MİGROS TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2009 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

PRICEWATERHOUSECOOPERS

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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.

Introduction

1. 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 balance sheet as of 31 December 2009 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

2. 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

3. 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.

PRICEWATERHOUSECOOPERS

Opinion

4. 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 2009, 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

5. 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.

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

Originally issued and signed in Turkish

Adnan Akan, SMMM
Partner

Istanbul, 8 April 2010

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

MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

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

	Notes	2009	2008
ASSETS			
Current assets			
Cash and cash equivalents	4	1.281.287	1.094.452
Trade receivables	7	38.047	28.334
- Due from related parties	25	111	2.091
- Other trade receivables		37.936	26.243
Other receivables	8	643	415
Inventories	9	576.718	491.974
Other current assets	16	38.599	28.362
Total current assets		**1.935.294**	**1.643.537**
Non-current assets			
Other receivables	8	1.341	910
Financial assets	5	2.215	2.215
Derivative financial instruments	26	7.615	-
Investment property	10	56.941	68.084
Property, plant and equipment	11	1.079.694	1.028.884
Intangible assets	12	311.739	301.352
Goodwill	13	2.239.210	2.239.210
Other non-current assets	16	8.418	2.040
Total non-current assets		**3.707.173**	**3.642.695**
Total assets		**5.642.467**	**5.286.232**

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

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

MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008

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

	Notes	2009	2008
LIABILITIES			
Current liabilities			
Financial liabilities	6	74.502	44.024
Derivative financial instruments	26	13.463	-
Trade payables	7	1.240.576	1.049.039
- Due to related parties	25	1.840	148
- Other payables		1.238.736	1.048.891
Other liabilities	8	9.052	16.699
Taxes on income	23	-	3.356
Provisions	14	43.017	36.125
Other current liabilities	16	62.632	64.970
Total current liabilities		**1.443.242**	**1.214.213**
Non-current liabilities			
Financial liabilities	6	2.504.385	37.978
Derivative financial instruments	26	64.991	-
Other liabilities	8	4.863	4.408
Provision for employee termination benefits	15	13.974	15.490
Deferred income tax liabilities	23	115.143	123.693
Total non-current liabilities		**2.703.356**	**181.569**
Total liabilities		**4.146.598**	**1.395.782**
EQUITY			
Equity attributable to equity holders of the parent		**1.495.408**	**3.860.648**
Share capital	17	178.030	174.323
Share premium	17	678.233	3.534.750
Other capital reserves	17	(365)	(365)
Restricted reserves	17	364.097	-
Currency translation differences	2.1	7.010	18.873
Additional contribution to shareholders' equity related to merger	29	27.312	-
Retained earnings	17	133.067	-
Net income for the period	17	108.024	133.067
Minority interest	3	**461**	**29.802**
Total equity		**1.495.869**	**3.890.450**
Total liabilities and equity		**5.642.467**	**5.286.232**
Contingent assets and liabilities	14		

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

MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2009 AND FOR THE PERIOD 19 MARCH - 31 DECEMBER 2008

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

	Notes	1 January - 31 December 2009	19 March - 31 December 2008
CONTINUING OPERATIONS			
Revenue (net)	3, 18	5.711.268	3.133.229
Cost of sales (-)	3, 18	(4.277.710)	(2.363.187)
GROSS PROFIT	**3, 18**	**1.433.558**	**770.042**
Marketing, selling and distribution expenses (-)	19	(948.511)	(524.395)
General administrative expenses (-)	19	(219.005)	(118.885)
Other operating income	20	11.761	4.686
Other operating expense (-)	20	(12.372)	(3.778)
OPERATING PROFIT	**3**	**265.431**	**127.670**
Financial income	21	117.185	137.438
Financial expense (-)	22	(247.969)	(80.352)
INCOME BEFORE TAX		**134.647**	**184.756**
Income tax expense	23	**(24.952)**	**(36.429)**
- Taxes on income	23	(33.451)	(38.728)
- Deferred income tax expense	23	8.499	2.299
NET INCOME		**109.695**	**148.327**
Net income attributable to:			
Equity holders of the parent		108.024	133.067
Minority interest		1.671	15.260
		109.695	**148.327**
Earnings per share (Kr)	24	0,61	5,45

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

MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009 AND FOR THE PERIOD 19 MARCH - 31 DECEMBER 2008

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

	1 January - 31 December 2009	**19 March - 31 December 2008**
Net income for the period	**109.695**	**148.327**
Other comprehensive income / (loss):		
Currency translation differences	(11.856)	18.873
Other comprehensive (loss) / income	**(11.856)**	**18.873**
Total comprehensive income	**97.839**	**167.200**
Total comprehensive income attributable to:		
Equity holders of the parent	96.161	151.940
Minority interest	1.678	15.260
	97.839	**167.200**

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

MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009 AND FOR THE PERIOD 19 MARCH - 31 DECEMBER 2008

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

	Share Capital	Share premium	Other capital reserves	Restricted reserves	Cumulative translation differences	Additional contribution to equity related to merger	Retained earnings	Net income	Minority interest	Total equity
Balances at 19 March 2008	**50**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50**
Capital increase	174.273	3.534.750	-	-	-	-	-	-	-	3.709.023
Acquisition of subsidiary (Note 13)	-	-	-	-	-	-	-	-	729.535	729.535
Additional share purchase of subsidiary (Note 13)	-	-	(365)	-	-	-	-		(714.993)	(715.358)
Total comprehensive income	-	-	-	-	18.873	-	-	133.067	15.260	167.200
Balances at 31 December 2008	**174.323**	**3.534.750**	**(365)**	**-**	**18.873**	**-**	**-**	**133.067**	**29.802**	**3.890.450**
Balances at 1 January 2009	**174.323**	**3.534.750**	**(365)**	**-**	**18.873**	**-**	**-**	**133.067**	**29.802**	**3.890.450**
Transfers	-	(364.097)	-	364.097	-	-	133.067	(133.067)	-	-
Dividends paid (Note 17)	-	(2.492.420)	-	-	-	-	-	-	-	(2.492.420)
Additional contribution to equity related to merger (Note 29)	3.707	-	-	-	-	27.312	-	-	(31.019)	-
Total comprehensive income	-	-	-	-	(11.863)	-	-	108.024	1.678	97.839
Balances at 31 December 2009	**178.030**	**678.233**	**(365)**	**364.097**	**7.010**	**27.312**	**133.067**	**108.024**	**461**	**1.495.869**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009 AND FOR THE PERIOD 19 MARCH - 31 DECEMBER 2008

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

	Notes	1 January - 31 December 2009	19 March- 31 December 2008
Operating activities:			
Net income attributable to equity holders of the parent		108.024	133.067
Adjustments to reconcile net income to net cash provided / used by operating activities:			
Minority interest		1.671	15.260
Depreciation and amortisation	10,11,12	128.079	71.271
Provision for employment termination benefits	15	5.397	3.399
Provision for unused vacation	14	14.394	8.221
Provision for litigation	14	3.792	1.013
Provision for doubtful receivables	7	4.236	1.555
Income tax expense	23	24.952	36.429
Interest income	21	(92.359)	(95.567)
Interest expense	22	144.375	57.035
Losses/(Gains) from sales of tangible assets	20	172	(174)
Impairment of property, plant and equipment	20	2.260	30
Bank borrowings fair value adjustment	21	-	(5.980)
Fair value loss of derivative instruments	22	27.953	-
Unrecognised foreign exchange differences - net		72.922	19.716
Cash flows from operating activities before changes in operating assets and liabilities		**445.868**	**245.275**
Changes in operating assets and liabilities:			
Trade receivables		(13.949)	1.369
Inventories		(84.744)	(35.263)
Other receivables and other current assets		(4.907)	146.297
Other fixed assets and other receivables		(6.809)	(2.950)
Trade payables		191.537	96.624
Other payables and other current liabilities		(9.985)	13.335
Other non-current liabilities		455	(4.411)
Employment termination benefits paid	15	(6.913)	(3.545)
Vacation benefits paid	14	(9.678)	(7.115)
Income taxes paid		(42.364)	(32.594)
Other compensations paid	14	(1.616)	(1.036)
Net cash generated from operating activities		**456.895**	**415.986**
Investing activities:			
Purchases of investment property	10	(81)	(69)
Purchases of property, plant and equipment	11	(166.694)	(113.162)
Purchase of intangible assets	12	(23.418)	(12.515)
Proceeds from sale of property, plant and equipment		787	1.018
Proceeds from sale of available-for-sale investments		-	456.210
Interest received		93.532	92.717
Subsidiary acquisition - net		-	(3.323.229)
Net cash used in investing activities		**(95.874)**	**(2.899.030)**
Financing activities:			
Bank borrowings received		2.455.884	-
Bank borrowings paid		(44.725)	(77.792)
Cash received related to the financial derivative instruments		61.233	-
Interest and premiums paid for purchased derivative financial instruments			(18.347)
Capital increase		-	174.323
Share premium		-	3.534.750
Dividends paid		(2.492.420)	-
Interest paid		(131.571)	(56.668)
Net cash (used in) / generated from financing activities		**(169.946)**	**3.574.613**
Cumulative translation adjustment		(3.067)	33
Net increase in cash and cash equivalents		188.008	1.091.602
Cash and cash equivalents at the beginning of the period	**4**	**1.091.602**	**-**
Cash and cash equivalents at the end of the period	**4**	**1.279.610**	**1.091.602**

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 TL1.922.440 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 13).

