

MİGROS TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
(ORIGINALLY ISSUED IN TURKISH)**



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

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

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

Introduction

1. We have reviewed the accompanying consolidated balance sheet of Migros Ticaret A.Ş. and its subsidiaries (collectively referred to as the "Group") as at 30 June 2016 and the related 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 interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated 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 interim condensed consolidated financial information of Migros Ticaret A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

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

Burak Özpoyraz, SMMM
Partner

Istanbul, 18 August 2016

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

MİGROS TİCARET A.Ş.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2016**

INTERIM CONSOLIDATED BALANCE SHEETS	1-2
INTERIM CONSOLIDATED STATEMENTS OF INCOME.....	3
INTERIM CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME.....	4
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY.....	5
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS	6-7
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8-53
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS.....	8-9
NOTE 2 BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	10-16
NOTE 3 SEGMENT REPORTING.....	16-21
NOTE 4 DERIVATIVE FINANCIAL INSTRUMENTS	22-23
NOTE 5 INVESTMENT PROPERTY	23-24
NOTE 6 PROPERTY, PLANT AND EQUIPMENT	25-27
NOTE 7 INTANGIBLE ASSETS	27-28
NOTE 8 INVENTORIES	29
NOTE 9 GOODWILL	29
NOTE 10 FINANCIAL LIABILITIES.....	29-32
NOTE 11 PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES	33-35
NOTE 12 PROVISION FOR EMPLOYEE BENEFITS	36-37
NOTE 13 REVENUE.....	37-38
NOTE 14 EXPENSES BY NATURE.....	38-39
NOTE 15 OTHER OPERATING INCOME AND EXPENSES	40
NOTE 16 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES.....	40
NOTE 17 FINANCIAL INCOME.....	41
NOTE 18 FINANCIAL EXPENSES.....	41
NOTE 19 TAXES ASSET AND LIABILITIES.....	41-45
NOTE 20 CAPITAL, RESERVES AND OTHER EQUITY ITEMS	45-46
NOTE 21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	47-49
NOTE 22 EARNINGS PER SHARE	49
NOTE 23 EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION	49-52
NOTE 24 FINANCIAL INSTRUMENTS.....	52-53

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

MİGROS TİCARET A.Ş.

**CONSOLIDATED BALANCE SHEETS AS OF
30 JUNE 2016, 31 DECEMBER 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	30 June 2016	31 December 2015	<i>Restated</i> 31 December 2014
ASSETS				
Current assets:				
Cash and cash equivalents		831.139	839.424	689.074
Financial investments		616	4.085	-
Trade receivables				
Trade receivables from related parties	21	466	496	44
Trade receivables from third parties		78.105	49.349	47.803
Other receivables from third parties		8.405	5.924	7.672
Derivative financial instruments	4	481	-	874
Inventories	8	1.335.680	1.104.373	949.977
Prepaid expenses		27.145	31.465	27.173
Other current assets		2.453	407	672
Total current assets		2.284.490	2.035.523	1.723.289
Non-current assets:				
Financial investments		1.165	1.165	1.695
Other receivables from third parties		2.199	2.035	1.691
Derivative financial instruments	4	73	422	9
Investment properties	5	139.184	146.405	135.605
Property, plant and equipment	6	1.227.768	1.220.623	1.199.189
Intangible assets				
Goodwill	9	2.251.427	2.251.427	2.251.427
Other intangible assets	7	94.486	84.689	249.417
Prepaid expenses		20.291	18.428	18.265
Total non-current assets		3.736.593	3.725.194	3.857.298
Total assets		6.021.083	5.760.717	5.580.587

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

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

MİGROS TİCARET A.Ş.

**CONSOLIDATED BALANCE SHEETS AS OF
30 JUNE 2016, 31 DECEMBER 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	30 June 2016	31 December 2015	<i>Restated</i> 31 December 2014
LIABILITIES				
Current liabilities:				
Current portion of non-current borrowings	10	197.656	212.910	633.801
Trade payables				
Trade payables to related parties	21	195.573	146.099	1.170
Trade payables to third parties		2.353.679	2.081.705	1.895.217
Employee benefits payables		48.493	47.193	43.528
Other payables to third parties		40.077	41.442	44.186
Derivative financial instruments	4	-	-	2.229
Deferred income		36.093	24.397	19.646
Taxes on income	19	12.585	9.595	3.115
Current provisions				
Current provisions for employee benefits	12	91.956	75.970	62.984
Other current provisions	11	88.698	83.283	72.058
Other current liabilities		3.402	3.077	1.834
Total current liabilities		3.068.212	2.725.671	2.779.768
Non-current liabilities:				
Long term borrowings	10	2.347.980	2.380.236	1.718.988
Other payables to third parties		3.196	3.181	2.963
Deferred income		4.903	850	1.551
Non-current provisions				
Non-current provisions for employee benefits	12	75.973	64.283	55.848
Deferred tax liabilities	19	57.557	70.510	112.630
Total non-current liabilities		2.489.609	2.519.060	1.891.980
Total liabilities		5.557.821	5.244.731	4.671.748
EQUITY				
Equity attributable to owners of parent	20	462.578	515.342	908.285
Share capital		178.030	178.030	178.030
Balancing account for merger capital		27.312	27.312	27.312
Share premium		678.233	678.233	678.233
Other comprehensive income/expense not to be classified to profit or loss				
Defined benefit plans re-measurement losses		(8.630)	(8.350)	(11.347)
Other comprehensive income/expense to be classified to profit or loss				
Currency translation differences		5.189	4.720	30.196
Restricted reserves		504.766	504.766	504.766
Other reserves		(365)	(365)	(365)
Accumulated losses		(869.004)	(498.540)	(594.738)
Net loss for the period		(52.953)	(370.464)	96.198
Non-controlling interest		684	644	554
Total equity		463.262	515.986	908.839
Total liabilities and equity		6.021.083	5.760.717	5.580.587

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

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

MİGROS TİCARET A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE
INTERIM PERIODS 1 JANUARY - 30 JUNE 2016 AND 2015**

