MİGROS TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Migros Ticaret A.Ş. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated financial position as of 31 December 2011 and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statements of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the proper preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards issued by the CMB. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's proper preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Migros Ticaret A.Ş. as of 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

Additional paragraph for convenience translation into English

The accounting principles described in Note 2 to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

İstanbul, 10 April 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Gaye ŞENTÜRK
Partner

Originally issued and signed in Turkish

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

CONTENTS **PAGE**

CONSOLIDATED FINANCIAL POSITION **1-2**

CONSOLIDATED STATEMENT OF INCOME **3**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **5**

CONSOLIDATED STATEMENT OF CASH FLOWS **6-7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **8-78**

NOTE 1 ORGANISATION AND NATURE OF OPERATIONS 8-9
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS 9-31
NOTE 3 BUSINESS COMBINATIONS 31-33
NOTE 4 SEGMENT REPORTING 34-36
NOTE 5 CASH AND CASH EQUIVALENTS 36-37
NOTE 6 FINANCIAL INVESTMENTS 37
NOTE 7 FINANCIAL LIABILITIES 38-38
NOTE 8 TRADE RECEIVABLES AND PAYABLES 39-40
NOTE 9 OTHER RECEIVABLES AND PAYABLES 41
NOTE 10 INVENTORIES 41
NOTE 11 INVESTMENT PROPERTY 42
NOTE 12 PROPERTY, PLANT AND EQUIPMENT 43-45
NOTE 13 INTANGIBLE ASSETS 45-46
NOTE 14 GOODWILL 47-48
NOTE 15 PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES 48-50
NOTE 16 PROVISION FOR EMPLOYMENT TERMINATION BENEFITS 51
NOTE 17 OTHER ASSESTS AND LIABILITIES 52
NOTE 18 EQUITY 53-54
NOTE 19 REVENUE AND COST OF SALES 55
NOTE 20 EXPENSES BY NATURE 56-57
NOTE 21 OTHER OPERATING INCOME AND EXPENSE 57
NOTE 22 FINANCIAL INCOME 58
NOTE 23 FINANCIAL EXPENSE 58
NOTE 24 TAX ASSETS AND LIABILITIES 59-62
NOTE 25 EARNINGS PER SHARE 62
NOTE 26 TRANSACTIONS AND BALANCES WITH RELATED PARTIES 63-64
NOTE 27 DERIVATIVE FINANCIAL INSTRUMENTS 65-66
NOTE 28 FINANCIAL RISK MANAGEMENT 67-75
NOTE 29 FINANCIAL INSTRUMENTS 75
NOTE 30 MERGER OF ENTERPRISES SUBJECT TO COMMON CONTROL 76
NOTE 31 DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS 76-78
NOTE 32 SUBSEQUENT EVENTS 78

AUDITED CONSOLIDATED FINANCIAL POSITION AT 31 DECEMBER 2011 AND 2010

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

	Notes	(Audited) 31 December 2011	(Audited) 31 December 2010
ASSETS			
Current assets			
Cash and cash equivalents	5	1.010.255	884.180
Trade receivables	8	67.174	49.920
- Other trade receivables		67.164	49.897
- Due from related parties	26	10	23
Other receivables	9	1.037	24.641
Inventories	10	679.000	746.590
Other current assets	17	40.104	40.013
Total current assets		**1.797.570**	**1.745.344**
Non-current assets			
Other receivables	9	1.165	1.475
Financial assets	6	1.695	2.215
Derivative financial instruments	27	43	4.627
Investment property	11	51.365	52.193
Deferred income tax assets	24	-	603
Property, plant and equipment	12	1.118.881	1.193.891
Intangible assets	13	250.270	304.786
Goodwill	14	2.251.427	2.251.427
Other non-current assets	17	8.548	10.784
Total non-current assets		**3.683.394**	**3.822.001**
Total assets		**5.480.964**	**5.567.345**

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL POSITION AT 31 DECEMBER 2011 AND 2010

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

	Notes	(Audited) 31 December 2011	(Audited) 31 December 2010
Current liabilities			
Financial liabilities	7	13.796	61.122
Derivative financial instruments	27	22.591	43.417
Trade payables	8	1.387.042	1.463.546
- Due to related parties	26	1.365	2.260
- Other payables		1.385.677	1.461.286
Other payables	9	684	16.169
Taxes on income	24	2.521	1
Provisions	15	53.505	48.197
Other current liabilities	17	98.555	85.529
Total current liabilities		**1.578.694**	**1.717.981**
Non-current liabilities			
Financial liabilities	7	2.573.754	2.327.261
Derivative financial instruments	27	13.345	41.856
Other liabilities	9	3.602	3.811
Provision for employee termination benefits	16	10.516	10.269
Deferred income tax liabilities	24	105.346	119.014
Total non-current liabilities		**2.706.563**	**2.502.211**
Total liabilities		**4.285.257**	**4.220.192**
EQUITY			
Attributable to equity holders of the parent		**1.195.231**	**1.346.647**
Share capital	18	178.030	178.030
Share premium	18	678.233	678.233
Other capital reserves	18	(365)	(365)
Restricted reserves	18	385.856	385.856
Cumulative translation differences	18	18.869	7.040
Additional contribution to shareholders’ equity related to merger	18	27.312	27.312
Retained earnings	18	70.541	27.960
Net (loss) / income for the period	18	(163.245)	42.581
Non-controlling interest		**476**	**506**
Total equity		**1.195.707**	**1.347.153**
Total liabilities and equity		**5.480.964**	**5.567.345**
Contingent assets and liabilities	15		

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	(Audited) 1 January - 31 December 2011	(Audited) 1 January - 31 December 2010
CONTINUING OPERATIONS			
Revenue (net)	4,19	5.753.112	5.159.707
Cost of sales (-)	4,19	(4.258.622)	(3.835.105)
GROSS PROFIT	**4,19**	**1.494.490**	**1.324.602**
Marketing, selling and distribution expenses (-)	20	(1.030.684)	(896.122)
General administrative expenses (-)	20	(211.139)	(202.539)
Other operating income	21	8.955	10.574
Other operating expense (-)	21	(29.210)	(18.145)
OPERATING PROFIT	**4**	**232.412**	**218.370**
Financial income	22	176.935	192.982
Financial expense (-)	23	(725.205)	(320.336)
(LOSS) / INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**4**	**(315.858)**	**91.016**
Income tax expense from continuing operations	**24**	**(53.356)**	**(34.278)**
- Income tax expense	24	(47.939)	(34.057)
- Deferred income tax expense	24	(5.417)	(221)
NET (LOSS) / INCOME FROM CONTINUING OPERATIONS		**(369.214)**	**56.738**
DISCONTINUED OPERATIONS			
Income / (loss) after tax from discontinued operations	31	206.044	(14.064)
NET (LOSS) / INCOME		**(163.170)**	**42.674**
Net (loss) / income attributable to:			
Equity holders of the parent		(163.245)	42.581
Non-controlling interest		75	93
		(163.170)	**42.674**
Earning per share (Kr)	25	(0,92)	0,24

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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	(Audited) 1 January - 31 December 2011	(Audited) 1 January - 31 December 2010
Net (loss) / income for the period		**(163.170)**	**42.674**
Cumulative translation differences reclassified due to foreign operations disposal	31	(5.989)	-
Currency translation differences		17.713	(18)
Other comprehensive income / (loss) for the period		**11.724**	**(18)**
Total comprehensive (loss) / income for the period		**(151.446)**	**42.656**
Total comprehensive (loss) / income attributable to:			
Equity holders of the parent		(151.416)	42.611
Non-controlling interest		(30)	45
		(151.446)	**42.656**

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	Share capital	Share Premium	Other capital reserves	Restricted reserves	Cumulative translation differences	Additional contribution to equity related to merger	Retained earnings	Net (loss)/ income for the period	Non-controlling interest	Total equity
Balances at 31 December 2009 (As previously reported)		**178.030**	**678.233**	**(365)**	**364.097**	**7.010**	**27.312**	**133.067**	**108.024**	**461**	**1.495.869**
Effect of restatement		-	-	-	-	-	-	4.542	(81)	-	4.461
Balances at 1 January 2010 (As restated)		**178.030**	**678.233**	**(365)**	**364.097**	**7.010**	**27.312**	**137.609**	**107.943**	**461**	**1.500.330**
Transfers		-	-	-	21.759	-	-	54.684	(76.443)	-	-
Dividend paid		-	-	-	-	-	-	(164.333)	(31.500)	-	(195.833)
Total comprehensive income		-	-	-	-	30	-	-	42.581	45	42.656
Balances at 31 December 2010		**178.030**	**678.233**	**(365)**	**385.856**	**7.040**	**27.312**	**27.960**	**42.581**	**506**	**1.347.153**
Balances at 1 January 2011		**178.030**	**678.233**	**(365)**	**385.856**	**7.040**	**27.312**	**27.960**	**42.581**	**506**	**1.347.153**
Transfers		-	-	-	-	-	-	42.581	(42.581)	-	-
Total comprehensive loss		-	-	-	-	11.829	-	-	(163.245)	(30)	(151.446)
Balances at 31 December 2011		**178.030**	**678.233**	**(365)**	**385.856**	**18.869**	**27.312**	**70.541**	**(163.245)**	**476**	**1.195.707**

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	(Audited) 1 January - 31 December 2011	(Audited) 1 January - 31 December 2010
Operating activities:			
Net income/(loss) for the period from continuing operations		(369.289)	56.645
Net income/(loss) for the period from discontinued operations	31	206.044	(14.064)
Adjustments to reconcile net income to net cash provided / used by operating activities:			
Net income attributable to non-controlling interest		75	93
Depreciation and amortisation	20	123.744	121.432
Provision for employment termination benefits	16	14.185	6.211
Provision for unused vacation	15	15.090	19.898
Provision for litigation	15	5.314	4.650
Doubtful receivable provision	8	1.639	2.456
Income tax expense	24, 31	120.960	24.990
Tax provision concerning prior periods		1.930	11.164
Interest income	22	(53.777)	(40.997)
Interest expense	23	230.850	181.482
Loss / (gain) on sale of property, plant and equipment - net	21	2.132	(2.475)
Impairment of property, plant and equipment	12	8.941	5.130
Gain from sale of subsidiary	31	(357.613)	-
Fair value gain / (loss) of derivative instruments	22, 23	(18.418)	59.343
Unrecognised foreign exchange differences loss / (gain) - net		459.492	(131.601)
Cash flows from operating activities before changes in operating assets and liabilities		**391.299**	**304.357**
Changes in operating assets and liabilities:			
Trade receivables		(18.957)	(14.634)
Inventories		(27.881)	(134.655)
Other current assets and other receivables		16.128	(7.708)
Other non current assets		2.485	(2.500)
Short-term trade payables		(74.789)	214.908
Other current payables and liabilities		8.705	15.991
Other non-current liabilities		(494)	(1.052)
Employment termination benefits paid	16	(13.400)	(10.125)
Unused vacation paid	15	(5.590)	(13.942)
Income taxes paid	24	(106.044)	(40.393)
Tax paid concerning prior periods		(13.094)	-
Compensations paid	15	(2.486)	(5.426)
Accrued interest		2.662	-
Net cash (used in) / provided from operating activities of discontinued operations		14.912	(9.341)
Net cash provided from operating activities		**173.456**	**295.480**

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2011 AND 2010

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

	Notes	(Audited) 1 January - 31 December 2011	(Audited) 1 January - 31 December 2010
Investing activities:			
Purchase of investment property	11	(253)	(461)
Purchases of property, plant and equipment		(155.593)	(196.681)
Purchase of intangible assets	13	(9.964)	(5.438)
Proceeds from sale of property, plant and equipment		2.548	4.316
Cash received due to sale of subsidiary	31	595.153	-
Interest received		51.115	40.998
Cash inflow from acquisition of subsidiaries		-	272
Net cash (used in) / provided from investing activities of discontinued operations		(3.934)	(24.890)
Net cash used in investing activities		**479.072**	**(181.884)**
Financing activities:			
Bank borrowings paid		(262.300)	(65.748)
Cash paid with respect to derivative instruments		(26.336)	(49.536)
Dividend paid		-	(195.833)
Interest paid		(228.875)	(183.475)
Net cash used in financing activities of discontinued operations		(10.058)	(16.103)
Net cash used in from financing activities		**(527.569)**	**(510.695)**
Cumulative translation adjustment		1.116	(8)
Net increase / (decrease) in cash and cash equivalents		126.075	(397.107)
Cash and cash equivalents at the beginning of the period		**884.180**	**1.281.287**
Cash and cash equivalents at the end of the period	**5**	**1.010.255**	**884.180**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

Moonlight acquired 50,83% of Migros Türk Ticaret A.Ş. ("Migros Türk") shares on 30 May 2008 from Koç Holding A.Ş. ("Koç Holding") at a price of TL 1.922.440 subsequent to the approval of the Competition Board. As of 31 December 2008, Moonlight had increased its shares in Migros to 97,92% as a result of purchases made in Istanbul Stock Exchange on various dates (Note 14).

