MİGROS TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION
INTO ENGLISH OF
CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2010

(ORIGINALLY ISSUED IN TURKISH)

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CONDENSED CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2010

(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) 30 September 2010	(Audited) As Restated 31 December 2009	(Audited) As Restated 1 January 2009
ASSETS				
Current assets				
Cash and cash equivalents		929.084	1.281.287	1.094.452
Trade receivables		42.184	38.047	28.334
- Other trade receivables		42.089	37.936	26.243
- Due from related parties	20	95	111	2.091
Other receivables		2.663	643	415
Inventories	8	704.175	582.294	497.652
Other current assets		57.862	38.599	28.362
Total current assets		**1.735.968**	**1.940.870**	**1.649.215**
Non-current assets				
Other receivables		1.335	1.341	910
Financial assets		2.215	2.215	2.215
Derivative financial instruments	4	973	7.615	-
Investment property	5	52.474	56.941	68.084
Deferred income tax assets	18	208	-	-
Property, plant and equipment	6	1.126.241	1.079.694	1.028.884
Intangible assets	7	304.744	311.739	301.352
Goodwill	9	2.251.427	2.239.210	2.239.210
Other non-current assets		7.137	8.418	2.040
Total non-current assets		**3.746.754**	**3.707.173**	**3.642.695**
Total assets		**5.482.722**	**5.648.043**	**5.291.910**

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2010

(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) 30 September 2010	(Audited) As Restated 31 December 2009	(Audited) As Restated 1 January 2009
Current liabilities				
Current portion of long-term liabilities	10	73.133	74.502	44.024
Derivative financial instruments	4	52.055	13.463	-
Trade payables		1.356.109	1.240.576	1.049.039
- Due to related parties	20	1.959	1.840	148
- Other payables		1.354.150	1.238.736	1.048.891
Other payables		7.182	9.052	16.699
Taxes on income	18	60	-	3.356
Provisions	11	47.419	43.017	36.125
Other current liabilities		85.053	62.632	64.970
Total current liabilities		**1.621.011**	**1.443.242**	**1.214.213**
Non-current liabilities				
Financial liabilities	10	2.278.476	2.504.385	37.978
Derivative financial instruments	4	59.630	64.991	-
Other liabilities		3.723	4.863	4.408
Provision for employee termination benefits	12	10.499	13.974	15.490
Deferred income tax liabilities	18	108.166	116.258	124.829
Total non-current liabilities		**2.460.494**	**2.704.471**	**182.705**
Total liabilities		**4.081.505**	**4.147.713**	**1.396.918**
EQUITY				
Attributable to equity holders of the parent		**1.400.748**	**1.499.869**	**3.865.190**
Share capital	19	178.030	178.030	174.323
Share premium		678.233	678.233	3.534.750
Other capital reserves		(365)	(365)	(365)
Restricted reserves		385.856	364.097	-
Cumulative translation differences		590	7.010	18.873
Additional contribution to shareholders' equity related to merger		27.312	27.312	-
Retained earnings		27.960	137.609	-
Net income for the period		103.132	107.943	137.609
Non-controlling interest		**469**	**461**	**29.802**
Total equity		**1.401.217**	**1.500.330**	**3.894.992**
Total liabilities and equity		**5.482.722**	**5.648.043**	**5.291.910**

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2010

(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 - 30 September 2010	(Not reviewed) 1 July - 30 September 2010	(Not reviewed) As Restated 1 January - 30 September 2009	(Not reviewed) As Restated 1 July - 30 September 2009
CONTINUING OPERATIONS					
Revenue (net)	3,13	4.762.143	1.790.246	4.251.130	1.575.210
Cost of sales (-)	3,13	(3.561.616)	(1.328.651)	(3.185.641)	(1.196.072)
GROSS PROFIT	**3,13**	**1.200.527**	**461.595**	**1.065.489**	**379.138**
Marketing, selling and distribution expenses (-)	14	(873.059)	(339.380)	(698.303)	(251.703)
General administrative expenses (-)	14	(168.898)	(57.087)	(166.109)	(55.059)
Other operating income	15	10.674	3.620	9.769	2.373
Other operating expense (-)	15	(10.278)	(3.081)	(9.116)	(2.749)
OPERATING PROFIT	**3**	**158.966**	**65.667**	**201.730**	**72.000**
Financial income	16	254.826	(48.749)	101.649	33.177
Financial expense (-)	17	(284.342)	(53.856)	(183.912)	(129.128)
INCOME / (LOSS) BEFORE TAX	**3**	**129.450**	**(36.938)**	**119.467**	**(23.951)**
Income tax expense	**18**	**(26.267)**	**6.801**	**(23.583)**	**6.269**
- Income tax expense	18	(34.416)	8.085	(36.002)	(4.902)
- Deferred income tax income	18	8.149	(1.284)	12.419	11.171
NET INCOME / (LOSS)		**103.183**	**(30.137)**	**95.884**	**(17.682)**
Net income / (loss) attributable to:					
Equity holders of the parent		103.132	(30.151)	94.319	(17.611)
Non-controlling interest		51	14	1.565	(71)
		103.183	**(30.137)**	**95.884**	**(17.682)**
Earning per share (Kr)	21	0,58	(0,17)	0,53	(0,10)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2010

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

	(Not reviewed) 1 January - 30 September 2010	(Not reviewed) 1 July - 30 September 2010	(Not reviewed) As Restated 1 January - 30 September 2009	(Not reviewed) As Restated 1 July - 30 September 2009
Net income / (loss) for the period	**103.183**	**(30.137)**	**95.884**	**(17.682)**
Other comprehensive income / (expense):				
Currency translation differences	(6.463)	(4.997)	(15.110)	(2.230)
Other comprehensive loss for the period	**(6.463)**	**(4.997)**	**(15.110)**	**(2.230)**
Total comprehensive income for the period	**96.720**	**(35.134)**	**80.774**	**(19.912)**
Total comprehensive income attributable to:				
Equity holders of the parent	96.712	(35.162)	79.204	(19.841)
Non-controlling interest	8	28	1.570	(71)
	96.720	**(35.134)**	**80.774**	**(19.912)**

