

MİGROS TÜRK T.A.Ş.

ANNUAL REPORT 2001

ANNUAL ORDINARY GENERAL MEETING

FOR THE 47th ACTIVITY PERIOD

09 April 2002

11:30

İSTANBUL

Registered Capital:
TL 9,180,000,000,000.

Issued Capital:
TL 9,180,000,000,000.

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BOARD OF DIRECTORS

Rahmi M. Koç	President
Cengiz Solakođlu	Vice President
Dr. Nüsret Arsel	Director
Uđur Çatbaş	Director
Nevzat Tüfekçiođlu	Director
Vural Bayazıt	Director
Hasan Subaşı	Director
F. Bülend Özaydınlı	Director
Y.Ali Koç	Director

BOARD OF AUDITORS

Özcan Hınçal	Auditor
Nadir Özşahin	Auditor
Ali Yavuz	Auditor

GENERAL MANAGEMENT

Oktay Irsıdar	General Manager
Ender Alkaya	Assistant General Manager (Human Resources Management and Industrial Relations)
M. Erkal Akalın	Assistant General Manager (Sales)
A. Fuat Yanar	Assistant General Manager (Investments)
Aziz Bulgu	Assistant General Manager (Marketing)
Erkin Yılmaz	Assistant General Manager (Finance)

AGENDA OF THE ANNUAL GENERAL MEETING

- 1 - Opening, roll-call and election of Council Delegation,
- 2 - Presentation, discussion and approval of the Board of Directors' Report, the Board of Auditors' Report, the Independent Auditors' Report of Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş., Balance Sheet and Statement of Income for the fiscal year 2001
- 3 - Formal acquittal of the Board of Directors and Auditors for the operations of the Company for the fiscal year 2001,
- 4 - Approval, or approval with amendments, or refusal of the proposal of the Board of Directors with regard to appropriation of the 2001 profit and the date of the profit appropriation,
- 5 - Determination of the number and term of office of the new Directors and their election,
- 6 - Determination of the number and term of office of the new Auditors and their election,
- 7 - Determination of the remuneration to be paid to the Board of Directors and Auditors,
- 8 - Approval of the Independent Audit Company selected by the Board of Directors according to the communique about independent auditing announced by Capital Markets Board of Turkey,
- 9 - Approval of the Board of Directors' proposal with regard to the registered share capital ceiling of the Company, which is already 9,180,000 millions of Turkish Lira, to be increased to 100,000,000 millions of Turkish Lira and the amendment of Article 6 of Articles of Association, "Registered Capital".
- 10- Approval of the Board of Directors' proposal with regard to Article 3 of Articles of Association, "Purpose and subject" and Article 26, " Appropriation of Profit" according to a new standard announced by Capital Markets Board of Turkey,
- 11 - Giving consent to the Board of Directors in accordance with the Turkish Code of Commerce, articles 334 and 335,
- 12 - Approval and authorization of the minutes of the General Shareholders' Meeting by the Council Delegation on behalf of the Shareholders,
- 13 - Proposals and closing.

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

As a result of February 2001 economic crisis, which commenced with the high increase in interest rates and liquidity problem, Turkish economy has faced with the most severe shrinkage problem in its history. Economic growth declined by 8% (estimated) in 2001 with respect to prior year. GNP, which was USD 202 billions in 2000 decreased to USD 150 billions in 2001 and national income per capita decreased to USD 2.261 from USD 3,095 and Turkish Lira devalued by 113% against the US Dollar. Decreased personal incomes, increased unemployment and high interest rates had a negative impact on retail sector after its terrible effect on banking and financial services sector. Although Migros faced with a real decrease in sales in 2001, as a result of persistent growth policies both at home and abroad, significant increases have been realized at operating profit and net income with respect to prior year. Despite the negative economic conditions, Migros strengthened its leading position in the market. Migros serves with the most modern shopping facilities to as many as 160 million customers with its seven different formats; Migros, Sok, Ramstore, Migros and Ramstore Shopping Centers, Online Shopping, Bakkalim and wholesale trade. Migros has opened 34 new stores in the fiscal year 2001, namely 3 MMM, 5 MM, 3 M and 1 Hypermarket, 19 Sok, 3 Ramstores and opened Moskova Ramstore Shopping Mall and Antalya Migros Shopping Mall.

Migros is operating 66 M, 55 MM, 29 MMM, 292 Sok and 3 Hypermarkets in 7 geographic regions of Turkey and with the opening of Çanakkale and Adiyaman stores Migros started to serve in 36 cities across the country.

Migros opened its third Shopping Mall in Turkey at Antalya in May 2001, where tourism potential is very high. This investment, which has gross sales area of 50,000 squaremeters, costed USD 25 millions. At the shopping mall, there is a hypermarket covering 25,000 goods at a sales area of 9,000 squaremeters and 96 selective stores operating at textile, consumption goods, ready-made clothes, cosmetics, jewellery, automotive, food and electronics industry. Antalya Migros Shopping Mall has been visited by 4 millions of customers in the 7 months following its opening.

In terms of international investments, Kashirskaya Shopping Mall, which is the 8th Ramstore and at the same time the 3rd Ramstore Shopping Mall in Russia, started to serve in the beginning of the year 2001, and then Ramstore-Sokol, the 9th Ramstore in Moskow, was opened. The 10th Ramstore and the 4th Ramstore Shopping Mall which will be opened in 2002, started to be constructed in May 2001.

International operations were expanded with new stores in Moscow-Russia, Kazakhstan and Azarbaijan in the East and Bulgaria which is the starting point in Europe. Ramstore Sofia Shopping Mall, which is the biggest investment of Turkey in Bulgaria was opened in 2001. Internationally, Migros is operating 3 stores in Baku, 9 stores in Moscow, 3 stores in Kazakhstan and 1 store in Bulgaria. To sum up, the number of stores abroad has reached 16 by the end of 2001.

Migros Online Market has widen its service area with the addition of Antalya and Adana to already operating Istanbul, Ankara, Izmir, Bursa, Marmaris and Bodrum. "The market leader in B2C arena-Kangurum Online Shopping Center" covering 75,000 goods in 28 different product categories in 59 selective stores, "Migros Online Wholesale Trade", "B2B Project that enables corporate purchasing" and "the key of rapid, safe and efficient internet access, Kangurum.net", have served to customers with new developments in 2001.

Migros Club Card application, which is an important technological superiority of Migros, has broadened its advantage portfolio for customers. As a result, the number of Club Cardholders reached up to 3.800.000 by the end of 2001. Customer Relationship Management (CRM) applications have been developed in order to increase customer satisfaction by understanding their expectations. Kiosks spread out to all Migros stores with strengthened content and software. Today, our customers can reach to all Migros Club campaign data, monthly expenditure data and to information about special campaigns by using these kiosks.

The number of Migros stores has reached 461 indicating a physical growth rate of 11% by the end of 2001, including new investments not only in Turkey but also abroad. In the fiscal year 2001, the sales summed up to TL 814,259 Billions. Profit before employee termination indemnity and taxation on income was realized as TL 29,009 Billions and Net Profit as TL 17,776 Billions.

Migros will follow a selective investment strategy and focus on operational productivity in 2002. Real growth rate of Migros is planned to be 6% for the year 2002. Balyaeva Ramstore Shopping Mall, which started to be constructed in 2001, will be opened. The biggest Shopping Mall Project in Russia will take start in 2002. In addition, the number of Ramstores is planned to be 16 including 5 new Ramstore supermarket investments. New stores will also be opened in Kazakhstan and Bulgaria in 2002. At home, the number of new stores, for both Migros and Şok, is planned to be 34 for the following year.

BOARD OF DIRECTORS

In 2001, the Board of Directors consisted of 9 members; namely, Rahmi M. Koç as the President, Cengiz Solakođlu as the Vice President, and Dr. Nüsret Arsel, Uđur atbaş, Nevzat Tüfekiođlu, Vural Bayazit, Hasan Subaşı, F. Bülend Özaydınlı and Y. Ali Ko as the directors.

The Board of Directors is authorized to make decisions on all matters, except for the powers specifically vested by the Turkish Commercial Code and the Articles of Association to the General Assembly of Shareholders.

According to Article 9 of the Articles of Association, term of office of the Directors is 3 years, unless a shorter term of office is decided by the General Assembly of Shareholders which elects the Directors. Provided, however, that any Director whose term of office is over may be re-elected, and the General Assembly of Shareholders may in its sole discretion replace the Directors at any time.

