MİGROS TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Migros Ticaret A.Ş. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated financial position as of 31 December 2012 and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statements of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Migros Ticaret A.Ş. and its subsidiaries as of 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

Additional paragraph for convenience translation into English

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

İstanbul, 3 April 2013

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Gaye ŞENTÜRK
Partner

Originally issued and signed in Turkish

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

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MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL POSITION AT 31 DECEMBER 2012 AND 2011

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

	Notes	(Audited) 31 December 2012	(Audited) 31 December 2011
ASSETS			
Current Assets			
Cash and cash equivalents	4	1.040.867	1.010.255
Trade receivables	7	47.345	67.174
- Other trade receivables		47.293	67.164
- Due from related parties	25	52	10
Other receivables	8	1.233	1.037
Derivative financial instruments	26	15	-
Inventories	9	786.036	679.000
Other current assets	16	33.054	30.794
Total current assets		**1.908.550**	**1.788.260**
Non-current assets			
Other receivables	8	1.302	1.165
Financial investments	5	1.695	1.695
Derivative financial instruments	26	241	43
Investment property	10	45.777	51.365
Property, plant and equipment	11	1.142.342	1.118.881
Intangible assets	12	248.510	250.270
Goodwill	13	2.251.427	2.251.427
Other non-current assets	16	24.501	17.858
Total non-current assets		**3.715.795**	**3.692.704**
Total assets		**5.624.345**	**5.480.964**

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL POSITION AT 31 DECEMBER 2012 AND 2011

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

	Notes	(Audited) 31 December 2012	(Audited) 31 December 2011
LIABILITIES			
Current liabilities			
Financial liabilities	6	146.261	13.796
Derivative financial instruments	26	20.063	22.591
Trade payables	7	1.538.112	1.387.042
- Due to related parties	25	1.251	1.365
- Other payables		1.536.861	1.385.677
Other payables	8	1.701	684
Taxes on income	23	8.473	2.521
Provisions	14	64.735	53.505
Other current liabilities	16	95.795	98.555
Total current liabilities		**1.875.140**	**1.578.694**
Non-current liabilities			
Financial liabilities	6	2.340.110	2.573.754
Derivative financial instruments	26	1.279	13.345
Other liabilities	8	3.288	3.602
Provision for employee termination benefits	15	35.834	10.516
Deferred income tax liabilities	23	106.618	105.346
Total non-current liabilities		**2.487.129**	**2.706.563**
Total liabilities		**4.362.269**	**4.285.257**
EQUITY			
Attributable to equity holders of the parent		**1.261.554**	**1.195.231**
Share capital	17	178.030	178.030
Share premium	17	678.233	678.233
Other capital reserves	17	(365)	(365)
Restricted reserves	17	385.856	385.856
Cumulative translation differences	17	10.973	18.869
Additional contribution to shareholders' equity related to merger	17,29	27.312	27.312
Retained earnings	17	(106.548)	70.541
Net income / (loss) for the period	17	88.063	(163.245)
Non-controlling interest		**522**	**476**
Total equity		**1.262.076**	**1.195.707**
Total liabilities and equity		**5.624.345**	**5.480.964**

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

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2012 AND 2011

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

	Notes	(Audited) 1 January - 31 December 2012	(Audited) 1 January - 31 December 2011
CONTINUING OPERATIONS			
Revenue	3,18	6.482.402	5.753.112
Cost of sales (-)	3,18	(4.777.067)	(4.258.622)
GROSS PROFIT	**3,18**	**1.705.335**	**1.494.490**
Marketing, selling and distribution expenses (-)	19	(1.203.501)	(1.030.684)
General administrative expenses (-)	19	(232.161)	(211.139)
Other operating income	20	11.112	8.955
Other operating expense (-)	20	(32.862)	(29.210)
OPERATING PROFIT	**3**	**247.923**	**232.412**
Financial income	21	178.240	176.935
Financial expense (-)	22	(297.253)	(725.205)
INCOME / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**3**	**128.910**	**(315.858)**
Income tax expense	**23**	**(40.774)**	**(53.356)**
- Income tax expense	23	(36.506)	(47.939)
- Deferred tax expense	23	(4.268)	(5.417)
NET INCOME / (LOSS) FROM CONTINUING OPERATIONS		**88.136**	**(369.214)**
DISCONTINUED OPERATIONS			
Income after tax from discontinued operations	30	-	206.044
NET INCOME / (LOSS)		**88.136**	**(163.170)**
Net income / (loss) attributable to:			
Equity holders of the parent		88.063	(163.245)
Non-controlling interest		73	75
		88.136	**(163.170)**
Earning / (loss) per share (Kr)	24	0,49	(0,92)

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012 AND 2011

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

	Notes	(Audited) 1 January - 31 December 2012	(Audited) 1 January - 31 December 2011
Net income / (loss) for the period		**88.136**	**(163.170)**
Other comprehensive (expense) / income :			
Actuarial loss arising from employee benefits		(13.844)	-
Currency translation differences		(7.923)	17.713
Cumulative translation differences reclassified due to foreign operations disposal		-	(5.989)
Other comprehensive (loss) / income for the period		**(21.767)**	**11.724**
Total comprehensive income / (loss) for the period		**66.369**	**(151.446)**
Total comprehensive income / (loss) attributable to:			
Equity holders of the parent		66.323	(151.416)
Non-controlling interest		46	(30)
		66.369	**(151.446)**

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012 AND 2011

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

	Share capital	Share premium	Other capital reserves	Restricted reserves	Cumulative translation differences	Additional contribution to equity related to merger	Retained earnings	Net (loss) / income	Attributable to equity holders of the parent	Non-controlling interest	Total equity
Balances at 1 January 2011	**178.030**	**678.233**	**(365)**	**385.856**	**7.040**	**27.312**	**27.960**	**42.581**	**1.346.647**	**506**	**1.347.153**
Total comprehensive income											
Net loss for the year	-	-	-	-	-	-	-	(163.245)	(163.245)	75	(163.170)
Other comprehensive income									-		-
Currency translation differences	-	-	-	-	11.829	-	-	-	11.829	(105)	11.724
Other comprehensive income (after tax) for the year	**-**	**-**	**-**	**-**	**11.829**	**-**	**-**	**-**	**11.829**	**(105)**	**11.724**
Total comprehensive income	**-**	**-**	**-**	**-**	**11.829**	**-**	**-**	**(163.245)**	**(151.416)**	**(30)**	**(151.446)**
Transfers	-	-	-	-	-	-	42.581	(42.581)	-	-	-
Balances at 31 December 2011	**178.030**	**678.233**	**(365)**	**385.856**	**18.869**	**27.312**	**70.541**	**(163.245)**	**1.195.231**	**476**	**1.195.707**
Balances at 1 January 2012	**178.030**	**678.233**	**(365)**	**385.856**	**18.869**	**27.312**	**70.541**	**(163.245)**	**1.195.231**	**476**	**1.195.707**
Total comprehensive income											
Net profit for the year	-	-	-	-	-	-	-	88.063	88.063	73	88.136
Other comprehensive income											
Actuarial loss arising from employee benefits	-	-	-	-	-	-	(13.844)	-	(13.844)	-	(13.844)
Currency translation differences	-	-	-	-	(7.896)	-	-	-	(7.896)	(27)	(7.923)
Other comprehensive income (after tax) for the year	**-**	**-**	**-**	**-**	**(7.896)**	**-**	**(13.844)**	**-**	**(21.740)**	**(27)**	**(21.767)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(7.896)**	**-**	**(13.844)**	**88.063**	**66.323**	**46**	**66.369**
Transfers	-	-	-	-	-	-	(163.245)	163.245	-	-	-
Balances at 31 December 2012	**178.030**	**678.233**	**(365)**	**385.856**	**10.973**	**27.312**	**(106.548)**	**88.063**	**1.261.554**	**522**	**1.262.076**

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

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2012 AND 2011

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

	Notes	(Audited) 1 January - 31 December 2012	(Audited) 1 January - 31 December 2011
Operating activities:			
Net income / (loss) for the period from continuing operations		88.063	(369.289)
Net income for the period from discontinued operations	30	-	206.044
Adjustments to reconcile net income to net cash provided / used by operating activities:			
Net income attributable to non-controlling interest		73	75
Depreciation and amortisation	19	131.146	123.744
Provision for employment termination benefits	15	20.464	14.185
Provision for unused vacation	14	13.511	15.090
Provision for litigation	14	9.121	5.314
Doubtful receivable provision	7	3.091	1.639
Income tax expense	23, 30	40.774	120.960
Tax provision concerning prior periods		-	1.930
Interest income	21	(61.405)	(53.777)
Interest expense	22	231.477	230.850
(Gain) / loss on sale of property, plant and equipment - net	20	(1.583)	2.132
Impairment of property, plant and equipment	11	4.701	8.941
Gain from sale of subsidiary	30	-	(357.613)
Fair value (gain) / loss of derivative instruments	21, 22	22.263	(18.418)
Unrecognised foreign exchange differences (gain) / loss - net		(97.009)	459.492
Cash flows from operating activities before changes in operating assets and liabilities		**404.687**	**391.299**
Changes in operating assets and liabilities:			
Trade receivables		16.738	(18.957)
Inventories		(107.036)	(27.881)
Other current assets and other receivables		(2.456)	16.128
Other non-current assets		(6.780)	2.485
Current trade payables		151.070	(74.789)
Other current payables and liabilities		(1.750)	8.705
Non-current trade payables		(314)	(494)
Employment termination benefits paid	15	(12.451)	(13.400)
Unused vacation paid	14	(4.691)	(5.590)
Income taxes paid	23	(30.554)	(106.044)
Tax paid concerning prior periods		-	(13.094)
Compensations paid	14	(6.711)	(2.486)
Accrued interest		(843)	2.662
Net cash provided from operating activities of discontinued operations		-	14.912
Net cash provided from investing activities		**398.909**	**173.456**

MİGROS TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2012 AND 2011

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

	Notes	(Audited) 1 January - 31 December 2012	(Audited) 1 January - 31 December 2011
Investing activities:			
Purchase of investment property	10	-	(253)
Purchase of property, plant and equipment	11	(146.707)	(155.593)
Purchase of intangible assets	12	(12.981)	(9.964)
Proceeds from sale of property, plant and equipment		2.953	2.548
Cash received due to sale of subsidiary		-	595.153
Interest received		62.248	51.115
Net cash used in investing activities of discontinued operations		-	(3.934)
Net cash (used in) / provided from investing activities		**(94.487)**	**479.072**
Financing activities:			
Bank borrowings paid		(631)	(262.300)
Cash paid with respect to derivative instruments		(37.069)	(26.336)
Interest paid		(235.016)	(228.875)
Net cash used in financing activities of discontinued operations		-	(10.058)
Net cash used in financing activities		**(272.716)**	**(527.569)**
Cumulative translation adjustment		(1.094)	1.116
Net increase in cash and cash equivalents		30.612	126.075
Cash and cash equivalents at the beginning of the period		**1.010.255**	**884.180**
Cash and cash equivalents at the end of the period	**4**	**1.040.867**	**1.010.255**

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.

