MİGROS

MİGROS TÜRK T.A.Ş. 2008 Annual Report

With a new excitement

Ordinary General Assembly Meeting for the 54th Year of Operation
28 April 2009 at 11:00 a.m. Migros Türk T.A.Ş. Head Office Ataşehir-İstanbul

Contents

The cities where we operate

MiGROS

Pleasant shopping

The leader in the retail sector, Migros remains the home of pleasant shopping, innovation and high quality with its stores located in 63 cities and seven geographical regions. Further strengthening its characteristics of distinction from competition with sustained high quality and a constantly enriched product diversity, Migros will continue to welcome its customers with new practices and an approach to service that sets itself apart, reaching broad audiences with new innovations and a wide product range.

Tansaş

The popular meeting point in neighborhood shopping

Standing close to its customers a by aiming to be the best in fresh produce, excellent value for money, friendly and lively atmosphere, and giving the best service to its neighbors, Tansaş, remains the closest chain to its customers with its "Incredible Consumer Rights", while extending its reach from the Aegean region, where it was founded, to the entire country.

ŞOK

Shopping at its cheapest

The pioneering discount grocery store chain, Şok Discount Markets offer basic essentials at convenient locations and support the household budget by consistently offering the lowest and most competitive pricing under the slogan of "Cannot get Cheaper". Şok markets continue to spread rapidly throughout Turkey.

macrocenter

Exclusively for you

The leading brand in special tastes, Macrocenter offers a distinct shopping experience with its superlative levels of service, high level of standards and product variety. The brand remains the reference point and serves its customers with a broad variety of products covering unique local tastes from Anatolia as well as select gourmet products from around the world by constantly renewing itself. Representing chain boutique retailing and operating in İstanbul, Macrocenter intends to spread its approach to service to other cities.

5M MiGROS

Hyper discount

Boasting kitchens and cafés where customers can help themselves with food products which they have just purchased, as well as shopping areas offering the freedom for customers to prepare freshly squeezed vegetable/ fruit juices and even salads, 5M hypermarkets have been embraced by customers since their launch in 2007. Creating a difference with their broad variety of textiles, household products, glassware, electronics and appliances offered in addition to a wide product range, this new format expanded to Kayseri, Silivri and Manisa making a great public impression after the first store openings in İstanbul, Ankara and Antalya.

kangurum

www.kangurum.com.tr

One stop shopping

If you do not have time, you can click the Turkey's first e-shopping site, Kangurum, and have what you need brought to your doorstep. Kangurum is to let customers choose from thousands of products, ranging from mobile phones to furniture and from flowers to durable goods, and have them delivered to any address they specify, offering the customers the convenience and pleasure of shopping at a mall but without the hassle. Organized under Kangurum, Migros Virtual Market operates in a similar manner, delivering supermarket orders directly to customers in İstanbul, Ankara, İzmir, Mersin, Adana, Bursa, Antalya, Kayseri, Manisa and Bodrum.

Ramstore SUPERMARKET

The gateway to the globe

The leader of the Turkish retail sector, Migros provides services in four foreign countries under the Ramstore brand. The Company operates in Kazakhstan, Azerbaijan, Macedonia and Kyrgyzstan with a total of 16 stores, two of which are shopping malls. Plans for Ramstores include further expansion in the current countries, while also opening up new frontiers in others.

Corporate Profile

Founded in 1954 in Istanbul through the joint initiatives of the Swiss Migros Cooperatives Union and the İstanbul Municipality, Migros Türk T.A.Ş. (Migros) drew up a mission of procuring food supplies and consumer goods from producers under the supervision of the municipal authorities, and presenting these products to the people of Istanbul in hygienic conditions while offering value for money, with its first store being opened in the Beyoğlu Fish Market. Koç Group purchased a majority stake in Migros in 1975 and the number of stores and brand equity has grown rapidly ever since. Following Koç Group's decision to dispose of its majority stake in Migros and discontinue activities in the retail sector, Koç Holding's 50.83% stake in Migros was transferred to Moonlight Perakendecilik ve Ticaret A.Ş. on 30 May 2008. Moonlight Perakendecilik ve Ticaret A.Ş. is now the majority shareholder in Migros.

Further building on its market-leading position by acquiring the national retail chain, Tansaş, in 2005, Migros began to offer its customers differentiated brands under various formats, supported by the synergy created by this acquisition.

The number of Migros stores reached 1,191 at the end of 2008, comprising 93 “M”, 101 “MM”, 44 “MMM” and 652 Şok stores, six hypermarkets, 271 Tansaş outlets and eight Macrocenter outlets located throughout Turkey's seven geographical regions. Internationally, three Ramstores in Azerbaijan, ten in Kazakhstan, two in Macedonia, and one in Kyrgyzstan were operated via its subsidiaries abroad. Migros has sustained its leadership in the sector, adeptly drawing on half a century of experience.

Migros has expanded its service provision by introducing a delivery service, taking orders through alternative shopping media including the internet, telephone, kiosks, mobile phones and catalogue ordering.

As the pioneer of Turkey's modern retail sector, Migros responds to almost all customer needs through a broad range of products ranging from stationery to glassware, appliances to books and music to ready-wear clothing, as well as its extensive range of food and consumer goods offered in its large, efficiently designed stores.

Apart from its confidence in its human resources, Migros strives to provide its customers with the benefits of the latest technology. Always focusing on and investing in information technology, Migros remains one step ahead of its competitors in the sector.

BC Partners

BC Partners is a leading private equity firm that operates through its integrated offices in Geneva, Hamburg, London, Milan, New York and Paris. For more than 20 years, BC Partners has invested in companies and contributed in their development in partnership with their management.

Since inception, BC Partners has invested in 67 companies with a total enterprise value of EUR 63 billion. Among BC Partners current investments are Intelsat (Bermuda), Brenntag (Germany), Amadeus (Spain), Hyatt Regency (Greece), Dometic (Sweden), Picard Surgeles (France), SEAT Pagine Gialle (Italy), and Unity Media (Germany).

www.bcpartners.com

Vision - Mission - Strategies

To be closest to the customer through various service formats with a strategy based on being ahead of customer expectations and expanding throughout Turkey and into neighboring countries.

To become a benchmark and a strong regional retail chain by strengthening its lead position in the Turkish retail sector and being either the first or the second in the countries in which it operates.

Migros Türk T.A.Ş. formulates its strategies in line with its mission to continuously raise retailing standards and to increase customer satisfaction in accordance with ongoing principles of quality, respect and maintaining leadership in the sector.

Our main strategy is to provide our customers with a modern, reliable, economic and high-quality service.

General Assembly Meeting Agenda

dated april 28, 2009

1. Roll call and election of the Assembly Presidium,

2. Presentation and discussion of the Board of Directors Report on 2008 activities and accounts, Statutory Auditors' Report and the summary of the Independent Auditors' Report prepared by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., approval, amendment or rejection of the Board's proposed Balance Sheet and Income Statement for 2008,

3. Individual acquittal of the members of the Board of Directors and Statutory Auditors of their fiducial responsibilities for the Company's operations during 2008,

4. Approval, amendment or rejection of the Board of Directors proposal on distribution and timing of the Company's 2008 profit,

5. Informing the General Assembly of donations made by the Company for social assistance purposes to tax-exempt foundations and associations in 2008,

6. Informing the General Assembly about merger reports which have been prepared by the expert appointed by Istanbul 5. Commercial Court of First Instance and the Expert Corporation Ernst Young Kurumsal Finansman Danışmanlık A.Ş. (an affiliated firm of Ernst&Young International),

7. Making a resolution on the merger through acquisition as a whole of all the assets and liabilities of Migros Türk T.A.Ş. existing on 30.09.2008 by Moonlight Perakendecilik ve Ticaret A.Ş in accordance with Article 451 and other relevant articles of the Turkish Commercial Code, Articles 19 and 20 of the Corporate Tax Code, and the provisions of the Capital Markets Board Communiqué Serie: I, No.31, and the approval of the consolidated financial statements dated 30.09.2008 that were depended upon in the merger account and of the Merger Agreement,

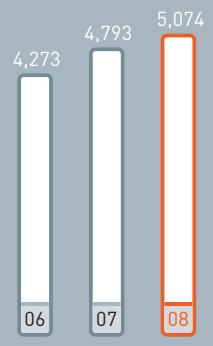
8. To authorize the Presidium to sign the minutes of General Meeting on behalf of the shareholders,