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 CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2010

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

	Notes	Share capital	Share Premium	Other capital reserves	Restricted reserves	Cumulative translation differences	Additional contribution to equity related to merger	Retained earnings	Net 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	25	-	-	-	-	-	-	-	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		-	(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		-	-	-	-	(15.115)	-	-	94.319	1.570	80.774
Balances at 30 September 2009		**178.030**	**678.233**	**363.732**	**-**	**3.758**	**27.312**	**137.609**	**94.319**	**353**	**1.483.346**
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	25	-	-	-	-	-	-	4.542	(81)	-	4.461
Balances at 1 January 2010 (As restated)		**178.030**	**678.233**	**(365)**	**364.097**	**7.010**	**27.312**	**137.609**	**107.943**	**461**	**1.500.330**
Transfers		-	-	-	21.759	-	-	54.684	(76.443)	-	-
Dividend paid		-	-	-	-	-	-	(164.333)	(31.500)	-	(195.833)
Total comprehensive income		-	-	-	-	(6.420)	-	-	103.132	8	96.720
Balances at 30 September 2010		**178.030**	**678.233**	**(365)**	**385.856**	**590**	**27.312**	**27.960**	**103.132**	**469**	**1.401.217**

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2010

(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 - 30 September 2010	(Not reviewed) As Restated 1 January - 30 September 2009
Operating activities:			
Net income for the period		103.132	94.319
Adjustments to reconcile net income			
to net cash provided / used by operating activities:			
Non-controlling interest		51	1.565
Depreciation and amortisation	5,6,7	96.378	96.156
Provision for employment termination benefits	12	3.136	5.632
Provision for unused vacation	11	15.224	11.604
Provision for litigation	11	3.325	3.389
Bad debt provision		1.680	2.567
Income tax expense	18	26.267	23.583
Interest income	16	(34.966)	(79.103)
Interest expense	17	147.017	92.660
Gain / (loss) on sale of property, plant and equipment - net	15	(2.649)	70
Impairment of property, plant and equipment	6	1.930	1.798
Fair value loss of derivative instruments	17	63.108	16.871
Unrecognised foreign exchange differences - net		(216.914)	72.274
Cash flows from operating activities before changes in operating assets and liabilities		**206.719**	**343.385**
Changes in operating assets and liabilities:			
Trade receivables		(6.589)	(14.966)
Inventories	8	(121.795)	(30.732)
Other current assets and other receivables		(15.609)	(3.053)
Other non current assets		1.287	(1.015)
Short-term trade payables		108.020	138.733
Other current assets and other payables		17.609	15.224
Long-term trade payables		(1.140)	-
Employment termination benefits paid	12	(6.820)	(4.952)
Unused vacation paid	11	(10.967)	(8.643)
Income taxes paid	18	(39.560)	(37.743)
Compensations paid	11	(3.179)	(1.259)
Accrued interest		(1.810)	-
Net cash (used in) / provided from operating activities		**126.166**	**394.979**

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2010

(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 - 30 September 2010	(Not reviewed) As Restated 1 January - 30 September 2009
Investing activities:			
Purchases of property, plant and equipment	6	(128.999)	(112.451)
Purchase of intangible assets	7	(1.673)	(20.962)
Proceeds from sale of property, plant and equipment	15,6	3.873	448
Purchases of investment property	5	(315)	-
Interest received		36.776	79.103
Cash inflow from acquisition of subsidiaries		272	-
Net cash used in investing activities		**(90.066)**	**(53.862)**
Financing activities:			
Bank borrowing received	10	-	2.455.885
Bank borrowings paid		(48.504)	(34.087)
Financial instrument paid		-	61.233
Interest and premium paid for purchased derivative financial insturements		(23.235)	(8.994)
Dividend paid		(195.833)	(2.492.420)
Interest paid		(117.717)	(79.213)
Net cash used in financing activities		**(385.289)**	**(97.596)**
Cumulative translation adjustment		(3.014)	(4.297)
Net increase in cash and cash equivalents		(352.203)	239.224
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		**929.084**	**1.333.676**

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. (Note 24).

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%.

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 30 September 2010, the Group operates in 1.881 stores (2009: 1.586) with a net retail space of 932.564 (2009: 822.127) square meters. Retail is the main business of the Group and constitutes 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

Financial statements are approved for issue by the Company's Board of Directors "(BOD)" as of 11 November 2010 and signed by Ö.Özgür Tort, the General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. Following the issue of the statutory financial statements, they must be approved by the Company shareholders and these financial statements can only be modified or adjusted upon the shareholders' request made to the General Assembly subsequent to the issuance.

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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	2010 %	2009 %
Ramstore Mahdud Mesuliyyetli Cemiyeti ("Ramstore Azerbaijan")	Azerbaijan	Azerbaijan	Retailing	100,0	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	100,0
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	100,0	-
Amaç Gıda San. Ve Tic. A.Ş.(***)	Turkey	Turkey	Retailing	100,0	-
Egeden Gıda Tüketim Malları Tic.ve San. A.Ş.(***)	Turkey	Turkey	Retailing	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..

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.

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

2.1 Financial Reporting Standards (continued)

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.

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 – 30 September 2010 should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2009.

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 2009 are consistent except for issues mentioned below:

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 revalue its inventories. Effects of restated application have been specified in Note 25.

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

2.2 Summary of Significant Accounting Policies (continued)

2.2.2 Basis of consolidation

The group continued to apply accounting policies that are stated on the group's 30 Sept. 2010 financial statements. However, changes to the consolidation that are explained below are reflected in financial statements.

- As of 31 July 2010, 99,996 % of Ades Gıda San. Ve Tic. A.Ş., 99,996 % 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.

