

MiGROS



Migros Türk T.A.Ş.

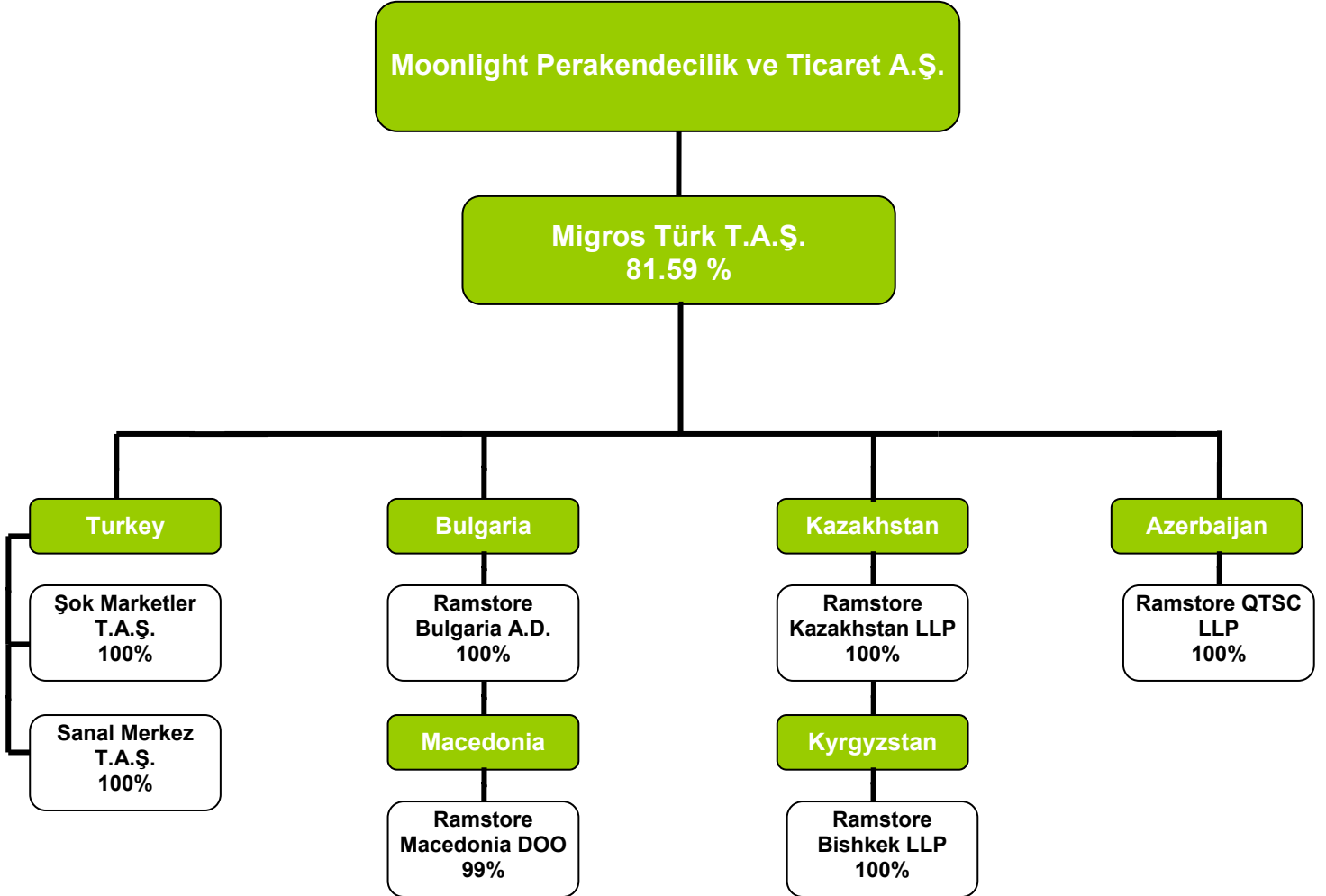
01.01.2008 – 30.09.2008

Interim Annual Report

CORPORATE PROFILE

| | |
|-------------------------------|---|
| Company | : Migros Türk T.A.Ş. |
| The Date of Foundation | : 26.07.1954 |
| Trade Registry Office | : İstanbul Trade Registry Office |
| Trade Registry Number | : 53358 - 4662 |
| Tax Administration | : Büyük Mükellefler Vergi Dairesi |
| Tax ID | : 6210024936 |
| Address | : Turgut Özal Bulvarı No:6 34758 Ataşehir - İstanbul |
| Phone | : 0216 579 30 00 |
| Fax | : 0216 456 59 05 |
| Corporate Web Site | : www.migros.com.tr |
| E-mail | : malimigros@migros.com.tr |
| Registered Capital | : 190.000.000 YTL |
| Paid - in - Capital | : 178.030.000 YTL |
| Stock Exchange | : İstanbul Stock Exchange |
| IPO | : 1991 |
| Symbol | : MIGRS.IS |

Migros Türk Organigram as of 30 September 2008



INTRODUCTION: AN ECONOMIC REVIEW AND RETAIL MARKET

According to TurkStat (Turkish Statistical Institute), GDP which leapt by 4.1% in real terms in the second quarter of 2007 saw an increase by 1.9% in real terms in the second quarter of 2008 and reached TRY 240.9 million with current prices. GDP, rose by 4.2% in real terms in the first half of 2008 and reached TRY 463.6 million with nominal prices. Domestic food, alcoholic beverages, and tobacco consumptions climbed by 2.2% in real terms in the second quarter of 2008, and reached TRY 48.5 million and has occurred over the GDP which increased 1.9% in the second quarter of 2008.

