MİGROS TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011

(ORIGINALLY ISSUED IN TURKISH)

CONTENTS **PAGE**

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2011

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

	Notes	(Not reviewed) 31 March 2011	(Audited) 31 December 2010
ASSETS			
Current assets			
Cash and cash equivalents		849.538	884.180
Trade Receivables		49.823	49.920
- Other trade receivables		49.765	49.897
- Due from related parties	20	58	23
Other receivables		24.769	24.641
Inventories	8	703.433	746.590
Other current assets		52.020	40.013
Total current assets		**1.679.583**	**1.745.344**
Non-current assets			
Other receivables		1.474	1.475
Financial assets		2.215	2.215
Derivative financial instruments	4	16.930	4.627
Investment property	5	51.997	52.193
Property, plant and equipment	6	1.170.180	1.193.891
Intangible assets	7	303.186	304.786
Goodwill	9	2.251.427	2.251.427
Other non-current assets		6.794	10.784
Deferred income tax assets		88	603
Total non-current assets		**3.804.291**	**3.822.001**
Total assets		**5.483.874**	**5.567.345**

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011

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

	Notes	(Not reviewed) 31 March 2011	(Audited) 31 December 2010
LIABILITIES			
Current liabilities			
Current portion of long-term liabilities	10	99.048	61.122
Derivative financial instruments	4	35.916	43.417
Trade payables		1.321.294	1.463.546
- Due to related parties	20	3.076	2.260
- Other payables		1.318.218	1.461.286
Other payables		16.269	16.169
Taxes on income		8.994	1
Provisions	11	52.670	48.197
Other current liabilities		85.489	85.529
Total current liabilities		**1.619.680**	**1.717.981**
Non-current liabilities			
Financial liabilities	10	2.477.748	2.327.261
Derivative financial instruments	4	36.672	41.856
Other liabilities		3.706	3.811
Provision for employee termination benefits	12	11.716	10.269
Deferred income tax liabilities	18	119.050	119.014
Total non-current liabilities		**2.648.892**	**2.502.211**
Total liabilities		**4.268.572**	**4.220.192**
EQUITY			
Attributable to equity holders of the parent		**1.214.747**	**1.346.647**
Share capital	19	178.030	178.030
Share premium		678.233	678.233
Other capital reserves		(365)	(365)
Restricted reserves		385.856	385.856
Cumulative translation differences		4.576	7.040
Additional contribution to shareholders' equity related to merger		27.312	27.312
Retained earnings		75.492	27.960
Net (loss) income for the period		(134.387)	42.581
Minority interest		555	506
Total equity		**1.215.302**	**1.347.153**
Total liabilities and equity		**5.483.874**	**5.567.345**
Contingent assets and liabilities	11		

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011

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

	Notes	(Not reviewed) 1 January - 31 March 2011	(Not reviewed) 1 January - 31 March 2010
CONTINUING OPERATIONS			
Revenue (net)	3,13	1.575.319	1.434.086
Cost of sales (-)	3,13	(1.185.506)	(1.076.779)
GROSS PROFIT	**3,13**	**389.813**	**357.307**
Marketing, selling and distribution expenses (-)	14	(297.537)	(253.005)
General administrative expenses (-)	14	(56.172)	(53.572)
Other operating income	15	2.434	2.679
Other operating expense (-)	15	(9.483)	(2.698)
OPERATING PROFIT	**3**	**29.055**	**50.711**
Financial income	16	57.715	139.041
Financial expense (-)	17	(207.400)	(116.341)
(LOSS) / INCOME BEFORE TAX	**3**	**(120.630)**	**73.411**
Income tax expense	**18**	**(13.740)**	**(14.604)**
- Income tax expense	18	(10.096)	(22.306)
- Deferred income tax income	18	(3.644)	7.702
NET (LOSS) / INCOME		**(134.370)**	**58.807**
Net (loss) / income attributable to:			
Equity holders of the parent		(134.387)	58.805
Minority interest		17	2
		(134.370)	**58.807**
(Loss) / Earning per share (Kr)	21	(0,75)	0,33

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011

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

	Notes	(Not reviewed 1 January - 31 March 2011	(Not reviewed 1 January - 31 March 2010
Net income / (loss) for the period		**(134.370)**	**58.807**
Other comprehensive income / (expense):			
Currency translation differences		3.557	(1.146)
Other comprehensive income / (loss) for the period		**3.557**	**(1.146)**
Total comprehensive (loss) / income for the period		**(130.813)**	**57.661**
Total comprehensive (loss) / income attributable to:			
Equity holders of the parent		(130.862)	57.668
Minority interest		49	(7)
		(130.813)	**57.661**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011

(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	Minority interest	Total equity
Balances at 31 December 2009 (As previously reported)		**178.030**	**678.233**	**(365)**	**364.097**	**7.010**	**27.312**	**133.067**	**108.024**	**461**	**1.495.869**
Effect of restatement		-	-	-	-	-	-	5.281	86	-	5.367
Balances at 1 January 2010 (As previously reported)		**178.030**	**678.233**	**(365)**	**364.097**	**7.010**	**27.312**	**138.348**	**108.110**	**461**	**1.501.236**
Transfers		-	-	-	-	-	-	108.110	(108.110)	-	-
Total comprehensive income		-	-	-	-	(1.137)	-	-	58.805	(7)	57.661
Balances at 31 March 2010		**178.030**	**678.233**	**(365)**	**364.097**	**5.873**	**27.312**	**246.458**	**58.805**	**454**	**1.558.897**
Balances at 1 January 2011 (As previously reported)		**178.030**	**678.233**	**(365)**	**385.856**	**7.040**	**27.312**	**27.960**	**42.581**	**506**	**1.347.153**
Transfers		-	-	-	-	-	-	42.581	(42.581)	-	-
Total comprehensive (loss) / income		-	-	-	-	3.525	-	-	(134.387)	49	(130.813)
Disposals from sale of subsidiary	26	-	-	-	-	(5.989)	-	4.951	-	-	(1.038)
Balances at 31 March 2011		**178.030**	**678.233**	**(365)**	**385.856**	**4.576**	**27.312**	**75.492**	**(134.387)**	**555**	**1.215.302**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011