2.3.1 New and Revised International Financial Reporting Standards

a) There have been no changes in standards and interpretation that have adopted with affect on the September 2010

b) Standards, amendments and interpretations to existing standards effective in September 2010 but not relevant to the Group

- 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:

1. 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.
2. to change the recognition and subsequent accounting requirements for contingent consideration.
3. 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.
4. 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.

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), "consolidated and separate financial statements", at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

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

2.3.2 New and Revised International Financial Reporting Standards

- 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.

2.3.3 New and Revised International Financial Reporting Standards

- 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 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 8 Operating Segments, IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows, IAS 17 Leases, IAS 18 Revenue, 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.

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- **IFRS 1 (amendments) First-time Adoption of IFRS – Additional Exemptions**

  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.

- **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. The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

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

2.3.2 New and Revised International Financial Reporting Standards (continued)

- **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. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

- **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. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

- **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. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

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 1 Presentation of Financial Statements; 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. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

(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 30 September 2010 is as follows:

a) Segment analysis for the period 1 January – 30 September 2010

	Turkey	Other countries	Combined Total	Intersegment elimination	Total
External revenues	4.575.110	187.033	4.762.143	-	4.762.143
Inter segment revenues	6.209	-	6.209	(6.209)	-
Sales revenue	4.581.319	187.033	4.768.352	(6.209)	4.762.143
Cost of goods sold	(3.426.550)	(141.275)	(3.567.825)	6.209	(3.561.616)
Gross profit	1.154.769	45.758	1.200.527	-	1.200.527
Selling and marketing expenses	(850.540)	(22.518)	(873.059)	-	(873.059)
General administrative expenses	(149.736)	(19.161)	(168.898)	-	(168.898)
Addition: Depreciation and amortization	85.047	11.331	96.378	-	96.378
Addition: Employment termination benefits	(3.685)	-	(3.685)	-	(3.685)
Addition: Unused vacation provision	4.257	-	4.257	-	4.257
EBITDA	**240.112**	**15.410**	**255.520**	**-**	**255.520**

(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)

b) Segment analysis for the period 1 July – 30 September 2010

	Turkey	Other countries	Combined Total	Intersegment elimination	Total
External revenues	1.724.963	65.283	1.790.246	-	1.790.246
Inter segment revenues	1.370	-	1.370	(1.370)	-
Sales revenue	1.726.333	65.283	1.791.616	(1.370)	1.790.246
Cost of goods sold	(1.280.781)	(49.240)	(1.330.021)	1.370	(1.328.651)
Gross profit	445.552	16.043	461.595	-	461.595
Selling and marketing expenses	(331.012)	(8.369)	(339.380)	-	(339.380)
General administrative expenses	(50.739)	(6.348)	(57.087)	-	(57.087)
Addition: Depreciation and amortization	28.917	3.925	32.842	-	32.842
Addition: Employment termination benefits	(419)	-	(419)	-	(419)
Addition: Unused vacation provision	(63)	-	(63)	-	(63)
EBITDA	**92.236**	**5.251**	**97.488**	**-**	**97.488**

c) Segment analysis for the period 1 January – 30 September 2009

	Turkey	Other countries	Combined Total	Intersegment elimination	Total
External revenues	4.080.506	170.624	4.251.130	-	4.251.130
Inter segment revenues	6.826	-	6.826	(6.826)	-
Sales revenue	4.087.332	170.624	4.257.956	(6.826)	4.251.130
Cost of goods sold	(3.067.172)	(125.295)	(3.192.467)	6.826	(3.185.641)
Gross profit	1.020.160	45.329	1.065.489	-	1.065.489
Selling and marketing expenses	(680.015)	(18.288)	(698.303)	-	(698.303)
General administrative expenses	(146.624)	(19.485)	(166.109)	-	(166.109)
Addition: Depreciation and amortization	85.833	10.323	96.156	-	96.156
Addition: Employment termination benefits	679	-	679	-	679
Addition: Unused vacation provision	2.961	-	2.961	-	2.961
EBITDA	**282.994**	**17.879**	**300.873**	**-**	**300.873**

(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)

d) Segment analysis for the period 1 July– 30 September 2009

	Turkey	Other countries	Combined Total	Intersegment elimination	Total
External revenues	1.522.933	52.277	1.575.210	-	1.575.210
Inter segment revenues	637	-	637	(637)	-
Sales revenue	1.523.570	52.277	1.575.847	(637)	1.575.210
Cost of goods sold	(1.156.977)	(39.732)	(1.196.709)	637	(1.196.072)
Gross profit	366.593	12.545	379.138	-	379.138
Selling and marketing expenses	(247.275)	(4.428)	(251.703)	-	(251.703)
General administrative expenses	(48.670)	(6.389)	(55.059)	-	(55.059)
Addition: Depreciation and amortization	28.882	3.420	32.302	-	32.302
Addition: Employment termination benefits	(238)	-	(238)	-	(238)
Addition: Unused vacation provision	(45)	-	(45)	-	(45)
EBITDA	**99.247**	**5.148**	**104.395**	**-**	**104.395**

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

	1 January - 30 September 2010	1 July - 30 September 2010	1 January - 30 September 2009	1 July - 30 September 2009
EBITDA, reported segments	255.520	97.488	300.873	104.395
Depreciation and amortisation	(96.378)	(32.842)	(96.156)	(32.302)
Employment termination benefits	3.685	419	(679)	238
Provision of unused vacation	(4.257)	63	(2.961)	45
Other operating income	10.674	3.620	9.769	2.373
Other operating expenses (-)	(10.278)	(3.081)	(9.116)	(2.749)
Operating profit	**158.966**	**65.667**	**201.730**	**72.000**
Financial income	254.826	(48.749)	101.649	33.177
Financial expense (-)	(284.342)	(53.856)	(183.912)	(129.128)
Income before tax	**129.450**	**(36.938)**	**119.467**	**(23.951)**