By taking this opportunity, we present to your votes the election of the new Directors in place of the Directors whose terms of office have expired by the end of 2001.

BOARD OF AUDITORS

Duties, obligations and responsibilities of the board of auditors and other matters as to internal audit are governed by the pertinent provisions of the Turkish Commercial Code.

The provisions of Article 275 of the Turkish Commercial Code are reserved. Internal auditors are elected by the General Assembly of Shareholders for a maximum term of office of 3 years pursuant to Article 14 of the Articles of Association.

One-year term of office of Messrs. Özcan Hınal, Nadir Özşahin and Ali Yavuz who have been elected as internal auditors by the General Assembly of Shareholders in 2001 has expired. We present to your votes the election of internal auditors whose terms of office have expired and the determination of the term of office of new internal auditors.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In 2001, there has been no amendment to the articles of association.

SHARE CAPITAL

Number of shareholders is about 1000.

Share capital has not been changed during the fiscal year.

Names, share amounts and percentages of the shareholders holding more than 10% of the existing paid-in capital of TL 9,180,000,000,000 are as follows:

Shareholders	Share Amount (TL Millions)	Share Percentage (%)
Temel Ticaret ve Yatırım A.Ş.	4,664,157	50.81
Other Shareholders	4,515,843	49.19
	9,180,000	100.00

SECTOR OF THE COMPANY AND ITS MARKET POSITION

Being active in the food and supplies sector, Migros Türk T.A.Ş. is engaged in retail sale of all kinds of food and consumer goods and wholesale for retail consumption. With its 461 supermarkets and experience of 47 years, Migros sustains its market leadership and plays an important role in balancing prices.

INVESTMENTS

In 2001, the Company has opened 11 Migros supermarkets, namely, *M* Adıyaman in **Adıyaman**, *M* Kuşadası in **İzmir**, *M* Adana Çakmak in **Adana**, *MM* Esenyurt-Esenkent, *MM* Ekinoba in **İstanbul**, *MM* Datça in **İzmir**, *MM* Fethiye in **Antalya**, *MM* Keçiören in **Ankara**, *MMM* Carousel, *MMM* İzmit Outlet, *MMM* Kadir Has Center in **İstanbul** as well as a shopping mall in **Antalya**. Besides, 19 Şok Supermarkets, namely, Küçükbakkalköy, Sultanbeyli, Etiler Garanti, İTÜ Maslak, Beşiktaş İhlamur, Zeytinburnu, Tarabya Sanatçılar, Şenesenevler, Kozyatağı Siteler, Üst Bostancı, Kozyatağı Şakacı, Kavacık, İncirli Cadde, Sapanca in **İstanbul**, Uzunköprü in **Edirne**, Biga in **Çanakkale**, Erdek Sahil, Çınarcık, Şarköy in **Tekirdağ** and Sokol, Kashirskaya Shopping Mall in **Russia**, Zapaden in **Bulgaria** have been opened. Migros has continued renewal of its existing supermarkets.

ADMINISTRATIVE ACTIVITIES

At the end of 2001, number of personnel employed by the Company is 5,997, consisting of 3,724 full-time and 2,273 part-time employees. 7.03 education hours per employee have been realized in 2001 with a view to improve the personnel efficiency and the service quality.

Our total employee termination indemnity as of 31 December 2001 is TL.14, 114 billions.

In addition to basic wages and 4 premiums per year, the employees are entitled to fuel, annual leave, feast, birth, education, marriage and death allowances, and are given Migros Checks to use in meal, overalls and monthly food purchases.

INFORMATION ABOUT FINANCIAL STRUCTURE

When TL 28,793 billions of depreciation, TL 3,968 billions of severance pay provisions, TL 673 billions of doubtful receivable allowance, TL 86 billions of reserve for cost adjustment of assets are added to the 2001 profit before tax, i.e. TL 25,041 billions and TL 205 billions of revenues not providing cash inflows are deducted therefrom, it is seen that the Company has created an operational equity of TL 58,356 billions.

Ratio of total debts to total assets is 66%. Current assets comprise 59% of total assets, where non-current assets comprise 41%. Last year, these ratios were 66%, 60% and 40% respectively.

PROFIT APPROPRIATION PROPOSAL AND CONCLUSION

As a result of 2001 operations, profit before taxes and severance pay provisions is TL 29,009 billions. After deducting severance pay provisions of TL 3,968 billions, provisions for taxes, other legal liabilities of TL 7,265 billions and first legal reserves of TL 849 billions from the profit before taxes and severance pay provisions, TL 16,927 billions remains as profit to be distributed, and we hereby propose that TL 4,590 billions cash dividend to be distributed to our shareholders, and dividend payments be started on 6 May 2002, and the balance to be transferred to extraordinary reserves. If this proposal is approved, TL 500 dividend will be distributed and paid to each share of TL 1,000 nominal value.

Dear Shareholders,

We have presented our 2001 activities and results to you. Now we are presenting the balance sheet and the statement of income issued as at 31 December 2001 to your approval.

With our best regards,

BOARD OF DIRECTORS

**BOARD OF AUDITORS' REPORT
PRESENTED TO MİGROS TÜRK T.A.Ş.
GENERAL ASSEMBLY OF SHAREHOLDERS**

COMPANY'S :

Title : Migros Türk T.A.Ş.

Head Office : İstanbul

Share Capital : TL 9,180,000,000,000

Field of business : Retail and wholesale of all kinds of foods, consumer and durable goods.

Internal auditors : Özcan Hınçal, Nadir Özşahin, Ali Yavuz

Term of office of internal auditors : Maximum three years pursuant to Article 15 of the Articles of Association. The General Assembly of Shareholders convened on 3 April 2001 has elected the internal auditors for one year until the annual ordinary meeting of the General Assembly of Shareholders to be convened for discussing 2001 operations.

Whether the internal auditors are personnel or shareholder of the Company : No

Number of meetings of the Board of Auditors held, and number of meetings of the Board of Directors attended : Internal auditors have not attended to any of the meetings of the Board of Directors, and the Board of Auditors has met 4 times during its term of office.

Scope, type and results of audit carried out in the Company accounts, books and records : Audits conducted quarterly have revealed that all books and records are kept accurately and timely and in compliance with laws. All Company management decisions have been duly recorded in the decision books of the Company.

Number and results of cash : 4 cash counts have been performed, and reconciled with the cash counts performed pursuant to book, and the cash balances have been determined in full.
sub-paragraph 3, paragraph 1,
Article 353 of the Turkish
Commercial Code

Dates and results of inspection : The monthly inspections revealed the presence of guarantees and of the Company accounts negotiable instruments shown in the records.
pursuant to sub-paragraph 4,
paragraph 1, Article 353 of the
Turkish Commercial Code

Complaints and malfeasance : No complaints or malfeasance have been reported to the
reported and actions taken Internal auditors during their term of office.

We have audited the accounts and transactions of Migros Türk Ticaret Anonim Şirketi for the period of 01.01.2001 - 31.12.2001, in accordance with the Articles of Association, the Turkish Commercial Code and other applicable laws and generally accepted accounting principles and standards.

In our opinion, the balance sheet issued as of 31.12.2001 truly reflects then current financial situation of the Company, and the statement of income issued for the period of 01.01.2001 - 31.12.2001 truly and accurately reflects the results of activities during that period, and the profit distribution proposals are in compliance with the laws and the Articles of Association.

Özcan Hınçal

Nadir Özşahin

Ali Yavuz

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
INDEPENDENT AUDITORS' REPORT

1. We have examined the accompanying balance sheet of Migros Türk Ticaret Anonim Şirketi as of 31 December 2001, and the related statement of income for the year then ended. Our examination was carried out in accordance with generally accepted auditing principles, bases and standards and accordingly, in connection with the accounts and the transactions, included such tests of the accounting records and such other auditing procedures and techniques as we considered necessary in the circumstances.
2. Audit of Financial Statements of Migros Türk Ticaret Anonim Şirketi was carried out by another Independent Audit Company as of 31 December 2000 and clear opinion was presented at the related independent auditors' report.
3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Migros Türk Ticaret Anonim Şirketi as of 31 December 2001 and the results of its operations for the year then ended, in accordance with the generally accepted accounting principles issued by the Turkish Capital Markets Board on a consistent basis.

