We bring energy to life

MiGROS

MİGROS TİCARET A.Ş.
2010 ANNUAL REPORT

Contents

Corporate Profile

Founded in Istanbul in 1954 through the joint initiatives of the Swiss Migros Cooperatives Union and the Municipality of Istanbul, the first Migros store opened in the Beyoğlu Fish Market. From its inception, Migros embraced the mission of procuring food supplies and consumer goods from producers and presenting these products to the people of Istanbul in hygienic conditions under the supervision of the municipal authorities, while offering value for money. Koç Group purchased a majority stake in Migros in 1975 and the number of stores and the brand equity have grown rapidly ever since. Following the decision of the Koç Group to dispose of its majority stake in Migros and discontinue its activities in the grocery retail industry, a share purchase agreement was signed in February 2008 concerning the transfer of 50.83% stake of the Koç Holding in Migros to Moonlight Perakendecilik ve T.A.Ş.; the closing took place on May 30, 2008. Migros Ticaret A.Ş. (formerly Moonlight Perakendecilik ve T.A.Ş.) and Migros Türk T.A.Ş. merged on April 30, 2009 and the resulting company has been operating under the name of Migros Ticaret since May 1, 2009. At present, the majority shareholder in Migros is MH Perakendecilik ve Ticaret A.Ş.

Further building on its market-leader position by acquiring the national retail chain, Tansaş, in 2005, Migros began to offer its customers differentiated brands under various formats, supported by the synergy.

The store network reached 1,932 sales points at the end of 2010, comprising of 166 M, 143 MM, 53 MMM, 1,254 Şok, 11 5M, 264 Tansaş and 11 Macrocenter stores located throughout Turkey's seven geographic regions. Internationally, 3 Ramstores in Azerbaijan, 20 in Kazakhstan and 5 in Macedonia were operated via the Company's foreign subsidiaries.

Migros has expanded its service coverage by introducing order taking through alternative shopping media including the internet, telephone, kiosks, mobile phones, catalogue ordering and delivery of these goods.

As the pioneer of the modern retail industry in Turkey, Migros meets almost all customer needs through a broad range of products from stationery to glassware, appliances to books and music to ready-wear clothing as well as its extensive range of food and consumer goods offered in its large and efficiently designed stores.

Apart from its confidence in its human resources, Migros strives to provide its customers with the benefits of the latest technology. Always focusing on and investing in information technology, Migros aims to remain one step ahead of its competitors in the industry.

Exceeding customer expectations and being able to anticipate consumer demand since its founding, Migros is synonymous with innovation and improvement in retailing. Constantly expanding into new cities with new stores, Migros, the leading retailer of Turkey, ranked 206th in the world's largest retailers list in 2010.

Our Brands

MIGROS
Pleasant shopping

The leader in the retail industry, Migros continues to be the home of pleasant shopping, innovation and high quality with its stores spread across 60 cities and 7 geographic regions. Further strengthening its differentiating characteristics from the competition with decades of sustained high quality offered at affordable prices and a constantly growing product diversity, Migros continues to welcome its customers with always renewed practices and an approach to service which makes shoppers feel privileged. The brand reaches out to a broad audience with its philosophy built on constant innovation and a wide product range.

TANSAŞ
My Super Market

Standing close to its customers by aiming to be the best in freshness, providing excellent value for money, offering a friendly and lively atmosphere and giving the best service to its neighbors, Tansaş, my super market, is always one step ahead of the competition with its "Incredible Consumer Rights" campaign. Born in Izmir, Tansaş focuses on the Aegean and Mediterranean regions as a part of its new business strategy.

MACROCENTER
Exclusively for you

The leading brand in special tastes, Macrocenter offers a distinct shopping experience with its superlative levels of service, high standards and product variety. The brand remains the reference point and serves its customers with a broad variety of products covering unique local tastes from Anatolia as well as select gourmet products from all around the world while constantly renewing itself. Operating in Istanbul, Macrocenter plans to spread its special approach to service to other cities in Turkey.

ŞOK
Shopping at its cheapest

The pioneering discount grocery store chain, Şok Discount Markets, offers basic essentials at convenient locations and supports the household budget by consistently offering the lowest and most competitive prices under the slogan of "Cannot get Cheaper". Our Şok stores continue to spread rapidly across Turkey with their new store concept.

5M
Hyper discount

Providing a unique combination of hyper discount and vast shopping areas to its customers, 5M hypermarkets reached broad audiences and gained their acceptance. As Turkey's hyper discount store, 5M Migros stores create a difference with their broad variety of textiles, household products, glassware, electronics and white goods offered in addition to a wide product range.

VIRTUAL MARKET
One stop shopping

If you are pressed for time, you can visit the Migros Virtual Market website and have what you need delivered right to your doorstep. Having increased its capacity and the number of provinces where it offers services during 2010, the Migros Virtual Market is an important address in the online purchase of retail food products. Enabling supermarket shopping from the comfort of your armchair, Migros Virtual Market delivers supermarket orders directly to your doorstep.

RAMSTORE
The gateway to the globe

As the leader of the Turkish retail industry, Migros provides services in 3 foreign countries under the Ramstore brand. The Company operates in Kazakhstan, Azerbaijan and Macedonia with a total of 30 stores, 2 of which are shopping malls.

Vision

Our vision is to be as close as possible to each of our customers through operating in different formats with a strategy of exceeding customer expectations, expanding throughout Turkey and into neighboring countries.

Mission

Our mission is to become a benchmark and a strong regional retail chain by strengthening our dominants position in the Turkish retail industry and being either first or second in our operating countries.

Strategies

Migros formulates its strategies in line with its mission to continuously raise retailing standards and to increase customer satisfaction in accordance with ongoing principles of quality and respect and maintaining leadership in the industry.

Migros's main strategy is to provide its customers with a modern, reliable, economical and high-quality service.

Thursday, May 26, 2011, Time: 10:00, Migros Ticaret A.Ş. Head Office, Ataşehir-Istanbul

Agenda of the General Assembly

1. Opening and selection of Presidency Council,

2. Notification of the General Assembly on the Expert Report, prepared by the experts appointed by the Second Commercial Court of First Instance in Kadıköy in relation to the merger, and the approval of the Capital Markets Board,

3. Decision-making on (i) the merger of Migros Ticaret A.Ş. with Ades, Amaç, and Egeden through acquisition of all their assets and liabilities as a whole, pursuant to Article 451 and other related articles of the Turkish Commercial Code, Articles 19 and 20 of the Corporate Tax Law, Article 10/A, Specific Cases in Mergers, of the Capital Markets Board's Communique (Series: I, No.: 31) on Principles of Merger Transactions, and other related legislation provisions and (ii) the approval of the consolidated financial statements dated September 30, 2010 of Migros Ticaret A.Ş., which form the basis of the merger account; the financial statements dated September 30, 2010 of Ades, Amaç, and Egeden; the Merger Contract; and other merger documents,

4. Reading and discussion of the Board of Directors Report on the operations and accounts in 2010, Auditors Report and the summary report of the independent audit company, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.; approval, approval upon amendment or refusal of the proposal by the Board of Directors on the balance sheet and income statement for 2010,

5. Individual release of Board members and auditors from liability for the Company's operations in 2010,

6. Approval, approval upon amendment, or refusal of the proposal by the Board of Directors on the distribution of the profit for 2010 and on the distribution date,

7. Information on the profit distribution policies for 2011 and subsequent years, pursuant to the Corporate Governance Principles,

8. Information on the Company's Disclosure Policy, pursuant to the Corporate Governance Principles,

9. Determination of the monthly gross wages of the, Board members, and auditors,

10. Notification of the General Assembly on the donations and assistance made by the Company in 2010 to the tax-exempt foundations and organizations for social welfare purposes,

11. Approval of the selection of the independent audit company by the Board of Directors upon the recommendation of the Board of Auditors, pursuant to the Capital Markets Board's Communique on Capital Markets Independent Auditing Standards,

12. Notification of the General Assembly on the securities, pledges, and mortgages given by the Company, pursuant to the Capital Markets Board decision no. 28/780 dated September 9, 2009,

13. Authorization of the Board members for carrying on any business in the same area of activity with the Company in their own name or on behalf of others, for entering into partnership with companies carrying out such businesses, and for performing other related activities, pursuant to Articles 334 –335 of the Turkish Commercial Code,

14. Signature of the Minutes of the General Assembly Meeting by the Presidency Council on behalf the General Assembly and authorization to be contented with it,

15. Closing.

Financial Highlights

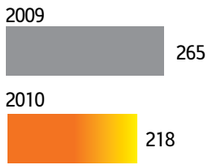
Summary Consolidated Balance Sheet (TL thousand)	2010	2009	Change (%)
Assets			
Current Assets	1,745,344	1,940,870	-10.1
Non-Current Assets	3,822,001	3,707,173	3.1
Total Assets	**5,567,345**	**5,648,043**	**-1.4**
Liabilities			
Short-term Liabilities	1,717,981	1,443,242	19.0
Long-term Liabilities	2,502,211	2,704,471	-7.5
Non-controlling interest	506	461	9.8
Equity Attiributable to Equity Holders of the Parent	1,346,647	1,499,869	-10.2
Total Liabilities and Equity	**5,567,345**	**5,648,043**	**-1.4**

Summary Consolidated Statement of Income (TL thousand)	2010	2009	Change (%)
Net Sales	6,365,124	5,711,268	11.4
Cost of Sales	4,781,403	-4,277,811	11.8
Gross Profit	1,583,721	1,433,457	10.5
Operating Expenses	-1,357,853	-1,167,516	16.3
Other Operating Income/Expenses	-7,571	-611	1.139.1
Operating Profit	218,297	265,330	-17.7
Other Income/Expenses (net)	-139,469	-130,784	6.6
Income Before Tax	78,828	134,546	-41.4
Income Tax Expenses	-36,154	-24,932	45.0
Net Income	42,674	109,614	-61.1
EBITDA	357,443	397,220	-10.0

Consolidated Sales (TL million)

Consolidated Gross Profit (TL million)

Consolidated Operating Profit (TL million)



Migros reached 1,932 total stores: 166 M, 143 MM, 53 MMM, 1,254 Şok, 11 5M, 264 Tansaş, and 11 Macrocenter stores in **7 geographic regions** and 30 Ramstore stores abroad.

Message from the Chairman

Esteemed Shareholders,

Welcome to the Ordinary General Assembly at which the Company's operating results for 2010 will be discussed.

Dear Shareholders,
National economies interact with each other much more as communications technologies evolve worldwide and countries become more outward-oriented. Similarly, the Turkish economy becomes more integrated with other economies in line with its increasing foreign trade volume. This leads to greater sensitivity to external developments. Consequently, the economic crisis in 2009 created lasting impact on both the world and Turkey. High levels of unemployment and public debt, budget deficits that could not be controlled by the governments in developed countries and the full-speed growth in developing countries suggest that generally accepted global economic dynamics will be broken.

The Turkish economy grew by 8.9 percent in 2010. This was one of the fastest growth rates among European and OECD countries. Turkey's 6.4 percent inflation rate at the end of 2010 stood out as the lowest inflation rate for more than 40 years. Although the unemployment rate was on the rise in the first half of the year, it steadily decreased in the second half from 14.0 percent in 2009 to 11.9 percent in 2010. While this decrease in unemployment rate is quite promising for the years ahead, we would like to see much lower levels in Turkey. As the leading food retail company, we contribute to the reduction in unemployment through new investments.

According to data of the Turkish Statistics Institute, the Turkish economy grew by 8.9 percent while food and beverage expenditures increased by only 2 percent. Despite this limited increase in food retailing, Migros did not restrict its investments and continued to grow. In 2010, Migros opened 438 domestic and 12 foreign stores and increased its total number of stores to 1,932. The consolidated sales of Migros increased by 11.4 percent from TL 5,711 million in 2009 to TL 6,365 million in 2010. The Company achieved a 10.5 percent year-on-year increase in gross profit and reached TL 1,584 million in 2010. In terms of new investments, Migros made a point of accelerating the opening of Şok discount stores and doubled the number of Şok stores in the past two years. Although Migros grew more rapidly in the discount store segment, which by nature has a lower margin, the Company had a consolidated gross profit margin of 24.9 percent in 2010, which means it remained almost at the same level as the previous year. While the Company achieved a 3.4 percent profit margin, the consolidated operating profit was TL 218 million. EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization) was TL 357 million with a 5.6 percent EBITDA margin. In 2010, Migros achieved TL 79 million of consolidated profit before tax while its consolidated net profit was TL 43 million. The profit before tax margin was 1.2 percent and the net profit margin was 0.7 percent.

Dear Shareholders,
In the past two years, we took significant strategic decisions in line with the developments in the world food retailing industry, with the aim to operate more effectively in the increasingly competitive environment in Turkey and in order to carry our knowledge and expertise of 57 years to the future. We reorganized almost all of our segments; these efforts are still under progress in some of them.

In the supermarket segment, we positioned Tansaş stores around the Aegean Region. Accordingly, we transformed many Tansaş stores outside the Aegean Region into Migros stores. We aim to expand the Tansaş brand in the Aegean Region where it is already very strong. We completely renewed both the interiors and exteriors of Macrocenter stores. We rapidly increased the number of stores and started to obtain quite positive operational results In Istanbul. We began to focus more on the hypermarket segment, completely renewing the whole concept and increasing the number of stores.

We also reorganized the Şok discount retailing segment. We thoroughly renewed the product range, increased the number of private label products and changed the product presentation. We created the cheapest discount retailing format in comparable products. The transformation of the old Şok stores into the new format started in the second quarter of 2010 and is still underway. We will complete this transformation in the second half of 2011.

Additionally, we increased the number of our warehouses which offer nationwide services to all of our stores in all segments from 6 to 15. We reinforced the Company's distribution chain in line with the expansion strategy and now 85 percent of the products sold in our stores are shipped from our distribution centers up from 65 percent.

Similarly, we also restructured our previously function-based management organization to create a segment-based structure.

All of these reorganization efforts incurred additional costs on Migros in the past two years; some of these costs will be also reflected on 2011. However, significant operational steps have been taken to prepare us for the future.

Dear Shareholders,
We took these reorganization steps to maintain and support the future growth and profitability of the Company within a competitive environment. We aim to build a better future for Migros by working hand in hand with our business partners and industry-leading employees.

I would like to thank you for the interest and trust you showed us by attending the General Assembly.

F. Bülend Özaydınlı
Chairman

Report of the Board of Directors

Board of Directors

Fevzi Bülent Özaydınlı	Chairman and Executive Member
Antonio Belloni	Member of the Board of Directors
Nicholas Stathopoulos	Member of the Board of Directors
Stefano Ferraresi	Member of the Board of Directors
Cedric Brice Dubourdieu	Member of the Board of Directors
Evren Rıfkı Ünver	Member of the Board of Directors
Ömer Özgür Tort	Member of the Board of Directors/General Manager
Pedro Miguel Stemper	Member of the Board of Directors
Giovanni Maria Cavallini	Member of the Board of Directors
Sharifa Salim Mohamed Al Busaidy	Member of the Board of Directors
Carlo Francesco Frau	Member of the Board of Directors

Statutory Auditors

Mustafa Bilgutay Yaşar	Statutory Auditor
Yüksel Toparlak	Statutory Auditor
Recep Bıyık	Statutory Auditor

Senior Management

Ömer Özgür Tort	General Manager
Ahmet Fuat Yanar	Assistant General Manager (Migros, 5M and Macrocenter Operations)
Erkin Yılmaz	Assistant General Manager (Finance)
Demir Aytaç	Assistant General Manager (Human Resources and Industrial Relations)
Cem Lütfi Rodoslu	Assistant General Manager (Marketing)
Mustafa Hocaoğlu	Assistant General Manager (Şok Operations)
Hakan Şevki Tuncer	Assistant General Manager (Tansaş Operations)
Tarık Karlıdağ	Director (Construction)
Mustafa Murat Bartın	Director (Information Technologies and Business Development)

Board of Directors

The Board of Directors consisted of 11 members in 2010: Fevzi Bülent Özaydınlı served as the Chairman and Antonio Belloni, Nicholas Stathopoulos, Stefano Ferraresi, Cedric Brice Dubourdieu, Evren Rıfkı Ünver, Ömer Özgür Tort, Pedro Miguel Stemper, Giovanni Maria Cavallini, Sharifa Salim Mohamed Al Busaidy and Carlo Francesco Frau as members.