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

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

	Notes	1 January - 30 June 2016	1 April - 30 June 2016	<i>Restated</i> 1 January - 30 June 2015	<i>Restated</i> 1 April - 30 June 2015
Revenue	3,13	5.079.045	2.667.948	4.369.230	2.295.214
Cost of sales (-)	3,13, 14	(3.698.673)	(1.944.408)	(3.202.641)	(1.685.193)
Gross profit	3, 13	1.380.372	723.540	1.166.589	610.021
General administrative expenses (-)	14	(168.043)	(85.391)	(147.725)	(75.192)
Marketing, selling and distribution expenses (-)	14	(1.039.171)	(537.828)	(866.944)	(458.229)
Other operating income	15	33.179	16.871	29.213	16.091
Other operating expense (-)	15	(103.359)	(56.826)	(79.747)	(45.443)
Operating profit	3	102.978	60.366	101.386	47.248
Income from investment activities	16	543	83	547	292
Expenses from investment activities (-)	16	(36.589)	(35.205)	(3.813)	(1.126)
Operating income before financial income/(expense)	3	66.932	25.244	98.120	46.414
Financial income	17	13.577	5.300	9.331	5.315
Financial expense (-)	18	(125.374)	(52.532)	(200.447)	(158.785)
Net loss before tax from continuing operations		(44.865)	(21.988)	(92.996)	(107.056)
Tax expense from continuing operations	19	(8.059)	(3.027)	(20.857)	(12.219)
- Income tax expense (-)		(20.937)	(12.781)	(26.303)	(13.384)
- Deferred tax income		12.878	9.754	5.446	1.165
Net loss for the period		(52.924)	(25.015)	(113.853)	(119.275)
Net loss attributable to:					
- Non-controlling interest		29	14	3	(3)
- Equity holders of parent		(52.953)	(25.029)	(113.856)	(119.272)
Loss per share (TRL)	22	(0,30)	(0,14)	(0,64)	(0,67)

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

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

MİGROS TİCARET A.Ş.

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS 1 JANUARY - 30 JUNE 2016 AND 2015**

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

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

	1 January - 30 June 2016	1 April - 30 June 2016	<i>Restated</i> 1 January - 30 June 2015	<i>Restated</i> 1 April - 30 June 2015
Net loss for the period	(52.924)	(25.015)	(113.853)	(119.275)
Other comprehensive income/(loss):				
Items not to be reclassified to profit or loss				
Defined benefit plan re-measurement losses	(350)	(350)	-	-
Tax effect of items not to be reclassified to profit or loss				
Defined benefit plan re-measurement losses, tax effect	70	70	-	-
Items to be reclassified to profit or loss				
Currency translation differences	480	2.214	10.790	1.407
Other comprehensive income, after tax	200	1.934	10.790	1.407
Total comprehensive loss	(52.724)	(23.081)	(103.063)	(117.868)
Total comprehensive loss attributable to:				
Non-controlling interests	40	14	51	36
Equity holders of parent	(52.764)	(23.095)	(103.114)	(117.904)

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

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

MİGROS TİCARET A.Ş.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016 AND 2015**

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

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

	Share capital	Balancing account for merger 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	Other reserves	Retained earnings		Attributable to equity holders of the parent	Non - controlling interests	Total equity
				Defined benefit plans re-measurement (losses)/gains	Cumulative translation differences			Accumulated losses	Net (loss) / income for the period			
Balances at 31 December 2014 (Previously reported)	178.030	27.312	678.233	(11.347)	30.196	504.766	(365)	(586.726)	98.513	918.612	554	919.166
Other restatements (Note 2.2)	-	-	-	-	-	-	-	(8.012)	(2.315)	(10.327)	-	(10.327)
Balances at 31 December 2014 (Restated)	178.030	27.312	678.233	(11.347)	30.196	504.766	(365)	(594.738)	96.198	908.285	554	908.839
Balances at 1 January 2015	178.030	27.312	678.233	(11.347)	30.196	504.766	(365)	(594.738)	96.198	908.285	554	908.839
Transfers	-	-	-	-	-	-	-	96.198	(96.198)	-	-	-
Total comprehensive income/(expense)	-	-	-	-	10.742	-	-	-	(113.856)	(103.114)	51	(103.063)
Net loss for the period	-	-	-	-	-	-	-	-	(113.856)	(113.856)	3	(113.853)
Cumulative translation differences	-	-	-	-	10.742	-	-	-	-	10.742	48	10.790
Balances at 30 June 2015 (Restated)	178.030	27.312	678.233	(11.347)	40.938	504.766	(365)	(498.540)	(113.856)	805.171	605	805.776
Balances at 1 January 2016	178.030	27.312	678.233	(8.350)	4.720	504.766	(365)	(498.540)	(370.464)	515.342	644	515.986
Transfers	-	-	-	-	-	-	-	(370.464)	370.464	-	-	-
Total comprehensive (loss)/income	-	-	-	(280)	469	-	-	-	(52.953)	(52.764)	40	(52.724)
Net loss for the period	-	-	-	-	-	-	-	-	(52.953)	(52.953)	29	(52.924)
Cumulative translation differences	-	-	-	-	469	-	-	-	-	469	11	480
Defined benefit plan re-measurement (losses)	-	-	-	(280)	-	-	-	-	-	(280)	-	(280)
Balances at 30 June 2016	178.030	27.312	678.233	(8.630)	5.189	504.766	(365)	(869.004)	(52.953)	462.578	684	463.262

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

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016**

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

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

	Notes	1 January - 30 June 2016	<i>Restated</i> 1 January - 30 June 2015
Cash flows from operating activities:			
Net loss for the period		(52.924)	(113.853)
Adjustments related to reconciliation of profit/(loss):			
Adjustments for depreciation and amortisation expenses	14	96.121	86.322
Adjustments for impairment on receivables	15	426	1.005
Adjustments for inventory provisions	8	4.417	5.033
Adjustments for impairment on property, plant and equipment	6	26.621	2.977
Adjustments for impairment on investment properties	5	8.136	-
Adjustments for provision for Employee benefits	12	42.103	31.855
Adjustments for provision for litigation	11	5.232	3.032
Adjustments for other provisions	18	4.575	3.872
Adjustments for interest income	15, 17	(11.587)	(10.822)
Adjustments for interest expense	18	80.695	56.866
Adjustments for deferred finance expense from term purchases	15	88.228	68.428
Adjustments for unearned finance income from term sales	15	(20.138)	(17.354)
Adjustments for unrealized foreign currency translation difference		20.907	122.593
Adjustments for fair value losses arising from derivatives	17, 18	232	(2.045)
Adjustments for income tax expense	19	8.059	20.857
Loss on sale of property plant and equipment	16	1.289	289
		302.392	259.055
Changes in working capital:			
Adjustments for increase in trade receivables		(29.276)	(15.277)
Adjustments for decrease/(increase) in other receivables related with operations		1.237	(4.691)
Adjustments for increase in inventories		(235.724)	(121.365)
Adjustments for increase in trade payables		325.178	269.223
Adjustments for increase/(decrease) in other payables related with operations		18.172	(7.548)
		381.979	379.397
Cash flows from operating activities:			
Interest received		29.776	27.831
Interest paid		(91.958)	(73.917)
Employee benefits paid	12	(14.777)	(14.593)
Taxes paid		(17.947)	(18.498)
Other provisions paid	11	(6.540)	(2.666)
Net cash provided by operating activities		280.533	297.554