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

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

The Company will be mentioned as the "Group" together with its subsidiaries. The parent company of the Group is MH Perakendecilik ve Ticaret A.Ş. ("MH Perakendecilik"). Its shareholding in Migros Ticaret A.Ş is 80,51% (31 December: 2010: 97,92%). The Group sold its subsidiary Ramstore Azerbaijan of which they had 100% of shares, on 17 Februrary 2011 and sold its subsidiary Şok Marketler Ticaret A.Ş. of which they had 99,6% of shares, to a third party on the date 25 August 2011.

As of 31 December 2011, the Group employed 16.778 people (31 December 2010:20.272) on average.

The Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods through its Migros, 5M, Tansaş and Macrocenter banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet. The Company also rents floor space in the shopping malls to other trading companies. As of 31 December 2011, the Group operates in 745 stores (31 December 2010: 1.932) with a net retail space of 797.761 (31 December 2010: 977.301) square meters. Retail is the main business segment of the Group and constitutes almost 96,4% of gross sales (31 December 2010: 97,2%).

The address of the registered office is as follows:

Migros Ticaret A.Ş.
Turgut Özal Caddesi No:12
34758 Ataşehir İstanbul

These consolidated financial statements have been approved for issue by the Board of Directors "(BOD)" on 10 April 2012 and signed by Ö.Özgür Tort, General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. The owners of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries:

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

Subsidiary	Country of incorporation	Geographical segment	Nature of business	31 December 2011 %	31 December 2010 %
Ramstore Mahdud Mesuliyyetli Cemiyeti ("Ramstore Azerbaijan") (***)	Azerbaijan	Azerbaijan	Retailing	-	100,0
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
Ramstore Bishkek LLC ("Ramstore Bishkek")	Kyrgyzstan	Kyrgyzstan	(**) Liquidation	-	100,0
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez")	Turkey	(*)	Trade	100,0	100,0
Şok Marketler Ticaret A.Ş. ("Şok Marketler") (****)	Turkey	(*)	Trade	-	99,6

(*) Not included in the scope of consolidation on the grounds of materiality.
(**) Ramstore Bishkek LLC's operations were discontinued beginning of 2010, subsequent to the closure of the only store in the country. The Company has been liquidated as of 28 April 2011.
(***) On 17 February 2011, The Group sold 100% shares of subsidiary, Ramstore Azerbaijan, to a third party. The gain from the sale of subsidary and cash flow are shown in Note 31.
(****) On 25 August 2011, The Group transfered 99,6% of its shares in Şok Marketler Ticaret A.Ş to a third party. The gain from the sale of subsidary and cash flow are shown in Note 31.

On 31 May 2011, Amaç Gıda San. ve Tic. A.Ş., Ades Gıda San. Ve Tic. A.Ş. and Egeden Gıda Tüketim Malları Tic. ve San. A.Ş. have merged with Migros Ticaret A.Ş.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial Reporting Standards

The consolidated financial statements of Migros have been prepared in accordance with the accounting and reporting principles accepted by the Capital Markets Board ("CMB"), namely "CMB Financial Reporting Standards". CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI–25, "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting periods starting 1 January 2005.

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

2.1 Financial Reporting Standards (continued)

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats required at the announcements of CMB those numbered 2008/16, 2008/18, 2009/2, 2009/4 and 2009/40. As per CMB's Communiqué Serial XI, No:29 and its announcements clarifying this communiqué enterprises are obliged to present the hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements (Note 28).

Migros Ticaret maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

Statutory Decree No: 660, which has been become effective and published in the Official Gazette on 2 November 2011, and the Additional Clause 1 of the Law No: 2499 were nullified and accordingly, Public Oversight, Accounting and Audit Standards Institution (the "Institution") was established. As per Additional Article 1 of the Statutory Decree, applicable laws and standards will apply until new standards and regulations be issued by the Institution and will become effective. In this respect, the respective matter has no effect over the 'Basis of The Preparation of Financial Statements" Note disclosed in the accompanying financial statements as of the reporting date.

The consolidated financial statements are prepared in Turkish Lira ("TL") based on the historical cost convention except for the financial assets and liabilities which are expressed with their fair values.

2.1.1 Functional and Presentation Currency

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

The Group prepared its consolidated financial statements in accordance with the going concern assumption.

2.1.2 Translation of Financial Statements of Foreign Subsidiaries

Financial statements of Subsidiaries operating in foreign countries are prepared according to the legislation of the country in which they operate and adjusted to the CMB Financial Reporting Standards to reflect the proper presentation and content. Foreign Subsidiaries' assets and liabilities are translated into TL from the foreign exchange rate at the balance sheet date and income and expenses are translated into TL at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "cumulative translation differences" under the equity.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the group's accounting policies. The significant assumptions and estimates applied in the preparation of the consolidated financial statements are disclosed in Note 2.7.

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

2.2 Adoption of new and revised standards

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported and disclosures in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material impact on the financial statements are set out in further sections.

(a) New and Revised IFRSs affecting presentation and disclosure only

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)	The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the notes to the consolidated financial statements, with a single-line presentation of other comprehensive income in the consolidated statement of changes in equity.

(b) New and Revised IFRSs affecting the reported financial performance and / or financial position

None.

(c) New and Revised IFRSs applied with no material effect on the consolidated financial statements

IAS 24 Related Party Disclosures (as revised in 2009)	IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities. The Company and its subsidiaries are not government-related entities.

Amendments to IFRS 3 Business Combinations

As part of *Improvements to IFRSs* issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date ('market-based measure').

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

2.2 Adoption of new and revised standards (continued)

(c) New and Revised IFRSs applied with no material effect on the consolidated financial statements (cont'd)

Amendments to IAS 32 *Classification of Rights Issues*

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.

The application of the amendments has had no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.

Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*

IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Group's consolidated financial statements.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss.

The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Group has not entered into any transactions of this nature.

Improvements to IFRSs issued in 2010

Except for the amendments to IAS 1 described earlier in section (a), the application of *Improvements to IFRSs* issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

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

2.2 Adoption of new and revised standards (continued)

(d) New and Revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	*Disclosures – Transfers of Financial Assets; Offsetting of Financial Assets and Financial Liabilities*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
Amendments to IAS 12	*Deferred Taxes – Recovery of Underlying Assets*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 27 (as revised in 2011)	*Separate Financial Statement*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Amendments to IAS 32	*Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities*

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The group management does not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

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

2.2 Adoption of new and revised standards (continued)

d) New and Revised IFRSs in issue but not yet effective (cont'd)

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

The group management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognized in profit or loss). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

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

2.2 Adoption of new and revised standards (continued)

d) New and Revised IFRSs in issue but not yet effective (cont'd)

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The group management anticipates that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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

2.2 Adoption of new and revised standards (continued)

d) New and Revised IFRSs in issue but not yet effective (cont'd)

The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to IAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognized in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Groups' defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

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

2.3 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company, Migros Ticaret, and its Subsidiaries on the basis set out in sections (b), to (d) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

b) Subsidiaries are companies over which Migros Ticaret has capability to control the financial and operating policies for the benefit of Migros Ticaret, through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself having the power to exercise control over the financial and operating policies.

The table below sets out all Subsidiaries and demonstrates their shareholding structures:

	Direct and indirect shareholding by Migros and its Subsidiaries (%)	
Subsidiary	**2011**	**2010**
Ramstore Azerbaijan (1)	-	100,00
Ramstore Bulgaria (1), (2)	100,00	100,00
Ramstore Kazakhstan (1)	100,00	100,00
Ramstore Macedonia (1)	99,00	99,00
Ramstore Bishkek	-	100,00
Sanal Merkez (3)	100,00	100,00

(1) The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company and its Subsidiaries in the Subsidiaries are eliminated from equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Where necessary, accounting policies of Subsidiaries have been changed to ensure the consistency with the policies adopted by the Group.

(2) Ramstore Bulgaria closed down its three stores and ceased its retail operations as of March 2007.

(3) Sanal Merkez are excluded from the scope of consolidation on the grounds of materiality. These subsidiaries have been classified and accounted for as financial assets in the consolidated financial statements (Note 6).

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

2.3 Basis of Consolidation (continued)

c) The results of foreign Subsidiaries are translated into Turkish Lira at average rates for the period. The assets and liabilities of foreign subsidiaries are translated into Turkish Lira at the closing rate for the period. Exchange differences arising on the retranslation of the opening net assets of foreign Subsidiaries and differences between the average and year-end rates are included in the translation reserve.

d) The minority shareholders' share in the net assets and results for the period for Subsidiaries are separately classified in the consolidated balance sheet and statement of income as minority interest and income or loss attributable to minority interest, respectively.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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

2.4 Changes in the Accounting Policies and Errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. There are no important changes in the accounting policies for the period of 1 January - 31 December 2011.

2.5 Changes in the Accounting Estimates

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.

2.6 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarized below. These accounting policies are applied on a consistent basis for the comparative balances and results, unless otherwise indicated.

a) Revenue

(a) Sales of goods - Retail

The Group operates in the retail sales of food and beverages, consumer and durable goods through its stores, shopping centers, Ramstores Banner abroad and internet sales. Sales of goods are recognised when a group entity sells a product to a customer. Retail sales are usually made against a cash or credit card payment.

Revenues and discounts from suppliers, sales premiums and advertising participation fees are accounted on an accrual basis and booked against cost of goods sold.

(b) Sales of goods - Wholesale

Revenue from the sales of goods is recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products were shipped to the specified location, the risks of obsolescence and loss were transferred to the wholesaler, the wholesaler accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has an objective evidence that all criteria for acceptance are satisfied. Sales are recorded based on the price specified in the sales contracts, net of the discounts if available and returns at the time of sale.

(c) Other Revenue

Other revenues earned by the Group are recognised on the following bases:

Rent and royalty income - on accruals basis
Interest income - according to the effective interest method
Dividend income - when the right to receive payment is established.

b) Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost is determined by the most recent purchase method. The cost of borrowings is not included in the costs of inventories. Net realisable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

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

2.6 Summary of Significant Accounting Policies (continued)

c) Property, plant and equipment

Property, plant and equipment obtained before 1 January 2005 are carried at the cost restated to the equivalent purchasing power at 31 December 2004 and the acquisition value of current period additions less accumulated depreciation and, if any, impairment (Note 12). Depreciation is provided over the economic useful lives for property, plant and equipment on a straight-line basis. Since land does not have definite useful lives, land is not depreciated.

The depreciation period for property, plant and equipment which approximate the economic useful lives of such assets, are as follows:

	Useful Lives (Years)
Buildings	25-50
Leasehold improvements	over period of lease (*)
Machinery and equipment	4-10
Furniture and fixtures	5-12
Motor vehicles	4-8

(*) Leasehold improvements include the expenses made for the leased properties and are depreciated over the shorter of the lease term and their useful lives.

Depreciation is provided for assets when they are ready for use. Depreciation continues to be provided on assets when they become idle.

Gains or losses on disposals of property, plant and equipment are included in the related income or expense accounts, as appropriate.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or fair value less cost to sell.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. Repairs and maintenance are charged to the statements of income during the financial year in which they are incurred.

d) Intangible assets (excluding goodwill)

Intangible assets are comprised of acquired brands, rent agreements, trademarks, patents and computer software (Note 13).

a) Brands

Brands that are acquired separately are accounted for at their acquisition cost, and brands that are acquired as a part of business combination are accounted for at their fair value in the consolidated financial statements.

The Group assessed the useful life of brand as indefinite since there is no foreseeable limit to the period over which a brand is expected to generate net cash inflows for the Group.