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 TL174.323.340 to TL178.030.000 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 TL3.706.660 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 29).

The Company will be called as the "Group" together with its subsidiaries in the remainder of the text. The parent company of Group is MH Perakendecilik ve Ticaret A.Ş. ("MH Perakendecilik"), its shareholding in Migros Ticaret A.Ş is 97,92%. (Note 17).

The Company is registered with the Capital Markets Board ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 2 June 2009. At 31 December 2009, the publicly quoted shares are 2,08% of the total number of shares (Note 17).

The Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods through its Migros, 5M, Şok, 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 2009, the Group operates in 1.586 stores (2008: 1.191) with a net retail space of 822.127 (2008: 697.565) square meters. Retail is the main business segment of the Group and constitutes almost 97,4% of gross sales (2008: 97,6%).

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 as at and for the year ended 31 December 2009 have been approved for issue by the Board of Directors on 8 April 2010. 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 consolidated financial statements, their respective geographical segments are as follows:

Subsidiary	Country of incorporation	Geographical segment	Nature of business
Ramstore Mahdud Mesuliyyetli Cemiyeti ("Ramstore Azerbaijan")	Azerbaijan	Azerbaijan	Retailing
Ramstore Bulgaria E.A.D. ("Ramstore Bulgaria")	Bulgaria	Bulgaria	Dormant
Ramstore Kazakhstan LLC ("Ramstore Kazakhstan")	Kazakhstan	Kazakhstan	Retailing
Ramstore Macedonia DOO ("Ramstore Macedonia")	Macedonia	Bulgaria	Retailing
Ramstore Bishkek LLC ("Ramstore Bishkek")	Kyrgyzstan	Kazakhstan	Retailing
Şok Marketler Ticaret A.Ş. ("Şok Marketler")	Turkey	(*)	Trade (Dormant)
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez")	Turkey	(*)	Trade

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

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)

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 27).

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.

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.

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.

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 Amendments in International Financial Reporting Standards (“IFRS”)

a) Standards, amendments and interpretations applied by the Group:

The Group has applied the amendments, interpretations and new standards as of 1 January 2009.

- IFRS 7 ‘Financial instruments – Disclosures’ (amendment) - effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- IAS 1 (revised). “Presentation of financial statements”, effective from 1 January 2009. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to present two statements.

- IAS 23 (Amendment), “Borrowing costs” (effective for the qualifying assets which capitalisation of the assets starting on or after 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This amendment has been prepared in accordance with the transition provisions in the scope of harmonisation with IAS 23 “Borrowing Costs” (2007), the comparable financial statements of the previous period will not be re-arranged. Due there is no qualifying asset of the Group, it is not expected to have a material impact on the Group’s financial statements.

- IAS 16 (Amendment), “Property, plant and equipment” – effective for the reporting periods beginning on or after 1 January 2009.

- IAS 36 (Amendment), “Impairment of assets” - (effective for the reporting periods beginning on or after 1 January 2009). Amendment is oriented to disclosing of management’s estimations used at calculation of fair value of assets.

- IFRS 8 (Revised), “Operating Segments” - (effective for the reporting periods beginning on or after 1 January 2009). The explanations related with IFRS 8, “Operating Segments” are stated at Note-3, Segment Reporting.

The standards, amendments and interpretations to existing standards those are effective as of 1 January 2009 excluding mentioned above are not listed since those are not related with the Group’s activities.

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

b) Standards, amendments and interpretations to existing standards that are not yet effective in 2009 and have not been early adopted by the group:

The standards, amendments and interpretations mentioned below are not effective for the accounting periods beginning on or after 1 January 2010 and have not been applied by the Group.

- IFRS 3 (Revised), "Business combinations", (effective for the reporting periods beginning on or after 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- IAS 38 (Amendment), "Intangible Assets". The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the group or company's financial statements. The Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted.

- IAS 38 (Amendment) "Intangible Assets", (effective for the reporting periods beginning on or after 1 January 2010). Amendments has been made to paragraphs 40 and 41 of IAS 38 to clarify the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. It is not expected to have a material impact on the Group's financial statements.

- IAS 36 (Revised), "Impairment of Assets", Amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment.

- IAS 7 (Revised), "Statements of cash flows", (effective for the reporting periods beginning on or after 1 January 2010). Amendment requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. It is not expected to have a material impact on the Group's statements of cash flows.

- IAS 39 (Amendment), Financial instruments: "Recognition and measurement" – Hedging activities, (effective for the reporting periods beginning on or after 1 July 2009 and is applied retrospectively). Due there is no hedging activities of the Group, it is not expected to have a material impact on the Group's financial statements.

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

- IAS 32 (Amendment), "Financial Instruments: Presentation", (effective for the reporting periods beginning on or after 1 February 2010). It is not expected to have a material impact on the Group's financial statements.

- IAS 24, (Amendment), "Related party disclosures", (effective for the reporting periods beginning on or after 1 January 2011). As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- IFRS 9, "Financial Instruments", (issued at November 2009 and effective for the reporting periods beginning on or after 1 January 2013).

- Improvements of International Financial Reporting Standarts (issued at April 2009 and effective for the reporting periods beginning on or after 1 July 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16; effective for the reporting periods beginning on or after 1 January 2010; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39. The impacts of the amendments mentioned above are evaluated and it is not expected to result in a material impact on the Group's financial statements.

c) Standards, amendments and interpretations to existing standards those are not yet effective in 2009 and not related with the Group's activities:

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The group and company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) not with standing the fact that the entity could be required by the counterparty to settle in shares at any time. The group and company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

- IFRS 2 (amendments), "Group cash-settled and share-based payment transactions". In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

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

- IFRS 2 (Revised), "Group cash-settled and share-based payment transactions"(effective for the reporting periods beginning on or after 1 July 2009). Amendment confirms that, in addition to business combinations as defined by IFRS 3(revised), 'Business combinations', contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2, 'Share-based payment'. It is not expected to have a material impact on the Group's financial statements.

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group and company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

- IFRIC 9 (Revised), "Reassessment of embedded derivatives" (Effective for periods ending on or after 30 June 2009). Due there is no embedded derivatives of the Group, it is not expected to have an impact on the Group's financial statements.

- IFRIC 9 and IFRS 3 (Revised) (Effective for periods beginning on or after 1 July 2009).The IASB amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture.

- IFRIC 18, "Transfers of assets from customers" (effective for annual periods beginning on or after 1 July 2009) It is expected that the application of the standards and the interpretations above will not have an effect on the consolidated financial statements of the Group.

- IAS 17 (Revised) "Leases" (Annual periods beginning on or after 1 January 2010. Earlier adoption is permitted.) Since there is no significant leased asset of the Group, it is expected that the application of the standards and the interpretations above will not have an effect on the consolidated financial statements.

- IAS 39 (Revised), "Financial instruments: Recognition and measurement" (Annual periods beginning on or after 1 January 2010.) There are amendments related for excluding business combination contracts and cash flow hedge accounting. It is expected that the application of the standards and the interpretations above will not have an effect on the consolidated financial statements of the Group.

- IFRIC 16, "Hedges of net investment in a foreign operation", (Annual periods beginning on or after 1 July 2009) It is expected that the application of the standards and the interpretations above will not have an effect on the consolidated financial statements of the Group.

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	**2009**	**2008**
Ramstore Azerbaijan (1)	100,00	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 (1)	100,00	100,00
Şok Marketler (3)	99,60	99,60
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) Şok Marketler and 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 5).

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

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

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

c) The results of foreign Subsidiaries are translated into New Turkish Lira at average rates for the period. The assets and liabilities of foreign subsidiaries are translated into New 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.

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 2009.

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.

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

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 estimated volume discounts and returns at the time of sale.

(c) *Other*

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

Rent 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 of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average 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 9).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (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 11). 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.

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

d) Intangible assets (excluding goodwill)

Intangible assets are comprised of acquired brands, rent agreements, trademarks, patents and computer software (Note 12).

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 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.

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.

e) Business combinations and goodwill

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with IFRS 3.