9. Closing

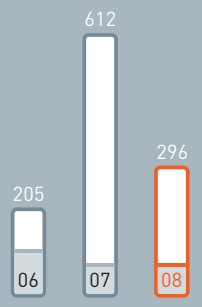
Financial Highlights

	2008	2007	Change (%)
Summary Consolidated Balance Sheet (YTL thousand)			
Assets			
Current Assets	1,649,980	1,664,525	-0.9
Non-current Assets	1,246,276	1,165,200	7.0
Total Assets	2,896,256	2,829,725	2.4
Liabilities			
Short-term Liabilities	1,191,953	1,180,047	1.0
Long-term Liabilities	79,919	180,345	-55.7
Minority Interests	387	265	46.0
Shareholders' Equity	1,623,997	1,469,068	10.5
Total Liabilities and Shareholders' Equity	2,896,256	2,829,725	2.4
Summary Consolidated Income Statement (YTL thousand)			
Net Sales	5,073,746	4,793,359	5.8
Cost of Sales	-3,766,990	-3,598,461	4.7
Gross Profit	1,306,756	1,194,898	9.4
Operating Expenses	-1,024,653	-981,039	4.4
Operating Profit	296,147	611,554	-51.6
Other Income/Expenses (net)	25,424	26,860	-5.3
Pre-tax Profit	321,571	638,630	-49.6
Taxes on Income	-60,039	-85,717	-30.0
Net Income	261,532	552,913	-52.7
EBITDA	384,160	326,442	17.7

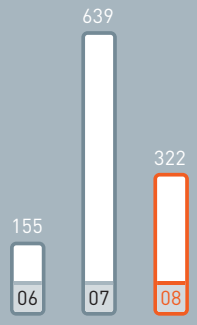
Consolidated Sales (YTL million)



Consolidated Gross Operating Profit (YTL million)



Consolidated Income Before Tax (YTL million)



Store Type	Migros	Tansaş	Şok	Macrocenter	Ramstore	5M
Total Store Area (m²)	316,914	186,708	117,613	8,504	28,956	38,870
Number of Stores	238	271	652	8	16	6

Redefining strength

Migros Türk is starting a new age with its vision, staff and customers. It aims at more ambitious goals with more determination...

Migros is further strengthening its sectoral leadership with its capital structure, financial strength and corporate strength. Migros carries its 54-year-old success story to a new dimension by constantly innovating itself through its experience, business model and corporate culture and exceeds its targets.

Milestones

1954-1974: Migros was founded in 1954 in İstanbul through the joint initiatives of the Swiss Migros Cooperatives Union and the İstanbul Municipality. Initially delivering consumer goods to its customers with 45 sales trucks, Migros opened its first store in 1957 in the Beyoğlu Fish Market, which was followed by other store openings throughout İstanbul.

1975-1979: Following the acquisition of the majority of its shares by the Koç Group in 1975, Migros rapidly increased its number of stores in İstanbul, fueled by the dynamism of the Koç Group.

1980-1990: : Migros opened its main warehouse in Bayrampaşa in 1981, which remained in operation for many years with some refits and refurbishments. Investments were undertaken for hygienic storage, packaging and preparation for sale of products such as pulse.

By the end of 1989, Migros had 34 stores in two major cities and was popular among customers with its "Honest Retailer" identity.

1991-1999: Migros went public in 1991. The Company began accepting credit cards in its stores in 1992. In 1994 that marked its 40th anniversary, Migros had a presence in 17 cities across 5 geographical regions of Turkey. Undersigning a first and launching Şok discount shops in 1995, Migros opened its first store abroad, Ramstore in Baku, Azerbaijan. Servicing its customers through 124 stores in 20 cities across six geographical regions at the end of 1996, the Company expanded its international operations by penetrating Russia, and raised the number of countries of operation to three, including Turkey, while bringing its store network to 175. In 1997, Migros pioneered online shopping with the introduction of the Migros Virtual Market. Authoring yet another first in 1998, Migros introduced Migros Club Card, its first Customer Relations Management (CRM) practice. Operating in 27 cities across six geographical regions and increasing its number of international stores up to seven, Migros started offering service in Kazakhstan, its third international market, and increased the total number of stores and shopping malls abroad to 11.

2000-2005: Turkey's first online shopping center, Kangurum started to offer service all over the country in 2000 while Migros expanded its network to a total of 450 stores. In 2001, Migros started to operate in Bulgaria, its fifth country of operation including Turkey. The Company launched Migros Wholesale Market facilitating online wholesale and B2B that enables corporate procurement. Further expanding abroad and broadening its reach up to Siberia in Russia in 2003, Migros celebrated its 50th anniversary joyfully in 2004 and started operating in 40 cities in the country. Taking a major leap forward and further strengthening its market-leading position by acquiring Tansaş in 2005, Migros began to serve its customers with differentiated brands under various formats on the back of the synergy created by this acquisition. Adding Macedonia to its sphere of service in 2005, Migros thus started operating in a sixth country. At the end of 2005, Migros had 505 stores in all seven geographical regions in Turkey and a total of 566 stores, including 61 Ramstores abroad. This number rose to 722 with Tansaş stores.

2006: Migros merged with Tansaş as of 30 June 2006. With the merger completed, cash registers switched off as Tansaş on 30 June were switched on the next morning as Migros cash registers. The merger between Migros and Tansaş has been a major milestone for the Turkish retail sector on a variety of fronts including financial magnitude, geographical outreach, format diversity, customer volume and the human resources involved.

Migros rapidly increased the number of its national and international stores in all formats and expanded its geographical presence. New stores were opened at a rate of two a week, bringing Migros' coverage to a total of 52 cities by the end of 2006. Migros opened 17 Migros, 24 Tansaş, 1 Macrocenter and 51 Şok stores in Turkey, and 20 new Ramstores abroad, adding a total of 113 new stores to its chain.

Migros introduced Ramstores to Kyrgyzstan, with expansion continuing apace in new provinces and regions within Russia, with new store openings in

Kalkandelen in Macedonia and in Karaganda in Kazakhstan. In the aftermath of the successfully finalized merger, Migros had gained a presence in 7 geographical regions with 84 M, 84 MM, 34 MMM and 357 Şok stores, together with 3 hypermarkets, 228 Tansaş and 8 Macrocenter stores in Turkey, including the Tansaş stores, with the international store network comprising of 3 Ramstores in Azerbaijan, 64 in Russia, seven in Kazakhstan, three in Bulgaria, two in Macedonia and one in Kyrgyzstan. As such, Migros was operating in seven countries including Turkey by the end of 2006, with 878 stores, 20,000 employees and 300 million customers.

2007: : Migros made its debut in the listing of the world's top 250 retailers according to the Deloitte rating agency's annual Global Powers of Retailing. The first company to enter the list from Turkey and placed 236th, Migros also ranked 12th among the world's fastest growing 50 companies in the 2001-2006 period.

Migros added a new link to its format diversity and introduced 5M hypermarkets, which offer shopping areas of freedom and hyper discounts. As such, the Company further improved its ability to offer diversified services in each one of its retail formats.

Opening an average of three new stores every week, Migros expanded its far-reaching domestic network and started providing services in 57 cities, supporting its rapid growth. At the end of 2007, Migros' total store network had reached 953, consisting of 89 M, 91 MM, 40 MMM and three 5M stores, 247 Tansaş, 460 Şok stores, and 8 Macrocenter outlets throughout the seven geographical regions in Turkey, while the international network covered 15 stores comprised of nine Ramstores in Kazakhstan, three in Azerbaijan, two in Macedonia and one in Kyrgyzstan.

Having espoused it as a priority target to be a good corporate citizen since its inception, Migros adopts a transparent, fair, responsible and accountable approach towards all of its stakeholders, in other words to its customers, investors, employees, suppliers and the society. Migros ranked among the top ten companies in the "ethical accountability" assessment by Capital 500, which was carried out for the first time in Turkey.

Migros sold its shares in Ramenka Ltd. Şti., a joint venture in Russia in which the Company had 50% controlling interest, to Enka Holding for USD 542.5 million.

2008: : In a repeat of its 2007 success, in 2008 Migros was again selected as the name from Turkey to appear in the annual "2009 Global Powers of Retailing" report released by Deloitte. After ranking in 236th position in 2007, Migros successfully climbed to 190th place in 2008. Furthermore, Migros was placed 12th among the 50 fastest growing companies in the 2002-2007 period.

Opening an average of 5 new stores every week during 2008, Migros enhanced its national presence with services in 63 provinces, underpinning the retailer's rapid growth. Operating in 7 geographical regions with 93 M, 101 MM, 44 MMM, 271 Tansaş, 652 Şok stores, together with 6 5M and eight Macrocenter stores at the end of 2008, Migros is also active in international markets through its subsidiaries with a total of 16 stores, ten of which are in Kazakhstan, three in Azerbaijan, two in Macedonia and one in Kyrgyzstan. In total, Migros was operating 1,191 stores at the end of 2008.

A share transfer agreement was concluded by and between Koç Holding and Moonlight Capital S.A. for the sale of Migros, under which the shares were transferred to Moonlight Perakendecilik ve Ticaret A.Ş., the participation of Moonlight Capital S.A. in Turkey on 30 May 2008. The transaction was finally completed on 30 May 2008. On 05 December 2008, Migros' Board of Directors passed a decision to merge Migros Türk T.A.Ş. with Moonlight Perakendecilik ve Ticaret A.Ş., the majority shareholder in Migros.

Under its new structure, Migros will press ahead with its investments and maintain its half-century long tradition of being a leading name in the sector.

Chairman's Message

Distinguished Shareholders,

I would like to welcome you to our Annual General Meeting, in which we will discuss the operating results for our company's 54th fiscal year. First of all, I would like to express my joy and excitement at leading the Migros team and being in your presence once again after so many years.