In accordance with the decision taken during Migros Türk's general assembly held on 28 April 2009, Migros Türk decided to merge with Moonlight through a takeover of its assets and liabilities as a whole within the framework of Capital Markets Board ("CMB") regulations, Turkish Commercial Code, Law No. 451, and other related articles and Corporate Tax Law No. 19-20. As a result of the mentioned merger, Moonlight's capital was decided to be increased from TL 174.323.340 to TL 178.030.000 (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 29).

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 80,51% (31 December 2011: 80,51%). The Group sold its subsidiary Ramstore Azerbaijan of which they had 100% of shares, on 17 February 2011 and sold its subsidiary Şok Marketler Ticaret A.Ş. of which they had 99,6% of shares, to a third party on the date 25 August 2011.

As of 31 December 2012, the Group employed 17.437 people (31 December 2011: 16.778) on average.

The Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods through its Migros, 5M, Tansaş and Macrocenter banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet. The Company also rents floor space in the shopping malls to other trading companies. As of 31 December 2012, the Group operates in 882 stores (31 December 2011: 745) with a net retail space of 851.680 (31 December 2011: 797.761) square meters. Retail is the main business segment of the Group and constitutes almost 96,7% of gross sales (31 December 2011: 96,4%).

The address of the registered office is as follows:

Migros Ticaret A.Ş.
Turgut Özal Caddesi No:12
34758 Ataşehir İstanbul

These consolidated financial statements have been approved for issue by the Board of Directors "(BOD)" on 3 April 2013 and signed by Ö.Özgür Tort, General Manager, and Erkin Yılmaz, Assistant General Manager, on behalf of the BOD. The owners of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries:

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

Subsidiary	Country of incorporation	Geographical segment	Nature of business	31 December 2012 %	31 December 2011 %
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
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez") (*)	Turkey	Turkey	Trade	100,0	100,0

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial Reporting Standards

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

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats required at the announcements of CMB dated at 17 April 2008 and 9 January 2009.

Statutory Decree No: 660, which has been become effective and published in the Official Gazette on 2 November 2011, and the Additional Clause 1 of the Law No: 2499 were nullified and accordingly, Public Oversight, Accounting and Audit Standards Institution (the "Institution") was established. As per Additional Article 1 of the Statutory Decree, applicable laws and standards will apply until new standards and regulations be issued by the Institution and will become effective. In this respect, the respective matter has no effect over the 'Basis of The Preparation of Financial Statements" Note disclosed in the accompanying financial statements as of the reporting date.

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

2.1 Financial Reporting Standards (continued)

Migros Ticaret maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

The consolidated financial statements are prepared in Turkish Lira ("TL") based on the historical cost convention except for the financial assets and liabilities which are expressed with their fair values.

2.1.1 Functional and Presentation Currency

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

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

2.1.2 Translation of Financial Statements of Foreign Subsidiaries

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

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

2.2 New and Revised International Financial Reporting Standards

(a) Amendments to IFRSs affecting amounts reported in the financial statements

Amendments to IFRSs affecting presentation and disclosure only

None

Amendments to IFRSs affecting the reported financial performance and / or financial position

IAS 19 Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

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

2.2 New and Revised International Financial Reporting Standards (continued)

(a) Amendments to IFRSs affecting amounts reported in the financial statements (cont'd)

Amendments to IFRSs affecting the reported financial performance and / or financial position (cont'd)

IAS 19 Employee Benefits (cont'd)

The 2011 amendment of IAS 19 is effective for annual periods beginning on or after 1 January 2013 and requires retrospective application, but early adoption is allowed. The Group Management has elected to early adopt the 2011 amendment of IAS 19 as discussed in Note 2.4 "Change in accounting policies" which require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

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

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported and disclosures in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material impact on the financial statements are set out in further sections.

Amendments to IAS 12 Deferred Taxes – Recovery of Underlying Assets

The amendment is effective for annual periods beginning on or after 1 January 2012. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, through sale. The Group represents its investment property after deducting the accumulated depreciation and if there is any, impairment loss from the cost amount of the investment property. Therefore, the amendment did not have any effect on the consolidated financial statements.

Amendments to IFRS 7 Disclosures - Transfers of Financial Assets

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

These amendments to IFRS 7 did not have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

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

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

2.3 New and Revised International Financial Reporting Standards (continued)

(c) New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to IAS 1	Clarification of the Requirements for Comparative Information[2]
IFRS 9	Financial Instruments[5]
IFRS 10	Consolidated Financial Statements[3]
IFRS 11	Joint Arrangements[3]
IFRS 12	Disclosure of Interests in Other Entities[3]
IFRS 13	Fair Value Measurement[3]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[5]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide[3]
IAS 19 (as revised in 2011)	Employee Benefits[3]
IAS 27 (as revised in 2011)	Separate Financial Statements[3]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1[3]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[3]

[1] Effective for annual periods beginning on or after 1 July 2012.
[2] Effective for annual periods beginning on or after 1 January 2013 as part of the Annual Improvements to IFRSs 2009-2011 Cycle issued in May 2012.
[3] Effective for annual periods beginning on or after 1 January 2013.
[4] Effective for annual periods beginning on or after 1 January 2014.
[5] Effective for annual periods beginning on or after 1 January 2015.

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

2.2 New and Revised International Financial Reporting Standards (continued)

(c) New and Revised IFRSs in issue but not yet effective (cont'd)

Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* is effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments can be applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to IAS 1 *Presentation of Financial Statements*
(as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012)

The amendments to IAS 1 as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* are effective for the annual periods beginning on or after 1 January 2013.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

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

2.2 New and Revised International Financial Reporting Standards (continued)

(c) New and Revised IFRSs in issue but not yet effective (cont'd)

IFRS 9 *Financial Instruments (cont'd)*

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Group management anticipates that the application of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below:

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation - Special Purpose Entities* will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

These five standards together with the amendments regarding the transition guidance are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided all of these standards are applied at the same time. The directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

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

2.2 New and Revised International Financial Reporting Standards (continued)

(c) New and Revised IFRSs in issue but not yet effective (cont'd)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (cont'd)

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Group management anticipates that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to IFRS 7 and IAS 32 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Group management anticipates that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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

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

2.2 New and Revised International Financial Reporting Standards (continued)

(c) New and Revised IFRSs in issue but not yet effective (cont'd)

***Annual Improvements to IFRSs 2009 - 2011 Cycle* issued in May 2012**

The Annual Improvements to IFRSs 2009 - 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

- Amendments to IAS 16 *Property, Plant and Equipment*; and
- Amendments to IAS 32 *Financial Instruments: Presentation*.

Amendments to IAS 16

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The Group management does not anticipate that the amendments to IAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The Group management does not anticipate that the amendments to IAS 32 will have a significant effect on the Group's consolidated financial statements.

2.3 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company, Migros Ticaret, and its Subsidiaries on the basis set out in sections (b), to (d) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of Subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

b) Subsidiaries are companies over which Migros Ticaret has capability to control the financial and operating policies for the benefit of Migros Ticaret, through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself having the power to exercise control over the financial and operating policies.

The table below sets out all Subsidiaries and demonstrates their shareholding structures:

	Direct and indirect shareholding by Migros and its Subsidiaries (%)	
Subsidiary	**2012**	**2011**
Ramstore Bulgaria (1), (2)	100,00	100,00
Ramstore Kazakhstan (1)	100,00	100,00
Ramstore Macedonia (1)	99,00	99,00
Sanal Merkez (3)	100,00	100,00

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

2.3 Basis of Consolidation (continued)

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

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

(2) Ramstore Bulgaria closed down its three stores and ceased its retail operations as of March 2007.

(3) Sanal Merkez are excluded from the scope of consolidation on the grounds of materiality. The subsidiary has been classified and accounted for as financial assets in the consolidated financial statements (Note 5).

c) The results of foreign Subsidiaries are translated into Turkish Lira at average rates for the period. The assets and liabilities of foreign subsidiaries are translated into Turkish Lira at the closing rate for the period. Exchange differences arising on the retranslation of the opening net assets of foreign Subsidiaries and differences between the average and year-end rates are included in the translation reserve.

d) The minority shareholders' share in the net assets and results for the period for Subsidiaries are separately classified in the consolidated balance sheet and statement of income as non-controlling interest and income or loss attributable to non-controlling interest, respectively.

Changes in the Group's ownership interests in existing subsidiaries

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

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

2.4 Changes in the Accounting Policies

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements.

The Group has elected to early adopt the 2011 amendment for International Accounting Standard No. 19 ("IAS 19") "Employee Benefits" which basically requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order to reflect any change in the liability recognized in the consolidated statement of financial position. The amendments to IAS 19 require retrospective application. In this respect, the Group management evaluated the monetary impact of this accounting policy change on the previous years consolidated financial statements for the years ended 31 December 2011 and concluded that as the net after tax impact is not significant, previous year consolidated financial statements are not recast.

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

2.4 Changes in the Accounting Policies (cont'd)

In this context, starting from 31 December 2012, the Group recognizes actuarial gains and losses in the consolidated statement of comprehensive income which were previously presented in consolidated statement of income.

2.5 Changes in the Accounting Estimates and Errors

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. The Group did not have any major changes in the accounting estimates during the current year, except for the actuarial assumptions explained in Note 15.

2.6 Summary of Significant Accounting Policies

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

a) Revenue

(a) Sales of goods - Retail

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

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

(b) Sales of goods - Wholesale

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

(c) Other Revenue

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

Rent and royalty income - on accrual basis
Interest income - according to the effective interest method
Dividend income - when the right to receive payment is established.

b) Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost is determined by the most recent purchase method. The cost of borrowings is not included in the costs of inventories. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

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

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

2.6 Summary of Significant Accounting Policies (continued)

c) Property, plant and equipment

Property, plant and equipment obtained before 1 January 2005 are carried at the cost restated to the equivalent purchasing power at 31 December 2004 and the acquisition value of current period additions less accumulated depreciation and, if any, impairment (Note 11). Depreciation is provided over the economic useful lives for property, plant and equipment on a straight-line basis. Since land does not have definite useful lives, land is not depreciated.