At the Company's Ordinary General Assembly convened on May 20, 2010:

It was resolved that Fevzi Bülent Özaydınlı, Antonio Belloni, Nicholas Stathopoulos, Stefano Ferraresi, Cedric Brice Dubourdieu, Evren Rıfkı Ünver, Ömer Özgür Tort, Pedro Miguel Stemper, Giovanni Maria Cavallini, Sharifa Salim Mohamed Al Busaidy and Carlo Francesco Frau have been elected members of the Board of Directors to serve for a duration of three years as set out in the Articles of Association of the Company.

Pursuant to the resolution adopted at the Annual Ordinary General Assembly of Migros convened on May 20, 2010, it was resolved that members of the Board of Directors would not be paid any gross monthly salary.

The Board of Directors is authorized to decide on all matters, with the exception of those for which the General Assembly is exclusively authorized, pursuant to the Turkish Commercial Code (TCC) and the Articles of Association of the Company.

According to Article 17 of the Articles of Association, members of the Board of Directors are each elected to serve a term of three years unless a shorter term was determined at the General Assembly where they were elected. However, members whose terms of office have expired may be re-elected and the General Assembly may replace any member of the Board of Directors at any time, if it deems it necessary to do so.

Senior Management

The Senior Management consists of a team of 9 individuals: Ömer Özgür Tort serves as the General Manager, and Ahmet Fuat Yanar, Erkin Yılmaz, Demir Aytaç, Cem Lütfi Rodoslu, Mustafa Hocaoğlu and Hakan Şevki Tuncer as Assistant General Managers and Tarık Karlıdağ and Mustafa Murat Bartın as Director.

The Senior Management of the Company is appointed by the Board of Directors in accordance with the Articles of Association.

Statutory Auditors

The duties, obligations and responsibilities of the statutory auditors and other matters related to auditing are governed by the provisions of the Turkish Commercial Code (TCC).

The provisions of Article 275 of the TCC are reserved. Pursuant to Article 22 of the Articles of Association, statutory auditors are elected by the General Assembly to serve for a maximum term of three years.

As per the resolution passed at the Ordinary General Assembly held May 20, 2010, the statutory auditors were each paid a gross monthly salary of TL 500.

At the Company's Ordinary General Assembly convened on May 20, 2010:

It was resolved at the Company's Annual Ordinary General Assembly convened on May 20, 2010, that Mustafa Bilgutay Yaşar, Yüksel Toparlak and Recep Bıyık be elected as a statutory auditor to serve a term of office of three years as set out in the Articles of Association of the Company.

Audit Committee

The Board of Directors elected Stefano Ferraresi and Evren Rıfkı Ünver as the members of the Audit Committee which has been formed pursuant to CMB Communique Serial: X No: 22.

The Audit Committee reviewed and examined the statutory audit conducted as of December 31, 2010 and the report of the independent auditors. Based on this review, pursuant to the provisions of CMB Communique Serial: XI No.: 29, the Committee communicated their opinion to our Board of Directors that the consolidated financial statements drawn up in accordance with the accounting principles as published by the CMB fairly and accurately present the financial status of the Company on December 31, 2010.

Amendments to the Articles of Association

The Articles of Association were not amended in 2010.

Capital

The capital of the Company is TL 178,030,000. The names, shareholding amounts and percentages of those shareholders who control more than 10% of the existing paid-in capital of TL 178,030,000 are presented below:

Migros Ticaret A.Ş.

Shareholder	Share (%)	Amount (TL)
MH Perakendecilik ve Tic. A.Ş.	97.92	174,323,336
Publicly Held	2.08	3,706,664
Total	100.00	178,030,000

Note: MH Perakendecilik ve Ticaret A.Ş. (MH), our main partner, decided to sell its Migros shares having a nominal value of 31,000,000 Turkish lira, as stated in the material events disclosures made to the Istanbul Stock Exchange on April 6, 2011 and April 8, 2011. The share transfer/exchange transactions were completed on April 18, 2011 and the post-transaction capital structure is presented below.

Migros Ticaret A.Ş.

Shareholder	Share (%)	Amount (TL)
MH Perakendecilik ve Tic. A.Ş.	80.51	143.323.336
Other	19.49	34.706.664
Total	100.00	178.030.000

Changes in the Paid-in Capital in 2010

The Company's Paid-in Capital did not change in 2010.

Position of Migros in the Industry and Investments in 2010

Operating in the food and consumer goods industry, Migros Ticaret A.Ş. is engaged in the retail sale of food products and consumer goods, as well as their wholesale for retail consumption. The Company also operates shopping malls in Turkey and abroad through its subsidiaries.

The Company operated a network of 1,932 stores in seven geographic regions of Turkey as of the end of 2010. Migros operates 166 M, 143 MM, 53 MMM, 11 5M, 1,254 Şok, 128 Mini, 91 Midi, 45 Maxi and 11 Macrocenter stores throughout Turkey, as well as 3 Ramstores in Azerbaijan, 22 in Kazakhstan and 5 in Macedonia through its subsidiaries abroad.

During 2010, Migros opened 46 Migros (24 M, 19 MM and 3 MMM), 26 Tansaş (12 Mini, 11 Midi and 3 Maxi), 4 5M, 2 Macrocenter and 360 Şok stores. The Company also opened 10 Ramstores in Kazakhstan and 2 in Macedonia. In total, 450 new stores were opened in 2010.

Financial Structure, Dividend Distribution Proposal and Conclusion

Financial Structure

Our operating results are prepared in accordance with CMB Financial Reporting Standards which are based on the International Accounting Standards and International Financial Reporting Standards.

Migros' consolidated sales increased by 11.4 % to TL 6.365 billion in 2010, up from TL 5.711 billion in 2009. For the year, consolidated gross profit reached TL 1.584 billion, with an increase of 10.5 % YoY. The Company's consolidated gross profit margin was 24.9 % in 2010. The Company's consolidated operating profit for the year was TL 218 million with an operating profit margin of 3.4 %. Earnings before tax, interest, depreciation and amortization (EBITDA) totaled to TL 357 million, with an EBITDA margin of 5.6 %. Migros' consolidated pre-tax profit for the year was TL 79 million while consolidated net income was TL 43 million. In 2010, Migros had a pre-tax profit margin of 1.2 % and a net profit margin of 0.7 %.

The percentage of payables within total liabilities stood at 76 %. Current assets composed 31 percent of total assets while non-current assets made up 69 % of total assets. These rates stood at 73 %, 34 % and 66 %, respectively, last year.

Profit Distribution Proposal and the Result

Pursuant to the Capital Markets Board's (CMB) decision (no. 02/51, dated January 27, 2010) on profit distribution of companies listed on the Istanbul Stock Exchange (ISE) and in line with the principles in the CMB's Communique Series: IV, No.: 27, the provisions of the Articles of Association, and the profit distribution policies disclosed publicly by the Company, the Company recognized net period profit of 42,674,000 Turkish lira in its consolidated financial statements prepared for 2010 according to the CMB's requirements. It was decided that the issues of setting aside the period profit as excess reserve and of distributing dividends for 2010 would be proposed to the General Assembly. Since it is the legal limit, the allocation of primary reserve is not required.

Esteemed Associates,

We presented our operations in 2010 and their results for your information.

We kindly submit the consolidated balance sheet and income statement dated 31 December 2010 for your approval.

Respectfully yours,
BOARD OF DIRECTORS

CONSOLIDATED REPORT OF THE STATUTORY AUDITORS

To the General Assembly of
Migros Ticaret A.Ş.

Our audit results for the 2010 fiscal year of the Company are presented below for your perusal:

1. The Company had a successful period regarding its operations carried out within the framework of the Capital Markets Law and applicable legislation.

2. The required books and records were kept in accordance with the Turkish Commercial Code and applicable legislation and all documentary evidence was properly maintained.

3. In our opinion, the consolidated financial statements attached, which were prepared in accordance with the accounting principles issued by the CMB, for the period ending December 31, 2010, correctly represent the financial status of the Company as at the date and the operating results for the fiscal period.

4. Management decisions are recorded in the book of resolutions, which is kept in compliance with the procedures.

Consequently, we hereby present for your perusal the operations of the Company summarized in the Annual Report of the Board of Directors, the consolidated financial statements issued in accordance with the Capital Markets Law together with the approval of the proposal of the Board of Directors regarding the distribution of profit and the discharge of the Board of Directors.

Istanbul, March 21, 2011

Yours Sincerely,

Mustafa Bilgutay Yaşar | Yüksel Toparlak | Recep Bıyık

The leading retailer in Turkey, Migros ranked 206th on the world retailers list in 2010.

Economic overview and the retail sector

In 2010, the Turkish economy performed well beyond the expectations consensus at the end of 2009. GDP grew by 8.9% in 2010. In its 'Medium Term Plan' the Government estimates a GDP growth rate of 4.5 % in 2011. By its very nature, the grocery retail sector is affected less by economic fluctuations. During 2010, retailers sales growth potential is kept under pressure as a result of the low levels of inflation in the processed food industry, still comparatively high rates of unemployment and substitution impact caused by high levels of inflation in some essential non-food items. According Trade Council of Shopping Centers & Retailers data, although the total sales area for food and non-food products increased by 14 % and 15% respectively in December 2010, the real turnover growth, adjusted for inflation, was 2 % for the food retailing industry and 8 % for non-food industry.

The Consumer Price Index (CPI) increased by 6.40 % in the 12-month period as of the end-2010. The inflation rates for the processed and non-processed foods came up as 5.68 % and 8.52%, respectively. The CPI faced with significant declines in early 2011 as a result of the low base effect. However, strong demand for commodities increased the Producer Price Index (PPI) by 8.21% YoY by the end of April 2011. It is expected that we will see the delayed effects of PPI on CPI in the near future.

Several measures taken by the CBRT to fight against the current deficit proved decisive in the depreciation of the Turkish lira. Coupled with oil price hikes and the exchange rate effect, the impact of increasing commodity prices around the globe were felt much more severely in Turkey.

The rate of unemployment began to decline gradually in the second half of the year. According to data released by TurkStat, the rate of unemployment dropped back to 11.9 % in December. Still on the rise and hitting the youth population especially hard, unemployment tops the list of macroeconomic problems.

The world entered 2011 with rising global commodity prices and in an environment of uncertainty triggered by spreading regional political instability. It is among the possibilities that Turkey would be affected negatively by this global uncertainty or turn these crises into opportunity as one of those rare countries in the region which enjoys political stability. The Consumer Confidence Indices have been on the rise for the last 12 months.

In 2010, the Turkish economy performed well beyond the expectations. By its very nature, the grocery retail sector is affected less by economic fluctuations.

Migros Investments in 2010

Our company offers a modern shopping experience to its customers at its stores organized under different formats including Migros, Tansaş, Şok, Macrocenter, Ramstore, 5M, Virtual Market online shopping facility and wholesale stores. In 2010, the Company continued its expansion domestically by opening new stores and widened its operations abroad, especially in Kazakhstan.

Migros opened 50 Migros (24 M, 19 MM, 3 MMM and 4 5M), 26 Tansaş (12 Mini, 11 Midi and 3 Maxi), 2 Macrocenter and 360 Şok stores during 2010. The Company also opened 10 Ramstores in Kazakhstan and 2 in Macedonia. In total, 450 new store investments were made in 2010 (2007: 162; 2008: 251; 2009: 436).

At the end of 2010, the store network of Migros comprised 1,932 stores: 166 M, 143 MM, 53 MMM, 11 5M, 1,254 Şok, 128 Mini, 91 Midi, 45 Maxi and 11 Macrocenter stores located in 7 geographic regions of Turkey, as well as 3 Ramstores in Azerbaijan, 22 in Kazakhstan and 5 in Macedonia (2007: 953; 2008: 1,191; 2009: 1,586). The Company expanded its domestic network with new investments in 3 cities increasing the number of cities it operates in to 74 (2007: 57; 2008: 63; 2009: 71).

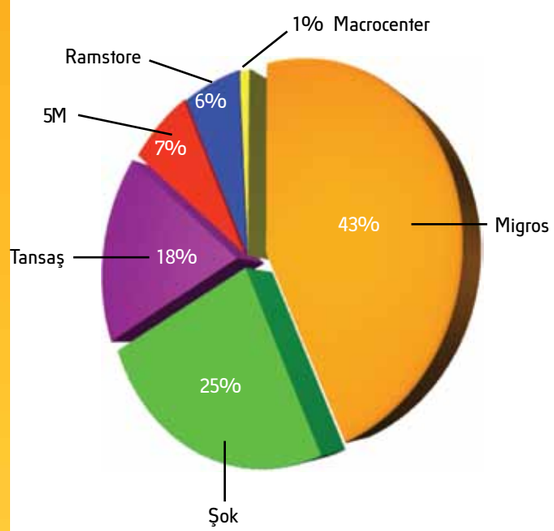
Migros operates 4 shopping malls in Turkey and 2 abroad (Kazakhstan and Macedonia). The total net domestic selling space of Migros grew by 17% YoY and reached 917,475 square meters by the end of 2010. The total net domestic and international selling space of Migros grew by 19% YoY and reached 977,301 square meters.

On the operations side, 2010 was a year in which important strategic decisions were implemented in the areas of store format restructuring and supply chain management. The Company decided to position the Tansaş brand on a regional basis in the supermarket segment, in which it operates under the brands of Migros, Tansaş and Macrocenter. In this context, Tansaş stores outside the Aegean and Mediterranean regions began to be converted to Migros stores and this conversion process was completed in April 2011.

Furthermore a lot of effort was made towards the repositioning of Şok store format in the discount store segment. This change have been implemented through three main steps. The first step is growth and the number of Şok stores doubled within the last two years. The second step is the strengthening of the supply chain for supporting growth and the number of distribution centers has been increased to 15 from 6 within the last two years with the addition of 9 new distribution centers. The third step is the renovation of the in-store design and updating of the product portfolio. As a result of these efforts, the number of products (SKUs) has been reduced and share of original brand products within the product portfolio has been increased. The restructuring work of the Şok stores are planned to be completed by the end of the first half of 2011. The number of 5M Hypermarket and Macrocenter store formats are increasing with new store openings. On the other hand, the organizational structure of the Company has also been restructured on format-based management approach in order to leverage existing synergies.

During 2010, Migros opened 50 Migros, 26 Tansaş, 2 Macrocenter, 360 Şok and 12 Ramstore stores. The total net domestic and international selling space of Migros grew by 19% YoY and reached 977,301 square meters by the end of 2010.