Dear shareholders, as you are aware, our national economy is going through testing times. The economic crisis, which was started in the housing sector in the United States and later spread rapidly to other national economies of the world, changed the world order as we know it and increased the level of uncertainty for the future.

The drastic correction of housing prices, which had been rising in the United States for many years, caused deterioration in the housing sector; this in turn led to enormous losses in the balance sheets of banks, insurance companies and brokerage houses that were exposed to such instruments. These financial institutions that took very high risks due the expectation of high profits, fell into distress when scores of home owners could not meet their mortgage obligations. The pessimism spreading from housing sector to

financial markets took on the shape of a global crisis sweeping across Europe, emerging markets and the Far East despite frantic efforts to contain it. The current set of circumstances in the world is called the greatest crisis ever in economic history, including the Great Depression of the 1930s.

Under these circumstances, it has become impossible for Turkey to avoid the impact of the global crisis and 2008 has indeed proved a challenging year. GDP grew by a mere 1.1% in 2008. The deceleration in economic activity was striking, especially in the past two quarters; the economy contracted by 6.2% in real terms in the fourth quarter. The unemployment rate climbed from 10.6% in 2007 to 13.6% in 2008. Although expectations for 2009 are more positive, the rate of CPI inflation - which remained in single digits since 2004 - increased to double digit figures and reached 10.06% in 2008. High energy prices throughout the year were the main reason for the failure to meet inflation targets in 2008.

In addition, the budget deficit and current deficit continued to pose risks for the national economy. The current deficit grew by 8% over the previous year to reach US$ 41 billion in 2008, while the foreign trade deficit increased by 11% and exceeded US$ 70 billion in the same period. Foreign investors were less interested in investing in Turkey. Net FDI, which was US$ 20 billion in 2007, decreased by 24% in 2008 and totaled US$ 15 billion. Foreign trade volume continues to shrink, so do exports which had been the driving force of economic growth in previous years.

According to TURKSTAT's figures, spending on food, alcohol and tobacco exceeded YTL 181 billion in 2008. This means a growth rate of 2.4% in real terms in comparison with the previous year; this is higher than the increase in GDP in the same period. The domestic food retail market continued to expand in 2008 and retailers continued their investments, particularly in the first half of the year. Having opened 160 new stores in Turkey in 2007, Migros increased its growth rate and opened 250 new stores in 2008. On the international front, Migros opened one new store in Kazakhstan. According to the Global Powers of Retailing Report issued by Deloitte, Migros maintained its place among the world's top 250 retailers in 2008, as it did in 2007. According to the list of the world's giant companies which include not only food retailers but all retailers, Migros rose from 236th place in 2007 to 190th place in 2008. The report also states that Migros also ranked 12th among the world's 50 fastest growing companies in 2002-2007. We aim to build on this impressive achievement and rank even higher among the world's biggest retailers.

Migros succeeded in sustaining its profitability while increasing its investments in 2008. Before commenting on our financial results, I should note for the sake of accurate analysis that the results of Ramenka, which has been sold to the Enka Group, in the first ten months were consolidated in Migros' 2007 financial results , whereas the 2008 figures do not include Ramenka. Migros' consolidated sales increased by 5.8% from YTL 4.8 billion in 2007 to YTL 5.1 billion in 2008. The increase in the Company's domestic gross profit margin from 24.2% to 25.7% had a positive impact on its consolidated gross

Chairman's Message

profitability which increased by 9.4% to reach YTL 1.3 billion. Likewise, Migros' consolidated gross profit margin rose from 24.9% in 2007 to 25.8% in 2008. If we deduct the figures for Ramenka, which was sold in November 2007, from the 2007 figures for a fairer comparison, we find that sales grew by a more impressive 14.3% and gross profit by 21.2%. Meanwhile, the consolidated operating profit was YTL 296 million. The operating profit showed a YoY increase of 27.9%, excluding YTL 380 million of earnings from the sale of Ramenka in 2007, Earnings before tax, interest and depreciation (EBITDA) grew by 18% from YTL 326.4 million in 2007 to YTL 384.2 million in 2008, with the EBITDA margin climbing from 6.8% to 7.6% in the same period. The Company's consolidated pre-tax profit was YTL 321.6 million, its net profit was YTL 261.5 million and its consolidated net profit margin was 5.2%. Although the pre-tax profit and net profit figures appear to have declined on an annual basis, the only reason is the sale of Ramenka, which was recorded as a one-off income item in 2007. From this perspective, Migros' profitability improved in spite of its accelerating growth rate.

Following the Koç Group's decision to sell Migros and discontinue its activities in the retail sector in 2007, the majority stake in the Company was transferred to Moonlight Perakendecilik ve Ticaret A.Ş. on 30 May 2008, making it Migros' main shareholder. Through purchases on the stock exchange during the tender call and throughout the year, Moonlight increased its stake in the company to 97.92%.

Distinguished shareholders, Turkey is feeling the impact of the crisis, as is the rest of the world. The main negative factors include the instability in financial markets due to falling share prices, the drop in industrial output, the threat of economic shrinkage and even recession, falling housing prices, commodity prices and inflation rates. Probably the most important factor is the rise in unemployment. The effects of the recession are likely to worsen gradually in global economies and in Turkey throughout 2009. Therefore, many companies in the business world have taken decisions to discontinue or postpone their investments amid the resulting uncertainty and decreased demand.

At this point, the strategy of Migros, the sectoral leader for half a century, differs from that adopted by other companies. We have faith in the potential of our country and of Migros and aim to increase our growth rate in spite of difficult circumstances. We intend to open 400 new stores or an average of 8 new stores every week in the coming year, thus strengthening our sectoral leadership and making a contribution to solving the employment problem in recognition of the responsibility which falls on our shoulders. We aim to accelerate our investments while improving our service quality with our new shareholding structure. We make medium- and long-term plans and aim to turn the crisis into an opportunity. Your support in this process will add to our strength.

I would like to take this opportunity to thank you for taking part in our Annual General Meeting.

Sincerely,

F. Bülend Özaydınlı
Chairman


MMM MiGROS
YILDIZLI
ÜRÜN GÜNLE
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İndirim

Board of Directors' Report

Board of Directors		Statutory Auditors	
F. Bülent Özaydınlı	Chairman and Executive Member	Mustafa Bilgutay Yaşar	Auditor
Antonio Belloni	Member	Yüksel Toparlak	Auditor
Francesco Conte	Member	Recep Bıyık	Auditor
Nicholas Stathopoulos	Member	**Senior Management**	
Stefano Ferraresi	Member	Ö. Özgür Tort	General Manager
Brice Cedric Dubourdieu	Member	Ahmet Fuat Yanar	Assistant General Manager (International Operations)
Paolo Federico Ceretti	Member	Erkin Yılmaz	Assistant General Manager (Finance)
Evren Rıfkı Ünver	Member	Demir Aytaç	Assistant General Manager (Human Resources & Industrial Relations)
Ö. Özgür Tort	Member	Cem Lütfi Rodoslu	Assistant General Manager (Category Management)
Warith Mubarak Said Al Kharusi	Member	Muvaffak İhsan Usel	Assistant General Manager (Supply Chain & Logistics)
Pedro Miguel Stemper	Member	Mustafa Hocaoğlu	Assistant General Manager (Investment)
		Hakan Şevki Tuncer	Assistant General Manager (Sales)

Board of Directors

The Board of Directors consisted of nine members in 2008, with Dr. Bülent Bulgurlu as Chairman, K. Ömer Bozer as Vice Chairman and Semahat Sevim Arsel, Dr. Nusret Arsel, Ömer M. Koç, Y. Ali Koç, Uğur Çatbaş, Oktay Irsıdar and Levent Çakıroğlu as Members.

At the Company's Board of Directors meetings held on 30 May 2008;

It has been decided to appoint F. Bülent Özaydınlı, Evren Rıfkı Ünver, Francesco Conte, Nicholas Stathopoulos, Brice Cédric Dubourdieu, Stefano Ferraresi, Antonio Belloni and Paolo Federico Ceretti to succeed Dr. Bülent Bulgurlu, K. Ömer Bozer, Semahat Sevim Arsel, Dr. Nusret Arsel, Ömer M. Koç, Y. Ali Koç, Uğur Çatbaş and Oktay Irsıdar who resigned from their memberships on the Board. F. Bülent Özaydınlı has been elected to serve as the Chairman of the Board and Executive Member.

At the Company's Board of Directors meeting held on 24 July 2008;

It has been decided to accept the Company General Manager Levent Çakıroğlu's voluntary resignation from his post as the General Manager and from his seat on the Board of Directors, and to appoint Ö. Özgür Tort, Assistant General Manager for Human Resources and Industrial Relations from 01 August 2008 to the Board of Directors membership and General Manager position vacated as such. It has also been decided that Ö. Özgür Tort would be empowered to represent the Company as Class A 1st degree signatory.

