MİGROS TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Migros Ticaret A.Ş. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2010 and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statements of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Migros Ticaret A.Ş. as of 31 December 2010, 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).

Other Matter

The audit of the Group's consolidated financial statements for the year ended 31 December 2009 have been performed by another independent audit firm. Previous auditor unqualified opinion in its audit report dated 8 April 2010, for the financial statements for the year ended 31 December 2009.

Without qualifying our opinion, as explained in detail on Note 2, Group reviewed the accounting policy adopted in the previous periods and prior period financial statements are restated.

Additional paragraph for convenience translation into English

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

İstanbul, 21 March 2011

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Gaye ŞENTÜRK
Partner

Originally issued and signed in Turkish

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

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

AUDITED MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2010 AND 2009

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

	Notes	31 December 2010	As Restated 31 December 2009	As Restated 1 January 2009
ASSETS				
Current assets				
Cash and cash equivalents	5	884.180	1.281.287	1.094.452
Trade receivables	8	49.920	38.047	28.334
- Other trade receivables		49.897	37.936	26.243
- Due from related parties	26	23	111	2.091
Other receivables	9	24.641	6.200	415
Inventories	10	746.590	582.294	497.652
Other current assets	17	40.013	33.042	28.362
Total current assets		**1.745.344**	**1.940.870**	**1.649.215**
Non-current assets				
Other receivables	9	1.475	1.341	910
Financial assets	6	2.215	2.215	2.215
Derivative financial instruments	27	4.627	7.615	-
Investment property	11	52.193	56.941	68.084
Deferred income tax assets	24	603	-	-
Property, plant and equipment	12	1.193.891	1.079.694	1.028.884
Intangible assets	13	304.786	311.739	301.352
Goodwill	14	2.251.427	2.239.210	2.239.210
Other non-current assets	17	10.784	8.418	2.040
Total non-current assets		**3.822.001**	**3.707.173**	**3.642.695**
Total assets		**5.567.345**	**5.648.043**	**5.291.910**

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010 AND 2009

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

	Notes	31 December 2010	As Restated 31 December 2009	As Restated 1 January 2009
Current liabilities				
Current portion of long-term liabilities	7	61.122	74.502	44.024
Derivative financial instruments	27	43.417	13.463	-
Trade payables	8	1.463.546	1.240.576	1.049.039
- Due to related parties	26	2.260	1.840	148
- Other payables		1.461.286	1.238.736	1.048.891
Other payables	9	16.169	9.052	16.699
Taxes on income	24	1	-	3.356
Provisions	15	48.197	43.017	36.125
Other current liabilities	17	85.529	62.632	64.970
Total current liabilities		**1.717.981**	**1.443.242**	**1.214.213**
Non-current liabilities				
Financial liabilities	7	2.327.261	2.504.385	37.978
Derivative financial instruments	27	41.856	64.991	-
Other liabilities	9	3.811	4.863	4.408
Provision for employee termination benefits	16	10.269	13.974	15.490
Deferred income tax liabilities	24	119.014	116.258	124.829
Total non-current liabilities		**2.502.211**	**2.704.471**	**182.705**
Total liabilities		**4.220.192**	**4.147.713**	**1.396.918**
EQUITY				
Attributable to equity holders of the parent		**1.346.647**	**1.499.869**	**3.865.190**
Share capital	18	178.030	178.030	174.323
Share premium	18	678.233	678.233	3.534.750
Other capital reserves	18	(365)	(365)	(365)
Restricted reserves	18	385.856	364.097	-
Cumulative translation differences	18	7.040	7.010	18.873
Additional contribution to shareholders' equity related to merger	18	27.312	27.312	-
Retained earnings	18	27.960	137.609	-
Net income for the period	18	42.581	107.943	137.609
Non-controlling interest		**506**	**461**	**29.802**
Total equity		**1.347.153**	**1.500.330**	**3.894.992**
Total liabilities and equity		**5.567.345**	**5.648.043**	**5.291.910**
Contingent assets and liabilities	15			

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

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

AUDITED MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2010 AND 2009

(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 2010	1 January - 31 December 2009
CONTINUING OPERATIONS			
Revenue (net)	4,19	6.365.124	5.711.268
Cost of sales (-)	4,19	(4.781.403)	(4.277.811)
GROSS PROFIT	**4,19**	**1.583.721**	**1.433.457**
Marketing, selling and distribution expenses (-)	20	(1.139.517)	(954.486)
General administrative expenses (-)	20	(218.336)	(213.030)
Other operating income	21	10.574	11.761
Other operating expense (-)	21	(18.145)	(12.372)
OPERATING PROFIT	**4**	**218.297**	**265.330**
Financial income	22	177.553	117.185
Financial expense (-)	23	(317.022)	(247.969)
INCOME / (LOSS) BEFORE TAX	**4**	**78.828**	**134.546**
Income tax expense	**24**	**(36.154)**	**(24.932)**
- Income tax expense	24	(34.057)	(33.451)
- Deferred income tax income/(expense)	24	(2.097)	8.519
NET INCOME / (LOSS)		**42.674**	**109.614**
Net income / (loss) attributable to:			
Equity holders of the parent		42.581	107.943
Non-controlling interest		93	1.671
		42.674	**109.614**
Earning per share (Kr)	25	0,24	0,61

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

AUDITED MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010 AND 2009

(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 2010	1 January - 31 December 2009
Net income / (loss) for the period	**42.674**	**109.614**
Other comprehensive income / (expense):		
Currency translation differences	(18)	(11.856)
Other comprehensive loss for the period	**(18)**	**(11.856)**
Total comprehensive income for the period	**42.656**	**97.758**
Total comprehensive income attributable to:		
Equity holders of the parent	42.611	96.080
Non-controlling interest	45	1.678
	42.656	**97.758**

MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010 AND 2009

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

	Notes	Share capital	Share Premium	Other capital reserves	Restricted reserves	Cumulative translation differences	Additional contribution to equity related to merger	Retained earnings	Net income	Non-controlling interest	Total equity
Balances at 31 December 2008 (As previously reported)		**174.323**	**3.534.750**	**(365)**	**-**	**18.873**	**-**	**-**	**133.067**	**29.802**	**3.890.450**
Effect of restatement	31	-	-	-	-	-	-	-	4.542	-	4.542
Balances at 1 January 2009 (As restated)		**174.323**	**3.534.750**	**(365)**	**-**	**18.873**	**-**	**-**	**137.609**	**29.802**	**3.894.992**
Transfers	18	-	(364.097)	-	364.097	-	-	137.609	(137.609)	-	-
Dividend paid		-	(2.492.420)	-	-	-	-	-	-	-	(2.492.420)
equity related to merger		3.707	-	-	-	-	27.312	-	-	(31.019)	-
Total comprehensive income		-	-	-	-	(11.863)	-	-	107.943	1.678	97.758
Balances at 31 December 2009 (As previously reported)		**178.030**	**678.233**	**(365)**	**364.097**	**7.010**	**27.312**	**133.067**	**108.024**	**461**	**1.495.869**
Effect of restatement	31	-	-	-	-	-	-	4.542	(81)	-	4.461
Balances at 1 January 2010 (As restated)		**178.030**	**678.233**	**(365)**	**364.097**	**7.010**	**27.312**	**137.609**	**107.943**	**461**	**1.500.330**
Transfers	18	-	-	-	21.759	-	-	54.684	(76.443)	-	-
Dividend paid	18	-	-	-	-	-	-	(164.333)	(31.500)	-	(195.833)
Total comprehensive income		-	-	-	-	30	-	-	42.581	45	42.656
Balances at 31 December 2010		**178.030**	**678.233**	**(365)**	**385.856**	**7.040**	**27.312**	**27.960**	**42.581**	**506**	**1.347.153**