Başaran Nas Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
a member of PricewaterhouseCoopers

Zeynep Uras
Partner

1 March, 2002
İstanbul, Turkey

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
BALANCE SHEETS -- DECEMBER 31, 2001 AND 2000
(Currency -- Millions of Turkish Lira)
ASSETS

	2001	Audited 2000
I. CURRENT ASSETS	251,438,326	172,825,369
A. Cash and Cash Equivalents	74,466,238	57,337,506
1. Cash on Hand	3,773,245	2,447,293
2. Cash in Banks	24,050,984	54,116,263
3. Other Cash Equivalents	46,642,009	773,950
B. Marketable Securities	68,649,959	44,155,544
1. Common Stocks	0	0
2. Private Sector Securities	0	0
3. Government Bonds and Treasury Bills	68,649,959	44,155,544
4. Other Marketable Securities	0	0
5. Allowance for Marketable Securities (-)	0	0
C. Short-term Trade Receivables	27,898,296	23,932,941
1. Customers	23,938,129	22,048,341
2. Notes Receivable	0	0
3. Deposits and Guarantees Given	0	0
4. Other Short-term Trade Receivables	4,987,281	2,276,942
5. Discount on Receivables (-)	0	0
6. Allowance for Doubtful Receivables (-)	(1,027,114)	(392,342)
D. Other Short-term Receivables	490,781	41,249
1. Due From Shareholders	0	0
2. Due From Associated Companies (-)	0	0
3. Due from Subsidiaries	369,969	349
4. Other Short-term Receivables	120,812	40,900
5. Discount on Receivables (-)	0	0
6. Allowance for Doubtful Receivables (-)	0	0
E. Inventories	63,322,803	39,716,021
1. Raw Materials and Supplies	0	0
2. Work-in-Process	0	0
3. Semi-Finished Goods	0	0
4. Finished Goods	0	0
5. Merchandise	62,731,587	39,318,004
6. Other Inventories	590,858	389,356
7. Allowance for Impairment in Value of Inventories (-)	0	0
8. Advances Given	358	8,661
F. Other Current Assets	16,610,249	7,642,108
II. NON-CURRENT ASSETS	175,951,367	116,801,341
A. Long-term Trade Receivables	78,142	74,024
1. Customers	0	0
2. Notes Receivable	0	0
3. Deposits and Guarantees Given	78,142	74,024
4. Other Long-term Trade Receivables	0	0
5. Discount on Receivables (-)	0	0
6. Allowance for Doubtful Receivables (-)	0	0
B. Other Long-term Receivables	0	0
1. Due from Shareholders	0	0
2. Due from Associated Companies	0	0
3. Due from Subsidiaries	0	0
4. Other Long-term Receivables	0	0
5. Discount on Receivables (-)	0	0
6. Allowance for Doubtful Receivables (-)	0	0
C. Financial Non-current Assets	32,986,634	18,272,248
1. Investment Securities	0	0
2. Allowance for Investment Securities (-)	0	0
3. Associated Companies	13,931,652	7,646,188
4. Share capital Commitments to Associated Companies (-)	0	0
5. Allowance for Associated Companies (-)	0	0
6. Subsidiaries	18,199,982	9,771,060
7. Share Capital Commitments to Subsidiaries (-)	0	0
8. Allowance for Subsidiaries (-)	0	0
9. Other Financial Non-Current Assets	855,000	855,000
D. Property, Plant and Equipment	72,544,466	64,121,939
1. Land	0	0
2. Land Improvements	0	0
3. Buildings	44,902,790	30,742,339
4. Machinery, Equipment and Installations	97,855,902	58,571,106
5. Motor Vehicles	801,681	530,193
6. Furniture and Fixture	29,221,590	16,589,482
7. Other Fixed Assets	0	0
8. Accumulated Depreciation (-)	(103,745,195)	(58,804,640)
9. Construction-in-Progress	613,198	16,291,582
10. Advances Given	2,894,500	201,877
E. Intangible Assets	67,683,580	29,037,616
1. Pre-operating Expenses	0	0
2. Rights	1,034,484	636,171
3. Research and Development Expenses	0	0
4. Other Intangible Assets	66,649,096	28,401,445
5. Advances Given	0	0
F. Other Non-Current Assets	2,658,545	5,295,514
TOTAL ASSETS	427,389,693	289,626,710

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
BALANCE SHEETS -- DECEMBER 31, 2001 AND 2000
(Currency --Millions of Turkish Lira)
LIABILITIES AND SHAREHOLDERS' EQUITY

	2001	Audited 2000
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I. SHORT-TERM LIABILITIES	229,911,351	157,304,129
A. Financial Liabilities	14,640,335	7,818,247
1. Bank Borrowings	4,339,530	3,375,020
2. Current Portion of Long-term Loans and Interest	10,300,805	4,443,227
3. Current Portion of Debentures and Interest	0	0
4. Bonds and Notes Issued	0	0
5. Other Financial Liabilities	0	0
B. Trade Payables	190,189,974	135,755,471
1. Suppliers	187,151,371	135,755,471
2. Notes Payable	2,932,045	0
3. Deposits and Guarantees Received	0	0
4. Other Trade Payables	224,019	0
5. Discount on Payables (-)	(117,461)	0
C. Other Short-term Liabilities	15,790,621	9,448,559
1. Due to Shareholders	8,038	4,907
2. Due to Associated Companies	0	0
3. Due to Subsidiaries	0	0
4. Expenses Payable	2,378,854	2,003,311
5. Taxes and Duties Payable	8,183,552	6,574,593
6. Deferred Payables to Government	0	0
7. Other Short-term Liabilities	5,237,626	865,748
8. Discount on Payables (-)	(17,449)	0
D. Advances Received	0	0
E. Accruals for Payables and Expenses	9,290,421	4,281,852
1. Accrued Income Taxes	7,485,889	3,357,602
2. Other Accruals	1,804,532	924,250
II. LONG-TERM LIABILITIES	50,460,250	33,310,239
A. Financial Liabilities	33,492,582	22,139,384
1. Bank Loans	33,492,582	22,139,384
2. Debentures Issued	0	0
3. Other Securities Issued	0	0
4. Other Financial Liabilities	0	0
B. Trade Payables	2,853,624	1,024,494
1. Suppliers	0	0
2. Notes Payable	0	0
3. Deposits and Guarantees Received	2,853,624	1,024,494
4. Other Trade Payables	0	0
5. Discount on Payables (-)	0	0
C. Other Long-term Liabilities	0	0
1. Due to Shareholders	0	0
2. Due to Associated Companies	0	0
3. Due to Subsidiaries	0	0
4. Deferred Payables to Government	0	0
5. Other Long-term Liabilities	0	0
6. Discount on Payables (-)	0	0
D. Advances Received	0	0
E. Accruals for Payables and Expenses	14,114,044	10,146,361
1. Reserve for Retirement Pay	14,114,044	10,146,361
2. Other Accruals	0	0
III. SHAREHOLDERS' EQUITY	147,018,092	99,012,342
A. Share Capital	9,180,000	9,180,000
B. Share Capital Commitments (-)	0	0
C. Capital Surplus	18,854,402	18,854,402
D. Revaluation Surplus	65,948,847	31,215,052
1. Revaluation Surplus on Property, Plant and Equipment	65,702,364	30,968,570
2. Revaluation Surplus on Investments	246,483	246,482
3. Revaluation Surplus due to Market Value Increases of Shares Quoted at Stock Exchange	0	0
E. Reserves	35,259,342	32,256,931
1. Legal Reserves	2,300,245	1,511,847
2. Statutory Reserves	0	0
3. Special Reserves	36	36
4. General Reserve	35,520,620	30,393,059
5. Reserve for Cost Adjustment of Assets	438,441	351,989
6. Gain on Sale of Investments and Property that will be added to share capital	0	0
7. Prior year income	0	0
F. Current Period Net Income	17,775,501	7,505,957
G. Current Period Loss (-)	0	0
H. Accumulated Deficit (-)	0	0
1. Loss of	0	0
2. Loss of	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	427,389,693	289,626,710

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
NOTES TO BALANCE SHEETS
AS OF 31 DECEMBER 2001 AND 2000
(Currency -- Millions of Turkish Lira – Unless Otherwise Stated)

Migros Türk T.A.Ş. (The Company) maintains its books of account and prepares its statutory financial statements in accordance with Turkish Commercial Practice and Tax Legislation and Communiqué XI-1 of Turkish Capital Market Board (CMB), published in Official Gazette dated January 29, 1989 and additional Communiqués, which made some amendments and additions to above mentioned Communiqué. All these accounting policies and rules will be referred to as “generally accepted accounting principles promulgated by the CMB”. Significant accounting principles are explained in note 11.