At the Company's Extraordinary General Assembly convened on 04 September 2008;

It has been decided to amend Article 7 of the Company's Articles of Association concerning the Board of Directors pursuant to the Board of Directors decision dated 17 June 2008 and in line with the preliminary authorizations of the Capital Markets Board of Turkey (CMB) dated 08 July 2008 and numbered 1120-11352 and the T.R. Ministry of Industry and Commerce dated 22 July 2008 and numbered 3713. Following the registration of the amendment to Article 7 of the Articles of Association, the number of the Members of the Board of Directors was increased from 9 to 11, and Warith Mubarak Said Al Kharusi and Pedro Miguel Stemper have been appointed to the seats on the Board of Directors in addition to the existing members F. Bülent Özaydınlı, Antonio Belloni, Francesco Conte, Nicholas Stathopoulos, Stefano Ferraresi, Brice Cedric Dubourdieu, Paolo Federico Ceretti, Evren Rıfkı Ünver and Ö. Özgür Tort.

Pursuant to the resolution adopted at the Migros' Annual General Assembly convened on 29 April 2008, members of the Board of Directors were paid a gross monthly salary of YTL 1,355. As per the resolution adopted at Migros' Extraordinary General Assembly convened on 04 September 2008, it has been decided not to pay any gross monthly salary to the Board members after that date.

The Board of Directors is authorized to decide on all matters, apart from those for which the General Assembly is exclusively authorized, pursuant to the Turkish Commercial Code (TCC) and the Company's Articles of Association.

According to Article No. 9 of the Articles of Association, members of the Board of Directors are elected to serve a term of office of three years unless a shorter term is determined at the General Assembly Meeting where they are elected. However, members whose terms of

office expire may be re-elected and the General Assembly may replace Board members at any time, if it so deems necessary.

Senior Management

The Senior Management consists of a team of eight individuals, with Ö. Özgür Tort serving as the General Manager, and Ahmet Fuat Yanar, Erkin Yılmaz, Demir Aytaç, Cem Lütfi Rodoslu, Muvaffak İhsan Usel, Mustafa Hocaoğlu and Hakan Şevki Tuncer as Assistant General Managers.

The Company's Senior Management is elected and appointed by the Board of Directors in accordance with the Articles of Association.

At the Company's Board of Directors meeting held on 24 July 2008;

It has been decided to accept the Company General Manager Levent Çakıroğlu's voluntary resignation from his post as the General Manager and from his seat on the Board of Directors, and to appoint Ö. Özgür Tort, the Company's Assistant General Manager for Human Resources and Industrial Relations from 01 August 2008 to the Board of Directors membership and General Manager position vacated as such.

It has also been decided to appoint the following individuals to the following positions effective 01 August 2008:

- Demir Aytaç, the Company's Assistant General Manager for Sales, as Assistant General Manager for Human Resources and Industrial Relations,
- Hakan Şevki Tuncer as Assistant General Manager for Sales,
- Ahmet Fuat Yanar, the Company's Assistant General Manager for Investment, as Assistant General Manager for International Operations, and
- Mustafa Hocaoğlu, the Company's Expansion Director, as the Assistant General Manager for Expansion.

Statutory Auditors

The relevant provisions of the Turkish Commercial Code (TCC) govern the duties, obligations and responsibilities of the statutory auditors and other matters related to audit.

The provisions of Article 275 of the TCC are reserved. Pursuant to Article 14 of the Articles of Association, statutory auditors are elected by the General Assembly to serve for a maximum term of three years.

As per the resolution passed at the Ordinary General Assembly convened on 29 April 2008, statutory auditors were paid a gross monthly salary of YTL 490.

İnanç Kiraz, Serkan Özyurt and Ahmet Sönmez were elected to function as the Company's statutory auditors at the Annual General Assembly Meeting convened on 29 April 2008. Statutory auditors İnanç Kiraz, Serkan Özyurt and Ahmet Sönmez resigned from their such duties effective 30 May 2008, and Mustafa Bilgutay Yaşar, Yüksel Toparlak and Recep Bıyık were elected to fill their positions as per Article 351 of the TCC. The election has been approved at the Extraordinary General Assembly Meeting convened on 04 September 2008.

The terms of office have expired for Mustafa Bilgutay Yaşar, Yüksel Toparlak and Recep Bıyık, statutory auditors.

Audit Committee

Changes occurred in the members of the Audit Committee formed in 2003 pursuant to the Capital Markets Board of Turkey (CMB) Communiqué Serial: X No:19, and Stefano Ferraresi and Evren Rıfkı Ünver have been elected to succeed Uğur Çatbaş and Oktay Irsıdar.

The Audit Committee reviewed and examined the audit conducted and the independent auditors' report as of 31 December 2008. Based on this review, pursuant to the provisions of the CMB Communiqué Serial: XI No: 29, the Committee communicated their opinion to our Board of Directors that the consolidated financial statements drawn up in accordance with the accounting principles as published by the CMB fairly and accurately present the Company's financial status on the date and the operating results for the period.

Modifications to the Articles of Association

At the Company's Board of Directors meeting held on 17 June 2008, it has been decided to amend Article 7 - Board of Directors of the Company's Articles of Association, and to file an application with the Capital Markets Board (CMB) and the Ministry of Industry and Commerce for preliminary authorization before presenting the proposal to the General Assembly.

Necessary preliminary authorizations relating to the amendment of Article 7 of the Articles of Association concerning the Board of Directors were obtained from the CMB by its letter dated 08 July 2008 and numbered 1120-11352, and from the Ministry of Industry and Commerce by its letter dated 22 July 2008 and numbered 95612-3713. In line with the preliminary authorization, the Board of Directors' proposed modification to the Articles of Association has been approved at the Extraordinary General Assembly convened on 04 September 2008.

Board of Directors' Report

Previous and revised versions of Article 7 of the Articles of Association are presented below:

Previous Version

Board of Directors

Article 7- The management and business of the Company shall be carried out by the Board of Directors constituted by nine members elected by the General Assembly from among the shareholders pursuant to the provisions of the Turkish Commercial Code.

In case of any vacancy of membership, the Board of Directors shall elect a new member pursuant to article 315 of the Turkish Commercial Code, to be presented to the approval of the General Assembly.

New Version

Board of Directors

Article 7- The management and business of the Company shall be carried out by the Board of Directors constituted by eleven members elected by the General Assembly from among the shareholders pursuant to the provisions of the Turkish Commercial Code.

In case of any vacancy of membership, the Board of Directors shall elect a new member pursuant to article 315 of the Turkish Commercial Code, to be presented to the approval of the General Assembly.

Capital

The registered capital of the Company is YTL 190,000,000. The names, shareholding amounts and percentages of those shareholders holding more than 10% of the existing paid-in capital of YTL 178,030,000 are presented below:

Migros Türk T.A.Ş.

Shareholder	Share (%)	Amount (YTL)
Moonlight Perakendecilik ve Tic. A.Ş.	97.92	174,323,340
Publicly Held	2.08	3,706,660
Total	100	178,030,000

Changes in the Paid-in Capital during the Year

No changes were made to the paid-in capital during the year.

Position of Migros in the Sector and Investments in 2008

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 commanded a store network of 1,191 stores in total at the end of 2008: of these 93 M, 101 MM, 44 MMM, six 5M, 652 Şok, 133 Mini, 86 Midi, 52 Maxi and eight Macrocenter stores in seven geographical regions throughout Turkey, as well as three Ramstores in Azerbaijan, ten in Kazakhstan, one in Kyrgyzstan and two in Macedonia operated through its associates abroad. Drawing on half a century of experience, Migros sustains its leadership in the sector.

During 2008, Migros Türk T.A.Ş. opened 24 Migros, 25 Tansaş, and 201 Şok stores under:

M format: Konutkent in Ankara, Kemer Çamyuva in Antalya, Çiçekçi and Teşvikiye Hüsrev Gerede in İstanbul, Erbaa in Tokat;

MM format: Sürsürü in Elazığ, Karataş in Gaziantep, Mersin Tömük and Mersin Soli in İçel, Airport, Kamiloba, Çengelköy and Uphill in İstanbul, Yahyakaptan Shopping Center in Kocaeli;

MMM format: Zirvekent in Ankara, Çamlık Forum in Denizli, Halkalı Ihlamur Evleri, Optimum and Ortaköy 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, Yüzüncü Yıl in Antalya, Avcılar and Gizlibahçe Tuzla in İstanbul, Çandarlı, Mordoğan and Ilıca Çeşme in İzmir, Salihli Çarşı in Manisa, Çarşamba in Samsun;

Midi Tansaş format: Dinar in Afyon, Güzelçamlı Kuşadası in Aydın, Mirzabey in Balıkesir, Orhangazi in Bursa, Akçakoca in Düzce, Bahçelievler Metroport Shopping Center, Pendik, Çekmeköy Paradise and Misstanbulevleri in İstanbul, Urkmez Payamlı in İzmir, Marmaris Siteler in Muğla;

Maxi Tansaş format: Batıkent in Ankara, Muratpaşa in Antalya, Historia Shopping Center, Çengelköy Maxi City and Beylikdüzü in İstanbul

Şok format; 201 stores in total. Work on store refurbishments also continued during the year.