MİGROS TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2010 AND 2009

(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 2010	As Restated 1 January - 31 december 2009
Operating activities:			
Net income attributable to equity holders of the parent		42.581	107.943
Adjustments to reconcile net income to net cash provided / used by operating activities:			
Non-controlling interest		93	1.671
Depreciation and amortisation	11,12, 13	129.533	128.079
Provision for employment termination benefits	16	6.211	5.397
Provision for unused vacation	15	19.898	14.394
Provision for litigation	15	4.650	3.792
Bad debt provision	8	2.456	4.236
Income tax expense	24	24.990	24.933
Prior period tax expense	24	11.164	-
Interest income	22	(44.985)	(92.359)
Interest expense	23	197.585	144.375
Gain / (loss) on sale of property, plant and equipment - net	21	(2.475)	172
Impairment of property, plant and equipment	12	5.130	2.260
Fair value loss of derivative instruments	27	59.343	27.953
Unrecognised foreign exchange differences - net		(131.601)	72.922
Cash flows from operating activities before changes in operating assets and liabilities		**324.573**	**445.768**
Changes in operating assets and liabilities:			
Trade receivables	8	(14.634)	(13.949)
Inventories	10	(164.212)	(84.644)
Other current assets and other receivables	9,17	(7.708)	(4.907)
Other non current assets	9,17	(2.500)	(6.809)
Short-term trade payables	8	214.908	191.537
Other current assets and other payables	9,15,17	15.991	(9.985)
Long-term trade payables	9	(1.052)	455
Employment termination benefits paid	16	(10.125)	(6.913)
Unused vacation paid	15	(13.942)	(9.678)
Income taxes paid	24	(40.393)	(42.364)
Compensations paid	15	(5.426)	(1.616)
Net cash provided from operating activities		**295.480**	**456.895**

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2010 AND 2009

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

			As Restated
	Notes	**1 January - 31 december 2010**	**1 January - 31 december 2009**
Investing activities:			
Purchases of property, plant and equipment	12	(225.558)	(166.694)
Purchase of intangible assets	13	(5.438)	(23.418)
Proceeds from sale of property, plant and equipment	12,13	4.316	787
Purchases of investment property	11	(461)	(81)
Interest received	21	44.985	92.359
Cash inflow from acquisition of subsidiaries	3	272	-
Net cash used in investing activities		**(181.884)**	**(97.047)**
Financing activities:			
Bank borrowing received		-	2.455.884
Bank borrowings paid		(65.748)	(44.725)
Financial instrument paid		-	61.233
Interest and premium paid for purchased derivative financial insturements		(49.536)	(18.347)
Dividend paid		(195.833)	(2.492.420)
Interest paid		(199.578)	(131.571)
Net cash used in financing activities		**(510.695)**	**(169.946)**
Cumulative translation adjustment		(8)	(3.067)
Net increase in cash and cash equivalents		(397.107)	186.835
Cash and cash equivalents at the beginning of the period		**1.281.287**	**1.094.452**
Cash and cash equivalents at the end of the period	**5**	**884.180**	**1.281.287**

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

The Company will be 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%.

As of 31 December 2010, the Group employed 20.272 people (31 December 2009:17.609) in average.

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 2010, the Group operates in 1.932 stores (2009: 1.586) with a net retail space of 977.301 (2009: 822.127) square meters. Retail is the main business segment of the Group and constitutes almost 97,2% of gross sales (2009: 97,3%).

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 2010 have been approved for issue by the Board of Directors on 21 March 2011 and signed by General Manager Ö.Özgür Tort and Assistant General Manager (Finance) Erkin Yılmaz on behalf of the Board of Directors. 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	(**)Dormant
Şok Marketler Ticaret A.Ş. ("Şok Marketler")	Turkey	(*)	Trade (Dormant)
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez")	Turkey	(*)	Trade
Ades Gıda San. ve Tic. A.Ş.(***) ("Ades")	Turkey	Turkey	Retailing
Amaç Gıda Tic. ve San. A.Ş.(***) ("Amaç")	Turkey	Turkey	Retailing
Egeden Gıda Tüketim Malları Tic. ve San. A.Ş.(***) (Egeden)	Turkey	Turkey	Retailing

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

(**) Ramstore Bishkek LLC's operations were discontinued beginning of 2010, subsequent to the closure of the only store in the country.

(***) On 31 July 2010, The company acquired %99,999 of the shares of Amaç Gıda San. ve Tic. A.Ş., %99,996 of the shares Ades Gıda San. Ve Tic. A.Ş. and %99,998 shares of Egeden Gıda Tüketim Malları Tic. ve San. A.Ş..

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial Reporting Standards

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

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

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

2.1 Financial Reporting Standards (continued)

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

2.1.1 Functional and Presentation Currency

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

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

2.1.2 Translation of Financial Statements of Foreign Subsidiaries

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

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

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

2.2 Adoption of new and revised standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no material impact on the financial statements are set out in Section 2.3.

a) <u>New and Revised IFRSs affecting presentation and disclosure onlys</u>

IAS 27 (revised in 2008) Consolidated and Separate Financial Statements

The application of IAS 27(2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under IAS 27(2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes in accounting policies have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

IFRS 3 (revised), "Business Combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The main impact of the adoption is as follows:

(a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.

(b) to change the recognition and subsequent accounting requirements for contingent consideration.

(c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

(d) in step acquisitions, previously held interests are to be remeasured to fair value at the date of the subsequent acquisition with the value included in goodwill calculation. Gain or loss arising from the re-measurement shall be recognized as part of profit or loss.

(e) IFRS 3 (2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

b) <u>New and Revised IFRSs affecting the reported financial performance and / or balance sheet</u>

None

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

2.2 Adoption of new and revised standards (continued)

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

The following new and revised IFRSs have adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IAS 28 (revised in 2008), "Investments in Associates", The principle adopted under IAS 27(2008) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to IAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss. The Group does not have any investment in associates.

IFRIC 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

"Additional exemptions for first-time adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

IFRS 2, "Share-based Payments – Group Cash-settled Share Payment Arrangements" is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as the Group does not have share-based payment plans.

Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2008) clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale. Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The improvements cover 12 main standards/intepretations as follows: IFRS 2 Share-based Payments, IFRS 8 Operating Segments, IAS 1 Presentation of Financial Statements, IAS 17 Leases, IAS 18 Revenue, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IAS 7 Statement of Cash Flows, IAS 36 Impairment of Assets, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 16 Hedges of Net Investment in a Foreign Operation. The effective dates vary standard by standard but most are effective 1 January 2010.

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

IFRS 1 (amendments) First-time Adoption of IFRS – Additional Exemptions and Two Other Amendments
Amendments to IFRS 1 which are effective for annual periods on or after 1 July 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

On 20 December 2010, IFRS 1 is amended to;

- provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs.

- provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time.

The amendment above will be effective for annual periods beginning on or after 1 July 2011. These amendments are not relevant to the Group, as it is an existing IFRS preparer.

IFRS 7 Financial Instruments: Disclosures

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

2.2 Adoption of new and revised standards (Continued)

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

In October 2010, IFRS 7 Financial Instruments:

Disclosures is amended by IASB as part of its comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment will be effective for annual periods beginning on or after 1 July 2011.

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

IAS 12 Income Taxes

In December 2010, IAS 12 is amended. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be , be through sale. The amendment will be effective for annual periods beginning on or after 1 January 2012.

IAS 24(Revised 2009) Related Party Disclosures

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

IAS 32 (Amendments) Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

IFRIC 14 (Amendments) Pre-payment of a Minimum Funding Requirement

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made. The Group does not expect any impact of the adoption of this amendment on the financial statements.

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

2.2 Adoption of new and revised standards (Continued)

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

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability.

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/intepretations as follow: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 7 Financial Instruments: Disclosures; IAS 27 Consolidated and Separate Financial Statements; IAS 34 Interim Financial Reporting and IFRIC 13 Customer Loyalty Programmes. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. Early adoption of these amendments are allowed.