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

	Notes	(Not Reviewed) 1 January - 31 March 2011	(Not Reviewed) 1 January - 31 March 2010
Operating activities:			
Net (loss) / income for the period		(134.387)	58.805
Adjustments to reconcile net income to net cash provided / used by operating activities:			
Minority interest		17	2
Depreciation and amortisation	5,6,7	32.964	31.466
Provision for employment termination benefits	12	5.055	(1.387)
Provision for unused vacation	11	5.094	4.982
Provision for litigation	11	3.612	1.164
Bad debt provision	15	133	230
Income tax expense	18	13.740	14.604
Interest income	16	(9.890)	(11.863)
Interest expense	17	52.608	46.903
Gain / (loss) on sale of property, plant and equipment - net	15	2	(41)
Gain / (loss) on sale of subsidiary	15	4.252	-
Fair value loss of derivative instruments	4	(24.990)	29.040
Unrecognised foreign exchange differences - net		153.486	(126.203)
Cash flows from operating activities before changes in operating assets and liabilities		**101.696**	**47.702**
Changes in operating assets and liabilities:			
Trade receivables		(100)	(9.184)
Inventories	8,26	40.800	(6.406)
Other current assets and other receivables		(12.394)	(4.636)
Other non current assets		3.930	(1.146)
Short-term trade payables		(140.537)	(46.416)
Other current assets and other payables		60	(2.472)
Long-term trade payables		148	(862)
Employment termination benefits paid	12	(3.608)	(2.154)
Unused vacation paid	11	(2.979)	(2.732)
Income taxes paid	18	(725)	(1.073)
Compensations paid	11	(1.254)	(1.655)
Accrued interest		(119)	(54)
Net cash provided from operating activities		**(15.082)**	**(31.088)**

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2011

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

	Notes	(Not Reviewed) 1 January - 31 March 2011	(Not Reviewed) 1 January - 31 March 2010
Investing activities:			
Purchase of investment property		(24)	-
Purchases of property, plant and equipment	6	(24.864)	(30.936)
Purchase of intangible assets	7	(1.470)	(551)
Proceeds from sale of property, plant and equipment	15	7	692
Cash received due to sale of subsidiary	26	14.887	-
Interest received	16	10.009	11.917
Net cash used in investing activities		**(1.455)**	**(18.878)**
Financing activities:			
Bank borrowings paid		(477)	(10.462)
Interest paid	17	(17.204)	(16.429)
Net cash (used in) / generated from financing activities		**(17.681)**	**(26.891)**
Cumulative translation adjustment		(424)	(645)
Net increase in cash and cash equivalents		(34.642)	(77.502)
Cash and cash equivalents at the beginning of the period		**884.180**	**1.281.287**
Cash and cash equivalents at the end of the period		**849.538**	**1.203.785**

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 9).

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 (Amount expresses in Turkish Lira) to TL 178.030.000 (Amount expresses in Turkish Lira) and in accordance with the merger agreement approved during the General Assembly, merger ratio of 0,97918 and share exchange ratio of 1,00 was determined. As a result of the merger, registered shares amounting to TL 3.706.660 (Amount expresses in Turkish Lira) issued by Moonlight were distributed to the minority shareholders of Migros Türk in exchange for their Migros Türk shares.

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

The Company will be mentioned as the "Group" together with its subsidiaries. The parent company of the Group is MH Perakendecilik ve Ticaret A.Ş ("MH Perakendecilik"). Its shareholding in Migros Ticaret A.Ş is 97,92%. On 17 February 2011, The Group sold 100% shares of subsidiary, Ramstore Azerbaijan, to a third party.

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 March 2011, the Group operates in 1.923 stores (2010: 1.932) with a net retail space of 971.640 (2010: 977.301) square meters. Retail is the main business of the Group and constitutes 96,9 % of gross sales (March, 2010: 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 period ended 31 March 2011 have been approved for issue by the Board of Directors "(BOD)" on 13 May 2011 and signed by Ö.Özgür Tort, General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. The owners of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries:

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

Subsidiary	Country of incorporation	Geographical segment	Nature of business	2011 %	2010 %
Ramstore Mahdud Mesuliyyetli Cemiyeti ("Ramstore Azerbaijan") (****)	Azerbaijan	Azerbaijan	Retailing	-	100,0
Ramstore Bulgaria E.A.D. ("Ramstore Bulgaria")	Bulgaria	Bulgaria	Dormant	100,0	100,0
Ramstore Kazakhstan LLC ("Ramstore Kazakhstan")	Kazakhstan	Kazakhstan	Retailing	100,0	100,0
Ramstore Macedonia DOO ("Ramstore Macedonia")	Macedonia	Bulgaria	Retailing	99,0	99,0
Ramstore Bishkek LLC ("Ramstore Bishkek")	Kyrgyzstan	Kazakhstan(**)	Dormant	100,0	1 00,0
Şok Marketler Ticaret A.Ş. ("Şok Marketler")	Turkey	(*)Trade	(Dormant)	99,6	99,6
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez")	Turkey	(*)Trade		100,0	100,0
Ades Gıda San. Ve Tic. A.Ş.(***)	Turkey	Turkey	Retailing	00,0	100,0
Amaç Gıda San. Ve Tic. A.Ş.(***)	Turkey	Turkey	Retailing	100,0	100,0
Egeden Gıda Tüketim Malları Tic.ve San. A.Ş.(***)	Turkey	Turkey	Retailing	100,0	100,0

(*) 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 %99,996 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..
(****) On 17 February 2011, The Group sold 100% shares of subsidiary, Ramstore Azerbaijan, to a third party. Loss realized and cash flow transactions due to the sale is shown under Note 15 and Note 26 respectively.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Financial Reporting Standards

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

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

In accordance with the Communiqué No: XI-29, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, "Interim Financial Reporting". In this respect, the Group has preferred to prepare condensed consolidated interim financial statements in the interim periods and prepared the mentioned condensed consolidated interim financial statements in compliance with CMB Financial Reporting Standards.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED 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 condensed consolidated interim financial statements, the condensed consolidated interim financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB (“CMB Financial Reporting Standards”) which are based on IAS/IFRS. The condensed consolidated interim financial statements and the related notes to them are presented in accordance with the formats required by the CMB that announced in weekly newsletters numbered 2008/16, 2008/18, 2009/2 2009/4 and 2009/40 including the compulsory disclosures.