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

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016**

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

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

	Notes	1 January - 30 June 2016	<i>Restated</i> 1 January - 30 June 2015
Cash flows from investing activities:			
Cash outflows from the purchase of tangible and intangible assets	6, 7	(139.899)	(96.517)
Cash outflows from the purchase of investment properties	5	(3.168)	(724)
Cash inflows from the sale of tangible and intangible assets	6, 16	905	951
Net cash used in investing activities		(142.162)	(96.290)
Cash flows from financing activities			
Cash outflows from financial liabilities		(69.388)	(17.528)
Cash paid with respect to derivative instruments		(364)	(695)
Interest received		2.074	534
Interest paid		(79.725)	(51.025)
Net cash used in financing activities		(147.403)	(68.714)
Impact of foreign currency translation differences on cash and cash equivalents		747	3.901
Net (decrease)/increase in cash and cash equivalents		(8.285)	136.451
Cash and cash equivalents at the beginning of period		839.424	689.074
Cash and cash equivalents at the end of period		831.139	825.525

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

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

MİGROS TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2016**

(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 S.A., 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 S.A., in exchange for TRL 26 per share on 31 December 2014. On 15 July 2015 Moonlight Capital S.A. sold 80,50% of the shares of MH Perakendecilik ve Ticaret A.Ş. which holds %50 of Migros Ticaret A.Ş. shares to Anadolu Endüstri Holding A.Ş. (“AEH”).

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods through its Migros, 5M, Migros 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 2016, the Group operates in 1.528 stores in total (31 December 2015: 1.410) which comprise 1.515 retail stores and 13 wholesale stores with a total net space of 1.043.737 m² (31 December 2015: 1.016.118 m²) including 1.035.495 m² for retail and 8.242 m² for wholesale. As of 30 June 2016, the Group employed 21.167 people (31 December 2015: 20.707) on average. Retail is the main business segment of the Group and constitutes almost 96% of gross sales (31 December 2015: 97%).

The address of the registered office is as follows:

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

These interim condensed consolidated financial statements have been approved for issue by the Board of Directors (“BOD”) on 18 August 2016 and signed by Ö. Özgür Tort, General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. The owners of the Company and regulatory bodies have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

Subsidiaries

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

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

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

In line with the Group’s long term growth strategies, the Group made a share purchase-sales agreement with Tesco Overseas Investments Limited (“Seller”) on 10 June 2016 for the purchase of Seller’s shares representing approximately 95,50% of the total share capital of Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. (“Kipa”). In order to obtain the necessary legal permission, an application was made to the Competition Authority on 21 June 2016. The transfer transactions will be concluded upon obtaining the necessary approvals and fulfilling the pre-requisites stated in the share purchase-sales agreement.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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**

2.1 Basis of Presentation

2.1.1 Basis of preparation and presentation of financial statements

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

In accordance with the CMB’s “Communiqué on Financial Reporting in Capital Market” Numbered II -14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after June 30, 2013, listed companies required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (TAS/IFRS) 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 interim condensed consolidated 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 interim 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 interim condensed consolidated financial statements disclosures (Note 11, 23).

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)

2.1.2 Changes in the accounting policies, estimates and errors

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

The interim condensed consolidated financial statements for the period ended June 30, 2016 have been prepared in accordance with the accounting policies consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2015. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015.

2.1.3 Functional and reporting currency

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

Group companies

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

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

2.2 Comparative information and restatement of prior period financial statements

Group’s consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to conform to the presentation of the current period consolidated financial statements and significant changes are explained.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)**

2.2 Comparative information and restatement of prior period financial statements (Continued)

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

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

The effects of restatement on accumulated losses and net income as of 30 June 2016 is as follows:

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

	30 June 2015		
	Previously reported	Effect of restatement	Restated
Net loss	(110.957)	(2.896)	(113.853)
Loss per share	(0,62)	(0,02)	(0,64)

The following reclassifications have been made by the Group management in the 31 December 2014 consolidated balance sheet with the purpose of comparable presentation with the consolidated balance sheets as of 30 June 2016 and 31 December 2015;

Bank borrowings amounting to TRL 68.838 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 revenue 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”.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)**

2.2 Comparative information and restatement of prior period financial statements (Continued)

Group has reassessed the square meters of stores which are used for the purpose of retail operations and earning rent revenue and accordingly following reclassifications have been made by the Group management in the 31 December 2015 and 31 December 2014 consolidated balance sheets with the purpose of comparable presentation with the consolidated balance sheets as of 30 June 2016:

Land and buildings amounting to TRL 87.723 and TRL 88.112 which were accounted for under “Property, plant and equipment” in the consolidated balance sheets as of 31 December 2015 and 2014 respectively, have been classified into “Investment properties”.

2.3 New and Revised Turkish Accounting Standards

a) The new standards, amendments to published standards and interpretations effective applicable to 30 June 2016

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to TAS 16 ‘Property, plant and equipment’, and TAS 41, ‘Agriculture’, regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.
- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- TFRS 14 ‘Regulatory deferral accounts’, effective from annual periods beginning on or after 1 January 2016. TFRS 14, ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)**

2.3 New and Revised Turkish Accounting Standards (Continued)

- Amendments to TAS 27, ‘Separate financial statements’ on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
 - Amendment to TFRS 10 ‘Consolidated financial statements’ and TAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
 - Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.
 - TFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to TFRS 1) regarding servicing contracts.
 - TAS 19, ‘Employee benefits’ regarding discount rates.
 - TAS 34, ‘Interim financial reporting’ regarding disclosure of information.
 - Amendment to TAS 1, ‘Presentation of financial statements’ on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports
 - Amendment to TFRS 10 ‘Consolidated financial statements’ and TAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries
- b) Standards and amendments issued but not yet effective as of 30 June 2016:**
- Amendments to TAS 7 ‘Statement of cash flows’ on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
 - Amendments TAS 12 ‘Income Taxes’, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarify certain other aspects of accounting for deferred tax assets.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)**

2.3 New and Revised Turkish Accounting Standards (Continued)

- Amendments to TFRS 2, ‘Share based payments’ on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
- TFRS 15 ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. 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.
- Amendment to TFRS 15, ‘Revenue from contracts with customers’, These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- TFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- TFRS 16 ‘Leases’, effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)**

2.3 New and Revised Turkish Accounting Standards (Continued)

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”. The Group calculates the EBITDA by deducting general administrative expenses and selling, marketing and distribution expenses and adding depreciation expenses, unused vacation liability paid in current period, employee termination benefit provision expense, unused vacation liability expense on gross profit amount in consolidated statements of income.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2016 is as follows:

a) Segment analysis for the period 1 January - 30 June 2016

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	4.919.066	159.979	5.079.045	-	5.079.045
Inter segment revenues	2.470	-	2.470	(2.470)	-
Sales revenue	4.921.536	159.979	5.081.515	(2.470)	5.079.045
Cost of sales	(3.581.842)	(119.301)	(3.701.143)	2.470	(3.698.673)
Gross profit	1.339.694	40.678	1.380.372	-	1.380.372
Marketing, selling and distribution expenses	(1.012.091)	(27.080)	(1.039.171)	-	(1.039.171)
General administrative expenses	(150.855)	(17.188)	(168.043)	-	(168.043)
Addition: Depreciation and amortisation expenses	87.534	8.587	96.121	-	96.121
Addition: Provision for employment termination benefits	11.340	-	11.340	-	11.340
Addition: Employment termination benefits paid	10.907	-	10.907	-	10.907
Addition: Unused vacation pay liability	15.986	-	15.986	-	15.986
EBITDA	302.515	4.997	307.512	-	307.512
Addition: Rent expenses	254.173	8.863	263.036	-	263.036
EBITDAR	556.688	13.860	570.548	-	570.548