Investments abroad continued with one new Ramstore opened in Kazakhstan.


Banyo Gereçleri
%50 indirim
Çorap
03 60
DAMLA FASÜLYE
03 95
%40 indirim
Baharat
DOĞUŞ RİZE ÇAYI
1000 GR
07 45
İndirim
3
Makarna
Un
BARİLLA MAKARN
ÇEŞİTLERİ
01 25
İndirim
ÇAY
1,65
1,30
İndirim

Financial Structure, Dividend Distribution Proposal and Conclusion

Financial Structure

The Company's financial results are prepared on a consolidated basis and in accordance with the Capital Markets Board (CMB) Financial Reporting Standards based on IAS/IFRS standards within the framework of the CMB Communiqué Serial: XI, No:29 and announcements bringing clarification for the relevant communiqué. This is because differences between the IAS/IFRS standards, as accepted by the European Union, and those published by the International Accounting Standards Board (IASB) are yet to be declared by the Turkish Accounting Standards Board (TMSK). The consolidated financial statements and related notes are presented in accordance with the formats, the adherence to which being recommended by the CMB in its releases dated 14 April 2008, 28 April 2008 and 5 May 2008, and incorporates the figures for which inclusion is mandatory. The income and expenses of Ramenka, a subsidiary, were consolidated until 9 November 2007, when the share transfer took place in line with the disposal, employing the proportionate consolidation method as stated in the footnotes to the financial statements.

The Company's consolidated sales increased by 5.8% YoY in 2008 to reach YTL 5,074 million, with the Company's consolidated gross profit also rising by 9.4% YoY to YTL 1,307 million, while the gross profit margin climbed from 24.9% to 25.8%. Migros sold its shares in Ramenka to the Enka Group in November 2007, thereby generating a gain of YTL 380 million on the sale of associates. This gain written from the sales of associates is recorded under other operating income in the income statement. If the impact of Ramenka is deducted from the 2007 figures in order to better evaluate the financial performance of Migros, the YoY increase in the Company's sales reaches to 14.3%, while the growth at the gross profit line increases to 21.2%. Migros expanded its geographical reach within national borders with new store openings, with 14.1% growth registered in domestic sales, driving sales revenues up to YTL 4,850 million. The domestic gross profit margin also improved from 24.2% in 2007 to 25.7% in 2008. More than 287 million customer transactions took place in Turkey marking an increase of 11% YoY. Migros recorded highly satisfactory margins, despite the global economic crisis and cutback in consumer spending, while the Company's consolidated operating profit exceeded YTL 296 million, representing an operating profit margin of 5.8%. If the gain from the sale of its subsidiary in 2007 is excluded, Migros' operating profit improved by 27.9% YoY. Migros recorded a consolidated pre-tax net profit of YTL 322 million (a pre-tax profit margin of 6.3%) and a net profit for the period of YTL 262 million (a consolidated net profit margin of 5.2%). Migros' consolidated EBITDA also grew by 18% from YTL 326 million in 2007 to YTL 384 million in 2008, while its consolidated EBITDA margin increased from 6.8% to 7.6%.

The ratio of short and long-term liabilities within total liabilities stood at 44% (48% in 2007). 57% of total assets comprised of current assets (59% in 2007) while non-current assets accounted for 43% of total assets (41% in 2007).

Dividend Distribution Proposal and Conclusion

Based on the Capital Markets Board of Turkey Communiqué Serial: I, No: 31 on Principles regarding Mergers, which, as per Article 5, prohibits making transactions that cause a change in the shareholders' equity that is taken as basis in computing the merger ratio, and which, as per paragraph four of the same article, requires ratification of the dividend distribution decision at the general meeting to be convened after registration of the merger, we hereby present it for your approval that no dividends be distributed so as to maintain the same merger and share exchange ratios after setting aside legal reserves from the after-tax net profit for the period, based on our review of the balance sheet and income statement for 2008, which have been audited and discussed.

Dear Shareholders,

The results of our 2008 operations are presented below.

The consolidated balance sheet and the income statement for the period ending 31 December 2008 are included herewith for your approval.

Yours Sincerely,

BOARD OF DIRECTORS

Consolidated Statutory Auditors' Report

To the General Assembly of Migros Türk T.A.Ş.

The results from the audit of the Company's 2008 fiscal year are presented below for your perusal:

1. The Company had a successful period in the fields of operation carried out within the framework of the Capital Markets Law and applicable legislation.

2. The required books and records pursuant to the Turkish Commercial Code and applicable legislation were duly kept and all documentary evidence was properly maintained.

3. In our opinion, the attached consolidated financial statements for the period ending 31 December 2008 correctly represent the Company's financial status on the said date and the operating results for the said period; they were prepared in accordance with the accounting principles issued by the CMB.

4. Decisions regarding company management were entered into the book of resolutions that is duly kept.

Consequently, we hereby present for your perusal that the Company's activities summarized in the Board of Directors' report, the consolidated financial statements issued in accordance with the Capital Markets Law and the Board of Directors' proposal regarding the distribution of profit be approved and that the Board of Directors be discharged.

İstanbul, 06 April 2009

Yours sincerely,

Mustafa Bilgutay Yaşar | Yüksel Toparlak | Recep Bıyık

Redefining growth

Migros is one of the world's fastest growing food retailers...

Migros is setting out on a new growth route, aware of the fact that the organized retail sector triggers growth in the national economy and taking into consideration Turkey's sectoral development potential due to its young population and dynamics. In addition to increasing the number of domestic stores, Migros also focuses on the development potential of the region and sets ambitious goals to strengthen its presence in international markets.

Migros 2008 Activities

Economic overview and the retail sector

According to the World Economists, the current economic conditions indicate that we are going through one of the worst financial crisis ever experienced in the history of the global economy. The deterioration of the US housing sector, which started in the last quarter of 2007, first hit the banking and financial services sectors. In 2008, the instability in the financial services markets spread to the real sector while extending to Europe and many other countries, and finally engulfed the financial markets in developing word turning into a truly global crisis.

Despite actions taken to mitigate the effects of the crisis, the bankruptcy of Lehman Brothers led a comprehensive liquidity crunch and brought credit mechanisms almost to a halt. Economic rescue packages announced by governments of developed economies such as the USA, Germany, UK, France and Japan failed to relieve financial markets, and the crisis quickly extended its reach to manufacturing industry, giving rise to the financial crisis in numerous sectors led by the automotive industry, spelling redundancies for tens of thousands of people. Crisis shaken the developing countries including Turkey in addition to Eastern Europe and Latin American countries, Iceland being the most affected on the onset. A great number of emerging economies had to turn to the International Monetary Fund (IMF) to overcome economic problems developing within their borders and create external financing. In an effort to tackle the global crisis, America's Federal Reserve Bank and other central banks (the European Central Bank and the Bank of England, as well as the Central Banks of Sweden, Canada and China) implemented a coordinated interest rate cut on October 8, an action unprecedented in recent history. Many countries raised the bank deposits guarantee limits, while others introduced a full deposit guarantee. Despite successive interest rate cuts aimed at reviving the ailing global economy, the economic crisis pushed some of the big excessive risk taking behemoths of the financial services sector, whose demise had never been thought possible, to collapse and consigned them to the pages of history, while forcing others to be nationalized or to seek rescue packages. The US government nationalized Fannie Mae, Freddie Mac, Washington Mutual and Wachovia.

In the UK, it was decided that three of the country's major banks - Royal Bank of Scotland (RBS), Halifax Bank of Scotland (HBOS) and Lloyds TSB - would sell shares under government guarantee, while unsold shares would be acquired by the government itself. Faced with impending bankruptcy due to the global credit crisis, Northern Rock was taken over by the British government.

The governments of Belgium, the Netherlands and Luxembourg decided to give support to Fortis Bank, which was in financial hardship, saving the bank from bankruptcy. It was also announced that a guarantee would be provided for Dexia bank's credits for a certain period of time, due to the lack of trust in financial markets. The Icelandic government, which went bankrupt because of the global crisis, took over the country's three major banks.

Speculative increases in commodity prices experienced in the early months of the crisis gave way to a slump in the prices of commodities such as oil and steel with the exclusion of gold, as the recession expectation spread. Although every country was impacted by the crisis to different degrees, the outcomes were broadly similar. The primary repercussions of the turmoil included a downturn in housing prices, instability in financial markets, significant declines in share prices growth and production figures, recession, a collapse in commodity prices and sharp drop in inflation, and increased unemployment. Coordinated monetary policy measures included cutting interest rates and injecting liquidity into the market in an effort to revive the economy. European economies are expected to contract in 2009, while the United Nations forecasts a decline of 0.4% in the global economy in 2009 due to the shrinkage of the US and European economies specifically. The IMF also projects a global downturn in 2009. This means the 2009 would be the first year world economy will contract since the Great Depression of the 1930s.

The global crisis also impacted the real sector, the automotive industry being the most adversely affected sector within. The leading global automotive and durable goods producers are forced to suspend production due to slump in global demand. Also in Turkey, the recession has hit all sectors, of which the construction, automotive, durable goods and textile industries have borne the brunt. Manufacturing suspensions by automotive plants from time to time in the second half of the year proved insufficient to solve the issues, and layoffs followed in the last quarter. Mired in uncertainty and declining demand, many companies decided to halt or postpone their investments.