The condensed consolidated interim 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.

2.2 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements prepared for the interim period 1 January – 31 March 2011 should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010.

Expenses which have not been allocated evenly during the one year fiscal period, have been taken into consideration in the condensed consolidated interim financial statements in cases where only if these expenses can be anticipated or deferred accordingly in the fiscal year end.

2.2.1 Comparative Information and Restatement of Prior Period Financial Statements

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

2.2.2 Basis of consolidation

The group continued to apply accounting policies that are stated on the group’s 31 December 2010 financial statements.

2.3 Adoption of new and revised standards

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

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

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

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

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

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

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

2.3 Adoption of new and revised standards (continued)

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

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

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

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

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

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

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

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

None

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

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.

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

2.3 Adoption of new and revised standards (Continued)

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

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/interpretations 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

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.

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

2.3 Adoption of new and revised standards (Continued)

d) <u>New and Revised IFRSs in issue but not yet effective (Continued)</u>

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.

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 is allowed.

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

NOTE 3 - SEGMENT REPORTING

Management determines the operating segments based on the reports reviewed by the board of directors, which are found effective in strategic decision making.

Management assesses the Group's performance on a geographic level as Turkey and other countries since the gross sales of these subsidiaries are below 10% of the Group sales. Reportable operating segment revenue comprises primarily retail sales, rent income and wholesales. Rent income and wholesale revenues are not recognized as reportable segments as they are not stated in detail in the reports provided to the board of directors. The board of directors assesses the performance of the operating segments based on a measure of Earning Before Interest, Tax, Depreciation and Amortisation, "EBITDA".

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

a) Segment analysis for the period 1 January – 31 March 2011

	Turkey	Other Countries	Combined Total	Intersegment elimination	Total
External revenues	1.495.116	80.203	1.575.319	-	1.575.319
Inter segment revenues	829	-	829	(829)	-
Sales revenue	1.495.945	80.203	1.576.148	(829)	1.575.319
Cost of goods sold	(1.125.334)	(61.001)	(1.186.335)	829	(1.185.506)
Gross profit	370.611	19.202	389.813	-	389.813
Selling and marketing expenses	(286.913)	(10.624)	(297.537)	-	(297.537)
General administrative expenses	(49.258)	(6.914)	(56.172)	-	(56.172)
Addition: Depreciation and amortization	28.636	4.328	32.964	-	32.964
Addition: Employment termination benefits	1.447	-	1.447	-	1.447
Addition: Unused vacation provision	2.115	-	2.115	-	2.115
Addition: One-off costs due to Şok Stores concept change	3.691	-	3.691	-	3.691
EBITDA	**70.329**	**5.992**	**76.321**	**-**	**76.321**

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

	Turkey	Other Countries	Combined Total	Intersegment elimination	Total
External revenues	1.373.397	60.689	1.434.086	-	1.434.086
Inter segment revenues	3.119	-	3.119	(3.119)	-
Sales revenue	1.376.516	60.689	1.437.205	(3.119)	1.434.086
Cost of goods sold	(1.034.457)	(45.441)	(1.079.898)	3.119	(1.076.779)
Gross profit	342.059	15.248	357.307	-	357.307
Selling and marketing expenses	(244.364)	(8.641)	(253.005)	-	(253.005)
General administrative expenses	(47.715)	(5.857)	(53.572)	-	(53.572)
Addition: Depreciation and amortization	28.061	3.405	31.466	-	31.466
Addition: Employment termination benefits	(3.541)	-	(3.541)	-	(3.541)
Addition: Unused vacation provision	2.250	-	2.250	-	2.250
EBITDA	**76.750**	**4.155**	**80.905**	**-**	**80.905**

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

NOTE 3 - SEGMENT REPORTING (Continued)

Reconciliation of EBITDA with income before tax is as follows:

	1 January - 31 March 2011	**1 January - 31 March 2010**
EBITDA, reported segments	76.321	80.905
Depreciation and amortisation	(32.964)	(31.466)
Employment termination benefits	(1.447)	3.541
One-off costs due to Şok Stores concept change	(3.691)	-
Provision of unused vacation	(2.115)	(2.250)
Other operating income	2.434	2.679
Other operating expenses (-)	(9.483)	(2.698)
Operating profit	**29.055**	**50.711**
Financial income	57.715	139.041
Financial expense (-)	(207.400)	(116.341)
Income before tax	**(120.630)**	**73.411**

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

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS

Short-term derivative financial instruments

Liabilities	**31 March 2011**	**31 December 2010**
Interest rate collar contracts	8.946	8.378
Forward foreign exchange contracts	26.970	35.039
	35.916	**43.417**

Long-term derivative financial instruments

Assets	**31 March 2011**	**31 December 2010**
Corridor option	1.903	711
Interest rate swap agreement	14.642	3.658
CAP option	385	258
	16.930	**4.627**
Liabilities		
Forward foreign exchange contracts	36.672	41.856
	36.672	**41.856**

The Group entered into a number of forward currency exchange contracts with banks in order to hedge its exchange rate risk. As at the settlement date, the Group sells TL and purchases Euro at agreed strike prices. The fair values of the foreign exchange contracts as of 31 March 2011 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	72.147

The Group entered into the following interest rate swap, collar, cap and corridor contracts with banks in order to hedge its interest rate risk. The contracts details and their fair values at 31 March 2011 are as follows:

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	5.732
Collar	6 November 2008	27 February 2009	31 May 2011	210 million	3.214
					8.946
Corridor	26 August 2009	31 May 2011	30 November 2012	300 million	1.903
Cap	26 August 2009	31 May 2011	30 November 2012	125 milyon	385
Interest rate swap	6 October 2010	30 November 2011	29 November 2013	105 million	4.855
Interest rate swap	6 October 2010	31 May 2011	30 November 2013	105 million	5.143
Interest rate swap	6 October 2010	31 May 2011	29 November 2013	53 million	2.317
Interest rate swap	6 October 2010	30 November 2011	30 November 2013	53 million	2.327
					16.930

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

NOTE 4 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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 into the following interest rate swap, collar, cap and corridor contracts with banks in order to hedge its interest rate risk. The contracts details and their fair values at 31 December 2010 are as follows:

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

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

NOTE 5 - INVESTMENT PROPERTY

	Opening 1 January 2011	Additions	Transfers to fixed assets	Cumulative translation differences	Closing 31 March 2011
Cost					
Land and buildings	67.229	24	179	983	68.415
Accumulated depreciation					
Land and buildings	(15.036)	(1.227)	(22)	(133)	(16.418)
Net book value	**52.193**				**51.997**

	Opening 1 January 2010	Additions	Transfers to fixed assets	Cumulative translation differences	Closing 31 March 2010
Cost					
Land and buildings	66.534	-	753	(648)	66.639
Accumulated depreciation					
Land and buildings	(9.593)	(1.158)	-	(252)	(11.003)
Net book value	**56.941**				**55.636**

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 in Skopje in Macedonia. At 31 March 2011, total investment property of the Group in Kazakhstan and Macedonia are 7.469 square meters and 9.131 square meters, respectively (31 December 2010: 7.551 square meters in Kazakhstan, 9.082 square meters in Macedonia).

Fair value of investment properties in Kazakhstan and in Macedonia are TL 67.780 and TL 63.649 respectively. This value is determined by using discounted cash flow valuation method.

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2011	Additions	Disposals	Transfers	Disposals from sale of subsidiary	Transfers to investments properties (Note:5)	Cumulative tranlation differences	Closing 31 March 2011
Cost								
Land and buildings	471.028	67	-	20	(25.978)	(179)	1.288	446.246
Leasehold improvements	454.066	2.269	-	1.840	-	-	219	458.394
Machinery and equipments	345.138	3.086	(74)	3.215	(1.085)	-	492	350.772
Vehichles	2.778	-	-	-	(54)	-	15	2.739
Furniture and fixture	157.248	1.333	-	1.337	(1.170)	-	191	158.939
Construction in progress	8.110	18.109	-	(6.412)	(76)	-	-	19.731
	1.438.368	**24.864**	**(74)**	**-**	**(28.363)**	**(179)**	**2.205**	**1.436.821**
Accumulated depreciation								
Land and buildings	(26.170)	(2.674)	-	-	5.171	22	63	(23.588)
Leasehold improvements	(119.063)	(11.576)	-	-	-	-	(97)	(130.736)
Machinery and equipments	(65.931)	(10.307)	65	-	917	-	(460)	(75.716)
Vehichles	(463)	(124)	-	-	60	-	(3)	(530)
Furniture and fixture	(32.850)	(4.208)	-	-	973	-	14	(36.071)
	(244.477)	**(28.889)**	**65**	**-**	**7.121**	**22**	**(483)**	**(266.641)**
	1.193.891							**1.170.180**

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Opening 1 January 2010	Additions	Disposals	Transfers	Transfers to investments properties	Cumulative tranlation differences	Closing 31 March 2010
Cost							
Land and buildings	466.224	16	-	17	(753)	(301)	465.203
Leasehold improvements	383.862	6.625	-	546	-	177	391.210
Machinery and equipments	251.638	11.050	(1.438)	901	-	352	262.503
Vehichles	529	158	(32)	-	-	(13)	642
Furniture and fixture	125.542	2.635	(61)	236	-	(220)	128.132
Construction in progress	2.981	10.452	-	(1.700)	-	1	11.734
	1.230.776	**30.936**	**(1.531)**	**-**	**(753)**	**(4)**	**1.259.424**
Accumulated depreciation							
Land and buildings	(16.262)	(2.477)	-	-	-	(20)	(18.759)
Leasehold improvements	(75.847)	(12.227)	799	-	-	53	(87.222)
Machinery and equipments	(40.609)	(8.974)	-	-	-	(750)	(50.333)
Vehichles	(199)	(81)	81	-	-	-	(199)
Furniture and fixture	(18.165)	(3.613)	-	-	-	708	(21.070)
	(151.082)	**(27.372)**	**880**	**-**	**-**	**(9)**	**(177.583)**
	1.079.694						**1.081.841**

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Assets leased under financial lease agreement, which are included in property, plant and equipment comprise machinery and equipment with net book values as stated below:

	31 March 2011	31 December 2010
Net book value	376	394

NOTE 7 - INTANGIBLE ASSETS

	Opening 1 January 2011	Additions	Disposals from sale of subsidiary	Cumulative tranlation differences	Closing 31 March 2011
Cost					
Trademark(*)	253.068	-	-	-	253.068
Rent agreements (**)	32.982	-	-	-	32.982
Rights	20.975	1.470	(391)	32	22.086
Other intangible assets (***)	28.783	-	-	-	28.783
	335.808	1.470	(391)	32	336.919
Accumulated amortisation					
Rent agreements	(15.626)	(1.127)	-	-	(16.753)
Rights	(9.007)	(1.045)	161	(24)	(9.915)
Other intangible assets	(6.389)	(676)	-	-	(7.065)
	(31.022)	(2.848)	161	(24)	(33.733)
Net book value	**304.786**				**303.186**

	Opening 1 January 2010	Additions	Disposals	Cumulative tranlation differences	Closing 31 March 2010
Cost					
Trademark(*)	253.068	-	-	-	253.068
Rent agreements (**)	32.982	-	-	-	32.982
Rights	15.359	551	-	205	16.115
Other intangible assets (***)	28.783	-	-	-	28.783
	330.192	551	-	205	330.948
Accumulated amortisation					
Rent agreements	(10.131)	(1.374)	-	-	(11.505)
Rights	(5.441)	(864)	-	14	(6.291)
Other intangible assets	(2.881)	(698)	-	-	(3.579)
	(18.453)	(2.936)	-	14	(21.375)
Net book value	**311.739**				**309.573**