A brand is not subject to amortisation as it is considered to have an indefinite useful life. A brand is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount when the carrying amount of the brand exceeds its recoverable amount.

b) Rent Agreements and other intangible assets

Rent agreements are designated as intangible assets by the Group and consist of taken over rent agreements of the stores that purchased. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

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

2.6 Summary of Significant Accounting Policies (continued)

d) Intangible assets (excluding goodwill) (cont’d)

c) Computer software (Rights)

Rights arising on computer software are recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is 5 years.

d) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

e) Business combinations and goodwill

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

2.6 Summary of Significant Accounting Policies (continued)

e) Business combinations and goodwill (continued)

Business combinations (cont’d)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under the caption associates.

f) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset other than deferred tax asset, intangible assets with indefinite useful lives, financial assets at fair value and goodwill may be impaired. When an indication of impairment exists, the Group estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognised immediately in profit or loss. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss recognised in prior period for an asset is reversed if the subsequent increase in the asset’s recoverable amount is caused by a specific event since the last impairment loss was recognised. Such a reversal amount cannot be higher than the previously recognised impairment loss and shall not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognized as income in the consolidated financial statements.

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

2.6 Summary of Significant Accounting Policies (continued)

g) Financial liabilities and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings.

International Accounting Standard 23 ("Borrowing Costs") was revised on 29 March 2007 by the IASB. Besides, the revised IAS 23 is effective at 1 January 2009, yet voluntary early transition to the application right is reserved. The Group opted for early adoption and changed its accounting policy, choosing the policy envisaged in IAS 23 related to borrowing costs. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred.

h) Financial instruments

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost using the effective interest rate method.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

Financial assets

Financial assets are initially recognized in the consolidated financial statements at their acquisition costs including the operational costs. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale in accordance with the requirements of IAS 39, "Financial Instruments". These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of the assets below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value- is removed from "Financial Assets Fair Value Reserve" in equity and the remained amount recognized as loss in the comprehensive income statement of the period.

The unrealised gains and losses arising from changes in the fair value of available-for-sale securities are recognised in "Financial Assets Fair Value Reserve" in equity. Gains and losses previously recognized in "Financial Assets Fair Value Reserve" are transferred to the statement of income when such available-for-sale financial assets are derecognised.

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

2.6 Summary of Significant Accounting Policies (continued)

h) Financial instruments (cont'd)

Financial assets (cont'd)

Available-for-sale assets that do not have a quoted market price in active markets and whose fair value cannot be measured reliably, the fair value of these assets are determined by using valuation techniques. These valuation techniques include taking as a basis the current transactions compatible with market conditions and other similar investment tools and the discount cash flow analyses considering the conditions specific for the company invested in.

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value.

i) Foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

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

2.6 Summary of Significant Accounting Policies (continued)

j) Earnings per share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

k) Subsequent events

Subsequent events are composed of any event between the balance sheet date and the publication date of the balance sheet, even if they arise after any announcements of profits or other financial data.

The Group restates its consolidated financial statements if such subsequent events arise.

l) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

m) Leases

(1) The Group as the lessee

Finance leases

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset, net of grants and tax credits receivable, or at the present value of the lease payment, whichever is the lower. Lease payments are treated as comprising capital and interest elements, the capital element is treated as reducing the capitalised obligation under the lease and the interest element is charged as expense to the statement of income. Depreciation on the relevant asset is also charged to the statement of income over its useful life.

Operational leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(2) The Group as the lessor

Operational leases

Assets leased out under operating leases are classified under property, plant and equipment in the consolidated balance sheet and rental income is recognised on a straight-line basis over the lease term.

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

2.6 Summary of Significant Accounting Policies (continued)

n) Related parties

Shareholders who have control or common control on the Group, the companies or affiliates controlled by or affiliated to the shareholders, key management personnel and members of the board of directors, their families, the companies or affiliates controlled by or affiliated to them are deemed related parties in accordance with the aim of these consolidated financial statements (Note 26).

o) Segment reporting

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorised to make decisions regarding the activities of the Group. The organs and persons authorised to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on a geographical basis (Note 4).

p) Government incentives and grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

q) Investment property

Buildings held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are depreciated with the straight-line depreciation method over their useful lives that until 50 years (Note 11).

Investment properties are reviewed for impairment losses. Where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. The recoverable amount of the investment property is the higher of future net cash flows from the recognised of this investment property or fair value less cost to sell.

r) Current and deferred income tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

2.6 Summary of Significant Accounting Policies (continued)

r) Current and deferred income tax (cont'd)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly. Deferred tax assets and liabilities are classified as long term assets and liabilities at the consolidated financial statements.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

s) Employee termination benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value according to actuarial estimations is calculated by using estimated liability method. All actuarial gains and losses are recognised in consolidated statements of income (Note 16).

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

2.6 Summary of Significant Accounting Policies (continued)

t) Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from retailing activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 5).

u) Discontinued operations

According to International Financial Reporting Standard 5 ("IFRS 5") "Non-current Assets Held for Sale and Discontinued Operations", the discontinued operation is the part of an entity which either is classified as held-for-sale or has been disposed of and whose activities and cash flows can be treated as separable from the entity's activities and cash flows. Discontinued operations represent separate business or geographical segments, which are part of a plan to sell or dispose, or is a subsidiary acquired for selling.

Net assets of discontinued operations are measured at fair value less cost to sell. An analysis of the revenue, expenses and pre-tax profit or loss of discontinued operations, income tax expense of discontinued operations and the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation are disclosed in the notes to the consolidated financial statements. Besides, the net cash flows attributable to the operating, investing and financing activities of discontinued operations are separately disclosed either in the notes or on the face of consolidated financial statements.

v) Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than sales are presented as net provided that the nature of the transaction or the event will qualify for offsetting.

w) Derivative financial instruments and hedging activities

Derivatives are initially recognised at acquisition cost including the transaction fees on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and interest rate collar agreements, cap options and corridor options.

The fair value of financial instruments that are not traded in an active market (for example, forward contracts, interest rate collar contracts, cap options and corridor options) is determined by using valuation techniques. The Company is utilizing observable market data at the valuation process.

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

2.6 Summary of Significant Accounting Policies (Continued)

x) Dividends

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably). As a part of distribution of dividends, dividend liabilities are reflected to consolidated financial statements as liabilities, on the period of declaration.

y) Paid-in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

z) Share premium

Share premium represents differences resulting from the sale of the Company's Subsidiaries' and Associates' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies (Note 18).

aa) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ab) Deferred finance income/charges

Deferred finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under financial income and expenses.

ac) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value (Note 5).

ad) Comparative Information and Restatement of Prior Period Financial Statements

The significant accounting policies used in the preparation of the condensed consolidated interim financial statements together with the explanations of annual consolidated financial statements for the period 1 January - 31 December 2010 are consistent except for the point indicated below:

The Group performed classifications over its prior period statement of income which are detailed in Note 31 in accordance with the Turkish Financial Reporting Standards 5 "Assets Classified As Held For Sale" ("TFRS 5").

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish

The accounting principles described in Note 2.6 "Summary of Significant Accounting Policies" from (a) to (ad) to the consolidated financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, for the period between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

2.7 Critical Accounting Estimates and Assumptions

The preparation of financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below.

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

2.7 Critical Accounting Estimates and Assumptions (Continued)

(a) Goodwill impairment tests

As explained in Note 2.6.f, the Group performs impairment tests on goodwill annually at 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group's eight-year business plans. Those projections are calculated in terms of TL and the growth rate expected to be realized after eight years is assumed to be nil. Discount rate used to calculate the present value of net cash flows is 8,29% annually, after tax, and includes the Group's specific risk factors as well (Note 14).

(b) Impairment on Leasehold Improvements

As explained in Note 2.6.c, property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated, on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executed an impairment estimate on the leasehold improvements on stores by considering the continuity of each store (Note 12).

(c) Impairment on intangible assets

As explained in Note 2.6.d, intangible assets such as trademarks and other intangible assets with indefinite useful lives are not amortised. Instead, those assets are tested whether there is impairment on the carrying amount of them. The Group performs this test for intangible assets by comparing the brand's carrying amount to the discounted cash flow projections of the assets which are calculated on the basis of Group's five year business plans. The Group has performed an impairment test on intangible assets at 31 December 2011 and has not identified any impairment as a result of this test (Note 13).

(d) Provisions

As explained in Note 2.6.l, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the legal proceedings and damage claims raised against in courts as at 31 December 2011 and for the ones where the Group estimates more than 50% probability of losing the cases in courts, necessary provisions are accounted for in the consolidated financial statements (Note 15).

(e) Taxes on income

As explained in Note 2.6.r, a provision is recognized for the current year tax liability based on the period results of the Group at the balance sheet date. Tax legislations in the Group's subsidiaries' operating countries are subject to different manners of interpretation and subject to be altered frequently. Accordingly, the interpretation of tax implications regarding the operations of subsidiaries in foreign countries by the tax authorities may differ from the interpretation of the management. Consequently, the Group may encounter additional taxes, penalties and interests (Note 15.d). As of 31 December 2011, the Group has evaluated the possibility of any tax exposure that may arise in foreign subsidiaries and has not identified any necessity to recognize a provision.

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

2.7 Critical Accounting Estimates and Assumptions (Continued)

(f) Accounting of derivative financial instruments and hedging activities

Derivatives are initially recognised at acquisition cost including the transaction fees on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts, cap options, corridor options and interest rate swap.

The fair value of financial instruments that are not traded in an active market (for example, forward contracts, interest rate swap contracts, cap options and corridor options) is determined by using valuation techniques. The Company is utilizing observable market data at the valuation process.

NOTE 3 – BUSINESS COMBINATION

a) Business acquisition**:**

2010	Main operation	Acquisition date	Acquired share ratio	Acquisition cost
Ades Gıda San. ve Tic. A.Ş.	Retail	31 July 2010	100%	10.894
Amaç Gıda Tic. ve San. A.Ş.	Retail	31 July 2010	100%	1.363
Egeden Gıda Tüketim Malları Tic. ve San. A.Ş.	Retail	31 July 2010	100%	2.629

b) Net assets acquired

On 31 July 2010, company acquired 99,996% of the shares of Ades Gıda San. ve Tic. A.Ş. by TL 10.894. Related transactions were accounted by acquisition method.

Net assets acquired by the acquisition are as follows:

	Book value before combination	Fair value adjustments	Fair value
Current assets	11.824	-	11.824
Property, plant and equipment	5.954	(1.259)	4.695
Deferred tax assets	-	252	252
Payables and expense accruals	(17.562)	-	(17.562)
Net assets	216	(1.007)	(791)
Total consideration			100%
Net assets acquired			(791)
Satisfied by receivables and payables			10.894
Goodwill			11.685
Cash and cash equivalents consideration			171
			171

Ades Gıda San. ve Tic. A.Ş is a retail company. The main business of the company is purchasing/selling staple food, grocery and frozen food through its franchise agreement with Migros Ticaret A.Ş ("Migros"). Ades Gıda San. ve Tic. A.Ş was consolidated by considering its portion in Group's assets, liabilities, income and expenses.

NOTE 3 – BUSINESS COMBINATION (Continued)

b) Net assets acquired (continued):

On 31 July 2010, Company acquired 99,9996% of the shares of Amaç Gıda San. ve Tic. A.Ş. by TL 1.363. Related transactions were accounted by acquisition method.

Net assets acquired by the acquisition are as follows:

	Book value before combination	Fair value adjustments	Fair value
Current assets	4.714	-	4.714
Property, plant and equipment	316	563	879
Deferred tax liability	-	(109)	(109)
Payables and expense accruals	(4.264)	-	(4.264)
Net assets	766	454	1.220
Total consideration			100%
Net assets acquired			1.220
Satisfied by receivables and payables			1.363
Goodwill			143
Cash and cash equivalents consideration			61
			61

Amaç Gıda San. ve Tic. A.Ş is a retail company. The main business of the company is purchasing/selling staple food, grocery and frozen food through its franchise agreement with Migros Ticaret A.Ş ("Migros"). Amaç Gıda San. ve Tic. A.Ş was consolidated by considering its portion in Group's assets, liabilities, income and expenses.

NOTE 3 – BUSINESS COMBINATION (Continued)

b) Net assets acquired (continued):

On 31 July 2010, company acquired 99,998% of the shares of Egeden Gıda Tüketim Malları Tic. A.Ş. by TL 2.629. Related transactions were accounted by acquisition method.

Net assets acquired by the acquisition are as follows:

	Book value before combination	Fair value adjustments	Fair value
Current assets	3.310	-	3.310
Property, plant and equipment	1.649	273	1.922
Deferred tax liability	-	(55)	(55)
Payables and expense accruals	(2.937)	-	(2.937)
Net assets	2.022	218	2.240
Total consideration			100%
Net assets acquired			2.240
Satisfied by receivables			2.629
Goodwill			389
Cash payables			-
Cash and cash equivalents consideration			40
			40

NOTE 4 - 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".