(1) Organization and nature of activities: Migros Türk T.A.Ş. is engaged in retail sales of all kinds of food, consumer and durable goods and wholesale for retail consumption since 1954. Company serves customers with seven different formats, which are: Migros Stores, Şok Stores, Shopping Centers, Ramstores, Online Shopping, Bakkalım and Wholesale Stores. The Company also rents floor space of the shopping malls to other trading companies.

(2) Breakdown of shareholders who have participation percentages greater than 10%:

Shareholders	31 December 2001		31 December 2000	
	Participation Percentage	Participation Amount	Participation Percentage	Participation Amount
Temel Ticaret ve Yatırım A.Ş.	50.81%	4,664,157	50.81%	4,664,157
Other shareholders	48.94%	4,492,843	48.94%	4,492,843
Koç Holding A.Ş.	0.25%	23,000	0.25%	23,000
TOTAL	100.00%	9,180,000	100.00%	9,180,000

(3) Share privileges: None. (31 December 2000: None)

(4) Registered share capital ceiling:

Registered share capital ceiling is TL 9,180,000 millions (31December2000-TL 9,180,000 millions). The Board of Directors decided to increase the registered share capital ceiling of the Company from TL 9,180,000 millions to TL 100.000.000 millions at 12 September 2001. This proposal of the Board of Directors has been approved by Capital Market Board of Turkey ("CBM") and Ministry of Industry and Commerce and will be voted at the annual meeting of the general assembly of shareholders.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
NOTES TO BALANCE SHEETS
AS OF 31 DECEMBER 2001 AND 2000
(Currency -- Millions of Turkish Lira – Unless Otherwise Stated)

(5) Share capital increases and their sources during the year: None

31 December 2000

Date of Increase	Amount of Increase	Cash Proceeds	General Reserve	Revaluation Fund
-----	-----	-----	-----	-----
13 June 2000	6,120,000	6,120,000	-	-

(6) Marketable securities issued during the year other than common stocks: None. (31 December 2000: None)

(7) Debentures redeemed during the year: None. (31 December 2000: None)

(8) Fixed asset movements during the year:

		31 December 2001	31 December 2000
		-----	-----
(a) Additions to property and equipment	:	22,559,511	13,260,300
(b) Disposals of property and equipment	:	119,044	209,667
(c) Revaluation increment in the current period	:	21,431,421	15,037,427
- Increase in cost (+)	:	43,908,377	28,552,907
- Increase in accumulated depreciation (-)	:	(22,476,956)	(13,515,480)
(d) The nature, total amount, beginning and ending dates and degree of completion of construction-in-progress :			

31 December 2001

Nature	Total Amount	Beginning Date	Ending Date	%
-----	-----	-----	-----	-----
Sales Stores	7,197,827	December 2001	August 2002	9

31 December 2000

Nature	Total Amount	Beginning Date	Ending Date	%
-----	-----	-----	-----	-----
Antalya Shopping Center	14,460,444	January 2000	April 2001	75
Sales Stores	1,831,138	September 2000	April 2001	75

(9) Total investment incentive which will be utilized in current year: TL 28,077,603 millions. (31 December 2000 - TL 23,420,839 millions).

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(10) Due to and from shareholders, associated companies and subsidiaries :

	31 December 2001				31 December 2000			
	RECEIVABLES		PAYABLES		RECEIVABLES		PAYABLES	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
1- Shareholders								
Temel Ticaret ve Yatırım A.Ş.	-	-	82,821	-	-	-	74,224	-
Koç Holding A.Ş.	-	-	159,917	-	-	-	89,592	-
Dividend payable to other shareholders	-	-	-	8,038	-	-	-	4,907
Total	-	-	242,738	8,038	-	-	163,816	4,907
2- Subsidiaries								
Sanal Merkez T.A.Ş.	659,768	-	141,826	-	713,075	341	152,053	-
Ramstore Limited Liability Partnership (Ramstore)	373,163	-	-	-	503,616	-	-	-
Rambutya Limited Liability Partnership (Rambutya)	1,502,625	359,891	-	-	-	-	-	-
Ramstore Bulgaria A.D.	241,120	-	-	-	-	-	-	-
Şok Marketler T.A.Ş.	-	10,078	-	-	-	8	-	-
Total	2,776,676	369,969	141,826	-	1,216,691	349	152,053	-
3- Associated Companies								
Ramenka Limited Liability Partnership (Ramenka)	747,472	-	-	-	798,857	-	-	-
Rambutya Limited Liability Partnership (Rambutya)	-	-	-	-	539,026	-	-	-
Koç-Ece Proje Yönetim ve Tic. A.Ş.	-	-	450,366	-	-	-	-	-
Total	747,472	-	450,366	-	1,337,883	-	-	-
TOTAL	3,524,148	369,969	834,930	8,038	2,554,574	349	315,869	4,907

(11) Accounting policies for inventories and other balance sheet items, costing system, depreciation methods, changes in those methods and in other accounting policies, as compared to prior years, their monetary impact and contingency issues which will change the Company's assumptions regarding timeliness and going concern and their reasons:

Accounting Principles Applied:

The Company has prepared its financial statements as of 31 December 2001 and 2000, in accordance with Communiqué XI-1 of Turkish Capital Market Board (CMB), published in Official Gazette dated 29 January 1989 and additional Communiqués, which made amendments and additions to above mentioned Communiqué. The major accounting principles followed in the preparation of the accompanying financial statements are set out below:

- (a) Cash and Cash Equivalents--Cash and cash equivalents are comprised of cash, banks and other cash equivalents. Other cash equivalents are bank receivables, which are comprised of Credit Card receivables. Average collection period of credit card receivables is 26 days. (31 December 2000: 3days - average)

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- (b) Marketable Securities-- Marketable securities are comprised of government bonds and treasury bills purchased through direct sales, repurchase agreements and Eurobonds. As of 31 December 2001 and 2000, government bonds and treasury bills purchased through direct sales are stated at market value, securities that are not traded at the market are stated at values determined by Central Bank of Turkey (CBT).

As of 31 December 2001 and 2000, government bonds and treasury bills purchased through repurchase agreements, are stated at cost. Accrued interest income at the balance sheet date is reflected on marketable securities. As of 31 December 2001, Eurobonds are stated at cost revalued by foreign exchange buying rates determined by the CBT at the balance sheet date. Accrued interest income computed at the balance sheet date is reflected on Eurobonds.

- (c) Inventories-- Inventories held in warehouses and at supermarkets are stated at lower of cost or market value and valued by monthly weighted average method.
- (d) Financial Non-Current Assets-- Financial non-current assets are stated at cost inclusive of free shares acquired upon transfer of revaluation fund to share capital. Foreign associates and subsidiaries are stated at TL amounts of cash and in kind share capital contributions, translated at the buying rates of exchange declared by the CBT at the dates of the transactions.
- (e) Property and Equipment-- Property and equipment that are subject to depreciation are stated at their historical costs plus revaluation increment. Depreciation is provided on all property and equipment, except buildings, over their revalued costs by the double declining method at 40%. Depreciation is provided on buildings at 4%. Motor vehicles are depreciated using pro-rata depreciation method. As of 31 December 2001, depreciation has been calculated over the property and equipment balances which have been revalued at the rate of 53.2% (31 December 2000 – 56%).
- (f) Intangibles-- Intangibles consist of leasehold improvements, rights and goodwill and are amortized in accordance with their terms of lease agreements by straight-line depreciation method. Beginning from 1 January 1999, due to an amendment in legislation, leasehold improvements purchased in and after 1998 have been revalued.
- (g) Foreign Currency Items-- Transactions in foreign currencies during the year have been translated at the rates prevailing at the dates of the transactions. As of 31 December 2001 and 2000, assets denominated in foreign currencies have been translated at Central Bank buying rates at the balance sheet date and liabilities have been translated at Central Bank selling rates at the balance sheet date. Exchange gains or losses arising on settlement and translation of foreign currency items have been included in the related balance sheet, income or expense accounts as appropriate.