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

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

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

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

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

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

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

d) Intangible assets (excluding goodwill)

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

a) Brands

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

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

d) Intangible assets (excluding goodwill) (cont'd)

b) Rent Agreements and other intangible assets

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

c) Computer software (Rights)

Rights arising on computer software are recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is 5 years.

d) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

e) Business combinations and goodwill

Business combinations

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

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

2.6 Summary of Significant Accounting Policies (continued)

e) Business combinations and goodwill (cont'd)

Business combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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

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

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

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

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

Goodwill

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

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

Goodwill (cont'd)

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

f) Impairment of assets

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

g) Financial liabilities and borrowing costs

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

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

h) Financial instruments

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost using the effective interest rate method.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

Financial assets

Financial assets are initially recognized in the consolidated financial statements at their acquisition costs including the operational costs. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale in accordance with the requirements of IAS 39,

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

2.6 Summary of Significant Accounting Policies (continued)

h) Financial instruments (cont'd)

Financial assets (cont'd)

"Financial Instruments". These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of the assets below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value- is removed from "Financial Assets Fair Value Reserve" in equity and the remained amount recognized as loss in the comprehensive income statement of the period.

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

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

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

i) Foreign currency transactions

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

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

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

i) Foreign currency transactions (cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

j) Earnings per share

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

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

k) Subsequent events

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

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

l) Provisions, contingent liabilities and contingent assets

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

m) Leases

(1) The Group as the lessee

Finance leases

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

Operational leases

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

(2) The Group as the lessor

Operational leases

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

n) Related parties

Shareholders who have control or common control on the Group, the companies or affiliates controlled by or affiliated to the shareholders, key management personnel and members of the board of directors, their families, the companies or affiliates controlled by or affiliated to them are deemed related parties in accordance with the aim of these consolidated financial statements (Note 25).

o) Segment reporting

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorised to make decisions regarding the activities of the Group. The organs and persons authorised to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on a geographical basis (Note 3).

p) Government incentives and grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

2.6 Summary of Significant Accounting Policies (continued)

p) Government incentives and grants (cont'd)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

q) Investment property

Buildings held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are depreciated with the straight-line depreciation method over their useful lives that until 50 years (Note 10).

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

r) Current and deferred income tax

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

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

Current tax

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

Deferred tax

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

r) Current and deferred income tax (cont'd)

Deferred tax (cont'd)

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

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

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

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

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

Current and deferred tax for the period

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

s) Employee termination benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value according to actuarial estimations is calculated by using estimated liability method. All actuarial gains and losses are recognised in consolidated statements of income (Note 15).

t) Statement of cash flows

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

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

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

2.6 Summary of Significant Accounting Policies (continued)

t) Statement of cash flows (cont'd)

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

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

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 4).

u) Discontinued operations

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

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

v) Offsetting

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

w) Derivative financial instruments and hedging activities

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

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

x) Dividends

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably). As a part of distribution of dividends, dividend liabilities are reflected to consolidated financial statements as liabilities, on the period of declaration.

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

2.6 Summary of Significant Accounting Policies (continued)

y) Paid-in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

z) Share premium

Share premium represents differences resulting from the sale of the Company's Subsidiaries' and Associates' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies (Note 17).

aa) Trade payables

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

ab) Deferred finance income/charges

Deferred finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under financial income and expenses.

ac) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value (Note 4).

ad) 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 2012 are consistent except for the point indicated below:

The Group performed classifications over its prior period statement of income which are detailed in Note 30 in accordance with the Turkish Financial Reporting Standards 5 "Assets Classified As Held For Sale" ("TFRS 5").

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

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

2.7 Critical Accounting Estimates and Assumptions

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

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

2.7 Critical Accounting Estimates and Assumptions (cont'd)

(a) Goodwill impairment tests

As explained in Note 2.6.f, the Group performs impairment tests on goodwill annually at 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group's eight-year business plans. Those projections are calculated in terms of TL and the growth rate expected to be realized after eight years is assumed to be nil. Discount rate used to calculate the present value of net cash flows is 5,78% annually, after tax, and includes the Group's specific risk factors as well (Note 13).

(b) Impairment on Leasehold Improvements

As explained in Note 2.6.c, property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated, on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executed an impairment estimate on the leasehold improvements on stores by considering the continuity of each store (Note 11).

(c) Impairment on intangible assets

As explained in Note 2.6.d, intangible assets such as trademarks and other intangible assets with indefinite useful lives are not amortised. Instead, those assets are tested whether there is impairment on the carrying amount of them. The Group performs this test for intangible assets by comparing the brand's carrying amount to the discounted cash flow projections of the assets which are calculated on the basis of Group's five year business plans. The Group has performed an impairment test on intangible assets at 31 December 2012 and has not identified any impairment as a result of this test (Note 12).

(d) Provisions

As explained in Note 2.6.l, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the legal proceedings and damage claims raised against in courts as at 31 December 2012 and for the ones where the Group estimates more than 50% probability of losing the cases in courts, necessary provisions are accounted for in the consolidated financial statements (Note 14).

(e) Taxes on income

As explained in Note 2.6.r, a provision is recognized for the current year tax liability based on the period results of the Group at the balance sheet date. Tax legislations in the Group's subsidiaries' operating countries are subject to different manners of interpretation and subject to be altered frequently. Accordingly, the interpretation of tax implications regarding the operations of subsidiaries in foreign countries by the tax authorities may differ from the interpretation of the management. Consequently, the Group may encounter additional taxes, penalties and interests (Note 14.d). As of 31 December 2012, the Group has evaluated the possibility of any tax exposure that may arise in foreign subsidiaries and has not identified any necessity to recognize a provision.

(f) Accounting of derivative financial instruments and hedging activities

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

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

(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 analyzed and found effective in strategic decision making by the Board of Directors.

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

The segment information provided to the board of directors as of 31 December 2012 is as follows:

a) Segment analysis for the period 1 January - 31 December 2012

	Turkey	Other countries	Combined total	Intersegment elimination	Total
External revenues	6.086.720	395.682	6.482.402	-	6.482.402
Inter segment revenues	2.622	-	2.622	(2.622)	-
Sales revenue	6.089.342	395.682	6.485.024	(2.622)	6.482.402
Cost of goods sold	(4.482.833)	(296.856)	(4.779.689)	2.622	(4.777.067)
Gross profit	1.606.509	98.826	1.705.335	-	1.705.335
Selling and marketing expenses	(1.150.478)	(53.023)	(1.203.501)	-	(1.203.501)
General administrative expenses	(202.413)	(29.748)	(232.161)	-	(232.161)
Addition: Depreciation and amortization	114.070	17.076	131.146	-	131.146
Addition: Employment termination benefits	8.013	-	8.013	-	8.013
Addition: Termination benefits paid	12.451	-	12.451	-	12.451
Addition: Unused vacation provision	8.820	-	8.820	-	8.820
EBITDA	**396.972**	**33.131**	**430.103**	**-**	**430.103**

(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 January – 31 December 2011

	Turkey	**Other countries**	**Combined total**	**Intersegment elimination**	**Total**	**Discontinued operations**
External revenues	5.400.669	352.443	5.753.112	-	5.753.112	678.010
Inter segment revenues	3.417	-	3.417	(3.417)	-	-
Sales revenue	5.404.086	352.443	5.756.529	(3.417)	5.753.112	678.010
Cost of goods sold	(3.994.726)	(267.313)	(4.262.039)	3.417	(4.258.622)	(576.761)
Gross profit	1.409.360	85.130	1.494.490	-	1.494.490	101.249
Selling and marketing expenses	(985.065)	(45.619)	(1.030.684)	-	(1.030.684)	(156.441)
General administrative expenses	(183.395)	(27.744)	(211.139)	-	(211.139)	(10.943)
Addition: Depreciation and amortization	106.950	16.794	123.744	-	123.744	6.302
Addition: Employment termination benefits	806	-	806	-	806	(21)
Addition: Termination benefits paid	12.071	-	12.071	-	12.071	1.329
Addition: Unused vacation provision	8.792	-	8.792	-	8.792	707
Addition: One-off costs due to Şok stores concept change	-	-	-	-	-	8.400
EBITDA	**369.519**	**28.561**	**398.080**	**-**	**398.080**	**(49.418)**

(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)

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

	1 January - 31 December 2012	**1 January - 31 December 2011**
EBITDA, reported segments	430.103	398.080
Depreciation and amortisation	(131.146)	(123.744)
Employment termination benefits	(8.013)	(806)
Termination benefits paid	(12.451)	(12.071)
Provision of unused vacation	(8.820)	(8.792)
Other operating income	11.112	8.955
Other operating expenses(-)	(32.862)	(29.210)
Operating profit	**247.923**	**232.412**
Financial income	178.240	176.935
Financial expenses(-)	(297.253)	(725.205)
Income / (loss) before tax	**128.910**	**(315.858)**

Segment Assets and Liabilities

The figures provided to the board of directors with respect to total assets and liabilities are measured in a manner consistent with the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

	31 December 2012	**31 December 2011**
Turkey	5.331.873	5.199.234
Other Countries	369.816	359.188
Segment assets	**5.701.689**	**5.558.422**
Less: Inter-segment elimination	(77.344)	(77.458)
Total assets as per consolidated financial statements	**5.624.345**	**5.480.964**

	31 December 2012	**31 December 2011**
Turkey	4.260.500	4.192.261
Other Countries	103.634	94.977
Segment assets	**4.364.134**	**4.287.237**
Less: Inter-segment elimination	(1.865)	(1.981)
Total liabilities as per consolidated financial statements	**4.362.269**	**4.285.256**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2011
Cash	32.947	37.070
Banks		
- demand deposits	54.542	89.437
- time deposits	601.436	592.523
Cheques in collection	680	751
Credit card receivables	351.262	290.474
	1.040.867	**1.010.255**

Weighted average effective interest rates on TL, EURO denominated time deposits at 31 December 2012 are 8,0% and 3,0% (TL, EURO and USD denominated time deposits at 31 December 2011: 11,38%; 5,08%; 5,25%).

Credit card receivables with a maturity of less than one month are discounted at 31 December 2012 with annual rate of 6,0% (31 December 2011: 10,59%).