According to Retail Index results of Trade Council of Shopping Centers and Retailers (TCSCR) turnover of organized retail increased by 12% in September as compared to previous month and 11% as compared to September 2007. Increase in turnover has occurred 10% in the first nine months of 2008.

The revenues in food retail have increased by 2% in September, compared to the previous month. Organized food retail revenue rose by 8% in the first 9 months. The change in September 2008 remained at 1%, compared to September 2007 and an increase of 8.7% has occurred in September 2007 over a year ago. The change in 9 months in non-food retail has been calculated as 15%.

In organized food retail sector, the sales area has increased by 3% in September, compared to August. In food retail, the sales area has leapt by 16% since the beginning of the year. The total sales area in organized retail has recorded an increase of 20% compared to the same period of the previous year.

In food retail, there has been an increase of 8% in revenue index per sales area in September. The revenue performance per sales area in September has been the same compared to September 2007. The monthly change in September 2007 has been again 8% and the efficiency has shown an increase of 3% compared to the previous year.

The revenues per sales area have recorded a decrease of 7% compared to September 2007. Although an increase of 20% has been observed in sales areas in non-food retail in September, a revenue increase of 1% explains the decrease in efficiency.

In terms of CPI (Consumer price index), food and non-alcoholic beverages group increased by 6.43% as compared to December 2007 and rose by 11.07% over the same month of last year. CPI that was at the level of 8.4% in 2007 realized as 11.13% in the first nine months of 2008 and CPI target of 2008 which is 4% was already exceeded in the first nine months of year.

Cnbc-e Consumer Confidence Index decreased by 13.8% in September 2008, as compared to previous month to 69.62. The mild increase of the index that has continued since April has reversed in September. Besides, index maintains its lowest ever level since 2002.

SECTION 1: CORPORATE INFORMATION

Board of Directors

According to Resolutions of Board of Directors dated 30 May 2008 and 24 July 2008 and Minutes of Extraordinary General Meeting dated 04 September 2008, members of the Board of Directors and Auditors are shown below.

Board of Directors

| | |
|--------------------------------|--------------------------|
| F. Bülent Özyadınlı | Chairman |
| Antonio Belloni | Member |
| Francesco Conte | Member |
| Nicholas Stathopoulos | Member |
| Stefano Ferraresi | Member |
| Brice Cedric Dubourdieu | Member |
| Paolo Federico Ceretti | Member |
| Evren Rıfki Ünver | Member |
| Ömer Özgür Tort | Member / General Manager |
| Warith Mubarak Said Al Kharusi | Member |
| Pedro Miguel Stemper | Member |

Auditors

| | |
|-------------------|---------|
| M. Bilgutay Yaşar | Auditor |
| Yüksel Toparlak | Auditor |
| Recep Bıyık | Auditor |

Also, Stefano Ferraresi and Evren Rıfki Ünver have been elected as the members of the Audit Committee at the Board of Directors Meeting of our company dated 22 October 2008.

Information About Appointments of Board of Directors and Auditors

In the Extraordinary General Meeting of our Company, held on 4th September 2008,

Pursuant to the resolution number 867 of the Board of Directors, dated 17th June 2008, it has been decided that article 7 of the Articles of Association related to the Board of Directors is changed in accordance with the prior authorization number 1120 – 11352 of Capital Markets Board, dated 08.07.2008 and the prior authorization number 3713 of Republic of Turkey Ministry of Industry and Trade, dated 22.07.2008. Following the amendment of article 7 of the Articles of Association, the number of Members of Board of Directors has been increased from 9 to 11 and Warith Mubarak Said Al Kharusi and Pedro Miguel Stemper have been appointed as Members of Board of Directors in addition to the current Members of Board of Directors, Fevzi Bülent Özyadınlı, Antonio Belloni, Francesco Conte, Nicholas Stathopoulos, Stefano Ferraresi, Brice Cedric Dubourdieu, Paolo Federico Ceretti, Evren Rıfki Ünver and Ömer Özgür Tort.

Authorities and Duties of The Board of Directors

As of the 11th article of Migros articles of association the Board of Directors has the authority to take all kinds of resolutions other than those subject to the resolution of the General Assembly in accordance with the Law and this Articles of Association.

Authorities and Duties of The Auditors

As of the 15th article of Migros articles of association duties, liabilities and responsibilities of auditors as well as matters pertaining thereto are governed by provisions of the Turkish Commercial Code. Article 275 of the same Act is kept in reserve. A salary or annual remuneration assessed by the General Assembly is paid to each auditor.

The shareholding structure of Migros Türk T.A.Ş.

The registered capital of the company is TRY 190,000,000. The names of shareholders, shareholding amounts and percentages of the shareholders holding more than 10% of the existing paid-in-capital of TRY 178,030,000 are as follows:

As of 30 September 2008;

| Migros Türk T.A.Ş. | | |
|------------------------------------|---------------|-----------------------|
| Shareholder | Share (%) | Amount (TRY) |
| Moonlight Perakendecilik ve T.A.Ş. | 81.59 | 145,262,716.56 |
| Other | 18.41 | 32,767,283.44 |
| Total | 100.00 | 178,030,000.00 |

The shareholding of Moonlight Perakendecilik ve Ticaret A.Ş. reached to %97.9 after the tender call process between 06 October 2008 - 20 October 2008.

Information About the Most Recent Capital Increase

No increase was made in the capital during the January – September 2008 period.

Information on General Assembly Meeting

Extraordinary General Assembly Meeting

Meeting Minutes and List of Attendees pertaining to Extraordinary General Meeting of our company dated 04.09.2008 have been disclosed in our corporate web site (www.migros.com.tr). At the extraordinary general meeting, the consolidated financial statements dated 31.05.2008 prepared according to UFRS for the share transfer, amendment in the articles of association and the other items contained in the General Meeting Agenda were accepted.

