expense on derivatives	1.440	(779)	6.657	4.476
Other	6.069	1.759	3.828	2.043
	200.447	158.785	84.367	26.106

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

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

	30 June 2015	31 December 2014
Taxes and fund payable	26.303	63.724
Less: Prepaid current income taxes	(15.383)	(60.609)
Taxes on income	10.920	3.115
	30 June 2015	31 December 2014
Deferred tax assets	39.052	34.421
Deferred tax liabilities	(153.448)	(149.632)
Deferred tax liabilities, net	(114.396)	(115.211)

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, income tax rate as of 30 June 2015 is 20% (2014: 20%).

Implied income tax rates in Kazakhstan, Bulgaria and Macedonia are 20%, 10% and 10% respectively (31 December 2014: 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 2015. 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.

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

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

The details of taxation on income for the periods ended 30 June 2015 and 2014 are as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Current period tax expense	(26.303)	(13.384)	(27.422)	(11.004)
Previous period tax income (*)	-	-	5.930	5.930
Current period tax expense	(26.303)	(13.384)	(21.492)	(5.074)
Deferred tax income / (expense)	4.722	1.057	2.549	(775)
Current year tax expense	(21.581)	(12.327)	(18.943)	(5.849)

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

Income withholding tax

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

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

Deferred income tax

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and its statutory tax financial statements. Temporary differences generally arise due to the recording of incomes and expenses in different reporting periods according to Tax Laws and TAS. As of 30 June 2015 deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on the taxable income in the coming years under the liability method using a principal tax rate of 20%, 20%, 10% and 10% for Turkey, Kazakhstan, Bulgaria and Macedonia, respectively (31 December 2014: 20%, 20%, 10% and 10% respectively).

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

**NOTE 19 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)
(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 2015 and 31 December 2014 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Deferred tax assets:				
Fair value change of derivative				
financial instruments	1.267	2.229	253	446
Short term provisions	100.028	89.562	20.006	17.912
Inventories	24.374	19.593	4.875	3.919
Provision for employee				
termination benefits	63.010	55.848	12.602	11.170
Unincurred interest income	385	196	77	39
Other	6.196	4.677	1.239	935
	195.260	172.105	39.052	34.421
Deferred tax liabilities:				
Fair value change of derivative				
financial instruments	2.661	882	(532)	(176)
Property, plant and equipment	761.205	762.124	(145.139)	(145.245)
Unincurred interest expense	23.825	18.335	(4.765)	(3.667)
Other	15.059	2.719	(3.012)	(544)
	802.750	784.060	(153.448)	(149.632)
Total deferred tax liability, net			(114.396)	(115.211)
1 January 2015				(115.211)
Deferred tax income from continuing operations				4.722
Currency translation difference				(3.907)
30 June 2015				(114.396)
1 January 2014				(114.857)
Deferred tax expense from continuing operations				2.549
Currency translation difference				1.422
30 June 2014				(110.886)

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 20 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company’s authorised and issued capital consists of 17.803.000.000 shares at 1 shares of Krl nominal value as of 30 June 2015 (31 December 2014: 17.803.000.000 shares). All shares are paid-in and no privileges are given to different share groups and shareholders. MH Perakendecilik ve Ticaret A.Ş (“MH”) transferred its Migros Ticaret A.Ş shares with the nominal value of TRL 27.371.000 to its parent company, Moonlight Capital SA, in exchange for TRL 26 per share on 13 November 2014. MH Perakendecilik ve Ticaret A.Ş (“MH”) transferred its Migros Ticaret A.Ş shares with the nominal value of TRL 26.937.336 to its parent company, Moonlight Capital SA, in exchange for TRL 26 per share on 31 December 2014. As a result of these transactions, as of 31 December 2014, the shareholding of “MH” and Moonlight Capital SA are 50,00% and 30,51%, respectively.

The shareholders of the Company and their shareholdings stated at historical amounts at 30 June 2015 and 31 December 2014 are stated below:

	30 June 2015		31 December 2014	
	TRL	Share (%)	TRL	Share (%)
MH Perakendecilikve Ticaret A.Ş.	89.015	50,00	89.015	50,00
Moonlight Capital S.A.	54.308	30,51	54.308	30,51
Other	34.707	19,49	34.707	19,49
Total	178.030	100,00	178.030	100,00

Merger of enterprises subject to common control

In accordance with the decision adopted during Migros Türk’s general assembly held on 28 April 2009, Migros Türk has decided to merge with Moonlight through a takeover of its assets and liabilities as a whole within the framework of Capital Markets Board (“CMB”) requirements, Turkish Commercial Code, Law No. 451, and other related articles and Corporate Tax Law No. 19-20. As a result of the mentioned merger, it has been decided to increase Moonlight’s capital from TRL 174.323.340 to TRL178.030.000 (Amounts expressed in Turkish Lira (“TRL”)) and also in accordance with the merger agreement approved during the General Assembly, merger ratio of 0,97918 and share exchange ratio of 1,00 has been identified. As a result of the merger, registered shares amounting to TRL 3.706.660 (Amounts expressed in Turkish Lira (“TRL”)) issued by Moonlight have been distributed to the shareholders of Migros Türk other than Moonlight in exchange for their Migros Türk shares.