The cost of a business combination is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill has been recognised as an asset and has initially been measured as the excess of the cost of the combination over the fair value of the acquiree's assets, liabilities and contingent liabilities. In business combinations, the acquirer recognises identifiable assets (such as deferred tax on carry forward losses), intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree's financial statements at their fair values in the consolidated financial statements. The goodwill previously recognised in the financial statements of the acquiree is not considered as an identifiable asset.

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

Goodwill recognized as a result of business combinations is not amortised and its carrying value is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Provisions for goodwill impairment loss are not cancelled at subsequent periods. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

In combinations involving entities under common control, assets and liabilities subject to a business combination are recognised at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted as "effect of transactions under common control" under "Additional contribution to shareholders' equity related to merger".

Transactions with minority shareholders

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. Regarding the purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also accounted for in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also accounted for in equity.

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)

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 (Note 7).

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.

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

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.

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

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statements of income.

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

The Group adjusts the amounts recognized in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

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

l) Provisions, contingent liabilities and contingent assets

The conditions which are required to be met in order to recognise a provision in the consolidated financial statements are those that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Liabilities or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the entity should not be recognised as liabilities or assets, however they should be disclosed as contingent liabilities or assets.

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)

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 25).

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 3).

p) Government incentives and grants

Government incentives, including non-monetary grants at fair value, are included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive.

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 10).

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

Taxes on income for the period comprise of current tax and the change in the deferred income taxes. Current taxes on income comprise tax payable calculated on the basis of expected taxable income for the period using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous periods.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 23).

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

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 (Note 23). Deferred tax assets and liabilities are classified as long term assets and liabilities at the consolidated financial statements.

s) Employee 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 profits and losses are recognised in consolidated statements of income (Note 15).

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 4).

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

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)

x) Dividends

Dividend receivables are recognised as income in the period when they are declared. Dividends payable are recognised as an appropriation of profit in the period in which they are declared.

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 17).

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) Credit finance income/charges

Credit 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 4).

ad) Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The balance sheet of the Group at 31 December 2009 has been provided with the comparative financial information of 31 December 2008 and the statement of income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2009 have been provided with the comparative financial information, for the period between 19 March and 31 December 2008.

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

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:

(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 five-year business plans. Those projections are calculated in terms of TL and the growth rate expected to be realized after five years is assumed to be nil. Discount rate used to calculate the present value of net cash flows is 6,0% annually, after tax, and includes the Group's specific risk factors as well. It is expected that the regulations in the Draft Act on Shopping Malls, Large Stores and Chain Stores which covers the permit conditions per square metre to be granted by Municipalities, the working hours on workdays, weekends and official holidays, and maturity dates of the payments to be made to the suppliers, will have potential effects on the financial results of the companies operating in the retail sector in Turkey. Since this draft act has not been finalised as of the date when the consolidated financial statements were prepared, its possible effects were not reflected in the long-term plans prepared by the Group during the goodwill impairment test (Note 13).

(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 11).

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

(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 2009 and has not identified any impairment as a result of this test (Note 12).

(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 2009 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 14).

(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 14.d). As of 31 December 2009, 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.

(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 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 3 - SEGMENT REPORTING

Management determines the operating segments based on the reports analyzed by the board of directors, and found effective in strategically decision taking.

Management is assessing the Group's performance on a geographic basis covering Turkey, Azerbaijan, Bulgaria and Kazakhstan. 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 to the board of directors in detailed reports. The board of directors assesses the performance of the operating segments based on a measure of Earnings Before Interest, Tax, Depreciation and Amortisation, "EBITDA". The segment information provided to the board of directors as of 31 December 2009 is as follows:

Segment analysis for the period 1 January - 31 December 2009

	Turkey	Azerbaijan	Bulgaria	Kazakhstan	Combined Total	Intersegment elimination	Total
External revenues	5.476.357	19.636	34.162	181.113	5.711.268	-	5.711.268
Inter segment revenues	8.948	-	-	-	8.948	(8.948)	-
Revenues	5.485.305	19.636	34.162	181.113	5.720.216	(8.948)	5.711.268
Cost of sales	(4.113.039)	(14.114)	(21.559)	(137.946)	(4.286.658)	8.948	(4.277.710)
Gross profit	1.372.266	5.522	12.603	43.167	1.433.558	-	1.433.558
Selling and marketing expenses	(925.535)	(2.089)	(2.362)	(18.525)	(948.511)	-	(948.511)
General administrative expenses	(191.872)	(3.312)	(4.608)	(19.213)	(219.005)	-	(219.005)
Addition: Depreciation and amortization	114.104	1.485	2.799	9.691	128.079	-	128.079
Addition: Employment termination benefits	(1.516)	-	-	-	(1.516)	-	(1.516)
Addition: Unused vacation provision	4.716				4.716		4.716
EBITDA	**372.163**	**1.606**	**8.432**	**15.120**	**397.321**	**-**	**397.321**

Sales between segments are carried out at arm's length. The revenue from external parties reported to Board of Directors is measured in a manner consistent with that in the consolidated income statement.

NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 19 March - 31 December 2008

	Turkey	Azerbaijan	Bulgaria	Kazakhstan	Combined Total	Intersegment elimination	Total
External revenues	2.993.722	12.067	18.497	108.943	3.133.229	-	3.133.229
Inter segment revenues	4.122	-	-	-	4.122	(4.122)	-
Revenues	2.997.844	12.067	18.497	108.943	3.137.351	(4.122)	3.133.229
Cost of sales	(2.265.950)	(8.684)	(11.277)	(81.398)	(2.367.309)	4.122	(2.363.187)
Gross profit	731.894	3.383	7.220	27.545	770.042	-	770.042
Selling and marketing expenses	(507.416)	(769)	(2.058)	(14.152)	(524.395)	-	(524.395)
General administrative expenses	(104.803)	(2.067)	(2.911)	(9.104)	(118.885)	-	(118.885)
Addition: Depreciation and amortization	61.989	870	1.824	6.588	71.271	-	71.271
Addition: Employment termination benefits	(146)	-	-	-	(146)	-	(146)
Addition: Unused vacation provision	1.106	-	-	-	1.106	-	1.106
EBITDA	**182.624**	**1.417**	**4.075**	**10.877**	**198.993**	**-**	**198.993**

NOTE 3 - SEGMENT REPORTING (Continued)

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

	2009	2008
EBITDA, reported segments	397.321	198.993
Depreciation and amortisation	(128.079)	(71.271)
Employment termination benefits	1.516	146
Unused vacation provision	(4.716)	(1.106)
Other operating income	11.761	4.686
Other operating expenses	(12.372)	(3.778)
Operating profit	**265.431**	**127.670**
Financial income	117.185	137.438
Financial expense (-)	(247.969)	(80.352)
Income before tax	**134.647**	**184.756**

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 that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

	2009	2008
Turkey	4.539.533	4.300.582
Kazakhstan	176.410	186.083
Bulgaria	100.606	100.637
Azerbaijan	27.997	29.252
Segment assets (*)	**4.844.546**	**4.616.554**
Unallocated assets (*)	921.360	801.810
Less: Inter-segment elimination	(123.439)	(132.132)
Total assets as per consolidated interim financial statements	**5.642.467**	**5.286.232**

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

	2009	2008
Turkey	1.341.803	1.152.149
Kazakhstan	24.809	29.293
Bulgaria	6.521	5.653
Azerbaijan	2.901	3.846
Segment liabilities (**)	**1.376.034**	**1.190.941**
Unallocated liabilities (**)	2.772.484	209.051
Less: Inter-segment elimination	(1.920)	(4.210)
Total assets as per consolidated interim financial statements	**4.146.598**	**1.395.782**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	2009	**2008**
Cash	30.879	25.287
Banks		
- demand deposits	78.403	51.850
- time deposits	905.972	799.595
Cheques in collection	104	38
Receivables on credit card slips	265.929	217.682
	1.281.287	**1.094.452**

Weighted average effective interest rates on TL and USD denominated time deposits which have been disclosed in Note 27 at 31 December 2009 are 7,50% (2008: 21,29%) and 3,75% (2008: 4,90%), respectively. Weighted average effective interest rates of Euro denominated time deposits which have been disclosed in Note 27 are 3,07% (2008: 5,63%).

Credit card slips with a maturity of less than one month (2008: less than one month) are discounted at 31 December 2009 with annual rate of 7,19% (2008: 16,71%).

