MİGROS TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017

(ORIGINALLY ISSUED IN TURKISH)

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

MİGROS TİCARET A.Ş.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

MİGROS TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2017 AND 31 DECEMBER 2016 AND 2015

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

	Notes	30 September 2017	*Restated(*)* 31 December 2016	*Restated(*)* 31 December 2015
ASSETS				
Current Assets:				
Cash and cash equivalents		1.581.929	1.155.942	839.424
Financial investments		16.962	714	4.085
Trade receivables				
Trade receivables from related parties	21	156	600	496
Trade receivables from third parties		90.737	57.838	49.349
Other receivables from third parties		11.834	8.258	5.924
Derivative instruments	4	-	602	-
Inventories	8	1.735.583	1.212.074	1.052.680
Prepaid expenses		52.384	34.792	31.465
Other current assets		15.428	527	407
Subtotal		**3.505.013**	**2.471.347**	**1.983.830**
Assets classified as held for sale		9.949	-	-
Total current assets		**3.514.962**	**2.471.347**	**1.983.830**
Non-current assets:				
Financial investments		1.165	1.165	1.165
Other receivables from third parties		3.665	2.280	2.035
Derivative instruments	4	47	18	422
Investment properties	5	194.849	144.719	146.405
Property, plant and equipment	6	3.054.177	1.268.333	1.220.623
Intangible assets				
Goodwill	9	2.252.992	2.252.992	2.251.427
Other intangible assets	7	156.183	107.038	84.689
Prepaid expenses		35.376	28.834	18.428
Total non-current assets		**5.698.454**	**3.805.379**	**3.725.194**
Total assets		**9.213.416**	**6.276.726**	**5.709.024**

(*) Note 2.2

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

MİGROS TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2017 AND 31 DECEMBER 2016 AND 2015

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

	Notes	30 September 2017	*Restated(*)* 31 December 2016	*Restated(*)* 31 December 2015
LIABILITIES				
Current liabilities:				
Short term portion of long term borrowings	10	392.291	238.513	212.910
Short term borrowings	10	568.683	102.012	-
Trade payables				
Trade payables to related parties	21	240.683	175.170	146.099
Trade payables to third parties		3.388.860	2.488.489	2.081.705
Employee benefits payables		174.366	76.261	47.193
Other payables to third parties		115.076	65.017	41.442
Deferred income		39.962	32.416	24.397
Taxes on income	19	24.158	19.952	9.595
Short term provisions				
Short term provisions for employee benefits	12	108.743	93.105	75.970
Other short term provisions	11	74.806	27.672	83.283
Other current liabilities		3.836	2.153	3.077
Total current liabilities		**5.131.464**	**3.320.760**	**2.725.671**
Non-current liabilities:				
Long term borrowings	10	2.869.682	2.623.011	2.380.236
Other payables to third parties		7.224	3.629	3.181
Deferred income		2.961	4.592	850
Long term provisions				
Long term provisions for employee benefits	12	127.120	79.057	64.283
Deferred tax liabilities	19	109.226	53.064	60.171
Total non-current liabilities		**3.116.213**	**2.763.353**	**2.508.721**
Total liabilities		**8.247.677**	**6.084.113**	**5.234.392**
EQUITY				
Attributable to equity holders of parent	**20**	**918.981**	**191.793**	**473.988**
Share capital		178.030	178.030	178.030
Other capital reserves		(365)	(365)	(365)
Additional contribution to share capital		27.312	27.312	27.312
Share premium		-	678.233	678.233
Other comprehensive income/(expense) not to be classified to profit or loss defined benefit plans re-measurement (losses)		(8.469)	(9.180)	(8.350)
Other comprehensive income/expense to be classified to profit or loss				
Currency translation differences		30.984	23.512	4.720
Restricted reserves		-	439.138	504.766
Accumulated losses		(27.516)	(844.730)	(533.831)
Net income/(loss)		719.005	(300.157)	(376.527)
Non-controlling interest		**46.758**	**820**	**644**
Total equity		**965.739**	**192.613**	**474.632**
Total liabilities and equity		**9.213.416**	**6.276.726**	**5.709.024**

(*) Note 2.2

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017 AND 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	1 January - 30 September 2017	1 July - 30 September 2017	*Restated(*)* 1 January - 30 September 2016	*Restated(*)* 1 July- 30 September 2016
Revenue	3,13	11.321.825	4.284.883	8.158.504	3.079.459
Cost of sales (-)	3,13, 14	(8.319.725)	(3.114.641)	(5.961.910)	(2.251.856)
Gross profit		**3.002.100**	**1.170.242**	**2.196.594**	**827.603**
General administrative expenses (-)	14	(426.575)	(156.840)	(250.965)	(82.922)
Marketing expenses (-)	14	(2.189.498)	(792.090)	(1.624.091)	(584.920)
Other operating income	15	95.602	37.194	88.561	55.382
Other operating expense (-)	15	(265.695)	(95.348)	(150.857)	(47.498)
Operating profit		**215.934**	**163.158**	**259.242**	**167.645**
Income from investment activities	16	1.073.217	2.112	698	155
Expenses from investment activities (-)	16	(8.658)	(2.751)	(37.309)	(720)
Operating income before finance income/(expense)		**1.280.493**	**162.519**	**222.631**	**167.080**
Financial income	17	47.397	20.356	24.940	11.363
Financial expense (-)	18	(560.653)	(213.431)	(277.554)	(152.180)
Net income/(loss) before tax from continuing operations		**767.237**	**(30.556)**	**(29.983)**	**26.263**
Tax expense from continuing operations		**(52.216)**	**(41.035)**	**(33.432)**	**(27.649)**
- Income tax expense	19	(47.061)	(35.033)	(46.484)	(25.547)
- Deferred tax income	19	(5.155)	(6.002)	13.052	(2.102)
Net income/(loss)		**715.021**	**(71.591)**	**(63.415)**	**(1.386)**
Net income/(loss) attributable to:					
- Non-controlling interest		(3.984)	(1.104)	38	9
- Equity holders of parent		719.005	(70.487)	(63.453)	(1.395)
Earning/(loss) per share	22	4,04	(0,39)	(0,36)	(0,01)

(*) Note 2.2

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017 AND 2016

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

	1 January - 30 September 2017	1 July - 30 September 2017	Restated(*) 1 January - 30 September 2016	Restated(*) 1 July- 30 September 2016
Net income/(loss) for the period	***715.021***	***(71.591)***	***(63.415)***	***(1.386)***
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss	***7.583***	***(2.955)***	***5.547***	***5.067***
-Currency translation differences	*7.583*	*(2.955)*	*5.547*	*5.067*
Items that not to be reclassified subsequently to profit or loss	***711***	***48***	***(472)***	***(192)***
- Defined benefit plan re-measurement gains/(losses), net off tax	*711*	*48*	*(472)*	*(192)*
Other comprehensive income/(loss)	***8.294***	***(2.907)***	***5.075***	***4.875***
Total comprehensive income/(loss)	***723.315***	***(74.498)***	***(58.340)***	***3.489***
Total comprehensive income/(loss) attributable to:				
-Non-controlling interests	*(3.873)*	*(1.051)*	*86*	*46*
-Equity holders of parent	*727.188*	*(73.447)*	*(58.426)*	*3.443*