The maturity analysis of time deposits at 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
1 - 30 days	601.436	592.523
	601.436	**592.523**

NOTE 5 - FINANCIAL INVESTMENTS

	31 December 2012	31 December 2011
Long-term available-for-sale investments financial assets - (Unlisted financial assets)	1.695	1.695
Long-term financial assets	**1.695**	**1.695**

Unlisted financial assets:

	31 December 2012		31 December 2011	
	Share %	**Amount**	**Share %**	**Amount**
Sanal Merkez Ticaret A.Ş.	100%	1.695	100%	1.695
		1.695		**1.695**

Sanal Merkez is the subsidiary that is not included in the scope of consolidation on the grounds of materiality due to the insignificance of its impact on the consolidated net worth, financial position and results of Migros. It is accounted for under long-term available-for-sale investment at cost restated at 31 December 2004 as it is not quoted in any active market.

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

NOTE 6 - FINANCIAL LIABILITIES

	31 December 2012		
	Weighted average interest rate	**Euro**	**Total TL equivalent**
Short-term financial liabilities			
Current portion of long-term bank borrowings			
- with fixed interest rates	2,00 %	124	291
- with floating interest rates	4,30 %	62.070	145.970
Total short-term financial borrowings		**62.194**	**146.261**
Long-term bank borrowings			
- with fixed interest rates	2,00 %	370	874
- with floating interest rates	4,30 %	994.701	2.339.236
Long-term bank borrowings		**995.071**	**2.340.110**
Total financial liabilities		**1.057.265**	**2.486.371**

The redemption schedule of long-term bank borrowings with TL equivalents at 31 December 2012 is as follows:

	Euro	**TL**
2014	163.957	385.577
2015	199.064	468.139
2016	234.171	550.700
2017	257.452	605.449
2018	140.427	330.245
	995.071	**2.340.110**

With respect to long term bank loans, all Migros Ticaret A.Ş. shares owned by Parent Company MH Perakendecilik ve Ticaret A.Ş. was provided as collateral to the financial institutions as from the grant date of the loan. As of 31 December 2012, shares of Migros Ticaret A.Ş. which represents 80,51% of shares and amounting to 143.323.336 TL nominal value (14.332.333.600 shares) owned by MH Perakendecilik ve Ticaret A.Ş. is pledged (31 December 2011: 14.332.333.600 shares representing 80,51%.).

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

	31 December 2011			
	Weighted average interest rate	**USD**	**Euro**	**Total TL equivalent**
Short-term financial liabilities				
Current portion of long-term bank borrowings				
- with fixed interest rates	2,00 %	-	124	303
- with floating interest rates	5,66 %	-	5.382	13.153
Other financial liabilities		179	-	340
Total short-term financial borrowings		**179**	**5.506**	**13.796**
Long-term bank borrowings				
- with fixed interest rates	2,00 %	-	496	1.212
- with floating interest rates	5,66 %	-	1.052.681	2.572.542
Long-term bank borrowings		**-**	**1.053.177**	**2.573.754**
Total financial liabilities		**179**	**1.058.683**	**2.587.550**

The redemption schedule of long-term bank borrowings with TL equivalents at 31 December 2011 is as follows:

	Euro	**TL**
2013	58.106	141.999
2014	163.957	400.678
2015	199.064	486.472
2016	234.171	572.267
2017	257.452	629.160
2018	140.427	343.178
	1.053.177	**2.573.754**

The current portion of the long-term bank borrowings with floating interest rates in the table above only includes interest accruals.

The fair value of bank borrowings at 31 December 2012 is TL 2.467.291 (31 December 2011: TL 2.557.576).

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	31 December 2012	31 December 2011
Receivables from tenants and wholesale activities	41.264	61.871
Doubtful receivables	18.117	14.454
Notes receivable	4.717	5.276
Due from related parties (Note 25)	52	10
	64.150	**81.611**
Less: Provision for doubtful receivables	(16.671)	(14.109)
Unearned finance income on term sales	(134)	(328)
Short-term trade receivables, net	**47.345**	**67.174**

The maturities of trade receivables are generally less than one month at 31 December 2012 and they were discounted with the annual rate of 6,0% (31 December 2011: 10,59%).

Movement of provision for doubtful receivables is as follows:

	2011
1 January	**12.589**
Current year charge (Note 20)	1.639
Collections and reversals	(1.180)
Cumulative translation adjustment	1.061
31 December	**14.109**

	2012
1 January	**14.109**
Current year charge (Note 20)	3.091
Collections and reversals	(251)
Cumulative translation adjustment	(278)
31 December	**16.671**

	31 December 2012	31 December 2011
Supplier current accounts	1.547.110	1.401.376
Due to related parties (Note 25)	1.251	1.365
Less: Unincurred finance cost on term purchases	(10.249)	(15.699)
Short-term trade payables, net	**1.538.112**	**1.387.042**

The maturity of trade payables is generally less than three months and they are discounted with annual rate of 6,0% as of 31 December 2012 (31 December 2011: 10,59%).

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Receivables:

	31 December 2012	31 December 2011
Receivables from personnel	1.233	1.037
Short-term other receivables	**1.233**	**1.037**

	31 December 2012	31 December 2011
Deposits and guarantees given	1.302	1.165
Long-term other receivables	**1.302**	**1.165**

Other Payables:

	31 December 2012	31 December 2011
Credit card bills collection amount (*)	1.701	684
Short-term other payables	**1.701**	**684**

	31 December 2012	31 December 2011
Deposits and guarantees taken	3.288	3.602
Long-term other payables	**3.288**	**3.602**

(*) Payable consists of credit card bill collections made in the stores. The collections have the maturity of less than one month.

NOTE 9 - INVENTORIES

	31 December 2012	31 December 2011
Raw materials	1.742	1.589
Work in progress	7.845	5.919
Merchandise stocks	772.791	667.851
Other	3.658	3.641
	786.036	**679.000**

Cost of the inventory included in the cost of sales for the period 1 January - 31 December 2012 amounts to TL 4.753.321 (1 January - 31 December 2011: TL 4.226.320).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 10 - INVESTMENT PROPERTY

	Opening 1 January 2012	Additions	Cumulative translation differences	Closing 31 December 2012
Cost				
Land and buildings	71.979	-	(1.390)	70.589
Accumulated depreciation				
Buildings	(20.614)	(4.386)	188	(24.812)
Net book value	**51.365**			**45.777**

	Opening 1 January 2011	Additions	Cumulative translation differences	Closing 31 December 2011
Cost				
Land and buildings	67.229	253	4.497	71.979
Accumulated depreciation				
Buildings	(15.036)	(4.967)	(611)	(20.614)
Net book value	**52.193**			**51.365**

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

Investment properties of the Group consist of space rented to other retailers in Samal shopping mall and Tastak store in Kazakhstan and Skopje shopping mall in Macedonia. At 31 December 2012, total investment property of Kazakhstan and Macedonia are 8.131 and 8.420 square meters respectively (31 December 2011: Kazakhstan 8.410 square meters, Macedonia 9.131 square meters).

Fair value of the investment properties in Kazakhstan and Macedonia are TL 69.087 and TL 63.274 respectively (31 December 2011: TL 74.065 and TL 70.438 respectively). This value has been calculated with discounted cash flow approach.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to TL 18.766 (2011: TL 18.202). Direct operating expenses arising on the investment property in the period include maintenance and repair costs which amounted to TL 3.421 (2011: TL 2.759).

At 31 December 2012 and 2011 there were no mortgages on investment property.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2012	Additions	Disposals	Impairment loss (*)	Transfers	Cumulative translation differences	Closing 31 December 2012
Cost							
Land and buildings	455.747	1.321	-	-	515	(2.776)	454.807
Leasehold improvements	425.670	32.544	(153)	(11.974)	10.903	(1.451)	455.539
Machinery and equipments	330.621	44.523	(7.125)	-	21.262	(2.191)	387.090
Vehicles	2.736	363	(1.480)	-	5	(37)	1.587
Furniture and fixture	170.053	25.059	(2.129)	-	5.250	(711)	197.522
Construction in progress	3.210	42.897	-	-	(37.935)	-	8.172
	1.388.037	**146.707**	**(10.887)**	**(11.974)**	**-**	**(7.166)**	**1.504.717**
Accumulated depreciation							
Buildings	(29.918)	(8.986)	-	-	-	499	(38.405)
Leasehold improvements	(122.215)	(41.754)	36	7.273	-	234	(156.426)
Machinery and equipments	(74.075)	(43.295)	6.940	-	-	871	(109.559)
Vehicles	(878)	(307)	559	-	-	7	(619)
Furniture and fixture	(42.070)	(17.834)	1.982	-	-	556	(57.366)
	(269.156)	**(112.176)**	**9.517**	**7.273**	**-**	**2.167**	**(362.375)**
Net book value	**1.118.881**						**1.142.342**

(*) Impairment loss amounting to net TL 4.701 consists of leasehold improvements of the stores closed in 2012.

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At 31 December 2012 and 2011 there were no mortgages on property, plant and equipment. Depreciation expenses of the period are recorded in general administrative expenses.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Opening 1 January 2011	Additions	Disposals	Impairment loss (*)	Transfers	Disposals from sale of a subsidiary	Cumulative translation differences	Closing 31 December 2011
Cost								
Land and buildings	471.028	1.383	-	-	64	(25.978)	9.250	455.747
Leasehold improvements	454.066	35.546	(2.184)	(23.973)	22.029	(63.314)	3.500	425.670
Machinery and equipments	345.138	46.840	(9.402)	-	30.922	(87.359)	4.482	330.621
Vehicles	2.778	111	(62)	-	1	(188)	96	2.736
Furniture and fixture	157.248	21.494	(2.752)	-	8.343	(17.468)	3.188	170.053
Construction in progress	8.110	56.518	-	-	(61.359)	(76)	17	3.210
	1.438.368	**161.892**	**(14.400)**	**(23.973)**	**-**	**(194.383)**	**20.533**	**1.388.037**
Accumulated depreciation								
Buildings	(26.170)	(8.641)	-	-	-	5.171	(278)	(29.918)
Leasehold improvements	(119.063)	(45.465)	1.108	15.032	-	28.878	(2.705)	(122.215)
Machinery and equipments	(65.931)	(41.229)	6.470	-	-	28.906	(2.291)	(74.075)
Vehicles	(463)	(478)	-	-	-	101	(38)	(878)
Furniture and fixture	(32.850)	(16.531)	2.142	-	-	7.099	(1.930)	(42.070)
	(244.477)	**(112.344)**	**9.720**	**15.032**	**-**	**70.155**	**(7.242)**	**(269.156)**
Net book value	**1.193.891**							**1.118.881**

(*) Impairment loss amounting to net TL 8.941 consists of leasehold improvements of the stores closed in 2011.