It has been decided that article 7 of the Articles of Association related to the Board of Directors has been amended in accordance with the prior authorization number 1120 – 11352 of Capital Markets Board, dated 08.07.2008 and the prior authorization number 95612 - 3713 of Republic of Turkey Ministry of Industry and Trade, dated 22.07.2008. The former and new versions of the Articles of Association are presented in "Amendments in the Articles of Association During the Period" section of this report.

Following the amendment of article 7 of the Articles of Association, the number of Members of Board of Directors has been increased from 9 to 11 and Warith Mubarak Said Al Kharusi and Pedro Miguel Stemper have been appointed as Members of Board of Directors in addition to the current Members of Board of Directors, Fevzi Bülent Özyaydınlı, Antonio Belloni, Francesco Conte, Nicholas Stathopoulos, Stefano Ferraresi, Brice Cedric Dubourdieu, Paolo Federico Ceretti, Evren Rıfki Ünver and Ömer Özgür Tort.

General Assembly Meeting

Meeting Minutes and List of Attendees pertaining to Ordinary General Meeting of our company dated 29.04.2008 have been disclosed in our corporate web site (www.migros.com.tr). At the ordinary general meeting, the consolidated financial statements dated 31.12.2007 prepared according to UFRS and the other items contained in the General Meeting Agenda were accepted.

At the Ordinary General Meeting, Dr. Bülent Bulgurlu, K. Ömer Bozer, Semahat Sevim Arsel, Dr. Nusret Arsel, M. Ömer Koç, Y. Ali Koç, Uğur Çatbaş, Oktay İrsıdar and Levent Çakıroğlu were elected the members of the Board of Directors, İnanç Kiraz, Ahmet Sönmez and Serkan Özyurt were elected the auditors for an office term until the Ordinary General Meeting that will convene to examine the activities and accounts of the activity year 2008.

At the meeting of the Board of Directors dated 13 May 2008, Dr. Bülent Bulgurlu was elected the Chairman of the Board of Directors, K. Ömer Bozer was elected the Vice-Chairman of the Board of Directors. Uğur Çatbaş and Oktay İrsıdar were elected the Committee members in charge of auditing, Levent Çakıroğlu, Erkin Yılmaz and Ömer Özgür Tort were elected the members of the Corporate Governance Committee.

During the General Meeting, as per the Regulation on Independent External Auditing published by the Board of Capital Markets, it was resolved by the Board of Directors that "Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." (a member of PricewaterhouseCoopers) which was selected for the year 2008 be authorized to act as independent external auditor.

Amendments in the articles of association during the period

At the board of directors meeting of our company that was held on 17th June 2008, it was resolved that article 7 concerning Board of Directors of the Articles of Association of our company be amended and an application be filed with the Capital Markets Board (CMB) and Ministry of Industry and Commerce before presenting the proposal to General Meeting. With regards to amendment of article 7 of Articles of Association concerning Board of Directors, preliminary permission has been taken from Capital Markets Board under letter dated 08.07.2008 and number 1120-11352 and from Republic of Turkey, Ministry of Industry and Commerce, under letter dated 22.07.2008 and number 95612-3713. In line with preliminary permissions taken, proposal for amendment of Articles of Association accepted by Board of Directors at the General Meeting.

The previous and new versions of Articles of Association Article 7 related to Board of Directors are shown below.

Previous Version

BOARD OF DIRECTORS

Article 7- The operations and management of the Company shall be conducted by the Board of Directors consisting of nine members to be elected among the shareholders in the General Assembly in accordance with the Turkish Commercial Code.

In case of any vacancy of a board membership, the Board of Directors shall appoint a new member to be approved in the General Assembly in accordance with Article 315 of the Turkish Commercial Code.

New Version

BOARD OF DIRECTORS

Article 7- The operations and management of the Company shall be conducted by the Board of Directors consisting of eleven members to be elected among the shareholders in the General Assembly in accordance with the Turkish Commercial Code.

In case of any vacancy of a board membership, the Board of Directors shall appoint a new member to be approved in the General Assembly in accordance with Article 315 of the Turkish Commercial Code.

The Dividend Policy of Migros

As it was submitted to shareholders at the Ordinary General Meeting of our company held on 29 April 2008,

In line with the Company's long-term strategies, investments and financing plans and profitability, dividends corresponding to at least to 20% of the attributable profit, computed in accordance with the CMB communiqués and regulations, can be distributed in cash or in the form of bonus shares of stock, or some combination of the two. This is the Company's policy for the next three years. Any change in this policy will be publicly disclosed.

The Dividend Distribution in the Year 2007

At the Ordinary General Meeting of our company held on 29 April 2008, it was resolved that gross cash dividend in the amount of TRY 105,494,954.71 be given for the shares representing the capital in the amount of TRY 178,030,000 and the dividend payments be started as from May 1, 2008.

So,

- A Ykr 59.25684 gross=net cash dividend per share with a nominal value of TRY 1 representing a ratio of 59.25684% to resident corporate shareholders and shareholders who are entitled to dividends through a company or a permanent representative in Turkey,
- A Ykr 59.25684 gross cash dividend (Ykr 50.36832 net) per one share with a nominal value of TRY 1 to other shareholders, which represents a ratio of 59.25684%.

The first and second legal reserves, as well as the distributable profit totaling TRY 105,494,954.71 be totally covered from the current year's other income.

The respective shares of dividend are transferred by the intermediary institution to the dividend accounts of the shareholders who are monitored by the Central Registration Agency as per the regulations of the Capital Markets Legislation on registration system (the shareholders who shares are listed in the Stock Exchange).