The maturity analysis of time deposits at 31 December 2009 and 2008 is as follows:

	2009	**2008**
1 - 30 days	893.666	799.595
180-360 days	12.306	-
	905.972	**799.595**

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 31 December 2009 and 2008 is as follows:

	2009	**2008**
Cash and cash equivalents	1.281.287	1.094.452
Less: Interest Accruals (-)	(1.677)	(2.850)
	1.279.610	**1.091.602**

NOTE 5 - FINANCIAL INVESTMENTS

	2009	2008
Long-term available-for-sale investments - (Unlisted financial assets)	2.215	2.215
Long-term financial assets	**2.215**	**2.215**

Unlisted financial assets:

	2009		2008	
	Share	**Amount**	**Share**	**Amount**
Sanal Merkez Ticaret A.Ş.	100,00%	1.695	100,00%	1.695
Şok Marketler Ticaret A.Ş.	99,60%	520	99,60%	520
		2.215		**2.215**

Şok Marketler and Sanal Merkez are the subsidiaries that are not included in the scope of consolidation on the grounds of materiality due to the insignificance of their impact on the consolidated net worth, financial position and results of Migros. They are accounted for under long-term available-for-sale investments at cost restated at 31 December 2004 as they do not have quoted market prices in active markets.

The movement of total short and long term financial assets for the period 19 March - 31 December 2008 is as follows:

	2008
19 March	**-**
Marketable security additions due to purchase of subsidiary	456.210
Long-term financial asset additions due to the purchase of subsidiary	2.215
Sales of marketable securities	(456.210)
31 December	**2.215**

NOTE 6 - FINANCIAL LIABILITIES

	2009			
	Weighted average interest rate p.a. (%)	**US dollar**	**Euro**	**Total TL equivalent**
Current portion of long-term bank borrowings				
- with floating interest rates	4,90	23.805	17.771	74.234
- with fixed interest rates	2,00	-	124	268
Current portion of long-term bank borrowings		**23.805**	**17.895**	**74.502**
Long-term bank borrowings				
- with floating interest rates	4,90	-	1.158.532	2.502.777
- with fixed interest rates	2,00	-	744	1.608
Long-term bank borrowings		**-**	**1.159.276**	**2.504.385**
Total bank borrowings		**23.805**	**1.177.171**	**2.578.887**

	2008			
	Weighted average interest rate p.a. (%)	**US dollar**	**Euro**	**Total TL equivalent**
Current portion of long-term bank borrowings				
- with floating interest rates	4,04	27.979	-	42.313
- with fixed interest rates	5,32	956	124	1.711
Current portion of long-term bank borrowings		**28.935**	**124**	**44.024**
Long-term bank borrowings				
- with floating interest rates	4,04	23.765	-	35.940
- with fixed interest rates	5,32	120	868	2.038
Long-term bank borrowings		**23.885**	**868**	**37.978**
Total bank borrowings		**52.820**	**992**	**82.002**

The redemption schedule of borrowings according to their contractual repricing dates is as follows:

	2009	**2008**
Less than 3 months	23.622	12.448
Between 3-12 months	50.880	31.576
Between 1-8 years	2.504.385	37.978
	2.578.887	**82.002**

NOTE 6 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of long-term bank borrowings with TL equivalents at 31 December 2009 and 2008 is as follows:

	2009	2008
2010	-	36.387
2011	50.829	265
2012	101.389	265
2013	202.513	265
2014	354.196	265
2015 and over	1.795.458	531
	2.504.385	**37.978**

The fair value of bank borrowings at 31 December 2009 is TL2.585.608 (2008: TL83.498).

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	2009	2008
Receivables from tenants and wholesale activities	48.151	34.027
Notes receivable	1.123	967
Due from related parties (Note 25)	111	2.091
	49.385	37.085
Less: Provision for impairment loss	(11.100)	(8.261)
Unearned finance income on term sales	(238)	(490)
Short-term trade receivables, net	**38.047**	**28.334**

The maturities of trade receivables are generally less than one month at 31 December 2009 (2008: less than one month) and they were discounted with the annual rate of 7,19% (2008: 16,71%).

Movement of provision for doubtful receivables is as follows:

19 March 2008	**-**
Additions due to purchase of subsidiary	6.885
Current year charge (Note 20)	1.555
Reversal	(194)
Cumulative translation adjustment	15
31 December 2008	**8.261**
Current year charge (Note 20)	4.236
Reversal	(1.893)
Cumulative translation adjustment	496
31 December 2009	**11.100**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade Payable:

	2009	2008
Supplier current accounts	1.247.981	1.064.934
Due to related parties (Note 25)	1.840	148
	1.249.821	1.065.082
Less: Unincurred finance cost on term purchases	(9.245)	(16.043)
Short-term trade payables, net	**1.240.576**	**1.049.039**

The maturity of trade payables is generally less than three months (2008: less than three months) and they are discounted with annual rate of 7,68% as of 31 December 2009 (2008: 17,04%).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other receivables:

	2009	2008
Receivables from personnel	643	414
Deposits and guarantees given	-	1
Short-term other receivables	**643**	**415**

	2009	2008
Deposits and guarantees given	1.341	910
Long-term other receivables	**1.341**	**910**

Other Payables:

	2009	2008
T. Garanti Bankası A.Ş. ("Garanti Bankası") Credit card collection account (*)	9.052	16.699
Current portion of other payables	**9.052**	**16.699**

	2009	2008
Long-term other payables	4.863	4.408
Long-term other payables	**4.863**	**4.408**

(*) As of 31 December 2009, payable to Garanti Bankası consists of credit card collections on behalf of Garanti Bankası through Tansaş stores with a maturity of less than one month.

NOTE 9 - INVENTORIES

	2009	2008
Raw materials	2.794	1.712
Work in progress	3.083	1.382
Merchandise stocks	569.067	487.459
Other	1.774	1.421
	576.718	**491.974**

Inventories are presented at their costs. Cost of the inventory included in the cost of sales for the period 1 January - 31 December 2009 amounts to TL4.233.517 (2008: TL2.338.862) (Note 19).

NOTE 10 - INVESTMENT PROPERTY

	Opening 1 January 2009	Additions	Transfers (Note 11)	Cumulative translation differences	Closing 31 December 2009
Cost					
Land and buildings	73.462	81	(5.576)	(1.433)	66.534
Accumulated depreciation					
Land and buildings	(5.378)	(6.161)	1.610	336	(9.593)
Net book value	**68.084**				**56.941**

	Inception 19 March 2008	Additions due to purchase of subsidiary	Transfers (Note 11)	Additions	Cumulative translation differences	Closing 31 December 2008
Cost						
Land and buildings	-	56.084	15.109	69	2.200	73.462
Accumulated depreciation						
Land and buildings	-	-	(933)	(4.194)	(251)	(5.378)
Net book value	**-**					**68.084**

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 2009, total investment property of Kazakhstan and Macedonia are 7.349 and 9.131 square meters respectively (2008: Kazakhstan 7.651 square meters, Macedonia 9.131 square meters).

As of 31 December 2009, the net book value of Groups' investment property represents their fair value. This value has been calculated with market value approach, which is supported by income approach.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2009	Additions	Disposals	Impairment loss (*)	Transfers	Transfers to investments property (Note 10)	Cumulative translation differences	Closing 31 December 2009
Cost								
Land and buildings	458.714	3.892	-	-	2.873	5.576	(4.831)	466.224
Leasehold improvements	326.885	49.196	-	(5.354)	14.553	-	(1.418)	383.862
Machinery and equipment	197.235	53.574	(13.678)	-	16.902	-	(2.395)	251.638
Furniture and fixtures	99.861	20.609	(1.430)	-	7.051	-	(549)	125.542
Motor vehicles	470	209	(126)	-	11	-	(35)	529
Construction in progress	5.178	39.214	(18)	-	(41.390)	-	(3)	2.981
	1.088.343	**166.694**	**(15.252)**	**(5.354)**	**-**	**5.576**	**(9.231)**	**1.230.776**
Accumulated depreciation								
Buildings	(5.839)	(9.629)	-	-	-	(1.610)	816	(16.262)
Leasehold improvements	(28.414)	(50.715)	-	3.094	-	-	188	(75.847)
Machinery and equipment	(18.662)	(35.716)	13.037	-	-	-	732	(40.609)
Furniture and fixtures	(6.459)	(12.984)	1.256	-	-	-	22	(18.165)
Motor vehicles	(85)	(120)	-	-	-	-	6	(199)
	(59.459)	**(109.164)**	**14.293**	**3.094**	**-**	**(1.610)**	**1.764**	**(151.082)**
Net book value	**1.028.884**							**1.079.694**

At 31 December 2009 and 2008 there were no mortgages on property, plant and equipment