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- (h) Valuation of Trade Receivables and Payables -- Trade receivables and payables are stated at their book values at the balance sheet. Except for the advance, deposit and guarantee type receivables and payables, all the notes receivable and payable (including cheques and policies having a fixed term) and receivables and payables with maturity period more than three months are discounted according to Communique XI-13 of CMB, published in Official Gazette dated 23 January 1996 numbered 22532. In discount computation if there are no anticipated interest rates for the receivables and payables, then CBT discount rate is applied. The Company has not computed discount on current accounts as there are no receivables and payables with maturity period more than three months.
- (i) Allowance for Doubtful Receivables-- Allowance for doubtful receivables is set according to Turkish Capital Market Board regulations and the Procedural Tax Code.
- (i) Reserve for Retirement Pay-- In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement, or for reasons other than resignation and misconduct. Such payments are calculated on the basis of 30 days' pay per year of employment at the rate of pay applicable at the date of retirement or termination. The retirement pay provision ceiling was TL 978,020,000 as of 31 December 2001. (31 December 2000: TL. 587,720,000)
- (j) Taxes Payable-- According to tax legislation numbered 4369 published in Official Gazette dated 29 July 1998, effective from 1 January 1999, corporation tax is payable at the rate of 33% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed. Income exempt from corporation tax (except dividend income received from Turkish companies) is subject to withholding tax at predetermined rates regardless of whether the profits are distributed. Dividends paid by the Company are subject to a withholding tax calculated on the gross dividend to be paid at the rate of 16.5% for private companies and 5.5% for quoted companies.

An increase in capital using distributable profit or by issuing bonus shares is not considered as a profit distribution and thus there is no withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance tax is payable by the 15th of the second month following each calendar quarter end.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

The Company also reflected taxes payable on accrued interest income on time deposits amounting TL 37,294 millions by adding to taxes payable amounting TL 7,448,595 millions which is calculated on bases of above stated principles. By the way, taxes payable reflected at accruals for payables and expenses in the balance sheet amounts to TL 7,485,889 millions. (31 December 2000: TL 3,357,602 millions.)

- (k) Other Balance Sheet Items-- All other balance sheet items are stated at their book values.

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(12) Subsequent events as mentioned in Appendix 1 of the Communique :

Points which require adjustment;

- a) Accounting mistakes or frauds noted after the balance sheet date: None. (31 December 2000: None)
- b) Sales amounts or purchase costs of assets determined after the balance sheet date: None. (31 December 2000: None)
- c) Impairment in value of assets noted after the balance sheet date: None. (31 December 2000: None)
- d) Obtaining data or documents about permanent impairment in value of subsidiaries and associates of the Company after the balance sheet date: None. (31 December 2000: None)
- e) Obtaining new data, which effects the estimation of net realisable value of inventories after the balance sheet date: None (31 December 2000: None)
- f) The bankruptcy of debtors or starting new agreements with the debtors concerning amount of liabilities: None. (31 December 2000: None)
- g) Receiving a claimed insurance coverage: None. (31 December 2000: None)
- h) Change in tax rates: None. (31 December 2000: None)
- i) Other: None (31 December 2000: None)

Points which require disclosure:

- a) Mergers and Acquisitions: None. (31 December 2000: None)
- b) Changes in Company structure or its activities: None. (31 December 2000: None)
- c) Impairment in value of assets occurred after the balance sheet date: None. (31 December 2000: None)
- d) Increase in share capital and other security issuance in material amounts: None. (31 December 2000: None)
- e) Material changes in fixed assets or subsidiaries and associates: None. (31 December 2000: None)
- f) Strike or similar occasions: None. (31 December 2000: None)
- g) Increase in retirement pay ceiling: Retirement pay ceiling is increased to TL 1,076,400,000 as of 1 January 2002.
- h) Other: None (31 December 2000: None)

(13) The information about contingent gains and losses as mentioned in Appendix 2 of the Communique: None. (31 December 2000: None)

(14) Changes in the accounting estimates, which have significant effect on the Company's profit margins and their monetary effects: None. (31 December 2000: None)

(15) Mortgages and other collaterals on assets: None. (31 December 2000: None)

(16) Total insurance coverage on assets: TL 268,576,796 millions (2000 - TL 249,654,738 millions).

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(17) Mortgages and other collaterals obtained for receivables :

Foreign Currency -----	31 December 2001 -----	31 December 2000 -----
Turkish Lira	9,377,548	8,856,236
U.S. Dollars	3,702,581	2,842,392
German Mark	151,900	281,500
Euro	-	13.895

(18) Off balance sheet commitments and contingencies :

- As of 31 December 2001, the Company is contingently liable to the extent of TL 4,241,732 millions (31 December 2000 - TL 2,643,419 millions) and U.S. Dollars 8,480,000 (31 December 2000 – U.S. Dollars 8,480,000) for the letters of guarantee obtained from local banks and given to various corporations.
- Also, as of 31 December 2001, the Company has a commitment amounting to U.S. Dollars 9,920,768 (31 December 2000 - U.S. Dollars 16,268,079) and Euro 2,437,475 (31 December 2000 – German Mark 4,552,062) due to leasing agreements.

(19) Blocked deposits at banks: None. (31 December 2000: None)

(20) Market values of marketable securities and financial non-current assets which are stated at cost in the accompanying financial statements or the cost value of marketable securities and financial non-current assets which are stated at market value in the accompanying financial statements :

(a) -----	31 December 2001 -----		31 December 2000 -----	
	Cost Value -----	Market Value -----	Cost Value -----	Market Value -----
Government bonds and Treasury Bills	37,542,541	40,893,020	40,311,495	43,379,587
Government bonds (USD)	15,539,290	15,621,055	-	-
Eurobond (*)	12,076,112	12,135,884	621,383	624,745
Repurchase Agreements (**)	-	-	150,000	151,212
	-----	-----	-----	-----
	65,157,943	68,649,959	41,082,878	44,155,544
	-----	-----	-----	-----

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- (*) As of 31 December 2001, Eurobonds are translated into Turkish lira at the foreign currency buying exchange rate declared by the CBT prevailing at the balance sheet date and are stated at cost plus accrued interest income at the balance sheet date.
- (**) As of 31 December 2000, government bonds and treasury bills purchased through repurchase agreements are stated at cost plus accrued interest income at the balance sheet date.
- (b) Maret Anonim Şirketi shares, which are stated at cost as TL 105,000 million (31 December 2000 - TL 105,000 millions) in the accompanying balance sheet in “Other Financial Non-Current Assets” amount to TL 677,355 millions (31 December 2000 - TL 656,145 millions) at market value, that is, the average of the İstanbul Stock Exchange weighted average prices of the last 5 working days preceding the balance sheet date. Other financial non-current assets, except Maret, are not quoted in active markets, so their market values can not be determined and stated at cost at the balance sheet.

Since most of the associated companies and subsidiaries of the Company are in foreign countries and not quoted in active markets, their related market values cannot be found.

(21) **Marketable securities issued by shareholders, associates and subsidiaries:** None
(31 December 2000: None)

(22) **Breakdown of accounts which constitute 20% of their respective account group total or 5% of balance sheet total and classified as “other”:**

	31 December 2001	31 December 2000
	-----	-----
Other Cash Equivalents		

Credit Card Receivables	46,170,321	551,076
Checks Received	471,688	222,874
	-----	-----
	46,642,009	773,950
Other Short-Term Receivables		

Due from personnel	120,812	40,900
Other Current Assets		

Prepaid expenses	12,652,345	5,068,459
Prepaid taxes and funds	3,784,388	1,903,024
Accrued interest income on deposits	113,012	668,067
Other	60,504	2,558
	-----	-----
	16,610,249	7,642,108
	=====	=====

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Prepaid expenses are comprised of prepaid insurance expenditures and the rents of shopping malls, stores and warehouses.

Other Intangible Assets

Leasehold improvements	81,637,545	34,986,231
Accumulated amortization	(14,988,449)	(6,584,786)
	-----	-----
	66,649,096	28,401,445
	=====	=====

Additions to leasehold improvements amounting TL. 31,135,911 millions since 31 December 2000 are due to opening of Antalya Shopping Mall.

Other Non-Current Assets

Long-term prepaid expenses	2,658,545	5,295,514
	=====	=====

Long-term prepaid expenses are comprised of prepaid rents of shopping malls and stores.