2010 Breakdown of Net Sales Area (%)



Number of Stores (Domestic)

	2008	2009	2010
SPM	517	579	637
Discount	652	980	1,254
HPM	6	7	11
Total	1,175	1,566	1,902

Net Sales Area (Thousand m²)

	2008	2009	2010
SPM	512	565	609
Discount	118	173	239
HPM	39	44	70
Domestic	669	783	917
International	29	39	60
Total	698	822	977

International

	2008	2009	2010
Azerbaijan	3	4	3
Macedonia	2	3	5
Kazakhstan	10	12	22
Kyrgyzstan	1	1	-
Total	16	20	30

Total Number of Stores

	2008	2009	2010
Total	1,191	1,586	1,932

New Investments of Migros in 2010

50 Migros Stores

M	MM	MMM	5M
24	**19**	**3**	**4**
Adana (1)	Ağrı (1)	Hatay (1)	Afyon (1)
Ankara (3)	Ankara (1)	Istanbul (1)	Ankara (1)
Antalya (1)	Antalya (1)	Sakarya (1)	İstanbul (2)
Aydın (1)	Bursa (2)		
Bursa (1)	Diyarbakır (1)		
Hatay (1)	Istanbul (6)		
Istanbul (6)	Izmir (2)		
Izmir (3)	Mersin (1)		
Kocaeli (1)	Muğla (2)		
Muğla (3)	Sakarya (2)		
Ordu (1)			
Rize (1)			
Sakarya (1)			

26 Tansaş Stores

Mini Tansaş	Midi Tansaş	Maxi Tansaş
12	**11**	**3**
Adana (1)	Antalya (2)	Antalya (1)
Afyon (1)	Balıkesir (1)	Bartın (1)
Ankara (1)	Hatay (1)	Kütahya (1)
Aydın (1)	Istanbul (2)	
Balıkesir (1)	Izmir (1)	
Istanbul (2)	Kayseri (2)	
Izmir (1)	Muğla (1)	
Konya (1)	Osmaniye (1)	
Muğla (1)		
Sakarya (1)		
Tokat (1)		

2 Macrocenter stores

İstanbul (2)

360 Şok Stores

Adana (3)	Bursa (11)	Izmir (14)	Nevşehir (1)
Adıyaman (2)	Çanakkale (4)	Kahramanmaraş (1)	Niğde (1)
Afyon (4)	Çankırı (6)	Karabük (1)	Ordu (4)
Ağrı (2)	Çorum (2)	Kars (3)	Osmaniye (2)
Aksaray (4)	Denizli (5)	Kastamonu (5)	Rize (4)
Amasya (2)	Edirne (3)	Kayseri (12)	Sakarya (22)
Ankara (16)	Elazığ (5)	Kırıkkale (1)	Samsun (6)
Antalya (24)	Erzincan (1)	Kırklareli (1)	Sinop (4)
Artvin (2)	Erzurum (7)	Kırşehir (3)	Sivas (7)
Aydın (8)	Eskişehir (3)	Kilis (2)	Şanlıurfa (1)
Balıkesir (12)	Gaziantep (3)	Kocaeli (5)	Tekirdağ (7)
Bartın (4)	Giresun (2)	Konya (6)	Tokat (4)
Bayburt (1)	Gümüşhane (3)	Kütahya (1)	Trabzon (3)
Bilecik (1)	Hatay (5)	Malatya (1)	Uşak (4)
Bingöl (1)	Iğdır (3)	Manisa (2)	Yalova (3)
Bolu (3)	Isparta (3)	Mersin (10)	Yozgat (4)
Burdur (2)	İstanbul (51)	Muğla (2)	Zonguldak (5)

12 Ramstores

Kazakhstan (10)

Macedonia (2)

Number of Stores and Net Sales Area

	2009	2010	Change (%)
Turkey	**1,566**	**1,902**	**21.5**
5M	7	11	57.1
M	112	166	48.2
MM	110	143	30.0
MMM	46	53	15.2
Şok	980	1.254	28.0
Mini	146	128	-12.3
Midi	97	91	-6.2
Maxi	59	45	-23.7
Macrocenter	9	11	22.2
Domestic Net Sales Area (m²)	**783,147**	**917,475**	**17.2**
International	**20**	**30**	**50.0**
Kazakhstan	12	22	83.3
Azerbaijan	4	3	-25.0
Macedonia	3	5	66.6
Kyrgyzstan	1	-	-100.00
International Net Sales Area (m²)	**38,980**	**59,826**	**53.5**

Information on the Merger of Migros Ticaret A.Ş. with Ades, Amaç, and Egeden through Acquisition

Migros Ticaret A.Ş. (Migros) acquired shares of Ades Gıda Sanayi ve Ticaret Anonim Şirketi (Ades), Amaç Gıda Ticaret ve Sanayi Anonim Şirketi (Amaç) and Egeden Gıda Tüketim Malları Ticaret ve Sanayi Anonim Şirketi (Egeden) on July 31, 2010.

The Boards of Directors of Migros, Ades, Amaç, and Egeden decided on the merger at their Board meetings held on December 17, 2010. The merger will be carried out through the participation of Ades, Amaç and Egeden into Migros via dissolution without liquidation, and acquisition of all the assets and liabilities included in the financial statements dated September 30, 2010 of Ades, Amaç, and Egeden as a whole and in a tax-free manner by Migros, pursuant to Article 10/A Specific case in mergers, of the Capital Markets Board Communique (Series: 1, No: 31) on the Principles of Merger Transactions, Article 451 on mergers and other related articles of the Turkish Commercial Code, and Articles 19 and 20 of the Corporate Tax Law.

Since Migros has more than 99.9 % shares in Amaç, Ades, and Egeden, the merger transactions will be carried out pursuant to Article 10/A, Specific Cases in Mergers, of the Capital Markets Board's Communique (Series: I, No: 31) on Principles of Merger Transactions; therefore, this merger does not require an independent audit report, expert report, or board of directors report.

The merger will be based on the consolidated financial statements dated September 30, 2010 of Migros and the financial statements dated September 30, 2010 of Ades, Amaç, and Egeden. An Expert Report was prepared for the merger by the experts appointed by the Second Commercial Court of First Instance in Kadıköy, pursuant to the provisions of the Capital Markets Board's Communique (Series: I, No 31) on the Principles of the Merger Transactions.

The Expert Report was based on the equity method. Pursuant to the equity method, it was determined that the merger ratio is 1.00 and that Migros would not increase its capital.

Migros will not increase its capital and the other partners of Ades, Amaç, and Egeden will not be given any shares as a result of this acquisition.

CMB's approval on merger transactions was received at the CMB meeting held on March 24, 2011 and the announcement of this merger was published in the Turkish Trade Register Gazette, Dünya daily, Sakarya Yenigün daily, ISE KAP system, and on the Migros corporate web site (www.migroskurumsal.com) on April 22, 2011.

The merger will be submitted for the approval of the shareholders in the Ordinary General Assembly meetings of the parties to be held on May 26, 2011.

On the Share Sales of MH Perakendecilik ve Ticaret A.Ş.

MH Perakendecilik ve Ticaret A.Ş. (MH), our main partner, decided to sell its Migros shares having a nominal value of 31,000,000 Turkish lira, as stated in the material events disclosures made to the Istanbul Stock Exchange on April 6, 2011 and April 8, 2011. The share transfer/exchange transactions were completed on April 18, 2011 and the post-transaction capital structure is presented below.

Migros Ticaret .A.Ş.		
Name	Share Percentage (%)	Share Amount (TL)
MH Perakendecilik ve Tic. A.Ş.	80.51	143,323,336
Other	19.49	34,706,664
Total	100.00	178,030,000

Marketing and Sales Activities

Migros Club and CRM (Customer Relations Management)

As the largest customer loyalty program in Turkey, Migros Club was re-launched under the name of "Money Club" in March 2010. Allowing its cardholders to save on their purchases and earn points by spending at contracted merchants, Money Club has become the fastest-growing customer loyalty program in Turkey. The number of Money Club members increased by 59% in 2010, rising to 8.3 million.

Money Club ushered in a new era in the retail industry by launching the country's largest and most comprehensive exclusive retail campaigns, providing maximum possible benefits to its cardholders. Very difficult to be replicated in the medium term, it has brought a different perspective to the campaigns run in the industry through its unique mechanism.

Customers are given the chance to save in their total purchases if they do all their shopping in Migros group and achieve their personal targets determined by the loyalty program. Designing this promotion was made possible by 12-year customer loyalty program experience, expertise and technology infrastructure of Migros.

Within the campaign, Migros examined each customer's shopping patterns in detail and set a personalized spending target for each of them. The Company monitored customer shopping patterns for the duration of the campaign and provided each customer club activity information with direct communication and on their shopping receipts.

Money Club coverage expanded in 2010. Customers received the opportunity to earn points not only by shopping in Migros but also in other store formats, use all the points they earned in all other store formats, receive discounts and benefit from personalized offers according to their personal spending patterns.

During the development of the Money Club program, the Company wanted customers to benefit from shopping at stores in other lines of businesses besides those of the Migros group stores. The first joint cooperation is with Shell & Turcas, one of Turkey's leading fuel oil companies, which kicked off in 2010. Program members could now begin to earn points at Shell service stations by using their Money Club cards, spend their points both at the service station stores or by buying fuel, and benefit from campaigns run at Shell stations.

The name "Money Card", which is the credit card version of Money Club, was changed to "Money Visa" in 2010. As a result of special campaigns and promotions, the membership of Money Visa card reached 400,000.

We continued to offer our customers low and competitive prices in 2010 thanks to the pricing policy implemented during the year. Migros average price increases remained below 8.57% the 12-month CPI inflation rate for 2010.

Product Management

Our priority at Migros is to provide our customers with quality and healthy products at affordable prices. We offered our customers low and competitive prices in 2010 thanks to the pricing policy implemented during the year.

Besides offering affordable prices, we helped our customers to have the products they need most at the best prices, and to save on their budgets. The campaigns organized with the support of our suppliers on important days such as the International Women's Day, World Animal Day and the like attracted a great deal of attention from our customers. Also, various campaigns including catalogue and weekend discounts were organized throughout 2010.

A leader in offering innovative products to its customers, Migros has always been the first brand to introduce Turkish customers to many new products. This longstanding tradition continued in 2010. The Company searched for popular local products compatible with Migros standards and we introduced our customers to many new imported products.

The "Good Agricultural Practices" initiative, launched in early 2010, was expanded in scope to include meat and dairy products. In addition, we began to offer Good Agricultural Practices certified products to our customers in other store formats besides Migros and Macrocenter. As a result of the program through which 2,700 producers switched to the production of certified products, Migros provided its customers with healthy and fresh products tested based on criteria regulated by the Ministry of Agriculture.

Also within the year, fresh food products began to be delivered directly to our stores through the rapidly expanding distribution centers. As a result, product availability rates at our stores increased and customer satisfaction levels rose considerably.

Private Labels

Private labels continued their growth throughout 2010. The restructuring of the Şok store format in 2010 greatly contributed to the development of the private label product category. Şok discount stores opened its doors to its customers in their new concept with 400 new and 73 different private label products.

The number of products in the portfolios of the "M Selection" and "M Life" brands launched in Migros in 2009 grew to 50 by the end of 2010.

The Migros electronics brand portfolio was updated with the inclusion of Fire-X in the heater category and Touch Me in the home appliances category. Also, existing brand portfolios in the categories other than textiles and food were updated in 2010.

The number of private label products continued to increase also in 2010 and reached 1.175. The restructuring of the Şok store format in 2010 greatly contributed to the development of the private label product category.

Diligently responding to and recording customer calls, the Migros Call Center served 613,000 customers in 2010.

Customer Services Hotline 444 10 44

Responding to calls at the customer care line at 444 10 44 from 8:30 a.m. until 10:00 p.m. throughout the week in order to maximize customer satisfaction, Migros Call Center personnel diligently responds to and records customer calls.

The Call Center answers 90% of incoming calls, provides solutions to every type of issue our customers have and relay those calls which cannot be resolved immediately to the relevant business departments.

Migros Call Center served 613,000 customers in 2010. After the relaunch of Migros Club as Money Club and expansion of its scope to include all Migros formats and more customers, the Call Center saw a significant increase in the number of calls received in 2010. The Call Center received 350,000 calls in 2009.

With its operating principle of responding very quickly to customers, the Call Center handled 92% of its calls within 48 hours as of the end of 2010. The remaining 8% were examined and analyzed in detail by the Quality Assurance Department and our customers were provided with product-based feedback.

Through the Easy Cashier application, our customers can pay invoices of more than 150 institutions at 7,000 cashiers in our stores. As a result of this project in cooperation with Garanti Bank, Migros customers can make natural gas, electricity, water, telephone, internet and other bill payments easily.

Migros Online Shopping

www.sanalmarket.com.tr

As one of Turkey's leading websites in online shopping, the Migros Virtual Market offers its products and services to customers with all the benefits provided in a Migros store, including the same prices and advantages on a 24/7 basis. Migros Virtual Market received a monthly average of 350,000 hits in 2010.

Diversifying its service provision through smart phones and PDAs in addition to the internet and mobile phones, Migros Virtual Market continued its rapid growth in 2010. Expanding its operations to 61 stores, Migros Virtual Market from which the online orders are serviced climbed to 65 with the inclusion of seasonal locations.

Migros Virtual Market introduced the industry to a new technological innovation with the launch of the first "Mobile Market" iPhone application in 2010. With the Mobile Market application, Migros customers can now scan the barcode on the product they want to buy using the camera on their mobile phones just like they do at the counters; they can then fill their shopping carts with anything and from anywhere they like. The Mobile Market application can be accessed from all mobile phones and our customers can benefit from the same prices and advantages offered in our Migros stores.

Working seamlessly with www.sanalmarket.com.tr, the Mobile Market application allows customers to use the search function as they browse the shopping aisles or select products from their past shopping lists; in addition, they can purchase products via barcode scanning. One of the most important features of the Mobile Market application is that it allows customers to start shopping on a computer and finalize it on a smartphone or vice versa.

Migros Virtual Market began using social media more effectively by launching its dedicated Facebook and Twitter pages in 2010. Through its Facebook and Twitter pages, Migros allows customers to follow new campaigns and products instantly, share them with their friends, and benefit from exclusive campaigns and advantages by downloading the Facebook Virtual Market application.

The campaigns run at Migros stores are fully integrated with the Migros Virtual Market facility. As a result, our customers can benefit from the campaigns when they shop online at Migros Virtual Market.

The latest service launched in the e-commerce field is "Macroonline." Differentiated through its high service standards and product quality, a boutique store providing you with "Exclusive" services, Macrocenter began its online operations in designated districts in Istanbul in 2010. Macroonline delivers customers orders to their door between 10:30 and 21:00. The service features professional order preparation and distribution teams, vehicles equipped with air conditioners and special transportation compartments.

Launched in 2009, the www.dahaucuzuyok.com.tr website continues to offer electronic appliances, computers and white goods to our customers at reasonable prices with fast delivery times.