As laid out in the General Letter of the Central Registration Institution ("MKK") numbered 294, the shareholders have not their shares registered as per provisional article 6 of the Capital Market Board the dividends which are payable for such shares that have not been registered for the period after 31.12.2007 must not be paid to the respective shareholders and the payment may be made only after the registration. In order for our shareholders whose shares are not monitored within the framework of the regulations on registration system and physically hold their share certificates to collect their dividends, they should have their shares registered. The dividend distribution was commenced, as from **May 1, 2008**, at the branches of Yapı Kredi Bankası A.Ş. as listed in the corporate web site of our company (www.migros.com.tr) and at Harbiye Branch of Yapı Kredi Yatırım Menkul Değerler A.Ş.

SECTION 2: FINANCIAL INFORMATION

Sales and Revenue

(thousand TRY)

| | 1 January – 30 September 2008 | 1 January – 30 September 2007 |
|-----------------------------|----------------------------------|----------------------------------|
| Domestic sales | 3,687,720 | 3,154,869 |
| Foreign sales | 149,551 | 126,966 |
| | <u>3,837,271</u> | <u>3,281,835</u> |
| Other sales | 3,588 | 5,020 |
| | <u>3,840,859</u> | <u>3,286,855</u> |
| Less: Discounts and returns | (57,636) | (42,213) |
| Sales revenue - net | 3,783,223 | 3,244,642 |

The consolidated net sales of our company have increased by 16.6% in the third quarter of 2008 compared to the same period of the previous year and realized as thousand TRY 3,783,223. The consolidated sales are composed of domestic sales by 96.1%. The increase in sales stems from the existing stores and the new stores opened during the period between January-September 2008.

Sales By Countries

(thousand TRY)

| | 1 January – 30 September 2008 | 1 January – 30 September 2007 |
|---|----------------------------------|----------------------------------|
| Turkey | 3,631,104 | 3,114,352 |
| Kazakhstan | 116,910 | 97,490 |
| Bulgaria | 21,502 | 20,371 |
| Azerbaijan | 13,707 | 12,429 |
| Net sales from continuing operations | 3,783,223 | 3,244,642 |
| Net sales from discontinued operations | - | 334,937 |

Capital Expenditures

(thousand TRY)

| | 1 January – 30 September 2008 | 1 January – 30 September 2007 |
|----------------------------------|----------------------------------|----------------------------------|
| Turkey | 111,493 | 112,047 |
| Kazakhstan | 3,157 | 2,411 |
| Azerbaijan | 84 | 70 |
| Bulgaria | 17 | 70 |
| Discontinued Operations (Russia) | - | 35,700 |
| | <u>114,751</u> | <u>150,298</u> |

Import

The total amount of import was thousand TRY 5,247 in 3Q 2007, and increased by 179% to thousand TRY 14,621 in 3Q 2008.

The Financial Ratios

The financial resources and the risk management policies

Loans

In the first nine months of 2008, no new loans have been utilized. As from September 30, 2008, the outstanding loan debt of the company stands at thousand TRY 81,964, and part of thousand TRY 42,216 shall be re-paid within 1 year.

Risk management policies

The company is exposed to various financial risks including effects of the changes in the foreign exchange rates and interest rates due to foreign exchange loans utilized by the company. The risk management is applied by each subsidiary within the framework of the policies approved by the board of Directors.

The financial borrowing foreign exchange risk is followed and limited by analyzing the foreign currency position.

The funding risk of the existing and future debt requirements is managed by maintaining adequate number and high quality of lenders. In order to manage the interest rate risk, the company evaluates the interest bearing assets at the short-term investment instruments within the framework of principle of management by natural precautions by balancing the terms of the assets and liabilities sensitive to the interest rate.

The significant events that take place from ending of the fiscal period to publication of the respective financial statements

In the footnote regarding Events After Balance Sheet Date of the Consolidated Financial Statements, necessary explanations have been made on this matter.

The quality and amount of the capital market instruments that have been issued

N/A.

Main Ratios Corresponding to Financial Structure, Profitability and Reckoning

| Migros IFRS Consolidated Income Statement Summary (Thousand TRY) | September 08 | % | September 07 | % | Change % |
|---|---------------------|--------------|---------------------|--------------|-----------------|
| Net Sales | 3,783,223 | 100.0 | 3,244,642 | 100.0 | 16.6 |
| Cost of sales (-) | -2,811,235 | -74.3 | -2,453,878 | -75.6 | 14.6 |
| Gross Profit | 971,988 | 25.7 | 790,764 | 24.4 | 22.9 |
| Operating Expenses | -748,493 | -19.8 | -634,368 | -19.6 | 18.0 |
| Other Income / (Gains) | 18,348 | 0.5 | 9,089 | 0.3 | 101.9 |
| Operating Profit | 241,843 | 6.4 | 165,485 | 5.1 | 46.1 |
| Other Financial Income / (Gains) | -2,481 | -0.1 | 11,480 | 0.4 | -121.6 |
| Income From Associates | 0 | 0.0 | 216 | 0.0 | -100.0 |
| Income Before Tax From Continuing Operations | 239,362 | 6.3 | 177,181 | 5.5 | 35.1 |
| Continuing Operations Tax Expenses | -44,707 | -1.2 | -37,423 | -1.2 | 19.5 |
| Income For The Period From Continuing Operations | 194,655 | 5.1 | 139,758 | 4.3 | 39.3 |
| Income After Tax For The Period From Discontinued Operations | 0 | 0.0 | 1,449 | 0.0 | -100.0 |
| Income For The Period | 194,655 | 5.1 | 141,207 | 4.4 | 37.9 |
| <i>Income For The Period-Minority Interest</i> | 38 | 0.0 | 31 | 0.0 | 22.6 |
| <i>Income For The Period-Parent Company Shares</i> | 194,617 | 5.1 | 141,176 | 4.4 | 37.9 |
| EBITDA | 298,717 | 7.9 | 228,855 | 7.1 | 30.5 |