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 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	(3.034.912)	(169.867)	(3.204.779)	2.138	(3.202.641)
Gross profit	1.113.486	53.103	1.166.589	-	1.166.589
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: Employment termination benefits paid	11.140	-	11.140	-	11.140
Addition: Unused vacation pay liability	10.100	-	10.100	-	10.100
EBITDA	261.098	5.546	266.644	-	266.644
Addition: Rent expenses	215.274	12.078	227.352	-	227.352
EBITDAR	476.372	17.624	493.996	-	493.996

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2016

	Turkey	Other countries	Combined total	Intersegment eliminations	Total
External revenues	2.588.064	79.884	2.667.948	-	2.667.948
Inter segment revenues	834	-	834	(834)	-
Sales revenue	2.588.898	79.884	2.668.782	(834)	2.667.948
Cost of sales	(1.885.552)	(59.690)	(1.945.242)	834	(1.944.408)
Gross profit	703.346	20.194	723.540	-	723.540
Marketing, selling and distribution expenses	(524.017)	(13.811)	(537.828)	-	(537.828)
General administrative expenses	(76.521)	(8.870)	(85.391)	-	(85.391)
Addition: Depreciation and amortisation expenses	42.829	4.383	47.212	-	47.212
Addition: Provision for employment termination benefits	4.402	-	4.402	-	4.402
Addition: Employment termination benefits paid	5.614	-	5.614	-	5.614
Addition: Unused vacation pay liability	5.140	-	5.140	-	5.140
EBITDA	160.793	1.896	162.689	-	162.689
Addition: Rent expenses	131.119	4.445	135.564	-	135.564
EBITDAR	291.912	6.341	298.253	-	298.253

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 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	(1.598.788)	(87.528)	(1.686.316)	1.123	(1.685.193)
Gross profit	584.018	26.003	610.021	-	610.021
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	135.036	970	136.006	-	136.006
Addition: Rent expenses	112.781	6.105	118.886	-	118.886
EBITDAR	247.817	7.075	254.892	-	254.892

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016**

(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 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
EBITDAR reported segments	570.548	298.253	493.996	254.892
Rent expenses	(263.036)	(135.564)	(227.352)	(118.886)
EBITDA reported segments	307.512	162.689	266.644	136.006
Depreciation and amortisation expenses (-)	(96.121)	(47.212)	(86.322)	(43.871)
Provision for employment termination benefits (-)	(11.340)	(4.402)	(7.162)	(1.633)
Employment termination benefits paid (-)	(10.907)	(5.614)	(11.140)	(8.519)
Unused vacation pay liability (-)	(15.986)	(5.140)	(10.100)	(5.383)
Other operating income	33.179	16.871	29.213	16.091
Other operating expenses (-)	(103.359)	(56.826)	(79.747)	(45.443)
Operating profit	102.978	60.366	101.386	47.248
Income from investing activities	543	83	547	292
Expense from investing activities (-)	(36.589)	(35.205)	(3.813)	(1.126)
Operating profit before finance income	66.932	25.244	98.120	46.414
Financial income	13.577	5.300	9.331	5.315
Financial expenses (-)	(125.374)	(52.532)	(200.447)	(158.785)
Loss before tax	(44.865)	(21.988)	(92.996)	(107.056)

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2016	31 December 2015
Currency option	481	-
	481	-

Long term derivative financial instruments

	30 June 2016	31 December 2015
Cap option	73	422
	73	422

The Group entered into a number of currency option contracts with banks in order to hedge its exchange rate risk. As at the settlement date, the Group has sells TRL and purchases option Euro at agreed strike prices. The fair values of the foreign exchange contracts as of 30 June 2016 are as follows:

	Euro amount to be purchased	TRL amount to be sold	Fair value (TRL)
Currency option	6.000	25.500	481

The Group entered number of cap and currency option contracts with banks in order to hedge its foreign exchange and interest rate risk. The fair values of contracts and details as of 30 June 2016 and 31 December 2015 are as follows:

30 June 2016

	Agreement type	Transaction date	Effective date	Expiration date	Derivative instrument amount (EUR)	Fair value (TRL)
Current assets	Cap	21 Nov 2014	28 Nov 2014	30 Nov 2016	360 million	-
	Currency option	22 June 2016	24 June 2016	31 May 2017	2,5 million	97
	Currency option	22 June 2016	24 June 2016	31 May 2017	2,5 million	309
	Currency option	22 June 2016	24 June 2016	31 May 2017	1 million	75
Non-current assets	Cap	23 July 2015	24 Nov 2015	29 May 2018	281,3 million	63
	Cap	23 July 2015	26 Nov 2015	28 May 2018	35,2 million	5
	Cap	27 July 2015	24 Nov 2015	29 May 2018	35,2 million	5

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)

31 December 2015:

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

NOTE 5 - INVESTMENT PROPERTY

	1 January 2016	Additions	Impairment loss(*)	Currency translation differences	30 June 2016
Cost					
Land and buildings	193.943	3.168	-	(2.310)	194.801
Accumulated depreciation					
Buildings	(47.538)	(2.375)	(8.136)	2.432	(55.617)
Net book value	146.405				139.184

	1 January 2015	Additions	Transfers (**)	Currency translation differences	30 June 2015
Cost					
Land and buildings	170.396	724	18.700	2.530	192.350
Accumulated depreciation					
Buildings	(34.791)	(1.984)	(6.385)	(505)	(43.665)
Net book value	135.605				148.685

(*) The Group has performed impairment analysis for its investment properties and concluded that carrying amount of investment properties exceed its net recoverable amount by TRL 8.136. As a result, provision for impairment has been accounted for under expenses from investment activities (Note 16).

(**) Ankara Ankamall Shopping Mall Center was transferred from property, plant and equipment and reclassified as investment property. As of 30 June 2016 the total rentable area is 6.741 m² (31 December 2015: 6.741 m²) and its fair value is TRL 61.850 (31 December 2015: TRL 61.850). The mentioned fair value is determined according to the real estate valuation report dated March 2015 of Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş. with “Direct capitalization” method.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)

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

Investment properties of the Group consist of space rented to other retailers in Samal shopping mall and Tastak store in Kazakhstan and Skopje shopping mall in Macedonia. At 30 June 2016, total investment property of Kazakhstan and Macedonia are 5.414 and 9.370 m² respectively (31 December 2015: Kazakhstan 6.150 m², Macedonia 8.043 m²).