Further diversifying its service provision through smart phones and PDAs in addition to the internet and mobile phones, Migros Virtual Market received a monthly average of 350,000 hits in 2010

Information Technology Projects

We continue our investments in information technologies in order to make life easier for our customers and improve the efficiency of our business processes. Our major investment in 2010 are;

Easy Cashier

Through the Easy Cashier application, our customers can pay invoices of more than 150 institutions at 7,000 cashiers in our stores. As a result of this project in cooperation with Garanti Bank, Migros customers can make natural gas, electricity, water, telephone, internet and other bill payments easily. In addition, our customers can pay for their credit cards issued by or in cooperation with Garanti Bank at our cashiers.

Jet Kasa (Cashier)

To date, nearly 6 million customers have taken advantage of our 'Jet Kasa' express check-out initiative which shortens check-out lines in 51 stores in 13 cities. New express check-outs also provide cash-payment options to customers. The total number of express check-outs has risen to 178 and express check-outs accounted for 30% of credit card transactions in stores equipped with this facility.

Mobile Market

Implementing the first virtual market application of Turkey in 1997, Migros has undertaken another pioneering project in this field with its Mobile Market application. Using the Mobile Market application, with the cooperation with Turkcell, our customers place their orders whenever they want or wherever they are by scanning the barcodes of the desired products with their iPhones or selecting the products by using the application. Customers can also use any mobile phone which has access to the internet to place an order through the Mobile Market portal.

Supply Chain Management

Having adopted global standards in food safety, Migros aims to provide its customers with products in a healthy environment in order to keep their confidence. Products are checked thoroughly, from procurement to the final consumer stage to achieve it.

During this process, which is a part of the "sustainable quality" approach, internationally accepted quality certificates and certificates of analyses of the products are obtained from the suppliers. If needed, products are sent to foreign accredited institutions for lab analysis. In addition, products on store shelves are regularly sampled for lab controls.

Migros introduced the use of hand held terminals during quality and food safety audits performed at regular intervals as required by its Quality Management System. As a result, store managers now can receive audit results within the same day and implement improvements rapidly

In 2010, Migros began the delivery of fresh produce to its stores directly from its distribution centers. This process came to life through a successful integration of ISO 9001 Quality Management System and ISO 22000 Food Safety System. All critical control points are checked at the distribution centers where the fresh produce delivery process begins. This means better food safety in a more controlled environment during delivery process.

Agricultural standards, which began to implemented in EU countries initially under EuropeGap and later renamed GlobalGap, were employed by the Ministry of Agriculture in Turkey under the name of "Good Agricultural Practices" (GAP). Adopting these practices, Migros began the procurement of GAP-certified products from its fruit and vegetable suppliers.

Being considered a social responsibility undertaking, the Good Agricultural Practices program dates back to the project submitted to the Ministry of Agriculture and Rural Affairs in 2009. Migros formed its own GAP group with 19 producers and received its first GAP certificate in 2009. Migros' GAP group grew to include 2,700 producers. In addition, Migros began to cooperate with 70 Agricultural Credit Cooperatives for GAP-certified product procurement.

Besides providing training to its own personnel within the scope of Good Agricultural Practices, Migros also conducts training for hundreds of personnel employed by its subcontractors. Migros has provided direction for the agricultural production activities of the producers, who have become parts of the Good Agricultural Practices Project, helped them organize their farms, contributed to their social benefits and job safety, and reduced their costs by helping them make better use of agricultural technology. The Company has also informed more than 3,000 producers about the GAP program during seminars and trade fairs.

At Macrocenter and Migros stores, our customers, with the assurance of Migros quality, can buy fresh fruits and vegetables, which are healthy, with known producers, packers and expiration dates, having a sustainable quality and supply, and that are officially certified by the Ministry of Agriculture without having to pay extra for.

Migros introduced the use of hand held terminals during quality and food safety audits performed at regular intervals as required by its Quality Management System. As a result, store managers now can receive audit results within the same day and implement improvements rapidly.

Successful companies rely on successful employees. Well aware of this fact, Migros supports programs which contribute to the development of its employees. Development planning and career management processes are implemented across all of our formats and at all levels at Migros.

Human Resource and Training

One of the Company's most important strategic goals is to develop human resources who are well-skilled professionally, customer-oriented, process-focused, fired-up to make a difference within the Company. Migros HR policy can be summed up as "Developing Human Resources that will give us a Competitive Edge", which parallels the vision, mission and strategies of the Company. The importance we place on continuous training and personal development allows us to remain one step ahead of our competition in this highly competitive environment.

In parallel with the Company's sales area growth, Migros recruited 6,165 people both in Turkey and abroad in 2010. The average number of our personnel climbed to 18,945 during 2010 with the new recruits. And Migros received a total number 300,000 job applications over the course of the year.

In order to create a new pool of human resources, the Company continued to work in close cooperation with universities, trade vocational high schools and institutions of higher learning with retailing departments in 2010. Within the scope of cooperation we entered into with the Turkish Employment Agency (İŞKUR) in 2010, we provided theoretical training to participants at the Istanbul Lifelong Learning Center of Izmir University and hands-on training at Migros stores. Those participants who scored well on the exams following their training program started to work at Migros stores.

Average Employee Age

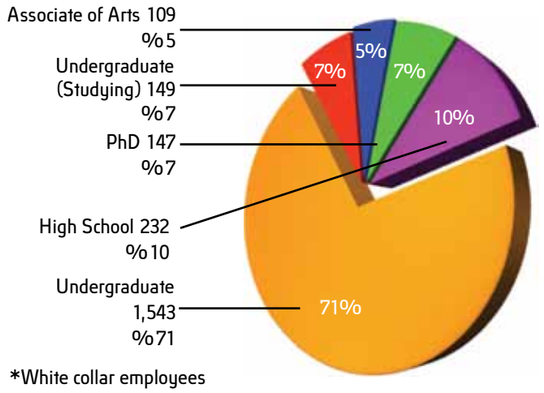
28

Average White Collar Term of Service

8,8 year

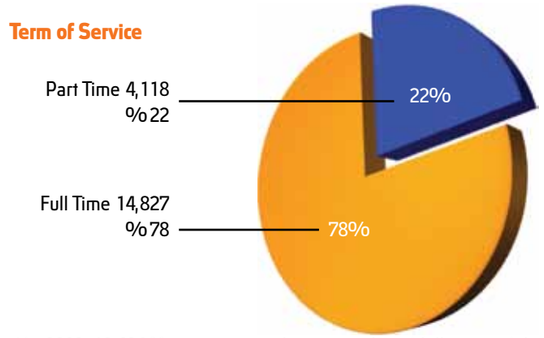
We employ 473 disabled personnel in our Company as of the end of 2010. As the Company with the highest number of disabled employees, Migros was awarded by the Istanbul Metropolitan Municipality and the Istanbul Center for the Disabled (ISOM). Also, our Company won Kariyer.Net's "Respect to Human" award two years in a row.

Level of Education*



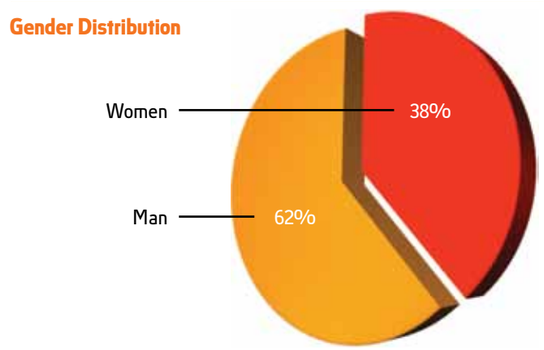
*White collar employees

Term of Service



*In 2009, 12,694 Migros personnel were employed full-time, while 3,690 were employed on a part time basis.

Gender Distribution



Employee satisfaction is one of the priorities of Migros. Migros conducts the study on the 'Assessment of Work Life" every year to gauge the level of satisfaction of its employees and develop action plans towards improvement. A platform called "Your Voice" was created to evaluate employee feedback following the study. The Company addressed areas for improvement by holding a variety of workshops. Proposed projects are implemented according to their order of priority.

Our employee evaluation systems are fair, traceable and transparent. At Migros, we are the pioneers who adopt the latest technologies and most effective processes.

Our aim with the Performance Management System is:

• To communicate the strategies and goals of the Company throughout the entire workforce,
• To manage the performance of our employees by evaluating them objectively according to our common principles,
• To direct the career development/recruitment, remuneration package and individual career development policies according to evaluation results,
• To motivate those employees who have made progress in achieving their career goals and retain qualified employees in the Company,
• To reward our employees who have met target levels of performance and/or exceeded expectations in time.

In addition, we conduct skills assessments every two years using the 360 degree method to design and develop employee improvement plans. This tool helps Migros employees to recognize their improvement areas and to hone their skills. Based on the results of these assessments, we determine potential candidates for promotion , create a pool of candidates and guide the career plans of our employees.

We, as Migros employees, are a large and a powerful family with our loved ones. An advantage card platform, "My Family and I" was launched to benefit employees from the combined purchasing power in their personal spending on goods and services from selected vendors.

The strong communication, cooperation and solidarity among our employees continued to be our priority during the year. "Migros Sports Fest" with the participation of our employees across the entire country was organized for the second time in 2010. Migros Sports Fest saw around 700 employees actively participate in various events. 108 employees of our Company who excelled at the football, basketball, volleyball, tennis and chess games held during the Sports Fest received awards.

As a part of environmental initiatives with the support of our customers, we launched the "Migros Employees' Grove" Project in cooperation with the Aegean Forest Foundation, and established the first grove in Çeşme, Izmir. Many employees of Migros attended the ceremony in the grove where more than 6,000 saplings were planted.

Migros HR policy can be summed up as "Developing Human Resources that will give us a Competitive Edge", which parallels the vision, mission and strategies of the Company. The importance we place on continuous training and personal development allows us to always remain one step ahead of our competition in this highly competitive environment.

Successful companies rely on successful employees. Migros supports a variety of programs that contribute to the development of its employees. Development planning and career management processes are implemented across all of our formats and all levels at Migros.

The "Migros Development and Learning Strategy" is designed to develop highly skilled, dynamic, reliable and efficient human resources to best satisfy the Company's current and future needs from within the organization in line with the Company's strategic goals.

Migros training programs offered for employees' personal and professional development continued during the year. Training consists mainly of original retail-based programs. A wide range of topics are covered, including Store Management, Management Improvement, Excellence in Service, Complementary Specialization Programs for Retailing, and Professional, Functional Competency Development Programs. In 2010, we provided our employees with 170,104 days of training by using hands-on, classroom and distance learning training methods (2009: 132,201).

Developing our employees on an ongoing basis and prioritizing training of our management staff from within our own organization are among the most important traditions of Migros.

One of the most effective tools we have at our disposal is the AkadeMig Training Portal to which over 20,000 of our employees can access anytime and anywhere for a training program. The scope of the AkadeMig and Vocational School, Store Management Faculty and Faculty of Administrative Sciences under the Migros Retailing Academy was expanded to include training programs that support the professional development of Migros employees. The Company's employees will be able to use a more dynamic, rapid and active AkadeMig when the renewed portal goes live in the first quarter of 2011.

The extent of our cooperation with the most respected educational institutions of Turkey for the training and development of our employees continues to increase. In 2010, 23 middle managers graduated from the MPMT Program implemented at KÜMPEM, the Koç University Migros Professional Management Training Center. Students received a 216-hour pre-MBA equivalent program in the retail industry. With the latest group of graduates, a total of 155 middle managers have now completed the program.

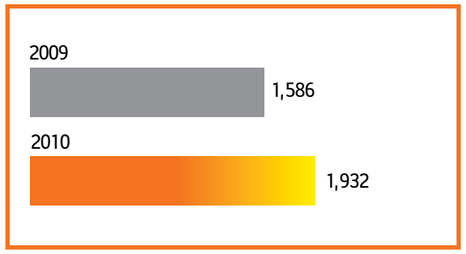
Developed in cooperation with the Anadolu University Open Education Faculty in order to support in-house career development and to create equal academic educational opportunities for our employees, the undergraduate and graduate programs customized for the needs of Migros continued in 2010. Currently, 226 of our employees are enrolled in the "Migros Retailing Associate Degree Certification Program" and the "Migros Retailing Undergraduate Program." These programs are provided to employees to help them overcome the educational hurdles barring them from advancing in their careers.

We also continued to support events and activities where we come together with undergraduate students, to strengthen our ties with Turkey's youth who embody our future. Migros is the main sponsor for the Istanbul Technical University Symposium of Industrial Engineering Students (EMÖS). We also sponsored the MBA Forum co-organized by Sabancı and Bilkent Universities in 2010. Migros also met with many undergraduate students at Career Days activities organized by universities in various provinces. In addition, Migros is actively involved in efforts to establish retailing departments in trade and vocational schools to be able to create employment opportunities for their graduates.

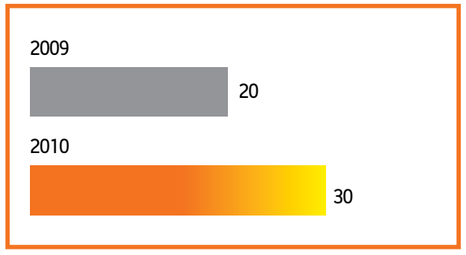
Our foreign subsidiaries have grown significantly in 2010.

In 2010, we opened 12 stores in three countries we operate and reached a total of 30 stores.

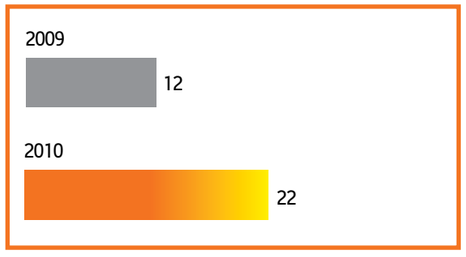
Number of Stores (Domestic & International)



Number of Stores (International)



Number of Stores (Ramstore-Kazakhstan)



Foreign Subsidiares

Our foreign subsidiaries made an imprtant contribution to our consolidated sales and profitability in 2010. Although 2010 was a challenging year for the food retailing industry throughout the world, our foreign subsidiaries increased their sales volume by 15.1 %. Our earnings before interest, tax, depreciation and amortization (EBITDA) margin was 8.8 %.

Migros foreign subsidiaries experienced a significant growth in 2010. We opened 12 new stores in 3 of our operating countries, increasing the total number of stores to 30. Our total sales area grew by 53.5% YoY, climbing to 59,826 square meters in 2010.

In 2010, the primary driving force behind our international growth has been Ramstore Kazakhstan. Ramstore Kazakhstan opened 10 new stores in 2010: 9 supermarkets (3 in Almaty, 2 in Astana, 1 in Uralsk, 2 in Aktau and 1 in Atyrau) and 1 hypermarket (Almaty). As a result, Ramstore Kazakhstan reached 22 stores; 2 hypermarkets and 20 supermarkets, in 7 cities at the year-end. Our total sales area grew by 72.40% YoY, rising to 49,164 square meters in 2010.

Kazakhstan's strong macroeconomic indicators and underdeveloped food retailing industry bode well for the Company's future growth in that market.

Ramstore Macedonia began to serve customers in 2010 by opening the Kalkandelen Ata store in Tetovo and Novo Lisice store in Skopje. Today, Ramstore operates 3 stores in Skopje and 2 in Tetovo. With the new stores, the total sales area in Macedonia at year end rose to 7,442 square meters. These 5 stores served 2.1 million customers during 2010.

With operations that include 3 stores with a combined area of 3,220 square meters as of the end of 2010, Ramstore Azerbaijan MMC's shares were sold to "Intersun Holding FZCO" of Dubai, UAE in February 2011. A share transfer agreement was signed to effect the transaction.