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

NOTE 7 - INTANGIBLE ASSETS (Continued)

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

The fair value of Tansaş and Şok trademarks which were considered as an identifiable intangible asset by the Group was determined by the relief from royalties method and estimated the fair value of the trademarks in the amount of TL202.175 and TL50.893 at the acquisition date 30 May 2008, respectively. This amount has been accounted for as an intangible asset in the consolidated financial statements. Since the trademark does not have a definite useful life and it is foreseen that certain expenses will be incurred each year in order to maintain its value, it is considered as an intangible asset with an indefinite useful life and therefore has not been amortised. Additionally, Migros assesses the intangible assets with indefinite useful lives annually for any indication of impairment.

(**) The Group determined the value of the benefit derived from the lease contracts of MMM and Maxi stores, which were designated as intangible assets, at an amount of TL32.982 and was accounted for under the intangible assets in the consolidated financial statements. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

(***) On 24 July 2008, the Group purchased all of the furniture and fixtures of a local retail chain named as Maxi Market at Silivri, Tekirdag and Çengelköy stores, with a total sales area of 13.000 square metres, 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 excess amount of the consideration given over the fair value of acquired assets in the amount of TL10.297 was accounted for under other intangible assets and will be amortised over the rent agreement period.

On 10 March 2009, the Group purchased all of the furniture and fixtures of 7 stores belonging to Mak Gıda Pazarlama San. ve Tic. A.Ş.,a local retail chain operating in Gaziantep region, with a total sales area of 9.592 square metres 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 metres 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 TL17.885 for Yonca, respectively- was accounted for under other intangible assets and will be amortised over the rent agreement period.

NOTE 8- INVENTORIES

	31 March 2011	**31 December 2010**
Raw materials	2.347	1.740
Work in progress	6.461	8.666
Merchandise stocks	691.355	733.129
Other	3.270	3.055
	703.433	**746.590**

The Group valued the cost value of inventories over the most recent purchase price.

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

NOTE 9 - GOODWILL

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

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

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.

As of 31 March 2011 the Group has not performed any impairment test due to the fact that any events or changes in circumstances indicate that the carrying amount may not be recoverable, have not been identified as a result of the analysis performed by the Group.

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

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

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

	TL
Cash and cash equivalents	385.393
Financial assets	458.425
Inventories	456.711
Plant property and equipment	979.659
Investment property	56.084
Intangible assets	294.103
Trade and other receivables	206.331
Financial liabilities	(145.690)
Provisions	(53.631)
Contingent liabilities	(1.587)
Trade and other payables	(1.026.772)
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 non-controlling 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.

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

NOTE 9 - GOODWILL (Continued)

Business consolidations:

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

a) Net assets acquired

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

Net assets acquired by the acquisition are as follows:

	Book Value	Fair Value Adjustments	Fair Value
Assets Acquired (Net)	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

(*) The initial accounting for the acquisition of Ades Gıda San. ve Tic. A.Ş. has only been provisionally determined at the balance sheet date. At the date of finalization of these financial statements, the necessary market valuations and other calculations had not been finalized and the adjustment to goodwill noted above has therefore only been provisionally determined based on the management's best estimate.

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

NOTE 9 - GOODWILL (Continued)

b) Net assets acquired (Continued)

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.

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
Assets Acquired (Net)	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

(*) The initial accounting for the acquisition of Amaç Gıda San. ve Tic. A.Ş has only been provisionally determined at the balance sheet date. At the date of finalization of these financial statements, the necessary market valuations and other calculations had not been finalized and the adjustment to goodwill noted above has therefore only been provisionally determined based on the management's best estimate.

Amaç 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.

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

NOTE 9 - GOODWILL (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 2.629 TL. Related transactions were accounted by acquisition method.

Net assets acquired by the acquisition are as follows:

	Book Value	Fair Value Adjustments	Fair Value
Assets Acquired (Net)	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 and cash equivalents consideration			40
			40

(*) The initial accounting for the acquisition of Egeden Gıda San. ve Tic. A.Ş has only been provisionally determined at the balance sheet date. At the date of finalization of these financial statements, the necessary market valuations and other calculations had not been finalized and the adjustment to goodwill noted above has therefore only been provisionally determined based on the management's best estimate.

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 Sok stores within the scope of franchise agreements. Following the acquisition 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.

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

NOTE 10 – FINANCIAL LIABILITIES

	31 March 2011			
	Weigted average interest rate	**USD**	**Euro**	**Total TL equivalent**
Current portion of long-term bank borrowings				
-with fixed interest rates	2,00%	-	128	279
-with floating interest rates	5,21%	-	44.698	97.512
-with spot rates	-	812	-	1.257
Current portion of long-term bank borrowings		**812**	**44.826**	**99.048**
Long-term bank borrowings				
-with fixed interest rates	2,00%	-	620	1.353
-with floating interest rates	5,21%	-	1.135.128	2.476.395
Long-term bank borrowings		**-**	**1.135.748**	**2.477.748**
Total bank borrowings		**812**	**1.180.574**	**2.576.796**

The redemption schedule of long-term bank borrowings at 31 March 2011 is as follows:

	Euro	**TL**
1 April 2012 - 31 March 2013	46.933	102.389
1 April 2013 - 31 March 2014	93.743	204.510
1 April 2014 - 31 March 2015	163.957	357.689
1 April 2015 - 31 March 2016	199.064	434.278
1 April 2016 - 31 March 2017	234.171	510.867
1 April 2017 and over	397.880	868.015
	1.135.748	**2.477.748**

The fair value of bank borrowings at 31 March 2011 is 2.529.618 TL.