Fair value of the investment properties in Kazakhstan and Macedonia are TRL 38.319 and TRL 102.540 (31 December 2015: Kazakhstan TRL 38.319, Macedonia TRL 102.540). The mentioned fair values are determined according to real estate valuation report dated December 2015 of TSKB Gayrimenkul Değerleme A.Ş. and fair values are determined with the “Discounted cash flow” method.

The total fair value of the investment properties is TRL 202.709 and it is TRL 63.525 higher than the carrying net book value in the interim condensed consolidated financial statements as of 30 June 2016.

There is no mortgage or pledge on the investment properties of the Group as of 30 June 2016.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2016	Additions	Disposals	Impairment loss (*)	Transfers	Currency translation differences	30 June 2016
Cost							
Land and buildings	382.910	6.060	-	-	3.023	106	392.099
Leasehold improvements	516.389	18.028	-	(9.723)	13.146	2	537.842
Machinery and equipments	617.634	27.062	(12.514)	-	20.737	(33)	652.886
Motor vehicles	2.173	424	(462)	-	277	1	2.413
Furniture and fixtures	317.621	11.429	(2.401)	-	5.482	121	332.252
Construction in progress	22.579	62.709	-	-	(50.640)	(311)	34.337
	1.859.306	125.712	(15.377)	(9.723)	(7.975)	(114)	1.951.829
Accumulated depreciation							
Buildings	(68.658)	(2.812)	-	(24.608)	-	22	(96.056)
Leasehold improvements	(207.794)	(28.080)	-	7.710	-	(20)	(228.184)
Machinery and equipments	(234.987)	(35.547)	10.915	-	-	(82)	(259.701)
Motor vehicles	(1.158)	(156)	380	-	-	(5)	(939)
Furniture and fixture	(126.086)	(14.866)	1.888	-	-	(117)	(139.181)
	(638.683)	(81.461)	13.183	(16.898)	-	(202)	(724.061)
Net book value	1.220.623						1.227.768

(*) The Group has performed impairment analysis for its property, plant and equipment and concluded that carrying amount of investment properties exceed its net recoverable amount by TRL 24.608. As a result, provision for impairment has been accounted for under expenses from investment activities. Furthermore impairment loss amounting to TRL 2.013 consists of leasehold improvements of the stores closed in 2016 (Note 16).

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2015	Additions	Disposals	Impairment loss (*)	Transfers	Currency translation differences	30 June 2015
Cost							
Land and buildings	391.944	6.364	-	-	(18.671)	5.470	385.107
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
	1.783.055	85.959	(13.965)	(20.937)	(53.634)	15.905	1.796.383
Accumulated depreciation							
Buildings	(57.164)	(6.303)	-	-	6.385	(1.580)	(58.662)
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 fixtures	(102.379)	(13.012)	941	-	-	(988)	(115.438)
	(583.866)	(76.173)	12.725	17.960	25.462	(7.229)	(611.121)
Net book value	1.199.189						1.185.262

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

There is no pledges on property, plant and equipment as of 30 June 2016 and 2015. Depreciation expenses related to property, plant and equipment have been accounted under general administrative expenses.

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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)

The total fair value of land and buildings owned by the Group in Turkey, Kazakhstan and Macedonia is TRL 670.972 as of 30 June 2016. The mentioned fair values are determined according to real estate valuation reports of Denge Gayrimenkul ve Danışmanlık A.Ş., Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş., Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. and TSKB Gayrimenkul Değerleme A.Ş. which were conducted during year 2015. The mentioned fair values are mainly determined according to “Comparison with peers” method.

Total fair value of land and buildings are TRL 374.929 higher than the carrying net book value in the interim condensed consolidated financial statements as of 30 June 2016.

NOTE 7 - INTANGIBLE ASSETS

	1 January 2016	Additions	Transfers	Currency translation differences	30 June 2016
Cost					
Rent agreements (**)	32.982	-	-	-	32.982
Rights	109.205	11.880	7.975	(9)	129.051
Other intangible assets (***)	87.214	2.307	-	-	89.521
	229.401	14.187	7.975	(9)	251.554
Accumulated amortisation					
Rent agreements (**)	(30.147)	(480)	-	-	(30.627)
Rights	(54.471)	(10.868)	-	(71)	(65.410)
Other intangible assets (***)	(60.094)	(937)	-	-	(61.031)
	(144.712)	(12.285)	-	(71)	(157.068)
Net book value	84.689				94.486
	1 January 2015	Additions	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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)

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

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

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

- (**) The Group determined the value of the benefit derived from the lease contracts of MMM and Maxi stores, which were designated as intangible assets, at an amount of TRL 32.982 and was accounted for under the intangible assets in the consolidated financial statements. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.
- (***) 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 Hamoğlu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İşletmecilik A.Ş. and also took over the rent agreements of the mentioned stores. The purchase cost in the amount of 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 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.

The evacuation cost paid by the Group to the real estate owners or previous renters relating to rented stores are presented under “other intangible assets”. Related amortization expenses are recognised under the “general administrative expenses” in the statements of income.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

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

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

NOTE 8 - INVENTORIES

	30 June 2016	31 December 2015	<i>Restated</i> 31 December 2014
Raw materials	7.285	7.191	6.707
Work in progress	15.804	5.244	9.794
Merchandise stocks	1.331.528	1.106.184	937.781
Other	1.051	1.325	2.765
Less: Provision for net realizable value	(19.988)	(15.571)	(7.070)
	1.335.680	1.104.373	949.977

NOTE 9 - GOODWILL

	30 June 2016	31 December 2015
Goodwill	2.251.427	2.251.427
	2.251.427	2.251.427

NOTE 10 - FINANCIAL LIABILITIES

	30 June 2016		
	Effective interest rate	Euro	Total TRL equivalent
Current portion of non-current borrowings			
With floating interest rate - EUR	5,25%	49.270	157.881
With fixed interest rate - TRL	13,93%	-	39.374
With fixed interest rate - EUR	2,00%	125	401
Total current bank borrowings			197.656
Non-current bank borrowings			
With floating interest rate - EUR	5,25%	657.708	2.107.560
With fixed interest rate - TRL	13,93%	-	240.420
Total non-current bank borrowings			2.347.980
Total financial liabilities			2.545.636

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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 bank borrowings at 30 June 2016 is as follows:

	Euro Loan	TRL Loan	Total TRL equivalent
1 July 2016 - 30 June 2017	158.282	39.374	197.656
1 July 2017 - 30 June 2018	243.385	44.113	287.498
1 July 2018 - 30 June 2019	304.065	44.517	348.582
1 July 2019 - 30 June 2020	357.682	43.718	401.400
1 July 2020 - 30 June 2021	368.894	38.850	407.744
1 July 2021 - 30 June 2022	396.687	35.713	432.400
1 July 2022 - 26 May 2023	436.847	33.509	470.356
	2.265.842	279.794	2.545.636

The fair value of bank borrowings at 30 June 2016 is TRL 2.568.333.