(*) Impairment loss amounting to net TL2.260 consists of leasehold improvements of the stores closed in 2009.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Inception 19 March 2008	Additions due to purchase of subsidiary	Additions	Disposals	Impairment loss	Transfers	Transfers to investments property (Note 10)	Cumulative translation differences	Closing 31 December 2008
Cost:									
Land and buildings	-	463.288	339	-	-	145	(15.109)	10.051	458.714
Leasehold improvements	-	268.655	36.693	(597)	(326)	21.464	-	996	326.885
Machinery and equipment	-	151.491	30.156	(3.285)	-	15.453	-	3.420	197.235
Furniture and fixtures	-	85.477	10.074	(824)	-	3.988	-	1.146	99.861
Motor vehicles	-	416	6	(23)	-	8	-	63	470
Construction in progress	-	10.332	35.894	-	-	(41.058)	-	10	5.178
	-	**979.659**	**113.162**	**(4.729)**	**(326)**	**-**	**(15.109)**	**15.686**	**1.088.343**
Accumulated depreciation:									
Buildings	-	-	(5.674)	-	-	-	933	(1.098)	(5.839)
Leasehold improvements	-	-	(28.670)	-	296	-	-	(40)	(28.414)
Machinery and equipment	-	-	(20.589)	3.060	-	-	-	(1.133)	(18.662)
Furniture and fixtures	-	-	(6.665)	778	-	-	-	(572)	(6.459)
Motor vehicles	-	-	(87)	17	-	-	-	(15)	(85)
	-	**-**	**(61.685)**	**3.855**	**296**	**-**	**933**	**(2.858)**	**(59.459)**
Net book value	**-**								**1.028.884**

NOTE 11 - 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:

	2009	2008
Net book value	2.292	7.572

NOTE 12 - INTANGIBLE ASSETS

	Opening 1 January 2009	Additions	Cumulative translation differences	Closing 31 December 2009
Cost				
Trademark (*)	253.068	-	-	253.068
Rent agreements (**)	32.982	-	-	32.982
Rights	10.558	4.932	(131)	15.359
Other intangible assets (***)	10.297	18.486	-	28.783
	306.905	**23.418**	**(131)**	**330.192**
Accumulated amortisation				
Rent agreements	(3.349)	(6.782)	-	(10.131)
Rights	(1.911)	(3.384)	(146)	(5.441)
Other intangible assets	(293)	(2.588)	-	(2.881)
	(5.553)	**(12.754)**	**(146)**	**(18.453)**
Net book value	**301.352**			**311.739**

Brand impairment test

Brands were tested for impairment using the release from royalty method as of 31 December 2009. Sales forecasts which are based on financial budgets approved by the board of directors covering a 5 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 1,25%. The royalty income calculated with the stated method have been discounted with 8,3%.

NOTE 12 - INTANGIBLE ASSETS (Continued)

	Inception 19 March 2008	Additions due to acquisition of subsidiary	Additions	Disposals	Cumulative translation differences	Closing 31 December 2008
Cost:						
Trademark (*)	-	253.068	-	-	-	253.068
Rent agreements (**)	-	32.982	-	-	-	32.982
Rights	-	8.053	2.218	(116)	403	10.558
Other intangible assets (***)	-	-	10.297	-	-	10.297
	-	**294.103**	**12.515**	**(116)**	**403**	**306.905**
Accumulated amortisation:						
Rent agreements	-	-	(3.349)	-	-	(3.349)
Rights	-	-	(1.750)	116	(277)	(1.911)
Other intangible assets	-	-	(293)	-	-	(293)
	-	**-**	**(5.392)**	**116**	**(277)**	**(5.553)**
Net book value	**-**					**301.352**

(*) 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 and Şok trademarks which were 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 TL202.175 and TL50.893 at the acquisition date 30 May 2008, respectively. 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 Company 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 TL32.982 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 TL10.297 which exceeds the fair value of the purchased furniture and fixtures has been accounted for as an intangible asset and will be amortised over the 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 TL18.486, TL 601 for the Mak Gıda and TL17.885 for Yonca, respectively- was accounted for under other intangible assets and will be amortised over the rent agreement period.

NOTE 13 - GOODWILL

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.

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**

The acquisition cost does not include any other cost except for the amount paid mentioned above. The fair values of assets and liabilities arising from the acquisition are as follows:

	TL
Cash and cash equivalents	385.393
Financial assets	458.425
Inventories	456.711
Plant property and equipment	979.659
Investment property	56.084
Intangible assets	294.103
Trade and other receivables	206.332
Financial liabilities	(145.690)
Provisions	(53.631)
Contingent liabilities	(1.587)
Trade and other payables	(1.026.773)
Deferred income tax liabilities	(125.489)
Acquired net assets	1.483.537
Portion of minority interest of acquired net assets	(14.542)
	1.468.995

NOTE 13 - GOODWILL (Continued)

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.

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 a five year period. The growth rate expected to be realized after five 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 used is the after tax discount rate and includes the company-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 7,0% or 5,0% instead of 6,0%) causes a decrease/increase of TL716.632 in the fair value calculations for which sales costs are deducted, as of 31 December 2009.

As a result of the impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December 2009. Since the sales cost-based 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 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions:

	2009	2008
Unused vacation provisions	25.609	20.893
Provision for litigation	17.408	15.232
	43.017	**36.125**

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 as follows:

19 March 2008	**-**
Additions regarding subsidiary acquisition	15.255
Increase during the period	1.013
Payments during the period	(1.036)
31 December 2008	**15.232**
Increase during the period	3.792
Payments during the period	(1.616)
31 December 2009	**17.408**

As of 31 December 2009, unused vacation pay amounted to TL25.609 (2008: TL20.893). 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 as follows:

19 March 2008	**-**
Additions regarding subsidiary acquisition	19.787
Increase during the period	8.221
Payment during the period	(7.115)
31 December 2008	**20.893**
Increase during the period	14.394
Payment during the period	(9.678)
31 December 2009	**25.609**

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, Pledges, Mortgages

The details of collaterals, pledges and mortgages ("CPM") of the Company at 31 December 2009 and 2008 are as follows:

	2009	2008
A. CPM given on behalf of the Company's legal personality	37.830	26.648
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.	-	-
	37.830	**26.648**
Proportion of CRMs to equity	**2,53%**	**0,68%**

Contingent assets and liabilities

a) Guarantees given at 31 December 2009 and 2008 are as follows:

	2009	2008
Letters of guarantee given	**37.830**	**26.648**

b) Guarantees received at 31 December 2009 and 2008 are as follows:

	2009	2008
Guarantees obtained from customers	65.704	55.885
Mortgages obtained from customers	1.502	1.408
	67.206	**57.293**

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	2009	2008
Payable within 1 year	4.851	4.404
Payable in 1 to 2 years	2.472	3.351
Payable in 2 to 5 years	2.819	2.135
	10.142	**9.890**

d) Tax legislations in Kazakhstan and Kyrgyzstan are subject to different interpretations 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 2009 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 2009 it is seen as a far possibility to be obligated to pay the alleged missing rent payments and overdue interest.

NOTE 15 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2009	2008
Provision for employee termination benefits	**13.974**	**15.490**

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 2.365,16 (2008: TL2.173,19) for each year of service at 31 December 2009.

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:

	2009	2008
Discount rate (%)	5,92	6,26
Turnover rate to estimate the probability of retirement (%)	83,00	84,80

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 TL2.427,04 effective from 1 January 2010 (1 January 2009: TL2.260,04) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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

19 March 2008	**-**
Additions regarding subsidiary acquisition	15.636
Increase during the period	3.399
Payments during the period	(3.545)
31 December 2008	**15.490**
Increase during the period	6.090
Payments during the period	(6.913)
Actuarial gain	(693)
31 December 2009	**13.974**

NOTE 16 - OTHER CURRENT/NON CURRENT ASSETS AND SHORT-/LONG-TERM LIABILITIES

Other current assets:	**2009**	**2008**
Prepaid expenses	26.666	19.526
Prepaid tax (Note 23)	5.557	-
Fixed asset advances	1.368	5.078
Other	5.008	3.758
	38.599	**28.362**

Prepaid expenses mainly consist of insurance premium and store rentals.

Other non-current assets:	**2009**	**2008**
Upfront fee expense (long term)	5.902	-
Prepaid expenses	2.516	2.040
	8.418	**2.040**

Other current liabilities:	**2009**	**2008**
Taxes and funds payable	20.875	19.096
Payables to personnel	18.517	19.301
Expense accruals	10.111	14.083
Merchandise coupons	6.756	5.465
VAT payable	3.348	5.094
Other	3.025	1.931
	62.632	**64.970**

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

NOTE 17 - EQUITY

Share Capital

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 2009. All shares are paid-in and no privileges are given to different share groups and shareholders. The movement of ordinary shares issued that are fully paid is as follows:

19 March 2008 - Inception	**5.000.000**
Cash injection	17.427.334.000
31 December 2008	**17.432.334.000**
Addition due to merger (Note 29)	370.666.000
31 December 2009	**17.803.000.000**

NOTE 17 - EQUITY (Continued)

The shareholders of the Company and their shareholdings stated at historical amounts at 31 December 2009 and 31 December 2008 are stated below:

	2009		2008	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
MH Perakendecilik ve Ticaret A.Ş.	97,92	174.323	100,00	174.323
Publicly quoted shares	2,08	3.707	-	-
Other	-	-	<0,1	<0,1
Total capital	**100,00**	**178.030**	**100,00**	**174.323**

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 TL364.097 as of 31 December 2009 (2008: None).