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	**2010**	**2009**
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
Ades Gıda San. ve Tic. A.Ş.(1) (*)	100,00	--
Amaç Gıda Tic. ve San. A.Ş.(1) (*)	100,00	--
Egeden Gıda Tüketim Malları Tic. ve San. A.Ş.(1) (*)	100,00	--

(*) As of 31 July 2010, 99,996 % of Ades Gıda San. Ve Tic. A.Ş., 99,9996 % of Amaç Gıda San. ve Tic. A.Ş. and 99,998 % of Egeden Gıda Tüketim ve Tic. A.Ş. are bought by the Group. Balance sheet and income statement of the subsidiaries that are formed upon the transfer of the control power to the Group are consolidated by using full consolidation method.

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

2.3 Basis of Consolidation (Continued)

(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).

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.

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

2.4 Changes in the Accounting Policies and Errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. There are no important changes in the accounting policies for the period of 1 January - 31 December 2010.

2.5 Changes in the Accounting Estimates

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.6 Summary of Significant Accounting Policies

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

a) Revenue

(a) Sales of goods - Retail

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

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

(b) Sales of goods - wholesale

Revenue from the sales of goods is recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products were shipped to the specified location, the risks of obsolescence and loss were transferred to the wholesaler, the wholesaler accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has an objective evidence that all criteria for acceptance are satisfied. Sales are recorded based on the price specified in the sales contracts, net of the discounts if avaliable 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 10)..

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

2.6 Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

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

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

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

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

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

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

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

d) Intangible assets (excluding goodwill)

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

a) Brands

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

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

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

b) Rent Agreements and other intangible assets

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

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

2.6 Summary of Significant Accounting Policies (Continued)

d) Intangible assets (excluding goodwill) (continued)

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

Business combinations

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

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

e) Business combinations and goodwill (continued)

Business combinations (continued)

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

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

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

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

Goodwill

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

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

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

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

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

f) Impairment of assets

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

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

2.6 Summary of Significant Accounting Policies (Continued)

g) Financial liabilities and borrowing costs

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

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

h) Financial instruments

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost (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.

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

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

2.6 Summary of Significant Accounting Policies (Continued)

h) Financial instruments (continued)

Financial assets (continued)

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

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

i) Foreign currency transactions

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

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

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

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

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified in other comprehensive income and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

2.6 Summary of Significant Accounting Policies (Continued)

j) Earnings per share

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

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

k) Subsequent events

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

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

l) Provisions, contingent liabilities and contingent assets

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

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

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

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

m) Leases

(1) The Group as the lessee

Finance leases

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

Operational leases

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

(2) The Group as the lessor

Operational leases

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

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

2.6 Summary of Significant Accounting Policies (Continued)

n) Related parties

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

o) Segment reporting

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

p) Government incentives and grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

q) Investment property

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

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

r) Current and deferred income tax

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

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

Current tax

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

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

2.6 Summary of Significant Accounting Policies (Continued)

r) Current and deferred income tax (continued)

Deferred tax

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

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

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly (Note 24). Deferred tax assets and liabilities are classified as long term assets and liabilities at the consolidated financial statements.

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

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

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

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

Current and deferred tax for the period

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

s) Employee termination benefits

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

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

2.6 Summary of Significant Accounting Policies (Continued)

t) Statement of cash flows

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

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

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

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

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

u) Discontinued operations

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

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

v) Offsetting

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

w) Derivative financial instruments and hedging activities

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

x) Dividends

Dividend 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 18).

aa) Trade payables

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

ab) 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 5).

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.

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

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

2.7 Critical Accounting Estimates and Assumptions

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

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

2.7 Critical Accounting Estimates and Assumptions (Continued)

(a) Goodwill impairment tests

As explained in Note 2.6.f, the Group performs impairment tests on goodwill annually at 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group's 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 14).

(b) Impairment on Leasehold Improvements

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

(c) Impairment on intangible assets

As explained in Note 2.6.d, intangible assets such as trademarks and other intangible assets with indefinite useful lives are not amortised. Instead, those assets are tested whether there is impairment on the carrying amount of them. The Group performs this test for intangible assets by comparing the brand's carrying amount to the discounted cash flow projections of the assets which are calculated on the basis of Group's five year business plans. The Group has performed an impairment test on intangible assets at 31 December 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 15.d). As of 31 December 2010, the Group has evaluated the possibility of any tax exposure that may arise in foreign subsidiaries and has not identified any necessity to recognize a provision.

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

2.7 Critical Accounting Estimates and Assumptions (Continued)

(f) Accounting of derivative financial instruments and hedging activities

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

The fair value of financial instruments that are not traded in an active market (for example, forward contracts, interest rate 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 – BUSINESS COMBINATION

a) Business acquisition

2010	Main Operations	Acquisition Date	Aquired share ratio	Acquisition Cost
Ades Gıda San. ve Tic. A.Ş.	Retail	31 July 2010	100%	10.894
Amaç Gıda Tic. ve San. A.Ş.	Retail	31 July 2010	100%	1.363
Egeden Gıda Tüketim Malları Tic. ve San. A.Ş.	Retail	31 July 2010	100%	2.629

Net assets acquired

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

Net assets acquired by the acquisition are as follows:

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

Ades Gıda San. ve Tic. A.Ş is a retail company which operates in Adapazarı and Sakarya. The main business of the company is purchasing/selling staple food, grocery and frozen food through its franchise agreement with Migros Ticaret A.Ş

(“Migros”). Ades Gıda San. ve Tic. A.Ş was consolidated by considering its portion in Group’s assets, liabilities, income and expenses.

NOTE 3 – BUSINESS COMBINATION (Continued)
b) Net assets acquired (continued)

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

Net assets acquired by the acquisition are as follows:

	Book Value	Fair Value Adjustments	Fair Value
Current Assets	4.714	-	4.714
Property, plant and equipment	316	563	879
Deferred tax assets	-	(109)	(109)
Payables and expense accruals	(4.264)	-	(4.264)
Net Assets	766	454	1.220
Total Consideration			100%
Net Assets Acquired			1.220
Satisfied by receivables and payables			1.363
Goodwill			143
Cash and cash equivalents consideration			61
			61

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

NOTE 3 – BUSINESS COMBINATION (Continued)

b) Net assets acquired (continued)

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

Net assets acquired by the acquisition are as follows:

	Book Value	Fair Value Adjustments	Fair Value
Current Assets	3.310	-	3.310
Property, plant and equipment	1.649	273	1.922
Deferred tax assets	-	(55)	(55)
Payables and expense accruals	(2.937)	-	(2.937)
Net Assets	2.022	218	2.240
Total Consideration			100%
Net Assets Acquired			2.240
Satisfied by receivables			2.629
Goodwill			389
Cash payables			-
Cash and cash equivalents consideration			40
			40

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

As mentioned within the company's special conditions disclosures dated at 17 February 2010 and 16 April 2010, Amaç Gıda Ticaret ve Sanayi A.Ş. ("Amaç"), Ades Gıda Sanayi ve Ticaret A.Ş. ("Ades") and Egeden Gıda Tüketim Malları Ticaretve Sanayi A.Ş. ("Egeden") undertook the store administrations of Migros and Sok stores within the scope of franchise agreements. Following the acquision of these companies' shares, required permissions were taken from the Competition Authority and all other duties were completed. As a result, transfer of the shares were made on 31 July 2010. After the transfer of the shares, Company has ownership of %99,9996 at Amaç, %99,996 at Ades and %99,998 at Egeden.

These subsidiaries were operating as the Company's agency. Therefore, the business combination did not contribute significant amount to the Company's sales or profit after combination or assuming the combination was done at 1 January, 2010.