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

The difference occurred as a result of merger amounting TRL 27.312, has been presented as “Additional contribution to shareholders’ equity related to merger” under consolidated equity, as there are no related lines present at the financial statement presentation format which is held mandatory by CMB.

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Due from related parties	30 June 2015	31 December 2014
Mavi Jeans Giyim Sanayi ve Ticaret A.Ş.	40	38
Tekin Acar Büyük Mağazacılık T.A.Ş.	-	6
Sanal Merkez T.A.Ş.	1	-
	41	44

Due to related parties	30 June 2015	31 December 2014
Natura Gıda San. ve Tic. A.Ş.	1.115	1.084
Diğer	86	86
	1.201	1.170

b) Transactions with related parties

Intentory purchases	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Natura Gıda San. ve Tic. A.Ş.	1.099	767	2.176	1.834
	1.099	767	2.176	1.834

Other transactions	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Rent income	535	275	528	228
Other	132	71	115	64
	667	346	643	292

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

MİGROS TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015

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

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

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

c) Key management compensation

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

Total compensation provided to key management personnel by Group for the period ended 30 June 2015 and 30 June 2014 is as follows:

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Short term benefits	5.825	2.955	5.459	2.703
	5.825	2.955	5.459	2.703

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

NOTE 22 - EARNINGS / (LOSSES) PER SHARE

	1 January - 30 June 2015	1 April - 30 June 2015	1 January - 30 June 2014	1 April - 30 June 2014
Net (loss) / income attributable to shareholders	(110.960)	(118.838)	42.028	103.265
Weighted average number of shares with Kr1 face value each(‘000)	17.803.000	17.803.000	17.803.000	17.803.000
(Loss) / earning per share	(0,62)	(0,67)	0,24	0,58

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 2015, if Euro had appreciated against TRL by 5% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been less in the amount of TRL 104.697.

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

MİGROS TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015

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

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

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

	FOREIGN CURRENCY POSITION							
	30 June 2015				31 December 2014			
	Total TRL equivalent	USD	Euro	Other TRL equivalent	Total TRL equivalent	USD	Euro	Other TRL equivalent
Trade receivables	7.970	227	-	7.360	6.192	343	-	5.396
Monetary financial assets	114.282	8.900	27.424	8.590	49.014	9.225	6.554	9.137
Other	16.298	886	-	13.918	18.217	1.456	24	14.774
Current assets	138.550	10.013	27.424	29.868	73.423	11.024	6.578	29.307
Other	48.563	-	-	48.563	45.821	-	-	45.821
Non-current assets	48.563	-	-	48.563	45.821	-	-	45.821
Total assets	187.113	10.013	27.424	78.431	119.244	11.024	6.578	75.128
Trade payables	19.736	1.318	65	16.002	18.952	1.128	174	15.845
Financial liabilities	138.016	-	46.280	-	633.801	-	224.696	-
Non-monetary other liabilities	3.986	965	-	1.394	5.737	2.030	-	1.030
Current liabilities	161.738	2.283	46.345	17.396	658.490	3.158	224.870	16.875
Financial liabilities	2.035.101	-	682.416	-	1.718.988	-	609.419	-
Non-monetary other liabilities	2.413	-	809	-	2.404	-	852	-
Non-current liabilities	2.037.514	-	683.225	-	1.721.392	-	610.271	-
Total liabilities	2.199.252	2.283	729.570	17.396	2.379.882	3.158	835.141	16.875

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

MİGROS TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015

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

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

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

	FOREIGN CURRENCY POSITION							
	30 June 2015				31 December 2014			
	Total TRL equivalent	USD	Euro	Other TRL equivalent	Total TRL equivalent	USD	Euro	Other TRL equivalent
Net asset / (liability) position of off-balance sheet derivatives (A-B)	-	-	-	-	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-
Net foreign currency asset / (liability) position	(2.012.139)	7.730	(702.146)	61.035	(2.260.638)	7.866	(828.563)	58.253
Net foreign currency asset / (liability) position of monetary items	(2.070.601)	7.810	(701.357)	(52)	(2.316.535)	8.440	(827.735)	(1.312)
Fair value hedge funds of foreign currency	2.634	-	-	-	838	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	47.715	-	16.000	-	67.697	-	24.000	-
Export	-	-	-	-	-	-	-	-
Import	39.888	15.396	-	-	73.066	33.286	-	-

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

MİGROS TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015

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

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

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

Foreign currency sensitivity analysis as of 30 June 2015 and 31 December 2014 is as follows:

30 June 2015

	Gain / Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
%5 change in Euro exchange rate		
Euro net asset / liability	(104.697)	104.697
Portion secured from Euro risk	-	-
Euro net effect	(104.697)	104.697

31 December 2014

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

NOTE 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 Turkish Financial Reporting Standards 7 (“TFRS 7”) for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2015**

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

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

NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

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

NOTE 25 - SUBSEQUENT EVENTS

On 15 July 2015 Moonlight Capital S.A. sold 80,50% of the shares of MH Perakendecilik ve Ticaret A.Ş. which holds %50 of Migros Ticaret A.Ş. shares. With this transaction, the total shares directly and indirectly held by Moonlight Capital S.A. in the capital of our Company has decreased to 40,25% and the shares indirectly held by Anadolu Holding A.Ş. in our Company have reached 40,25% as of July 15, 2015.

.....