The segment information provided to the board of directors as of 31 December 2011 is as follows:

a) Segment analysis for the period 1 January - 31 December 2011

	Turkey	Other countries	Combined Total	Inter segment elimination	Total	Discontinued operations
External revenues	5.400.669	352.443	5.753.112	-	5.753.112	678.010
Inter segment revenues	3.417	-	3.417	(3.417)	-	-
Sales revenue	5.404.086	352.443	5.756.529	(3.417)	5.753.112	678.010
Cost of goods sold	(3.994.726)	(267.313)	(4.262.039)	3.417	(4.258.622)	(576.761)
Gross profit	1.409.360	85.130	1.494.490	-	1.494.490	101.249
Selling and marketing expenses	(985.065)	(45.619)	(1.030.684)	-	(1.030.684)	(156.441)
General administrative expenses	(183.395)	(27.744)	(211.139)	-	(211.139)	(10.943)
Addition: Depreciation and amortization	106.950	16.794	123.744	-	123.744	6.302
Addition: Employment termination benefits	806	-	806	-	806	(21)
Addition: Unused vacation provision	8.792	-	8.792	-	8.792	707
Addition: One-off costs due to Şok stores concept change	-	-	-	-	-	8.400
EBITDA	**357.448**	**28.561**	**386.009**	**-**	**386.009**	**(50.747)**

NOTE 4 - SEGMENT REPORTING (Continued)

b) Segment analysis for the period 1 January – 31 December 2010

	Turkey	Other countries	Combined Total	Inter segment elimination	Total	Discontinued operations
External revenues	4.889.303	270.404	5.159.707	-	5.159.707	1.205.417
Inter segment revenues	9.342	-	9.342	(9.342)	-	-
Sales revenue	4.898.645	270.404	5.169.049	(9.342)	5.159.707	1.205.417
Cost of goods sold	(3.641.162)	(203.285)	(3.844.447)	9.342	(3.835.105)	(946.298)
Gross profit	1.257.483	67.119	1.324.602	-	1.324.602	259.119
Selling and marketing expenses	(863.194)	(32.928)	(896.122)	-	(896.122)	(243.395)
General administrative expenses	(176.745)	(25.794)	(202.539)	-	(202.539)	(15.797)
Addition: Depreciation and amortization	105.971	15.461	121.432	-	121.432	8.101
Addition: Employment termination benefits	(3.867)	-	(3.867)	-	(3.867)	(47)
Addition: Unused vacation provision	4.022	-	4.022	-	4.022	1.934
EBITDA	**323.670**	**23.858**	**347.528**	**-**	**347.528**	**9.915**

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

	1 January - 31 December 2011	1 January - 31 December 2010
EBITDA, reported segments	386.009	347.528
Depreciation and amortisation	(123.744)	(121.432)
Employment termination benefits	(806)	3.867
Unused vacation provision	(8.792)	(4.022)
Other operating income	8.955	10.574
Other operating expenses (-)	(29.210)	(18.145)
Operating profit	**232.412**	**218.370**
Financial income	176.935	192.982
Financial expense (-)	(725.205)	(320.336)
(Loss) / Income before tax	**(315.858)**	**91.016**

NOTE 4 - SEGMENT REPORTING (Continued)

Segment Assets and Liabilities

The figures provided to the board of directors with respect to total assets and liabilities are measured in a manner consistent with the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

	31 December 2011	31 December 2010
Turkey	4.617.056	4.835.244
Other countries	347.105	354.303
Segment assets (*)	**4.964.161**	**5.189.547**
Unallocated assets (*)	594.261	499.894
Less: inter segment elimination	(77.458)	(122.096)
Total assets as per consolidated financial statements	**5.480.964**	**5.567.345**

(*) Segment assets are generally formed of assets that are related with operations and do not include income tax assets, time deposits, derivative instruments and available-for-sale financial assets generating interest income.

	31 December 2011	31 December 2010
Turkey	1.488.599	1.555.126
Other countries	67.286	64.827
Segment Liabilities (**)	**1.555.885**	**1.619.953**
Unallocated liabilities (**)	2.731.353	2.603.832
Less: inter segment elimination	(1.981)	(3.593)
Total liabilities as per consolidated financial statements	**4.285.257**	**4.220.192**

(**) Segment liabilities are generally formed of liabilities that are related with operations and do not include tax provision, deferred income tax liabilities, derivative instruments and borrowings.

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2011	31 December 2010
Cash	37.070	40.959
Banks		
- demand deposits	89.437	82.700
- time deposits	592.523	469.994
Cheques in collection	751	234
Receivables on credit card slips	290.474	290.293
	1.010.255	**884.180**

Weighted average effective interest rates on TL, EURO and USD denominated time deposits at 31 December 2011 are 11,38% (31 December 2010: 8,50%) and 5,08% (31 December 2010: 3,85%) and 5,25% (31 December 2010: 3,50%), respectively.

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

Credit card receivables with a maturity of less than one month are discounted at 31 December 2011 with annual rate of 10,59% (31 December 2010: 6,59%).

The maturity analysis of time deposits at 31 December 2011 and 2010 is as follows:

	31 December 2011	31 December 2010
1 - 30 days	592.523	469.994
	592.523	**469.994**

NOTE 6 - FINANCIAL INVESTMENTS

	31 December 2011	31 December 2010
Long-term available-for-sale investments financial assets - (Unlisted financial assets)	1.695	2.215
Long-term financial assets	**1.695**	**2.215**

Unlisted financial assets:

	31 December 2011		31 December 2010	
	Share	**Amount**	**Share**	**Amount**
Sanal Merkez Ticaret A.Ş.	100%	1.695	100%	1.695
Şok Marketler Ticaret A.Ş.(*)	-	-	99,6%	520
		1.695		**2.215**

(*) On the meeting of Board of Directors dated on 7 June 2011, the Group decided to sold 99,60% shares of subsidiary, Şok Marketler Ticaret A.Ş., to a third party. Accordingly, sale process of Şok Marketler Ticaret A.Ş. has been initiated following the signature of share transfer agreement on 7 June 2011. The necessary permit from Competition Board was obtained on 17 August 2011 and as of 25 August 2011 share transfer was completed. In addition, on 1 August 2011, the Group transferred assets and liabilities allocated to operations held under the Şok Brand to Şok Marketler Ticaret A.Ş.

Sanal Merkez is the subsidiary that is not included in the scope of consolidation on the grounds of materiality due to the insignificance of its impact on the consolidated net worth, financial position and results of Migros. It is accounted for under long-term available-for-sale investment at cost restated at 31 December 2004 as it is not quoted in any active market.

NOTE 7 - FINANCIAL LIABILITIES

	31 December 2011			
	Weighted average interest rate	**USD**	**Euro**	**Total TL equivalent**
Short-term financial liabilities				
Current portion of long-term bank borrowings				
-with fixed interest rates	2,00%	-	124	303
-with floating interest rates	5,66%	-	5.382	13.153
Other financial borrowings		179	-	340
Total short-term financial borrowings		**179**	**5.506**	**13.796**
Long-term bank borrowings				
-with fixed interest rates	2,00%	-	496	1.212
-with floating interest rates	5,66%	-	1.052.681	2.572.542
Long-term bank borrowings		-	**1.053.177**	**2.573.754**
Total financial liabilities		**179**	**1.058.683**	**2.587.550**

The redemption schedule of long-term bank borrowings with TL equivalents at 31 December 2011 is as follows

	Euro	**TL**
2013	58.106	141.999
2014	163.957	400.678
2015	199.064	486.472
2016	234.171	572.267
2017	257.452	629.160
2018	140.427	343.178
	1.053.177	**2.573.754**

Within the context of the "Facilities Agreement" signed with various financial institutions on 13 February 2008, considering the current market conditions and future plans, on 5 September 2011, the Group made an early payment of 100 Million Euro and its accrued interest, which reduced the remaining instalments in chronological order of the remaining loan of 1.152,7 Million Euro with 10 years maturity as of 30 June 2011. The outstanding capital payable regarding the mentioned "Facilities Agreement" as of 31 December 2011 is 1.052,7 Million Euro. The current portion of the long-term bank borrowings with floating interest rates in the table above only includes interest accruals.

NOTE 7 - FINANCIAL LIABILITIES (Continued)

	31 December 2010			
	Weighted average interest rate	**USD**	**Euro**	**Total TL equivalent**
Short-term financial liabilities				
Current portion of long-term bank borrowings				
-with fixed interest rates	2,00%	-	124	254
-with floating interest rates	5,21%	-	28.860	59.137
Other financial borrowings		1.120	-	1.731
Total short-term financial borrowings		**1.120**	**28.984**	**61.122**
Long-term bank borrowings				
-with fixed interest rates	2,00%	-	620	1.270
-with floating interest rates	5,21%	-	1.135.128	2.325.991
Long-term bank borrowings			**1.135.748**	**2.327.261**
Total financial liabilities		**1.120**	**1.164.732**	**2.388.383**

The redemption schedule of long-term bank borrowings with TL equivalents at 31 December 2010 is as follows:

	Euro	**TL**
2012	46.933	96.170
2013	93.743	192.089
2014	163.957	335.964
2015	199.064	407.902
2016	234.171	479.840
2017 and over	397.880	815.296
	1.135.748	**2.327.261**

The fair value of bank borrowings at 31 December 2011 is TL 2.557.576 (31 December 2010: TL 2.358.130).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	31 December 2011	**31 December 2010**
Receivables from tenants and wholesale activities	61.871	45.475
Doubtful receivables	14.454	12.939
Notes receivable	5.276	4.221
Due from related parties (Note 26)	10	23
	81.611	**62.658**
Less: Provision for doubtful receivables	(14.109)	(12.589)
Unearned finance income on term sales	(328)	(149)
Short-term trade receivables, net	**67.174**	**49.920**

The maturities of trade receivables are generally less than one month at 31 December 2011 and they were discounted with the annual rate of 10,59% (31 December 2010: 6,59%).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movement of provision for doubtful receivables is as follows:

	2010
1 January	**11.100**
Current year charge (Note 21)	2.456
Collections and reversals	(854)
Cumulative translation adjustment	(113)
31 December	**12.589**

	2011
1 January	**12.589**
Current year charge (Note 21)	1.639
Collections and reversals	(1.180)
Cumulative translation adjustment	1.061
31 December	**14.109**

Trade Payables:

	31 December 2011	31 December 2010
Supplier current accounts	1.401.376	1.470.826
Due to related parties (Note 26)	1.365	2.260
Less: Unincurred finance cost on term purchases	(15.699)	(9.540)
Short-term trade payables, net	**1.387.042**	**1.463.546**

The maturity of trade payables is generally less than three months and they are discounted with annual rate of 10,59% as of 31 December 2011 (31 December 2010: 6,59%).

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Other Receivables:

	31 December 2011	31 December 2010
Tax receivables (Note 24)	-	23.057
Receivables from personnel	1.037	1.584
Short-term other receivables	**1.037**	**24.641**

	31 December 2011	31 December 2010
Deposits and guarantees given	1.165	1.475
Long-term other receivables	**1.165**	**1.475**

Other Payables:

	31 December 2011	31 December 2010
Prior periods tax payable (Note 24)	-	11.164
Credit card bills collection amount (*)	684	5.005
Short-term other payables	**684**	**16.169**

	31 December 2011	31 December 2010
Deposits and guarantees taken	3.602	3.811
Long-term other payables	**3.602**	**3.811**

(*)As of 31 December 2011, payable consists of credit card bill collections made in the stores. The collections have the maturity of less than one month.

NOTE 10 - INVENTORIES

	31 December 2011	31 December 2010
Raw materials	1.589	1.740
Work in progress	5.919	8.666
Merchandise stocks	667.851	733.129
Other	3.641	3.055
	679.000	**746.590**

Cost of the inventory included in the cost of sales for the period 1 January - 31 December 2011 amounts to TL 4.226.328 (1 January - 31 December 2010: TL 3.789.287).

NOTE 11 - INVESTMENT PROPERTY

	Opening 1 January 2011	Additions	Transfers (Note 12)	Cumulative translation differences	Closing 31 December 2011
Cost					
Land and buildings	67.229	253	-	4.497	71.979
Accumulated depreciation					
Land and buildings	(15.036)	(4.967)	-	(611)	(20.614)
Net book value	**52.193**				**51.365**

	Opening 1 January 2010	Additions	Transfers (Note 12)	Cumulative translation differences	Closing 31 December 2010
Cost					
Land and buildings	66.534	461	915	(681)	67.229
Accumulated depreciation					
Land and buildings	(9.593)	(5.416)	(84)	57	(15.036)
Net book value	**56.941**				**52.193**

Depreciation expenses of the period are recorded in general administrative expenses.