NOTE 4 - SEGMENT REPORTING

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

Management 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 2010 is as follows:

a) Segment analysis for the period 1 January - 31 December 2010

	Turkey	Other countries	Combined Total	Inter-segment elimination	Total
External revenues	6.094.720	270.404	6.365.124	-	6.365.124
Inter segment revenues	9.342	-	9.342	(9.342)	-
Sales revenue	6.104.062	270.404	6.374.466	(9.342)	6.365.124
Cost of goods sold	(4.587.460)	(203.285)	(4.790.745)	9.342	(4.781.403)
Gross profit	1.516.602	67.119	1.583.721	-	1.583.721
Selling and marketing expenses	(1.106.589)	(32.928)	(1.139.517)	-	(1.139.517)
General administrative expenses	(192.542)	(25.794)	(218.336)	-	(218.336)
Addition: Depreciation and amortization	114.072	15.461	129.533	-	129.533
Addition: Employment termination benefits	(3.914)	-	(3.914)	-	(3.914)
Addition: Unused vacation provision	5.956	-	5.956	-	5.956
EBITDA	**333.585**	**23.858**	**357.443**	**-**	**357.443**

Sales between segments are carried out at arm's length.

NOTE 4 - SEGMENT REPORTING (Continued)

b) Segment analysis for the period 1 January – 31 December 2009

	Turkey	Other countries	Combined Total	Intersegment elimination	Total
External revenues	5.476.357	234.911	5.711.268	-	5.711.268
Inter segment revenues	8.948	-	8.948	(8.948)	-
Sales revenue	5.485.305	234.911	5.720.216	(8.948)	5.711.268
Cost of goods sold	(4.113.141)	(173.618)	(4.286.759)	8.948	(4.277.811)
Gross profit	1.372.164	61.292	1.433.457	-	1.433.457
Selling and marketing expenses	(929.855)	(24.631)	(954.486)	-	(954.486)
General administrative expenses	(187.552)	(25.478)	(213.030)	-	(213.030)
Addition: Depreciation and amortization	114.104	13.975	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	**372.061**	**25.158**	**397.220**	**-**	**397.220**

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

	1 January - 31 December 2010	1 January - 31 December 2009
EBITDA, reported segments	357.443	397.220
Depreciation and amortisation	(129.533)	(128.079)
Employment termination benefits	3.914	1.516
Provision of unused vacation	(5.956)	(4.716)
Other operating income	10.574	11.761
Other operating expenses (-)	(18.145)	(12.372)
Operating profit	**218.297**	**265.330**
Financial income	177.553	117.185
Financial expense (-)	(317.022)	(247.969)
Income before tax	**78.828**	**134.546**

NOTE 4 - SEGMENT REPORTING (Continued)

Segment Assets and Liabilities

The figures provided to the board of directors with respect to total assets and liabilities are measured in a manner consistent with 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.

	31 December 2010	31 December 2009
Turkey	4.835.244	4.545.109
Other countries	354.303	305.013
Segment assets (*)	**5.189.547**	**4.850.122**
Unallocated assets (*)	499.894	921.360
Less: Inter-segment elimination	(122.096)	(123.439)
Total assets as per consolidated financial statements	**5.567.345**	**5.648.043**

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

	2010	2009
Turkey	1.555.126	1.341.803
Other Countries	64.827	34.231
Segment Liabilities (**)	**1.619.953**	**1.376.034**
Unallocated liabilities (**)	2.603.832	2.773.599
Less: inter-segment elimination	(3.593)	(1.920)
Total liabilities as per consolidated financial statements	**4.220.192**	**4.147.713**

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	2010	2009
Cash	40.959	30.879
Banks		
- demand deposits	82.700	78.403
- time deposits	469.994	905.972
Cheques in collection	234	104
Receivables on credit card slips	290.293	265.929
	884.180	**1.281.287**

Weighted average effective interest rates on TL, EURO and USD denominated time deposits at 31 December 2010 are 8,50% (2009: 7,50%) and 3,85% (2009: 3,07%) and 3,50% (2009: 3,75%), respectively.

Credit card slips with a maturity of less than one month (2009: less than one month) are discounted at 31 December 2010 with annual rate of %6,59 (2009: %7,19).

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

The maturity analysis of time deposits at 31 December 2010 and 2009 is as follows:

	2010	2009
1 - 30 days	469.994	893.666
180-360 days	-	12.306
	469.994	**905.972**

NOTE 6 - FINANCIAL INVESTMENTS

	2010	2009
Long-term available-for-sale investments financial assets - (Unlisted financial assets)	2215	2.215
Long-term financial assets	**2.215**	**2.215**

Unlisted financial assets:

	2010		2009	
	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.

NOTE 7 - FINANCIAL LIABILITIES

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

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

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

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

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

	Euro	**TL**
2011	23.528	50.829
2012	46.933	101.389
2013	93.743	202.513
2014	163.957	354.196
2015 and over	831.115	1.795.458
	1.159.276	**2.504.385**

The fair value of bank borrowings at 31 December 2010 is TL 2.358.130 (2009: TL 2.585.608).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	2010	**2009**
Receivables from tenants and wholesale activities	45.475	36.655
Doubtful receivables	12.939	11.496
Notes receivable	4.221	1.123
Due from related parties (Note 26)	23	111
	62.658	**49.385**
Less: Provision for impairment loss	(12.589)	(11.100)
Unearned finance income on term sales	(149)	(238)
Short-term trade receivables, net	**49.920**	**38.047**

The maturities of trade receivables are generally less than one month at 31 December 2010 (2009: less than one month) and they were discounted with the annual rate of%6,59 (2009: %7,19).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movement of provision for doubtful receivables is as follows:

	2009
1 Ocak	**8.261**
Current year charge (Note 21)	4.236
Reversal	(1.893)
Cumulative translation adjustment	496
31 December 2009	**11.100**

	2010
1 Ocak	**11.100**
Current year charge (Note 21)	2.456
Reversal	(854)
Cumulative translation adjustment	(113)
31 December 2010	**12.589**

Trade Payables:

	2010	**2009**
Supplier current accounts	1.470.826	1.247.981
Due to related parties (Note 26)	2.260	1.840
Less: Unincurred finance cost on term purchases	(9.540)	(9.245)
Short-term trade payables, net	**1.463.546**	**1.240.576**

The maturity of trade payables is generally less than three months (2009: less than three months) and they are discounted with annual rate of %6,59 as of 31 December 2010 (2009: %7,68).

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Other Receivables:

	2010	2009
Tax receivables (Note:24)	23.057	5.557
Receivables from Personnel	1.584	643
Short-term other receivables	**24.641**	**6.200**

	2010	2009
Deposits and guarantees given	1.475	1.341
Long-term other receivables	**1.475**	**1.341**

Other Payables:

	2010	2009
Prior periods tax payable (Note 24)	11.164	-
Credit card collection amount (*)	5.005	9.052
Current portion of other payables	**16.169**	**9.052**

	2010	2009
Depostits and quarantees taken	3.811	4.863
Long-term other payables	**3.811**	**4.863**

(*)As of 31 December 2010, payable to Garanti Bankası consists of credit card collections on behalf of Garanti Bankası in the stores. The collections have the maturity of less than one month.

NOTE 10 - INVENTORIES

	31 December 2010	31 December 2009	1 January 2009
Raw Materials	1.740	2.794	1.712
Work in progress	8.666	3.083	1.382
Merchandise stocks	733.129	574.643	493.137
Other	3.055	1.774	1.421
	746.590	**582.294**	**497.652**

The Group valued the cost value of inventories over the most recent purchase price. Group changed the accounting policy on inventory valuation in the current period. Effects of restated application have been specified in Note 31.

Cost of the inventory included in the cost of sales for the period 1 January - 31 December 2010 amounts to TL 4.735.585 (2009: TL 4.233.619).

NOTE 11 - INVESTMENT PROPERTY

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

	Opening 1 January 2009	Additions	Transfers (Note 12)	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**

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 2010, total investment property of Kazakhstan and Macedonia are 7.551 and 9.082 square meters respectively (2009: Kazakhstan 7.349 square meters, Macedonia 9.131 square meters).