(*) Note 2.2

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017 AND 2016 AND 2015

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

					Other comprehensive income / expenses not to be reclassified to profit or loss	Other comprehensive income / expenses to be reclassified to profit or loss		Retained earnings				
	Share capital	**Other capital reserves**	**Additional contribution to share capital**	**Share premium**	**Defined benefit plans re-measurement (losses)**	**Cumulative translation differences**	**Restricted reserves**	**Accumulated losses**	**Net income /(loss) for the period**	**Attributable to equity holders of the parent**	**Non - controlling interests**	**Total equity**
Balances at 31 December 2015 (Previously reported)	**178.030**	**(365)**	**27.312**	**678.233**	**(8.350)**	**4.720**	**504.766**	**(498.600)**	**(370.404)**	**515.342**	**644**	**515.986**
Effect of restatement (Note 2.2)	-	-	-	-	-	-	-	(35.231)	(6.123)	(41.354)	-	(41.354)
Balances at 31 December 2015 (Restated)	**178.030**	**(365)**	**27.312**	**678.233**	**(8.350)**	**4.720**	**504.766**	**(533.831)**	**(376.527)**	**473.988**	**644**	**474.632**
Balances at 1 January 2016	**178.030**	**(365)**	**27.312**	**678.233**	**(8.350)**	**4.720**	**504.766**	**(533.831)**	**(376.527)**	**473.988**	**644**	**474.632**
Transfers	-	-	-	-			-	(376.527)	376.527	-	-	-
Total comprehensive income	-	-	-	-	(472)	5.499	-	-	(63.453)	(58.426)	86	(58.340)
-												
Net income for the period	-	-	-	-	-	-	-	-	(63.453)	(63.453)	38	(63.415)
Cumulative translation differences	-	-	-	-	-	5.499	-	-	-	5.499	48	5.547
Defined benefit plans re-measurement (losses)	-	-	-	-	(472)	-	-	-	-	(472)	-	(472)
Balances at 30 September 2016 (Restated)	**178.030**	**(365)**	**27.312**	**678.233**	**(8.822)**	**10.219**	**504.766**	**(910.358)**	**(63.453)**	**415.562**	**730**	**416.292**
Balances at 31 December 2016 (Previously reported)	**178.030**	**(365)**	**27.312**	**678.233**	**(9.180)**	**23.512**	**439.138**	**(803.376)**	**(292.969)**	**240.335**	**820**	**241.155**
Effect of restatement (Note 2.2)	-	-	-	-	-	-	-	(41.354)	(7.188)	(48.542)	-	(48.542)
Balances at 31 December 2016 (Restated)	**178.030**	**(365)**	**27.312**	**678.233**	**(9.180)**	**23.512**	**439.138**	**(844.730)**	**(300.157)**	**191.793**	**820**	**192.613**
Balances at 1 January 2017	**178.030**	**(365)**	**27.312**	**678.233**	**(9.180)**	**23.512**	**439.138**	**(844.730)**	**(300.157)**	**191.793**	**820**	**192.613**
Transfers	-	-	-	(678.233)	-	-	(439.138)	817.214	300.157	-	-	-
Acquisition of subsidiary (Note 9)	-	-	-	-	-	-	-	-	-	-	49.811	49.811
Total comprehensive income	-	-	-	-	711	7.472	-	-	719.005	727.188	(3.873)	723.315
Net income for the period	-	-	-	-	-	-	-	-	719.005	719.005	(3.984)	715.021
Cumulative translation differences	-	-	-	-	-	7.472	-	-	-	7.472	111	7.583
Defined benefit plans re-measurement gains	-	-	-	-	711	-	-	-	-	711	-	711
Balances at 30 September 2017	**178.030**	**(365)**	**27.312**	**-**	**(8.469)**	**30.984**	**-**	**(27.516)**	**719.005**	**918.981**	**46.758**	**965.739**

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

MİGROS TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017 AND 2016

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

	Notes	1 January - 30 September 2017	*Restated(*)* 1 January - 30 September 2016
Cash flow from operating activities:			
Net income/(loss) for the period		715.021	(63.415)
Adjustments related to reconciliation of profit/(loss):			
Adjustments for depreciation and amortisation expenses	14	194.738	146.583
Adjustments for impairment on receivables	15	2.680	817
Adjustments for inventory provisions	8	40.158	11.577
Adjustments for impairment on property, plant and equipment	16	7.039	26.876
Adjusment for impairment on investment property		-	8.136
Adjustments for provision for employee benefits	12	71.224	48.124
Adjustments for provision for litigation	11	10.457	4.552
Adjustments for other provisions		(867)	(36.736)
Adjustments for interest income		(38.256)	(18.952)
Adjustments for interest expense		192.198	121.045
Adjustments for deferred financing due to forward purchases expenses		210.273	133.961
Adjustments for unearned finance income from sales		(44.968)	(30.750)
Adjustments for foreign exchange losses related to bank borrowings		331.081	131.606
Adjustments for fair value losses arising from derivatives	18	1.019	413
Adjustments for income tax expense		52.216	33.432
Loss on sale of property plant and equipment		(136)	1.599
Adjustment for bargained acquisition profit	9,16	(1.071.462)	-
		672.415	**518.868**
Changes in working capital:			
Adjustments for increase in trade receivables		(24.924)	(16.347)
Adjustments for increase in inventories		(355.951)	(165.356)
Adjustments for (decrease)/increase in other receivables related with operations		(11.177)	(4.576)
Adjustments for increase in trade payables		648.196	337.862
Adjustments for increase in other payables related with operations		14.838	28.245
		943.397	**698.696**
Cash flows from operating activities:			
Employee benefits paid	12	(28.963)	(20.865)
Interest received		78.255	46.614
Interest paid		(221.597)	(136.047)
Taxes paid		(43.857)	(34.029)
Payment related to other provisions	11	(10.088)	(8.066)
Net cash provided by operating activities		**717.147**	**546.303**

(*) Note 2.2

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

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

	Notes	1 January - 30 September 2017	*Restated(*)* 1 January - 30 September 2016
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets	5, 6, 7	(253.031)	(197.359)
Cash inflows from the sales of tangible and intangible assets	5, 6, 7, 16	6.091	1.325
Cash outflows due to subsidiary acquisition		(111.560)	-
Other cash inflows		49.167	-
Net cash used in investing activities		**(309.333)**	**(196.034)**
Cash flows from financing activities			
Cash out-flow or proceeds from borrowings		146.116	(69.388)
Cash paid with respect to derivative instruments		(446)	(364)
Interest received	17	5.311	3.000
Interest paid		(131.904)	(79.991)
Net cash provided by financing activities		**19.077**	**(146.743)**
Impact of foreign currency translation differences on cash and cash equivalents		**(904)**	**1.206**
Net increase in cash and cash equivalents		425.987	204.732
Cash and cash equivalents at the begining of period		**1.155.942**	**839.424**
Cash and cash equivalents at the end of period		**1.581.929**	**1.044.156**

(*) Note 2.2

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

In accordance with the decision taken during Migros Türk's general assembly held on 28 April 2009, Migros Türk decided to merge with Moonlight through a takeover of its assets and liabilities as a whole within the framework of Capital Markets Board ("CMB") regulations, Turkish Commercial Code, Law No. 451, and other related articles and Corporate Tax Law No. 19-20. As a result of the mentioned merger, Moonlight's capital was decided to be increased from TRL 174.323.340 to TRL 178.030.000 (Amount expresses in Turkish Lira) and in accordance with the merger agreement approved during the General Assembly, merger ratio of 0.97918 and share exchange ratio of 1,00 was determined. As a result of the merger, registered shares amounting to TRL 3.706.660 (Amount expresses in Turkish Lira) issued by Moonlight were distributed to the minority shareholders of Migros Türk in exchange for their Migros Türk shares.

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

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

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

On 27 January 2016, Moonlight Capital S.A. conducted a sale transaction of shares, with all rights, obligations and encumbrances, held by Moonlight Capital S.A. in Migros Ticaret A.Ş. with a total nominal value of TRL 26.937.336 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.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

In regard of the 19,5% share of BC Partners managed Moonlight Capital S.A. (Moonlight Capital) in MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik), which holds 50% shares of Migros Ticaret A.Ş. (Migros), Anadolu Endüstri Holding A.Ş. (AEH) retained a "buy option" and Moonlight Capital retained a "sell option", to be exercised within the May 1, 2017 and October 31, 2017 period.

In this context, Moonlight Capital has notified AEH on May 2, 2017 of its decision regarding the exercise of the aforementioned sale option. In regard of this transaction, AEH paid total amount of TL 509.029.436 after deductions, for the purchase of 19,5% shares of MH Perakendecilik, based on per share price of TL 30,2 for Migros, in line with the provisions of the Share Purchase Agreement dated 31 December 2014. The exercise of the option on 17 May 2017 pursuant to the transfer of purchase amount and shares, again along the provisions of the Share Purchase Agreement. Following the transaction, while AEH's share in MH Perakendecilik increased to 100,0% and accordingly its indirect share in Migros increased to 50,0%, BC Partners' share in Migros through the funds it manages is 30,5%. Migros will continue to be equally controlled by BC Partners' managed funds and AEH; as such there will be no mandatory tender offer requirement.

Through its Migros, 5M, Migros Jet, Macrocenter and Kipa banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet, the Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods. The Company also rents floor space in the shopping malls to other trading companies. As of 30 September 2017, the Group operates in 1.863 stores in total (31 December 2016: 1.605) which comprise 1.847 retail stores (of which 162 stores acquired by Kipa acquisition) and 16 wholesale stores with a total net space of 1.423.960 m2 (31 December 2016: 1.078.761 m2) including 1.414.495 m2 for retail and 9.465 m2 for wholesale. As of 30 September 2017, the Group employed 27.370 people (31 December 2016: 21.438) on average. Retail is the main business segment of the Group and constitutes almost 97% of gross sales (31 December 2016: 97%).