In 2010, the primary driving force behind our international growth has been Ramstore Kazakhstan. Ramstore Kazakhstan opened 10 new stores in 2010: 9 supermarkets (3 in Almaty, 2 in Astana, 1 in Uralsk, 2 in Aktau and 1 in Atyrau) and 1 hypermarket (Almaty).

Financial Results and Evaluations

Migros operates in a net selling area of 977,301 square meters in 1,932 stores both domestically and abroad as of year end 2010. The consolidated sales of Migros increased by 11.4 % from 5,711 million Turkish lira in 2009 to 6,365 million Turkish lira in 2010. The Company's consolidated gross profit grew by 10.5 % to 1,584 million Turkish lira. The price rises in Migros remained below the general inflation level in 2010 as in the past years. On the other hand, the Company's consolidated gross profit margin was 24.9 % in 2010. This shows that, although the majority of new stores opened by Migros in 2010 were in the format of Şok in the discount retailing segment, the Company's consolidated gross profit margin remained almost at the same level as the prior year. The Company's consolidated operating profit margin was 3.4 %, with consolidated operating profit of 218 million Turkish lira. However, EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) was 357 million Turkish lira with a 5.6 % margin. In 2010, Migros posted 79 million Turkish lira of consolidated profit before tax, with a consolidated profit before tax margin of 1.2 %; additionally, consolidated net profit was 43 million Turkish lira, with a consolidated net profit margin of 0.7 %.

Migros cash and equivalents decreased by 31 % to 884 million Turkish lira, as a result of dividends distributed and the rapid investment program in 2010. In line with the rapid growth strategy, 46 Migros, 4 5M, 26 Tansaş, 2 Macrocenter, 360 Şok, and 12 Ramstore stores were opened in 2010, totaling one of the highest number of new store openings in recent years.

In 2009, Migros reported 68 million Turkish lira of interest income on bank deposits and securities and 19 million Turkish lira of exchange difference income on a consolidated basis. In 2010, interest income on bank deposits and securities was 25 million Turkish lira while the foreign exchange difference income increased to 133 million Turkish lira. As a result of the Euro/Turkish lira exchange rate differential as of the year end of 2009 and 2010, 132.5 million Turkish lira forex gain is booked from the valuation of EUR liabilities and 58.2 million Turkish lira loss from the valuation of EUR deposits.

95.8 % of the Company's sales were made domestically. The domestic sales of 5,476 million Turkish lira in 2009 increased by 11.3 % to 6,095 million Turkish lira in 2010. Domestic gross profit of 1,372 million Turkish lira in 2009, which represented 25.1 % of the overall sales, grew by 10.5 % to 1,517 million Turkish lira in 2010. The domestic gross profit margin was 24.9 % in 2010. The domestic EBITDA was 334 million Turkish lira with a domestic EBITDA margin of 5.5 %.

Ramstore Kazakhstan, 100 % owned by Migros, achieved rapid growth in 2010 and opened 10 new stores, which increased the total number of stores to 22. Ramstore Macedonia, which operated with a shopping mall and two stores as of the year-end 2009, opened two new stores and increased the number of its stores to five. The rapid increase in international investments had a positive impact on sales; international sales grew by 15.1 % to more than 270 million Turkish lira in 2010. The international gross profit of 61 million Turkish lira in 2009 increased by 9.5 % and reached 67 million Turkish lira in 2010, with an international gross profit margin of 24.8 %. The international EBITDA of 24 million Turkish lira represented 6.7 % of the consolidated EBITDA. The international EBITDA margin was 8.8 %.

2010 was a year in which we accelerated productivity investments and we rapidly grew as planned. We aim to obtain returns on the productivity investments in and after 2011. We will continue to move forward as per our growth-focused strategy in 2011. While implementing our growth plans, Migros will always prioritize productivity. Migros will also continue to exploit the inorganic growth opportunities, if suitable conditions arise.

Financial Results and Assesstments

Consolidated Results

Summary (TL thousand)	2010	%	2009	%	Change (%)
Sales	6,365,124	100.0	5,711,268	100.0	11.4
Gross Profit	1,583,721	24.9	1,433,457	25.1	10.5
Operating Income	218,297	3.4	265,330	4.6	-17.7
EBITDA	357,443	5.6	397,220	7.0	-10.0
Income Before Taxes	78,828	1.2	134,546	2.4	-41.4
Net Income	42,674	0.7	109,614	1.9	-61.1

Domestic Results

Summary (TL thousand)	2010	%	2009	%	Change (%)
Sales	6,094,720	100.0	5,476,357	100.0	11.3
Gross Profit	1,516,602	24.9	1,372,164	25.1	10.5
EBITDA	333,585	5.5	372,061	6.8	-10.3

International Results

Summary (TL thousand)	2010	%	2009	%	Change (%)
Sales	270,404	100.0	234,911	100.0	15.1
Gross Profit	67,119	24.8	61,292	26.1	9.5
EBITDA	23,858	8.8	25,158	10.7	-5.2

Migros has been repetitively selected as the most admired company, has ranked among the top 10 in the Ethical Accountability Rating since its first year, and has steadily climbed up in the world retail leagues, all proving that the Company is on the right path.

Known for its "firsts" and innovation drive not only in the food retailing industry but also throughout the entire business world, Migros continues to be sensitive to the needs and expectations of the society in its operations for over half a century.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR)

Creating value for its customers, employees and all business partners while continuing its activities as a good corporate citizen, Migros strives to respond to the needs of society and future generations by implementing sustainable projects and practices in its corporate social responsibility activities. The Company also aims to be a good role model for the diffusion of social responsibility. Therefore, Migros progresses forward with a corporate philosophy which makes contact with society, prioritizes productivity and assumes the obligation and responsibility to provide benefits to individuals.

Acting with the awareness in all of its business processes that the world's resources are not infinite, Migros implements those practices which would leave a more livable world and environment to the future generations. However, Migros does not limit its corporate social responsibility activities to generally defined projects and resources set aside for them. Basing its corporate social responsibility projects on sustainability, Migros prefers to play a role in projects which make contact with society, leave its mark, fulfill a societal need and serve as a role model to a wide audience for the solution of these problems.

As a good corporate citizen, Migros sees as part of its corporate social responsibility philosophy to provide healthy and safe products to the many people who visit its stores every day and provide them with friendly service. This philosophy requires Migros to have "sensitivity and responsibility" across a wide spectrum, from the hygiene and the safety of its products to the satisfaction of the employee who welcomes the customers and business partners.

Migros also encourages the voluntary participation of its employees in its corporate social responsibility projects. The main force behind the success of Migros over half a century is its employees. The Company's human resources policies adopt a long term strategy, aim for widespread impact and consider human beings valuable.

Migros conducts its operations as a law-abiding institution which respects universal values and the personal rights of its employees; the Company does not engage in any discriminatory practices among its personnel, sets aside resources and time for their personal and professional development and undertakes to provide a safe and healthy environment.

Principles such as transparency, accountability, responsibility and fairness have been adopted by institutions which believe in the importance and necessity of corporate responsibility. These same principles light the road of Migros in its pursuit of growth. Within this framework, Migros takes special care to maintain a harmonious relationship with all of its business partners based on mutual benefit and ethical conduct.

Receiving "Turkey's Most Admired Retailer Company" designation in consecutive years, ranking among the top 10 companies in "Accountability" and climbing in the global retailing league tables are all clear indicators that Migros is on the right road.

Migros Corporate Social Responsibility Projects

Migros implements a wide variety of projects in many areas including the environment, arts and culture, sports, education and social assistance. The Company maximizes the benefits it provides to society through corporate social responsibility projects by participating in cooperative arrangements. In addition, Migros supports projects implemented by NGOs for the advancement of civil society in Turkey and to expand the reach of such institutions in the country. To this end, the Company donated a total of TL 757, 073.02 to various foundations and associations to provide for the benefit of society in 2010.

Environment

Spearheading the development and implementation of environmental projects, Migros runs campaigns to raise awareness of environmental issues and to protect the environment by prioritizing the needs of future generations in Turkey. The Company also continues to work towards ensuring efficient and economical use of resources.

330,000 Saplings in the Aegean Region

In response to the request of its customers from the Aegean Region, Tansaş increased the number of saplings planted there to 330,000. The growing customer sensitivity was sparked by the Company's social responsibility project initiated in cooperation with the Aegean Forest Foundation in 2006 that planted 100,000 saplings in the Urla region. With the support of our customers, the reforestation campaign planted 78,000 saplings in Dikili; 21,160 in Torbalı; 38,316 in Şirince, Selçuk 30,000 in Çeşme and 60,000 in Seferihisar. A total of 330,000 saplings were planted to help in the reforestation of areas destroyed by fire in the region.

Under a social responsibility project executed during 2008, Tansaş started to sell Aegean Forest Foundation olives in its stores in the Aegean Region; in 2010, the Company expanded the scope of this project to include all of its stores throughout Turkey. Putting a local asset into the broader economic cycle, the initiative also helps forestation with one sapling planted for each jar of olives sold.

Migros also worked this year with its employees to contribute to the protection of nature. Within the scope of the "Migros Employees' Grove" Project undertaken in cooperation with the Aegean Forest Foundation, the first grove was established in Çeşme, Izmir. Many employees of Migros attended the planting ceremony in the grove where more than 6,000 saplings were planted.

"Biodegradable Bags" are an industry standard today

Creating a "first" with its environmentally friendly "Biodegradable Bag" project, Migros has received a huge positive response from its customers and all segments of society for its innovative initiative. Biodegradable Bags have become an industry standard today.

While conventional plastic bags take 100 years to degrade in the natural environment, plastics manufactured with Oxo biodegradable technology completely degrade within as little as 24 months because of a special additive introduced during the production stage.

Progressive steps: Cloth Bags

To complement the biodegradable bag project, Migros presented a new environmentally sensitive option to its customers by introducing cloth bags. Inscribed with the phrase "It is in my Hand to Protect the Environment", the popularity of cloth bags, which customers can use repeatedly many times, is rising with each passing day. The fact

that per customer plastic bag use decreased by 7% in 2010 is a testament to the success of cloth bags.

Eco-Friendly Kiosk

The recycling kiosk is yet another representation of the environmentalist approach adopted by Migros. Customers use these kiosks to scan the barcodes of empty packaging and then dispose of them of in separate bins holding waste paper, glass, plastic, metal and batteries; customers are rewarded with bonus points for their recycling efforts. Environmentally-concerned customers can redeem their "Environment Points" in purchases made during the same calendar month. Recycling of waste packaging collected at stores generates savings equivalent to the monthly electricity consumption of 700 households each year.

Migros cooperated with ÇEVKO (Environmental Protection and Packaging Waste Recovery and Recycling Foundation) on World Environment Day to raise environmental awareness among children, by entertaining primary school students in its stores and acting as an intermediary for the recycling of the discarded packaging brought in by students through environmental kiosks.

Migros supported reforestation activities, which were undertaken to raise the awareness among children that the most effective way to fight against droughts and desertification was to plant trees, within the scope of April 23 National Sovereignty and Children's Day. As a member of ÇEVKO, Migros has led efforts to promote recycling and recovery of waste by funding initiatives oriented toward recycling and reuse. A total of 3,152 tons of branded packaging waste was collected as part of these efforts, with the proceeds given to ÇEVKO.

Acting in its role as a proponent of environmental awareness, Migros collects waste for recovery at its reuse facility. During 2010, a total of 15,171 tons of paper, cardboard, packaging and metal waste was collected from Migros stores and administrative units and sent to be recycled.

To ensure efficient use of energy resources, Migros has installed computer-aided lighting and heating controls in the Company head office, its stores and administrative units.

Further in its support of recycling, electronic waste was returned to the economic cycle: 43,668 kilograms of electronic scrap was used and recycled without causing any harm to the environment. Of this amount, 72.5% was recycled into raw materials upon extraction of precious metals, while 25% was converted into energy by thermal processing. The remaining 2.5% was disposed of completely in an environmentally-safe manner.

Health

Migros adopted as a goal the provision of its products, both in the food and non-food categories, in a hygienic environment in order to sustain the well-being of its customers. To this end, Migros maintains strict control over all its operational processes, from the procurement of products to the delivery to end users, by using criteria developed by its Quality Management department.

Having adopted global standards in food safety, Migros carries out necessary laboratory testing of its products based on its "Sustainable Quality" approach before they are offered for sale on shelves. Internationally accepted certifications and independent quality analyses of products are obtained from suppliers and evaluated. If appropriate, products are sent to accredited independent laboratories for analysis based on designated parameters. Products on shelves are sampled and sent to relevant institutions for analysis.

A meticulous practitioner of food safety and quality management requirements, Migros endorsed the importance it attaches to customer satisfaction and food safety with the certification earned and expanded these related practices to all store formats. For the extension of ISO 9001:2000 Quality Management System Certification received in 2005 and ISO 22000 Food Safety Certification received in 2006, all store formats and distribution centers were audited during 2009, upon which the certifications were renewed by the TSE (Turkish Standards Institute). Migros realized the "Fresh Food Delivery Process" through the successful integration of the ISO 9001 Quality Management System and the ISO 22000 Food Safety System.

Good Agricultural Practices (GAP)

In 2010, Migros was awarded the Agricultural Trade Award by the Agricultural Association of Turkey thanks to the pioneering role it played in the development of GAP. The Good Agricultural Practices of Migros have established a new standard in Turkish food retailing industry. To help customers win the right to consume pesticide-free vegetables and fruits, Migros has undertaken not to sell any vegetable or fruit which does not comply with the Good Agricultural Practices standard. During the production phase of these products, soil, water, pesticides and hormone analyses are conducted systematically. Migros has held meetings with farmers where the practices are implemented and has offered them purchase guarantees. Through this arrangement, Migros has contributed to the livelihoods of both our customers and farmers. The number of farmers Migros has contracted with reached 2,700 in 2010.

Under the GAP, 236 different criteria are fulfilled so that agricultural products with the highest nutritional and hygienic values reach the shopping carts of Migros customers. Accordingly, every stage of production is recorded, while numerous criteria are observed all the way through. These include the selection of the seeds to be sown by producers and the potential environmental impact of the production on the soil as well as the standard applicable to pesticides and fertilizers to be used, to the health of field workers. This regimen helps maintain the productivity and fertility of the soil, providing a healthy environment for future generations. Mandating a wide variety of

records such as soil and water analyses in produce and auditing the same, the GAP thus certifies audited and recorded production.

LÖSEV

With the help of LÖSEV's donation boxes placed in stores, Migros continued to be instrumental in channeling its customers' support to this Foundation for Children with Leukemia. Donations help the foundation respond to the needs of children suffering from leukemia and other blood diseases, and their healthcare and education requirements in particular. Donation boxes are also placed in the stores to raise funds for the Cancer Society.

Culture & the Arts

Migros gives utmost importance to the future of children. The Company develops corporate social responsibility initiatives for their benefit based on the slogan "Walking Hand in Hand towards the Future." Using theater as a means to introduce children to the arts and encourage their overall cultural development, Migros plans to maintain its longstanding support to the theater.
To date, Migros has helped bring plays with different themes to the stage for approximately 700,000 children. Opening its curtains with a new play every year to instill appreciation of the theater among the youth population, the Migros Children's Theater staged a total of 86 plays in 11 cities during 2010. Directed by Enis Fosforoğlu, the plays focused mainly on love and peace. Children can attend the productions free-of-charge, thanks to the Migros Children's Theater that has gone on stage in 39 cities in Turkey since its launch.