In the General Assembly Meeting of Migros Ticaret dated 30 July 2009, it was resolved to allocate the legally unrestricted reserves to dividend distribution following the setting up of the necessary legal reserves and to distribute dividends amounting to gross TL2.492.420. Consequently, the distribution per share is a TL14 gross and net cash dividend per share with a nominal value of TL1 representing a ratio of 1.400% to institutional shareholders domiciled in Turkey and non-resident foreign institutions, which are tax payers in Turkey through their permanent representative offices or companies, after deducting the withholding ratios under tax laws, other shareholders are being paid a net cash dividend of TL11,90 per one share with a nominal value of TL1, representing a ratio of 1.190%. The amount mentioned above was distributed on 4 August 2009.

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.

NOTE 17 - EQUITY (Continued)

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

Dividend requirements regulated by CMB applicable to listed companies 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 2009, minimum profit distribution will not be applied for the year 2009 (2008: 20%). 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.

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 TL2.134.160. TL581.314 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 TL1.194.406.

The equity schedules at 31 December 2009 and 2008 are as follows:

	2009	2008
Share capital	178.030	174.323
Share premium	678.233	3.534.750
Other capital reserves	(365)	(365)
Restricted Reserves		
- Legal reserves	364.097	-
Cumulative translation differences	7.010	18.873
Additional contribution to equity related to merger	27.312	-
Retained earnings	133.067	-
Net income	108.024	133.067
Attributable to the equity holders of the Group	**1.495.408**	**3.860.648**

NOTE 18 - REVENUE AND COST OF SALES

	1 January - 31 December 2009	19 March - 31 December 2008
Domestic sales	5.611.970	3.055.521
Foreign sales	235.747	135.809
	5.847.717	3.191.330
Other sales	2.073	5.759
	5.849.790	3.197.089
Less: Discounts and returns	(138.522)	(63.860)
Sales revenue - net	**5.711.268**	**3.133.229**
Cost of sales (Note 19)	(4.277.710)	(2.363.187)
Gross profit	**1.433.558**	**770.042**

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

	1 January - 31 December 2009	19 March - 31 December 2008
Retail sales revenue	5.694.132	3.113.354
Rent income	90.872	48.588
Wholesale revenue	62.713	29.388
	5.847.717	**3.191.330**

NOTE 19 - EXPENSES BY NATURE

	1 January - 31 December 2009			19 March - 31 December 2008		
	General administrative expenses	**Marketing, selling and distribution expenses**	**Total**	**General administrative expenses**	**Marketing, selling and distribution expenses**	**Total**
Staff costs	64.138	365.385	429.523	34.094	198.920	233.014
Rent	65	216.090	216.155	27	107.798	107.825
Depreciation and amortisation	128.079	-	128.079	71.271	-	71.271
Transportation, porterage and cleaning	581	113.390	113.971	-	69.020	69.020
Energy	1.197	89.293	90.490	720	50.635	51.355
Repair, maintenance and security	1.950	42.978	44.928	702	26.616	27.318
Advertising	-	41.423	41.423	-	27.182	27.182
Warehouse	-	18.478	18.478	-	10.264	10.264
Taxes and other fees	3.106	10.922	14.028	2.281	3.148	5.429
Mechanisation	3.529	8.139	11.668	1.844	7.162	9.006
Communication	2.036	9.030	11.066	928	5.264	6.192
Other	14.324	33.383	47.707	7.018	18.386	25.404
	219.005	**948.511**	**1.167.516**	**118.885**	**524.395**	**643.280**

Expenses by nature in cost of sales for the periods 1 January - 31 December 2009 and 2008 are as follows:

	1 January - 31 December 2009	**19 March - 31 December 2008**
Cost of trade goods	4.233.517	2.338.862
Cost of services given	44.193	24.325
	4.277.710	**2.363.187**

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 20 - OTHER OPERATING INCOME / EXPENSE

Other operating income:	**1 January - 31 December 2009**	**19 March - 31 December 2008**
Indemnification for early cancellation of store lease contracts	2.750	-
Provision write-off	1.893	324
Gain on sale of scrap goods	1.186	1.720
Gain on sale of plant, property and equipment	705	689
Other	5.227	1.953
	11.761	**4.686**

Other operating expenses:	**1 January - 31 December 2009**	**19 March - 31 December 2008**
Bad debt expense (Note 7)	4.236	1.555
Impairment loss of closed stores	2.260	30
Litigation expense	2.176	230
Loss on sale of plant property and equipment	877	515
Other	2.823	1.448
	12.372	**3.778**

NOTE 21 - FINANCIAL INCOME

	1 January - 31 December 2009	**19 March - 31 December 2008**
Interest income on bank deposits	67.993	62.750
Due date charges on term sales	24.366	15.281
Foreign exchange gains	18.997	33.245
Early payment discount	5.829	2.646
Interest income on marketable securities	-	17.536
Bank borrowings fair value adjustment	-	5.980
	117.185	**137.438**

NOTE 22 - FINANCIAL EXPENSE

	1 January - 31 December 2009	**19 March - 31 December 2008**
Due date difference on term purchases	87.242	54.037
Foreign exchange losses	74.748	22.113
Interest expense on bank borrowings	57.133	2.998
Financial expense of derivative instruments (Note 26)	27.953	-
Other	893	1.204
	247.969	**80.352**

NOTE 23 - TAX ASSETS AND LIABILITIES

	2009	**2008**
Taxes and funds payable	33.451	53.627
Less: Prepaid current income taxes	(39.008)	(50.271)
(Prepaid income taxes) / Tax provision, net	**(5.557) (*)**	**3.356**

	2009	**2008**
Deferred income tax assets	31.934	16.614
Deferred income tax liabilities	(147.078)	(140.307)
Deferred income tax liabilities, net	**(115.143)**	**(123.693)**

(*) The portion of prepaid taxes which exceeds the corporate tax payable as of 31 December 2009 has presented under other current assets (Note 16).

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 2009 is 20% (2008: 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 (2008: 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.

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

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).

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, Azerbaijan and Kyrgyzstan are 20%, 10%, 10%, 22% and 10%, respectively (2008: 30%, 10%, 10%, 22% and 10%, respectively).

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

The details of taxation on income as follows:

	1 January - 31 December 2009	19 March - 31 December 2008
Current period tax expense	(33.451)	(38.728)
Deferred tax income	8.499	2.299
Income tax expense	**(24.952)**	**(36.429)**

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

	1 January - 31 December 2009	19 March - 31 December 2008
Profit before tax	134.647	184.756
Expected tax expense according to parent company 20%	(26.929)	(36.951)
Differences in tax rates of subsidiaries	769	(524)
Expected tax expense of the Group	**(26.160)**	**(37.475)**
Tax effect of non deductible expenses	(4.632)	(5.989)
Tax effect of exemptions	78	1.186
Other differences	5.762	5.849
Current period tax expense of the Group	**(24.952)**	**(36.429)**

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 2009 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 (2008: 20%, 30%, 10%, 22% and 10%).

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 December 2009 and 2008 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred income tax assets / (liabilities)	
	2009	**2008**	**2009**	**2008**
Fair value change of derivative financial instruments	78.455	-	15.691	-
Expense accruals and provisions	43.017	36.125	8.604	7.225
Inventories	10.500	19.542	2.107	3.915
Provision for employment termination benefits	13.974	15.490	2.795	3.098
Unincurred interest expense	238	490	48	98
Other	13.436	11.404	2.689	2.278
Deferred income tax assets			**31.934**	**16.614**
Fair value change of derivative financial instruments	7.615	-	1.523	-
Property, plant and equipment and intangible assets	745.641	724.754	141.035	137.095
Unincurred interest expense	9.245	16.043	1.849	3.209
Other	13.346	12	2.671	3
Deferred income tax liabilities			**147.078**	**140.307**
Deferred income tax liabilities, net			**(115.143)**	**(123.693)**

	2009	**2008**
Deferred income tax assets:		
Deferred income tax asset to be recovered after more than 12 months	15.793	3.098
Deferred income tax asset to be recovered within 12 months	16.141	13.516
	31.934	16.614
Deferred income tax liabilities:		
Deferred income tax liability to be settled after more than 12 months	(142.557)	(137.095)
Deferred income tax liability to be settled within 12 months	(4.520)	(3.212)
	(147.077)	(140.307)
Deferred tax liabilities (net)	**(115.143)**	**(123.693)**

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

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

	Deferred income tax liability
19 March 2008	**-**
Additions due to acquisition of subsidiary	(125.489)
Credited to the income statement	2.299
Cumulative translation difference	(503)
31 December 2008	**(123.693)**
Credited to the income statement	8.499
Cumulative translation difference	51
31 December 2009	**(115.143)**