The address of the registered office is as follows:

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

These condensed consolidated financial statements have been approved for issue by the Board of Directors ("BOD") on 8 November 2017 and signed by Ö. Özgür Tort, General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. The owners of the Company and regulatories have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

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

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	September 2017 (%)	December 2016 (%)
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
Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi Anonim Şirketi ("Kipa")	Turkey	Turkey	Retailing	96,25	-

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

In line with its long-term growth strategy, the Group signed a share sale and purchase agreement with Tesco Overseas Investments Limited (the "Seller") on 10 June 2016 to purchase approximately 95,5% of the shares of Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. ("Kipa") owned by the Seller. According to the share sale and purchase agreement and the latest financial statements of Kipa released on 29 February 2016, the purchase price of the said shares was TL 302.287 as of the date of the agreement (10 June 2016). To obtain the necessary legal permit, the Group applied to the Competition Authority on 21 June 2016 and the application was approved on 9 February 2017. According to the annual closing balance sheet of Kipa dated 28 February 2017, the purchase price of the shares was TL 194.821. The Group took over the management of Kipa, whose main area of activity is retail, on 1 March 2017.

Furthermore, after the purchase of shares representing 95.50% of Kipa on 1 March 2017, a mandotary tender offer ("mandatory call") was conducted between 29 June 2017 and 26 July 2017 within the scope of the Communiqué on Takeover Bids of Capital Markets Board, No. II-26.1.. As a result of the mandatory call, the Group's shares have increased to 96.25% as of 30 September 2017. And TL 22.493 has been paid for the additional shares purchased, TL 10.464 of the amount has been paid by Tesco Overseas Investments.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Basis of preperation and presentation of financial statements

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

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

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

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

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

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

2.1 Basis of presentation (Continued)

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

2.1.2 Changes in the accounting policies, estimates and errors

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

The condensed consolidated interim financial statements for the period ended September 30, 2017 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, 2016. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016.

2.1.3 Functional and reporting currency

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

Group companies

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

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

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

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

2.2 Comparative information and restatement of prior period financial statements

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

In accordance with the systematical improvements, the Group has reviewed its prior years inventory valuation method and revaluated its inventory. 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 comperatively presented its consolidated balance sheets with the restated comparative financial information at 31 December 2016 and 30 September 2017.

The effects of restatement on accumulated losses and net income as of 30 September 2017 is as follows:

	31 December 2015		
	Previously reported	**Effect of restatement**	**Restated**
Inventories	1.104.373	(51.693)	1.052.680
Deferred tax liabilities	(70.510)	10.339	(60.171)
Accumulated losses	(498.600)	(35.231)	(533.831)
Net loss	(370.404)	(6.123)	(376.527)

	31 December 2016		
	Previously reported	**Effect of restatement**	**Restated**
Inventories	1.272.752	(60.678)	1.212.074
Deferred tax liabilities	(65.200)	12.136	(53.064)
Accumulated losses	(803.376)	(41.354)	(844.730)
Net loss	(292.969)	(7.188)	(300.157)

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

2.3 New and Revised Turkish Accounting Standards

a) The new standards, amendments to published standards and interpretations effective applicable as of 30 September 2017:

- 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.

- TFRS 1,' First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.

- TFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

- TAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

b) The new standards, amendments and interpretations introduced to the prior Financial Statements as of 30 September 2017, however will be effective after 1 October 2017:

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

- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 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.

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

2.3 New and Revised Turkish Accounting Standards (Continued)

- TFRS 15, 'Revenue from contracts with customers', effective from annual periods begining on or after 1 January 2018. 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 16, 'Leases', effective from annual periods beginning on or after 1 January 2019 with earlier application permitted if TFRS 15, 'Revenue from Contracts with Customers', is also applied. This standard replaces the current guidance in TAS 17 and is a far-reaching 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.

- Amendments to TFRS 4, 'Insurance contracts' regarding the implementation of TFRS 9, 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

    - Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and

    - Give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard— TAS 39.

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

2.3 New and Revised Turkish Accounting Standards (Continued)

- Amendment to to TAS 40, Investment property’ relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- 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 17, ‘Insurance contracts’, effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

- IFRIC 22, ‘Foreign currency transactions and advance consideration’, effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

- IFRIC 23, ‘Uncertainty over income tax treatments’, effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The effects of these standard on the financial position and performance of the Group will be evaluated by the Company management.

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

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

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

The segment information provided to the board of directors as of 30 September 2017 and 2016 is as follows:

Segment analysis for the period 1 January - 30 September 2017

	Turkey	Other countries	Combined total	Intersegment eleminations	Total
External revenues	11.033.346	288.479	11.321.825	-	11.321.825
Inter segment revenues	60.458	-	60.458	(60.458)	-
Sales revenue	11.093.804	288.479	11.382.283	(60.458)	11.321.825
Cost of sales	(8.161.159)	(219.024)	(8.380.183)	60.458	(8.319.725)
Gross profit	2.932.645	69.455	3.002.100	-	3.002.100
Selling and marketing expenses	(2.139.408)	(50.090)	(2.189.498)	-	(2.189.498)
General administrative expenses	(399.439)	(27.136)	(426.575)	-	(426.575)
Addition: Depreciation and amortisation expenses	181.963	12.775	194.738	-	194.738
Addition: Provision for employement termination benefits	29.160	319	29.479	-	29.479
Addition: Termination benefits paid	22.802	-	22.802	-	22.802
Addition: Unused vacation provision	12.782	-	12.782	-	12.782
EBITDA	**640.505**	**5.323**	**645.828**	**-**	**645.828**
Addition: Rent expenses	538.178	17.493	555.671	-	555.671
EBITDAR	**1.178.683**	**22.816**	**1.201.499**	**-**	**1.201.499**

(*) Kipa EBITDA for the period 1 March - 30 September 2017 which is calculated by the same calculation method with consolidated financial statements is TL 18.763 and included in Turkey segment.

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

NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 January - 30 September 2016

	Turkey	Other countries	Combined total	Intersegment eleminations	Total
External revenues	7.918.005	240.499	8.158.504	-	8.158.504
Inter segment revenues	3.123	-	3.123	(3.123)	-
Sales revenue	7.921.128	240.499	8.161.627	(3.123)	8.158.504
Cost of sales	(5.785.370)	(179.663)	(5.965.033)	3.123	(5.961.910)
Gross profit	2.135.758	60.836	2.196.594	-	2.196.594
Selling and marketing expenses	(1.583.588)	(40.503)	(1.624.091)	-	(1.624.091)
General administrative expenses	(225.250)	(25.715)	(250.965)	-	(250.965)
Addition: Depreciation and amortisation expenses	133.655	12.928	146.583	-	146.583
Addition: Provision for employement termination benefits	11.770	-	11.770	-	11.770
Addition: Termination benefits paid	15.412	-	15.412	-	15.412
Addition: Unused vacation provision	15.489	-	15.489	-	15.489
EBITDA	**503.246**	**7.546**	**510.792**	**-**	**510.792**
Addition: Rent expenses	394.414	13.226	407.640	-	407.640
EBITDAR	**897.660**	**20.772**	**918.432**	**-**	**918.432**

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

Segment analysis for the period 1 July - 30 September 2017

	Turkey	Other countries	Combined total	Intersegment eleminations	Total
External revenues	4.191.126	93.757	4.284.883	-	4.284.883
Inter segment revenues	50.610	-	50.610	(50.610)	-
Sales revenue	4.241.736	93.757	4.335.493	(50.610)	4.284.883
Cost of sales	(3.093.494)	(71.757)	(3.165.251)	50.610	(3.114.641)
Gross profit	1.148.242	22.000	1.170.242	-	1.170.242
Selling and marketing expenses	(776.052)	(16.038)	(792.090)	-	(792.090)
General administrative expenses	(149.868)	(6.972)	(156.840)	-	(156.840)
Addition: Depreciation and amortisation expenses	64.807	3.153	67.960	-	67.960
Addition: Provision for employement termination benefits	3.185	16	3.201	-	3.201
Addition: Termination benefits paid	10.652	-	10.652	-	10.652
Addition: Unused vacation provision	(5.765)	-	(5.765)	-	(5.765)
EBITDA	**295.201**	**2.159**	**297.360**	**-**	**297.360**
Addition: Rent expenses	195.075	5.255	200.330	-	200.330
EBITDAR	**490.276**	**7.414**	**497.690**	**-**	**497.690**

(*) Kipa EBITDA for the period 1 July - 30 September 2017 which is calculated by the same calculation method with consolidated financial statements is TL 19.401 and included in Turkey segment.