The April 23rd Theater Festival, jointly held for 17 years with Migros and the State Theaters, continued to stage children's plays during the fortnight that includes April 23rd in various cities where Migros is present. Visitors to Migros stores can receive free invitations. A number of productions were held in numerous cities within the scope of the Festival, combining the joy of Children's Day and children's excitement of the theater.

Sports

Migros' support for sports continues at an increasing pace
Migros continues its support for sports which launched by entering into cooperation with TEGV in 2008 to help ensure a positive perception of exercise as a lifestyle by a wide population.

Under the project "Young Jerseys", Migros aims to form sport teams for children aged 11 to 12 in various cities. The training of amateur teams consisting of children from different neighborhoods at TEGV's Education Parks in select cities instills an appreciation for sports in youngsters. To this end, Migros began to renew existing football fields and set up football teams at TEGV's Education Parks; the Company also raised funds to help ensure that youngsters recognize and accept sport as a lifestyle.

Under the project, Migros will provide 2,944 children with certified training developed by the Turkish Football Federation at 11 educational parks.

The Special Olympics Turkey campaign, undertaken with the support of 5 million Migros customers, continues to touch the lives of more mentally challenged youngsters. The campaign is a joint initiative of Migros and Procter & Gamble. Under the campaign, Special Olympics Turkey presents opportunities for the training of special athletes and a total of 3,500 challenged children and youngsters have participated to date. During the 2010 Special Olympics held in Warsaw, Poland, 23 special athletes representing our country made us beam with pride by winning 27 medals.

Having made its debut in 2009, Migros Sports Fest expanded in scope this year with the inclusion of volleyball and tennis now joining football, basketball and chess. Migros employees from the Adana, Ankara, Antalya and Izmir branches who competed in the finals held in Istanbul felt the excitement, thrill and happiness infused by sports throughout the tournament during which they displayed the spirit of sportsmanship.

Education

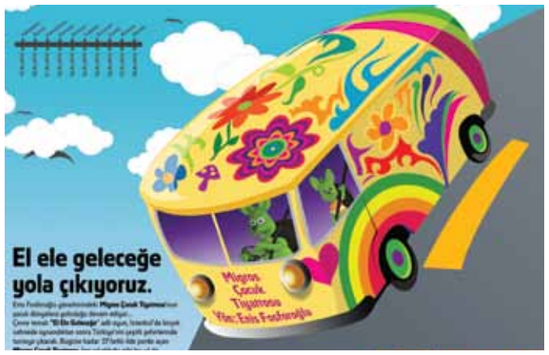
Migros designs and implements pioneering projects to support the development of our children and youth, who represent our future, and to contribute to their upbringing as individuals able to function for the benefit of the community. Migros allocated funds for projects carried out by non-governmental organizations working in the educational arena.

In 2010, Migros continued to donate a proportion of the revenues generated by private label brands in its stores to the Educational Volunteers Foundation of Turkey (TEGV).

With the voluntary assistance of its employees, Migros offered project support by providing Vocational High School Coaching to 17 schools in 13 provinces.

In order to present a meaningful gift to children on April 23rd, Turkey's National Sovereignty and Children's Day, Migros offered a 50% discount on all its toys and children's books in its Migros, Tansaş, 5M and Macrocenter stores April 23 - 25, 2010. Customers were also offered the opportunity to give these products to children as gifts through TEGV.

The "Migros Retailing Associate Degree Certification Program" was developed in cooperation with the Anadolu University Open Education Fa-



culty. A total of 226 employees enrolled in the program which aims to provide equal opportunity to those who want to advance in their careers. The Program:

• Is a "first" in the sense that employees work and study within the Company, and their studies are supported by the Company.
• Is open to all employees as an equal opportunity.
• Is an extensive and long-term strategic process through which the Company and its employees can develop themselves together more rapidly and effectively for the challenges of tomorrow.
• Helps raise professional standards by training knowledgeable, qualified and experienced human resources for the retailing industry.

Migros offers innovations for a comfortable life

As the leading company of the Turkish retailing industry, Migros offers the best and latest retailing practices to make life easier for its Turkish consumers with the use of advanced technology.

Jet Kasa 'Cashier'

The 'Jet Kasa' express check-out system, launched by Migros for the first time in Turkey in 2009, was expanded in scope thanks to the great interest shown by our customers. In 2010, the Company introduced Cash 'Jet Kasa' check-out systems. 'Jet Kasa' shortened waiting times and made life easier for our customers.

Easy Cashier

With the Easy Cashier facility, customers can make all kinds of bill payment transactions including natural gas, electricity, water, telephone, internet and credit card bills at stores operated by the Migros Group.

Mobile Market

Launching the first virtual market of Turkey, Migros introduced the Turkish retailing industry and consumers to the concept of "Mobile Market" in 2010. This innovation allows online shoppers to place orders with Migros from the comfort of their homes or use their mobile phones scan the barcodes on products.

ATM

Migros customers can take the advantage of the ATMs in our stores using debit cards issued from any bank.

Social Solidarity

The recipient of the "Turkey's Most Admired Retailer Company" award again in 2010, Migros strives to be a role model in every aspect to live up to this proud achievement. The Company takes on social assistance initiatives which will advance feelings of social responsibility and solidarity in Turkish society. Joining hands with its employees, business partners and customers in these projects, Migros acts with due sensitivity commensurate with its leadership mission.

During the Feast of Sacrifice, customers had the opportunity to make donations through Migros stores and the Virtual Market to the Children's Home Society (Darüşşafaka), the Foundation for the Training and Protection of Mentally challenged Children (ZİCEV), the Istanbul Foundation of Education and Support for Mentally Challenged People (İZEV) and the Association of Support for the Physically Handicapped People.

Migros also supported the Babıali Festival organized by the Turkish Journalists' Association to keep the Babıali spirit alive and carry our cultural heritage on to the future.

Migros donated 5 computers to Samsun Tahnal Elementary School contributing to the education and future of the students.

For October 4th, World Animal Day, Migros offered a 50% discount on all pet category products.

MİGROS TİCARET A.Ş.

Corporate Governance Principles Compliance Report

1. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Migros Ticaret A.Ş. accepts the Corporate Governance Principles issued by the Capital Markets Board of Turkey (CMB). Migros is aware of the benefits that implementation of these principles will bring to the Company, its stakeholders and ultimately to the country. Our goal is to be an exemplary company in this respect and we review our practices on a continuous basis and make improvements as necessary.

Our Company has adopted the main principles of Corporate Governance which are:
a) Fairness
b) Transparency
c) Responsibility
d) Accountability.

A Corporate Governance Committee was established in 2007. Nicholas Stathopoulos, Ömer Özgür Tort, Erkin Yılmaz and Affan Nomak are the elected members of the Corporate Governance Committee since June 14, 2010.

Our corporate website (www.migroskurumsal.com) is updated daily in order to provide more extensive information on the Company to our stakeholders. In addition, dedicated websites are available on each of our Company's formats for the information of the general public and our stakeholders.

You can access the Corporate Governance Principles Compliance Report of Migros at www.migroskurumsal.com by visiting the Investor Relations section where you can also find the Annual Reports of previous years.

PART I - SHAREHOLDERS

2. Investor Relations

The Investor Relations Department, was formed in Finance Department to respond to shareholders' requests for information about the Company. The Investor Relations Department manages the processes related to the General Assembly, capital increases and dividend payments; the Department also handles all shareholder requests and transactions made in conjunction with these processes.

In addition, the Department represents the Company before the Capital Markets Board (CMB), Istanbul Stock Exchange (ISE), Central Registry Agency (CRA) and Takasbank (ISE Settlement and Custody Bank Inc.). The Department also keeps the minutes of the meetings of the Board of Directors and General Assemblies, discloses the material events to the ISE pursuant to the CMB Communique (Serial VIII, No: 54) and implements the disclosure policy of the Company, among other activities. The Investor Relations Department is also responsible for preparing the information sets for shareholders at the General Assemblies and making sure that shareholders have easy access to these documents. The Investor Relations Department of Migros monitors relevant legislation as well as the communiques issued by the CMB and informs senior management about courses of action for achieving full compliance.

By making use of all available communication tools (including one-on-one meetings, conferences, corporate website, phone, e-mail, investor bulletins and investor presentations), the Department interacts with and informs Migros shareholders and brokerage analysts who prepare reports about the Company. The Department is responsible for the preparation of annual reports as well as the coordination of activities relating to Corporate Governance. It specifies the areas for improvement and supports the senior management of the Company in order to create an exemplary institution. All shareholders can submit their information requests about the Company by sending an e-mail to yatirimci@migros.com.tr. All other channels of communication are also available to shareholders.

Assistant General Manager for Finance: Erkin Yılmaz
Address: Turgut Özal Caddesi No: 12 34758 Ataşehir / ISTANBUL
Telephone: 0216 579 30 00

Finance Group Manager: Ferit Cem Doğan
Telephone: 0216 579 30 00

Investor Relations Manager: Dr. Affan Nomak
Telephone: 0216 579 30 00

The dematerialization of securities is undertaken by Yapı Kredi Securities Inc. advising Migros. The retroactive transactions of a total of 138 Migros and 12 Tansaş shareholders who had not exercised their bonus stock options in time and/or claimed their dividend entitlements during the year were carried out at the Company headquarters. In addition, 565 Migros and Tansaş shareholders who made inquiries by telephone were referred to Yapı Kredi branches to be able to exercise their rights.

3. Shareholders' Rights to Information

Disclosure

The Investor Relations Department responds to all shareholder information requests as quickly as possible without any discrimination. The goal of the Company is to ensure that all shareholders have simultaneous and easy access to information. Respecting the rights of the shareholders to information, all disclosures concerning our Company are also posted on our corporate website. The Investor Relations Department keeps Migros shareholders and brokerage analysts informed by using every communication tool and opportunity available.

Auditing

According to the Articles of Association of Migros, 3 (three) auditors, either among the shareholders or from outside, shall be elected by the General Assembly for a maximum 3 (three) years.

The General Assembly of Migros, also taking into consideration the proposal of the Audit Committee, resolved that "DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." (Member of Deloitte Touche Tohmatsu International), which was nominated by the Board of Directors, serve as the independent auditor for 2010 fiscal year.

MİGROS TİCARET A.Ş.

Corporate Governance Principles Compliance Report

At the meeting of the Board Of Directors of Migros, held on March 30, 2011, it was decided according to the proposal by our Audit Committee that DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Deloitte Touche Tohmatsu International) be elected as the independent audit company for the 2011 accounting period. This decision will be submitted to the General Assembly for approval, according to the Board's resolution.

A two-member Audit Committee has been formed by the Board of Directors of Migros. At the meeting of the Board of Directors of the Company held on October 14, 2010, Stefano Ferraresi and Evren Rıfkı Ünver were elected as members of the Audit Committee.

The internal audit activities of the Company are discussed in the relevant sections of the Corporate Governance Principles Compliance Report.

4. General Assembly

Particular attention is paid that all topics that are required to be discussed pursuant to applicable rules and regulations are covered in the agenda.

General Assemblies are open to all stakeholders and media representatives.

In the General Shareholders' Assemblies, the Chairman of the Board of Directors and Members are authorized to carry out the operations stipulated in the Article 334 and Article 335 of the Turkish Commercial Code.

Annual Ordinary General Assembly

The Ordinary General Assembly, in which the activities and accounts of Migros Ticaret Anonim Şirketi for the year 2009 are reviewed, was held at Migros Ticaret A.Ş. Head Office Building located at Turgut Özal Caddesi No. 12 34758 Ataşehir/Istanbul on May 20, 2010 at 11:00. Ministry Representative Mehmet Ali Köse, appointed by Letter No. 30751 dated May 18, 2010 from the Istanbul Provincial Directorate of Industry and Commerce under the Ministry of Industry and Commerce, was present as observer.

The balance sheet, income statement, annual report of the Board of Directors, reports of statutory auditors and independent auditors of the Company and the proposal on the distribution of the annual profit were made available to shareholders for their examination at the Company's headquarters as of May 3, 2010.

Upon the Ministry commissioner's examination of the list of attendees, it was acknowledged that out of 17,803,000,000 shares corresponding to the Company's total paid-in capital of 178,030,000 Turkish lira, a total of 17,432,334,258.3 shares equaling 174,323,342.853 Turkish lira were represented at the General Assembly.
The minutes of the General Assembly and the list of attendees were delivered to the ISE immediately after the conclusion of the General Assembly. In addition, the minutes of the General Assembly were published in the Turkish Trade Registry Gazette on May 28, 2010, Issue 7573 and delivered to shareholders by fax and e-mail upon their request.

At the General Assembly of Migros Ticaret A.Ş. held on May 20, 2010, it was resolved that 195,833,000 Turkish lira be distributed as dividend to the shareholders from the following resources: 31,500,000 Turkish lira current year net profit; the remaining 164,333,000 Turkish lira extraordinary reserves excluding inflation restatement differences. Distribution of dividends commenced on May 28, 2010.

5. Voting Rights and Minority Rights

As stipulated in the Articles of Association of Migros, none of the Company's shares enjoy any privileged voting rights. All votes are equal. At the General Assemblies, every shareholder is entitled to one vote for each share of stock he/she holds. There is not any reciprocal shareholding arrangement with any partner. The Company avoids engaging in any practice which would complicate shareholders' right to vote.

At the General Assemblies, shareholders can cast their votes either personally or through a proxy they will appoint from among shareholders/non-shareholders. The sample proxy forms, which are required to be issued for shareholders who will not be able to attend the meeting in person, are posted on our corporate website (www.migroskurumsal.com) and published in the Turkish Trade Registry Gazette and daily newspapers.

Open voting by raise of hands is employed in General Assemblies when shareholders vote on each agenda item.

6. Dividend Payment Policy and Timing

There are no privileges regarding participation in the Company's profit. Dividends are paid within the legally prescribed time periods and the payment date of dividends is designated by the General Assembly. Dividends are paid within the time periods stipulated by law and as soon as possible after the conclusion of the relevant General Assembly.

Payment of dividends has always been an important matter for Migros, which always aimed to protect the interests of its shareholders. The utmost attention is given to the fine balance between the growth strategy and dividend payment policy.

In line with the Company's long-term strategies, investments and financing plans and profitability, the dividend amount is determined by the Board of Directors and submitted for the approval of the General Assembly, computed in accordance with the communiques published by the CMB and regulations, and can be distributed in cash or in the form of bonus shares of stock, or some combination of the two. This is the Company's policy for the next three years. Any changes to this policy will also be shared with the public separately.

7. Transfer of Shares

The Articles of Association of the Company does not contain any provisions restricting the transfer of shares. According to the Articles of Association, the Board of Directors is authorized to make decisions on issuing shares priced above their nominal value and to impose restrictions on the rights of existing shareholders to acquire new shares.

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PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Corporate Disclosure Policy

The public disclosures of the Company are made in an accurate and timely manner pursuant to the Communique Serial: VIII, No. 54 published by the CMB on Principles Governing Disclosure of Material Events. In addition, public disclosures are also made on all important matters which might impact the decisions of shareholders as well as other stakeholders. Disclosures are also posted on our corporate website in order to allow shareholders access to publicly disclosed information easily. The Company has also devised a public disclosure policy, shared with the public. The Company announces its dividend payment policy in annual reports and on its corporate website; it is also presented for the information of the shareholders at the General Assemblies.