| Migros IFRS Consolidated Balance Sheet Summary (Thousand TRY) | September 08 | % | December 07 | % | Change % |
|--|---------------------|--------------|--------------------|--------------|-----------------|
| Current Assets | 1,627,131 | 57.4 | 1,664,525 | 58.8 | -2.2 |
| Non-current Assets | 1,205,610 | 42.6 | 1,165,200 | 41.2 | 3.5 |
| Total Assets | 2,832,741 | 100.0 | 2,829,725 | 100.0 | 0.1 |
| Current Liabilities | 1,214,566 | 42.9 | 1,180,047 | 41.7 | 2.9 |
| Non-current Liabilities | 79,258 | 2.8 | 180,345 | 6.4 | -56.1 |
| Total Liabilities | 1,293,824 | 45.7 | 1,360,392 | 48.1 | -4.9 |
| Parent Company Shareholders' Equity | 1,538,607 | 54.3 | 1,469,068 | 51.9 | 4.7 |
| Minority Interest | 310 | 0.0 | 265 | 0.0 | 17.0 |
| Shareholders' Equity | 1,538,917 | 54.3 | 1,469,333 | 51.9 | 4.7 |
| Total Liabilities and Shareholders' Equity | 2,832,741 | 100.0 | 2,829,725 | 100.0 | 0.1 |

| Consolidated (Thousand TRY) | September 08 | % | September 07 | % | Change % |
|------------------------------------|---------------------|----------|---------------------|----------|-----------------|
| Sales | 3,783,223 | 100.0 | 3,244,642 | 100.0 | 16.6 |
| Gross Profit | 971,988 | 25.7 | 790,764 | 24.4 | 22.9 |
| Operating Profit | 241,843 | 6.4 | 165,485 | 5.1 | 46.1 |
| EBITDA | 298,717 | 7.9 | 228,855 | 7.1 | 30.5 |

| Turkey (Thousand TRY) | September 08 | % | September 07 | % | Change % |
|------------------------------|---------------------|----------|---------------------|----------|-----------------|
| Sales | 3,631,104 | 100.0 | 3,114,352 | 100.0 | 16.6 |
| Gross Profit | 929,668 | 25.6 | 754,936 | 24.2 | 23.1 |
| Operating Profit | 227,596 | 6.3 | 148,710 | 4.8 | 53.0 |
| EBITDA | 282,107 | 7.8 | 213,905 | 6.9 | 31.9 |

| Kazakhstan (Thousand TRY) | September 08 | % | September 07 | % | Change % |
|----------------------------------|---------------------|----------|---------------------|----------|-----------------|
| Sales | 116,910 | 100.0 | 97,490 | 100.0 | 19.9 |
| Gross Profit | 30,001 | 25.7 | 24,867 | 25.5 | 20.6 |
| Operating Profit | 9,348 | 8.0 | 9,631 | 9.9 | -2.9 |
| EBITDA | 10,722 | 9.2 | 10,535 | 10.8 | 1.8 |

| Bulgaria (Thousand TRY) | September 08 | % | September 07 | % | Change % |
|--------------------------------|---------------------|----------|---------------------|----------|-----------------|
| Sales | 21,502 | 100.0 | 20,371 | 100.0 | 5.6 |
| Gross Profit | 8,512 | 39.6 | 7,823 | 38.4 | 8.8 |
| Operating Profit | 3,549 | 16.5 | 6,528 | 32.0 | -45.6 |
| EBITDA | 4,283 | 19.9 | 3,583 | 17.6 | 19.5 |

| Azerbaijan (Thousand TRY) | September 08 | % | September 07 | % | Change % |
|----------------------------------|---------------------|----------|---------------------|----------|-----------------|
| Sales | 13,707 | 100.0 | 12,429 | 100.0 | 10.3 |
| Gross Profit | 3,807 | 27.8 | 3,138 | 25.2 | 21.3 |
| Operating Profit | 1,350 | 9.8 | 616 | 5.0 | 119.2 |
| EBITDA | 1,605 | 11.7 | 832 | 6.7 | 92.9 |

| LIQUIDITY RATIOS | September 08 | December 07 |
|----------------------------------|---------------------|--------------------|
| Current Ratio | 1.34 | 1.41 |
| Liquidity Ratio (Acid-Test) | 0.95 | 1.07 |
| Cash Ratio | 0.89 | 0.84 |
| Working Capital (Thousand TRY) | 412,565 | 484,478 |
| Cash Conversion Cycle (in days)* | -46.2 | -51.5 |

*It was calculated from average balances.

| FINANCIAL STRUCTURE RATIOS | September 08 | December 07 |
|---|---------------------|--------------------|
| Financial Leverage | 0.46 | 0.48 |
| Total Liabilities / Shareholders' Equity | 0.84 | 0.93 |
| Current Liabilities / Total Assets | 0.43 | 0.42 |
| Non-current Liabilities / Total Assets | 0.03 | 0.06 |
| Net Cash Position / Shareholders' Equity | 0.64 | 0.48 |
| Financial Liabilities / Shareholders' Equity | 0.05 | 0.18 |
| Financial Liabilities / Total Assets | 0.03 | 0.09 |
| Total Financial Liabilities (Thousand TRY) | 81,964 | 260,491 |
| Interest Coverage Ratio ** | 36.93 | 4.82 |
| Net Cash Position (Thousand TRY) | 983,785 | 707,838 |
| Net Foreign Currency Position (Thousand TRY) | 74,257 | 32,678 |