Investment properties of the Group consist of space rented to other retailers in Samal shopping mall and Tastak store in Kazakhstan and Skopje shopping mall in Macedonia. At 31 December 2011, total investment property of Kazakhstan and Macedonia are 8.410 and 9.131 square meters respectively (31 December 2010: Kazakhstan 7.551 square meters, Macedonia 9.082 square meters).

Fair value of the investment properties in Kazakhstan and Macedonia are TL 74.065 and TL 70.438 respectively (31 December 2010: TL 67.780 and TL 63.649 respectively). This value has been calculated with discounted cash flow approach.

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2011	Additions	Addition from subsidiary acquisition	Disposals	Impairment loss (*)	Transfers	Disposals from sale of a subsidiary	Transfers to investments properties (Note 11)	Cumulative tranlation differences	Closing 31 December 2011
Cost										
Land and buildings	471.028	1.383	-	-	-	64	(25.978)	-	9.250	455.747
Leasehold improvements	454.066	35.546	-	(2.184)	(23.973)	22.029	(63.314)	-	3.500	425.670
Machinery and equipments	345.138	46.840	-	(9.402)	-	30.922	(87.359)	-	4.482	330.621
Vehichles	2.778	111	-	(62)	-	1	(188)	-	96	2.736
Furniture and fixture	157.248	21.494	-	(2.752)	-	8.343	(17.468)	-	3.188	170.053
Construction in progress	8.110	56.518	-	-	-	(61.359)	(76)	-	17	3.210
	1.438.368	**161.892**	**-**	**(14.400)**	**(23.973)**	**-**	**(194.383)**	**-**	**20.533**	**1.388.037**
Accumulated depreciation										
Buildings	(26.170)	(8.641)	-	-	-	-	5.171	-	(278)	(29.918)
Leasehold improvements	(119.063)	(45.465)	-	1.108	15.032	-	28.878	-	(2.705)	(122.215)
Machinery and equipments	(65.931)	(41.229)	-	6.470	-	-	28.906	-	(2.291)	(74.075)
Vehichles	(463)	(478)	-	-	-	-	101	-	(38)	(878)
Furniture and fixture	(32.850)	(16.531)	-	2.142	-	-	7.099	-	(1.930)	(42.070)
	(244.477)	**(112.344)**	**-**	**9.720**	**15.032**	**-**	**70.155**	**-**	**(7.242)**	**(269.156)**
	1.193.891									**1.118.881**

(*) Impairment loss amounting to net TL 8.941 consists of leasehold improvements of the stores closed in 2011.

At 31 December 2011 and 2010 there were no mortgages on property, plant and equipment.

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Opening 1 January 2010	Additions	Addition from subsidiary acquisition	Disposals	Impairment loss (*)	Transfers	Disposals from sale of a subsidiary	Transfers to investments properties (Note:11)	Cumulative tranlation differences	Closing 31 December 2010
Cost										
Land and buildings	466.224	3.611	-	(643)	-	2.447	-	(915)	304	471.028
Leasehold improvements	383.862	51.587	3.970	-	(9.947)	24.297	-	-	297	454.066
Machinery and equipments	251.638	79.556	-	(14.177)	-	27.832	-	-	289	345.138
Vehichles	529	1.230	-	(21)	-	1.049	-	-	(9)	2.778
Furniture and fixture	125.542	21.821	3.526	(566)	-	6.885	-	-	40	157.248
Construction in progress	2.981	67.753	-	(115)	-	(62.510)	-	-	1	8.110
	1.230.776	**225.558**	**7.496**	**(15.522)**	**(9.947)**	**-**	**-**	**(915)**	**922**	**1.438.368**
Accumulated depreciation										
Buildings	(16.262)	(9.927)	-	107	-	-	-	84	(172)	(26.170)
Leasehold improvements	(75.847)	(47.976)	-	-	4.817	-	-	-	(57)	(119.063)
Machinery and equipments	(40.609)	(38.248)	-	13.154	-	-	-	-	(228)	(65.931)
Vehichles	(199)	(260)	-	-	-	-	-	-	(4)	(463)
Furniture and fixture	(18.165)	(15.101)	-	436	-	-	-	-	(20)	(32.850)
	(151.082)	**(111.512)**	**-**	**13.697**	**4.817**	**-**	**-**	**84**	**(481)**	**(244.477)**
	1.079.694									**1.193.891**

(*) Impairment loss amounting to net TL 5.130 consists of leasehold improvements of the stores closed in 2010.

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses of the period are recorded in general administrative expenses.

Leased assets included in property, plant and equipment where the Company is under a finance lease, comprise machinery and equipment with net book values as stated below:

	31 December 2011	31 December 2010
Net book value	-	394

NOTE 13 - INTANGIBLE ASSETS

	Opening 1 January 2011	Additions	Disposals	Disposals from sale of subsidiary	Cumulative translation differences	Closing 31 December 2011
Cost						
Trademark(*)	253.068	-	-	(50.893)	-	202.175
Rent agreements (**)	32.982	-	-	-	-	32.982
Rights	20.975	9.964	(306)	(1.519)	(9)	29.105
Other intangible assets (***)	28.783	-	-	-	-	28.783
	335.808	**9.964**	**(306)**	**(52.412)**	**(9)**	**293.045**
Accumulated amortisation						
Rent agreements	(15.626)	(4.508)	-	-	-	(20.134)
Rights	(9.007)	(5.522)	302	553	127	(13.547)
Other intangible assets	(6.389)	(2.705)	-	-	-	(9.094)
	(31.022)	**(12.735)**	**302**	**553**	**127**	**(42.775)**
Net book value	**304.786**					**250.270**

Trademark impairment test:

Trademark was tested for impairment using the release from royalty method as of 31 December 2011. Sales forecasts which are based on financial budgets approved by the board of directors covering a five year period were considered in the determination of the brand value. The growth rate expected to be realized after five years is assumed to be nil. The estimated royalty income is calculated by applying the expected 1,5%. The royalty income calculated with the stated method have been discounted with 8,29%.

NOTE 13 - INTANGIBLE ASSETS (Continued)

	Opening 1 January 2010	Additions	Disposals	Disposals from sale of subsidiary	Cumulative translation differences	Closing 31 December 2010
Cost						
Trademark (*)	253.068	-	-	-	-	253.068
Rent agreements (**)	32.982	-	-	-	-	32.982
Rights	15.359	5.438	(32)	-	210	20.975
Other intangible assets (***)	28.783	-	-	-	-	28.783
	330.192	**5.438**	**(32)**	**-**	**210**	**335.808**
Accumulated amortisation						
Rent agreements	(10.131)	(5.495)	-	-	-	(15.626)
Rights	(5.441)	(3.602)	16	-	20	(9.007)
Other intangible assets	(2.881)	(3.508)	-	-	-	(6.389)
	(18.453)	**(12.605)**	**16**	**-**	**20**	**(31.022)**
Net book value	**311.739**					**304.786**

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

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

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

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

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

NOTE 14 – GOODWILL

Movement of goodwill is as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
Opening balance	**2.251.427**	**2.239.210 (*)**
Additions due to acquisition of subsidary (**)		
- Ades (Note 3)	-	11.685
- Amaç (Note 3)	-	143
- Egeden (Note 3)	-	389
Closing balance	**2.251.427**	**2.251.427**

(*) On 30 May 2008, Moonlight acquired 50,83259% of the shares of Migros, which operates in the retail sector, from Koç Holding. Moonlight Capital SA signed a share transfer agreement regarding this acquisition in February 2008 on behalf of Moonlight. Dividends paid to Koç Holding by Migros amounting to TL 53.626 were deducted from the sales price determined on the share transfer agreement and the consideration determined as TL 1.923.740 was paid in cash on the closing date. The transfer of the shares of Migros to Moonlight succeeding Moonlight Capital SA has been completed on 30 May 2008 for TL 1.923.740. As a result of the price adjustment defined in share transfer agreement, price difference amounting to TL 1.300 has been realised on behalf of Moonlight and this amount has been paid in August 2008.

Pursuant to Communiqué Serial IV No. 8 on Principles Regarding Proxy Voting at Shareholders' Meetings of Publicly Held Joint Stock Corporations Exercising Proxy Solicitation and Tender Offers, the Company purchased 30,76% of the shares of Migros in consideration of the sum of TL 1.148.553 from other shareholders of Migros in August 2008, prior to the call for tender realised between 6 October and 20 October 2008; and between those dates, in compliance with the call liability, purchased 16,31% of shares in Migros in consideration of the sum of TL 637.212.

Acquisitions mentioned above have been collectively considered in goodwill calculation. The fair values of plant property and equipment acquired as a result of the acquisition of Migros Türk shares, have been determined through the best estimate of the management and included in the consolidated financial statements.

Net assets acquired by Migros and the details of the calculation of goodwill are as follows:

Total acquisition cost	3.708.205
Net assets acquired	(1.468.995)
Goodwill	**2.239.210**

On 27 October 2008 the Group acquired 0,02% shares of Migros Türk from minority interest in consideration of TL 417 thus, the shareholding of the Group in Migros Türk reached 97,92%. The difference between the consideration given and the carrying amount of the shares has been allocated to merger reserves in the statement of changes in equity.

(**) Group acquired the companies Ades Gıda San. ve Tic. A.Ş., Amaç Gıda Tic. ve San A.Ş. and Egeden Gıda Tüketim ve Tic.A.Ş at 31 July 2010. After the acquisition transaction the forementioned goodwill amount was accounted.

Impairment tests for goodwill

The whole amount of goodwill is related to the acquisition of Migros Türk, the Group management considers the synergy to be created by the important domestic market position as the main reason for the goodwill. Accordingly, the Group management allocated the above mentioned goodwill amount to Turkish domestic operations which is the main cash generating unit, considering its market share and importance of the total turnover of the domestic operations in the Group consolidation.

The recoverable amount of cash-generating unit was determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, which are based on TL budgets approved by management covering an eight year period. The growth rate expected to be realized after eight years is assumed to be nil and in the preparation of these analysis it has been assumed by the management that existing profitability of the Company will be maintained.

The Group management determined the budgeted gross profit margin by taking into consideration the previous performance of the company and the market growth expectations. The discount rate 8,29% used is the after tax discount rate and includes the Group specific risks. The fact that the after-tax discount rate used in the calculation of discounted cash flows is higher/lower by 100 basis points (such as 9,29% or 7,29% instead of 8,29%) causes a decrease/increase of TL 501.532 (31 December 2010: TL 897.797) in the fair value calculations for which sales costs are deducted, as of 31 December 2011.

NOTE 14 – GOODWILL (Continued)

As a result of the impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December 2011. Since the sales cost deducted fair value of the said cash generating unit is higher than the book value, the Group management did not make a recoverable value calculation according to the use value.

NOTE 15 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions:

	31 December 2011	31 December 2010
Provision for litigation	19.460	16.632
Provision for unused vacation	34.045	31.565
Total short-term provisions	**53.505**	**48.197**

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.

Movement of provision for lawsuits is as follows:

1 January 2010	**17.408**
Increase during the period	4.650
Payments during the period	(5.426)
31 December 2010	**16.632**
1 January 2011	**16.632**
Increase during the period	5.314
Payments during the period	(2.486)
31 December 2011	**19.460**

As of 31 December 2011, unused vacation obligation amounted to TL 34.045 (31 December 2010: TL 31.565). The Group management makes an assesment of unused vacation obligations in financial terms which is used in making the necessary provisions in the accounts at the end of each accounting period.