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

NOTE 10 – FINANCIAL LIABILITIES (Continued)

	31 December 2010			
	Weigted 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 at 31 December 2010 is as follows:

	Euro	**TL**
1 January 2012 - 31 December 2012	46.933	96.170
1 January 2013 - 31 December 2013	93.743	192.089
1 January 2014 - 31 December 2014	163.957	335.964
1 January 2015 - 31 December 2015	199.064	407.902
1 January 2016 - 31 December 2016	234.171	479.840
1 January 2017 and over	397.880	815.296
	1.135.748	**2.327.261**

The fair value of bank borrowings at 31 December 2010 is TL 2.358.130.

The fair value of bank borrowings is described in Note 23.

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

NOTE 11 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions:

	31 March 2011	31 December 2010
Provision for litigation	18.990	16.632
Provision for unused vacation	33.680	31.565
Total short-term provisions	**52.670**	**48.197**

There are various lawsuits filed against or in favor of the Group. Receivables, rent or labor 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 2010	**17.408**
Increase during the period	1.164
Payments during the period	(1.655)
31 March 2010	**16.917**
1 January 2011	16.632
Increase during the period	3.612
Payments during the period	(1.254)
31 March 2011	**18.990**

Movement of provision for unused vacation in period is as follows:

1 January 2010	**25.609**
Increase during the period	4.982
Payments during the period	(2.732)
31 March 2010	**27.859**
1 January 2011	**31.565**
Increase during the period	5.094
Payments during the period	(2.979)
31 March 2011	**33.680**

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

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

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

Collaterals, Pledges, Mortgages

31 March 2011

Collaterals, Pledges, Mortgages	**Cumulative TL Amount**	**TL**	**USD**	**Euro**
A. CPM given on behalf of the Company's legal personality	52.281	51.611	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	**52.281**	**51.611**	**397**	**25**
Proportion of CRMs to equity	**0,0%**			

Commitments, contingent assets and liabilities:

31 December 2010

Collaterals, Pledges, Mortgages	**Cumulative TL Amount**	**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 CRMs to equity	**0,0%**			

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

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

Commitments, contingent assets and liabilities (continued):

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

	31 March 2011	31 December 2010
Letters of guarantees given	52.281	54.124

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

	31 March 2011	31 December 2010
Guarantees obtained from customers	84.203	83.385
Mortgages	14.559	14.383
	98.762	**97.768**

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

	31 March 2011	31 December 2010
Payable within 1 year	33.905	41.406
Payable in 1 to 5 years	7.218	7.379
5 years and more	360	46
	41.483	**48.831**

d) Tax legislations in Kazakhstan and Kyrgyzstan are subject to different manners of interpretation alterations 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, which might lead to additional tax burden, related penalties and interest payments. 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 an action of debt regarding the 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 March 2011 condensed consolidated interim 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 March 2011 it is seen as a far possibility to be obligated to pay the alleged missing rent payments and overdue interest.

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

NOTE 12 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	31 March 2011	31 December 2010
Provision for employee termination benefits	11.716	10.269

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

1 January 2010	13.974
Increase during the period	(1.218)
Payments during the period	(2.154)
Actuarial gain	(169)
31 March 2010	**10.433**
1 January 2011	10.269
Increase during the period	5.155
Payments during the period	(3.608)
Actuarial gain	(100)
31 March 2011	**11.716**

NOTE 13 - REVENUE AND COST OF SALES

	1 January- 31 March 2011	1 January- 31 March 2010
Domestic sales	1.530.918	1.399.154
Foreign sales	80.167	60.629
	1.611.085	**1.459.783**
Other sales	1.799	583
	1.612.884	**1.460.366**
Less: Discounts and returns	(37.565)	(26.280)
Sales revenue -net	**1.575.319**	**1.434.086**
Cost of sales	(1.185.506)	(1.076.779)
Gross Profit	**389.813**	**357.307**

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

	1 January- 31 March 2011	1 January- 31 March 2010
Retail sales revenue	1.561.389	1.421.485
Rent income	25.539	23.128
Wholesale revenue	24.157	15.170
	1.611.085	**1.459.783**

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

NOTE 14 - EXPENSES BY NATURE

	31 March 2011			31 March 2010		
	General administrative expenses	**Marketing, selling and distribution expenses**	**Total**	**General administrative expenses**	**Marketing, selling and distribution expenses**	**Total**
Staff costs	17.715	117.539	135.254	17.832	93.936	111.768
Rent	21	72.957	72.978	18	57.792	57.810
Porterage and cleaning	230	9.358	9.588	69	10.121	10.190
Transportation	47	19.582	19.629	2	15.832	15.834
Depreciation and amortisation	32.964	-	32.964	31.466	-	31.466
Energy	208	25.001	25.209	208	23.801	24.009
Advertising	-	8.215	8.215	-	9.813	9.813
Repair and maintenance	79	5.724	5.803	232	5.314	5.546
Security	88	4.936	5.024	98	5.094	5.192
Warehouse	-	9.825	9.825	-	7.341	7.341
Taxes and other fees	655	4.253	4.908	536	5.724	6.260
Mechanisation	675	2.370	3.045	322	2.786	3.108
Communication	459	2.504	2.963	447	2.353	2.800
Other	3.031	15.273	18.304	2.342	13.098	15.440
	56.172	**297.537**	**353.709**	**53.572**	**253.005**	**306.577**

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

	1 January- 31 March 2011	**1 January- 31 March 2010**
Cost of trade goods	(1.173.359)	(1.065.378)
Service costs	(12.147)	(11.401)
	(1.185.506)	**(1.076.779)**

Cost of trade goods include discounts, incentives 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 15 - OTHER OPERATING INCOME / EXPENSE

Other operating income

	1 January- 31 March 2011	**1 January- 31 March 2010**
Gain on sales of scrap goods	934	296
Provision write-off	954	548
Gain on sales of plant, property and equipment	25	697
Other	521	1.138
	2.434	**2.679**

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

NOTE 15 - OTHER OPERATING INCOME / EXPENSE (Continued)