The Investor Relations Department is under obligation to respond to each and every question directed to the Company by the shareholders in an accurate, complete and impartial manner.

The public disclosure policy of Migros obliges the Company to share any kind of information upon request unless such information is a commercial secret or would provide a competitive advantage to third parties or would adversely affect the Company's operations.

9. Disclosure of Material Events

During 2010 the Company delivered a total of 32 material event disclosures. In situations where the ISE solicited additional explanations relating to these disclosures or news which appeared in the press, our Company responded immediately. All material event disclosures have been delivered over the KAP (Public Disclosure Platform) system since June 1, 2009.

Public disclosures are also posted on the corporate website together with their English versions to provide foreign investors with the same information.

Periodic financial statements, notes, annual reports and interim annual reports are shared with the public to provide an accurate and complete view of the Company's financial position. Financial statements are prepared in compliance with national/international accounting standards in consolidated format in compliance with communiques issued by the CMB. The accounting policies of the Company are referred to in the notes to financial statements. The Company's annual reports are prepared in sufficient detail to allow all concerned parties to obtain the necessary information and are updated every fiscal year in line with the applicable legislation/needs.

The Company designates an independent audit firm each year and requires this independent audit firm to rotate after a given period. Consultancy services are not obtained from the firm designated as an independent auditor.

10. Company Website and its Content

Migros launched its corporate website at www.migroskurumsal.com for the use of its shareholders and customers in 1997.
Our corporate website (www.migroskurumsal.com) was re-launched after being redesigned and enriched in content in August 2009. In addition, we have created dedicated websites for each of the Company's formats for the use of our stakeholders. Our corporate website provides visitors with information under the main headings of "About Us", "Our Brands & Stores", "Corporate Social Responsibility", "Quality and Product Safety", "Investor Relations", and "Human Resources"; the site also contains information on the CMB Corporate Governance Principles published by the CMB (Section II, Article 1.11.5), among many other relevant topics.

The Investor Relations section of our corporate website covers topics such as "Migros Corporate", "Financial Reports", "The Increase of Company Capital and Distribution of Dividends", "Information on General Assemblies", "Material Disclosures", "Announcements to Shareholders", "Frequently Asked Questions", and "Contact Us". Our investors can find more detailed information about Migros in the subsections under these main headings. The Investor Relations webpage is updated as needed and allows our investors to access up-to-date information easily.

The corporate website also contains trade registry information and the shareholding structure in Turkish and English as required by law.

11. Disclosure of Ultimate Controlling Individual(s) Shareholder(s)

The shareholding structure of Migros Ticaret A.Ş. is presented below.

Shareholder	Share (%)	Amount (TL)
MH Perakendecilik ve Tic. A.Ş.	97.92	174,323,336
Publicly Held	2.08	3,706,664
Total	100.00	178,030,000

Note: MH Perakendecilik ve Ticaret A.Ş. (MH), our main partner, decided to sell its Migros shares having a nominal value of 31,000,000 Turkish lira, as stated in the material events disclosures made to the Istanbul Stock Exchange on April 6, 2011 and April 8, 2011. The share transfer/exchange transactions were completed on April 18, 2011 and the post-transaction capital structure is presented below.

Name	Share Percentage (%)	Share Amount (TL)
MH Perakendecilik ve Tic. A.Ş.	80.51	143,323,336
Other	19.49	34,706,664
Total	100.00	178,030,000

There are no preferential shares.

The changes to the shareholding structure in the reporting period are discussed in the relevant sections of the 2010 Annual Report.

Pursuant to CMB Communique Serial: VIII, No. 54, the Company's chairman and the members of the Board of Directors, General Manager and Assistant General Managers, other persons with significant decision-making authority and responsibilities in the partnership and shareholders directly or indirectly owning more than 5% of the Company's shares or parties acting together with such shareholders are required to make material disclosures when they buy or sell Migros shares.

12. Public Disclosure of Those Who Have Access to Insider Information

Names of the members of the Board of Directors and statutory auditors of our Company and of those in senior management positions as

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well as any changes to the senior management during the year are presented in the Annual Report.

Fevzi Bülent Özaydınlı	Chairman and Executive Member
Antonio Belloni	Member of the Board of Directors
Nicholas Stathopoulos	Member of the Board of Directors
Stefano Ferraresi	Member of the Board of Directors
Cedric Brice Dubourdieu	Member of the Board of Directors
Evren Rıfkı Ünver	Member of the Board of Directors
Ömer Özgür Tort	Member of the Board of Directors / General Manager
Pedro Miguel Stemper	Member of the Board of Directors
Giovanni Maria Cavallini	Member of the Board of Directors
Sharifa Salim Mohamed Al Busaidy	Member of the Board of Directors
Carlo Francesco Frau	Member of the Board of Directors
Mustafa Bilgutay Yaşar	Statutory Auditor
Yüksel Toparlak	Statutory Auditor
Recep Bıyık	Statutory Auditor
Ömer Özgür Tort	General Manager
Ahmet Fuat Yanar	Assistant General Manager
Erkin Yılmaz	Assistant General Manager
Demir Aytaç	Assistant General Manager
Cem Lütfi Rodoslu	Assistant General Manager
Mustafa Hocaoğlu	Assistant General Manager
Hakan Şevki Tuncer	Assistant General Manager
Tarık Karlıdağ	Director
Mustafa Murat Bartın	Director

The Board of Directors consisted of 11 members in 2010: Fevzi Bülent Özaydınlı served as the Chairman and Antonio Belloni, Nicholas Stathopoulos, Stefano Ferraresi, Cedric Brice Dubourdieu, Evren Rıfkı Ünver, Ömer Özgür Tort, Pedro Miguel Stemper, Giovanni Maria Cavallini, Sharifa Salim Mohamed Al Busaidy and Carlo Francesco Frau served as members.

Changes to the Board of Directors and related information are presented in detail in the Board of Directors section of the Annual Report.

PART III - STAKEHOLDERS

13. Informing Stakeholders

The corporate governance practices of Migros guarantee the rights of its stakeholders, also governed by law, regulations and mutual contractual agreements. The employees, shareholders, subsidiaries of and third-party individuals or entities with which the Company has business relationships may submit suggestions or report violations on corporate governance issues directly to the executives of the Company. Such submissions or reports are evaluated and necessary feedback is provided to the applicants. Migros publishes the names and contact information of the Department Heads of the Company on its corporate website thus making it possible for stakeholders to directly contact the Manager overseeing a particular issue and direct their questions and opinions to the relevant person firsthand. The objective of this model is to allow for the establishment of a more transparent and effective communications model between the Company and its stakeholders.

The Investor Relations Department informs the shareholders and other concerned parties of any development related to the Company.

The section of the Migros Code of Conduct concerning employees is presented under the title of "Rules of Ethics" and other principles are presented below:

The responsibilities of Migros towards other companies

1. Migros abides by the law in all of its activities.
2. Migros does not derive any unlawful benefit from any person or entity under any circumstances. Procurement decisions regarding goods and services are made based on well-established and publicly disclosed criteria.
3. It is important for Migros that its business partners do not damage its image and reputation and that they respect the accepted business values of the Company.
4. Migros checks and monitors the services it obtains on an ongoing basis from other organizations to ensure that they are provided in full legal compliance.
5. Migros does not share the confidential information of its suppliers with any third party without permission.

Social responsibilities of Migros

1. Migros strives to upgrade its service standards in order to satisfy the expectations of its customers.
2. Migros seeks to set an example for the community by fulfilling all of its tax and other obligations in a complete and timely manner.
3. Migros does not make any derogatory, derisive or offensive statements about other companies, organizations, products or individuals.
4. Migros takes the utmost care in all its activities to preserve nature and historic integrity while acting in accordance with customs and traditions of the community and observing legal rules and regulations.
5. Migros stands for business ethics in its industry and strives for the establishment, dissemination and adoption of these principles.

The responsibilities of Migros employees towards the Company

1. Migros employees categorically reject any pecuniary or non-pecuniary incentives which may come from any third parties within their areas of responsibility.

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2. Migros employees inform their immediate superiors whenever they enter into a direct business relationship with a company in which a close relative is employed or he/she is a minority or majority partner.
3. Migros employees take utmost attention and care in their duties and they make every effort to ensure that the work they perform is higher in quality, faster and more efficient.
4. Migros employees refrain engaging in any action or behavior which would damage the image and reputation of the Company and during work hours they comply with the generally accepted code of conduct and the dress policy of the Company.
5. Migros employees do not remain indifferent or silent in any situation which runs counter to the interests of the Company and shall notify the concerned business units.
6. Migros employees avoid waste by putting all the fixtures, tools and equipment owned by the Company to use for their intended purposes. The employees do not use the resources and facilities of the Company for their own private benefit.
7. Migros employees do not divulge any confidential or private information which they might be privy to due to their position or the work they perform outside the Company and they do not give interviews or make statements of any kind to any media organization without the prior consent of the Company management.

Responsibilities of Migros employees towards other employees

Migros employees do not share the private information regarding their co-workers they might be privy to with others outside the Company.

General responsibilities

"The Migros Business Ethics Committee" is responsible for dealing with issues that are not addressed by the principles set forth above.

14. Stakeholders' Participation in the Company Management

The Article No. 7 of "The Company's Responsibilities toward its Employees" section of the Migros Code of Conduct states: "In matters that are related to employees, Migros seeks to include the opinions of its employees as much as possible in any decision concerning the future of the Company."

The Management of Migros gives a great deal of attention towards the achievement this goal. As a part of the business style of the Company, Migros employees participate in the decision-making processes concerning their respective areas of work. Migros employees have the opportunity to communicate their new ideas, proposals and demands to the senior management of the Company and Members of the Board of Directors directly or by e-mail.

15. Human Resources Policy

The Human Resources Department of Migros, in executing the Company's strategies, aims to develop systems which will ensure the continuous improvement, motivation and management of the human resources staff and implement these systems in line with the corporate principles of the Company. Our human resources are our most important asset. The quality of our products and services reflects the quality of our employees. In our endeavor to create a Company spanning generations, we choose attracting and employing the best and most competent people; taking maximum advantage of our people's abilities, strengths and creativity; increasing their individual productivity; providing them opportunities to develop themselves; and creating a workplace in which teamwork and solidarity flourish

Our Principles

Strategic Use of Human Resources

The Human Resources Department of Migros places the human element on a high pedestal by giving it great strategic importance and creates awareness of its strategic value. Human resources strategies are designed to create and develop a reliable, fast and proactive organizational structure to sustain the industrial leadership of Migros in a competitive business environment. Employees are considered a strategic resource for it is believed that their experience and creativity would be the driving forces in the adaptation of the Company to fast-changing competitive environment and new markets.

Superior Business Ethics and Integrity

In all dealings with employees, the Company accepts as a fundamental principle to act fairly, in good faith and in an understanding manner abiding by the rules of law and ethics.

Occupational Safety

Migros assures its employees that it will fulfill all of its obligations towards them in compliance with the relevant laws and regulations.

The Company, in order to ensure the safety of its employees in the workplace, complies not only with all legal requirements and regulations stipulated by the Labor and Occupational Safety Law but also with the industry standards on ergonomics and improvement of the working environment. Civil defense activities, which are of great importance for our country, and theoretical and practical training are also provided in cooperation with the concerned public institutions.

Equal Opportunities

Migros provides services to its customers both in Turkey and overseas through an employee workforce comprising of individuals coming from many different linguistic, religious and ethnic backgrounds. All human resource-related decisions from recruitment and placement to compensation are governed by job position profiles defined in detail. Through the human resource staff evaluation systems, Migros objectively monitors and assesses the competencies, skills and performances of its employees by common principles applied to all. Migros provides equal training, promotion, and career development and compensation opportunities to each of its employees based on the evaluation results through the Integrated Human Resource systems deployed by the Company.

Human Resources Management

The management of human resources processes and relations with employees at our Company, in line with established human resources policies and principles, is the responsibility of the Assistant General Manager for Human Resources and Industrial Relations; this function is clearly defined and undertaken within the regulations and business ethics principles of the Company.

Participation and Transparency

Managers and employees are the integral parts of human resources practices at Migros. Employees are updated on their roles and responsibilities regarding human resources policies and provided with guidance in fulfilling those responsibilities.

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Human resources policies and processes are shared with employees on a regular basis by means of the communications resources (intranet, e-mail, distance learning and meetings) of the Company. Employees have access to employee evaluations and are able to receive training and information on the practices and can monitor their individual results.

Competitiveness

Migros plans and manages the professional development of its employees to help them sustain their competitiveness not only within the Company itself but also on a professional level so as to allow the contribution of positive values to the economy, environment and community.

Commitment to shared values

Our Corporate Culture is based on our shared values. These values are:

1- Reliability
2- Leadership
3- Empathy
4- Customer-orientation
5- Productivity
6- Innovativeness.

Actions of employees contradicting the Company's shared values are dealt with appropriately and impartially through the warning system and disciplinary committee procedures. Conducting relations with employees at Migros is the primary function of the Recruitment, Placement and Industrial Relations Departments. The objectives of these Departments are to ensure that all laws and regulations are fully complied with by the Company, oversee the legal and contractual rights of the employees and manage employee rights so as to maintain labor peace and fulfill all legal obligations.

16. Relations with Customers and Suppliers

Getting to know its customers and markets by monitoring and acting proactively on them and pioneering change are among the crucial factors behind the innovative business style of Migros. For this reason, a number of "firsts" such as consumer rights took hold in the retail industry only after they were introduced by Migros as early as in the 1960s and 1970s. By introducing the Migros Club system for the first time in Turkey, in 1998, Migros had an opportunity to become better acquainted with its customers and provide them with differentiated service. And through this system, the Company gained the opportunity to approach its customers not only collectively but also individually by conducting customer data analyses. Migros aims to fulfill the expectations of its customers as satisfactorily as possible through the stores it operates in different formats.

In the retail industry where any product seen in any store can be imitated quickly, Migros' experience and deep-rooted innovation embedded in its corporate culture, as well as investments in supporting technology, together create a competitive advantage that cannot be easily replicated.

In the 1990s, Migros became the first retail company to introduce the barcode system and electronic cash registers which reduced waiting times at the checkout counters and decreased the Company's operating costs dramatically. And today, the same pioneering spirit led the Company to set up a B2B system for its suppliers leading to mutual benefit both on the logistics side and the cost side. This system benefits all the stakeholders, and especially the Company's customers.

Migros has conducted a Customer Satisfaction Survey regularly since 1994. In 2010 survey, 9,550 of our customers who shop at our stores were asked about their opinion. The analyses undertaken on the survey results help us to have an idea about the current and future expectations of our customers. Occasional surveys conducted at kiosks inside the stores on specific matters provide the Company with the chance to hear the customers and their expectations.

Customer Relationship Management (CRM) analysis of Migros Club data and the mystery shopper surveys which are aimed at improving the service levels are quality-based performance tools specific to Migros.