Movement of provision for unused vacation is as follows:

1 January 2010	**25.609**
Increase during the period	19.898
Payments during the period	(13.942)
31 December 2010	**31.565**
1 January 2011	**31.565**
Increase during the period	15.090
Payments during the period	(5.590)
Disposals from sale of subsidiary	(7.020)
31 December 2011	**34.045**

NOTE 15- PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, Pledges, Mortgages

The details of collaterals, pledges and mortgages ("CPM") of the Company at 31 December 2011 and 2010 are as follows:

31 December 2011				
Collaterals, Pledges, Mortgages	**Total TL Equivalent**	**TL**	**USD**	**EURO**
A. CPM given on behalf of the Company's legal personality	56.872	55.919	472	25
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parites				
D. Total amount of other CPM	-	-	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C.	-	-	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
				-
Total Collaterals, Pledges, Mortgages	56.872	55.919	472	25
Proportion of other CRMs to equity	0,0%			

31 December 2010				
Total Collaterals, Pledges, Mortgages	**Total TL Equivalent**	**TL**	**USD**	**EURO**
A. CPM given on behalf of the Company's legal personality	54.124	53.459	397	25
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parites	-	-	-	-
D. Total amount of other CPM	-	-	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C.	-	-	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
Total Collaterals, Pledges, Mortgages	54.124	53.459	397	25
Proportion of other CRMs to equity	0,0%			

NOTE 15 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, Pledges, Mortgages (continued):

Contingent assets and liabilities:

a) Guarantees given at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Letters of guarantees given	56.872	54.124

b) Guarantees received at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Guarantees obtained from customers	92.019	83.385
Mortgages obtained from customers	17.072	14.383
	109.091	**97.768**

c) The future aggregate minimum lease payments under non-cancellable operating leases of land and stores are as follows:

	31 December 2011	31 December 2010
Payable within 1 year	21.688	41.406
Payable in 1 to 5 years	7.977	7.379
5 years and more	3.597	46
	33.262	**48.831**

d) Tax legislations in Kazakhstan is subject to different interpretation and subject to be altered frequently. Accordingly, the interpretation of tax implications regarding the operations of Ramstore Kazakhstan by the tax authorities may differ from the interpretation of the management. Consequently, Ramstore Kazakhstan may encounter additional taxes, penalties and interests. Tax authorities in Kazakhstan maintain the right to inspect the accounts for five fiscal years.

e) Yeni Gimat İşyerleri İşletmesi A.Ş. ("Yeni Gimat") has filed a lawsuit regarding their claim of rent difference of the immovable rented to Migros Ticaret amounting TL 38.583 which covers the period from 14 June 2001 to the date of trial, 12 June 2009. The Group management has not booked any provision at the 31 December 2011 consolidated financial statements due to the fact that related increases have been made with taking into consideration of rates determined regarding rent increases during the years 2000 and 2001 added as of 16 February 2000 and also as of 31 December 2011 it is seen as a far possibility to be obligated to pay the alleged missing rent payments and overdue interest.

NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	31 December 2011	31 December 2010
Provision for employee termination benefits	10.516	10.269

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 (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. The amount payable consists of one month's salary limited to a maximum of TL 2.731,85 (31 December 2010: TL 2.517,01) for each year of service at 31 December 2011.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

The following actuarial assumptions were used in the calculation of the total liability:

	31 December 2011	31 December 2010
Discount rate (%)	4,81	4,66
Turnover rate to estimate the probability of retirement (%)	81,40	82,60

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 2.805,04 effective from 1 January 2012 (1 January 2011: TL 2.623,23) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

	2011	2010
1 January	**10.269**	**13.974**
Acquisation of subsidiary	-	209
Increase during the period	14.837	6.387
Payments during the period	(13.400)	(10.125)
Disposal from sale of a subsidiary	(538)	-
Actuarial loss	(652)	(176)
31 December	**10.516**	**10.269**

NOTE 17 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2011	31 December 2010
Prepaid expenses (*)	33.887	30.215
Fixed asset advances	263	926
Deductible taxes and funds	2.335	5.287
Other	3.619	3.585
	40.104	**40.013**

(*) Prepaid expenses mainly consist of insurance premium and store rentals.

Other non-current assets:

	31 December 2011	31 December 2010
Upfront fee expense (long term)	4.310	5.106
Prepaid expenses	4.238	5.678
	8.548	**10.784**

Other short term liabilities:

	31 December 2011	31 December 2010
Taxes and funds payable	29.552	24.153
Payables to personnel	19.169	20.793
Various expense accruals (*)	10.377	15.317
Merchandise coupons	9.464	8.657
VAT payable	12.320	7.350
Other	17.673	9.259
	98.555	**85.529**

(*) Expense accruals include accruals for costs such as electricity, water, rent, and communication.

NOTE 18 - EQUITY

The Company's authorised and issued capital consists of 17.803.000.000 shares at 1 shares of Kr1 nominal value as of 31 December 2011 (31 December 2010: 17.803.000.000 shares). All shares are paid-in and no privileges are given to different share groups and shareholders.

The shareholders of the Company and their shareholdings stated at historical amounts at 31 December 2011 and 31 December 2010 are stated below:

	31 December 2011		31 December 2010	
Shareholders	**Share (%)**	**Amount**	**Share (%)**	**Amount**
MH Perakendecilik ve Ticaret A.Ş.	80,51	143.323	97,92	174.323
Other	19,49	34.707	2,08	3.707
Total capital	**100**	**178.030**	**100**	**178.030**

MH Perakendecilik ve Ticaret A.Ş.'s share proportion has fallen to 80,51% within the year 2011, after the share sales made in İstanbul Stock Exchange Market.

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. On the other hand, in the event that it is decided to distribute the entire profit for the period as dividends, exclusively for this situation a second legal reserve is set aside at 9% for the portion exceeding 5% of the capital issue/paid from the net distributable profit for the period.Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 385.856 as of 31 December 2011 (31 December 2010: TL 385.856).

In accordance with the Communiqué Serial: XI, No: 29 according to the CMB's announcements clarifying the said Communiqué, "Share Capital", "Restricted Reserves Allocated from Profit" and "Share Premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising from the valuation of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";
- if the difference is arising from valuation of "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

It was determined that there is no need to set aside first order legal reserves as the first order legal reserves reached 20% of capital in accordance with Turkish Commercial Code. Additionally, it was decided that there is no need to set aside second order legal reserves since no dividend was distributed in the current period.

NOTE 18 - EQUITY (Continued)

Capital adjustment differences have no other use other than being transferred to share capital.

Dividend requirements applicable to listed companies regulated by CMB are as follows:

In accordance with the CMB Decision No. 02/51 and dated 27 January 2010, concerning allocation basis of profit from operations of 2011, minimum profit distribution will not be applied for the year 2011 (2010: Not compulsory). According to the Board's decision and Communiqué No. IV-27 issued by the CMB regarding the allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realised as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from 2008 operations are required to distribute the initial amount in cash.

In addition, according to the aforementioned Board decision, the entities which are required to prepare consolidated financial statements can provide the necessary amount from their statutory reserves; the distributable profit can be calculated based on the net income declared at the publicly announced consolidated financial statements in the accordance with Communiqué XI No. 29.

Accordingly, if the amount of dividend distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit shall be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit shall be distributed. It is stated that dividend distributions should not be made if there is a loss in either the consolidated financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

Dividends Paid

Group decided not to distribute any dividend in 2011 from 2010 profits (2010: At the Annual General Meeting held on May 20, 2010, General Assembly decided to distribute a gross cash dividend of TL 195.833.000 to the shares. Accordingly, a TL 1.10 gross and net cash dividend per share with a nominal value of TL 1 representing a ratio of 110% to institutional shareholders domiciled in Turkey and non-resident foreign institutions, which are tax payers in Turkey through their permanent representative offices or companies. A TL 0,935 net cash dividend per one share with a nominal value of TL 1 to other shareholders, which will be calculated following the deduction of the withholding ratios under tax laws, which represents a ratio of 93,5%. Dividend amounting to TL 31.500.000 was offset from current year income and the remaining TL 164.333.000 was offset from extraordinary reserves excluding inflation adjustment difference. (Amounts are expressed in TL instead of thousands of TL)).

Resources Subject to Dividend Distributions

In accordance with the Board Decision dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué XI No:29. The concerning amount for Migros Ticaret is TL 1.773.941. TL 647.164 portion out of total amount will comprise the inflation effects of statutory equity items that are subject to taxation and gain on the sale of subsidiaries. The Company's reserve that can be subject to dividend distribution in accordance with financial statements prepared in accordance with the accounting principles of CMB Financial Reporting Standards amounts to TL 882.370.

The equity schedules at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Share capital	178.030	178.030
Share premium	678.233	678.233
Other capital reserves	(365)	(365)
Restricted Reserves		
- Legal reserves	385.856	385.856
Cumulative translation differences	18.869	7.040
Additional contribution to equity related to merger	27.312	27.312
Retained earnings	70.541	27.960
Net (loss) / income	(163.245)	42.581
Attributable to the equity holders of the Group	**1.195.231**	**1.346.647**

NOTE 19 - REVENUE AND COST OF SALES

	1 January - 31 December 2011	1 January - 31 December 2010
Domestic sales	5.547.385	5.004.670
Foreign sales	353.347	270.521
	5.900.732	**5.275.191**
Other sales	13.625	9.927
	5.914.357	**5.285.118**
Less: Discounts and returns	(161.245)	(125.411)
Sales revenue -net	**5.753.112**	**5.159.707**
Cost of sales	(4.258.622)	(3.835.105)
Gross Profit	**1.494.490**	**1.324.602**

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

	1 January - 31 December 2011	1 January - 31 December 2010
Retail sales revenue	5.688.854	5.095.626
Rent income	95.022	95.212
Wholesale revenue	116.856	84.353
	5.900.732	**5.275.191**

NOTE 20 - EXPENSES BY NATURE

Total	**1 January - 31 December 2011**	**1 January - 31 December 2010**
Staff costs	481.568	408.435
Rent	243.906	199.638
Porterage and cleaning	33.947	36.976
Transportation	57.035	54.761
Depreciation and amortisation	123.744	121.432
Energy	89.265	81.140
Advertising	46.424	40.866
Repair and maintenance	21.807	19.012
Security	15.359	19.484
Warehouse	32.906	30.094
Taxes and other fees	8.595	9.041
Mechanisation	10.673	8.457
Communication	6.741	6.443
Other	69.853	62.882
	1.241.823	**1.098.661**

Marketing, selling and distribution expenses	**1 January - 31 December 2011**	**1 January - 31 December 2010**
Staff costs	411.984	346.047
Rent	243.850	199.567
Porterage and cleaning	33.007	36.330
Transportation	56.861	54.503
Energy	88.434	80.273
Advertising	46.424	40.866
Repair and maintenance	21.360	18.734
Security	14.929	19.042
Warehouse	32.906	30.094
Taxes and other fees	7.115	6.640
Mechanisation	8.723	7.259
Communication	5.059	4.734
Other	60.032	52.033
	1.030.684	**896.122**

General administrative expenses	**1 January - 31 December 2011**	**1 January - 31 December 2010**
Staff costs	69.584	62.388
Depreciation and amortisation	123.744	121.432
Other	17.811	18.719
	211.139	**202.539**

NOTE 20 - EXPENSES BY NATURE (Continued)

Expenses by nature in cost of sales for the periods 1 January – 31 December 2011 and 2010 are as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
Cost of goods sold	4.226.320	3.789.287
Cost of services	32.302	45.818
	4.258.622	**3.835.105**

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

NOTE 21 - OTHER OPERATING INCOME AND EXPENSE

Other operating income:

	1 January - 31 December 2011	1 January - 31 December 2010
Gain on sales of scrap goods	909	1.320
Reversal of provisions	1.180	854
Gain on sales of property, plant and equipment	1.708	3.607
Other	5.158	4.793
	8.955	**10.574**

Other operating expenses:

	1 January - 31 December 2011	1 January - 31 December 2010
Paid law suit and provision expenses	(2.486)	(5.426)
Provision for doubtful receivables (Note 8)	(1.639)	(2.456)
Losses from closed stores	(7.125)	(5.130)
Loss due to subsidiary liquidation	(1.529)	-
Loss on sale of fixed assets	(3.840)	(1.132)
Litigation provisions	(2.828)	-
Prior years' invoices and rent differences	(3.380)	(2.376)
Other	(6.383)	(1.625)
	(29.210)	**(18.145)**

NOTE 22 - FINANCIAL INCOME

	1 January- 31 December 2011	1 January- 31 December 2010
Interest income on bank deposits	34.489	24.977
Foreign exchange gains	78.123	132.511
Due date charges on term sales	19.288	16.020
Financial income on derivatives	44.754	19.417
Other	281	57
	176.935	**192.982**

NOTE 23 - FINANCIAL EXPENSE

	1 January- 31 December 2011	1 January- 31 December 2010
Due date difference on term purchases	(71.972)	(60.898)
Foreign exchange losses	(460.719)	(58.245)
Interest expense on bank borrowings	(158.878)	(120.584)
Financial expense on derivatives	(26.336)	(78.760)
Other	(7.300)	(1.849)
	(725.205)	**(320.336)**

NOTE 24 - TAX ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Taxes and funds payable	115.691	22.893
Less: Prepaid current income taxes (**)	(113.170)	(45.950)
Taxes on income, net (*)	**2.521**	**(23.057)**

(*) The portion of prepaid taxes which exceeds the corporate tax payable as of 31 December 2010 has presented under other current assets (Note 9).

(**) TL 7.126 of tax receivable amounting to TL 23.057 was net off from corporate tax liabilities as of 31 December 2010.