Fair value of the investment properties in Kazakhstan and Macedonia are TL 67.780 and TL 63.649 respectively. This value has been calculated with market value approach, which is supported by income approach.

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2010	Additions	Addition from subsidiary acquisition	Disposals	Impairment loss (*)	Transfers	Transfers to investments properties (Note:10)	Cumulative tranlation differences	Closing 31 December 2010
Cost									
Land and buildings	466.224	3.611	-	(643)	-	2.447	(915)	304	471.028
Leasehold improvements	383.862	51.587	3.970	-	(9.947)	24.297	-	297	454.065
Machinery and equipments	251.638	79.556	-	(14.177)	-	27.832	-	289	345.138
Vehichles	529	1.230	-	(21)	-	1.049	-	(9)	2.778
Furniture and fixture	125.542	21.821	3.526	(566)	-	6.885	-	40	157.248
Construction in progress	2.981	67.753	-	(115)	-	(62.510)	-	1	8.110
	1.230.776	**225.558**	**7.496**	**(15.522)**	**(9.947)**	**-**	**(915)**	**922**	**1.438.368**
Accumulated depreciation									
Land and buildings	(16.262)	(9.927)	-	107	-	-	84	(172)	(26.170)
Leasehold improvements	(75.847)	(47.976)	-	-	4.817	-	-	(57)	(119.063)
Machinery and equipments	(40.609)	(38.248)	-	13.154	-	-	-	(228)	(65.931)
Vehichles	(199)	(260)	-	-	-	-	-	(4)	(463)
Furniture and fixture	(18.165)	(15.101)	-	436	-	-	-	(20)	(32.850)
	(151.082)	**(111.512)**	**-**	**13.697**	**4.817**	**-**	**84**	**(481)**	**(244.477)**
	1.079.694								**1.193.891**

(*) Impairment loss amounting to net TL 5.130 consists of leasehold improvements of the stores closed in 2010
.
At 31 December 2010 and 2009 there were no mortgages on property, plant and equipment

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Opening 1 January 2009	Additions	Addition from subsidiary acquisition	Disposals	Impairment loss (**)	Transfers	Transfers to investments properties (Note:10)	Cumulative tranlation 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 equipments	197.235	53.574	-	(13.678)	-	16.902	-	(2.395)	251.638
Vehichles	470	209	-	(126)	-	11	-	(35)	529
Furniture and fixture	99.861	20.609	-	(1.430)	-	7.051	-	(549)	125.542
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									
Land and buildings	(5.839)	(9.629)	-	-	-	-	(1.610)	816	(16.262)
Leasehold improvements	(28.414)	(50.715)	-	-	3.094	-	-	188	(75.847)
Machinery and equipments	(18.662)	(35.716)	-	13.037	-	-	-	732	(40.609)
Vehichles	(85)	(120)	-	-	-	-	-	6	(199)
Furniture and fixture	(6.459)	(12.984)	-	1.256	-	-	-	22	(18.165)
	(59.459)	**(109.164)**		**14.293**	**3.094**	**-**	**(1.610)**	**1.764**	**(151.082)**
	1.028.884								**1.079.694**

(**) Impairment loss amounting to net TL 2.260 consists of leasehold improvements of the stores closed in 2009

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

	2010	2009
Net book value	394	2.292

NOTE 13 - INTANGIBLE ASSETS

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

Brand impairment test:

Brands were tested for impairment using the release from royalty method as of 31 December 2010. Sales forecasts which are based on financial budgets approved by the board of directors covering a five year period were considered in the determination of the brand value. The growth rate expected to be realized after five years is assumed to be nil. The estimated royalty income is calculated by applying the expected 1,5%. The royalty income calculated with the stated method have been discounted with 7,1%.

NOTE 13 - INTANGIBLE ASSETS (Continued)

	Opening 1 January 2009	Additions	Disposals	Cumulative tranlation 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**

(*) 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 TL 202.175 and TL 50.893 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 TL 32.982 and was accounted for under the intangible assets in the consolidated financial statements. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

(***) On 24 July 2008 the Group purchased all of the furniture and fixtures of local retail chain Maxi Market's Silivri, Tekirdag and Çengelköy stores, with a total sales area of 13.000 square meters, from Hamoglu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İsletmecilik A.Ş. and also took over the rent agreements of the mentioned stores The purchase cost in the amount of 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 14 – GOODWILL

Movement of goodwill is as follows:

	1 January - 31 December 2010	1 January - 31 December 2009
Opening balance	**2.239.210**	**2.239.210**
Additions due to acquisition of subsidary		
- Ades (Note 3)	11.685	-
- Amaç (Note 3)	143	-
- Egeden (Note 3)	389	-
Ending balance	**2.251.427**	**2.239.210**

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**

NOTE 14 – GOODWILL (Continued)

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

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 rate5,9% 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 %6,9 or %4,9 instead of %5,9) causes a decrease/increase of TL 897.797 (2009:TL716.632) in the fair value calculations for which sales costs are deducted, as of 31 December 2010.

As a result of the impairment tests performed under above assumptions, no impairment was detected in the goodwill amount as of 31 December 2010. 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 15 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions:

	2010	2009
Provision for litigation	16.632	17.408
Provision for unused vacation	31.565	25.609
Total short-term provisions	**48.197**	**43.017**

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:

1 January 2009	**15.232**
Increase during the period	3.792
Payments during the period	(1.616)
31 December 2009	**17.408**
1 January	17.408
Increase during the period	4.650
Payments during the period	(5.426)
31 December 2010	**16.632**

As of 31 December 2010, unused vacation pay amounted to TL 31.565 (2009: TL25.609). 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:

1 January 2009	**20.893**
Increase during the period	14.394
Payments during the period	(9.678)
31 December 2009	**25.609**
1 January 2010	**25.609**
Increase during the period	19.898
Payments during the period	(13.942)
31 December 2010	**31.565**

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

Collaterals, Pledges, Mortgages

The details of collaterals, pledges and mortgages ("CPM") of the Company at 31 December 2010 and 2009 are as follows:

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

31 December 2009				
Total Collaterals, Pledges, Mortgages	**Total TL**	**TL**	**USD**	**EURO**
A. CPM given on behalf of the Company's legal personality	37.830	37.324	300	25
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parites	-	-	-	-
D. Total amount of other CPM	-	-	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C.	-	-	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
Total Collaterals, Pledges, Mortgages	**37.830**	**37.324**	**300**	**25**
Proportion of other CRMs to equity	**0,0%**			

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

Collaterals, Pledges, Mortgages (continued)

Contingent assets and liabilities:

a) Guarantees given at 31 December 2010 and 2009 are as follows:

	2010	**2009**
Letters of guarantees given	54.124	37.830

b) Guarantees received at 31 December 2010 and 2009 are as follows:

	2010	**2009**
Guarantees obtained from customers	83.385	65.704
Mortgages	14.383	1.502
	97.768	**67.206**

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

	2010	**2009**
Payable within 1 year	302.609	271.622
Payable in 1 to 5 years	930.499	900.653
5 years and more	621.829	594.848
	1.854.937	**1.767.123**

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 2010 it is seen as a far possibility to be obligated to pay the alleged missing rent payments and overdue interest.

NOTE 16 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2010	2009
Provision for employee termination benefits	10.269	13.974

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 2.517,01 (2009: TL2.365,16) for each year of service at 31 December 2010.

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:

	2010	2009
Discount rate (%)	4,66	5,92
Turnover rate to estimate the probability of retirement (%)	82,6	83,00

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 2.623,23 effective from 1 January 2011 (1 January 2010: TL2.427,04) 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:

1 January 2009	**15.490**
Increase during the period	6.090
Payments during the period	(6.913)
Actuarial gain	(693)
31 December 2009	**13.974**
1 January 2010	**13.974**
Aquisation of subsidiary	209
Increase during the period	6.387
Payments during the period	(10.125)
Actuarial gain	(176)
31 December 2010	**10.269**

NOTE 17 - OTHER CURRENT/NON CURRENT ASSETS AND SHORT-/LONG-TERM LIABILITIES

Other current assets:

	2010	2009
Prepaid expenses	30.215	26.666
Fixed asset advances	926	1.368
Tax Deductible	5.287	1.488
Other	3.585	3.520
	40.013	**33.042**

Prepaid expenses mainly consist of insurance premium and store rentals.