The run of growth that the Turkish economy had enjoyed since 2002 began losing pace from 2007 onwards. Having witnessed 9.4% growth in 2004, 8.4% in 2005, and 6.9% in 2006, GDP only managed 4.5% growth in 2007 with GDP growth slowing further to 1.1% in 2008, while in the last quarter of 2008 alone, GDP growth nosedived by 6.2% growth over the same period in the previous year. The crisis in the global economy and in foreign markets has also made itself felt in Turkey, whose economy is widely believed to have slipped into negative growth territory. According to recent figures, declines in industrial production confirm that numerous sectors will suffer a contraction for several quarters going forward. In parallel, the rate of unemployment in Turkey climbed from 10.6% in 2007 to 13.6% in 2008. The main risk elements in Turkey are unemployment, the ability to finance the current account deficit given the significant contraction in financing facilities from international markets and the high levels of FX denominated debts in private sector corporations.

The crisis in the global economy and in foreign markets has also made itself felt in Turkey, whose economy is widely believed to have slipped into negative growth territory.

On the inflation front, the Turkish Central Bank and the government were not able to meet the inflation targets in the last three years. While there was a small decline in inflation in 2007 when compared to the previous year, the rate of inflation rose again in 2008. On an annual basis, housing prices increased by 22.8%, the segment with the highest inflation in the CPI basket. Housing segment was followed by the restaurant and hotel sector (13.44%), food and soft beverages (11.9%), various goods and services (11.6%) and household goods (10.37%). The most significant contributors to the inflation rate in 2008 were the price increases in electricity and gas. On the other hand, 2009 inflation is projected to decline significantly. The Central Bank announced an inflation target of 7.5% for 2009, which is expected to be achieved on the back of falling oil and gas prices and withering demand.

The Central Bank's Monetary Policy Committee first reversed the string of interest rate cuts that it had implemented since September 2007, and embarked on a series of interest rate hikes since its meeting held in May 2008. The Committee later started cutting interest rates again at its meeting in October 2008 amid projections of economic recession and falling inflation. Although the Central Bank raised interest rates by a total of 125 basis points until October 2008, it cut the rates by 175 basis points in November and December 2008, resulting in 50 basis points net drop. Front-loaded interest rate cuts also continued in the first three months of 2009.

On the other hand, although there has been some narrowing in the current account deficit, due to the weakness of the Turkish lira, they continue to pose risks for the national economy. The current deficit expanded by 8.4% YoY in 2008 to reach US$ 41,416 million, from US$ 38,219 million in 2007. In parallel with this, the foreign trade deficit widened by 13% YoY, with imports (including gold) ending the year 18.7% above their 2007 level at US$ 201,823 million, while exports climbed by 23.1% to reach US$ 132,003 million. The shuttle trade, meanwhile, contracted by 3.3% YoY to US$ 6,200 million. Foreign trade volumes are expected to tumble in 2009, a trend that will also be accompanied by a decline in the current deficit on the back of the weaker Lira.

According to data prepared by the Turkish Statistical Institute (TURKSTAT), tourism receipts grew by 18.5% YoY to reach US$ 21,910 million in 2008, while tourism spending by Turkish citizens abroad increased by 7.5% YoY to US$ 3,506 million. As a result, net tourism income rose by 20.9% YoY amounting to US$ 18,404 million.

Net capital inflows in 2008 declined by 0.4% YoY to US$ 36,489 million. Highlights of the reporting period are outlined below:

- Under net direct investments, loans extended to Turkish companies with foreign capital by their shareholders abroad, non-resident individuals' investments in Turkey including their property purchases in the country, declined by 19.6% in 2008 to US$ 17.718 million from US$ 22.046 in 2007. Net direct investment inflows amounting to US$ 19,940 in 2007, declined by 24.1% to US$ 15,133 in 2008. On the other hand, net portfolio investments realized at US$ 717 million in 2007, sustained a net outflow of US$ 4,778 million in 2008.

Migros 2008 Activities

- In the stock market, security purchases by non-residents plunged by 86.1% in 2008, plummeting from US$ 5,138 million in 2007 to just US$ 716 million in 2008. On the other hand, non- residents registered a total of US$ 4,805 million in total net sales in the government debt instruments market in 2008, translating into a rise of 46.4% in 2008 compared to 2007.

- The net inflow of commercial credits, liquid loans and bank deposits stood at US$ 25,077 million in 2008 compared to US$ 23,997 million in 2007. Official reserves, which is classified under reserve assets, the last item in financial accounts, increased by a total of US$ 1,057 million in 2008, compared to US$ 8,032 million growth in 2007.

The first half of the year was marked by a sharp downturn in private sector consumption demand, an indicator of significant concern for the retail sector. The recovery in the third quarter ran out of steam in the final quarter of the year. The Consumer Confidence Index, jointly compiled by the Central Bank and TURKSTAT as a measure of demand and expectations, exhibited some increase, particularly during the summer months, but plunged to 69.90 in December 2008, a fall of 26% when compared to the end of 2007, confirming the collapse in demand.

According to TURKSTAT data, domestic expenditures on food, alcohol and tobacco by residents and non-resident households in 2008 reached YTL 181 billion, marking a mere 2.4% growth in real terms. Having registered 6.2%, 1.9% and 0.2% growth in real terms in the first, second and third quarters of the year, food, alcohol and tobacco expenditures increased by 1.8% in the last quarter. Accordingly, the increase in food, alcohol and tobacco expenditures was above GDP growth in 2008. The food retail sector is anticipated to be relatively mildly affected from the negative conditions by virtue of its resistant structure.

Based on data compiled by the Trade Council of Shopping Centers and Retailers (in Turkish: the AMPD), the turnover of the organized retail sector in Turkey registered 7% growth in 2008 over its volume of US$ 150 billion in 2007. Food retail sector revenue increase came to 5% in the same period. The organized retail sector underwent a 20% expansion in retail sales sqm area, an indicator of the investments made in the organized retail sector. The same expansion rate was experienced in food retail as well. The expansion corresponds to 14% increase in the number of stores in 2008. Turnover per sqm, a key measure used in calculating the productivity of the sector, dropped by 13% in December 2008 compared to the same period last year, with a 15% decline in turnover per unit of retail area in the food retail sector in 2008. The year also saw a 17% increase in the number of people employed in the food retail sector.

Data compiled by the Nielsen research agency indicates that the retail sector for fast moving consumer products (FMCG) notched up nearly 13.7% YoY growth in dollar terms to reach US$ 35.6 billion. Total trade grew by 2.4% in 2008 in real terms on a Turkish lira basis, with a 4.3% expansion in the sector in volume terms. Prices in the food and retail sector increased by 8.7% during the year.

After the Koç Group decided to exit the retail sector, the majority shares of Migros were transferred to Moonlight Perakendecilik ve Ticaret A.Ş. on 30 May 2008. While organized retailers in the food retailing sector pressed ahead with their rapid organic growth through new store investments during the reporting period, the year was also marked by a number of small acquisitions and mergers in the sector. Although the food retail sector still remains attractive with considerable growth potential in the years ahead, the year 2009 will prove a tough year for sector players as they tackle the impact of the economic recession and contraction in demand. In a separate development, measures aimed at bringing the market into the regulated economy will support tax revenues and also support efforts to promote employment.

According to TURKSTAT data, domestic expenditures on food, alcohol and tobacco by residents and non-resident households in 2008 reached YTL 181 billion, marking a mere 2.4% growth in real terms.

Migros Türk T.A.Ş.

2007-2008 Net Sales Area

	2008 (m²)	2007 (m²)	Change (%)
Turkey	**668,609**	**576,525**	**16.0**
5M	38,870	24,633	57.8
MMM	119,043	110,752	7.5
MM	151,378	137,189	10.3
M	46,493	44,459	4.6
Şok	117,613	85,072	38.3
Mini	42,538	38,904	9.3
Midi	62,901	55,038	14.3
Maxi	81,270	71,975	12.9
Macrocenter	8,504	8,503	0.0
International	**28,956**	**27,244**	**6.3**
Kazakhstan	20,517	18,805	9.1
Azerbaijan	3,007	3,007	0.0
Macedonia	3,973	3,973	0.0
Kyrgyzstan	1,459	1,459	0.0
Total (Domestic and International)	**697,565**	**603,769**	**15.5**

Number of Stores and Net Sales Area

	2008	2007	2006	2005	2004
Turkey	**1,175**	**938**	**798**	**505**	**463**
5M	6	3	3	3	3
MMM	44	40	34	33	33
MM	101	91	84	79	72
M	93	89	84	79	72
Şok	652	460	357	311	283
Mini	133	123	115	-	-
Midi	86	76	72	-	-
Maxi	52	48	41	-	-
Macrocenter	8	8	8	-	-
Domestic Net Sales Area (m²)	**668,609**	**576,525**	**513,406**	**343,040**	**330,448**
International	**16**	**15**	**80**	**61**	**44**
Russia	-	-	64	49	32
Kazakhstan	10	9	7	5	5
Azerbaijan	3	3	3	3	3
Bulgaria	-	-	3	3	4
Macedonia	2	2	2	1	-
Kyrgyzstan	1	1	1	-	-
International Net Sales Area (m²)	**28,956**	**27,244**	**179,883**	**138,957**	**93,024**

Migros 2008 Activities

Migros' Investments in 2008

Migros offers its customers a modern shopping experience at its stores organized under different formats including Şok, Tansaş, Macrocenter, Ramstore, 5M, and wholesaling stores, as well as Virtual Market-Kangurum online shopping facility, in addition to its Migros stores. In 2008, Migros further reinforced its leadership position in the sector, adhering to its strategy of growing domestically. On the international front, particular emphasis was placed on its Kazakhstan operations.