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NOTE 12 - INTANGIBLE ASSETS

	Opening 1 January 2012	Additions	Disposals	Disposals from sale of a subsidiary	Cumulative translation difference	Closing 31 December 2012
Cost						
Trademark (*)	202.175	-	-	-	-	202.175
Rent agreements (**)	32.982	-	-	-	-	32.982
Rights	29.105	12.981	-	-	(193)	41.893
Other intangible assets (***)	28.783	-	-	-	-	28.783
	293.045	**12.981**	**-**	**-**	**(193)**	**305.833**
Accumulated amortisation						
Rent agreements	(20.134)	(3.315)	-	-	-	(23.449)
Rights	(13.547)	(7.528)	-	-	30	(21.045)
Other intangible assets	(9.094)	(3.735)	-	-	-	(12.829)
	(42.775)	**(14.578)**	**-**	**-**	**30**	**(57.323)**
Net book value	**250.270**					**248.510**

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

Trademark impairment test:

Trademark was tested for impairment using the release from royalty method as of 31 December 2012. Sales forecasts which are based on financial budgets approved by the board of directors covering a five year period were considered in the determination of the brand value. The growth rate expected to be realized after five years is assumed to be nil. The estimated royalty income is calculated by applying the expected 1,5%. The royalty income calculated with the stated method have been discounted with 5,45%.

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NOTE 12 - INTANGIBLE ASSETS (Continued)

	Opening 1 January 2011	**Additions**	**Disposals**	**Disposals from sale of a subsidiary**	**Cumulative translation difference**	**Closing 31 December 2011**
Cost						
Trademark (*)	253.068	-	-	(50.893)	-	202.175
Rent agreements (**)	32.982	-	-	-	-	32.982
Rights	20.975	9.964	(306)	(1.519)	(9)	29.105
Other intangible assets (***)	28.783	-	-	-	-	28.783
	335.808	**9.964**	**(306)**	**(52.412)**	**(9)**	**293.045**
Accumulated amortisation						
Rent agreements	(15.626)	(4.508)	-	-	-	(20.134)
Rights	(9.007)	(5.522)	302	553	127	(13.547)
Other intangible assets	(6.389)	(2.705)	-	-	-	(9.094)
	(31.022)	**(12.735)**	**302**	**553**	**127**	**(42.775)**
Net book value	**304.786**					**250.270**

NOTE 12 - INTANGIBLE ASSETS (Continued)

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

The fair value of Tansaş trademark which was considered as an identifiable intangible asset by the Group was determined by the relief from royalties method and estimated the fair value of the trademarks in the amount of TL 202.175 at the acquisition date 30 May 2008. 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 TL 32.982 and was accounted for under the intangible assets in the consolidated financial statements. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

(***) On 24 July 2008 the Group purchased all of the furniture and fixtures of local retail chain Maxi Market's Silivri, Tekirdag and Çengelköy stores, with a total sales area of 13.000 square meters, from Hamoglu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İsletmecilik A.Ş. and also took over the rent agreements of the mentioned stores. The purchase cost in the amount of TL 10.297 which exceeds the fair value of the purchased furniture and fixtures has been accounted for as an intangible asset and has been 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., ("Mak Gıda") a local retail chain operating in Gaziantep region, with a total sales area of 9.592 square meters and on 12 February 2009 the Group purchased all of the furniture and fixtures of 21 stores belonging to Yonca Marketçilik ve İnş. Hiz. San. ve Tic. A.Ş. ("Yonca"), a local retail chain mainly operating in Adana region, with a total sales area of 17.480 square meters and also took over the rent agreements of the mentioned stores. The excess amount of the consideration given over the fair value of acquired assets in the total amount of TL 18.486, TL 601 for the Mak Gıda and TL 17.885 for Yonca, respectively- was accounted for under other intangible assets and has been amortised over the rent agreement period.

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)
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NOTE 13 – GOODWILL

Movement of goodwill is as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Opening balance	**2.251.427**	**2.251.427**
Closing balance	**2.251.427**	**2.251.427**

The details of the calculation of goodwill are as follows:

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

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

Acquisitions mentioned above have been collectively considered in goodwill calculation. The fair values of plant property and equipment acquired as a result of the acquisition of Migros Türk shares, have been determined through the best estimate of the management and included in the consolidated financial statements.

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

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

b) Group, acquired Ades Gıda San. ve Tic A.Ş., Amaç Gıda Tic ve San A.Ş. and Egeden Gıda Tüketim ve Tic. A.Ş. at 31 July 2010.

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

Total acquisition cost	14.886
Net assets acquired	(2.669)
Goodwill	**12.217**

Impairment tests for goodwill

The whole amount of goodwill is related to the acquisition of Migros Türk, the Group management considers the synergy to be created by the important domestic market position as the main reason for the goodwill. Accordingly, the Group management allocated the above mentioned goodwill amount to Turkish domestic operations which is the main cash generating unit, considering its market share and importance of the total turnover of the domestic operations in the Group consolidation.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 13 – GOODWILL (Continued)

Impairment tests for goodwill (cont'd)

The recoverable amount of cash-generating unit was determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, which are based on TL budgets approved by management covering a eight year period. The growth rate expected to be realized after eight years is assumed to be nil and in the preparation of these analysis it has been assumed by the management that existing profitability of the Company will be maintained.

The Group management determined the budgeted gross profit margin by taking into consideration the previous performance of the company and the market growth expectations. The discount rate 5,78% used is the after tax discount rate and includes the company-specific risks. The fact that the after-tax discount rate used in the calculation of discounted cash flows is higher/lower by 100 basis points (such as %6,78 or %4,78 instead of %5,78) causes a decrease/increase of TL 1.609.468 (31 December 2011: TL 501.532) in the fair value calculations for which sales costs are deducted, as of 31 December 2012.

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions:

	31 December 2012	**31 December 2011**
Provision for litigation	21.870	19.460
Provision for unused vacation	42.865	34.045
Total short-term provisions	**64.735**	**53.505**

There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour disputes constitute the majority of these lawsuits. The Group management estimates the outcomes of these lawsuits and estimates their financial impact according to which the necessary provisions are accounted.

Movement of provision for lawsuits is as follows:

1 January 2011	**16.632**
Increase during the period	5.314
Payments during the period	(2.486)
31 December 2011	**19.460**
1 January 2012	**19.460**
Increase during the period	9.121
Payments during the period	(6.711)
31 December 2012	**21.870**

As of 31 December 2012, unused vacation obligation amounted to TL 42.865 (31 December 2011: TL 34.045). The Group management makes an assesment of unused vacation obligations in financial terms which is used in making the necessary provisions in the accounts at the end of each accounting period.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Movement of provision for unused vacation is as follows:

1 January 2011	**31.565**
Increase during the period	15.090
Payments during the period	(5.590)
Disposals from sale of subsidiary	(7.020)
31 December 2011	**34.045**
1 January 2012	**34.045**
Increase during the period	13.511
Payments during the period	(4.691)
31 December 2012	**42.865**

Collaterals, Pledges, Mortgages

The details of collaterals, pledges and mortgages ("CPM") of the Company at 31 December 2012 and 2011 are as follows:

	31 December 2012			
Collaterals, Pledges, Mortgages:	**Total TL Amount**	**TL**	**USD**	**Euro**
A. CPM given on behalf of the Company's legal personality	60.547	59.646	472	25
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
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	**60.547**	**59.646**	**472**	**25**
Proportion of other CRM's to equity	**0,0%**			

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

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

Collaterals, Pledges, Mortgages (continued)

	31 December 2011			
Collaterals, Pledges, Mortgages:	**Total TL Amount**	**TL**	**USD**	**Euro**
A. CPM given on behalf of the Company's legal personality	56.872	55.919	472	25
B. CPM given on behalf of fully consolidated subsidiaries	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-
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	**56.872**	**55.919**	**472**	**25**
Proportion of other CRM's to equity	**0,0%**			

Contingent assets and liabilities:

a) Guarantees given at 31 December 2012 and 2011 are as follows:

	31 December 2012	**31 December 2011**
Letter of guarantees given	60.547	56.872

b) Guarantees received at 31 December 2012 and 2011 are as follows:

	31 December 2012	**31 December 2011**
Guarantees obtained from customers	100.448	92.019
Mortgages obtained from customers	17.596	17.072
	118.044	**109.091**

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

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

Collaterals, Pledges, Mortgages (continued)

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

	31 December 2012	31 December 2011
Payable with in 1 year	23.119	21.688
Payable in 1 to 5 years	11.374	7.977
5 years and more	2.551	3.597
	37.044	**33.262**

d) Tax legislations in Kazakhstan is subject to different interpretation and subject to be altered frequently. Accordingly, the interpretation of tax implications regarding the operations of Ramstore Kazakhstan by the tax authorities may differ from the interpretation of the management. Consequently, Ramstore Kazakhstan may encounter additional taxes, penalties and interests. Tax authorities in Kazakhstan maintain the right to inspect the accounts for five fiscal years.

e) Yeni Gimat İşyerleri İşletmesi A.Ş. ("Yeni Gimat") has filed 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 2012 condensed consolidated interim financial statements due to the fact that related increases have been made with taking into consideration of rates determined regarding rent increases during the years 2000 and 2001 added as of 16 February 2000 and also as of 31 December 2012 it is seen as a far possibility to be obliged to pay the alleged missing rent payments and overdue interest.

Although the mentioned case concluded in favor of the Company on 3 October 2012, the claimant has the right to request an appeal.

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NOTE 15 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	31 December 2012	**31 December 2011**
Provision for employee termination benefits	35.834	10.516

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. The amount payable consists of one month's salary limited to a maximum of TL 3.033,98 (31 December 2011: TL 2.731,85) for each year of service at 31 December 2012.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

The following actuarial assumptions were used in the calculation of the total liability:

	31 December 2012	**31 December 2011**
Discount rate (%)	2,27	4,81
Turnover rate to estimate the probability of retirement (%)	80,80-100,00	81,40

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL 3.129,25 effective from 1 January 2013 (1 January 2012: TL 2.805,04) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

In the calculation, the employees were separated into two groups based on the working years in the Group: 0-14 years and 15 years and above. The probability of retirement is used as 80,8% and 100% for the employees working 0-14 years and 15 years and above, respectively.