Some of the other activities undertaken to achieve customer satisfaction include:

• Migros was awarded ISO 9001-2000 Quality Management System certification in August 2005.
• Migros was awarded TS EN ISO 22000 Food Safety Management System certification by the Turkish Standards Institution (TSI) in December 2006. This certification covers retail, wholesale and online sales services as well as design and provision of organizational and logistic support services. In addition, Tansaş and Macrocenter stores were brought within the scope of TS EN ISO 9001-2000 certification which were awarded to the Company previously. Migros brought Şok discount stores within the scope of both ISO 9001 and ISO 22000 certification in 2007. This signifies the introduction of discount stores to quality by Migros.
• Migros selects each of its suppliers after conducting appropriate due diligence. Suppliers are audited at regular intervals by reputable independent organizations and products are subjected to periodic quality audits. Migros-label products are also included in the same quality control process.
• Every new product, which is offered for sale at Migros stores goes through a preliminary quality control process.
• Before the products are admitted to warehouses, "food engineers" subject them to sensory, chemical, physical and microbiological quality control tests. Those products which do not meet the quality standards are rejected.
• Meat products at the stores, warehouses and on the shelves are regularly checked by veterinarians to ensure food safety.
• Personnel employed at all the stores attend training programs on hygiene in order to ensure food safety.
• In the promotional program of the company we call "Aksiyon", products are offered for sale at discount prices for a period of 15 days with the guarantee that there will be sufficient stock for the duration of the sale.
• All customer suggestions received at the stores or the Call Center are evaluated and the results are communicated to customers as soon as possible. Customers can forward their complaints quickly and easily to company store managers via a toll-free customer line and by e-mail which can be sent to managers at all levels.
• In keeping with its objective of exceeding customer expectations and making life easier through innovations, Migros introduced the first self-check-out solution "Jet kasa" to its customers in Turkey. "Jet kasa" eliminates the need to wait in line and allows customers to check-out by themselves in three easy steps. As the number of customers using 'Jet kasa' increases by the day, so does the number of stores featuring this facility.

Efforts to ensure full customer satisfaction are presented in the relevant section of the Annual Report.

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17. Corporate Social Responsibility

Migros defines its responsibilities towards the society in the Migros Code of Conduct:

1. Migros strives to upgrade its service standards in order to meet the expectations of its customers.
2. Migros seeks to set an example for the community by fulfilling all of its tax and other obligations in a complete and timely manner.
3. Migros does not make any derogatory, derisive or offensive statements about other companies, organizations, products or individuals.
4. Migros takes the utmost care in all its activities to preserve nature and historical fabric of the society while acting in accordance with customs and traditions of the community and observing the legal rules and regulations.
5. Migros stands for business ethics in its industry and strives for the establishment, dissemination and adoption of these principles.

The corporate culture Migros has developed for more than half a century, includes its concern for public health and hygiene, sensitivity toward identifying and satisfying societal needs, organization of and participation in exemplary educational, cultural, athletic and social activities essential for social development as well as its corporate identity as an "Honest Retailer" sensitive to the environment.

As a part of its approach to corporate social responsibility, Migros acts in compliance with laws, moral standards and human rights in all services it offers to consumers, does its part to expand the organized sector and contributes to employment by protecting the legal rights of its employees. The Company also shares its sense of social responsibility with its social stakeholders - employees, suppliers, subsidiaries, investors and customers and with the public at large. Great importance is given to supporting and spreading of such pioneering and value-adding practices for the improvement of the society.

Migros is aware a good reputation can be ruined in a single blunder. Migros acts ethically and with integrity in every practice it engages in. The Company is well aware that trust cannot be won easily, and that it is a bond that grows and develops slowly over a long period of time between a company and its customers and that once broken, cannot be saved by quick fixes. Migros has been protecting the good health and rights of its customers since 1954. Many innovative practices introduced by Migros encourage good shopping habits and foster consumer awareness. These practices subsequently became industry standards and some have even been made into law.

Specific details of the activities undertaken by the Company in the field of social responsibility are presented in the relevant sections of the Annual Report.

PART IV - BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

The Board of Directors of Migros consists of 11 members elected by the General Assembly.

Board of Directors

Fevzi Bülent Özaydınlı	Chairman and Executive Member
Antonio Belloni	Member of the Board of Directors
Nicholas Stathopoulos	Member of the Board of Directors
Stefano Ferraresi	Member of the Board of Directors
Cedric Brice Dubourdieu	Member of the Board of Directors
Evren Rıfkı Ünver	Member of the Board of Directors
Ömer Özgür Tort	Member of the Board of Directors
Pedro Miguel Stemper	Member of the Board of Directors
Giovanni Maria Cavallini	Member of the Board of Directors
Sharifa Salim Mohamed Al Busaidy	Member of the Board of Directors
Carlo Francesco Frau	Member of the Board of Directors

According to the allocation of duties within the Board of Directors, Fevzi Bülent Özaydınlı serves as the Chairman of the Board of Directors.

19. Qualifications of the Members of the Board of Directors

Each member of the Board of Directors possesses the qualifications listed in the Articles 3.1.1, 3.1.2 and 3.1.5 of Section IV of the Corporate Governance Principles published by the CMB. They are also professionals whose knowledge, experience and educational backgrounds are exemplary both in the industry and throughout the business world.

20. Mission, Vision and Strategic Goals of the Company

Our vision is to be in tune with each and every consumer by providing a service in different formats in line with the strategy of expanding in the retail industry in Turkey and neighboring countries and always being ahead of consumer expectations.

Our mission is to strengthen our leadership position in the Turkish retailing industry and become a strong and exemplary regional retail chain by ranking first or second in our operating countries.

In line with this mission, Migros structures its strategies to achieve sustainable quality and earn respect as the industry leader through an approach to customer satisfaction which raises the standards of retailing in the countries in which it is active.

The senior management of the Company develops strategies to achieve these objectives in accordance with the vision defined by the Board of Directors. Accordingly, our main strategy is to provide our customers with high quality, modern, reliable services at affordable prices. Targets set to achieve these strategies are shared with all the organizational units and supported by business plans. The Corporate Performance Management System in place facilitates monitoring and evaluation of these targets and business results as well as their assessment and revision whenever necessary.

Annual, quarterly and monthly reporting structures have been created to enable the Board of Directors to carry out its basic administrative functions such as planning, organizing and supervising.

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Board members are updated on the progress and direction of the Company's business results via meetings in which the annual updates of long term five-year plans are presented and reviewed; annual budget is discussed and monthly performance results are presented and the Board's feedback is sought. In addition, detailed monthly progress reports are prepared and submitted to the Board allowing the members to monitor the Company's efforts to achieve objectives and immediately intervene and provide guidance when necessary.

21. Risk Management and Internal Control Mechanism

The purpose of the Internal Control System at Migros is to provide management with independent information on the functional, operational and financial performance of audited business processes or units. This enables management of identified or predicted risks, and systematic establishment and operation of necessary control mechanisms.

In the scheduled financial and operational audits carried out, the Internal Audit Department of Migros investigates and reviews:

- Effective and efficient utilization of the resources of the Company,
- Effectiveness of the internal control mechanisms on operations and activities,
- Reliability of financial statements,
- Confirmation of Company assets
- Efficiency and effectiveness of business operations,
- Compliance of employees with the quality management documentation and administrative instructions approved by the management,

The extent to which predetermined and reported operations and transactions posing a risk have been eliminated or controlled through recommendations endorsed by the management.

Irregularities uncovered during the audit operations are investigated in detail to allow for the taking of necessary measures. In addition, proposals are made to compensate for the losses incurred by the Company. The efforts focus mainly on the changes to be made to the processes to prevent any similar situations.

Within this framework, the Internal Audit Department performed financial and operational audits in line with risk analysis conducted in 2010 and the annual internal audit schedule. The assessment, recommendations and areas of improvement identified during the audit reviews have been presented to the senior management of the Company in the form of audit reports. In addition to financial and operational audits, the Internal Audit Department also performed follow-up audits on issues that were reported to the senior management before and for which actions plans were put in place for corrections.

22. Authorities and Responsibilities of the Members of the Board of Directors and Executives

The duties and authorities of the members of the Board of Directors are clearly delineated and defined in the Articles of Association of the Company, which can be accessed at the Migros corporate website at www.migroskurumsal.com.

The Board of Directors of Migros is authorized to decide on all matters with the exception of those for which responsibility cannot be delegated by the General Assembly according to the Turkish Commercial Code and the Articles of Association of the Company

23. Principles of Activity of the Board of Directors

The Board of Directors passed 25 resolutions on various matters in 2010. At least seven (7) members were in attendance during each of these meetings. Pre-meeting and post-meeting activities are organized by a Secretariat responsible for such matters. The Secretariat keeps records in an orderly manner; the records are copied to the minutes book of the Board of Directors and made available for review by all members of the Board.

Each Member of the Board of Directors of Migros is entitled to a single vote. Members are not granted any weighted voting rights or positive/negative veto rights.

24. Prohibition from Engaging in Transactions and Competing with the Company

None of the Members of the Board of Directors was involved in any business transactions or competition with the Company during the reporting period.

25. Code of Ethics

The Principles of Business Ethics of Migros are grouped under the following headings:

- The responsibilities of the Company towards its employees
- The responsibilities of employees towards the Company
- The responsibilities of Migros towards other companies
- Responsibilities of the Company towards the society
- General responsibilities.

The responsibilities of the Company towards its employees and the information about the other categories of business ethics principles have been described in the various sections of this Corporate Governance Compliance Report.

The Company considers its employees as one of its most valuable assets in today's tough market conditions. One of our Company's greatest competitive advantages is its experience in the industry and qualities possessed and continuously improved by its employees.

The responsibilities of Migros towards its employees

1- Migros is in full compliance of its legal obligations to its employees; in situations where the requirements of law are ambiguous, Migros consults professionals who are experts in the relevant fields.

2- Migros protects the rights of its employees within the framework of its business ethics rules in situations where laws do not sufficiently address to.

3- Candidates for employment, promotion and appointment are evaluated based on their qualifications; all employees are provided equal opportunity.

4- Migros does not get involved in the personal affairs or private lives of its employees and holds all of the private information about its employees in strict confidence.

5- Migros helps its employees to develop professionally and personally by providing them training.
6- Migros does not discriminate on the basis of sex, age, ethnic origin or religion.
7- In matters that are related to employees, Migros seeks to include their opinions as much as possible in any decisions that are related to the future of the Company.
8- Migros provides hygienic and safe working conditions as dictated by the requirements of law and circumstances, and seeks to improve them to the best of its ability.
9- Migros holds private information about its employees that it may receive through various means in strict confidentiality and does not divulge any of it (e.g. medical records, shopping habits, economic data, and the like).

26. Number, Structure and Independence of the Committees Established by the Board of Directors

At the meeting of the Board of Directors of the Company held on October 14, 2010, Stefano Ferraresi and Evren Rıfkı Ünver were elected as members of the Audit Committee. The two-member Audit Committee meets 4 times a year. Members of the Board of Directors are not assigned to more than 2 committees.

The Board of Directors of Migros also formed a three-member Corporate Governance Committee which is responsible for monitoring the Corporate Governance practices across the Company and coordinating the activities of the Investor Relations Department. Nicholas Stathopoulos, Ömer Özgür Tort, Erkin Yılmaz and Affan Nomak were elected as members of the Corporate Governance Committee following a decision taken on June 14, 2010.

27. Remuneration of the Board of Directors

It was decided not to pay any gross monthly salary to the Members of the Board of Directors at the Ordinary General Assembly held on May 20, 2010.

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

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza, Bilim Sok. No:5
Maslak, Şişli 34398,
İstanbul, Türkiye

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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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Audited Migros Ticaret Anonim Şirketi

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.

Convenience Translation Into English Of Consolidated Financial Statements Originally Issued In Turkish

Audited Migros Ticaret Anonim Şirketi

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 Migros Ticaret Anonim Şirketi

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

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 Migros Ticaret Anonim Şirketi

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**

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

Convenience Translation Into English Of Consolidated Financial Statements Originally Issued In Turkish

Migros Ticaret Anonim Şirketi

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)
Additional contribution to 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**

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

Convenience Translation Into English Of Consolidated Financial Statements Originally Issued In Turkish

Migros Ticaret Anonim Şirketi

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**

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

Convenience Translation Into English Of Consolidated Financial Statements Originally Issued In Turkish

Migros Ticaret Anonim Şirketi

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
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**

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

Convenience Translation Into English Of Consolidated Financial Statements Originally Issued In Turkish

Migros Ticaret Anonim Şirketi

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.
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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 Communique No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communique"). This Communique is effective for the annual periods starting from 1 January 2008 and supersedes the Communique No: XI 25, "The Financial Reporting Standards in the Capital Markets". According to the Communique, 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.

Convenience Translation Into English Of Consolidated Financial Statements Originally Issued In Turkish
Migros Ticaret Anonim Şirketi
Notes To The Consolidated Financial Statements For The Year Ended 31 December 2010
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.
Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF 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 Communique XI, No: 29 and related promulgations to this Communique 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 Communique Serial XI, No:29 and its announcements clarifying this communique 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) New and Revised IFRSs affecting presentation and disclosure onlys

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) New and Revised IFRSs affecting the reported financial performance and / or balance sheet

None

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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.

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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/interpretations 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.

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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.

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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.

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.

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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.

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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.

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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.

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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.

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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.

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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.

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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 Ticaret ve Sanayi A.Ş. ("Egeden") undertook the store administrations of Migros and Şok 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.

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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.

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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).

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)	2.215	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**

		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 2010 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**

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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).

Movement of provision for doubtful receivables is as follows:

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

	2010
1 January	**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
Deposits 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).

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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.

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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 translation 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

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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 translation differences	Closing 31 December 2009
Cost									
Land and buildings	458.714	3.892	-	-	-	2.873	5.576	(4.831)	466.224
Leasehold improvements	326.885	49.196	-	-	(5.354)	14.553	-	(1.418)	383.862
Machinery and 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

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%.

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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, Tekirdağ and Çengelköy stores, with a total sales area of 13.000 square meters, from Hamoglu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İsletmecilik A.Ş. and also took over the rent agreements of the mentioned stores The purchase cost in the amount of TL 10.297 which exceeds the fair value of the purchased furniture and fixtures has been accounted for as an intangible asset and 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 TL 18.486, TL 601 for the Mak Gıda and TL 17.885 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 Communique 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**

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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 aquivalents	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 rate 5,9% 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:TL 716.632) 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**

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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.

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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.

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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 Communique Serial: XI, No: 29 according to the CMB's announcements clarifying the said Communique, "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 Communique 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 Communique 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 Communique 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**

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NOTE 19 - REVENUE AND COST OF SALES

	1 January - 31 Decemeber 2010	1 January - 31 Decemeber 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 December 2010	1 January - 31 December 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**

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NOTE 21 - OTHER OPERATING INCOME / EXPENSE (Continued)

Other operating expenses:

	1 January - 31 December 2010	1 January - 31 December 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).

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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 amount of TL 3.874 from the increase in the tax bases for the before mentioned years. The total payable of TL 11.164, thus calculated for previous years, is decided to be reflected in the financial tables as at 31 December 2010 as tax expense.

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)**

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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.	-	-
Total due from related parties	23	23

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

(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**

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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

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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 inflows	**(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)**

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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			
Credit 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			
Credit risk by guarantees etc.	-	14.022	-
A. Net book value of financial assets			
Either are not due or not impaired	111	36.787	984.375
Secured portion by guarantees etc.	-	13.627	-
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**

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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.

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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	-

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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**

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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 Registry Office has announced the registry of Migros Türk's general assembly held on 28 April 2009 and merger agreement on 6 May 2009 dated and 7305 numbered Trade Registry Gazette. As a result of the merger, Moonlight's trade name has been changed as Migros Ticaret A.Ş.

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

The difference occurred as a result of merger amounting 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.

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