The redemption schedule of principal amounts of bank borrowings at 30 June 2016 is as follows:

	Euro Loan	TRL Loan	Total TRL equivalent
1 July 2016 - 30 June 2017	49.940	6.072	56.012
1 July 2017 - 30 June 2018	154.128	18.890	173.018
1 July 2018 - 30 June 2019	247.673	30.355	278.028
1 July 2019 - 30 June 2020	344.002	42.161	386.163
1 July 2020 - 30 June 2021	399.043	48.906	447.949
1 July 2021 - 30 June 2022	481.594	59.024	540.618
1 July 2022 - 26 May 2023	591.677	72.515	664.192
	2.268.057	277.923	2.545.980

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.

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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)

With respect to long term bank loans, all Migros Ticaret A.Ş. shares owned by MH Perakendecilik ve Ticaret A.Ş., Moonlight Capital S.A. and Kenan Investments S.A. were provided as collateral to the financial institutions as from the grant date of the loan. As of 30 June 2016, shares of Migros Ticaret A.Ş. which represents 80,51% of shares and amounting to TRL 143.323.336 nominal value (14.332.333.600 shares) owned by MH Perakendecilik ve Ticaret A.Ş., Moonlight Capital S.A. and Kenan Investments S.A. were pledged (31 December 2015: 14.332.333.600 shares representing 80,51%).

With respect to short term bank loans the Group has made an early payment of EUR 10.307 and TRL 4.047 on 26 May 2016.

The group has an obligation to meet various covenants according to current loan agreement. The Group has met related covenant requirements which calculated on interim condensed consolidated financial statements as of 30 June 2016.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 bank borrowings with TRL equivalents at 31 December 2015 is as follows:

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

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

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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 2016	31 December 2015
Provision for tax penalty (*)	57.158	52.583
Provision for litigation	28.864	30.172
Customer loyalty programs	2.676	528
	88.698	83.283

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

(*) A limited tax review has been conducted on the Group’s Value Added Tax (“VAT”) accounting treatment of wastages relating to goods purchased in 2008, 2009, 2010, 2011 and 2012. The tax review was finalized on November 2014 and a principal tax fine of TRL 27.484 (TRL 45.602 including the interest) was calculated following the objection raised in the Tax Review Report which argues that the amounts exceeding the shrinkage limits can not be treated as deductions in the tax accounts, therefore VAT relating to these purchased goods can not be subject to deduction. The Company disclosed that all available legal course of actions and rights including compromise is going to be exercised regarding the above mentioned amounts. Therefore, a provision amounting to TRL 52.583 (TRL 27.484 for the principal part and TRL 25.099 for the interest charges has been accounted for in the consolidated financial statements as of 31 December 2015. The Group accounted for an additional provision amounting to TRL 4.575 for the current period interest charges and thus the total provision for tax penalty reached to TRL 57.158 in the interim condensed consolidated financial statements as of 30 June 2016.

Movement of provision for lawsuits is as follows:

1 January 2015	26.578
Increase during period	3.032
Payments during period	(2.666)
30 June 2015	26.944
1 January 2016	30.172
Increase during period	5.232
Payments during period	(6.540)
30 June 2016	28.864

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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 2016:

	Total TRL amount	TRL	USD	Euro
A. CPM given on behalf of the Company’s legal personality	79.350	77.941	487	-
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	79.350	77.941	487	-
Proportion of the other CPM’s to equity	0,0%			

31 December 2015:

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Letter of guarantees given	79.350	82.958
	79.350	82.958

Guarantees received at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Guarantees obtained from customers	91.338	91.215
Morgages obtained from customers	23.391	23.342
	114.729	114.557

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 2016	31 December 2015
Payable within 1 year	29.483	29.133
Payable in 1 to 5 years	6.879	6.128
5 years and more	-	366
	36.362	35.627

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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

	30 June 2016	31 December 2015
Provision for unused vacation	91.956	75.970
Provision for employment termination benefits	75.973	64.283
	167.929	140.253

Movement of provision for unused vacation is as follows:

1 January 2015	62.984
Increase during period	13.553
Payments during period	(3.453)
30 June 2015	73.084
1 January 2016	75.970
Increase during year	19.856
Payments during period	(3.870)
30 June 2016	91.956

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

1 January 2015	55.848
Increase during period	18.302
Payments during period	(11.140)
30 June 2015	63.010
1 January 2016	64.283
Increase during period	22.247
Payments during period	(10.907)
Actuarial Loss	350
30 June 2016	75.973

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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)

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 termination benefit to be paid is one month wage per a service year up to the maximum employment termination benefit limit.

In the interim condensed consolidated financial statements as of 30 June 2016 and consolidated financial statements as of 31 December 2015, the Group reflected a liability calculated using the projected unit credit method based on Group’s experience regarding the personnel turnover rates and the ability to collect the retirement pay. The calculated amount was discounted over the current market yield of government bonds at the balance sheet date.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRL 4.297,21 effective from 1 July 2016 (1 January 2016: TRL 4.092,53) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

NOTE 13 - REVENUE

	1 January - 30 June 2016	1 April - 30 June 2016	<i>Restated</i> 1 January - 30 June 2015	<i>Restated</i> 1 April - 30 June 2015
Domestic sales	5.049.407	2.659.055	4.274.239	2.252.131
Foreign sales	159.456	79.623	221.772	116.581
Other sales	6.162	3.512	6.123	(189)
Gross sales	5.215.025	2.742.190	4.502.134	2.368.523
Discounts and returns (-)	(135.980)	(74.242)	(132.904)	(73.309)
Net revenue	5.079.045	2.667.948	4.369.230	2.295.214
Cost of sales	(3.698.673)	(1.944.408)	(3.202.641)	(1.685.193)
Gross profit	1.380.372	723.540	1.166.589	610.021

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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 (Continued)

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

	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Retail sales revenue	5.016.653	2.627.343	4.342.247	2.279.708
Wholesale revenue	150.301	90.444	116.854	69.875
Rent income	41.909	20.891	36.910	19.129
	5.208.863	2.738.678	4.496.011	2.368.712

NOTE 14 - EXPENSE BY NATURE

Total	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Staff costs	521.286	268.675	422.545	222.037
Rent	263.036	135.564	227.352	118.886
Depreciation and amortisation	96.121	47.212	86.322	43.871
Energy	62.676	32.151	57.592	30.167
Transportation	44.102	24.574	38.717	20.466
Porterage and cleaning	37.300	20.262	28.480	15.215
Advertising	35.612	15.897	33.961	18.418
Warehouse	32.948	16.949	25.737	13.126
Repair and maintenance	19.927	10.947	17.091	9.785
Mechanisation	14.755	8.150	11.499	6.489
Security	12.899	6.549	11.295	5.659
Taxes and other fees	8.000	4.319	7.389	4.433
Communication	5.093	2.560	4.738	2.564
Other	53.459	29.410	41.951	22.305
	1.207.214	623.219	1.014.669	533.421