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

NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 July - 30 September 2016

	Turkey	Other countries	Combined total	Intersegment eleminations	Total
External revenues	2.998.939	80.520	3.079.459	-	3.079.459
Inter segment revenues	653	-	653	(653)	-
Sales revenue	2.999.592	80.520	3.080.112	(653)	3.079.459
Cost of sales	(2.192.147)	(60.362)	(2.252.509)	653	(2.251.856)
Gross profit	807.445	20.158	827.603	-	827.603
Selling and marketing expenses	(571.497)	(13.423)	(584.920)	-	(584.920)
General administrative expenses	(74.395)	(8.527)	(82.922)	-	(82.922)
Addition: Depreciation and amortisation expenses	46.121	4.341	50.462	-	50.462
Addition: Provision for employement termination benefits	430	-	430	-	430
Addition: Termination benefits paid	4.505	-	4.505	-	4.505
Addition: Unused vacation provision	(497)	-	(497)	-	(497)
EBITDA	**212.112**	**2.549**	**214.661**	**-**	**214.661**
Addition: Rent expenses	140.241	4.363	144.604	-	144.604
EBITDAR	**352.353**	**6.912**	**359.265**	**-**	**359.265**

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
EBITDAR reported segments	1.201.499	497.690	918.432	359.265
Rent expenses	(555.671)	(200.330)	(407.640)	(144.604)
EBITDA reported segments	**645.828**	**297.360**	**510.792**	**214.661**
Depreciation and amortisation	(194.738)	(67.960)	(146.583)	(50.462)
Provision for employement termination benefits	(29.479)	(3.201)	(11.770)	(430)
Termination benefits paid	(22.802)	(10.652)	(15.412)	(4.505)
Unused vacation liability	(12.782)	5.765	(15.489)	497
Other operating income	95.602	37.194	88.561	55.382
Other operating expense (-)	(265.695)	(95.348)	(150.857)	(47.498)
Operating profit	**215.934**	**163.158**	**259.242**	**167.645**
Income from investing activities	1.073.217	2.112	698	155
Expense from investing activities (-)	(8.658)	(2.751)	(37.309)	(720)
Operating profit beftore finance income	**1.280.493**	**162.519**	**222.631**	**167.080**
Financial income	47.397	20.356	24.940	11.363
Financial expense (-)	(560.653)	(213.431)	(277.554)	(152.180)
Income/(loss) before tax	**767.237**	**(30.556)**	**(29.983)**	**26.263**

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS

Short term derivative instruments	**30 September 2017**	**31 December 2016**
Currency option	-	602
	-	**602**

Long term derivative instruments

	30 September 2017	**31 December 2016**
Cap option	47	18
	47	**18**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group entered number of cap and interest rate swap contracts with banks in order to hedge its interest rate risk. The fair values of contracts and details as of 30 September 2017 and 31 December 2016 are as follows:

30 September 2017

	Agreement type	Transaction date	Effective date	Expiration date	Derivative instrument amount (EUR)	Fair value (TRL)
Current assets	Interest cap	23 July 2015	24 November 2015	29 May 2018	35.2 million	-
	Interest cap	23 July 2015	24 November 2015	29 May 2018	281.3 million	-
	Interest cap	27 July 2015	26 November 2015	28 May 2018	35.2 million	-
Non current assets		1 June 2017	3 June 2017	28 May 2019	313,5 million	47

31 December 2016:

	Agreement type	Transaction date	Effective date	Expiration date	Derivative instrument amount (EUR)	Fair value (TRL)
Current assets	Foreign currency option	22 June 2016	24 June 2016	31 May 2017	2,5 million	118
	Foreign currency option	22 June 2016	24 June 2016	31 May 2017	2,5 million	441
	Foreign currency option	22 June 2016	24 June 2016	31 May 2017	1 million	43
Non-current assets	Interest cap	23 July 2015	26 Nov 2015	28 May 2018	35,2 million	3
	Interest cap	23 July 2015	24 Nov 2015	29 May 2018	281,3 million	14
	Interest cap	27 July 2015	24 Nov 2015	29 May 2018	35,2 million	1

NOTE 5 - INVESTMENT PROPERTY

	1 January 2017	Additions	Transfers	Cumulative translation differences	30 September 2017
Cost					
Land and buildings	208.120	25.734	22.631	5.436	261.921
Accumulated depreciation					
Buildings	(63.401)	(2.653)	-	(1.018)	(67.072)
Net book value	**144.719**				**194.849**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 5 - INVESTMENT PROPERTY (Continued)

	1 January 2016	Additions	Impairment loss(*)	Transfers(**)	Currency translation differences	30 September 2016
Cost						
Land and buildings	193.943	3.170	-	11.266	(613)	207.766
Accumulated depreciation						
Buildings	(47.538)	(3.450)	(8.136)	(6.349)	1.929	(63.544)
Net book value	**146.405**					**144.222**

(*) 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).

(**) Within the scope of the commitment package Migros submitted to the Competition Authority for taking over Kipa's shares, the building and land value of the Marmaris store which was owned by Kipa and transferred to CarrefourSA was transferred to investment properties (Note 6). The fair value of the said property is TRY22,400, which was determined using the benchmark analysis method in Epos Gayrimenkul Danışmanlık ve Değerleme A.Ş.'s report dated January 2017. The total land rented is 12,185 m2.

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

Investment properties of the Group consist of leased space to other retailers in Ankamall Shopping Mall in Turkey, Samal Shopping Mall in Kazakhstan and Skopje Shopping Mall in Macedonia. As of September 30, 2017, the average leased space in Turkey, Kazakhstan and Macedonia are 6.741 m2, 9.713 m2 and 9.638 m2.(31 December 2016: Turkey: 6.741 m2, Kazakhstan 2.857 m2, Macedonia 9.364 m2).

Fair values of the investment properties in Turkey, Kazakhstan and Macedonia are TRL 61.850, TRL 38.319 and TRL 102.540, respectively. The mentioned fair value of Turkey is determined according to the real estate valuation report of Ekol Gayrimenkul Değerleme ve Danışmanlık A.Ş (dated March 2015) in accordance with the "direct capitalization method". The mentioned fair values of Kazakhstan and Macedonia are determined according to the real estate valuation report of TSKB Gayrimenkul Değerleme A.Ş (dated December 2015) in accordance with the "discounted cash flow" method (31 December 2016: Turkey: TRL 61.850, Kazakhstan: TRL 38.319 and Macedonia: TRL 102.540).

The total fair value of the investment properties is TRL 225.109 and it is TRL 30.260 higher than the carrying net book value in the interim condensed consolidated financial statements as of 30 September 2017.

There is no mortgage or pledge on the investment properties of the Group as of 30 September 2017.

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NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments period ended at 30 September 2017 is as follows;

	1 January 2017	Additions for acquisition of subsidiary	Additions	Disposals	Impairment loss (*)	Transfers(**)	Cumulative translation differences	30 September 2017
Cost								
Land and buildings	389.847	1.730.068	4.424	-	(2.566)	(23.572)	4.316	2.102.517
Leasehold improvements	573.618	164.133	25.091	(173)	(30.564)	17.506	466	750.077
Machinery and equipments	715.722	182.953	41.272	(12.582)	(474)	50.367	694	977.952
Motor vehicles	2.600	7.896	1.012	(2.154)	-	-	186	9.540
Furniture and fixtures	360.645	301.754	23.135	(3.396)	(25)	15.313	2.976	700.402
Construction in progress	27.418	2.101	109.231	-	-	(107.002)	-	31.748
	2.069.850	**2.388.905**	**204.165**	**(18.305)**	**(33.629)**	**(47.388)**	**8.638**	**4.572.236**
Accumulated depreciation								
Buildings	(97.971)	(143.570)	(15.960)	-	2.235	-	(719)	(255.985)
Leasehold improvementsc	(254.984)	(58.042)	(46.256)	173	23.877	-	(36)	(335.268)
Machinery and equipments	(292.767)	(161.349)	(63.272)	8.571	453	(84)	(593)	(509.041)
Motor vehicles	(954)	(6.053)	(496)	1.382	-	-	(67)	(6.188)
Furniture and fixture	(154.841)	(220.410)	(36.591)	2.224	25	(70)	(1.914)	(411.577)
	(801.517)	**(589.424)**	**(162.575)**	**12.350**	**26.590**	**(154)**	**(3.329)**	**(1.518.059)**
Net book value	**1.268.333**							**3.054.177**

(*) Impairment loss amounting to TL 7.039 consists of leasehold improvements of the stores closed in 2017 (Note:16).
(**) Within the scope of the commitment package Migros submitted to the Competition Authority for taking over Kipa's shares, and as a result of the meetings held to dispose of a total of 20 stores, 12 of which are Migros stores and 8 of which are Kipa stores, an agreement was signed with CarrefourSA on 02 August 2017 concerning the transfer of the fixture and rental contracts of these stores to CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş ("CarrefourSA"). The Competition Authority allowed the transfer of the fixture and rental contracts of these 20 stores, 12 of which are Migros stores and 8 of which are Kipa stores, and which are the subject of the said agreement, with its letter No. 61813209-120-12006 dated 28 September 2017. The property, plant and equipment belonging to the stores involved in the said transfer transaction were transferred to non-current assets held for sale and investment properties in the consolidated balance sheets.