	2012	**2011**
1 January	**10.516**	**10.269**
Increase during the period	20.464	14.837
Payments during the period	(12.451)	(13.400)
Actuarial loss / (gain)	17.305	(652)
Disposal from sale of subsidiary	-	(538)
31 December	**35.834**	**10.516**

As detailed in Note 2.4, actuarial losses amounting to 17.305 TL has been reflected to other comprehensive income for the year ended 31 December 2012. Actuarial gain amounting to 652 TL is included in the statement of income for the year ended 31 December 2011.

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2012	31 December 2011
Prepaid expense (*)	24.294	24.577
Fixed asset advances	3.424	263
Deductible taxes and funds	2.102	2.335
Other	3.234	3.619
	33.054	**30.794**

(*) Prepaid expenses mainly consist of insurance premium and store rentals.

Other non-current assets:

	31 December 2012	31 December 2011
Upfront fee expenses (long-term)	3.514	4.310
Prepaid expenses	20.987	13.548
	24.501	**17.858**

Other current liabilities:

	31 December 2012	31 December 2011
Taxes and funds payable	26.088	29.552
Payables to personnel	18.559	19.169
Various expense accruals (*)	18.904	10.377
Merchandise coupons	8.789	9.464
VAT payable	15.089	12.320
Other	8.366	17.673
	95.795	**98.555**

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

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NOTE 17 - EQUITY

The Company's authorised and issued capital consists of 17.803.000.000 shares at 1 shares of Kr1 nominal value as of 31 December 2012 (31 December 2011: 17.803.000.000 shares). All shares are paid-in and no privileges are given to different share groups and shareholders.

The shareholders of the Company and their shareholdings stated at historical amounts at 31 December 2012 and 31 December 2011 are stated below:

	31 December 2012		31 December 2011	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
MH Perakendecilik ve Ticaret A.Ş.	80,51	143.323	80,51	143.323
Other	19,49	34.707	19,49	34.707
	100,00	**178.030**	**100,00**	**178.030**

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. On the other hand, in the event that it is decided to distribute the entire profit for the period as dividends, exclusively for this situation a second legal reserve is set aside at 9% for the portion exceeding 5% of the capital issue/paid from the net distributable profit for the period. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. In accordance with CMB Financial Reporting Standards, the Company classified the above mentioned amounts under "Restricted reserves", the amount of restricted reserves is TL 385.856 as of 31 December 2012 (31 December 2011: TL 385.856).

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

- if the difference is arising from the valuation of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";

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

It was determined that there is no need to set aside first order legal reserves as the first order legal reserves reached 20% of capital in accordance with Turkish Commercial Code. Additionally, it was decided that there is no need to set aside second order legal reserves since no dividend was distributed in the current period.

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NOTE 17 - EQUITY (Continued)

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

Dividend requirements applicable to listed companies regulated by CMB are as follows:

In accordance with the CMB Decision No. 02/51 and dated 27 January 2010, concerning allocation basis of profit from operations of 2011, minimum profit distribution will not be applied for the year 2012 (2011: Not compulsory). According to the Board's decision and Communiqué No. IV-27 issued by the CMB regarding the allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realised as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company. However, companies that made capital increases before distributing dividends related to the prior period and whose shares are therefore classified as "old" and "new" and that will distribute dividends from the profit made from 2008 operations are required to distribute the initial amount in cash.

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

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

Dividends Paid

Group did not distribute any dividend in 2012 from 2011 profits (2011: did not distribute any dividend in 2011 from 2010 profits).

Resources Subject to Dividend Distributions

In accordance with the Board Decision dated 9 January 2009, the total amount of net income after the deduction of accumulated losses at statutory records and reserves that can be subject to dividend distribution shall be disclosed in the notes to the financial statements which will be prepared and publicly announced in accordance with Communiqué XI No:29. The concerning amount for Migros Ticaret is TL 1.802.839. TL 226.969 portion out of total amount will comprise the inflation effects of statutory equity items that are subject to taxation and gain on the sale of subsidiaries. The Company's reserve that can be subject to dividend distribution in accordance with financial statements prepared in accordance with the accounting principles of CMB Financial Reporting Standards amounts to TL 956.588.

The equity schedules at 31 December 2012 and 2011 are as follows:

	31 December 2012	**31 December 2011**
Share capital	178.030	178.030
Share premium	678.233	678.233
Other capital reserves	(365)	(365)
Restricted Reserves	385.856	385.856
Cumulative translation differences	10.973	18.869
Additional contribution to equity related to merger	27.312	27.312
Retained earnings	(106.548)	70.541
Net income / (loss)	88.063	(163.245)
Attributable to the equity holders of the Group	**1.261.554**	**1.195.231**

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NOTE 18 - REVENUE AND COST OF SALES

	1 January- 31 December 2012	**1 January- 31 December 2011**
Domestic sales	6.271.076	5.547.385
Foreign sales	394.733	353.347
	6.665.809	**5.900.732**
Other sales	10.333	13.625
	6.676.142	**5.914.357**
Less: Discounts and returns	(193.740)	(161.245)
Sales revenue - net	**6.482.402**	**5.753.112**
Cost of sales	(4.777.067)	(4.258.622)
Gross Profit	**1.705.335**	**1.494.490**

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

	1 January- 31 December 2012	**1 January- 31 December 2011**
Retail sales revenue	6.444.488	5.688.854
Rent income	77.169	95.022
Wholesale revenue	144.152	116.856
	6.665.809	**5.900.732**

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NOTE 19 - EXPENSES BY NATURE

Total	1 January- 31 December 2012	1 January- 31 December 2011
Staff costs	572.454	481.568
Rent	289.844	243.906
Porterage and cleaning	40.841	33.947
Transportation	62.424	57.035
Depreciation and amortisation	131.146	123.744
Energy	106.460	89.265
Advertising	47.313	46.424
Repair and maintenance	20.976	21.807
Security	17.845	15.359
Warehouse	35.763	32.906
Taxes and other fees	9.526	8.595
Mechanisation	13.741	10.673
Communication	6.943	6.741
Other	80.386	69.853
	1.435.662	**1.241.823**

Marketing, selling and distribution expenses	1 January- 31 December 2012	1 January- 31 December 2011
Staff costs	492.911	411.984
Rent	289.373	243.850
Porterage and cleaning	39.678	33.007
Transportation	62.363	56.861
Energy	105.318	88.434
Advertising	47.313	46.424
Repair and maintenance	20.413	21.360
Security	17.163	14.929
Warehouse	35.763	32.906
Taxes and other fees	8.282	7.115
Mechanisation	11.508	8.723
Communication	5.772	5.059
Other	67.644	60.032
	1.203.501	**1.030.684**

General administrative expenses	1 January- 31 December 2012	1 January- 31 December 2011
Staff costs	79.543	69.584
Depreciation and amortisation	131.146	123.744
Other	21.472	17.811
	232.161	**211.139**

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NOTE 19 - EXPENSES BY NATURE (Continued)

Expenses by nature in cost of sales for the periods 1 January – 31 December 2012 and 2011 are as follows:

	1 January-31 December 2012	**1 January-31 December 2011**
Cost of goods sold	(4.753.321)	(4.226.320)
Cost of services	(23.746)	(32.302)
	(4.777.067)	**(4.258.622)**

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

NOTE 20 - OTHER OPERATING INCOME AND EXPENSE

Other operating income:	**1 January-31 December 2012**	**1 January-31 December 2011**
Gain on sales of scrap goods	661	909
Provision write-off	251	1.180
Gain on sales of property, plant and equipment	2.106	1.708
Gain on insurance claim	5.516	1.329
Other	2.578	3.829
	11.112	**8.955**

Other operating expenses:	**1 January-31 December 2012**	**1 January-31 December 2011**
Losses from closed stores	(4.701)	(7.125)
Bad debt expense	(3.091)	(1.639)
Litigation provisions	(9.121)	(5.314)
Loss on sale of fixed assets	(523)	(3.840)
Prior year's rent differences	(8.039)	(1.894)
Loss due to subsidiary liquidation	-	(1.529)
Other	(7.387)	(7.869)
	(32.862)	**(29.210)**

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NOTE 21 - FINANCIAL INCOME

	1 January- 31 December 2012	1 January- 31 December 2011
Interest income on bank deposits	37.266	34.489
Foreign exchange gains	96.876	78.123
Financial income on derivatives	19.959	44.754
Due date charges on term sales	24.139	19.288
Other	-	281
	178.240	**176.935**

NOTE 22 - FINANCIAL EXPENSE

	1 January- 31 December 2012	1 January- 31 December 2011
Due date difference on term purchases	(98.215)	(71.972)
Foreign exchange losses	(18.247)	(460.719)
Interest expense on bank borrowings	(133.262)	(158.878)
Financial expense on derivatives	(42.222)	(26.336)
Other	(5.307)	(7.300)
	(297.253)	**(725.205)**

NOTE 23 - TAX ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
Taxes and fund payable	36.506	115.691
Less: Prepaid current income taxes	(28.033)	(113.170)
Taxes on income, net	**8.473**	**2.521**

	31 December 2012	31 December 2011
Deferred tax assets	27.789	25.558
Deferred tax liabilities	(134.407)	(130.904)
	(106.618)	**(105.346)**

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Turkey

In Turkey, corporation tax rate for the year 2012 is 20% (2011: 20%). Corporation tax is applied to the total income of the companies after adjusting for certain disallowable expenses, exempt income, investment and other allowances No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Turkey (cont'd)

Except for the dividends paid to non-resident corporations, which have a representative office in Turkey, or resident corporations, dividends are not subject to withholding tax. Dividends paid to other organizations or individuals are subject to withholding tax at the rate of 15% .Transfer of profit to capital is not accepted as a dividend distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2011: 20%). Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

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

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

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

Domestic participation exemption:

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

Preferential right certificate sales and issued premiums exemption

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

Foreign company participation exemption

The participation income of corporations participating for at least one continuous year of 10% that does not have their legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) up until the date the income is generated and transferred to Turkey and until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike in their country of legal or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Real estate, investment equity, preferential rights, usufruct shares, founding shares, sales exemption

A 75% portion of corporations' profits from the sale of participation shares, founding shares, pre-emptive rights and property, which have been in their assets for at least for two years, is exempt from corporate tax provided that these profits are added to share capital and are not withdrawn within five years. Income from the sale is generated until the end of the second calendar year following the year in which sale was realized.

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

Other Geographical Segments

Implied corporation tax rates in Kazakhstan, Bulgaria and Macedonia are 20%, 10% and 10%, respectively (2011: 20%, 10% and 10%, respectively).