Other operating expenses

	1 January-31 March 2011	**1 January-31 March 2010**
Losses from sale of subsidiary	(4.252)	-
Bad debt expense	(133)	(230)
Litigation provisions	(2.358)	(491)
Loss from sale of plant, property and equipment	(27)	(656)
Other	(2.713)	(1.321)
	(9.483)	**(2.698)**

NOTE 16 - FINANCIAL INCOME

	1 January-31 March 2011	**1 January-31 March 2010**
Interest income on bank deposits	5.142	6.980
Foreign exchange gains	22.716	126.384
Fair value change of derivatives	24.990	-
Due date charges on term sales	4.748	4.883
Other	119	794
	57.715	**139.041**

NOTE 17 - FINANCIAL EXPENSE

	1 January-31 March 2011	**1 January-31 March 2010**
Due date difference on term purchases	(17.204)	(16.140)
Foreign exchange losses	(153.684)	(40.128)
Interest expense on bank borrowings	(35.404)	(30.763)
Fair value change of derivatives	-	(29.040)
Other	(1.108)	(270)
	(207.400)	**(116.341)**

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

NOTE 18 - TAXES ON INCOME

	31 March 2011	**31 December 2010**
Taxes and funds payable	9.719	22.893
Less: Prepaid current income taxes	(725)	(45.950)
Tax provision, net	**8.994**	**(*) (23.057)**

	31 March 2011	**31 December 2010**
Deferred income tax assets	36.885	34.511
Deferred income tax liabilities	(155.847)	(152.922)
	(118.962)	**(118.411)**

(*) The portion of prepaid taxes, which exceed the corporate tax payable as of 31 December 2010 are presented under other receivables.

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.

In Turkey, corporation tax rate for the year 31 March 2011 is 20% (2010: 20%).

Implied corporation tax rates in Kazakhstan, Bulgaria, Macedonia and Kyrgyzstan are 20%, 10%, 10% and 10% respectively (31 December 2010: 20%, 10%, 10% and 10%, respectively).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2010 (2010: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the prior years profit retroactively.

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

The details of taxation on income for the periods ended 31 March 2011 and 2010 are as follows:

	1 January- 31 March 2011	**1 January- 31 December 2010**
Current period tax expense	(10.096)	(22.306)
Deferred income tax income / (expense)	(3.644)	7.702
	(13.740)	**(14.604)**

<u>Income withholding tax</u>

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is applied as 10% from 24 April 2003 until 22 July 2006. This rate was changed to 15% commencing from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, investments without investment incentive certificates do not qualify for tax allowance.

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

NOTE 18 - TAXES ON INCOME (Continued)

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 and its statutory tax financial statements. Temporary differences generally arise due to the recording of incomes and expenses in different reporting periods according to Tax Laws and CMB Accounting Standards. Deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on the taxable income in the coming years under the liability method using a principal tax rate of 20%, 20%, 10% and 10% for Turkey, Kazakhstan, Bulgaria and Macedonia, respectively (31 December 2010: 20%, 20%, 10% and 10% respectively).

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 March 2011 and 31 December 2010 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 March 2011	**31 December 2010**	**31 March 2011**	**31 December 2010**
Fair value change of derivative instruments	72.587	85.273	14.517	17.054
Expense accruals and provisions	78.279	48.197	15.656	9.639
Inventories	11.010	12.176	2.202	2.435
Provision for employment termination benefits	11.716	10.060	2.301	2.012
Unincurred interest income	155	149	31	30
Other	10.895	16.703	2.178	3.341
Deferred income tax assets			**36.885**	**34.511**
Fair value change of derivative instruments	16.930	4.627	3.386	925
Property, plant and equipment and intangible assets	782.195	774.337	147.192	147.591
Unincurred interest expense	10.038	9.540	2.008	1.908
Other	16.313	12.494	3.261	2.498
Deferred income tax liability			**155.847**	**152.922**
Total Deferred income tax liability, net			**(118.962)**	**(118.411)**

	31 March 2011	**31 March 2010**
Deferred income tax assets:		
Deferred income tax asset to be recovered after more than 12 months	9.636	10.383
Deferred income tax asset to be recovered within 12 months	27.249	24.128
	36.885	34.511
Deferred income tax liabilities:		
Deferred income tax liability to be settled after more than 12 months	(150.577)	(148.516)
Deferred income tax liability to be settled within 12 months	(5.270)	(4.406)
	(155.847)	(152.922)
Deferred tax liabilities (net)	**(118.962)**	**(118.411)**

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

NOTE 18 - TAXES ON INCOME (Continued)

Deferred income taxes (continued)

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

	Deferred income tax liability
1 January 2010	**(116.485)**
Current period deferred tax income	7.702
Cumulative translation difference	(84)
31 March 2010	**(108.867)**
1 January 2011	(118.411)
Current period deferred tax expense	(3.644)
Disposal from sale of subsidiary (Note 26)	3.105
Cumulative translation difference	(12)
31 March 2011	**(118.962)**

NOTE 19 - EQUITY

Share Capital

As of 31 March 2011 the Company's authorised capital consists of 17.803.000.000 shares at 1 shares of KR 1 nominal value. All shares are paid-in and no privileges are given to different share groups and shareholders.

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

	31 March 2011		**31 December 2010**	
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
	100	**178.030**	**100**	**178.030**

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

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

Due from related parties:	**31 March 2011**	**31 December 2010**
Mavi Jeans Giyim Sanayi ve Tic. A.Ş	6	6
Tekin Acar Büyük Mağazacılık T.A.Ş.	13	17
Provus Bilişim Hizmetleri A.Ş.	39	-
Total due from related parties	58	23

Due to related parties:	**31 March 2011**	**31 December 2010**
Şok Marketler T.A.Ş.	968	645
Sanal Merkez T.A.Ş.	947	449
Other	1.162	1.166
Total due to related parties	3.077	2.260

ii) Transactions with related parties

	1 January - 31 March 2011	**1 January - 31 March 2010**
Non-current asset purchases		
Sanal Merkez T.A.Ş	1	58
	1	58
Inventory purchases:		
Şok Marketler Tic. A.Ş.	2.605	681
	2.605	**681**
Services rendered:		
Sanal Merkez T.A.Ş.	1	29
	1	**29**

Other transactions with related parties are as follows:

	1 January - 31 March 2011	**1 January - 31 March 2010**
Rent income	349	327
	349	327

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

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Key management compensation:

The Group has determined key management personnel as chairman, members of Board of Directors, general manager and vice general managers.