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipments period ended at 30 September 2016 is as follows;

	1 January 2016	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	30 September 2016
Cost							
Land and buildings	382.910	5.849	(232)	-	(8.119)	2.557	382.965
Leasehold improvements	516.389	31.875	-	(10.340)	17.278	542	555.744
Machinery and equipments	617.634	42.303	(15.029)	-	33.284	1.142	679.334
Motor vehicles	2.173	590	(685)	-	345	56	2.479
Furniture and fixtures	317.621	20.348	(3.553)	-	9.421	1.465	345.302
Construction in progress	22.579	75.032	-	-	(71.652)	540	26.499
	1.859.306	**175.997**	**(19.499)**	**(10.340)**	**(19.443)**	**6.302**	**1.992.323**
Accumulated depreciation							
Buildings	(68.658)	(3.438)	16	(24.608)	6.349	(986)	(91.325)
Leasehold improvements	(207.794)	(44.054)	-	8.072	-	(324)	(244.100)
Machinery and equipments	(234.987)	(54.074)	13.210	-	-	(968)	(276.819)
Motor vehicles	(1.158)	(295)	486	-	-	(23)	(990)
Furniture and fixture	(126.086)	(22.609)	2.863	-	-	(871)	(146.703)
	(638.683)	**(124.470)**	**16.575**	**(16.536)**	**6.349**	**(3.172)**	**(759.937)**
Net book value	**1.220.623**						**1.232.386**

(*) 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 2.268 consists of leasehold improvements of the stores closed. (Note 16).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 7 - INTANGIBLE ASSETS

Movement of intangible assets period ended at 30 September 2017 and 2016 is as follows;

	1 January 2017	Additions for acquisition of subsidiary	Additions	Disposals	Transfers	Cumulative translation differences	30 September 2017
Cost							
Trademark (*)	2.787	14.442	-	-	-	-	17.229
Rent agreements (**)	32.982	6.149	-	-	-	-	39.131
Rights	155.890	92.698	21.542	(1.146)	15.036	110	284.130
Other intangible assets (***)	91.649	-	1.590	-	-	-	93.239
	283.308	**113.289**	**23.132**	**(1.146)**	**15.036**	**110**	**433.729**
Accumulated amortisation							
Rent agreements (**)	(31.106)	-	(478)	-	-	-	(31.584)
Rights	(83.007)	(72.741)	(19.745)	1.146	(74)	(97)	(174.518)
Other intangible assets (***)	(62.157)	-	(9.287)	-	-	-	(71.444)
	(176.270)	**(72.741)**	**(29.510)**	**1.146**	**(74)**	**(97)**	**(277.546)**
Net book value	**107.038**						**156.183**

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

NOTE 7 - INTANGIBLE ASSETS (Continued)

	1 January 2016	Additions	Transfers	Cumulative translation differences	30 September 2016
Cost					
Rent agreements (**)	32.982	-	-	-	32.982
Rights	109.205	15.766	8.178	251	133.400
Other intangible assets (***)	87.214	2.426	-	-	89.640
	229.401	**18.192**	**8.178**	**251**	**256.022**
Accumulated amortisation					
Rent agreements (**)	(30.147)	(719)	-	-	(30.866)
Rights	(54.471)	(16.456)	-	(265)	(71.192)
Other intangible assets (***)	(60.094)	(1.488)	-	-	(61.582)
	(144.712)	**(18.663)**	**-**	**(265)**	**(163.640)**
Net book value	**84.689**				**92.382**

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

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

The Group determined the value of Kipa Brand which is identified as intangible asset by using "Relief from Royalties" method as of March 1, 2017, which is acquisition date and accounted as intangible asset amounting to TL 14.442 in the interim condensed consolidated financial statements. Since the brand value is not predictable and has a certain life expectancy and the cost to be related to the profit or loss table is estimated every year for the protection of its value, it is considered as an intangible asset whose useful life is unlimited and amortization account is not applied for this asset. As stated in accounting policies, for the intangible assets whose useful life is determined to be unlimited, the impairment test is performed every year.

In order to strengthen its Macrocenter infrastructure and operational experience with its online sales channel, Group purchased the intangible assets of Tazedirekt A.Ş. ("Tazedirekt"), which operates in the field of online food retailing, on 22 November 2016. The brand acquired is recognized as an identifiable asset amounting to TL 2.787 at its fair value has been accounted as intangible asset in the consolidated financial statements. The brand value has been assessed as an intangible asset with an indefinite useful life and not subject to amortization since the brand value is not predictable and has a predictable life and cost to be associated with the profit or loss table annually. In addition, the Group has accounted for software acquired at fair value of TL 3.082 determined by using the cost approach as of purchase date, which is acquired through this purchase, in intangible assets.

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NOTE 7 - INTANGIBLE ASSETS (Continued)

(**) The Group determined the value of the benefit derived from the lease contracts of MMM, Maxi and Kipa stores, which were designated as intangible assets, at an amount of TRL 39.131 and was accounted for under the intangible assets in the consolidated financial statements. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

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

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

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.

NOTE 8 - INVENTORIES

	30 September 2017	31 December 2016	31 December 2015
Raw materials	11.275	7.276	7.191
Work in progress	13.474	8.762	5.244
Merchandise stocks	1.765.674	1.211.036	1.054.491
Other	1.525	1.207	1.325
Less: Provision for net realiazable value	(56.365)	(16.207)	(15.571)
	1.735.583	**1.212.074**	**1.052.680**

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NOTE 9 - GOODWILL AND BUSINESS COMBINATIONS

	1 January - 30 September 2017	1 January - 31 December 2016
Opening balance	**2.252.992**	**2.251.427**
Increase in current period	-	1.565
Closing balance	**2.252.992**	**2.252.992**

In line with the Group's long-term growth strategies, Tesco Overseas Investments Limited ("Seller"), Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. ("Kipa") entered into a share purchase and sale agreement on 10 June 2016 with the aim of purchasing shares representing approximately 95,50% of the total capital of the Company belonging to the Seller. According to the share purchase agreement and Kipa's latest financial statements dated February 29, 2016, the purchase price of these shares was calculated as TL 302.287 as of the date of the purchase agreement (June 10, 2016). In this context, an application was filed with the Competition Authority as of 21 June 2016 and the application was approved on February 9, 2017. The purchase price of the shares was determined as 194.821 TL in accordance with the estimated annual closing balance of Kipa on 28 February 2017. The Group has recognized a non-controlling interest of TL 49.811 over the proportional share of Kipa's non-controlling share of net identifiable assets. The Group took over Kipa's management as of 1 March 2017. Acquired operation provided net sales amounting to TL 1.377.189 and net loss of TL 109.247 from 1 March 2017 to 30 September 2017. The principal activity of the acquired entity is retail trade.

Furthermore, after the purchase of shares representing 95.50% of Kipa on 1 March 2017, a mandotary tender offer ("mandatory call") was conducted between 29 June 2017 and 26 July 2017 within the scope of the Communiqué on Takeover Bids of Capital Markets Board, No. II-26.1.. As a result of the mandatory call, the Group's shares have increased to 96.25% as of 30 September 2017. And TL 22.493 has been paid for the additional shares purchased, TL 10.464 of the amount has been paid by Tesco Overseas Investments.

The acquisition of Kipa has been accounted for in accordance with TFRS 3 - 'Business Combinations'. The fair value of identifiable assets and liabilities acquired within the context of the said business combination as of 30 September 2017 has been stated as a draft and these items were reported at their provisional value in summary consolidated financial statements. The period determined to carry out additions and adjustments concerning the fair value of the assets, liabilities and contingent liabilities is 12 months from the date of purchase.

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NOTE 9 - GOODWILL AND BUSINESS COMBINATIONS (Continued)

	1 March 2017 Provisional Kipa Fair Value
ASSETS	
Cash and cash equivalents	49.166
Trade receivables	10.691
Other receivables and assets	32.854
Inventories	207.716
Total current assets	**300.427**
Property, plant and equipment and intangible assets	1.840.029
Other non-current assets	15.436
Total non-current assets	**1.855.465**
Total assets	**2.155.892**
LIABILITIES	
Short term borrowings	329.631
Trade payables	329.012
Other current payables and liabilities	97.005
Total current liabilities	**755.648**
Other long term provisions	20.915
Deferred tax liabilities	51.025
Non-current liabilities	**71.940**
Total liabilities	**827.588**
Net asset	1.328.304
Purchase price	207.031
Non – controlling interest	49.811
Negative goodwill	**1.071.462**

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NOTE 10 - FINANCIAL LIABILITIES

	30 September 2017			
	Effective interest rate (%)	**Tenge**	**Euro**	**Total TRL equivalent**
Short term borrowings				
With fixed interest rate - TRL	16,04	-	-	568.683
Total short term borrowings				**568.683**
Current portion of long term borrowings				
With floating interest rate - EUR	5,25	-	80.978	339.492
With fixed interest rate - TRL	13,93	-	-	51.939
With fixed interest rate - Tenge	15,33	82.573	-	860
Total current portion of long term borrowings				**392.291**
Total current bank borrowings				**960.974**
Non-current bank borrowings				
With floating interest rate - EUR	5,25	-	620.233	2.600.263
With fixed interest rate - TRL	13,93	-	-	231.130
With fixed interest rate - Tenge	15,33	3.677.800	-	38.289
Total non-current bank borrowings				**2.869.682**
Total financial liabilities				**3.830.656**