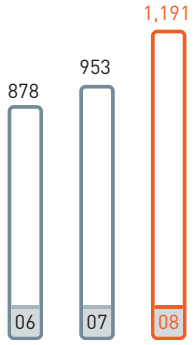
During 2008, Migros opened 21 Migros (5 M, 9 MM and 7 MMM), 25 Tansaş (9 Mini, 11 Midi and 5 Maxi), three 5M and 201 Şok stores in Turkey. The Company also set up one Ramstore in Kazakhstan, with a total of 251 new stores opened in 2008 (2005: 64, 2006: 113, 2007: 162). At the end of 2008, Migros' total store network had reached 1,191 (2007: 953), consisting of 93 M, 101 MM, 44 MMM and six 5M stores, 652 Şok stores, 133 Mini, 86 Midi, 52 Maxi and 8 Macrocenter outlets throughout the seven geographical regions in Turkey, while internationally Migros boasted three Ramstores in Azerbaijan, ten in Kazakhstan, one in Kyrgyzstan and two in Macedonia.

Migros manages 4 shopping malls in Turkey and one in Kazakhstan and another in Macedonia. With the newly opened stores, Migros' net domestic sales area expanded by 16% YoY to reach 668,609 square meters in 2008. Including Migros' international stores, this total rises to 697,565 square meters.

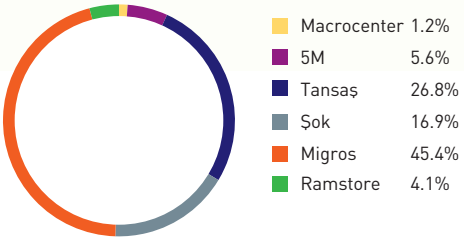
In 2008, new Migros stores opened their doors to customers at a number of strategic locations. The Company expanded its nationwide reach with new investments made in the Anatolian cities such as Yozgat, Artvin, Karaman, Malatya, Kilis and Amasya. Serving in 42 provinces at the end of 2005, in 52 at the end of 2006, and in 57 at the end of 2007, Migros expanded its far-reaching domestic network through a series of investments made in 2008, and started to provide services in 63 cities with stores under various formats.

On 01 August 2008, Migros decided to purchase all the fixtures and installations in the stores located in Silivri, Tekirdağ and Çengelköy with a total sales area of 13,000 square meters under the retail chain Maxi supermarkets owned by Hamoğlu Group. The decision also covered re-issuing of the lease agreements for these three stores in the name of Migros and have the necessary annotations made at the land registry. Permission has been received from the Competition Board for this transfer and Silivri store started furnishing service under 5M Migros format, while the stores in Tekirdağ and Çengelköy continue their operations under MMM Migros and Maxi Tansaş formats, respectively.

Total Number of Domestic and International Stores



2008 Net Sales Area Distribution (%)



During 2008, Migros opened 24 Migros, 25 Tansaş, 201 Şok stores and a Ramstore.

total 24 Migros stores

5 M stores		9 MM stores		7 MMM stores		3 5M stores	
Ankara	Konutkent	Elazığ	Sürsürü	Ankara	Zirvekent	İstanbul	Silivri
Antalya	Kemer Çamyuva	Gaziantep	Karataş	Denizli	Çamlık Forum	Kayseri	Kayseri
İstanbul	Çiçekçi, Teşvikiye	İçel	Mersin Tömük, Mersin Soli	İstanbul	Halkalı Ihlamur Evleri, Optimum, Ortaköy	Manisa	Manisa
	Hüsrev Gerede	İstanbul	Airport, Kamiloba, Çengelköy, Uphill	Trabzon	Forum		
Tokat	Erbaa	Kocaeli	Yahyakaptan AVM	Tekirdağ	Maxi Center		

total 25 Tansaş stores

9 Mini Tansaş stores		11 Midi Tansaş stores		5 Maxi Tansaş stores	
Ankara	Metrokent	Afyon	Dinar	Ankara	Batıkent
Antalya	Yüzüncü Yıl	Aydın	Güzelçamlı	Antalya	Muratpaşa
İstanbul	Avcılar		Kuşadası	İstanbul	Historia AVM, Çengelköy
	Gizlibahçe	Balıkesir	Mirzabey		Maxi City,
	Tuzla	Bursa	Orhangazi		Beylikdüzü
İzmir	Çandarlı	Düzce	Akçakoca		
	Mordoğan	İstanbul	Bahçelievler		
	Ilıca Çeşme		Metroport AVM		
Manisa	Salihli Çarşı		Pendik		
Samsun	Çarşamba		Çekmeköy Paradise		
			Misstanbulevleri		
		İzmir	Ürkmez Payamlı		
		Muğla	Marmaris Siteler		

total 201 Şok stores

Adana	Hastaneler, Karataş, Beyazevler, Hayalpark, Yeşilyurt
Adıyaman	Kahta
Amasya	Bahçeleriçi, Kirazlıdere
Ankara	Emek Güneyce, Beştepe, 100. Yıl, Gölbaşı, Keçiören Tepebaşı, Polatlı, Seyranbağları, Çankaya Sancak, Keçiören Kamil Ocak, Beşevler
Antalya	Güzeloba, Karatay Göksu, Side Yalı, Altınkum, Manavgat Yayla, Belek, Ali Çetinkaya, Alanya Cikcilli, Kumluca Kültürpark, Pınarbaşı, Serik Hürriyet Caddesi, Hurma, Özgürlük Bulvarı
Artvin	Arhavi
Aydın	Söke Merkez, Kuşadası Güzelçamlı, Didim Çarşı, Kuşadası Kadınlar Denizi, İncirliova
Balıkesir	Sarımsaklı Merkez, Akçay, Güre, Havran, Burhaniye Bahçelievler, Edremit, Bandırma Ahmet Taner, Bandırma Atatürk Caddesi, Bandırma Paşabayırı
Bartın	Hendekyanı
Bolu	Çarşı, Atatürk Bulvarı, Üniversite
Bursa	Gemlik, İnegöl, Kültür, İnegöl Adliye, Kükürtlü, Tuna Caddesi, Mustafakemalpaşa, Darmstad
Çanakkale	Küçükkuyu
Çorum	Alaca, Ulukavak, Mimar Sinan, Toki
Denizli	Buldan
Edirne	Keşan
Gaziantep	Osmangazi, Kavaklı, Nizip, Kolejtepe, İbrahimli
Giresun	Merkez, Gazi
Hatay	Antakya Reyhanlı, Antakya Kanatlı, İskenderun Dumlupınar, Antakya Emniyet, Antakya Çekmece
Isparta	Bahçelievler
İçel	Mersin Davultepe, Mersin Yenimahalle, Mersin Taşucu, Anamur Göktaş, Pozcu Mersin
İstanbul	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,
İstanbul	Beylikdüzü Merkez, Aksaray, Çekmeköy Hamidiye, Rahmanlar Sahil, Göktürk, Zeytinburnu Merkez, Kartal Kızılay, Alibeyköy Yeşilpınar, Tuzla Şifa, Zeytinburnu Nuripaşa, GOP Yıldıztabya, Eyüp, Seyrantepe Polis Lojmanları, Tarabya Cumhuriyet
İzmir	Ürkmez, Özdere Ondörtevler, Çeşme Dalyan, Güzelbahçe, Çeşme Şifne, Torbalı, Bergama Kınık, Bayındır, Tire, Buca İnönü, Menemen Sevgiyolu
Kahramanmaraş	Sarayaltı, Göksun
Karaman	İstasyon
Kastamonu	Çengeller
Kayseri	Develi, Belsin
Kırıkkale	Yaylacık, Menderes
Kilis	Yedi Aralık
Kocaeli	Gölcük Otosan, İzmit Yarımca Atalar, Kandıra
Konya	Selçuklu, Kulu, Telegrafçı
Kütahya	Tavşanlı, Merkez, Tavşanlı Çarşı, Gediz
Malatya	Dernek, İsmetpaşa, Hastaneler, Kanalboyu, Milli Egemenlik
Manisa	Turgutlu, Akhisar Reşatbey, Toki, Köprübaşı, Gölmarmara
Muğla	Datça, Fethiye Kesikkapı, Fethiye Hisarönü, Milas Ören, Bodrum Gümbet, Bodrum Akçaalan, Fethiye Çalış, Milas Akkent
Nevşehir	Merkez, Ürgüp
Niğde	Bor
Osmaniye	Yeni Vilayet
Sakarya	Karasu Merkez FRC
Samsun	Bahçelievler, Atakum, Aşıkpaşa, Gazi, Vezirköprü
Tekirdağ	Çerkezköy Cadde, Çorlu Emlak Konutları
Tokat	Erbaa, Turhal, Zile, Karşıyaka
Trabzon	Of, Yeni Cuma, Sürmene
Uşak	Banaz
Yalova	Armutlu, Esenköy, 100. Yıl, Sahil
Yozgat	Sorgun, Lise Caddesi
Zonguldak	Karadeniz Ereğli, Karadeniz Bağlık, Devrek İnönü, Çaycuma İstasyon