Other Short-Term Liabilities

Other Notes Payable	4,339,530	-
Checks given to vendors	455,578	299,907
Unearned income	148,964	114,810
Advances taken	-	240,470
Promotional checks	-	147,923
Others	293,554	62,638
	-----	-----
	5,237,626	865,748
	=====	=====

Other Notes Payable, as mentioned in Note 26, is comprised of notes payable that were given to Ram Dış Ticaret A.Ş. for the purchase of Ramenka Limited Liability Partnership (Ramenka), Ramstore Limited Liability Partnership (Ramstore) and Rambutya Limited Liability Partnership (Rambutya) shares, in the amount of US Dollars 11,000,000. The stated notes payable will be paid by monthly instalments till the end of April 2002.

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Accruals for payable and expenses -----		
Accruals for services obtained from third companies	1,804,532	924,250
Interest and Other Dividend Income -----		
Interest income on government bonds and treasury bills	25,699,611	24,878,585
Interest income on deposits	12,607,702	4,530,412
Dividend income	31,500	460,500
Other interest income	10,074	19,593
	-----	-----
	38,348,887	29,889,090
	=====	=====
Other Operating Income and Profits -----		
Foreign exchange difference income	34,354,073	7,668,440
Unearned interest income on notes	134,909	-
Other operating income and profits	715,397	650,149
	-----	-----
	35,204,379	8,338,589
	=====	=====
Other Operating Expenses and Losses -----		
Foreign exchange difference loss	6,883,655	483,291
Other Extraordinary Income and Profits -----		
Tax return	3,930	108,794
Participation shares sales income	-	106,638
	-----	-----
	3,930	215,432
	=====	=====
Other Extraordinary Expenses and Losses -----		
Earthquake tax	1,566,588	7,132,821
	=====	=====

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(23) **The total of the balances with the employees which are included in other receivable or other short-term or long-term payable accounts and exceed 1% of asset total:** None. (31 December 2000: None)

(24) **Breakdown of allowance for doubtful receivables from shareholders, associates and subsidiaries:** None. (31 December 2000: None)

(25) **Allowance for doubtful receivables for the receivables, which are due and not yet due:**

	Due -----	Not Yet Due -----
31 December 2001	1,027,114	-
31 December 2000	392,342	-

(26) **Breakdown of associated companies and subsidiaries, which have direct and indirect share capital and management relations with the Company; their names, participation amounts and participation percentages, period income or loss at their latest financial statements, period of these financial statements and net period income or loss at these financial statements; whether or not these financial statements have been prepared in accordance with the standards of CMB or whether or not they have been audited by independent auditors and whether the independent auditor's opinion is clear, adverse or qualified :**

	2001 -----		2000 -----	
Associated Companies -----	Participation Percentage	Participation Amount	Participation Percentage	Participation Amount
Ramenka Limited Liability Partnership (Ramenka)	50.00%	13,331,647	40.00%	4,993,695
Koç-Ece Proje Yönetim ve Tic.A.Ş.	25.00%	600,000	-	-
Temel Gıda GmbH	20.00%	5	20.00%	5
Rambutya Limited Liability Partnership (Rambutya)			41.79%	2,652,488
		----- 13,931,652		----- 7,646,188
		=====		=====
Subsidiaries -----				
Ramstore Limited Liability Partnership (Ramstore)	79.75%	8,477,939	72.75%	5,361,436
Rambutya Limited Liability Partnership (Rambutya)	51.00%	5,267,435		
Ramstore Bulgaria A.D. (Ramstore Bulgaria)	100.00%	4,040,053	100.00%	4,040,054
Sanal Merkez Ticaret A.Ş. (Sanal Merkez)	69.99%	314,955	89.99%	269,970
Şok Marketler Ticaret A.Ş. (Şok Marketler)	99.60%	99,600	99.60%	99,600
		----- 18,199,982		----- 9,771,060
		=====		=====

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In 2001, the Company purchased the shares, which are US Dollars 6,949,950 in nominal value, of Ramenka Limited Liability Partnership (10%), Ramstore Limited Liability Partnership (%7) and Rambutya Limited Liability Partnership (%9.21) from Ram Dış Ticaret A.Ş. by paying US Dollars 11,000,000.

Of the above presented associated companies and subsidiaries, Temel Gıda GmbH is dormant and Şok Marketler which was established in August 1999 has not started operations yet as of 31 December 2001. Ramstore Bulgaria A.D. has started operations on 18 May 2001. The financial statements of associated companies Ramenka Limited Liability Partnership, Ramstore Limited Liability Partnership and Rambutya Limited Liability Partnership as of 31 December 2000 were prepared in accordance with International Accounting Standards and were audited.

31 December 2000		
Associated Company	Income / (Loss) (Thousands of USD)	Income / (Loss), net (Thousands of USD)
Ramstore	(1,321)	(1,321)
Ramenka	11,156	5,815
Rambutya	207	207

(27) Free shares obtained from associates and subsidiaries which increased their share capital through internal sources:

Company	31 December 2001	31 December 2000
Maret A.Ş.	-	84,000

(28) The value of the in-kind rights on fixed assets : None. (31 December 2000: None)

(29) Revaluation increment on fixed asses for the last three years:

Year	Property, Plant and Equipment	Intangible Assets
2001	21,431,421	13,334,122
2000	15,037,427	7,297,681
1999	4,399,874	1,923,524

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(30) Assets and liabilities denominated in foreign currencies and having no fixed foreign exchange rate guarantee, their foreign currency amounts, and foreign exchange rates used to translate them into Turkish Lira:

	31 December 2001			31 December 2000		
	Foreign Currency Amount	Conversion Rate (TL)	TL Amount	Foreign Currency Amount	Conversion Rate (TL)	TL Amount
Cash in Banks						
U.S. Dollars	5,247,331	1,439,567	7,553,885	33,163,482	671,765	22,278,066
Euro	90,806	1,268,115	115,152	-	-	-
German Mark	-	-	-	341,394	316,265	107,971
			7,669,037			22,386,037
Marketable Securities						
U.S. Dollars	19,281,450	1,439,567	27,756,939	930,005	671,765	624,745
Trade Receivables						
U.S. Dollars	3,426,192	1,439,567	4,932,233	4,031,747	671,765	2,708,387
TOTAL			40,358,209			25,719,169
Short-term Bank Borrowings						
U.S. Dollars	3,000,000	1,446,510	4,339,530	5,000,000	675,004	3,375,020
Short-term Portion of Long-term Debt						
U.S. Dollars	7,121,144	1,446,510	10,300,805	6,582,519	675,004	4,443,227
Trade Payables						
Italian Lira	463,484,650	658.09	305,015	1,291,225,348	321	414,483
Holland Florin	315,645.75	578,221	182,513	-	-	-
French Francs	258,600	194,255	50,234	949,312	94,754	89,951
U.S. Dollars	-	-	-	43,132	675,004	29,115
German Mark	66,310	651,504	43,201	33,305	317,790	10,584
U.K. Sterling	-	-	-	20,925	999,073	20,906
Swiss Francs	-	-	-	124,073	410,511	50,933
			580,963			615,972
Other Short-term Liabilities						
U.S. Dollars	3,000,000	1,446,510	4,339,530	356,250	675,004	240,470
Other Accruals						
U.S. Dollars	266,790	1,446,510	385,914	370,937	675,004	250,385
Euro	6,458	1,274,231	8,229	-	-	-
German Marks	-	-	-	743	317,790	236
TOTAL			394,143			250,621
Long-term Bank Loans						
U.S. Dollars	23,154,062	1,446,510	33,492,582	32,798,892	675,004	22,139,384
TOTAL			53,447,553			31,064,694

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(31) The amount of liabilities such as guarantees, commitments, advances, endorsements given to third parties in favour of shareholders, associated companies and subsidiaries:

The Company has given surety for the loans obtained by the associated companies mentioned below.

Associated Companies	31 December 2001 (US Dollars)	31 December 2000 (US Dollars)
-----	-----	-----
Ramenka Ltd.	16,038,468	13,584,620
Rambutya Ltd.	9,034,028	10,204,714
Ramstore Bulgaria	4,470,000	-
TOTAL	<u>29,542,496</u>	<u>23,789,334</u>

(32) The average number of personnel worked during the year as to their categories:

Salaried	:	1,080 (2000 – 1,130)
Waged	:	4,920 (2000 – 5,185)

(33) Other issues which have material effect on the financial statements which should be disclosed in order to make financial statements clear, reasonable and understandable:

- a) The Company has made a grant to Vehbi Koç Foundation, Koç University in the amount of TL 800,000 millions in accordance with Board of Directors' resolution numbered 642 dated 28 December 2001. In addition, other grants, in the amount of TL 68,724 millions have been made to different associations and foundations in 2001.
- b) As of 31 December 2001, the Company has provided for TL 14,114,044 millions of severance pay provisions in full.