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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)

Marketing, selling and distribution expenses	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Staff costs	464.905	238.722	374.644	197.881
Rent	262.723	135.408	227.057	118.753
Energy	62.053	31.831	56.991	29.846
Transportation	44.102	24.574	38.717	20.466
Porterage and cleaning	36.152	19.684	27.608	14.763
Advertising	35.505	15.843	33.958	18.429
Warehouse	32.948	16.949	25.737	13.126
Repair and maintenance	19.638	10.794	16.824	9.678
Mechanisation	13.063	7.232	9.985	5.970
Security	12.396	6.296	10.886	5.457
Taxes and other fees	7.177	3.891	6.759	3.978
Communication	4.389	2.191	3.907	2.049
Other	44.120	24.413	33.871	17.833
	1.039.171	537.828	866.944	458.229
General administrative expenses	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Depreciation and amortisation	96.121	47.212	86.322	43.871
Staff costs	56.381	29.953	47.901	24.156
Other	15.541	8.226	13.502	7.165
	168.043	85.391	147.725	75.192

Expenses by nature in cost of sales for the periods 1 January - 30 June 2016 and 2015 are as follows:

	1 January - 30 June 2016	1 April - 30 June 2016	<i>Restated</i> 1 January - 30 June 2015	<i>Restated</i> 1 April - 30 June 2015
Cost of goods sold	3.682.848	1.936.650	3.186.952	1.677.453
Cost of service rendered	15.825	7.758	15.689	7.740
	3.698.673	1.944.408	3.202.641	1.685.193

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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

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

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

NOTE 15 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Interest income on term sales	20.138	10.213	17.354	9.600
Interest income from operating activities	9.513	4.593	10.288	5.643
Other	3.528	2.065	1.571	848
	33.179	16.871	29.213	16.091

Other operating expenses	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Interest expense on term purchases	88.228	46.322	68.428	38.762
Compensation paid and provision for litigation	5.232	2.445	3.032	532
Bad debt provision expense	426	318	1.005	457
Other	9.473	7.741	7.282	5.692
	103.359	56.826	79.747	45.443

NOTE 16 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Gain on sale of property, plant and equipment	543	83	547	292
	543	83	547	292

Expense from investing activities	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Losses from impairment provision investment properties and property, plant and equipment	32.744	32.744	-	-
Losses from leasehold improvements of closed stores	2.013	1.387	2.977	439
Loss on sale of property, plant and equipment	1.832	1.074	836	687
	36.589	35.205	3.813	1.126

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

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

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

NOTE 17 - FINANCIAL INCOME

Financial income	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Foreign exchange gains	11.022	3.956	5.312	2.315
Interest income on bank deposits	2.074	863	534	248
Financial income on derivatives	481	481	3.485	2.752
	13.577	5.300	9.331	5.315

NOTE 18 - FINANCIAL EXPENSES

Financial expense	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Interest expense on bank borrowings	80.695	41.093	56.866	31.350
Foreign exchange losses	30.174	2.091	123.231	113.614
Interest expense of tax penalty (Not 11)	4.575	2.335	3.872	1.976
Financial expense on derivatives	713	444	1.440	(779)
Expenses arising from the restructure of bank borrowings	-	-	8.969	8.969
Other	9.217	6.569	6.069	3.655
	125.374	52.532	200.447	158.785

NOTE 19 - TAX ASSETS AND LIABILITIES

	30 June 2016	31 December 2015
Taxes and fund payable	20.937	67.339
Less: Prepaid current income taxes	(8.352)	(57.744)
Taxes on income	12.585	9.595

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

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

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

NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

	30 June 2016	31 December 2015	<i>Restated</i> 31 December 2014
Deffered tax assets	50.739	43.954	37.002
Deferred tax liabilities	(108.296)	(114.464)	(149.632)
Deferred tax liabilities, net	(57.557)	(70.510)	(112.630)

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

In Turkey, income tax rate as of 30 June 2016 is 20% (2015: 20%).

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

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

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

The details of taxation on income for the periods ended 30 June 2016 and 2015 are as follows:

	1 January - 30 June 2016	1 April - 30 June 2016	<i>Restated</i> 1 April - 30 June 2015	<i>Restated</i> 1 April - 30 June 2015
Current period tax expense	(20.937)	(12.781)	(26.303)	(13.384)
Deferred tax income	12.878	9.754	5.446	1.165
Current year tax expense	(8.059)	(3.027)	(20.857)	(12.219)

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

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

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

NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

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 22 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 2016 deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on the taxable income in the coming years under the liability method using a principal tax rate of 20%, 20%, 10% and 10% for Turkey, Kazakhstan, Bulgaria and Macedonia, respectively (31 December 2015: 20%, 20%, 10% and 10% respectively).

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

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

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

NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 June 2016, 31 December 2015 and 31 December 2014 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences			Deferred tax assets/(liabilities)		
	30 June 2016	31 December 2015	31 December 2014	30 June 2016	31 December 2015	31 December 2014
Deferred tax assets:						
Fair value change of derivative financial instruments	-	-	2.229	-	-	446
Short term provisions	120.820	106.142	89.562	24.164	21.228	17.912
Inventories	49.085	43.226	32.501	9.817	8.645	6.500
Provision for employment termination benefits	75.973	64.283	55.848	15.195	12.857	11.170
Unincurred interest income	361	237	196	72	47	39
Other	7.430	5.886	4.677	1.491	1.177	935
				50.739	43.954	37.002
Deferred tax liabilities:						
Fair value change of derivative financial instruments	555	422	882	(111)	(84)	(176)
Property, plant and equipment, intangible assets and investment properties	739.519	578.929	762.124	(101.886)	(108.762)	(145.245)
Unincurred interest expense	28.075	24.345	18.336	(5.620)	(4.869)	(3.667)
Other	3.395	3.745	2.719	(679)	(749)	(544)
				(108.296)	(114.464)	(149.632)
Total deferred tax liability, net				(57.557)	(70.510)	(112.630)

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

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

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

NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

	2015
1 January	(112.630)
Deferred tax income from continuing operations	5.446
Cumulative translation difference	(3.907)
30 June	(111.091)
	2016
1 January	(70.510)
Deferred tax income from continuing operations	12.878
Accounted for under equity	70
Cumulative translation difference	5
30 June	(57.557)