(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

Long term assets	30 September 2010	31 December 2009
Corridor option	726	5.519
CAP option	247	2.096
	973	**7.615**

Short term liabilities	30 September 2010	31 December 2009
Interest rate collar contracts	16.967	-
Forward foreign exchange contracts	35.088	13.463
	52.055	**13.463**
Long term liabilities		
Forward foreign exchange contracts	59.630	40.855
Interest rate collar contracts	-	24.136
	59.630	**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 30 September 2010 which extend until year 2013 are as follows:

	EURO Amount to be purchased	TL Amount to be sold	Fair Value (TL)
	125.690	**370.047**	**94.718**

(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 Group entered into the following interest rate collar, cap and corridor contracts with banks in order to hedge its interest rate risk. The contracts details and their fair values at 30 September 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	10.744
Collar	6 November 2008	27 February 2009	31 May 2011	210 million	6.223
					16.967
Corridor	26 August 2009	31 May 2011	30 November 2012	300 million	726
Cap	26 August 2009	30 November 2009	31 May 2011	200 million	-
Cap	26 August 2009	31 May 2011	30 November 2012	125 million	247
					973

The fair values of the foreign exchange contracts as of 31 December 2009 which extend until year 2013 are as follows:

	EURO Amount to be purchased	TL Amount to be sold	Fair Value (TL)
	153.570	**437.679**	**54.318**

The Group entered into the following interest rate 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 2009 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	15.696
Collar	6 November 2008	27 February 2009	31 May 2011	210 million	8.440
					24.136

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

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NOTE 5 - INVESTMENT PROPERTY

	Opening 1 January 2010	Additions	Transfers (Note 6)	Cumulative translation differences	Closing 30 September 2010
Cost					
Land and buildings	66.534	315	717	(1.543)	66.023
Accumulated depreciation					
Land and buildings	(9.593)	(4.041)	(84)	169	(13.549)
Net book value	**56.941**				**52.474**

	Opening 1 January 2009	Additions	Transfers (Note 6)	Cumulative translation differences	Closing 30 September 2009
Cost					
Land and buildings	73.462	44	-	(2.989)	70.517
Accumulated depreciation					
Land and buildings	(5.378)	(4.613)	-	328	(9.663)
Net book value	**68.084**				**60.854**

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 30 September 2010, total investment property of the Group in Kazakhstan and Macedonia are 7.469 square meters and 8.927 square meters, respectively (31 December 2009: 7.349 square meters in Kazakhstan, 9.131 square meters in Macedonia).

(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 2010	Additions	Additions from subsidiaries acquisition	Disposals	Impairment loss (*)	Transfers	Transfers to investment properties (Note 5)	Cumulative translation differences	Closing 30 September 2010
Cost									
Land and buildings	466.224	2.646	-	(599)	-	2.359	(717)	(2.349)	467.564
Leasehold improvements	383.862	23.654	3.970	-	(5.090)	11.748	-	(258)	417.886
Machinery and equipments	251.638	38.078	-	(6.142)	-	15.997	-	(552)	299.019
Vehichles	529	1.111	-	(15)	-	82	-	(17)	1.690
Furniture and fixture	125.542	13.679	3.526	(253)	-	3.974	-	(606)	145.862
Construction in progress	2.981	49.831	-	(76)	-	(34.160)	-	-	18.576
	1.230.776	**128.999**	**7.496**	**(7.085)**	**(5.090)**	**-**	**(717)**	**(3.782)**	**1.350.597**
Accumulated depreciation									
Land and buildings	(16.262)	(7.379)	-	294	-	-	84	373	(22.890)
Leasehold improvements	(75.847)	(36.476)	-	-	3.160	-	-	50	(109.113)
Machinery and equipments	(40.609)	(28.369)	-	5.375	-	-	-	(827)	(64.430)
Vehichles	(199)	(119)	-	-	-	-	-	(20)	(338)
Furniture and fixture	(18.165)	(11.164)	-	214	-	-	-	1.530	(27.585)
	(151.082)	**(83.508)**	**-**	**5.883**	**3.160**	**-**	**84**	**1.106**	**(224.356)**
Net book value	**1.079.694**								**1.126.241**

(*) Impairment loss amounting to net TL 1.930 consists of leasehold improvements of the stores closed during the first nine months of year 2010. At 30 September 2010 and 31 December 2009 there were no mortgages on property, plant and equipment.

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NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Opening 1 January 2009	Additions	Additions from subsidiaries acquisition	Disposals	Impairment loss (**)	Transfers	Transfers to investment properties (Note 5)	Cumulative translation differences	Closing 30 September 2009
Cost									
Land and buildings	458.714	2.825	-	-	-	2.272	-	(4.659)	459.152
Leasehold improvements	326.885	32.575	-	-	(4.627)	8.531	-	(1.649)	361.715
Machinery and equipments	197.235	32.424	-	(7.921)	-	11.715	-	(2.785)	230.668
Vehichles	470	205	-	(126)	-	8	-	(40)	517
Furniture and fixture	99.861	12.551	-	(935)	-	5.208	-	(704)	115.981
Construction in progress	5.178	31.827	-	(17)	-	(27.734)	-	(9)	9.245
	1.088.343	**112.407**	**-**	**(8.999)**	**(4.627)**	**-**	**-**	**(9.846)**	**1.177.278**
Accumulated depreciation									
Land and buildings	(5.839)	(7.184)	-	-	-	-	-	550	(12.473)
Leasehold improvements	(28.414)	(38.710)	-	-	2.829	-	-	230	(64.065)
Machinery and equipments	(18.662)	(26.547)	-	7.634	-	-	-	843	(36.732)
Vehichles	(85)	(106)	-	-	-	-	-	11	(180)
Furniture and fixture	(6.459)	(9.517)	-	847	-	-	-	84	(15.045)
	(59.459)	**(82.064)**	**-**	**8.481**	**2.829**	**-**	**-**	**1.718**	**(128.495)**
Net book value	**1.028.884**								**1.048.783**

(**) Impairment loss amounting to net TL 1.798 consists of leasehold improvements of the stores closed during the first nine months of year 2009.