NOTE 24 - 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 2009	19 March - 31 December 2008
Net income attributable to the equity holders of the parent	108.024	133.067
Weighted average number of shares with Kr1 face value each	17.683.168.252	2.439.959.443
Earnings per share (Kr)	**0,61**	**5,45**

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

Due from related parties:	**2009**	**2008**
Sanal Merkez T.A.Ş.	88	2.071
Other	23	20
	111	**2.091**

Due to related parties:	**2009**	**2008**
Dividend liabilities to shareholders	1.118	123
Şok Marketler Tic. A.Ş.	722	-
Other	-	25
Total due to related parties	**1.840**	**148**

(ii) Transactions with related parties:

Sales of goods:	**1 January - 31 December 2009**	**19 March - 31 December 2008**
Sanal Merkez T.A.Ş.	**-**	**1.285**

Purchases of property, plant and equipment:	**2009**	**2008**
Sanal Merkez T.A.Ş.	**98**	**3**

Inventory purchases:	**1 January - 31 December 2009**	**19 March - 31 December 2008**
Şok Marketler Tic. A.Ş.	**2.500**	**180**

Services rendered:	**1 January - 31 December 2009**	**19 March - 31 December 2008**
Sanal Merkez T.A.Ş.	**142**	**121**

Dividends paid:	**1 January - 31 December 2009**	**19 March - 31 December 2008**
MH Perakendecilik A.Ş.	2.440.527	-
Other	51.893	-
	2.492.420	**-**

Dividends distributed from share premium were paid in August 2009.

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Key management compensation:

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

Compensation amounts have been classified accordingly as 2009 and 2008:

	2009	**2008**
Short-term benefits	11.170	5.366
Post-employment benefits	-	-
Benefits due to outplacement	-	-
Share-based payment	-	-
Long-term benefits	18	11
	11.188	**5.377**

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

NOTE 26 - DERIVATIVE FINANCIAL INSTRUMENTS

Short-term derivative financial instruments

	2009	**2008**
Liabilities		
Forward currency exchange contracts	**13.463**	**-**

Long-term derivative financial instruments

	2009	**2008**
Assets		
Corridor options	5.519	-
CAP options	2.096	-
	7.615	**-**
Liabilities		
Forward contracts	40.855	-
Interest rate collar contracts	24.136	-
	64.991	**-**

NOTE 26 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group entered into a number of forward currency exchange contracts with banks in order to hedge its exchange rate risk. As at the settlement date, the Group sells TL and purchases Euro at agreed strike prices. The fair values of the foreign exchange contracts as of 31 December 2009 which extend until year 2013 are as follows:

	EUR Amount to be purchased	TL Amount to be Sold	Fair value (TL)
	153.570	**437.679**	**54.318**

The Group entered number of interest collar, cap and corridor contracts with banks in order to hedge its interest rate risk. The fair values of contracts and details as of 31 December 2009 are as follows:

Contract	Settlement date	Maturity	Trade date	Contract amount (EUR)	Fair value (TL)
Collar	9 July 2008	28 August 2008	31 May 2011	190 million	15.696
Collar	6 November 2008	27 February 2009	31 May 2011	210 million	8.440
					24.136
Corridor	26 August 2009	31 May 2011	30 November 2012	300 million	5.519
Cap	26 August 2009	30 November 2009	31 May 2011	200 million	151
Cap	26 August 2009	31 May 2011	30 November 2012	125 million	1.945
					7.615

NOTE 27 - 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 minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the individual Subsidiaries under policies approved by their Boards of Directors.

Interest rate risk

The Group management invests its interest bearing assets on short term investments within the principle of managing through natural precautions that come into being by balancing the maturity of the assets and liabilities that are sensitive to the interest.

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The weighted average effective interest rate of Group's financial liabilities that are sensitive to interest is 4,90%. (2008: 4,04%). At 31 December 2009, if interest rates on TL, USD and EUR-denominated borrowings had been 100 base point higher/lower with all other variables held constant, post-tax profit for the year would have been TL2.560 (2008: TL64) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Interest rate positions of the Group at 31 December 2009 and 2008 are as follows:

	2009	2008
Financial instruments with fixed interest rates		
Time deposits	905.972	799.595
Financial liabilities	1.875	3.749
Financial instruments with floating interest rates		
Financial liabilities	2.577.012	78.253

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 rendering the availability of the qualified lenders. As of 31 December 2009, the Group's financial debt with a maturity longer than 1 year is TL2.504.385 (2008: TL37.978) (Note 6).

The maturity analysis of Group's financial liabilities as of 31 December 2009 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	2.578.887	3.380.925	10.639	216.132	1.169.322	1.984.832
Trade payables	1.240.576	1.249.821	1.245.421	4.400	-	-
Other non current liabilities	9.052	9.052	9.052	-	-	-
	3.828.515	**4.639.798**	**1.265.112**	**220.532**	**1.169.322**	**1.984.832**

Derivative-financial instruments

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year- 5 years
Derivative cash inflows	7.615	7.615	-	-	7.615
Derivative cash outflows	(78.455)	(130.059)	-	(18.988)	(111.071)
Forward Exchange net cash inflows	**(70.840)**	**(122.444)**	**-**	**(18.988)**	**(103.456)**

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The maturity analysis of Group's financial liabilities as of 31 December 2008 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	82.002	85.290	12.922	33.559	37.980	829
Trade payables	1.049.006	1.065.082	1.055.090	9.992	-	-
Other non current liabilities	16.699	16.699	16.699	-	-	-
	1.147.707	**1.167.071**	**1.084.711**	**43.551**	**37.980**	**829**

Derivative-financial instruments

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year- 5 years
Derivative cash inflows	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-
Forward Exchange net cash inflows	**-**	**-**	**-**	**-**	**-**

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 bases.

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The risk details of credits and receivables as of 31 December 2009 and 2008 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.

	Trade and Other Receivables		Deposits
2009	**Related Parties**	**Other Party**	**in Banks**
Maximum exposed credit risk			
As of reporting date (A+B+C+D)	**111**	**39.921**	**984.375**
Secured portion of maximum			
Credit risk by guarantees etc.	-	14.022	-
A. Net book value of financial assets			
Either are not due or not impaired	111	36.787	984.375
Secured portion by guarantees etc.	-	13.626	-
B. Financial assets with renegotiated conditions			
Secured portion by guarantees etc.	-	-	-
C. Net book value of the expired			
or not impaired financial assets	-	2.738	-
secured portion by guarantees.	-		-
D. Impaired assets			
Net book value	-	396	-
Overdue (Gross book value)	-	11.496	-
Impairment (-)	-	(11.100)	-
Secured portion of the net value			
By guarantees etc.	-	396	-

	Trade and Other Receivable		Deposits
2008	**Related Parties**	**Other Party**	**in Banks**
Maximum exposed credit risk			
As of reporting date (A+B+C+D)	**2.091**	**27.567**	**851.445**
Secured portion of maximum			
Credit risk by guarantees etc.	-	9.809	-
A. Net book value of financial assets			
Either are not due or not impaired	2.091	26.689	851.445
Secured portion by guarantees etc	-	9.489	-
B. Financial assets with renegotiated conditions	-	-	-
Secured portion by guarantees etc.	-	-	-
C. Net book value of the expired			
or not impaired financial assets	-	558	-
secured portion by guarantees.	-	-	-
D. Impaired assets			
Net book value	-	320	-
Overdue (Gross book value)	-	8.581	-
Impairment (-)	-	(8.261)	-
Secured portion of the net value			
By guarantees etc	-	320	-

As of today there are no uncollected, overdue and renegotiated bank deposits and credit card receivables present at the Group portfolio, thus the Group thinks that there are no credit risks regarding these assets.

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

a) Credit quality of financial assets

	2009	2008
Group 1	2.877	1.880
Group 2	31.907	25.962
Group 3	2.114	938
	36.898	**28.780**

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

	2009	2008
0-1 month	437	308
1-3 months	632	64
3-12 months	1.542	186
1-5 years	127	-
	2.738	**558**

c) Geographical concentration of the trade receivables

	2009	2008
Turkey	36.103	26.273
Other	3.929	3.385
	40.032	**29.658**

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 through foreign currency position.

At 31 December 2009, if US dollar had appreciated against TL by 5% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in US dollar would have been higher in the amount of TL838

At 31 December 2009, if Euro had appreciated against TL by 5% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been lower in the amount of TL86.518.