Other non-current assets:

	2010	2009
Upfront fee expense (long term)	5.106	5.902
Prepaid expenses	5.678	2.516
	10.784	**8.418**

Other short term liabilities

	2010	2009
Taxes and funds payable	24.153	20.875
Payables to personnel	20.793	18.517
Various expense accruals (*)	15.317	10.111
Merchandise coupons	8.657	6.756
VAT payable	7.350	3.348
Other	9.259	3.025
	85.529	**62.632**

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

NOTE 18 - 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 2010. 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:

The shareholders of the Company and their shareholdings stated at historical amounts at 31 December 2010 and 31 December 2009 are stated below:

	31 December 2010		31 December 2009	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
MH Perakendecilik ve Ticaret A.Ş.	97,92	174.323	97,92	174.323
Other	2,08	3.707	2,08	3.707
Total capital	100	178.030	100	**178.030**

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. On the other hand, in the event that it is decided to distribute the entire profit for the period as dividends, exclusively for this situation a second legal reserve is set aside at 9% for the portion exceeding 5% of the capital issue/paid from the net distributable profit for the period.Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 385.856 as of 31 December 2010 (2009: 364.097).

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

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

It was determined that there is no need to set aside first order legal reserves as the first order legal reserves reached 20% of capital in accordance with Turkish Commercial Code. It was decided to set aside second order legal reserves amounting to TL 21.759.222 (Amounts are expressed in TL instead of thousands of TL).

NOTE 18 - 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 2010 (2009: not compulsory). According to the Board's decision and Communiqué No. IV-27 issued by the CMB regarding the allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realised as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from 2008 operations are required to distribute the initial amount in cash.

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

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

Dividends

At the Annual General Meeting held on May 20, 2010, General Assembly decided to distribute a gross cash dividend of TL 195.833.000 to the shares. Accordingly, a TL 1.10 gross and net cash dividend per share with a nominal value of TL 1 representing a ratio of 110% to institutional shareholders domiciled in Turkey and non-resident foreign institutions, which are tax payers in Turkey through their permanent representative offices or companies. A TL 0,935 net cash dividend per one share with a nominal value of TL 1 to other shareholders, which will be calculated following the deduction of the withholding ratios under tax laws, which represents a ratio of 93,5%. Dividend amounting to TL 31.500.000 was offset from current year income and the remaining TL 164.333.000 was offset from extraordinary reserves excluding inflation adjustment difference. (Amounts are expressed in TL instead of thousands of TL)

Resources Subject to Dividend Distributions

In accordance with the Board Decision dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué XI No:29. The concerning amount for Migros Ticaret is TL 1.958.786. 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 TL1.1.023.493.

The equity schedules at 31 December 2010 and 2009 are as follows:

	2010	**2009**
Share capital	178.030	178.030
Share premium	678.233	678.233
Other capital reserves	(365)	(365)
Restricted Reserves		
- Legal reserves	385.856	364.097
Cumulative translation differences	7.040	7.010
Additional contribution to equity related to merger	27.312	27.312
Retained earnings	27.960	137.609
Net income	42.581	107.943
Attributable to the equity holders of the Group	**1.346.647**	**1.499.869**

NOTE 19 - REVENUE AND COST OF SALES

	1 January - 31 Decmeber 2010	1 January - 31 Decmeber 2009
Domestic sales	6.219.087	5.611.970
Foreign sales	270.521	235.747
	6.489.608	**5.847.717**
Other sales	9.927	2.073
	6.499.535	**5.849.790**
Less: Discounts and returns	(134.411)	(138.522)
Sales revenue -net	**6.365.124**	**5.711.268**
Cost of sales	(4.781.403)	(4.277.811)
Gross Profit	**1.583.721**	**1.433.457**

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

	1 January - 31 Decmeber 2010	1 January - 31 Decmeber 2009
Retail sales revenue	6.310.043	5.694.132
Rent income	95.212	90.872
Wholesale revenue	84.353	62.713
	6.489.608	**5.847.717**

NOTE 20 - EXPENSES BY NATURE

	1 January - 31 December 2010			1 January - 31 December 2009		
	General administrative expenses	**Marketing, selling and distribution expenses**	**Total**	**General administrative expenses**	**Marketing, selling and distribution expenses**	**Total**
Staff costs	68.479	431.049	499.528	63.361	366.162	429.523
Rent	77	262.510	262.587	65	216.090	216.155
Transportation, porterage and cleaning	973	149.397	150.370	581	113.390	113.971
Depreciation and amortisation	129.533	-	129.533	128.079	-	128.079
Energy	954	102.571	103.525	1.197	89.293	90.490
Advertising & visual design	-	50.029	50.029	-	41.423	41.423
Repair, maintenance and security	783	44.944	45.727	1.072	43.856	44.928
Warehouse	-	26.013	26.013	-	18.478	18.478
Taxes and other fees	2.531	9.558	12.089	3.106	10.922	14.028
Mechanisation	1.322	11.449	12.771	1.189	10.479	11.668
Communication	2.280	8.631	10.911	2.036	9.030	11.066
Other	11.404	43.366	54.770	12.344	35.363	47.707
	218.336	**1.139.517**	**1.357.853**	**213.030**	**954.486**	**1.167.516**

Expenses by nature in cost of sales for the periods 1 January - 31 December 2010 and 2009 are as follows:

	1 January- 31 December 2010	**1 January- 31 December 2009**
Cost of trade goods	4.735.585	4.233.619
Service costs	45.818	44.192
	4.781.403	**4.277.811**

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

NOTE 21 - OTHER OPERATING INCOME / EXPENSE

Other operating income:

	1 January - 31 Decmeber 2010	**1 January - 31 Decmeber 2009**
Gain on sales of scrap goods	1.320	1.186
Provision write-off	854	1.893
Gain on sales of plant, property and equipment	3.607	705
Store evacuation income	-	2.750
Other	4.793	5.227
	10.574	**11.761**

NOTE 21 - OTHER OPERATING INCOME / EXPENSE (Continued)

Other operating expenses:

	1 January - 31 Decmeber 2010	1 January - 31 Decmeber 2009
Paid law suit and provision expenses	(5.426)	(1.616)
Bad debt expense (Note:8)	(2.456)	(4.236)
Losses from closed stores	(5.130)	(2.260)
Loss on sale of fixed assets	(1.132)	(877)
Other	(4.001)	(3.383)
	(18.145)	**(12.372)**

NOTE 22 - FINANCIAL INCOME

	1 January- 31 December 2010	1 January- 31 December 2009
Interest income on bank deposits	24.977	67.993
Foreign exchange gains	132.511	18.997
Due date charges on term sales	20.008	24.366
Other	57	5.829
	177.553	**117.185**

NOTE 23 - FINANCIAL EXPENSE

	1 January- 31 December 2010	1 January- 31 December 2009
Due date difference on term purchases	(77.001)	(87.242)
Foreign exchange losses	(58.245)	(74.748)
Interest expense on bank borrowings	(120.584)	(57.133)
Fair value change of derivatives premium	(59.343)	(27.953)
Other	(1.849)	(893)
	(317.022)	**(247.969)**

NOTE 24 - TAX ASSETS AND LIABILITIES

	2010	2009
Taxes and funds payable	22.893	33.451
Less: Prepaid current income taxes	(45.950)	(39.008)
Tax provision, net (*)	**(23.057)**	**(5.557)**

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

	2010	2009
Deferred income tax assets	34.511	31.935
Deferred income tax liabilities	(152.922)	(148.193)
	(118.411)	**(116.258)**

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 2010 is 20% (2009: 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 (2009: 20%). Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

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

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

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

Domestic participation exemption:

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Preferential right certificate sales and issued premiums exemption

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

Foreign company participation exemption

The participation income of corporations participating for at least one continuous year of 10% that does not have their legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) up until the date the income is generated and transferred to Turkey and until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike in their counTL 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 (2009: 20%, 10%, 10%, 22% and 10%, respectively).