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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:

	30 September 2010	31 December 2009
Net book value	415	2.292

NOTE 7 - INTANGIBLE ASSETS

	Opening 1 January 2010	Additions	Disposals	Cumulative translation differences	Closing 30 September 2010
Cost					
Trademark(*)	253.068	-	-	-	253.068
Rent agreements (**)	32.982	-	-	-	32.982
Rights	15.359	1.673	(23)	171	17.180
Other intangible assets (***)	28.783	-	-	-	28.783
	330.192	**1.673**	**(23)**	**171**	**332.013**
Accumulated amortisation					
Rent agreements (**)	(10.131)	(4.121)	-	-	(14.252)
Rights	(5.441)	(2.613)	-	13	(8.041)
Other intangible assets (***)	(2.881)	(2.095)	-	-	(4.976)
	(18.453)	**(8.829)**		**13**	**(27.269)**
Net book value	**311.739**				**304.744**

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NOTE 7 - INTANGIBLE ASSETS (Continued)

	Opening 1 January 2009	Additions	Disposals	Cumulative translation differences	Closing 30 September 2009
Cost					
Trademark(*)	253.068	-	-	-	253.068
Rent agreements (**)	32.982	-	-	-	32.982
Rights	10.558	2.476	-	(140)	12.894
Other intangible assets (***)	10.297	18.486	-	-	28.783
	306.905	**20.962**	**-**	**(140)**	**327.727**
Accumulated amortisation					
Rent agreements (**)	(3.349)	(5.087)	-	-	(8.436)
Rights	(1.911)	(3.162)	-	(144)	(5.217)
Other intangible assets (***)	(293)	(1.230)	-	-	(1.523)
	(5.553)	**(9.479)**		**(144)**	**(15.176)**
Net book value	**301.352**				**312.551**

(*) 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

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NOTE 7 - INTANGIBLE ASSETS (Continued)

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

	30 September 2010	31 December 2009	1 January 2009
Raw materials	2.859	2.794	1.712
Work in progress	4.494	3.083	1.382
Merchandise stocks	694.829	574.643	493.137
Other	1.993	1.774	1.421
	704.175	**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 25.

Cost of the inventory included in the cost of sales for the period 1 January – 30 September 2010 amounts to TL 3.527.144 (2009: 3.152.677)

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.

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NOTE 9 - GOODWILL (Continued)

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 30 September 2010 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
Net assets acquired	(1.468.995)
Goodwill	**2.239.210**

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

	TL
Cash and cash equivalents	385.393
Financial assets	458.425
Inventories	456.711
Plant property and equipment	979.659
Investment property	56.084
Intangible assets	294.103
Trade and other receivables	206.331
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

(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)

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.

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

b) 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 Acquired	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 Acquired	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 Acquired	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 Ticaretve Sanayi A.Ş. ("Egeden") undertook the store administrations of Migros and Sok stores within the scope of franchise agreements. Following the acquision of these companies' shares, required permissions were taken from the Competition Authority and all other duties were completed. As a result, transfer of the shares were made on 31 July 2010. After the transfer of the shares, Company has ownership of %99,9996 at Amaç, %99,996 at Ades and %99,998 at Egeden.

(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

	30 September 2010				
	Weighted average interest rate	**TL**	**USD**	**Euro**	**Total TL equivalent**
Current portion of long-term bank borrowings					
-with fixed interest rates	2,00%	-	-	137	271
-with floating interest rates	4,94%	-	2.952	33.181	69.830
-with floating interest rates	-	3.032	-	-	3.032
Current portion of long-term bank borrowings		**3.032**	**2.952**	**33.318**	**73.133**
Long-term bank borrowings					
-with fixed interest rates	2,00%	-	-	744	1.469
-with floating interest rates	4,94%	-	-	1.152.681	2.277.007
Long-term bank borrowings		**-**	**-**	**1.153.425**	**2.278.476**
Total bank borrowings		**3.032**	**2.952**	**1.186.743**	**2.351.609**

The redemption schedule of long-term bank borrowings at 30 September 2010 is as follows:

	Euro	**TL**
1 October 2011 - 30 September 2012	35.231	69.595
1 October 2012 - 30 September 2013	58.636	115.829
1 October 2013 - 30 September 2014	146.403	289.205
1 October 2014 - 30 September 2015	163.957	323.880
1 October 2015 - 30 September 2016	234.171	462.581
1 October 2016 and over	515.027	1.017.386
	1.153.425	**2.278.476**

The fair value of long-term bank borrowings at 30 September 2010 is TL 2.317.665.

(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 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 at 31 December 2009 is as follows:

	Euro	**TL**
1 January 2011 - 31 December 2011	23.528	50.829
1 January 2012 - 31 December 2012	46.933	101.389
1 January 2013 - 31 December 2013	93.743	202.513
1 January 2014 - 31 December 2014	163.957	354.196
1 January 2015 and over	831.115	1.795.458
	1.159.276	**2.504.385**

The fair value of long-term bank borrowings at 31 December 2009 is TL 2.585.608.