	31 December 2011	31 December 2010
Deferred tax assets	25.558	34.511
Deferred tax liabilities	(130.904)	(152.922)
	(105.346)	**(118.411)**

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Turkey

In Turkey, corporation tax rate for the year 2011 is 20% (2010: 20%). Corporation tax is applied to the total income of the companies after adjusting for certain disallowable expenses, exempt income, investment and other allowances No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

Except for the dividends paid to non-resident corporations, which have a representative office in Turkey, or resident corporations, dividends are not subject to withholding tax. Dividends paid to other organizations or individuals are subject to withholding tax at the rate of 15% .Transfer of profit to capital is not accepted as a dividend distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2010: 20%). Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

There are numerous exemptions in the Corporation Tax Law concerning the corporations. Those related to the Company are as follows:

Domestic participation exemption:

Dividend income earned from investments in another company's shares is excluded in the calculation of the corporate tax (dividend income gained related to the participation in investment funds and investment trust shares is excluded).

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Preferential right certificate sales and issued premiums exemption

New share issue premiums, which represent the difference between the nominal and sale values of shares issued by joint-stock companies, are exempt from corporation tax.

Foreign company participation exemption

The participation income of corporations participating for at least one continuous year of 10% that does not have their legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) up until the date the income is generated and transferred to Turkey and until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike in their country of legal or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Real estate, investment equity, preferential rights, usufruct shares, founding shares, sales exemption

A 75% portion of corporations' profits from the sale of participation shares, founding shares, pre-emptive rights and property, which have been in their assets for at least for two years, is exempt from corporate tax provided that these profits are added to share capital and are not withdrawn within five years. Income from the sale is generated until the end of the second calendar year following the year in which sale was realized.

Other Geographical Segments

Implied corporation tax rates in Kazakhstan, Bulgaria, Macedonia and Azerbaijan are 20%, 10%, 10% and 22%, respectively (2010: 20%, 10%, 10% and 22%, respectively).

The details of taxation on income is as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
Current period tax expense	(46.434)	(22.893)
Prior period tax expense (Note 9) (*)	(1.505)	(11.164)
Period tax expense	**(47.939)**	**(34.057)**
Deferred tax expense	(5.417)	(221)
	(53.356)	**(34.278)**

(*) As a result of the tax review of the company for the year 2009 performed by Ministry of Finance, Account experts Boards, there is a Corporate Tax of TL 14.579, and a fine amounting to TL 31.228 has been levied on January 14, 2011. The company decided to use the amnesty within the scope of the tax amnesty announced, in relation to related tax and fine imposed. The company also decided to increase the 2006 and 2009 corporate tax base, in accordance with the provisions of the law. In accordance with the relevant provisions of the law and as a result of the study, the company decided to pay the 50% of the tax imposed for the year 2009, which is TL 7.290 and the additional amount of TL 3.874 from the increase in the tax bases for the before mentioned years. The total payable of TL 11.164, thus calculated for previous years, is decided to be reflected in the financial tables as at 31 December 2011 as tax expense. In addition to the forementioned amount of TL 11.164, the Group paid 1.505 TL and 422 TL overdue interest, within the scope of the tax amnesty in 2011.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of tax expenses stated in the consolidated income statements is as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
(Loss) / income	(315.858)	91.017
Expected tax expense according to parent company (20%)	63.172	(18.203)
Prior period tax expense	(1.505)	(11.164)
Differences in tax rates of subsidiaries	753	641
Expected tax expense of the Group	**62.420**	**(28.726)**
Tax effect of non deductible expenses	(134.622)	(13.399)
Tax effect of discontinued operations	16.492	4.313
Tax effect of exemptions	105	151
Other differences	2.249	3.383
Tax expense of the Group	**(53.356)**	**(34.278)**

Deferred Income Taxes

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards purposes and its statutory tax financial statements. Deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on the taxable income as of 31 December 2011 in the coming years under the liability method using a principal tax rate of 20%, 20%, 10%, 22% and 10% for Turkey, Kazakhstan, Bulgaria, Azerbaijan and Macedonia, respectively (2010: 20%, 20%, 10%, 22% and 10%).

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 December 2011 and 2010 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Fair value change of derivative instruments	35.936	85.273	7.187	17.054
Expense accruals and other provisions	53.504	48.197	10.701	9.639
Inventories	16.038	12.176	3.208	2.435
Provision for employment termination benefits	10.516	10.060	2.103	2.012
Unincurred interest income	328	149	66	30
Other	11.466	16.703	2.293	3.341
Deferred income tax assets			**25.558**	**34.511**
Fair value change of derivative instruments	43	4.627	9	925
Property, plant and equipment and intangible assets	664.118	774.337	125.360	147.591
Unincurred interest expense	15.699	9.540	3.140	1.908
Other	11.975	12.494	2.395	2.498
Deferred income tax liabilities			130.904	152.922
Total deferred income tax liabilities, net			**(105.346)**	**(118.411)**

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

	31 December 2011	**31 December 2010**
Deferred income tax assets:		
Deferred income tax asset to be recovered after more than 12 months	4.772	10.383
Deferred income tax asset to be recovered within 12 months	20.786	24.128
	25.558	34.511
Deferred income tax liabilities:		
Deferred income tax liability to be settled after more than 12 months	(125.369)	(148.516)
Deferred income tax liability to be settled within 12 months	(5.535)	(4.406)
	(130.904)	(152.922)
Deferred tax liabilities (net)	**(105.346)**	**(118.411)**

Movement of deferred income tax assets and liabilities are as follows:

	Deferred income tax liability
31 December 2009	**(116.258)**
Current year deffered tax expense	(221)
Cumulative translation difference	(56)
Transfers to liabilities associated with discontinued operations (Note 31)	(1.876)
31 December 2010	**(118.411)**
Current period deferred tax expense	(5.417)
Disposal from sale of subsidiary (Note 31)	19.030
Cumulative translation difference	(548)
31 December 2011	**(105.346)**

NOTE 25 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income by the weighted average number of shares that have been outstanding during the period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares are regarded as issued shares. Accordingly, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year.

Basic earnings per share are determined by dividing net income attributable to shareholders by the weighted average number of issued ordinary shares as below:

	1 January - 31 December 2011	**1 January - 31 December 2010**
Net (loss) / income attributable to the shareholders	(163.245)	42.581
Kr 1 face value each ('000)	17.803.000	17.803.000
(Loss) / Earnings per share (Kr)	**(0,92)**	**0,24**

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

Due from related parties:	31 December 2011	31 December 2010
Mavi Jeans Giyim Sanayi ve Tic. A.Ş	4	6
Tekin Acar Büyük Mağazacılık T.A.Ş.	6	17
Total due from related parties	**10**	**23**

Due to related parties:	31 December 2011	31 December 2010
Şok Marketler T.A.Ş.	-	645
Sanal Merkez T.A.Ş.	226	449
Other	1.139	1.166
Total due to related parties	**1.365**	**2.260**

(ii) Transactions with related parties:

	1 January - 31 December 2011	1 January - 31 December 2010
Non-current asset purchases:		
Sanal Merkez T.A.Ş	5	164
	5	**164**
Inventory purchases:		
Sanal Merkez T.A.Ş.	11	-
Şok Marketler Tic. A.Ş.	4.018	5.496
	4.029	**5.496**
Services purchases:		
Sanal Merkez T.A.Ş.	5	261
	5	**261**

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

(ii) Transactions with related parties (continued)

Inventory sales:	**1 January - 31 December 2011**	**1 January - 31 December 2010**
Sanal Merkez T.A.Ş	13	7
Pizza Restaurantları A.Ş	31	-
	44	**7**

(iii) Other transactions with related parties are as follows:

Rent Income	784	1.146
	784	**1.146**

(iv) Dividend paid

MH Perakendicilik A.Ş	-	191.756
Other	-	4.077
	-	**195.833**

(v) Key management personnel compensation:

The Group has determined key management personnel as chairman of executive board, members, general manager and general manager assistants.

Detail of compensation amounts to key management is as follows:

	1 January - 31 December 2011	**1 January - 31 December 2010**
Short term benefits provided to employees	11.682	10.688
	11.682	**10.688**

Compensation paid or payable consists of salaries, benefits, SSK and employer shares and Board of Directors attendance fees.

NOTE 27 - DERIVATIVE FINANCIAL INSTRUMENTS

Short-term derivative financial instruments

	31 December 2011	31 December 2010
Short term liabilities		
Interest rate collar contracts	-	8.378
Forward currency exchange contracts	22.591	35.039
	22.591	**43.417**

Long-term derivative financial instruments

	31 December 2011	31 December 2010
Long term assets		
Corridor options	40	711
Interest rate swap contracts	-	3.658
CAP options	3	258
	43	**4.627**
Long term liabilities		
Forward currency exchange contracts	7.554	41.856
Interest rate collar contracts	5.791	-
	13.345	**41.856**

The Group entered into a number of forward currency exchange contracts with banks in order to hedge its exchange rate risk. As at the settlement date, the Group sells TL and purchases Euro at agreed strike prices. The fair values of the foreign exchange contracts as of 31 December 2011 which extend until year 2013 are as follows:

Euro amount to be purchased	TL amount to be sold	Fair value (TL)
46.140	151.540	30.145

The Group entered into a number of forward currency exchange contracts with banks in order to hedge its exchange rate risk. As at the settlement date, the Group sells TL and purchases Euro at agreed strike prices. The fair values of the foreign exchange contracts as of 31 December 2010 which extend until year 2013 are as follows:

Euro amount to be purchased	TL amount to be sold	Fair value (TL)
98.510	299.745	76.895

NOTE 27 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group entered number of interest collar, cap, corridor and interest rate swap contracts with banks in order to hedge its interest rate risk. The fair values of contracts and details as of 31 December 2011 and 2010 are as follows:

31 December 2011

Long-term assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Corridor	26 August 2009	31 May 2011	30 November 2012	300 million	40
Cap	26 August 2009	31 May 2011	30 November 2012	125 million	3
					43

Long term liabilities

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Interest rate swap	6 October 2010	30 November 2011	29 November 2013	105 million	1.963
Interest rate swap	6 October 2010	31 May 2011	30 November 2013	105 million	1.711
Interest rate swap	6 October 2010	31 May 2011	29 November 2013	53 million	1.039
Interest rate swap	6 October 2010	30 November 2011	30 November 2013	53 million	1.078
					5.791

31 December 2010

Long-term assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Corridor	26 August 2009	31 May 2011	30 November 2012	300 million	711
Cap	26 August 2009	31 May 2011	30 November 2012	125 million	258
Interest rate swap	6 October 2010	30 November 2011	29 November 2013	105 million	1.328
Interest rate swap	6 October 2010	31 May 2011	30 November 2013	105 million	1.183
Interest rate swap	6 October 2010	31 May 2011	29 November 2013	53 million	574
Interest rate swap	6 October 2010	30 November 2011	30 November 2013	53 million	573
					4.627

Short-term liabilities

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Collar	9 July 2008	28 August 2008	31 May 2011	190 million	5.368
Collar	6 November 2008	27 February 2009	31 May 2011	210 million	3.010
					8.378

NOTE 28 - FINANCIAL RISK MANAGEMENT

Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize their potential adverse effects on the financial performance of the Group.

Individual subsidiaries manage their risk under policies approved by their Boards of Directors.

Interest rate risk

The Group management invests its interest bearing assets on short term investments with the principle of balancing the maturity of the assets and liabilities that are sensitive to the interest rate changes.

The weighted average effective interest rate of Group's financial liabilities that are sensitive to interest is 5,66% (31 December 2010: 5,21%) as of 31 December 2011. If interest rates on TL, USD and Euro denominated borrowings had been 100 base point higher/lower with all other variables held constant, pre-tax profit for the year would have been TL 2.222 (31 December 2010: TL 2.044) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Interest rate positions of the Group at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Financial instruments with fixed interest rates		
Time deposits	592.523	469.994
Financial liabilities	1.515	1.524
Financial instruments with floating interest rates		
Financial liabilities	2.586.035	2.386.859

Liquidity and funding risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The funding risk of the current and future debt requirements is managed through the continuous availability of qualified lenders. As of 31 December 2011, the Group's financial debt with a maturity longer than 1 year is TL 2.573.754 (31 December 2010: TL 2.327.261) (Note 7).