The details of taxation on income as follows:

	31 December 2010	**31 December 2009**
Current period tax expense	(22.893)	(33.451)
Prior period tax expense (Note: 8) (*)	(11.164)	-
Current period tax expense	**(34.057)**	**(33.451)**
Deferred tax income	(2.097)	8.519
Income tax expense	**(36.154)**	**(24.932)**

(*) As a result of the tax review of the company for the year 2009 performed by Ministry of Finance, Account experts Boards, there is a Corporate Tax of TL 14.579, and a fine amounting to TL 31.228 has been levied on January 14, 2011. The company decided to use the amnesty within the scope of the tax amnesty announced, in relation to related tax and fine imposed. The company also decided to increase the 2006 and 2009 corporate tax base, in accordance with the provisions of the law. In accordance with the relevant provisions of the law and as a result of the study, the company decided to pay the 50% of the tax imposed for the year 2009, which is TL 7.290 and the additional amoun of TL 3.874 from the increase in the tax bases for the before mentioned years. The total payable of TL 11.164, thus calculated for previous years, is decided to be reflected in the financial tables as at 31 December 2010 as tax expense.

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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

	1 January - 31 December 2010	1 January - 31 December 2009
Profit before tax	78.828	134.546
Expected tax expense according to parent company (20%)	(15.766)	(26.909)
Prior period tax expense	(11.164)	-
Differences in tax rates of subsidiaries	641	769
Expected tax expense of the Group	**(26.289)**	**(26.140)**
Tax effect of non deductible expenses	(13.399)	(4.632)
Tax effect of exemptions	151	78
Other differences	3.383	5.762
Current period tax expense of the Group	**(36.154)**	**(24.932)**

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 2010 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 (2009: 20%, 20%, 10%, 22% and 10%).

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 December 2010 and 2009 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences			Deferred income tax assets/(liabilities)		
	31 December 2010	31 December 2009	1 January 2009	31 December 2010	31 December 2009	1 January 2009
Fair value change of derivative instruments	85.273	78.454	-	17.054	15.691	-
Expense accruals and provisions	48.197	43.017	36.125	9.639	8.604	7.225
Inventories	12.176	10.500	19.542	2.435	2.107	3.915
Provision for employment termination benefits	10.060	13.974	15.490	2.012	2.795	3.098
Unincurred interest income	149	238	490	30	48	98
Other	16.703	13.436	11.404	3.341	2.690	2.278
Deferred income tax assets				**34.511**	**31.935**	**16.614**
Fair value change of derivative instruments	4.627	7.615	-	925	1.523	-
Property, plant and equipment	774.337	745.641	724.754	147.591	141.035	137.095
and intangible assets	9.540	9.245	16.043	1.908	1.849	3.209
Unincurred interest expense	-	5.576	5.678	-	1.115	1.136
Inventories	12.494	13.346	12	2.498	2.671	3
Deferred income tax liability				**152.922**	**148.193**	**141.443**
Total Deferred income tax liability, net				**(118.411)**	**(116.258)**	**(124.829)**

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax assets:

	2010	2009
Deferred income tax asset to be recovered after more than 12 months	10.383	15.793
Deferred income tax asset to be recovered within 12 months	24.128	16.142
	34.511	31.935
Deferred income tax liabilities:		
Deferred income tax liability to be settled after more than 12 months	(148.516)	(142.557)
Deferred income tax liability to be settled within 12 months	(4.406)	(5.636)
	(152.922)	(148.193)
Deferred tax liabilities (net)	**(118.411)**	**(116.258)**

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

Deferred income tax liability

31 December 2008	**(124.829)**
Credited to the income statement	8.519
Cumulative translation difference	52
31 December 2009	**(116.258)**
Credited to the income statement	(2.097)
Cumulative translation difference	(56)
31 December 2010	**(118.411)**

NOTE 25 - EARNINGS PER SHARE

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

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

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

	1 January - 31 December 2010	1 January - 31 December 2009
Net income / (loss) attributable to the shareholders	42.581	107.943
Kr 1 face value each ('000)	17.803.000	17.683.168
Earnings / (loss) per share (Kr)	**0,24**	**0,61**

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

Due from related parties:	**2010**	**2009**
Mavi Jeans Giyim Sanayi ve Tic. A.Ş	6	6
Tekin Acar Büyük Mağazacılık T.A.Ş.	17	17
Sanal Merkez T.A.Ş.	-	88
Total due from related parties	23	111

Due to related parties:	**2010**	**2009**
Şok Marketler T.A.Ş.	645	722
Sanal Merkez T.A.Ş.	449	-
Other	1.166	1.118
Total due to related parties	2.260	1.840

(ii) Transactions with related parties:

	1 January - 31 December 2010	**1 January - 31 December 2009**
Non-current asset purchases:		
Sanal Merkez T.A.Ş	164	98
	164	**98**
Inventory purchases:		
Şok Marketler Tic. A.Ş.	5.496	2.500
Sanal Merkez T.A.Ş.	-	
	5.496	**2.500**
Services rendered:		
Sanal Merkez T.A.Ş.	261	142
	261	**142**

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

Rent Income	1.146	1.038
	1.146	**1.038**

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

(iv) Dividend paid

	2010	**2009**
MH Perakendicilik A.Ş	191.756	2.440.527
Other	4.077	51.893
	195.833	**2.492.420**

(v) Key management compensation:

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

Detail of compensation amounts to key managementare as follows.

	2010	**2009**
Short-term benefits to employees	10.688	11.170
Other long-term benefits	-	18
	10.688	**11.188**

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

NOTE 27 - DERIVATIVE FINANCIAL INSTRUMENTS

Short-term derivative financial instruments

	2010	2009
Short term liabilities		
Interest rate collar contracts	8.378	-
Forward currency exchange contracts	35.039	13.463
	43.417	**13.463**

Long-term derivative financial instruments

	2010	2009
Long term assets		
Corridor options	711	5.519
Interest rate swap contracts	3.658	-
CAP options	258	2.096
	4.627	**7.615**
Long term liabilities		
Forward contracts	41.856	40.855
Interest rate collar contracts	-	24.136
	41.856	**64.991**

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

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

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

31 December 2010

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Collar	9 July 2008	28 August 2008	31 May 2011	190 million	5.368
Collar	6 November 2008	27 February 2009	31 May 2011	210 million	3.010
					8.378
Corridor	26 August 2009	31 May 2011	30 November 2012	300 million	711
Cap	26 August 2009	31 May 2011	30 November 2012	125 million	258
Interest rate swap	6 October 2010	30 November 2011	29 November 2013	105 million	1.328
Interest rate swap	6 October 2010	31 May 2011	30 November 2013	105 million	1.183
Interest rate swap	6 October 2010	31 May 2011	29 November 2013	53 million	574
Interest rate swap	6 October 2010	30 November 2011	30 November 2013	53 million	573
					4.627

NOTE 27 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

31 December 2009

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Collar	9 July 2008	28 August 2008	31 May 2011	190 million	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 28 - FINANCIAL RISK MANAGEMENT

Financial risk management

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

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

Interest rate risk

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

The weighted average effective interest rate of Group's financial liabilities that are sensitive to interest is %.5,21 (2009: 4,90%). At 31 December 2010, 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 TL 2.044 (2009: TL2.560) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Interest rate positions of the Group at 31 December 2010 and 2009 are as follows:

	2010	2009
Financial instruments with fixed interest rates		
Time deposits	469.994	905.972
Financial liabilities	1.524	1.876
Financial instruments with floating interest rates		
Financial liabilities	2.386.859	2.577.011

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Liquidity and Funding risk

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

The funding risk of the current and future debt requirements is managed through the continuous availability of qualified lenders. As of 31 December 2010, the Group's financial debt with a maturity longer than 1 year is TL 2.327.261 (2009: TL 2.504.385) (Note 7).