The details of taxation on income is as follows:

	1 January- 31 December 2012	1 January- 31 December 2011
Current period tax expense	(36.506)	(46.434)
Prior period tax expense (*)	-	(1.505)
Period tax expense	**(36.506)**	**(47.939)**
Deferred tax expense	(4.268)	(5.417)
	(40.774)	**(53.356)**

(*) As a result of the tax review of the company for the year 2009 performed by Ministry of Finance, Account experts Boards, there is a Corporate Tax of TL 14.579, and a fine amounting to TL 31.228 has been levied on January 14, 2011. The company decided to use the amnesty within the scope of the tax amnesty announced, in relation to related tax and fine imposed. The company also decided to increase the 2006 and 2009 corporate tax base, in accordance with the provisions of the law. In accordance with the relevant provisions of the law and as a result of the study, the company decided to pay the 50% of the tax imposed for the year 2009, which is TL 7.290 and the additional amount of TL 3.874 from the increase in the tax bases for the before mentioned years. The total payable of TL 11.164, thus calculated for previous years, is decided to be reflected in the financial tables as at 31 December 2011 as tax expense. In addition to the aforementioned amount of TL 11.164, the Group paid 1.505 TL and 422 TL overdue interest, within the scope of the tax amnesty in 2011.

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

	1 January- 31 December 2012	1 January- 31 December 2011
Income / (loss) before tax	128.910	(315.858)
Expected tax expense according to parent company (20%)	(25.782)	63.172
Prior period tax expense	-	(1.505)
Differences in tax rates of subsidiaries	740	753
Expected tax expense of the Group	**(25.042)**	**62.420**
Tax effect of non deductible expenses	(15.768)	(134.622)
Tax effect of discontinued operations	-	16.492
Tax effect of exemptions	130	105
Other differences	(94)	2.249
Tax expense of the Group	**(40.774)**	**(53.356)**

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NOTE 23 - TAX ASSETS AND LIABILITIES (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 purposes and its statutory tax financial statements. Deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on the taxable income as of 31 December 2012 in the coming years under the liability method using a principal tax rate of 20%, 20%, 10% and 10% for Turkey, Kazakhstan, Bulgaria and Macedonia, respectively (2011: 20%, 20%, 10% and 10%).

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 December 2012 and 2011 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred income tax assets / (liabilities)	
	31 December 2012	**31 December 2011**	**31 December 2012**	**31 December 2011**
Fair value change of derivative instruments	21.342	35.936	4.268	7.187
Expense accruals and provisions	64.735	53.504	12.947	10.701
Inventories	11.625	16.038	2.325	3.208
Provision for employment termination benefits	35.834	10.516	7.167	2.103
Unincurred interest income	134	328	27	66
Other	5.274	11.466	1.055	2.293
Deferred income tax assets			**27.789**	**25.558**
Fair value change of derivative instruments	(256)	(43)	(51)	(9)
Property, plant and equipment and intangible assets	(693.759)	(664.118)	(131.444)	(125.360)
Unincurred interest expense	(10.249)	(15.699)	(2.050)	(3.140)
Other	(4.310)	(11.975)	(862)	(2.395)
Deferred income tax liability			**(134.407)**	**(130.904)**
Total deferred income tax liability, net			**(106.618)**	**(105.346)**

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NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

	31 December 2012	31 December 2011
Deferred income tax assets:		
Deferred income tax asset to be recovered after more than 12 months	7.423	4.772
Deferred income tax asset to be recovered within 12 months	20.366	20.786
	27.789	**25.558**
Deferred income tax liabiities:		
Deferred income tax liability to be settled after more than 12 months	(131.495)	(125.369)
Deferred income tax liabilitiy to be settled within 12 months	(2.912)	(5.535)
	(134.407)	**(130.904)**
Deferred tax liabilities, net	**(106.618)**	**(105.346)**

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

	Deferred income tax liabilities
1 January 2011	**(118.411)**
Deferred tax expense from continuing operations	(5.417)
Disposal from sale of subsidiary	19.030
Cumulative translation difference	(548)
31 December 2011	**(105.346)**
1 January 2012	**(105.346)**
Deferred tax expense from continuing operations	(4.268)
Tax charge recognized in the equity	3.461
Cumulative translation difference	(465)
31 December 2012	**(106.618)**

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NOTE 24 - EARNINGS PER SHARE

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

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

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

	1 January- 31 December 2012	**1 January- 31 December 2011**
Net income / (loss) attributable to the shareholders	88.063	(163.245)
Weighted average number of sales with Kr1 face value each ('000)	17.803.000	17.803.000
Earnings / (loss) per share (Kr)	**0,49**	**(0,92)**

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

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NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

Due from related parties	31 December 2012	31 December 2011
Mavi Jeans Giyim Sanayi ve Tic. A.Ş.	11	4
Tekin Acar Büyük Mağazacılık T.A.Ş.	5	6
Provus Bilişim Hizmetleri A.Ş.	13	-
Sanal Merkez T.A.Ş.	23	-
Total due from related parties	**52**	**10**

Due to related parties	31 December 2012	31 December 2011
Natura Gıda San. Tic. ve A.Ş.	118	-
Sanal Merkez T.A.Ş.	-	226
Other	1.133	1.139
Total due to related parties	**1.251**	**1.365**

(ii) Transactions with related parties

Non-current asset purchases:	1 January- 31 December 2012	1 January- 31 December 2011
Sanal Merkez T.A.Ş.	-	5
	-	**5**

Inventory purchases:	1 January- 31 December 2012	1 January- 31 December 2011
Sanal Merkez T.A.Ş.	-	11
Şok Marketler Tic. A.Ş.	-	4.018
Natura Gıda San. Tic. ve A.Ş.	1.597	-
	1.597	**4.029**

Services purchases:	1 January- 31 December 2012	1 January- 31 December 2011
Sanal Merkez T.A.Ş.	-	5
	-	**5**

Inventory sales:	1 January- 31 December 2012	1 January- 31 December 2011
Sanal Merkez T.A.Ş.	13	13
Pizza Restaurantları T.A.Ş.	48	31
	61	**44**

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

(iii) Other transactions with related parties

	1 January- 31 December 2012	1 January- 31 December 2011
Rent income	664	784
Other income	198	164
	862	**948**

(iv) Key management personnel compensation

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

Detail of compensation amounts to key management is as follows:

	1 January- 31 December 2012	1 January- 31 December 2011
Short-term benefits to employees	11.076	11.682
	11.076	**11.682**

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

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

NOTE 26 - DERIVATIVE FINANCIAL INSTRUMENTS

Short-term derivative financial instruments

Short-term assets	31 December 2012	31 December 2011
CAP options	15	-
	15	**-**

Short-term liabilities	31 December 2012	31 December 2011
Interest rate swap contracts	9.622	-
Forward foreign exchange contracts	10.441	22.591
	20.063	**22.591**

Long-term derivative financial instruments

Long-term assets	31 December 2012	31 December 2011
Corridor options	-	40
CAP options	241	3
	241	**3**

Long-term liabilities	31 December 2012	31 December 2011
Forward foreign exchange contracts	-	7.554
Interest rate swap contracts	1.279	5.791
	1.279	**13.345**

The Group entered into a number of forward currency exchange contracts with banks in order to hedge its exchange rate risk. As at the settlement date, the Group sells TL and purchases Euro at agreed strike prices. The fair values of the foreign exchange contracts as of 31 December 2012 which extend until year 2013 are as follows:

	EURO Amount to be purchased	TL Amount to be sold	Fair Value (TL)
Forward foreign exchange contracts	32.425	88.850	10.441

The fair values of the foreign exchange contracts as of 31 December 2011 which extend until year 2013 are as follows:

	EURO Amount to be purchased	TL Amount to be sold	Fair Value (TL)
Forward foreign exchange contracts	46.140	151.540	30.145

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 26 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group entered number of cap, corridor and interest rate swap contracts with banks in order to hedge its interest rate risk. The fair values of contracts and details as of 31 December 2012 and 2011 are as follows:

31 December 2012

Short-term assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Cap	30 May 2012	31 May 2012	29 November 2013	212,5 million	15
					15

Long-term assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Cap	20 November 2012	30 November 2012	30 November 2014	300 million	241
					241

Short-term liabilities

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Interest rate swap	6 October 2010	31 May 2011	29 November 2013	105 million	2.874
Interest rate swap	6 October 2010	30 November 2011	29 November 2013	105 million	3.322
Interest rate swap	6 October 2010	31 May 2011	29 November 2013	53 million	1.663
Interest rate swap	6 October 2010	30 November 2011	29 November 2013	53 million	1.763
					9.622

Long-term liabilities

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Interest rate swap	20 November 2012	30 November 2012	30 November 2015	200 million	1.279
					1.279

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 26 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

31 December 2011

Long-term assets

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Coridor	26 August 2009	31 May 2011	30 November 2012	300 million	40
Cap	26 August 2009	31 May 2011	30 November 2012	125 million	3
					43

Long-term liabilities

Agreement Type	Transaction Date	Effective Date	Expiration Date	Derivative Instrument Amount (EUR)	Fair Value TL
Interest rate swap	6 October 2010	31 May 2011	30 November 2013	105 million	1.711
Interest rate swap	6 October 2010	30 November 2011	29 November 2013	105 million	1.963
Interest rate swap	6 October 2010	31 May 2011	29 November 2013	53 million	1.039
Interest rate swap	6 October 2010	30 November 2011	30 November 2013	53 million	1.078
					5.791

NOTE 27 - FINANCIAL RISK MANAGEMENT

Financial risk management

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

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

Interest rate risk

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

The weighted average effective interest rate of Group's financial liabilities that are sensitive to interest is 4,30% (31 December 2011: 5,66%) as of 31 December 2012. If interest rates on TL, USD and Euro denominated borrowings had been 100 base point higher/lower with all other variables held constant, pre-tax profit for the year would have been TL 2.117 (31 December 2011: TL 2.222) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Interest rate positions of the Group at 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Financial instruments with fixed interest rates		
Time deposits	601.436	592.523
Financial liabilities	1.165	1.515
Financial instruments with floating interest rates		
Financial liabilities	2.485.206	2.586.035

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 27 - FINANCIAL RISK MANAGEMENT

Liquidity and funding risk

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

The funding risk of the current and future debt requirements is managed through the continuous availability of qualified lenders. As of 31 December 2012, the Group's financial debt with a maturity longer than 1 year is TL 2.340.110 (31 December 2011: TL 2.573.754) (Note 6).