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

The maturity analysis of Group's financial liabilities as of 31 December 2011 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Financial liabilities (Non-derivative):						
Financial liabilities	2.587.550	3.232.393	-	144.279	2.059.792	1.028.322
Trade payables	1.387.042	1.402.741	1.116.371	286.370	-	-
Other current liabilities	684	684	684	-	-	-
	3.975.276	**4.635.818**	**1.117.055**	**430.649**	**2.059.792**	**1.028.322**

Derivative-financial instruments

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year- 5 years	5 years and over
Derivative cash inflows	43	43	-	43	-	-
Derivative cash outflows	(35.936)	(39.417)	-	(27.916)	(11.501)	-
Derivative financial liabilities, net	**(35.893)**	**(39.374)**	**-**	**(27.873)**	**(11.501)**	**-**

The maturity analysis of Group's financial liabilities as of 31 December 2010 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Financial liabilities (Non-derivative):						
Financial liabilities	2.388.383	3.022.961	-	172.563	1.450.850	1.399.548
Trade payables	1.463.546	1.473.085	1.194.906	278.179	-	-
Other current liabilities	16.169	16.169	16.169	-	-	-
	3.868.098	**4.512.215**	**1.211.075**	**450.742**	**1.450.850**	**1.399.548**

Derivative financial instruments

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year- 5 years	5 years and over
Derivative cash inflows	4.627	4.627	-	-	4.627	-
Derivative cash outflows	(85.273)	(97.888)	-	(40.894)	(56.994)	-
Derivative financial liabilities, net	**(80.646)**	**(93.261)**	**-**	**(40.894)**	**(52.367)**	**-**

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

The Group is exposed to credit risk due to its sales other than retail sales. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk from any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer base.

The risk details of credits and receivables as of 31 December 2011 and 2010 are as follows. Amounts showing the maximum credit risk exposed as of the balance sheet date are disclosed by disregarding guarantees on hand and other factors that increase the credit quality.

	31 December 2011			
	Trade receivables		Other receivables	Deposits
	Related Parties	Other	Other	in Banks
Maximum exposed credit risk				
As of reporting date (A+B+C+D)	**10**	**67.164**	**2.202**	**681.960**
Secured portion of maximum				
Crdit risk by guarantees etc.	-	8.446	-	-
A. Net book value of financial assets				
Either are not due or not impaired	10	64.646	2.202	681.960
Secured portion by guarantees etc.	-	8.101	-	-
B. Financial assets with renegotiated conditions				
Secured portion by guarantees etc.	-	-	-	-
C. Net book value of the expired				
or not impaired financial assets	-	2.173	-	-
secured portion by guarantees	-	-	-	-
D. Impaired assets				
Net book value	-	345	-	-
Overdue (Gross book value)	-	14.454	-	-
Impairment (-)	-	(14.109)	-	-
Secured portion of the net value				
By guarantees etc.	-	345	-	-

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (continued)

	31 December 2010			
	Trade receivables		Other receivables	Deposits
	Related Parties	Other	Other	in Banks
Maximum exposed credit risk				
As of reporting date (A+B+C+D)	**23**	**49.897**	**3.059**	**552.694**
Secured portion of maximum				
Crdit risk by guarantees etc.	-	10.138	-	-
A. Net book value of financial assets				
Either are not due or not impaired	23	47.547	3.059	552.694
Secured portion by guarantees etc.	-	9.788	-	-
B. Financial assets with renegotiated conditions				
Secured portion by guarantees etc.	-	-	-	-
C. Net book value of the expired				
or not impaired financial assets	-	2.000	-	-
secured portion by guarantees	-	-	-	-
D. Impaired assets				
Net book value	-	350	-	-
Overdue (Gross book value)	-	12.939	-	-
Impairment (-)	-	(12.589)	-	-
Secured portion of the net value				
By guarantees etc.	-	350	-	-

As of today there are no uncollected, overdue, and renegotiated bank deposits nor credit card receivables present at the Group portfolio, thus the Group is in the opinion that there are no credit risks regarding these assets. The Group's past experience in collecting their receivables was taken into account while determining the provisions. Thus, the group does not consider of any further trade receivables risk other than the provision for possible collection losses.

a) Credit quality of financial assets

	31 December 2011	31 December 2010
Group 1	4.330	4.106
Group 2	61.738	45.195
Group 3	790	1.328
	66.858	**50.629**

Group 1 - New customers (Less than 3 months)
Group 2 - Existing customers with no defaults in the past (more than 3 months)
Group 3 - Existing customers with some defaults in the past of which were fully recovered

b) Aging of the receivables which are overdue but not impaired

	31 December 2011	31 December 2010
0-1 month	1.022	751
1-3 months	415	211
3-12 months	627	332
1-5 years	109	706
	2.173	**2.000**

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

c) Geographical concentration of the trade and other receivables

	31 December 2011	**31 December 2010**
Turkey	62.044	46.894
Other	7.332	6.085
	69.376	**52.979**

Foreign currency risk

The Group is exposed to foreign exchange risk arising primarily with respect to borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is followed and monitored by the management.

At 31 December 2011, if Euro had appreciated against TL by 5% and all other variables remaining the same, 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 lower by TL 108.176.

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

	31 December 2011			
		Original Currencies		
	Total TL equivalent	**USD**	**Euro**	**Other Currency**
Assets:				
Cash and cash equivalents	454.204	8.161	174.148	13.206
Trade receivables	4.695	461	29	3.753
Other current assets	3.974	1.643	-	871
Total current assets	**462.873**	**10.265**	**174.177**	**17.830**
Other non-current assets	-	-	-	-
Total non-current assets	**-**	**-**	**-**	**-**
Total assets	**462.873**	**10.265**	**174.177**	**17.830**
Short-term borrowings	13.796	179	5.506	-
Trade payables (net)	7.683	-	777	5.784
Other current liabilities	6.150	2.676	24	1.037
Total current liabilities	**27.629**	**2.855**	**6.307**	**6.821**
Long term financial liabilities	2.573.754	-	1.053.177	-
Total non-current liabilities	**2.573.754**	**-**	**1.053.177**	**-**
Total liabilities	**2.601.383**	**2.855**	**1.059.484**	**6.821**
Net balance sheet foreign currency position	**(2.138.510)**	**7.410**	**(885.307)**	**11.009**
Net asset/liability position of off-balance sheet derivatives (A-B)	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency position	**(2.138.510)**	**7.410**	**(885.307)**	**11.009**
Export	-	-	-	-
Import	57.855	35.002	-	-
Fair value of hedged funds of foreign currency	30.145	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	112.757	-	46.140	-

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

	31 December 2010			
		Original Currencies		
	Total TL equivalent	USD	Euro	Other Currency
Assets:				
Cash and cash equivalents	453.732	5.089	210.652	14.217
Trade receivables	2.763	195	54	2.351
Other current assets	3.484	1.873	-	589
Total current assets	**459.979**	**7.157**	**210.706**	**17.157**
Other non-current assets	61	39	-	-
Total non-current assets	**61**	**39**	**-**	**-**
Total assets	**460.040**	**7.196**	**210.706**	**17.157**
Short-term borrowings	61.122	1.120	28.984	-
Trade payables (net)	4.861	462	551	3.018
Other current liabilities	6.036	3.283	24	912
Total current liabilities	**72.019**	**4.865**	**29.559**	**3.930**
Long term financial liabilities	2.327.261	-	1.135.748	-
Total non-current liabilities	**2.327.261**	**-**	**1.135.748**	**-**
Total liabilities	**2.399.280**	**4.865**	**1.165.307**	**3.930**
Net balance sheet foreign currency position	**(1.939.240)**	**2.331**	**(954.601)**	**13.227**
Net asset/liability position of off-balance sheet derivatives (A-B)	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency position	**(1.939.240)**	**2.331**	**(954.601)**	**13.227**
Export	-	-	-	-
Import	48.523	32.104	-	-
Fair value of hedged funds of foreign currency	76.895	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	201.856	-	98.510	-

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis as of 31 December 2011 and 2010 is as follows:

31 December 2011

	Gain/Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
5% change in Euro Exchange rate		
Euro net asset/liability	(108.176)	108.176
Portion secured from Euro risk	-	-
Euro net effect	**(108.176)**	**108.176**

31 December 2010

	Gain/Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
5% change in Euro Exchange rate		
Euro net asset/liability	(97.804)	97.804
Portion secured from Euro risk	-	-
Euro net effect	**(97.804)**	**97.804**

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group carries out financial risk analysis by following its capital risk management on a monthly basis on the basis of gearing ratio, short term balance sheet liquidity and net financial debt level.

The ratio of net debt/ (equity +net debt) at 31 December 2011 and 2010 is as follows:

	31 December 2011	**31 December 2010**
Total liabilities	4.285.257	4.220.192
Less: Cash and cash equivalents	(1.010.255)	(884.180)
Deferred tax liabilities (net)	(105.346)	(118.411)
Net debt	3.169.656	3.217.601
Equity	1.195.231	1.346.647
Equity +net debt	4.364.887	4.564.248
Net debt/ (Equity +net debt) ratio	**72,62%**	**70,50%**

NOTE 29 - 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 IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

In the balance sheet, derivative financial instrument is the only item that is recognised 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 amortised cost at the balance sheet are presented with their values in Note 7. The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate (Libor) 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 30 - 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 TL 178.030.000 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 issued by Moonlight have been distributed to the minority shareholders of Migros Türk 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 6 May 2009 dated and 7305 numbered Trade Registry Gazette. As a result of the merger, Moonlight's trade name has been changed to 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 31 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS

1-) On 17 February 2011, The Group sold 100% shares of subsidiary, Ramstore Azerbaijan, to a third party.

Gain from sale of subsidiary

Amount received	21.953
Recorded amount of net assets sold	(26.949)
Currency translation differences reclassification adjustments due to foreign operations disposal	5.989
Gain from sale of subsidiary	993

TL 993 worth of sales income is classified under income statement of discontinued operations.

Net amount from sale of subsidiary

Cash and cash equivalents received	21.953
Less: cash and cash equivalents of sold subsidiary	(7.810)
	14.143

NOTE 31 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Book value of net assets disposed is as follows:

Current assets	**10.490**
Cash and cash equivalents	7.810
Trade receivables	64
Inventories	2.357
Other current assets	259
Non-current assets	**22.046**
Property, plant and equipment	21.242
Intangible assets	229
Deferred tax assets	514
Other non-current assets	61
Total assets	**32.536**
Current liabilities	**1.968**
Trade payables	1.715
Other current liabilities	253
Non-current liabilities	**3.619**
Deferred tax liabilities	3.619
Total liabilities	**5.587**
Book value of net assets disposed	**26.949**

2-) On the meeting of Board of Directors dated on 7 June 2011, the Group decided to sell 99,60% shares of subsidiary, Şok Marketler Ticaret A.Ş., to a third party. Accordingly, sale process of Şok Marketler Ticaret A.Ş. has been initiated following the signature of Share Transfer Agreement on 7 June 2011. The necessary permit from Competition Board was obtained on 17 August 2011 and as of 25 August 2011 share transfer was completed. In addition, on 1 August 2011, the Group transferred assets and liabilities allocated to operations held under the Şok Brand to Şok Marketler Ticaret A.Ş.

Net Gain from Sale of Subsidiary

Amount received	581.010
Recorded amount of net assets sold	(224.390)
Gain from sale of subsidiary	**356.620**

TL 356.620 worth of sales income is classified under income statement of discontinued operations.

NOTE 31 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Book value of net assets disposed:

Current assets	**92.735**
Inventories	92.735
Non-current assets	**155.138**
Property, plant and equipment	102.986
Intangible assets	51.631
Financial Investments	521
Total assets	**247.873**
Current liabilities	**7.020**
Unused vacation provision	7.020
Non-current liabilities	**16.463**
Deferred tax liabilities	15.925
Provision for employment termination benefits	538
Total liabilities	**23.483**
Book value of net assets disposed	**224.390**

1 January- 31 December 2011 and 1 January- 31 December 2010 accounting periods, income statement of the discontinued operations are as follows:

	1 January- 31 December 2011	**1 January- 31 December 2010**
Revenue (net)	678.010	1.205.417
Cost of sales (-)	(576.761)	(946.298)
Marketing, selling and distribution expenses (-)	(156.441)	(243.395)
General administrative expenses (-)	(10.943)	(15.797)
Financial income	2.365	3.988
Financial expense (-)	(10.058)	(16.103)
Other expenses (-)	(8.632)	-
Loss before tax	**(82.460)**	**(12.188)**
Tax income / (loss)	148	(1.876)
Net loss from discontinued operations before the gain from sale of subsidiary	**(82.312)**	**(14.064)**
Gain from sale of subsidiary	357.613	-
Sales profit tax expense	(69.257)	-
Net gain / (loss)	**206.044**	**(14.064)**

NOTE 32 - SUBSEQUENT EVENTS

None.