** Net operating profit was considered at December 2007 calculation.

| PROFITABILITY RATIOS (%) | September 08 | September 07 |
|---------------------------------|---------------------|---------------------|
| Return On Equity (ROE) | 12.6 | 14.0 |
| Return On Assets (ROA) | 6.9 | 5.0 |
| Gross Profit Margin | 25.7 | 24.4 |
| EBITDA Margin | 7.9 | 7.1 |
| Operating Profit Margin | 6.4 | 5.1 |
| Income Before Tax Margin | 6.3 | 5.5 |
| Net Income Margin | 5.1 | 4.4 |

| SHARE PERFORMANCE RATIOS | September 08 | September 07 | Change % |
|---------------------------------|---------------------|---------------------|-----------------|
| Market Cap (Thousand TRY) | 3,898,857 | 3,701,604 | 5.3 |
| Share Price (TRY) | 21.90 | 21.00 | 4.3 |
| Earnings Per Share (EPS) (Ykr) | 1.09 | 0.79 | 38.0 |
| Price-earnings Ratio (Annual) | 15.0 | 19.7 | -23.6 |

SECTION 3: OPERATIONAL ACTIVITIES

Position of Migros in the Sector and Investments

Operating in the food and consumer goods sector, Migros Türk T.A.Ş. is engaged in the retail sale of all types of food products and consumer goods, as well as their wholesale for retail consumption. The Company also operates shopping malls in Turkey and abroad through its associates.

The Company merged with Tansaş, a strong supermarket chain in the Turkish retailing sector, through the acquisition of Tansaş as a whole on 30 June 2006, upon which Tansaş stores were incorporated into the Company's network. With the integration of Tansaş stores into its structure, the Company commanded a store network of 1.135 stores in total at the end of September 30, 2008: of these 92 M, 98 MM, 42 MMM, 610 Şok, 6 5M, 263 Tansaş and 8 Macrocenter stores in seven geographical regions throughout Turkey, as well as 3 Ramstores in Azerbaijan, 10 Ramstores in Kazakhstan, 2 Ramstores in Macedonia and 1 Ramstore in Kyrgyzstan operated through its associates abroad. Drawing on half a century of experience, Migros sustains its leadership in the sector.

During January-September 2008, Migros Türk T.A.Ş. opened 18 Migros, 17 Tansaş, 157 Şok and 1 Ramstore stores under:

M format; Konutkent in Ankara, Kemer Çamyuva in Antalya, Çiçekçi, Teşvikiye Hüsrev Gerede in İstanbul,

MM format; Süsrü in Elazığ, Mersin Tömük , Mersin Soli in İçel, Airport, Kamiloba, Çengelköy in İstanbul,

MMM format; Zirvekent in Ankara, Çamlık Forum in Denizli, Halkalı İhlamur Evleri in İstanbul, Forum in Trabzon, Maxi Center in Tekirdağ,

5M format; Silivri in İstanbul, Kayseri in Kayseri, Manisa in Manisa,

Mini Tansaş format; Metrokent in Ankara, Avcılar, Gizlibahçe Tuzla in İstanbul, Çandarlı, Mordoğan, Ilıca Çeşme in İzmir, Salihli Çarşı in Manisa,

Midi Tansaş format; Güzelçamlı Kuşadası in Aydın, Mirzabey in Balıkesir, Orhangazi in Bursa, Akçakoca in Düzce, Bahçelievler Metroport AVM, Pendik in İstanbul, Ürkmez Payamlı in İzmir,

Maxi Tansaş format; Muratpaşa in Antalya, Historia AVM, Çengelköy Maxi City in İstanbul,

Şok format; Hastaneler, Karataş, Beyazevler, Hayalpark, Yeşilyurt in Adana, Bahçeleriçi in Amasya, Emek Güneyce, Beştepe, 100. Yıl, Gölbaşı, Keçiören Tepebaşı, Polatlı, Seyranbağları in Ankara, Güzeloba, Karatay Gökusu, Side Yalı, Altinkum, Manavgat Yayla, Belek, Ali Çetinkaya, Alanya Cıkıllı, Kumluca Kültürpark in Antalya, Arhavi in Artvin, Söke Merkez, Kuşadası Güzelçamlı, Didim Çarşı, Kuşadası Kadınlar Denizi in Aydın, Sarımsaklı Merkez, Akçay, Güre, Havran, Burhaniye Bahçelievler, Edremit in Balıkesir, Çarşı, Atatürk Bulvarı, Üniversite in Bolu, Gemlik, İnegöl, Kültür, İnegöl Adliye, Kükürtlü, Tuna Caddesi in Bursa, Küçükuyu in Çanakkale, Alaca, Ulukavak in Çorum, Buldan in Denizli, Keşan in Edirne, Osmangazi, Kavaklı, Nizip, Kolejtepe, İbrahimli in Gaziantep, Merkez, Gazi in Giresun, Antakya Reyhanlı, Antakya Kanatlı, İskenderun Dumlupınar, Antakya Emniyet in Hatay, Bahçelievler in Isparta, Mersin Davultepe, Mersin Yenimahalle, Mersin Taşucu, Anamur Göktaş in İçel, Tuzla İstasyon, Kozyatağı İntaş, Gaziosmanpaşa Cadde, Fındıkzade Kızılelma, Büyükçekmece Yeşilkent, Kartal Cadde, Tarabya Sahil, Ümraniye Merit Life, Avcılar Merkez, Silivri Semizkum, Riva, Galata, Yedikule, Ataşehir Baraj Yolu, İçerenköy İnönü, Kumburgaz Güzelce, Dikilitaş, Ümraniye Şerif Ali, Üsküdar Fetih, Esenler Atışalanı, Esenler Merkez, Ümraniye İkbal, Akfırat Tuzla, Kozyatağı Halk, Ümraniye İtfaiye, Paşabahçe İskele in İstanbul, Ürkmez, Özdere Ondörtteveler, Çeşme Dalyan, Güzelbahçe, Çeşme Şifne, Torbalı, Bergama Kınık, Bayındır, Tire in İzmir, Sarayaltı, Göksun in Kahramanmaraş, İstasyon in Karaman, Çengeller in Kastamonu, Develi, Belsin in Kayseri, Yaylacık in Kırıkkale, Yedi Aralık in Kilis, Gölcük Otosan, İzmit Yarımca Atalar, Kandıra in Kocaeli, Selçuklu, Kulu, Telegrafçı in Konya, Tavşanlı, Merkez, Tavşanlı Çarşı, Gediz in Kütahya, Dernek, İsmetpaşa, Hastaneler, Kanalboyu, Milli Egemenlik in Malatya, Turgutlu, Akhisar Reşatbey, Toki, Köprübaşı in Manisa, Datça, Fethiye Kesikkapı, Fethiye Hisarönü, Milas Ören, Bodrum Gümbet, Bodrum Akçaalan, Fethiye Çalış, Milas Akkent in Muğla, Merkez in Nevşehir, Yeni Vilayet İn Osmaniye, Karasu Merkez FRC in Sakarya, Bahçelievler, Atakum, Aşıkpaşa in Samsun, Çerkezköy Cadde, Çorlu Emlak Konutları in Tekirdağ, Erbaa, Turhal, Zile in Tokat, Of, Yeni Cuma, Sürmene in Trabzon, Banaz in Uşak, Armutlu, Esenköy, 100. Yıl in Yalova, Sorgun, Lise Caddesi in Yozgat, Karadeniz Ereğli, Karadeniz Bağlık, Devrek İnönü, Çaycuma İstasyon in Zonguldak