Total compensation provided to key management personnel by Group for the period ended 31 March 2011 and 2010 is as follows:

	1 January - 31 March 2011	1 January - 31 March 2010
Short-term benefits to employees	3.611	4.597

At 31 March 2011 and 2010, compensation paid or payable consists of salaries, benefits, SSI and employer shares and Board of Directors attendance fees.

NOTE 21 – EARNINGS / (LOSS) PER SHARE

	31 March 2011	31 March 2010
Net income / (loss) attributable to the shareholders	(134.387)	58.805
Weighted average number of shares with Kr 1 face value each ('000)	17.803.000	17.803.000
Earnings / (loss) per share (Kr)	**(0,75)**	**0,33**

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

NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is followed and limited through the evaluation of foreign currency position and hedges.

At 31 March 2011, if Euro had appreciated against TL by 5 % and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been less in the amount of TL 110.442.

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

NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	31 March 2011			
		Original Currencies		
	Total TL equivalent	USD	Euro	Other Currency
Assets:				
Cash and cash equivalents	408.178	10.324	168.095	25.477
Trade receivables	2.927	259	28	2.466
Other current assets	3.355	1.815	-	545
Total current assets	**414.460**	**12.398**	**168.123**	**28.488**
Other non-current assets	-	-	-	-
Total non-current assets	-	-	-	-
Total assets	**414.460**	**12.398**	**168.123**	**28.488**
Short-term borrowings	99.048	812	44.826	-
Trade payables (net)	4.216	269	10	3.778
Other current liabilities	5.916	3.120	25	1.032
Total current liabilities	**109.180**	**4.201**	**44.861**	**4.810**
Long term financial liabilities	2.477.747	-	1.135.748	-
Total non-current liabilities	**2.477.747**	**-**	**1.135.748**	**-**
Total liabilities	**2.586.927**	**4.201**	**1.180.609**	**4.810**
Net balance sheet foreign currency position	**(2.172.467)**	**8.197**	**(1.012.486)**	**23.678**
Net asset/liability position of off-balance sheet derivatives (A-B)	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency position	**(2.172.467)**	**8.197**	**(1.012.486)**	**23.678**
Export	-	-	-	-
Import	13.249	8.462	-	-
Fair value of hedged funds of foreign currency	72.147	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	214.909	-	98.510	-

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

NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	31 December 2010			
		Original Currencies		
	Total TL equivalent	USD	Euro	Other Currency
Assets:				
Cash and cash equivalents	453.732	5.089	210.652	14.217
Trade receivables	2.763	195	54	2.351
Other current assets	3.484	1.873	-	589
Total current assets	**459.979**	**7.157**	**210.706**	**17.157**
Other non-current assets	61	39	-	-
Total non-current assets	**61**	**39**	**-**	**-**
Total assets	**460.040**	**7.196**	**210.706**	**17.157**
Short-term borrowings	61.122	1.120	28.984	-
Trade payables (net)	4.861	462	551	3.018
Other current liabilities	6.036	3.283	24	912
Total current liabilities	**72.019**	**4.865**	**29.559**	**3.930**
Long term financial liabilities	2.327.261	-	1.135.748	-
Total non-current liabilities	**2.327.261**	**-**	**1.135.748**	**-**
Total liabilities	**2.399.280**	**4.865**	**1.165.307**	**3.930**
Net balance sheet foreign currency position	**(1.939.240)**	**2.331**	**(954.601)**	**13.227**
Net asset/liability position of off-balance sheet derivatives (A-B)	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency position	**(1.939.240)**	**2.331**	**(954.601)**	**13.227**
Export	-	-	-	-
Import	48.523	32.104	-	-
Fair value of hedged funds of foreign currency	76.896	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	201.856	-	98.510	-

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

NOTE 22 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity analyses as of 31 March are as follows:

31 March 2011

	Gain/Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
5% change in Euro Exchange rate		
Euro net asset/liability	(110.442)	110.442
Portion secured from Euro risk	-	-
Euro net effect	(110.442)	110.442

31 December 2010

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

NOTE 23 - 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 recognized at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2. Apart from that, for disclosure purposes, the borrowings carried at the amortized cost at the balance sheet are presented with their values in Note 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.

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

NOTE 24 - 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 174.323.000 to TL178.030.000 (Amounts expressed in Turkish Lira ("TL")) and also in accordance with the merger agreement approved during the General Assembly, merger ratio of 0,97918 and share exchange ratio of 1,00 has been identified. As a result of the merger, registered shares amounting to TL 3.706.660 (Amounts expressed in Turkish Lira ("TL")) issued by Moonlight have been distributed to the shareholders of Migros Türk other than Moonlight in exchange for their Migros Türk shares.

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

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

NOTE 25 - SUBSEQUENT EVENTS

As disclosed by the parent company of Migros, MH Perakendecilik ve Ticaret A.Ş. ("MH"), dated 06.04.2011 and 08.04.2011, decided to sell Migros shares with nominal value of TL 31.000.000 with TL 25 per share. Share transfer/settlement is executed on 18.04.2011.

New shareholding structure is as follows:

	Share Amount	Share %
Shareholders		
MH Perakendecilik ve Ticaret A.Ş.	143.323	80,51
Other	34.707	19,49
	178.030	**100**

NOTE 26 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Loss from sale of subsidiary

	2010
Amount received	22.697
Recorded amount of net assets	26.949
Sales loss	4.252

4.252 TL worth of sales loss is classified under other operating expenses (Note 15).

Net amount from sale of subsidiary

Cash and cash equivalents received	22.697
Less: cash and cash equivalents of sold subsidiary	(7.810)
	14.887

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

NOTE 26 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Book value of net assets disposed is as follows:

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