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:

	30 September 2010	31 December 2009
Provision for litigation	17.553	17.408
Provision for unused vacation	29.866	25.609
	47.419	43.017

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:

	TL
Opening as of 1 January 2009	15.232
Increase during the period	3.389
Payments during the period	(1.259)
Closing as of 30 September 2009	17.362
Opening as of 1 January 2010	17.408
Increase during the period	3.324
Payments during the period	(3.179)
Closing as of 30 September 2010	17.553

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

	TL
Opening as of 1 January 2009	20.893
Increase during the period	11.604
Payments during the period	(8.643)
Closing as of 30 September 2009	**23.854**
Opening as of 1 January 2010	25.609
Increase during the period	15.224
Payments during the period	(10.967)
Closing as of 30 September 2010	**29.866**

(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 30 September 2010 and 31 December 2009 are as follows:

Collaterals, Pledges, Mortgages

30 September 2010

Collaterals, Pledges, Mortgages	**Total TL Amount**	**TL**	**USD Dollars**	**Euro**
A. CPM given on behalf of the Company's				
legal personality	46.022	45.476	342	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	**46.022**	**45.476**	**342**	**25**
Proportion of CRMs to equity	**3,3%**			

Commitments, contingent assets and liabilities:

31 December 2009

Collaterals, Pledges, Mortgages	**Total TL Amount**	**TL**	**USD Dollars**	**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 CRMs to equity	**2,5%**			

(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):

	September 2010	December 2009
Guarantees obtained from customers	81.472	65.704
Mortgages	8.156	1.502
	89.628	**67.206**

b) 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.

c) 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 30 September 2010 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 30 September 2010 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

	30 September 2010	31 December 2009
Provision for employee termination benefits	10.499	13.974

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

	TL
1 January 2009	15.490
Increase during the period	6.779
Payments during the period	(4.952)
Actuarial gain	(1.148)
30 September 2009	**16.169**
1 January 2010	13.974
Aquisation of subsidiary	210
Increase during the period	3.312
Payments during the period	(6.820)
Actuarial gain	(177)
30 September 2010	**10.499**

NOTE 13 - REVENUE AND COST OF SALES

	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Domestic sales	4.675.378	1.766.687	4.176.068	1.567.418
Foreign sales	186.886	64.919	170.931	55.152
	4.862.264	**1.831.606**	**4.346.999**	**1.622.570**
Other sales	2.535	1.380	1.675	(1.935)
	4.864.799	**1.832.986**	**4.348.674**	**1.620.635**
Less: Discounts and returns	(102.656)	(42.740)	(97.544)	(45.425)
Sales revenue -net	**4.762.143**	**1.790.246**	**4.251.130**	**1.575.210**
Cost of sales	(3.561.616)	(1.328.651)	(3.185.641)	(1.196.072)
Gross Profit	**1.200.527**	**461.595**	**1.065.489**	**379.138**

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

NOTE 13 - REVENUE AND COST OF SALES (Continued)

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

	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Retail sales revenue	4.727.869	1.773.597	4.229.852	1.581.659
Rent income	70.797	24.506	68.196	21.826
Wholesale revenue	63.598	33.503	48.951	19.085
	4.862.264	**1.831.606**	**4.346.999**	**1.622.570**

NOTE 14 - EXPENSES BY NATURE

	1 January - 30 September 2010			1 January - 30 September 2009		
	General administrative expenses	Marketing, selling and distribution expenses	Total	General administrative expenses	Marketing, selling and distribution expenses	Total
Staff costs	(54.561)	(316.337)	(370.898)	(51.518)	(264.104)	(315.622)
Rent	(54)	(192.227)	(192.281)	(26)	(158.449)	(158.475)
Transportation,	(520)	(113.518)	(114.038)	(391)	(83.572)	(83.963)
Depreciation and amortisation	(96.378)		(96.378)	(96.156)	-	(96.156)
Energy	(687)	(79.287)	(79.974)	(785)	(67.154)	(67.939)
Advertising	-	(37.007)	(37.007)	(69)	(31.036)	(31.105)
Repair, maintainance and security	(635)	(34.684)	(35.319)	(846)	(32.826)	(33.672)
CRM and Campain expenses	-	(29.220)	(29.220)	-	(996)	(996)
Warehouse	-	(18.771)	(18.771)	-	(13.548)	(13.548)
Taxes and other fees	(1.962)	(7.238)	(9.200)	(1.971)	(8.531)	(10.502)
Mechanisation	(2.592)	(7.303)	(9.895)	(2.219)	(6.568)	(8.787)
Communication	(1.645)	(7.841)	(9.486)	(1.532)	(6.526)	(8.058)
Other	(9.864)	(29.626)	(39.490)	(10.596)	(24.993)	(35.589)
	(168.898)	**(873.059)**	**(1.041.957)**	**(166.109)**	**(698.303)**	**(864.412)**

(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 (Continued)

	1 July- 30 September 2010			1 July - 30 September 2009		
	General administrative expenses	**Marketing, selling and distribution expenses**	**Total**	**General administrative expenses**	**Marketing, selling and distribution expenses**	**Total**
Staff costs	(18.096)	(112.920)	(131.016)	(16.235)	(95.064)	(111.299)
Rent	(18)	(71.349)	(71.367)	(3)	(57.580)	(57.583)
Transportation,	(158)	(44.200)	(44.358)	(129)	(30.743)	(30.872)
Depreciation and amortisation	(32.842)	-	(32.842)	(32.302)	-	(32.302)
Energy	(306)	(32.886)	(33.192)	(304)	(26.554)	(26.858)
Advertising	-	(13.497)	(13.497)	(17)	(9.848)	(9.865)
Repair, maintainance and security	(227)	(11.870)	(12.097)	(261)	(12.034)	(12.295)
CRM and campaign expenses	-	(28.148)	(28.148)	-	(276)	(276)
Warehouse	-	(7.237)	(7.237)	-	(4.912)	(4.912)
Taxes and other fees	(296)	(671)	(967)	(736)	(2.143)	(2.879)
Mechanisation	(1.335)	(2.057)	(3.392)	(852)	(2.228)	(3.080)
Communication	(666)	(2.887)	(3.553)	(393)	(2.346)	(2.739)
Other	(3.143)	(11.658)	(14.801)	(3.827)	(7.975)	(11.802)
	(57.087)	**(339.380)**	**(396.467)**	**(55.059)**	**(251.703)**	**(306.762)**

Expenses by nature in cost of sales for the periods 1 January – 30 September 2010 and 2009 are as follows:

	1 January- 30 September 2010	**1 July- 30 September 2010**	**1 January- 30 September 2009**	**1 July- 30 September 2009**
Cost of trade goods	(3.527.144)	(1.316.960)	(3.152.677)	(1.184.947)
Service costs	(34.472)	(11.691)	(32.964)	(11.125)
	(3.561.616)	**(1.328.651)**	**(3.185.641)**	**(1.196.072)**

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.