Ramstore format; Dirjinskovo in Kazakhstan

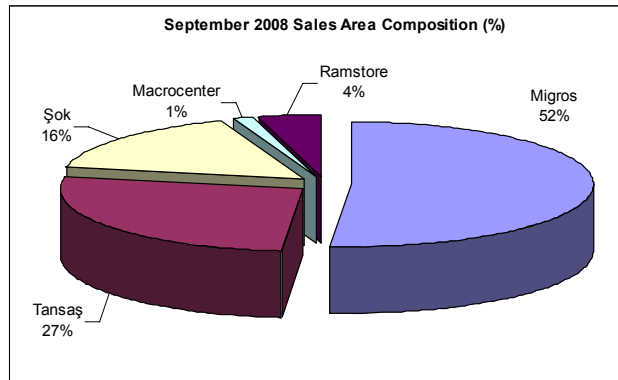
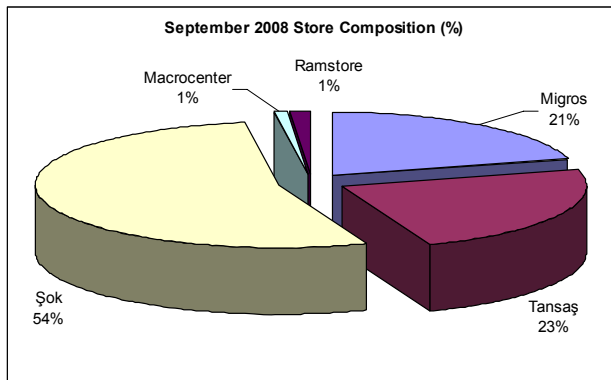
The company's domestic net sales area has increased by 15.5% compared to the first nine months of 2007 to 645,106 sqm. The store efficiency as a result of the campaigns conducted and the increased customer satisfaction rose, and the annualized domestic sales per sqm increased by 4.6% to TRY 7,986 compared to the same period of the previous year. In the third quarter of 2008, the number of customers has increased by 10.7% compared to the same period of the previous year and reached a total number of 214.9 million. The sales per customer increased by 4.2% compared to the same period of the previous year and increased to TRY 18.25.

The sales through Migros Club Card, that continues to be the largest card program of Turkish retail market, reached 77% in January-September 2008.

| Number of Stores | Sept. 2007 | Dec. 2007 | Sept. 2008 |
|---|----------------|----------------|----------------|
| Turkey | | | |
| 5M* | 3 | 3 | 6 |
| MMM | 37 | 40 | 42 |
| MM | 91 | 91 | 98 |
| M | 85 | 89 | 92 |
| Şok | 436 | 460 | 610 |
| Mini | 122 | 123 | 130 |
| Midi | 77 | 76 | 83 |
| Maxi | 46 | 48 | 50 |
| Macrocenter | 8 | 8 | 8 |
| Number of Stores - Domestic | 905 | 938 | 1,119 |
| Net Sales Area – Domestic (m²) | 558,725 | 576,525 | 645,106 |
| International | | | |
| Russia** | 54 | - | - |
| Kazakhstan | 8 | 9 | 10 |
| Azerbaijan | 3 | 3 | 3 |
| Bulgaria | - | - | - |
| Macedonia | 2 | 2 | 2 |
| Kyrgyzstan | 1 | 1 | 1 |
| Number of Stores - International | 68 | 15 | 16 |
| Net Sales Area – International (m²) | 155,373 | 27,244 | 28,956 |
| Total number of stores | 973 | 953 | 1,135 |
| Total net sales area (m²) | 714,098 | 603,769 | 674,062 |

* The Company converted its large stores which did not fall into the M, MM or MMM classification into the 5M format

** Ramenka Limited LLP (Ramenka) is sold to Enka Holding Investment S.A. on 9 November 2007 and its stores were removed from our portfolio.