The maturity analysis of Group's financial liabilities as of 31 December 2012 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Financial liabilities (Non-derivative):						
Financial payables	2.486.371	2.856.426	-	242.378	2.276.772	337.276
Trade payables	1.538.112	1.548.361	1.289.567	258.794	-	-
Other payables	1.700	1.700	1.700	-	-	-
	4.026.183	**4.406.487**	**1.291.267**	**501.172**	**2.276.772**	**337.276**

Derivative financial instruments

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Derivative cash inflows	256	37	-	37	-	-
Derivative cash outflows	(21.342)	(26.414)	-	(24.217)	(2.197)	-
Derivative financial liabilities, net	**(21.086)**	**(26.377)**	**-**	**(24.180)**	**(2.197)**	**-**

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The maturity analysis of Group's financial liabilities as of 31 December 2011 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Financial liabilities (Non-derivative):						
Financial payables	2.587.550	3.232.393	-	144.279	2.059.792	1.028.322
Trade payables	1.387.042	1.402.741	1.116.371	286.370	-	-
Other payables	684	684	684	-	-	-
	3.975.276	**4.635.818**	**1.117.055**	**430.649**	**2.059.792**	**1.028.322**

Derivative financial instruments

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Derivative cash inflows	43	43	-	43	-	-
Derivative cash outflows	(35.936)	(39.417)	-	(27.916)	(11.501)	-
Derivative financial liabilities, net	**(35.893)**	**(39.374)**	**-**	**(27.873)**	**(11.501)**	**-**

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

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

The risk details of credits and receivables as of 31 December 2012 and 2011 are as follows. Amounts showing the maximum credit risk exposed as of the balance sheet date are disclosed by disregarding guarantees on hand and other factors that increase the credit quality.

	31 December 2012			
	Trade receivables		Other receivables	Deposits in Banks
	Related Parties	Other	Other	
Maximum exposed credit risk As of reporting date (A+B+C+D)	**52**	**47.293**	**2.535**	**655.978**
Secured portion of maximum Credit risk by guarantees etc.	-	8.004	-	-
A.Net book value of financial assets Either are not due or not impaired	52	43.124	2.535	655.978
Secured portion by guarantees etc.	-	6.558	-	-
B.Financial assets with renegotiated conditions	-	-	-	-
Secured portion by guarantees etc.	-	-	-	-
C.Net book value of the expired or not impaired financial assets	-	2.723	-	-
secured portion by guarantees	-	-	-	-
D.Impaired assets				
Net book value	-	1.446	-	-
Over due (Gross book value)	-	18.117	-	-
Impairment (-)	-	(16.671)	-	-
Secured portion of the net value By guarantees etc.	-	1.446	-	-

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (continued)

	31 December 2011			
	Trade receivables		Other receivables	Deposits
	Related Parties	Other	Other	in Banks
Maximum exposed credit risk As of reporting date (A+B+C+D)	**10**	**67.164**	**2.202**	**681.960**
Secured portion of maximum Credit risk by guarantees etc.	-	8.446	-	-
A.Net book value of financial assets				
Either are not due or not impaired	10	64.646	2.202	681.960
Secured portion by guarantees etc.	-	8.101	-	-
B.Financial assets with renegotiated conditions	-	-	-	-
Secured portion by guarantees etc.	-	-	-	-
C.Net book value of the expired				
or not impaired financial assets	-	2.173	-	-
secured portion by guarantees	-	-	-	-
D.Impaired assets				
Net book value	-	345	-	-
Over due (Gross book value)	-	14.454	-	-
Impairment (-)	-	(14.109)	-	-
Secured portion of the net value By guarantees etc.	-	345	-	-

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

a) Credit quality of financial assets

	31 December 2012	31 December 2011
Group 1	5.721	4.330
Group 2	39.759	61.738
Group 3	231	790
	45.711	**66.858**

Group 1 - New customers (Less than 3 months)
Group 2 - Existing customers with no defaults in the past (more than 3 months)
Group 3 - Existing customers with some defaults in the past of which were fully recovered

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

b) Aging of the receivables which are overdue but not impaired

	31 December 2012	**31 December 2011**
0-1 months	601	1.022
1-3 months	505	415
3-12 months	916	627
1-5 years	700	109
	2.722	**2.173**

c) Geographical concentration of the trade and other receivables

	31 December 2012	**31 December 2011**
Turkey	40.882	62.044
Other	8.998	7.332
	49.880	**69.376**

Foreign currency risk

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

At 31 December 2012, if Euro had appreciated against TL by 5% and all other variables remaining the same, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been lower by TL 103.271.

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

	31 December 2012			
		Original Currencies		
	Total TL equivalent	**USD**	**EURO**	**Other currency TL equivalent**
Assets:				
Cash and cash equivalents	440.591	158	180.059	16.865
Trade receivables	4.740	246	-	4.301
Other current assets	6.717	1.422	-	4.182
Total current assets	**452.048**	**1.826**	**180.059**	**25.348**
Total assets	**452.048**	**1.826**	**180.059**	**25.348**
Current financial liabilities	146.261	-	62.194	-
Trade payables (net)	7.478	131	-	7.244
Other current liabilities	4.061	1.131	-	2.045
Total current liabilities	**157.800**	**1.262**	**62.194**	**9.289**
Non-current financial liabilities	2.340.110	-	995.071	-
Other non-current liabilities	2.500	-	1.063	-
Total non-current liabilities	**2.342.610**	**-**	**996.134**	**-**
Total liabilities	**2.500.410**	**1.262**	**1.058.328**	**9.289**
Net balance sheet foreign currency position	**(2.048.362)**	**564**	**(878.269)**	**16.059**
Net asset / liability position of off-balance sheet derivatives (A-B)	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency position	**(2.048.362)**	**564**	**(878.269)**	**16.059**
Export	-	-	-	-
Import	74.715	41.764	-	-
Fair value of hedged funds of foreign currency	10.441	-	-	-
Hedge amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	76.254	-	32.425	-

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

	31 December 2011			
		Original Currencies		
	Total TL equivalent	**USD**	**EURO**	**Other currency TL equivalent**
Assets:				
Cash and cash equivalents	454.204	8.161	174.148	13.206
Trade receivables	4.695	461	29	3.753
Other current assets	3.974	1.643	-	871
Total current assets	**462.873**	**10.265**	**174.177**	**17.830**
Total assets	**462.873**	**10.265**	**174.177**	**17.830**
Current financial liabilities	13.796	179	5.506	-
Trade payables	7.683	-	777	5.784
Other current liabilities	6.150	2.676	24	1.037
Total current liabilities	**27.629**	**2.855**	**6.307**	**6.821**
Non-current financial liabilities	2.573.754	-	1.053.177	-
Total non-current liabilities	**2.573.754**	**-**	**1.053.177**	**-**
Total liabilities	**2.601.383**	**2.855**	**1.059.484**	**6.821**
Net balance sheet foreign currency position	**(2.138.510)**	**7.410**	**(885.307)**	**11.009**
Net asset / liability position of off-balance sheet derivatives (A-B)	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency position	**(2.138.510)**	**7.410**	**(885.307)**	**11.009**
Export	-	-	-	-
Import	57.855	35.002	-	-
Fair value of hedged funds of foreign currency	30.145	-	-	-
Hedge amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	112.757	-	46.140	-

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis as of 31 December 2012 and 2011 is as follows:

31 December 2012

	Gain / Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
5% change in Euro Exchange rate		
Euro net asset / liability	(103.271)	103.271
Portion secured from Euro risk	-	-
Euro net effect	**(103.271)**	**103.271**

31 December 2011

	Gain / Loss	
	Foreign exchange appreciation	**Foreign exchange depreciation**
5% change in Euro Exchange rate		
Euro net asset / liability	(108.176)	108.176
Portion secured from Euro risk	-	-
Euro net effect	**(108.176)**	**108.176**

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NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

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

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

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

The ratio of net debt/ (equity +net debt) at 31 December 2012 and 2011 is as follows:

	31 December 2012	**31 December 2011**
Total liabilities	4.362.269	4.285.257
Less: Cash and cash equivalents	(1.040.867)	(1.010.255)
Deferred tax liabilities (net)	(106.618)	(105.346)
Net debt	3.214.784	3.169.656
Equity	1.261.554	1.195.231
Equity+net debt	4.476.338	4.364.887
Net debt/(Equity+net debt) ratio	**71,82%**	**72,62%**

NOTE 28 - FINANCIAL INSTRUMENTS

Fair value estimation

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

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

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

In the balance sheet, derivative financial instrument is the only item that is recognised at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2. Apart from that, for disclosure purposes, the borrowings carried at the amortised cost at the balance sheet are presented with their values in Note 6. The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate (Euribor) 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.

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NOTE 29 - MERGER OF ENTERPRISES SUBJECT TO COMMON CONTROL

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

On 30 April 2009 Istanbul Trade Registry Office has announced the registry of Migros Türk's general assembly held on 28 April 2009 and merger agreement on 6 May 2009 dated and 7305 numbered Trade Registry Gazette. As a result of the merger, Moonlight's trade name has been changed to Migros Ticaret A.Ş.

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

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

On the meeting of Board of Directors dated on 7 June 2011, the Group decided to sell %99,60 shares of subsidiary, Şok Marketler Ticaret A.Ş., to a third party. Accordingly, sale process of Şok Marketler Ticaret A.Ş. has been initiated following the signature of share transfer agreement on 7 June 2011. The necessary permit from Competition Board was obtained on 17 August 2011 and as of 25 August 2011 share transfer was completed. In addition, on 1 August 2011, the Group transferred assets and liabilities allocated to operations held under the Şok Brand to Şok Marketler Ticaret A.Ş.

On 17 February 2011, the Group sold 100% shares of subsidiary, Ramstore Azerbaijan, to a third party. 993 TL worth of sales income is classified under income statement of discontinued operations.

1 January - 31 December 2011 accounting period, income statement of the discontinued operations are as follows:

	1 January- 31 December 2011
Revenue (net)	678.010
Cost of sales (-)	(576.761)
Marketing, selling and distribution expenses (-)	(156.441)
General administrative expenses (-)	(10.943)
Financial income	2.365
Financial expenses (-)	(10.058)
Other expenses (-)	(8.632)
Loss before tax	**(82.460)**
Tax income	148
Net loss from discontinued operations before the gain from sale of subsidiary	**(82.312)**
Gain on sales of subsidiary	357.613
Sales profit tax expense	(69.257)
Net income	**206.044**

NOTE 31 - SUBSEQUENT EVENTS

None.