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NOTE 15 - OTHER OPERATING INCOME / EXPENSE

	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Other operating income:				
Gain on sales of scrap goods	1.082	471	1.103	320
Provision write-off	799	105	1.780	98
Gain on sales of plant, property and equipment	3.489	318	401	62
Income from advertising	-	-	2.750	-
Other	5.304	2.726	3.735	1.893
	10.674	**3.620**	**9.769**	**2.373**

	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Other operating expenses				
Paid law suit and provision expenses	(3.179)	(676)	(1.260)	(126)
Bad debt expense	(1.680)	(222)	(2.567)	(819)
Losses from closed stores	(1.930)	(1.026)	(1.798)	(1.165)
Litigation provisions	(145)	731	(2.130)	(388)
Loss on sales of plant, property and equipment	(840)	(68)	(471)	(131)
Other	(2.504)	(1.820)	(890)	(120)
	(10.278)	**(3.081)**	**(9.116)**	**(2.749)**

NOTE 16 - FINANCIAL INCOME

	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Interest income on bank deposits	19.796	6.076	60.121	13.152
Foreign exchange gains	217.441	(61.394)	18.417	12.341
Due date charges on term sales	15.170	5.940	18.982	6.052
Other	2.419	629	4.129	1.632
	254.826	**(48.749)**	**101.649**	**33.177**

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

NOTE 17 - FINANCIAL EXPENSE

	1 January- 30 September 2010	1 July- 30 September 2010	1 January- 30 September 2009	1 July- 30 September 2009
Due date difference on term purchases	(57.545)	(24.636)	(70.504)	(20.765)
Foreign exchange losses	(72.974)	9.131	(74.116)	(70.389)
Interest expense on bank borrowings	(89.472)	(30.996)	(22.156)	(20.913)
Financial expense of derivative instruments	(63.108)	(6.650)	(16.871)	(16.871)
Other	(1.243)	(705)	(265)	(190)
	(284.342)	**(53.856)**	**(183.912)**	**(129.128)**

NOTE 18 - TAXES ON INCOME

	30 September 2010	31 December 2009
Taxes and funds payable	34.416	33.451
Less: Prepaid current income taxes	(34.357)	(39.008)
Tax provision, net	(*) 59	(*) (5.557)

	30 September 2010	31 December 2009	1 January 2009
Deferred income tax assets	39.763	31.935	16.614
Deferred income tax liabilities	(147.721)	(148.193)	(141.443)
	(107.958)	**(116.258)**	**(124.829)**

(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)

(*) The portion of prepaid taxes, which exceed the corporate tax payable as of 31 December 2009 and 30 September 2010 are presented under other current assets.

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 30 September 2010 is 20% (2009: 20%).

Implied corporation tax rates in Kazakhstan, Bulgaria, Macedonia, Azerbaijan and Kyrgyzstan are 20%, 10%, 10%, 22% and 10% respectively (31 December 2009: 20%, 10%, 10%, 22% and 10%, respectively).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2010 (2009: 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 30 September 2010 and 2009 are as follows:

	1 January-30 September 2010	1 July-30 September 2010	1 January-30 September 2009	1 July-30 September 2009
Current period tax expense	(34.416)	8.085	(36.002)	(4.902)
Deferred income tax income / (expense)	8.149	(1.284)	12.419	11.171
	(26.267)	6.801	(23.583)	6.269

Income withholding tax

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 10% starting from 24 April 2003. 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, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Group. The investments without investment incentive certificates do not qualify for tax allowance.

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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%, 22% and 10% for Turkey, Kazakhstan, Bulgaria, Azerbaijan and Macedonia, respectively (31 December 2009: 20%, 20%, 10%, 22% 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 30 September 2010 and 31 December 2009 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences			Deferred income tax assets/(liabilities)		
	30 September 2010	**31 December 2009**	**1 January 2009**	**30 September 2010**	**31 December 2009**	**1 January 2009**
Fair value change of derivative instruments	111.685	78.454	-	22.337	15.691	-
Inventories	17.246	10.500	19.542	3.449	2.108	3.915
Provision for employment termination benefits	10.289	13.974	15.490	2.058	2.795	3.098
Expense accruals	47.420	43.017	36.125	9.484	8.604	7.225
Unincurred interest income	201	238	490	40	48	98
Other	11.971	13.436	11.404	2.395	2.689	2.278
Deferred income tax assets				**39.763**	**31.935**	**16.614**
Fair value change of derivative instruments	973	(7.615)	-	(195)	(1.523)	-
Property, plant, equipment and intangible assets	(751.012)	(745.641)	(724.754)	(141.861)	(141.035)	(137.095)
Unincurred interest income	(10.057)	(9.245)	(16.043)	(2.011)	(1.849)	(3.209)
Inventories	(5.576)	(5.576)	(5.678)	(1.115)	(1.115)	(1.136)
Other	(12.693)	(13.346)	(12)	(2.539)	(2.671)	(3)
Deferred income tax liabilities				**(147.721)**	**(148.193)**	**(141.443)**
Deferred income tax liabilities, net				**(107.958)**	**(116.258)**	**(124.829)**

(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)