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

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

Derivative-financial instruments

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

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	1.249.822	1.245.422	4.400	-	-
Other non current liabilities	9.052	9.052	9.052	-	-	-
	3.828.515	**4.639.799**	**1.265.113**	**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	5 years and over
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 28 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

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

The risk details of credits and receivables as of 31 December 2010 and 2009 are as follows. Amounts showing the maximum credit risk exposed as of the balance sheet date are disclosed by disregarding guarantees on hand and other factors that increase the credit quality.

	31 December 2010		
	Trade and Other receivables		**Deposits**
	Related Parties	**Other Party**	**in Banks**
Maximum exposed credit risk			
As of reporting date (A+B+C+D)	**23**	**52.956**	**552.694**
Secured portion of maximum			
Crdit risk by guarantees etc.	-	10.138	-
A. Net book value of financial assets			
Either are not due or not impaired	23	50.609	552.694
Secured portion by guarantees etc.	-	9.788	-
B. Financial assets with renegotiated conditions			
Secured portion by guarantees etc.	-	-	-
C. Net book value of the expired			
or not impaired financial assets	-	2.000	-
secured portion by guarantees	-	-	-
D. Impaired assets			
Net book value	-	350	-
Overdue (Gross book value)	-	12.939	-
Impairment (-)	-	(12.589)	-
Secured portion of the net value			
By guarantees etc.	-	350	-

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (continued)

	31 December 2009		
	Trade and Other receivables		Deposits
	Related Parties	Other Party	in Banks
Maximum exposed credit risk			
As of reporting date (A+B+C+D)	**111**	**39.922**	**984.375**
Secured portion of maximum			
Crdit 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.	-	13.627	-
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	-

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

a) Credit quality of financial assets

	2010	2009
Group 1	4.106	2.877
Group 2	45.198	31.907
Group 3	1.328	2.114
	50.632	**36.898**

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

	2010	2009
0-1 month	751	437
1-3 months	211	632
3-12 months	332	1.543
1-5 years	706	127
	2.000	**2.739**

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

c) Geographical concentration of the trade receivables

	2010	**2009**
Turkey	46.894	36.103
Other	6.085	3.930
	52.979	**40.033**

,Foreign currency risk

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

At 31 December 2010, if Euro had appreciated against TL by 5% and all other variables remaining the same, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been lower by TL 97.804.

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

	31 December 2010			
		Original Currencies		
	Total TL equivalent	USD	Euro	Other Currency
Assets:				
Cash and cash equivalents	453.732	5.089	210.652	14.217
Trade receivables	2.763	195	54	2.351
Other current assets	3.484	1.873	-	589
Total current assets	**459.979**	**7.157**	**210.706**	**17.157**
Other non-current assets	61	39	-	-
Total non-current assets	**61**	**39**	**-**	**-**
Total assets	**460.040**	**7.196**	**210.706**	**17.157**
Short-term borrowings	61.122	1.120	28.984	-
Trade payables (net)	4.861	462	551	3.018
Other current liabilities	6.036	3.283	24	912
Total current liabilities	**72.019**	**4.864**	**29.559**	**3.930**
Long term financial liabilities	2.327.261	-	1.135.748	-
Total non-current liabilities	**2.327.261**	**-**	**1.135.748**	**-**
Total liabilities	**2.399.280**	**4.864**	**1.165.307**	**3.930**
Net balance sheet foreign currency position	**(1.939.240)**	**2.332**	**(954.601)**	**13.227**
Net asset/liability position of off-balance sheet derivatives (A-B)	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency position	**(1.939.240)**	**2.332**	**(954.601)**	**13.227**
Export	-	-	-	-
Import	48.523	32.104	-	-
Fair value of hedged funds of foreign currency	76.896	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	201.856		98.510	-

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

	31 December 2009			
		Original Currencies		
	Total TL equivalent	USD	Euro	Other Currency
Assets:				
Cash and cash equivalents	878.134	36.575	376.378	9.973
Trade receivables	3.073	553	12	2.215
Other current assets	3.589	2.117	2	396
Total current assets	**884.796**	**39.245**	**376.392**	**12.584**
Other non-current assets	175	116	-	-
Total non-current assets	**175**	**116**	**-**	**-**
Total assets	**884.971**	**39.361**	**376.392**	**12.584**
Short-term borrowings	74.502	23.805	17.895	-
Trade payables (net)	7.292	1.358	197	4.823
Other current liabilities	5.986	3.074	2	1.354
Total current liabilities	**87.780**	**28.237**	**18.094**	**6.177**
Long term financial liabilities	2.504.385	-	1.159.276	-
Total non-current liabilities	**2.504.385**	**-**	**1.159.276**	**-**
Total liabilities	**2.592.165**	**28.237**	**1.177.370**	**6.177**
Net balance sheet foreign currency position	**(1.707.194)**	**11.125**	**(800.978)**	**6.407**
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	**(1.707.194)**	**11.125**	**(800.978)**	**6.407**
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 28 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

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

31 December 2010

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

31 December 2009

	Gain/Loss	
	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**

NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

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

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

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

The ratio of net debt/ (equity +net debt) at 31 December 2010 and 2009 is as follows:

	2010	**2009**
Total liabilities	4.220.192	4.147.713
Less: Cash and cash equivalents	(884.180)	(1.281.287)
Deferred tax liabilities	(118.411)	(116.258)
Net debt	3.217.601	2.750.168
Equity	1.346.647	1.499.869
Equity +net debt	4.564.248	4.250.037
Net debt/ (Equity +net debt) ratio	**70,50%**	**64,71%**

NOTE 29 - FINANCIAL INSTRUMENTS

Fair value estimation

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

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

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

In the balance sheet, derivative financial instrument is the only item that is recognised at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2. Apart from that, for disclosure purposes, the borrowings carried at the amortised cost at the balance sheet are presented with their values in Note 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 30 - MERGER OF ENTERPRISES SUBJECT TO COMMON CONTROL

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

On 30 April 2009 Istanbul Trade RegisTL 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 TL 27.312, has been presented as "Additional contribution to shareholders' equity related to merger" under consolidated equity, as there are no related lines present at the financial statement presentation format which is held mandatory by CMB.

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

The Group reviewed the accounting policy adopted in the previous periods for the measurement of the inventory which was determining the cost by the monthly moving weighted average method previously and adopts to measure the cost value by calculated over the most recent purchase price and revalues its inventories. Restatement of financial statements has been made in accordance with IAS 8 ("Accounting Policies, Changes in Accounting Estimates and Errors") and Group restated the consolidated financial statements as of 1 January 2009.

	31 December 2009		
	As previously reported	Effect of accounting policy change over inventory valuation	Restated
Inventories	576.718	5.576	582.294
Deferred tax liabilities	(115.143)	(1.115)	(116.258)
Net profit for the period	108.024	(81)	107.943
Retained Earnings	133.067	4.542	137.609

	1 January 2009		
	As previously reported	Effect of accounting policy change over inventory valuation	Restated
Inventories	491.974	5.678	497.652
Deferred tax liabilities	(123.693)	(1.136)	(124.829)
Net profit for the period	133.067	4.542	137.609

NOTE 32 - SUBSEQUENT EVENTS

The Group decided to sell out all of its shares of Ramstore MMC, which operates with three stores in Azerbaijan and of which the Group holds 100% of shares, to a third party, Intersun Holding FZCO which is domiciled in Dubai, for 14.250.000 USD on 17 February 2011.