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

	2009				
		Original Currencies			
	Total TL equivalent	**US Dollar**	**Euro**	**Kazakhstan Tenge**	**Other Currencies**
Assets:					
Cash and cash equivalents	888.577	36.575	376.378	934.086	10.936
Trade receivables	4.409	553	12	122.870	2.304
Other current assets	7.893	2.117	2	366.441	981
Total current assets	**900.879**	**39.245**	**376.392**	**1.423.397**	**14.221**
Other non-current assets	862	116	-	67.692	-
Total non-current assets	**862**	**116**	**-**	**67.692**	**-**
Total assets	**901.741**	**39.361**	**376.392**	**1.491.089**	**14.221**
Short-term borrowings	74.502	23.805	17.895	-	-
Trade payables (net)	27.530	1.358	197	1.792.499	6.869
Other current liabilities	9.043	3.074	2	254.115	1.832
Total current liabilities	**111.075**	**28.237**	**18.094**	**2.046.614**	**8.701**
Long term financial liabilities	2.504.385	-	1.159.276	-	-
Total non-current liabilities	**2.504.385**	**-**	**1.159.276**	**-**	**-**
Total liabilities	**2.615.460**	**28.237**	**1.177.370**	**2.046.614**	**8.701**
Net balance sheet foreign currency position	**(1.713.719)**	**11.124**	**(800.978)**	**(555.525)**	**5.520**
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	**(1.713.719)**	**11.124**	**(800.978)**	**(555.525)**	**5.520**
Export	-	-	-	-	-
Import	39.693	25.611		-	-
Fair value of hedged funds of foreign currency	54.318	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-	-
Hedged amount of foreign currency liabilities	331.757	-	153.570	-	-

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

	2008				
		Original Currencies			
	Total TL equivalent	US Dollar	Euro	Kazakhstan Tenge	Other Currencies
Assets:					
Cash and cash equivalents	250.507	69.185	56.899	590.500	16.674
Trade receivables	3.812	395	-	128.067	1.611
Other current assets	6.049	2.534	-	112.535	808
Total current assets	**260.368**	**72.114**	**56.899**	**831.102**	**19.093**
Other non-current assets	9	-	-	725	-
Total non-current assets	**9**	**-**	**-**	**725**	**-**
Total assets	**260.377**	**72.114**	**56.899**	**831.827**	**19.093**
Short-term borrowings	44.024	28.935	124	-	-
Trade payables (net)	30.354	19	102	1.898.791	6.331
Other current liabilities	10.402	3.791	2	188.409	2.305
Total current liabilities	**84.780**	**32.745**	**228**	**2.087.200**	**8.636**
Long term financial liabilities	37.978	23.885	868	-	-
Total non-current liabilities	**37.978**	**23.885**	**868**	**-**	**-**
Total liabilities	**122.758**	**56.630**	**1.096**	**2.087.200**	**8.636**
Net balance sheet foreign currency position	**137.619**	**15.484**	**55.803**	**(1.255.373)**	**10.457**
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	**137.619**	**15.484**	**55.803**	**(1.255.373)**	**10.457**
Export	-	-	-	-	-
Import	20.438	15.808	-	-	-
Fair value of hedged funds of foreign currency	-	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-	-

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency sensitivity analysis as of 31 December is as follows:

2009

	Gain/Loss		**Equity**	
	Foreign exchange appreciation	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
5% change in USD Exchange rate				
USD net asset/liability	838	(838)	5.804	(5.804)
Portion secured from USD risk	-	-	-	-
USD net effect	**838**	**(838)**	**5.804**	**(5.804)**

2008

	Gain/Loss		**Equity**	
	Foreign exchange appreciation	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
20% change in USD Exchange rate				
USD net asset/liability	4.683	(4.683)	(22.957)	22.957
Portion secured from USD risk	-	-	-	-
USD net effect	**4.683**	**(4.683)**	**(22.957)**	**22.957**

2009

	Gain/Loss		**Equity**	
	Foreign exchange appreciation	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
5% change in Euro exchange rate				
Euro net asset/liability	(86.518)	86.518	-	-
Portion secured from Euro risk	-	-	-	-
Euro Net Effect	**(86.518)**	**86.518**	**-**	**-**

2008

	Gain/Loss		**Equity**	
	Foreign exchange appreciation	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
20% change in Euro exchange rate				
Euro net asset/liability	23.893	(23.893)	-	-
Portion secured from Euro risk	-	-	-	-
Euro Net Effect	**23.893**	**(23.893)**	**-**	**-**

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.

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The ratio of net debt/ (equity +net debt) at 31 December 2009 and 2008 is as follows:

	2009	2008
Total liabilities	4.146.598	1.395.782
Cash and cash equivalents	(1.281.287)	(1.094.452)
Deferred tax liabilities	(115.143)	(123.693)
Net debt	2.750.168	177.637
Equity	1.495.869	3.890.450
Equity +net debt	4.246.037	4.068.087
Net debt/ (Equity +net debt) ratio	**%64,77**	**%4,37**

The increase in net debt/ (equity+net debt) ratio of the Group is due to the borrowings obtained in 2009 (Note 6).

NOTE 28 - 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 6. 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 29 - 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 TL174.323.340 to TL178.030.000 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 TL3.706.660 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 as Migros Ticaret A.Ş.

Moonlight's financial statements as of 31 December 2009 and 31 December 2008 have been prepared through merging the financial statements of Moonlight and Migros Türk which are prepared in accordance with CMB Financial Reporting Standards due to the fact that all of Migros Türk's assets and liabilities are controlled by Moonlight and have been took over by Moonlight as a whole. Due to Moonlight purchasing the shares of Migros Türk on 30 May 2008, the consolidated income statement for the interim period 19 March - 31 December 2008 includes the operations of Migros Türk realized for the period after the purchasing transaction.

The difference occurred as a result of merger amounting TL27.312, 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 30 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS

As explained in Note 1 and 29, 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. As a result of the mentioned merger the comparative information regarding interim period 19 March - 31 December 2008 included in Migros Ticaret's consolidated financial statements as of 31 December 2009 includes operations realised during the period after the realised purchase with a rate of 50,83% on 30 May 2008.

To provide comparability of numeric data in the consolidated financial statements, Migros Türk's income statement for the period 1 January - 31 December 2008 and Migros Ticaret's income statement for the period 1 January - 31 December 2009 is presented below:

NOTE 30 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	1 January - 31 December 2009	1 January - 31 December 2008
Revenue (net)	5.711.268	5.073.746
Cost of sales (-)	(4.277.710)	(3.766.990)
GROSS PROFIT	**1.433.558**	**1.306.756**
Marketing selling and distribution expenses (-)	(948.511)	(837.561)
General administrative expenses (-)	(219.005)	(187.092)
Other operating income	11.761	29.475
Other operating expense (-)	(12.372)	(15.431)
OPERATING PROFIT	**265.431**	**296.147**
Financial income	117.185	195.398
Financial expense (-)	(247.969)	(169.974)
INCOME BEFORE TAX	**134.647**	**321.571**
Income tax expense	**(24.952)**	**(60.039)**
- Income tax expense	(33.451)	(58.150)
- Deferred income tax income	8.499	(1.889)
NET INCOME	**109.695**	**261.532**

EBITDA calculation is as follows:

	1 January - 31 December 2009	1 January - 31 December 2008
OPERATING PROFIT	**265.431**	**296.147**
Addition: Depreciation and amortization (-)	128.079	100.632
Addition: Employment termination benefits (-)	(1.516)	1.425
Addition: Unused vacation provision (-)	4.716	-
Less: Other operating income	(11.761)	(29.475)
Addition: Other operating expense (-)	12.372	15.431
EBITDA	**397.321**	**384.160**

NOTE 31 - SUBSEQUENT EVENTS

Group management decided that 24 stores, which operate as franchise (dealer) in various provinces, to join the company on 17 February 2010:

Amounts are expressed in Turkish Lira ("TL").

a) 899.996 shares with a nominal value of TL899.996 corresponding to 99,9996% of 900.000 shares at a nominal value of TL1, totalling TL900.000, belonging to Amaç Gıda Ticaret ve Sanayi A.Ş, operating in Eskişehir, Sakarya, Bilecik and Yalova provinces with 7 franchise stores under Migros and Şok format, are purchased for TL3.399.985, subject to the price adjustment.

b) 99.996 shares with a nominal value of TL99.996 corresponding to 99,996% of 100.000 shares at a nominal value of TL1 totalling TL100.000, belonging to Ades Gıda Sanayi ve Ticaret A.Ş, operating in Balıkesir, Eskişehir, Sakarya, Düzce, Afyon and Bilecik provinces with 14 franchise stores under Migros and Şok format, are purchased for TL12.199.512, subject to the price adjustment.

c) 175.996 shares with a nominal value of TL175.996 corresponding to 99,998% of 176.000 shares at a nominal value of TL1, totalling TL176.000, belonging to Egeden Gıda Tüketim Malları Ticaret ve Sanayi A.Ş, operating in Denizli province with 3 franchise stores under Migros and Şok format, are purchased for TL4.099.907, subject to the price adjustment.

Share transfer prices will be subjected to price adjustment and transfers will be valid after the approval of the Competition Authority is received and other preliminary conditions are met.

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