	30 September 2010	31 December 2009	1 January 2009
Deferred income tax assets:			
Deferred income tax asset to be recovered after more than 12 months	13.984	15.793	3.098
within 12 months	25.780	16.142	13.516
	39.764	31.935	16.614
Deferred income tax liabilities:			
Deferred income tax liability to be settled after more than 12 months	(142.056)	(142.557)	(137.095)
Deferred income tax liability to be settled	(5.665)	(5.636)	(4.348)
	(147.721)	(148.193)	(141.443)
Deferred tax liabilities (net)	**(107.957)**	**(116.258)**	**(124.829)**

	30 September 2010	31 December 2009	1 January 2009
Deferred income tax assets	208	-	-
Deferred income tax liabilities	(108.166)	(116.258)	(124.829)
	(107.958)	**(116.258)**	**(124.829)**

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

	Deferred income tax liability
1 January 2009	(124.829)
Current period deferred tax expense	12.419
Cumulative translation difference	(210)
30 September 2009	(112.620)
1 January 2010	(116.258)
Current period deferred tax income	8.149
Cumulative translation difference	151
30 September 2010	(107.958)

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

NOTE 19 - EQUITY

Share Capital

As of 30 September 2010 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. Movement of shares is as follows:

The shareholders of the Company and their shareholdings stated at historical amounts at 30 September 2010 and 31 December 2009 are stated below:

	30 September 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
	100	178.030	100	178.030

Transactions Affecting Equity By Level of Significance

At the Annual General Meeting held on May 20, 2010, it was decided to distribute a gross cash dividend of TL 195.833.000 to the shares representing TL 178.030.000 capital.

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%.

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. In addition to TL 195.833.000 dividend payment, it was decided to set aside second order legal reserves amounting to TL 21.759.222.

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

	30 September 2010	31 December 2009
Due from related parties:		
Mavi Jeans Giyim Sanayi ve Tic. A.Ş	8	6
Tekin Acar Büyük Mağazacılık T.A.Ş.	17	17
Sanal Merkez T.A.Ş.	70	88
Total receivables from related parties	95	111
Due to related parties:		
Şok Marketler T.A.Ş.	2	722
Sanal Merkez T.A.Ş.	772	-
Other	1.184	1.118
Total payables to related parties	1.959	1.840

(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)

ii) Transactions with related parties

	1 January - 30 September 2010	1 July - 30 September 2010	1 January - 30 September 2009	1 July - 30 September 2009
Non-current asset purchases				
Sanal Merkez T.A.Ş	162	104	-	-
	162	104	-	-
Inventory purchases:				
Şok Marketler Tic. A.Ş.	2.176	752	1.141	342
	-	**752**	**1.141**	**342**
Services rendered:				
Sanal Merkez T.A.Ş.	139	110	92	30
	139	**110**	**92**	**30**

Other transactions with related parties are as follows:

	1 January - 30 September 2010	1 July - 30 September 2010	1 January - 30 September 2009	1 July - 30 September 2009
Rent income	872	266	785	248

Dividend paid	1 January - 30 September 2010	1 July - 30 September 2010	1 January - 30 September 2009	1 July - 30 September 2009
MH Perakendecilik A.Ş.	191.756	191.756	-	-
Other	4.077	4.077	-	-
	-	-	-	-
	195.833	195.833	-	-

(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 30 September 2010 and 2009 is as follows:

Key management compensation:	1 January - 30 September 2010	1 July - 30 September 2010	1 January - 30 September 2009	1 July - 30 September 2009
Short-term benefits to employees	13.820	4.609	11.507	4.349
	13.820	**4.609**	**11.507**	**4.349**

At 30 September 2010 and 2009, compensation paid or payable consists of salaries, benefits, SSI and employer shares and Board of Directors attendance fees.

NOTE 21 – EARNINGS / (LOSS) PER SHARE

	1 January - 30 September 2010	1 July - 30 September 2010	1 January - 30 September 2009	1 July - 30 September 2009
Net income / (loss) attributable to the shareholders	103.132	(30.151)	94.319	(17.611)
Kr 1 face value each ('000)	17.803.000	17.803.000	17.803.000	17.803.000
Earnings / (loss) per share (Kr)	**0,58**	**(0,17)**	**0,53**	**(0,10)**

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 30 September 2010, 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 96.328.

(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)

	30 September 2010			
	Original Currencies			
	Total TL equivalent	**USD**	**Euro**	**Other Currency**
Assets:				
Cash and cash equivalents	447.009	12.528	211.508	11.016
Trade receivables	2.630	296	13	2.175
Other current assets	3.355	1.937	-	544
Total current assets	**452.994**	**14.761**	**211.521**	**13.735**
Other non-current assets	128	88	-	-
Total non-current assets	**128**	**88**	**-**	**-**
Total assets	**453.122**	**14.849**	**211.521**	**13.735**
Short-term borrowings	70.101	2.952	33.318	-
Trade payables (net)	5.372	653	37	4.351
Other current liabilities	5.743	3.023	14	1.328
Total current liabilities	**81.216**	**6.628**	**33.369**	**5.679**
Long term financial liabilities	2.278.476	-	1.153.425	-
Total non-current liabilities	**2.278.476**	**-**	**1.153.425**	**-**
Total liabilities	**2.359.692**	**6.628**	**1.186.794**	**5.679**
Net balance sheet foreign currency position	**(1.906.570)**	**8.221**	**(975.273)**	**8.056**
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	**(1.906.570)**	**8.221**	**(975.273)**	**8.056**
Export	-	-	-	-
Import	39.984	26.358	-	-
Fair value of hedged funds of foreign currency	94.718	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	248.288	-	125.690	-

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

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

Foreign currency sensitivity analyses as of 30 September are as follows:

30 September 2010

	Gain/Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
5% change in Euro Exchange rate		
Euro net asset/liability	(96.328)	96.328
Portion secured from Euro risk	-	-
Euro net effect	(96.328)	96.328

31 December 2009

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

NOTE 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 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 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.

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NOTE 25 - DISCLOSURE OF OTHER MATTERS REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Restatement for the previous year's 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