SECTION 4: The Other Issues

Information About Tender Call Process

Moonlight Perakendecilik ve Ticaret A.Ş. ("Moonlight"), controlled by the funds governed by BC Partners, has purchased 9,049,727,256 shares corresponding to 50.83259% of the issued capital of Migros Türk T.A.Ş., each with a nominal price of 1 New Kurus, from Koç Holding A.Ş for TRY 1.9 billion. This purchase corresponds to a total company value of TRY 3.8 billion (\$ 3.15 billion). The share transfer has been completed on 30th May 2008. Moonlight has increased its ratio of share to 81.59452%, and its amount of shares to TRY 145,262,716.56 with the purchases it made in Index of Istanbul Stock Exchange national market before the tender call, on 8th, 11th, 18th and 19th August 2008.

In the application to Capital Markets Board, the tender call price for 1 share, each worth 1 New Kurus, has been calculated as TRY 0.21243 by dividing the total net amount (TRY 1,922,439,587.64) paid by Moonlight to Koç Holding for the share purchase, by the total number of shares purchased (9,049,727,256 shares). Pursuant to resolution 23 / 909 of Capital Markets Board, dated 22nd August 2008, the tender call price has been increased to TRY 0.2195 for 1 share, each worth 1 New Kurus, by adding interest for a period of 45 days passed between 15th June 2008 and 30th July 2008, by using 27% of advance interest rate applied by Central Bank of Turkey on advance transactions as of 28th December 2007.

The tender call announcement was published in Sabah and Hürriyet newspapers on 3rd October 2008 and the Company internet site (www.migros.com.tr).

The tender call period started on 6th October 2008 and ended on 20th October 2008. The tender call transactions have been conducted by İş Yatırım Menkul Değerler A.Ş.

The Shareholding Structure Of Migros Before The Tender Call

| Migros Türk T.A.Ş. | | |
|------------------------------------|---------------|-----------------------|
| Shareholder | Share (%) | Amount (TRY) |
| Moonlight Perakendecilik ve T.A.Ş. | 81.59 | 145,262,716.56 |
| Other | 18.41 | 32,767,283.44 |
| Total | 100.00 | 178,030,000.00 |

1,491 shareholders have attended the tender call, held between 6th October 2008 - 20th October 2008 and 16.31% of Migros' shares have been collected by Moonlight.

The Shareholding Structure Of Migros After The Tender Call

| Migros Türk T.A.Ş. | | |
|------------------------------------|---------------|-----------------------|
| Shareholder | Share (%) | Amount (TRY) |
| Moonlight Perakendecilik ve T.A.Ş. | 97.90 | 174,293,340.15 |
| Other | 2.10 | 3,736,659.85 |
| Total | 100.00 | 178,030,000.00 |

SECTION 5: CORPORATE GOVERNANCE

Statement of Compliance with Corporate Governance Principle

Migros Türk T.A.Ş., as a matter of principle, adheres to Corporate Governance Principles that were adopted by the Capital Markets Board of Turkey (CMB) Resolution No. 35/835 dated July 4, 2003 and announced to the public in July 2003. Migros is aware of the benefits that the implementation of these principles will bring to the Company, its stakeholders and ultimately the country. Deficiencies in implementation are reviewed with a view to continuous improvement and efforts are underway to fix these shortcomings in order for Migros to be an exemplary role model.

The Company adopted the main principles of Corporate Governance which are:

- a) Fairness
- b) Transparency
- c) Responsibility
- d) Accountability

During the year, business processes regarding intra-company reporting and business conduct were improved and made more effective. In 2007, the Company set up the Corporate Governance Committee within the framework of compliance with the Capital Market Legislation and Corporate Governance Principles. At the Board of Directors meeting of 13 May 2008, it has been decided to elect Levent Çakıroğlu, Erkin Yılmaz and Ömer Özgür Tort as members of the committee.

In an effort to keep the shareholders informed, the Company renewed its corporate website in 2005 and enriched its substance and content during 2008, thereby allowing the shareholders to have access to more information about the Company.

The Company's Corporate Governance Principles Compliance Report can be accessed at the corporate website (www.migros.com.tr) in the Investor Relations section, in addition to the annual report.

Investor Relations

As a matter of corporate policy, Migros attaches great importance to relationships with shareholders. A unit that reports to the Assistant General Manager for Finance was created to respond to the shareholders' requests for information about the Company. The unit manages the processes related to the Company's general assembly, capital increases and dividend payments. This unit handles all demands and transactions of the shareholders regarding capital increases and dividend payments.

In addition, the unit represents and acts as the contact center of the Company in its relations with various institutions including the CMB, İstanbul Stock Exchange (ISE), Central Registry Agency Inc. (CRA) and Takasbank (ISE Settlement and Custody Bank Inc). Among the unit's other activities are keeping records of the Board of Directors meetings and material disclosures to the ISE in compliance with the CMB Communiqué Serial: VII No: 39. Within the scope of the Public Disclosure Platform (in Turkish: KAP) of the CMB, these material disclosures and other announcements are also posted on the electronic environment using software developed by TÜBİTAK. Migros' Investor Relations Unit monitors relevant legislation as well as CMB communiqués and informs the senior management about the subjects and issues requiring compliance.

The unit also responds to the information requests about the Company. Using all available means of communication (one-on-one meetings, conference participations, meetings, corporate website, phone, email, investor bulletins, investor presentations, etc.), the unit informs Migros shareholders and brokerage analysts about the Company. The unit is responsible for the preparation of the annual report as well as the coordination of Corporate Governance operations and activities. It identifies the improvement areas, and based on continuous improvement philosophy, supports the Company's senior management to make Migros a role model in this department.

All shareholders requesting information about the Company can submit their queries by sending e-mail to investor_relations@migros.com.tr. All other channels of communication are also available for the shareholders.