The redemption schedule of bank borrowings with effective interest rate at 30 September 2017 is as follows:

	Tenge loan TRL equivalent	**Euro loan TRL equivalent**	**TRL Loan**	**Total (TRL equivalent)**
1 October 2017 - 30 September 2018	860	339.492	620.622	960.974
1 October 2018 - 30 September 2019	4.065	424.132	52.414	480.611
1 October 2019 - 30 September 2020	8.981	498.917	51.474	559.372
1 October 2020 - 30 September 2021	9.681	514.557	45.741	569.979
1 October 2021 - 30 September 2022	10.481	553.321	42.048	605.850
1 October 2022 - 30 September 2023	4.065	609.336	39.453	652.854
1 October 2023 - 24 October 2023	1.016	-	-	1.016
	39.149	**2.939.755**	**851.752**	**3.830.656**

The fair value of bank borrowings at 30 September 2017 is TL 3.658.481.

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

The redemption schedule of principal amounts of bank borrowings at 30 September 2017 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL Loan	Total (TRL equivalent)
1 October 2017 - 30 September 2018	-	201.649	543.163	744.812
1 October 2018 - 30 September 2019	4.065	324.037	30.355	358.457
1 October 2019 - 30 September 2020	8.981	450.066	42.161	501.208
1 October 2020 - 30 September 2021	9.681	522.079	48.906	580.666
1 October 2021 - 30 September 2022	10.481	630.082	59.024	699.587
1 October 2022 - 30 September 2023	4.065	774.107	72.516	850.688
1 October 2023 - 24 October 2023	1.016	-	-	1.016
	38.289	**2.902.020**	**796.125**	**3.736.434**

For the refinancing of the Company's 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 Bankas 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. The Group obtained short term loan amounting to TRL 140.000 with 14,8% interest rate from Türkiye Garanti Bankası A.Ş, Türkiye İş Bankası A.Ş ve Akbank T.A.Ş on 22 February 2017 by drawing down on the existing lines in the facility agreement dated 30 April 2015.

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 September 2017, 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 2016: 14.332.333.600 shares representing 80,51%).

The Group has obligation to meet various financial covenants according to loan agreement related to bank borrowings. As of 30 September 2017 the Group has met defined financial covenants requirements.

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

	31 December 2016		
	Effective interest rate (%)	**Original currency**	**Total TRL equivalent**
Short term borrowings			
With fixed interest rate - TRL	14,34	102.012	102.012
Total short term borrowings			**102.012**
Current portion of long term borrowings			
With floating interest rate - EUR	5,25	53.336	197.873
With fixed interest rate - TRL	13,93	40.312	40.312
With fixed interest rate - EUR	15,00	31.086	328
Total current portion of long term bank borrowings			**238.513**
Total short term bank borrowings			**340.525**
Non-current bank borrowings			
With floating interest rate - EUR	5,25	638.317	2.368.091
With fixed interest rate - TRL	13,93	233.274	233.274
With fixed interest rate - Tenge	15,00	2.050.000	21.646
Total non-current bank borrowings			**2.623.011**
Total financial liabilities			**2.963.536**

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

	Tenge loan TRL equivalent	**Euro loan TRL equivalent**	**TRL Loan**	**Total (TRL equivalent)**
1 January 2017 - 31 December 2017	328	197.873	142.324	340.525
1 January 2018 - 31 December 2018	1.031	323.296	47.173	371.500
1 January 2019 - 31 December 2019	4.123	401.754	47.966	453.843
1 January 2020 - 31 December 2020	4.123	432.475	44.135	480.733
1 January 2021 - 31 December 2021	4.123	455.609	39.843	499.575
1 January 2022 - 31 December 2022	4.123	484.381	36.231	524.735
1 January 2023 - 24 October 2023	4.123	270.576	17.926	292.625
	21.974	**2.565.964**	**375.598**	**2.963.536**

The fair value of bank borrowings at 31 December 2016 is TRL 2.987.487.

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

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

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL Loan	Total (TRL equivalent)
1 January 2017 - 31 December 2017	-	76.479	108.096	184.575
1 January 2018 - 31 December 2018	1.031	229.411	24.285	254.727
1 January 2019 - 31 December 2019	4.123	350.468	37.100	391.691
1 January 2020 - 31 December 2020	4.123	430.117	45.532	479.772
1 January 2021 - 31 December 2021	4.123	509.793	53.967	567.883
1 January 2022 - 31 December 2022	4.123	605.367	64.084	673.574
1 January 2023 - 24 October 2023	4.123	366.394	38.786	409.303
	21.646	**2.568.029**	**371.850**	**2.961.525**

For the refinancing of the Company's 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 Bankas 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.

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

NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	**30 September 2017**	**31 December 2016**
Provision for litigation	73.200	27.105
Other	1.606	567
	74.806	**27.672**

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.

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

Movement of provision for lawsuits is as follows:

1 January 2016	**30.172**
Increase during period	4.552
Payments during period	(8.066)
30 September 2016	**26.658**
1 January 2017	**27.105**
Increase during period	10.457
Increase related acquisition of subsidiary	45.726
Payments during period	(10.088)
30 September 2017	**73.200**

Collaterals, Pledges, Mortgages

30 September 2017:

	Total TRL amount	**TRL**	**USD**	**Euro**
A. CPM given on behalf of the Company's legal personality	150.660	141.617	2.546	-
B. CPM given on behalf of fully consolidated subsidiaries	208.289	170.000	10.779	-
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	**358.949**	**311.617**	**13.325**	**-**
Proportion of the other CPM's to equity	**0,0**	**-**	**-**	**-**

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

31 December 2016:

	Total TRL amount	TRL	USD	Euro
A. CPM given on behalf of the Company's legal personality	86.092	84.378	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	-	-	-	-
Total amount of CPM given behalf of the majority shareholder	-	-	-	-
Total amount of CPM given behalf of other group companies which are not in scope of B and C	-	-	-	-
Total amount of CPM given behalf of third parties which are not in scope of C	**-**	**-**	**-**	**-**
Total collaterals, pledges and mortgages	**86.092**	**84.378**	**487**	**-**
Proportion of the other CPM's to equity (%)	**0,0**	**-**	**-**	**-**

Contingent assets and liabilities

Guarantees given at 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Letter of guarantees given	358.949	86.092
	358.949	**86.092**

Guarantees received at 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Guarantees obtained from customers	130.852	88.356
Morgages obtained from customers	16.838	26.825
	147.690	**115.181**

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

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

	30 September 2017	31 December 2016
Payable within 1 year	57.339	40.843
Payable in 1 to 5 years	6.104	10.017
	63.443	**50.860**

NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS

	30 September 2017	31 December 2016
Provision for employee termination benefits	127.120	79.057
Provision for unused vacation	108.743	93.105
	235.863	**172.162**

Movement of unused vacation provision is as follows:

1 January 2016	**75.970**
Increase during year	20.942
Payments during period	(5.453)
30 September 2016	**91.459**
1 January 2017	**93.105**
Increase during year	18.943
Payments during period	(6.161)
Increase related acquisition of subsidiary	2.856
30 September 2017	**108.743**

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NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

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

1 January 2016	**64.283**
Increase during period	27.182
Payments during period	(15.412)
Actuarial loss	590
30 September 2016	**76.643**
1 January 2017	**79.057**
Increase during period	52.281
Payments during period	(22.802)
Actuarial gain	(889)
Increase related acquisition of subsidiary	19.473
30 September 2017	**127.120**

Provision for employee termination benefits

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

In the condensed consolidated financial statements as of 30 September 2017 and consolidated financial statements as of 31 December 2016, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL 4.732,48 effective from 1 October 2017 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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

NOTE 13 - REVENUE

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Domestic sales	11.264.199	4.269.811	8.115.701	3.066.294
Foreign sales	287.267	93.422	239.621	80.165
Other sales	12.161	967	9.680	3.518
Gross sales	**11.563.627**	**4.364.200**	**8.365.002**	**3.149.977**
Discounts and returns (-)	(241.802)	(79.317)	(206.498)	(70.518)
Sales revenue, net	**11.321.825**	**4.284.883**	**8.158.504**	**3.079.459**
Cost of sales	(8.319.725)	(3.114.641)	(5.961.910)	(2.251.856)
Gross profit	**3.002.100**	**1.170.242**	**2.196.594**	**827.603**