NOTE 20 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company’s authorised and issued capital consists of 17.803.000.000 shares at 1 shares of Kr1 nominal value as of 30 June 2016 (31 December 2015: 17.803.000.000 shares). All shares are paid-in and no privileges are given to different share groups and shareholders. MH Perakendecilik ve Ticaret A.Ş. (“MH”) transferred its Migros Ticaret A.Ş. shares with the nominal value of TRL 27.371.000 to its parent company, Moonlight Capital S.A., in exchange for TRL 26 per share on 13 November 2014. MH Perakendecilik ve Ticaret A.Ş. (“MH”) transferred its Migros Ticaret A.Ş. shares with the nominal value of TRL 26.937.336 to its parent company, Moonlight Capital S.A., in exchange for TRL 26 per share on 31 December 2014. On 27 January 2016, Moonlight Capital S.A. conducted a sale transaction of shares, with all rights, obligations and encumbrances, held by Moonlight Capital S.A. in Migros Ticaret A.Ş. with a total nominal value of TRL 26.937.336 pursuant to the Accession Agreement dated 27 January 2016 for a price of TRL 26 per share to Kenan Investments S.A. which owns all of the shares of Moonlight Capital S.A. within the scope of intragroup share transfer.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 (Continued)

The shareholders of the Company and their shareholdings stated at historical amounts at 30 June 2016 and 31 December 2015 are stated below:

	<u>30 June 2016</u>		<u>31 December 2015</u>	
	<u>TRL</u>	<u>Share (%)</u>	<u>TRL</u>	<u>Share (%)</u>
MH Perakendecilik ve Ticaret A.Ş.	89.015	50,00	89.015	50,00
Moonlight Capital S.A.	27.371	15,37	54.308	30,51
Kenan Investments S.A.	26.937	15,13	-	-
Other	34.707	19,49	34.707	19,49
Total	178.030	100,00	178.030	100,00

Merger of enterprises subject to common control

In accordance with the decision adopted during Migros Türk’s general assembly held on 28 April 2009, Migros Türk has decided to merge with Moonlight through a takeover of its assets and liabilities as a whole within the framework of Capital Markets Board (“CMB”) requirements, Turkish Commercial Code, Law No. 451, and other related articles and Corporate Tax Law No. 19-20. As a result of the mentioned merger, it has been decided to increase Moonlight’s capital from 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 “Balancing account for merger capital’ 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 INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2016	31 December 2015
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş.	335	399
Anadolu Motor Üretim ve Pazarlama A.Ş.	86	75
Other	45	22
	466	496

Due to related parties	30 June 2016	31 December 2015
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	68.819	65.908
Coca Cola Satış ve Dağıtım A.Ş.	66.946	37.889
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş.	54.768	31.504
Adel Kalemcilik Ticaret ve San. A.Ş.	2.789	4.376
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	2.124	1.756
AEH Sigorta Acenteliği A.Ş.	5	4.465
Other	122	201
	195.573	146.099

Bank borrowings from related parties	30 June 2016	31 December 2015
Alternatifbank A.Ş.	31.207	31.772
	31.207	31.772

Cash and due from related parties	30 June 2016	31 December 2015
Alternatifbank A.Ş.	173.857	9.563
	173.857	9.563

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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)

b) Transactions with related parties

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

Intentory purchases	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	103.704	63.885	-	-
Coca Cola Satış ve Dağıtım A.Ş.	76.663	45.218	-	-
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş.	62.412	33.818	-	-
AEH Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	6.815	4.794	-	-
Other	326	-	1.099	767
	249.920	147.715	1.099	767
Other transactions	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Rent income	287	153	535	275
Rent expenses	(1.233)	(614)	-	-
Other income	202	107	132	71
Other expenses	(36)	(22)	-	-
	(780)	(376)	667	346
Interest income	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Alternatifbank A.Ş.	2.267	1.412	-	-
	2.267	1.412	-	-
Interest expense	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Alternatifbank A.Ş.	944	561	-	-
	944	561	-	-

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED 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 2016

(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 2016 and 2015 is as follows;

	1 January - 30 June 2016	1 April - 30 June 2016	1 January - 30 June 2015	1 April - 30 June 2015
Short term benefits	6.486	3.776	5.825	2.955
	6.486	3.776	5.825	2.955

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

NOTE 22 - EARNINGS/(LOSSES) PER SHARE

	1 January - 30 June 2016	1 April - 30 June 2016	<i>Restated</i> 1 January - 30 June 2015	<i>Restated</i> 1 April - 30 June 2015
Net loss attributable to shareholders	(52.953)	(25.029)	(113.856)	(119.272)
Weighted average number of shares with Kr1 face value each(‘000)	17.803.000	17.803.000	17.803.000	17.803.000
Loss per share	(0,30)	(0,14)	(0,64)	(0,67)

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. Foreign exchange risk due to short term financial loans are monitored and limited with derivative instruments. At 30 June 2016, if Euro had appreciated against TRL by 5% and all other variables had remained constant, the loss 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 higher in the amount of TRL 106.199 (31 December 2015: TRL 107.103).

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2016				31 December 2015			
	Total TRL equivalent	USD	Euro	Other TRL equivalent	Total TRL equivalent	USD	Euro	Other TRL equivalent
Monetary financial assets	175.601	5.382	45.398	14.554	198.668	5.433	52.636	15.614
Trade Receivables	10.387	114	-	10.057	9.205	214	-	8.583
Other	6.311	722	35	4.110	5.299	804	-	2.963
Current assets	192.299	6.218	45.433	28.721	213.172	6.451	52.636	27.160
Other	-	-	-	-	-	-	-	-
Non-current assets	-	-	-	-	-	-	-	-
Total assets	192.299	6.218	45.433	28.721	213.172	6.451	52.636	27.160
Trade payables	29.216	611	406	26.150	29.430	1.427	278	24.399
Financial liabilities	158.282	-	49.395	-	171.177	-	53.870	-
Non-monetary other liabilities	5.457	1.132	-	2.181	7.681	2.178	-	1.349
Current liabilities	192.955	1.743	49.801	28.331	208.288	3.605	54.148	25.748
Financial liabilities	2.107.560	-	657.708	-	2.134.789	-	671.824	-
Non-monetary other liabilities	2.416	-	754	-	2.463	-	775	-
Non-current liabilities	2.109.976	-	658.462	-	2.137.252	-	672.599	-
Total liabilities	2.302.931	1.743	708.263	28.331	2.345.540	3.605	726.747	25.748

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2016			31 December 2015				
	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 (liability)/asset position	(2.110.632)	4.475	(662.830)	390	(2.132.367)	2.846	(674.111)	1.412
Net foreign currency (liability)/asset position of monetary items	(2.109.071)	4.885	(662.111)	(1.537)	(2.127.522)	4.221	(673.336)	(202)
Fair value hedge funds of foreign currency	481	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	19.226	-	6.000	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	51.088	17.728	-	-	81.886	30.118	-	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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 2016 and 31 December 2015 is as follows:

30 June 2016

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
%5 change in Euro exchange rate		
Euro net liability/asset	(106.199)	106.199
Portion secured from Euro risk	-	-
Euro net effect	(106.199)	106.199

31 December 2015

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

NOTE 24 - FINANCIAL INSTRUMENTS

Fair value estimation

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

Effective 1 January 2009, the Group adopted the amendment to 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 INTERIM CONDENSED
CONSOLIDATED 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 2016**

(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.

.....