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STATEMENTS OF INCOME
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	2001	Audited 2000
A. Gross Sales	833,995,008	628,076,671
1. Domestic sales	821,271,388	621,687,607
2. Export sales	3,230,920	2,090,987
3. Other sales	9,492,700	4,298,077
B. Sales Deductions (-)	(19,735,849)	(15,795,349)
1. Sales returns (-)	(6,358,620)	(3,896,842)
2. Sales discounts (-)	(12,929,230)	(11,679,605)
3. Other deductions (-)	(447,999)	(218,902)
C. Net Sales	814,259,159	612,281,322
D. Cost of Sales (-)	(643,664,615)	(502,767,506)
GROSS PROFIT/(LOSS)	170,594,544	109,513,816
E. Operating Expenses (-)	(171,150,259)	(119,965,596)
1. Research and development expenses (-)	0	0
2. Marketing, sales and distribution expenses (-)	(14,860,973)	(11,041,930)
3. General and administrative expenses (-)	(156,289,286)	(108,923,666)
OPERATING PROFIT/(LOSS)	(555,715)	(10,451,780)
F. Other Operating Income and Profits	73,553,266	38,227,679
1. Dividend income from associated companies	0	0
2. Dividend income from subsidiaries	0	0
3. Interest and other dividend income	38,348,887	29,889,090
4. Other operating income and profits	35,204,379	8,338,589
G. Other Operating Expenses and Losses (-)	(6,883,655)	(483,291)
H. Financial Expenses (-)	(39,548,102)	(9,624,504)
1. Short-term borrowing expenses (-)	(7,204,084)	(972,637)
2. Long-term borrowing expenses (-)	(32,344,018)	(8,651,867)
PROFIT FROM ORDINARY ACTIVITIES	26,565,794	17,668,104
I. Extraordinary Income and Profits	41,722	328,276
1. Reversal and accruals	37,792	112,844
2. Prior year revenues and profits	0	0
3. Other extraordinary income and profits	3,930	215,432
J. Extraordinary Expenses and Losses (-)	(1,566,588)	(7,132,821)
1. Idle time expenses and losses (-)	0	0
2. Prior year expenses and losses (-)	0	0
3. Other extraordinary expenses and losses (-)	(1,566,588)	(7,132,821)
PROFIT BEFORE TAXATION ON INCOME	25,040,928	10,863,559
K. Taxes on Income (-)	(7,265,427)	(3,357,602)
NET INCOME /(LOSS)	17,775,501	7,505,957

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
NOTES TO STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000
(Currency -- Millions of Turkish Lira—Unless Otherwise Stated)

	31 December 2001	31 December 2000
	-----	-----
(1) Depreciation and amortization charge for the year :		
a) Depreciation charge	22,570,969	14,966,280
aa) Depreciation charge on historical cost	17,949,147	11,568,852
ab) Depreciation charge on revaluation increment	4,621,822	3,397,428
b) Amortization charge	6,222,381	2,925,931
aa) Amortization charge on historical cost	4,912,132	2,235,343
ab) Amortization charge on revaluation increment	<u>1,310,249</u>	<u>690,588</u>
	<u>28,793,350</u>	<u>17,892,211</u>
 (2) Unearned interest expense and provisions for the year :		
Tax charge	7,228,133	3,137,140
Provision for retirement pay	3,967,683	4,694,733
Provision for doubtful receivables	672,564	230,973
Provision for financial expense	237,362	434,239
Provision for deferred tax	37,294	220,462
Other provisions	<u>1,804,531</u>	<u>924,250</u>
	<u>13,947,567</u>	<u>9,641,797</u>
	=====	=====
Other provisions mainly comprise of provision for electricity expenses amounting TL 1,134,316 millions and provision for communication charges amounting TL 184,453 millions.		
 (3) Financial expenses for the year :		
a) Capitalized on cost of production	-	-
b) Recorded as financial expense	39,548,102	9,624,504
c) Capitalized on property and equipment	10,749,524	615,372
d) Charged on construction in progress	191,165	1,209,471
	-----	-----
	<u>50,488,791</u>	<u>11,449,347</u>
	=====	=====

As of 31 December 2001, the Company has leased fixed assets and incurred leasing expense amounting to TL 8,689,175 millions (31 December 2000- TL 3,971,086 millions). Due to impracticality of the differentiation of principal, interest and foreign exchange differences, the Company preferred to classify leasing expenses as financial expense.

The above mentioned leasing expenses are accounted as long-term borrowing expenses in the accompanying statements of income.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
NOTES TO STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000
(Currency -- Millions of Turkish Lira—Unless Otherwise Stated)

- (4) **Financial expenses related with shareholders, associated companies and subsidiaries :** None.
(31 December 2000: None)
- (5) **Sales to and purchases from shareholders, associated companies and subsidiaries :**
- As of 31 December 2001, the Company has realized sales to foreign affiliated companies and Sanal Merkez T.A.Ş. amounting to TL 3,230,920 millions (31 December 2000 - TL 1,872,085 millions) and TL 3,680,095 millions, respectively.
- (6) **Interest income / expense, rent income / expense and other charges related to shareholders, associated companies and subsidiaries:**
- In 2001, the company has paid TL 708,375 millions (31 December 2000 - TL 621,957 millions) as rent expense and TL 1,066,704 millions as service charge to its shareholders and associated companies. The amount of management fee revenue from foreign subsidiaries is TL 716,858 millions.
- (7) **Total amount of salaries and fringe benefits paid to the chairman and members of board of directors and to the top management such as general manager, general coordinator, assistants to general manager in the current year:** Gross TL 2,401,011 millions (31 December 2000 - Gross TL 2,272,360 millions).
- (8) **Depreciation and amortization methods, change in depreciation methods and their effects on current year depreciation charge :** Fixed assets are depreciated over their useful lives using double declining method as mentioned in note 11. There is no change in depreciation methods applied.
- (9) **Valuation of inventory and costing system:**
- Inventories held in warehouses and at supermarkets are stated at lower of cost or market value and valued by monthly weighted average method.
- (10) **The reason for not performing full or partial physical inventory taking (if any):** As of 31 December 2001 and 2000, physical inventory count has been performed.
- (11) **Total amounts of by product sales, scrap, waste materials sales and services income which are included in the domestic and export sales accounts (those exceeding 20% of gross sales) :** None. (31 December 2000: None)
- (12) **Incentives and subventions regarding sales:** None (31 December 2000: None)

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
NOTES TO STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000
(Currency -- Millions of Turkish Lira—Unless Otherwise Stated)

(13) **Explanatory note for income and expenses related to prior year:** None. (31 December 2000: None)

(14) **Earnings per share and percentage of dividend per share for both ordinary shares and preferred shares :**

	<u>Proposed Dividend percentage per Share</u>	<u>Earnings per share with a nominal value of TL 1,000</u>	<u>Dividend per Share</u>
Ordinary Shares	50	1,936 (2000: TL 818)	TL 500
Privileged Shares	-		-

There are no privileged shares.