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

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Retail sales revenue	11.156.674	4.196.268	8.070.016	3.053.363
Wholesale revenue	282.306	100.385	221.228	70.927
Rent income	112.486	66.580	64.078	22.169
	11.551.466	**4.363.233**	**8.355.322**	**3.146.459**

NOTE 14 - EXPENSE BY NATURE

Total	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Staff costs	1.145.773	409.172	802.258	280.972
Rent	555.671	200.330	407.640	144.604
Depreciation and amortisation	194.738	67.960	146.583	50.462
Energy	145.714	56.094	105.473	42.797
Transportation	109.988	51.769	72.063	27.961
Porterage and cleaning	73.310	22.114	58.024	20.724
Advertising	72.397	23.099	57.309	21.697
Warehouse	62.411	22.419	51.694	18.746
Repair and maintanence	43.150	8.672	32.131	12.204
Mechanisation	37.581	19.796	21.321	6.566
Security	29.771	14.204	19.795	6.896
Taxes and other fees	14.337	4.161	10.883	2.883
Communication	9.893	3.670	7.659	2.566
Other	121.339	45.470	82.223	28.764
	2.616.073	**948.930**	**1.875.056**	**667.842**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 14 - EXPENSE BY NATURE (Continued)

Marketting expenses	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Staff costs	958.585	341.472	719.940	255.035
Rent	555.011	200.819	407.170	144.447
Energy	144.366	55.375	104.460	42.407
Transportation	109.988	51.769	72.063	27.961
Advertising	72.262	23.163	57.202	21.697
Porterage and cleaning	71.156	21.282	56.295	20.143
Warehouse	62.411	22.419	51.694	18.746
Repair and maintanence	42.421	8.425	31.718	12.080
Security	28.636	13.803	19.041	6.645
Mechanisation	25.797	9.933	18.912	5.849
Taxes and other fees	13.580	6.107	9.896	2.719
Communication	8.597	3.401	6.604	2.215
Other	96.688	34.122	69.096	24.976
	2.189.498	**792.090**	**1.624.091**	**584.920**

General administrive expenses	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Staff costs	187.188	67.700	82.318	25.937
Depreciation and amortisation	194.738	67.960	146.583	50.462
Other	44.649	21.180	22.064	6.523
	426.575	**156.840**	**250.965**	**82.922**

Expenses by nature in cost of sales for the periods 1 January - 30 September 2017 and 2016 are as follows:

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Cost of goods sold	8.289.277	3.103.120	5.937.934	2.243.705
Cost of service rendered	30.448	11.521	23.976	8.151
	8.319.725	**3.114.641**	**5.961.910**	**2.251.856**

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 15 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Interest income on term sales	44.968	16.717	30.750	10.612
Interest income from operating activities	32.945	16.041	15.952	6.439
Cancelation of tax penalty provision	-	-	36.968	36.968
Other	17.689	4.436	4.891	1.363
	95.602	**37.194**	**88.561**	**55.382**

Other operating expenses	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Interest expense on term purchases	210.273	78.743	133.961	45.733
Litigation provision	10.457	203	4.552	(680)
Bad debt provision expense	2.680	606	817	391
Other	42.285	15.796	11.527	2.054
	265.695	**95.348**	**150.857**	**47.498**

NOTE 16 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Subsidiary acquisition profit (Note 9)	1.071.462	1.598	-	-
Gain on sale of property, plant and equipment	1.755	514	698	155
	1.073.217	**2.112**	**698**	**155**

Expense from investing activities	1 January - 30 September 2017	1 July- 30 September 2017	1 January - 30 September 2016	1 Julyl- 30 September 2016
Losses from leasehold improvements of closed stores (Note 6)	7.039	1.966	2.268	255
Loss on sale of property, plant and equipment	1.619	755	2.297	465
Losses from impairment provision investment properties and property, plant and equipment	-	-	32.744	-
	8.658	**2.751**	**37.309**	**720**

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NOTE 17 - FINANCIAL INCOME

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Foreign exchange gains	42.039	18.227	21.621	10.599
Interest income on bank deposits	5.311	2.246	3.000	926
Financial income on derivatives	47	(117)	319	(162)
	47.397	**20.356**	**24.940**	**11.363**

NOTE 18 - FINANCIAL EXPENSES

	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Foreign exchange losses	339.446	132.677	143.051	112.877
Interest expense on bank borrowings	192.198	69.428	121.045	40.350
Financial expense on derivativies	1.066	227	732	19
Other	27.943	11.099	12.726	(1.066)
	560.653	**213.431**	**277.554**	**152.180**

NOTE 19 - TAX ASSETS AND LIABILITIES

	30 September 2017	31 December 2016
Taxes and fund payable	48.063	72.355
Less: Prepaid current income taxes	(23.905)	(52.403)
Taxes on income	**24.158**	**19.952**

	30 September 2017	31 December 2016	31 December 2015
Deferred tax assets	82.918	63.324	54.293
Deferred tax liabilities	(192.144)	(116.388)	(114.464)
Deferred tax liabilities, net	**(109.226)**	**(53.064)**	**(60.171)**

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

In Turkey, corporation tax rate as of 30 September 2017 is 20% (2016: 20%).

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

Implied corporation tax rates in Kazakhstan, Bulgaria and Macedonia are 20%, 10% and 10% respectively (31 December 2016: 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 2017. Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the prior years profit retroactively.

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

The details of taxation on income for the periods ended 30 September 2017 and 2016 are as follows:

	1 January - 30 September 2017	**1 January - 30 September 2016**
Current period tax expense	(47.061)	(46.484)
Deferred tax income	(5.155)	13.052
	(52.216)	**(33.432)**

Income witholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is applied as 10% from 24 April 2003 until 22 July 2006. This rate was changed to 15% commencing from 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 September 2017 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 2016: 20%, 20%, 10% and 10% respectively).

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 September 2017 and 31 December 2016 and 31 December 2015 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences			Deferred tax assets/(liabilities)		
	30 September 2017	**31 December 2016**	**31 December 2015**	**30 September 2017**	**31 December 2016**	**31 December 2015**
Deferred tax assets:						
Short term provisions	182.930	131.094	106.142	36.586	26.219	21.228
Inventories	58.987	103.046	94.919	11.797	20.610	18.984
Provision for employee termination benefits	127.120	79.057	64.283	25.424	15.811	12.857
Unincurred interest income	675	226	237	135	45	47
Other	44.882	3.194	5.886	8.976	639	1.177
	414.594	**316.617**	**271.467**	**82.918**	**63.324**	**54.293**
Deferred tax liabilities:						
Fair value change of derivative financial instruments	47	620	422	(9)	(124)	(84)
Property, plant and equiment, intangible assets and investment properties	1.493.851	580.921	578.929	(180.653)	(108.959)	(108.762)
Unincurred interest expense	39.974	27.415	24.345	(7.995)	(5.483)	(4.869)
Other	17.436	9.108	3.745	(3.487)	(1.822)	(749)
	(1.551.308)	**(618.064)**	**(607.441)**	**(192.144)**	**(116.388)**	**(114.464)**
Total deferred tax liability, net				**(109.226)**	**(53.064)**	**(60.171)**

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NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

1 January 2016	**(60.171)**
Deferred tax expense from continuing operations	13.052
Accounted for under equity	118
Cumulative translation difference	(92)
30 September 2016	**(47.093)**
1 January 2017	**(53.064)**
Deferred tax expense from continuing operations	(5.155)
Cumulative translation difference	(160)
Accounted for under equity	178
Subsidiary acquired from acquisition	(51.025)
30 September 2017	**(109.226)**

Carry forward tax losses:

Deferred income tax assets are recognized for tax losses carried forward to extent that the realization of the related tax benefit through the future taxable profits is probable.

The maturity of carry forward tax losses of Kipa, which deferred tax asset is not recognized are as follows;

	2017
28 February 2018	58.474
28 February 2019	134.112
28 February 2020	57.898
28 February 2021	293.103
28 February 2022	197.937
	741.524

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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 September 2017 (31 December 2016: 17.803.000.000 shares). All shares are paid-in and no privileges are given to different share groups and shareholders. MH Perakendecilik ve Ticaret A.Ş ("MH") transfered its Migros Ticaret A.Ş. shares with the nominal value of 27.371.000 TL to its parent company, Moonlight Capital SA., in exchange for 26 TL per share on 13 November 2014. MH Perakendecilik ve Ticaret A.Ş ("MH") transfered its Migros Ticaret A.Ş shares with the nominal value of 26.937.336 TL to its parent company, Moonlight Capital SA, in exchange for 26 TL per share on 31 December 2014. On 27 January 2016, Moonlight Capital S.A. conducted a sale transaction of shares, with all rights, obligations and encumbrances, held by Moonlight Capital S.A. in Migros Ticaret A.Ş. with a total nominal value of TL 26.937.336 pursuant to the Accession Agreement dated 27 January 2016 for a price of TL 26,00 per share to Kenan Investments S.A. which owns all of the shares of Moonlight Capital S.A. within the scope of intragroup share transfer.