(15) **The change realized in quantities of production and services for each main production group of the Company:** None. (31 December 2000: None)

(16) **The change realized in the sales quantities of goods and service for each main sales group of the Company:**

Since the Company has a broad variety of merchandise, details as to main sales group could not be obtained.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000
(Currency -- Millions of Turkish Lira)

	2001	2000
	-----	-----
A - CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	57,337,506	30,561,466
B - CASH INFLOWS DURING THE PERIOD	909,586,551	686,670,872
1- Cash Provided From Sales	809,209,500	596,119,795
a) Net sales	814,259,159	612,281,322
b) Decrease in accounts receivable (due from sales) (+)	-	-
c) Increase in accounts receivable (due from sales) (-)	(5,049,659)	(16,161,527)
2- Cash Provided From Other Operating Income	73,554,061	38,227,679
3- Cash Provided From Extraordinary Income	41,722	328,276
4- Increase in Short-Term Liabilities (Not Related With Purchases)	13,598,939	3,765,713
a) Issuance of securities (+)	-	-
b) Loans obtained (+)	7,018,966	-
c) Other increases (+)	6,579,973	3,765,713
5- Increase in Long-Term Liabilities (Not Related With Purchases)	13,182,329	17,781,861
a) Issuance of securities (+)	-	-
b) Loans obtained (+)	11,353,198	17,397,191
c) Other increases (+)	1,829,131	384,670
6- Proceeds From Share Capital Increase	-	6,120,000
7- Proceeds From Capital surplus Increase	-	-
8- Other Cash Inflows	-	24,327,548
C - CASH OUTFLOWS DURING THE PERIOD	892,457,819	659,894,832
1- Cash Outflows Related With Costs	612,719,432	475,543,772
a) Cost of sales (+)	643,664,614	502,767,506
b) Increase in inventories (+)	23,606,782	6,150,315
c) Decrease in accounts payable (Due to purchases) (+)	-	-
d) Increase in accounts payable (Due to purchases) (-)	(54,551,964)	(33,374,049)
e) Expenses not requiring cash outflows such as depreciation and provisions (-)	-	-
f) Decrease in inventories (-)	-	-
2- Cash Outflows Due to Operating Expenses (+)	136,874,172	95,902,032
a) Research and development expenses (+)	-	-
b) Marketing, selling and distribution expenses (+)	14,860,973	11,041,930
c) General and administrative expenses (+)	156,289,287	108,923,666
d) Depreciation and expenses not requiring cash outflows (-)	(34,276,088)	(24,063,564)
3- Cash Outflows Due to Other Operating Expenses	6,883,655	483,291
a) Other operating expenses (+)	6,883,655	483,291
b) Expenses not requiring cash outflows (-)	-	-
4- Cash Outflows Due to Financial Expenses	39,744,980	9,624,504
5- Cash Outflows Due to Extraordinary Expenses	1,566,588	7,132,821
a) Extraordinary expenses (+)	1,566,588	7,132,821
b) Expenses not requiring cash outflows (-)	-	-
6- Cash Outflows Due to Investing Activities	53,123,130	45,175,258
7- Repayments of Short-Term Borrowings	-	1,580,764
a) Principal repayments of securities issued	-	-
b) Other payments (+)	-	1,580,764
8- Repayments of Long-Term Loans	-	-
a) Principal repayments of securities issued (+)	-	-
b) Other payments (+)	-	-
9- Taxes and Duties Paid	3,357,602	11,190,826
10- Dividends Paid	4,590,000	10,710,000
11- Other Cash Outflows	33,598,260	2,551,564
	-----	-----
D- CASH AND CASH EQUIVALENTS AT END OF YEAR (A+B+C)	74,466,238	57,337,506
	-----	-----
E- INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS (B-C)	17,128,732	26,776,040
	-----	-----

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
STATEMENTS OF SOURCES AND USES OF FUNDS
FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000
(Currency -- Millions of Turkish Lira)

	2001	2000
	-----	-----
A - SOURCES OF FUNDS	142,016,823	101,568,018
1- Funds Provided From Operating Profit	60,880,469	41,844,511
a) Operating profit	26,565,794	17,668,104
b) Depreciation and amortization (+)	28,793,350	17,892,212
c) Other expenses not requiring cash outflow (+)	5,520,529	6,284,195
d) Revenues not providing cash inflow (-)	-796	-
2- Funds Provided From Extraordinary Profit	-	-
a) Extraordinary profit	-	-
b) Expenses not requiring cash outflow (+)	-	-
c) Revenues not providing cash inflow (-)	-	-
3- Decrease in Current Assets	-	-
4- Decrease in Non-current Assets	-	-
5- Increase in Short-term Liabilities	67,954,025	35,821,646
6- Increase in Long-term Liabilities	13,182,329	17,781,861
7- Share Capital Increase (Cash Injection)	-	6,120,000
8- Capital Surplus	-	-
B- USES OF FUNDS	142,016,823	101,568,018
1- Funds Used Due to Operating Loss	-	-
a) Operating loss	-	-
b) Depreciation and amortization (+)	-	-
c) Other expenses not requiring cash outflow (+)	-	-
d) Other revenues not providing cash inflow (-)	-	-
2- Funds Used Due To Extraordinary Loss	1,524,865	6,804,545
a) Extraordinary loss	1,524,865	6,804,545
b) Expenses not requiring cash outflow (+)	-	-
c) Revenues not providing cash inflow (-)	-	-
3- Taxes And Duties Paid	3,357,602	11,190,826
4- Dividends Paid	4,590,000	10,710,000
5- Increase in Current Assets	79,421,226	27,687,389
6- Increase in Non-current Assets (Excluding Revaluation Fund)	53,123,130	45,175,258
7- Decrease in Short-Term Liabilities	-	-
8- Decrease in Long-Term Liabilities	-	-
9- Decrease in Share Capital	-	-
CHANGE IN NET WORKING CAPITAL		
1- Increase in Net Working Capital	6,005,735	-
2- Decrease in Net Working Capital	-	1,627,846

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
STATEMENTS OF COST OF SALES
FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000
(Currency -- Millions of Turkish Lira)

	2001	2000
COST OF PRODUCTION	-	-
A- Direct Material Cost	-	-
B- Direct Labor Cost	-	-
C- Manufacturing Overhead	-	-
D- Change in Work in Process	-	-
1- Beginning Inventory (+)	-	-
2- Ending Inventory (-)	-	-
COST OF GOODS PRODUCED	-	-
E- Change in Finished Goods Inventory	-	-
1- Beginning Inventory (+)	-	-
2- Ending Inventory (-)	-	-
I- COST OF GOODS SOLD	-	-
TRADING ACTIVITIES		
A- Beginning Merchandise (+)	39,318,004	32,919,590
B- Purchases in the Period (+)	667,078,197	509,165,920
C- Ending Merchandise (-)	62,731,587	39,318,004
II- COST OF MERCHANDISE SOLD	643,664,614	502,767,506
III- COST OF SERVICES SOLD	-	-
COST OF SALES (I+II+III)	643,664,614	502,767,506

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ
STATEMENTS OF APPROPRIATION OF PROFIT
FOR THE YEARS ENDED 31 DECEMBER 2001 AND 2000
(Currency -- Millions of Turkish Lira)

	2000	1999
	-----	-----
A- APPROPRIATION OF CURRENT YEAR PROFIT		
1- Profit for the Period	25,040,928	10,863,559
2- Taxes Payable	7,265,427	3,357,602
a) Corporate tax	1,517,066	-
b) Income tax	5,053,968	2,851,946
c) Other taxes	657,099	285,194
d) Deferred taxes	37,294	220,462
CURRENT YEAR NET INCOME	17,775,501	7,505,957
3- Prior Year Losses (-)	-	-
4- First Legal Reserve (-)	848,702	375,298
5- Compulsory Savings and Legal Funds (-)	-	-
CURRENT YEAR INCOME TO BE DISTRIBUTED	16,926,799	7,130,659
6- First Dividend to Shareholders (-)	4,590,000	4,590,000
a) To holders of ordinary shares	4,590,000	4,590,000
b) To holders of privileged shares	-	-
7- Dividend to Personnel (-)	-	-
8- Dividend to Board of Directors (-)	-	-
9- Second Dividend to Shareholders (-)	-	-
a) To holders of ordinary shares	-	-
b) To holders of privileged shares	-	-
10- Second Legal Reserve (-)	413,100	413,100
11- Statutory Reserves (-)	-	-
12- Extraordinary Reserves (Unappropriated Profit)	11,923,699	2,127,559
13- Other Reserves	-	-
14- Special Reserves	-	-
B- APPROPRIATION FROM RESERVES		
1- Reserves appropriated	-	-
2- Second Legal Reserve	-	-
3- Distribution to Shareholders (-)	-	-
a) To holders of ordinary shares	-	-
b) To holders of privileged shares	-	-
4- Distribution to Personnel (-)	-	-
5- Distribution to Board of Directors (-)	-	-
C- EARNINGS PER SHARE		
1- To Holders of Ordinary Shares (TL / %)	1,936 TL / %194	818 TL / %82
2- To Holders of Privileged Shares (TL / %)	-	-
D- DIVIDEND PER SHARE		
1- To Holders of Ordinary Shares (TL / %)	500 TL / %50	500 TL / %50
2- To Holders of Privileged Shares (TL / %)	-	-