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

In regard of the 19,5% share of BC Partners managed Moonlight Capital S.A. (Moonlight Capital) in MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik), which holds 50% shares of Migros Ticaret A.Ş. (Migros), Anadolu Endüstri Holding A.Ş. (AEH) retained a "buy option" and Moonlight Capital retained a "sell option", to be exercised within the May 1, 2017 and October 31, 2017 period.

In this context, Moonlight Capital has notified AEH on May 2, 2017 of its decision regarding the exercise of the aforementioned sale option. In regard of this transaction, AEH paid total amount of TL 509.029.436 after deductions, for the purchase of 19,5% shares of MH Perakendecilik, based on per share price of TL 30,2 for Migros, in line with the provisions of the Share Purchase Agreement dated 31 December 2014. The exercise of the option on 17 May 2017 pursuant to the transfer of purchase amount and shares, again along the provisions of the Share Purchase Agreement.

Following the transaction, while AEH's share in MH Perakendecilik increased to 100,0% and accordingly its indirect share in Migros increased to 50,0%, BC Partners' share in Migros through the funds it manages is 30,5%. Migros will continue to be equally controlled by BC Partners' managed funds and AEH; as such there will be no mandatory tender offer requirement.

The shareholders of the Company and their shareholdings stated at historical amounts at 30 September 2017 and 31 December 2016 are stated below:

	30 September 2017		**31 December 2016**	
	TL	**Share (%)**	**TL**	**Share (%)**
MH Perakendecilik ve Ticaret A.Ş.	89.015	50,00	89.015	50,00
Moonlight Capital S.A.	27.371	15,37	27.371	15,37
Kenan Investments S.A.	26.937	15,13	26.937	15,13
Other	34.707	19,49	34.707	19,49
Total	**178.030**	**100,00**	**178.030**	**100,00**

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

Merger of enterprises subject to common control

In accordance with the decision adopted during Migros Türk's general assembly held on 28 April 2009, Migros Türk has decided to merge with Moonlight through a takeover of its assets and liabilities as a whole within the framework of Capital Markets Board ("CMB") requirements, Turkish Commercial Code, Law No. 451, and other related articles and Corporate Tax Law No. 19-20. As a result of the mentioned merger, it has been decided to increase Moonlight's capital from TL 174.323.340 to TL178.030.000 (Amounts expressed in Turkish Lira ("TL") and also in accordance with the merger agreement approved during the General Assembly, merger ratio of 0.97918 and share exchange ratio of 1,00 has been identified. As a result of the merger, registered shares amounting to TL 3.706.660 (Amounts expressed in Turkish Lira ("TL") issued by Moonlight have been distributed to the shareholders of Migros Türk other than Moonlight in exchange for their Migros Türk shares.

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

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

NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Due from related parties	**30 September 2017**	**31 December 2016**
Çelik Motor Ticaret A.Ş.	77	153
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	12	301
Anadolu Motor Üretim ve Pazarlama A.Ş.	-	89
Other	67	57
	156	**600**

Due to related parties	**30 September 2017**	**31 December 2016**
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	116.781	86.990
Coca Cola Satış ve Dağıtım A.Ş.	104.673	43.799
Adel Kalemcilik Ticaret ve San. A.Ş.	14.714	5.303
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	3.263	3.279
AEH Sigorta Acenteliği A.Ş.	152	5.458
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş. (*)	-	30.337
Other	1.100	4
	240.683	**175.170**

(*) Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş. is excluded from the related parties since Anadolu Endüstri Holding A.Ş. ("AEH") sold all its shares as of 21 February 2017.

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

b) Transactions with related parties

Inventory purchases	**1 January-30 September 2017**	**1 July-30 September 2017**	**1 January-30 September 2016**	**1 July-30 September 2016**
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	223.645	93.523	181.715	78.011
Coca Cola Satış ve Dağıtım A.Ş.	164.894	11.869	125.908	49.245
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	31.450	9.178	12.041	5.226
Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş.	20.042	-	83.223	20.811
Adel Kalemcilik Ticaret ve San. A.Ş.	10.820	8.082	5.269	5.269
Other	6	-	326	-
	450.857	**123.192**	**408.482**	**158.562**

Other transactions	**1 January-30 September 2017**	**1 July-30 September 2017**	**1 January-30 September 2016**	**1 July-30 September 2016**
Rent income	848	499	492	205
Rent expense	(3.958)	(1.765)	(2.042)	(809)
Other income	252	99	271	69
Other expense	(64)	(28)	(59)	(23)
Other transactions, net	**(2.922)**	**(1.195)**	**(1.338)**	**(558)**

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 September 2017 and 2016 is as follows:

Short-term benefits	**1 January-30 September 2017**	**1 July-30 September 2017**	**1 January-30 September 2016**	**1 July-30 September 2016**
Short term benefits	18.558	6.216	9.723	3.237
	18.558	**6.216**	**9.723**	**3.237**

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

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NOTE 22 - EARNINGS/(LOSSES) PER SHARE

	1 January- 30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2016
Net (loss)/income attributable to shareholders	719.005	(70.487)	(63.453)	(1.393)
Weighted average number of shares with Kr1 face value each('000)	17.803.000	17.803.000	17.803.000	17.803.000
Earnings/(losses) per share	**4,04**	**(0,39)**	**(0,36)**	**(0,01)**

There is no difference between basic and diluted earnings per share for any of the periods.

NOTE 23 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. At 30 September 2017, if Euro had appreciated against TL by 5% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been less in the amount of TL128.284.

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

FOREIGN CURRENCY POSITION

	30 September 2017				31 December 2016			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Cash and cash equivalents	390.750	3.532	90.129	348	200.705	3.669	50.520	369
Trade receivables	345	97	-	-	765	217	-	-
Other	1.959	551	-	-	2.246	638	-	-
Current assets	**393.054**	**4.180**	**90.129**	**348**	**203.716**	**4.524**	**50.520**	**369**
Total Assets	**393.054**	**4.180**	**90.129**	**348**	**203.716**	**4.524**	**50.520**	**369**
Financial liabilities	339.493	-	80.978	-	6.394	1.817	-	-
Trade payables	5.237	1.212	138	355	197.873	-	53.336	-
Current liabilities	**344.730**	**1.212**	**81.116**	**355**	**204.267**	**1.817**	**53.336**	**-**
Financial liabilities	2.600.263	-	620.233	-	2.368.091	-	638.317	-
Non-monetary other liabilities	3.504	85	763	-	2.828	-	762	-
Non-current liabilities	**2.603.767**	**85**	**620.996**	**-**	**2.370.919**	**-**	**639.079**	**-**
Total liabilities	**2.948.497**	**1.297**	**702.112**	**355**	**2.575.186**	**1.817**	**692.415**	**-**

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

FOREIGN CURRENCY POSITION

	30 September 2017				31 December 2016			
	Total TL equivalent	**USD**	**Euro**	**Other TL equivalent**	**Total TL equivalent**	**USD**	**Euro**	**Other TL equivalent**
Net asset/(liability) position of off-balance sheet derivatives (A-B)	-	-	-	-	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-
Net foreign currency asset/(liability) position	**(2.555.443)**	**2.883**	**(611.983)**	**(7)**	**(2.371.470)**	**2.707**	**(641.895)**	**369**
Net foreign currency asset/(liability) position of monetary items	**(2.553.896)**	**2.417**	**(611.219)**	**(7)**	**(2.370.888)**	**2.070**	**(641.133)**	**369**
Fair value hedge funds of foreign currency	-	-	-	-	602	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	22.259	-	6.000	-
Export	-	-	-	-	-	-	-	-
Import	46.214	12.813	-	-	70.988	24.054	-	-

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

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

Foreign currency sensitivity analysis as of 30 September 2017 and 31 December 2016 is as follows:

30 September 2017

	Gain/(Loss)	
	Foreign exchange appreciation	**Foreign exchange depreciation**
%5 change in Euro exchange rate		
Euro net asset/liability	(128.284)	128.284
Portion secured from Euro risk	-	-
Euro net effect	**(128.284)**	**128.284**

31 December 2016

	Gain/(Loss)	
	Foreign exchange appreciation	**Foreign exchange depreciation**
%5 change in Euro exchange rate		
Euro net asset/liability	(119.068)	119.068
Portion secured from Euro risk	-	-
Euro net effect	**(119.068)**	**119.068**

NOTE 24 - FINANCIAL INSTRUMENTS

Fair value estimation

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

Effective 1 January 2009, the group adopted the amendment to TFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

NOTE 24 - FINANCIAL INSTRUMENTS (Continued)

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

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

NOTE 25 - SUBSEQUENT EVENTS

Not applicable.

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