1 Ramstore store

Kazakhstan	Dirjinskovo

Migros 2008 Activities

The Sales Process at Migros and the Tender Call

On 18 June 2007, the Company's principal shareholder, Koç Holding A.Ş. authorized J.P. Morgan plc investment bank to assess all kinds of strategic alternatives including the disposal of shares in Migros. A share transfer agreement was entered into by and between Koç Holding and Moonlight Capital S.A. for the sale of 9,049,727,256 shares, each with a nominal value of YKr 1 and representing a 50.83259% stake held by Koç Holding in the Company's capital of YTL 178,030,000, for a consideration of YTL 1,977,365,405.44 on 13 February 2008. Transfer of shares to Moonlight Perakendecilik ve T.A.Ş. was finalized on 30 May 2008. The acquisition corresponded to a market capitalization of YTL 3.8 billion (USD 3.15 billion). By the purchases made on the ISE National Market on 08, 11, 18 and 19 August 2008 before the tender call, Moonlight increased its shareholding percentage in Migros to 81.59452% and shareholding amount to YTL 145,262,716.56.

In the application filed by Moonlight with CMB, the tender call price for 1 share, each with a value of YKr 1, was set at YTL 0.21243 calculated by dividing the total net amount (YTL 1,922,439,587.64) paid by Moonlight to Koç Holding for share purchase by the total number of shares so purchased (9,049,727,256 shares). Pursuant to the CMB decision dated 22 August 2008 and numbered 23/909, the tender call price was increased to YTL 0.2195 per share each with a value of YKr 1 with the addition of interest at the advance interest rate of 27% applied by the CBRT on advance transactions as of 28 December 2007 for the 45-day period that elapsed from 15 June 2008 until 30 July 2008.

The announcement for the tender call was published on Sabah and Hürriyet dailies on 03 October 2008 as well as on the corporate website (www.migros.com.tr).

The tender call period commenced on 06 October 2008 and ended on 20 October 2008. The tender call procedures have been carried out by İş Yatırım Menkul Değerler A.Ş.

Shareholding Structure before the Tender Call

Migros Türk T.A.Ş.

Shareholder	Share (%)	Amount (YTL)
Moonlight Perakendecilik ve Tic. A.Ş.	81.59	145,262,716.56
Publicly Held	18.41	32,767,283.44
Total	100.00	178,030,000.00

A total of 1,491 shareholders participated in the tender call held between 06 October 2008 and 20 October 2008, and 16.31% of Migros' shares were collected by Moonlight.

Shareholding Structure after the Tender Call

Migros Türk T.A.Ş.

Shareholder	Share (%)	Amount (YTL)
Moonlight Perakendecilik ve Tic. A.Ş.	97.90	174,293,340.15
Publicly Held	2.10	3,736,659.85
Total	100.00	178,030,000.00

After the tender call, Moonlight acquired a further 0.02% share in Migros' capital on the ISE, thus increasing its stake in the Company to 97.92%. The shareholding structure of Migros Türk T.A.Ş. as of 31 December 2008 is presented below:

Migros Türk T.A.Ş.

Shareholder	Share (%)	Amount (YTL)
Moonlight Perakendecilik ve Tic. A.Ş.	97.92	174,323,340.16
Publicly Held	2.08	3,706,659.84
Total	100.00	178,030,000.00

Sales of Subsidiaries and Associates

- **Tanı Pazarlama ve İletişim Hizmetleri A.Ş.**

At the Migros Board of Directors meeting held on 21 May 2008;

Information on the sales of Tanı Pazarlama shares

Acquirers	Share Ratio (%)	Share Price (YTL)
Koçtaş Yapı Marketleri T.A.Ş.	12	648.375,00
Aygaz A.Ş.	10	540.312,50
Opet Petrolcülük A.Ş.	10	540.312,50
Total	32	1.729.000,00

It was decided to sell all of Migros' 76,800,000 shares, each with a value of YKr 10 and all with a nominal value of YTL 7,680,000, representing 32% of the capital of its domestic associate Tanı Pazarlama ve İletişim Hizmetleri A.Ş. ("Tanı Pazarlama") to the companies named above on the stated terms and conditions for a price of YTL 1,729,000, which is the value set out in the IFRS financial statements dated 31 December 2007 drawn up in accordance with CMB communiqués.

The said sale price was collected in cash. After selling Migros' 32% share in Tanı Pazarlama to the companies named above, Migros controls no shareholding in Tanı Pazarlama. No gain on the sale of associates accrued as a result of the sales of the associate.

- **Tat Konserve Sanayi A.Ş.**

At the Migros Board of Directors meeting held on 22 May 2008;

It was decided to sell all of Migros' 390,130,308 shares, each with a value of YKr 1 and all with a nominal value of YTL 3,901,303.08, representing 2.87% of the capital of its domestic associate Tat Konserve Sanayi A.Ş. ("Tat Konserve") to Koç Holding A.Ş. for a cash price of YTL 11,860,000, taking into consideration the retrospective share prices and the company's value as set out in the IFRS financial statements dated 31 December 2007 drawn up in accordance with CMB communiqués. The closing occurred.

The said sale price was collected in cash. After the sales of Migros' 2.87% share in Tat Konserve to Koç Holding A.Ş., Migros controls no shareholding in Tat Konserve. As a result of the disposal of shares, YTL 1,090,000 was registered as a gain on the sale of associates; no decision is made as yet as to how the said gain will be utilized.

- **Koçtaş Yapı Malzemeleri T.A.Ş.**

At the Migros Board of Directors meeting held on 22 May 2008;

It was decided to sell all of Migros' 27,164 shares, each with a value of YTL 100 and all with a nominal value of YTL 2,716,400, representing 9.24% of the capital of its domestic associate Koçtaş Yapı Marketleri Ticaret A.Ş. ("Koçtaş") to Koç Holding A.Ş. for a cash price of YTL 23,099,000, taking into consideration its value shown in the IFRS financial statements dated 31 December 2007 drawn up in accordance with CMB communiqués which was based on the share valuation study dated 24 December 2007 issued by Deloitte Danışmanlık A.Ş. The closing occurred.

The said sale price was collected in cash. After the sales of Migros' 9.24% share in Koçtaş to Koç Holding A.Ş., Migros controls no shareholding in Koçtaş. As a result of the disposal of shares, YTL 20,155,000 was registered as a gain on the sale of associates; no decision is made as yet as to how the said gain will be utilized.

- **Entek Elektrik Üretimi A.Ş.**

At the Migros Board of Directors meeting held on 21 May 2008;

It was decided to sell Migros' 12 shares, each with a value of YKr 5 and all with a nominal value of YTL 0.60, in its domestic associate Entek Elektrik Üretimi A.Ş. ("Entek") to Aygaz A.Ş. for a price of YTL 0,60, and the closing occurred

The said sale price was collected in cash. After the sales of Migros' share in Entek to Aygaz A.Ş., Migros controls no shareholding in Entek.

Migros 2008 Activities

Acquisition of Subsidiaries and Associates

- **Sanal Merkez T.A.Ş.**

At the Migros Board of Directors meeting held on 21 May 2008;

It was decided that the following shares in Sanal Merkez T.A.Ş. be acquired for a total consideration of YTL 339,389.71, calculated based on the value shown in Migros' IFRS financial statements dated 31 December 2007 drawn up in accordance with CMB communiqués, and the closing occurred;

- 4,499 shares with a nominal value of YTL 44.99 held by Temel Ticaret ve Yatırım A.Ş. for a cash price of YTL 169.57;
- 8,999,996 shares with a nominal value of YTL 89,999.96 held by Koçsistem Bilgi ve İletişim Hizmetleri A.Ş. for a cash price of YTL 339,220.10, and
- 1 share with a nominal value of YTL 0.01 held by Koç Yapı Malzemeleri T.A.Ş. for a cash price of YTL 0.04

The closing occurred for the transaction.

At the Migros Board of Directors meeting held on 22 May 2008;

It was decided to acquire 4,500,000 shares in the capital of Sanal Merkez T.A.Ş. having a nominal value of YTL 45,000,000 held by Koç Holding A.Ş. for a cash price of YTL 169,610.13 calculated based on the value shown in Migros' IFRS financial statements dated 31 December 2007 drawn up in accordance with CMB communiqués, and the closing occurred.

Upon acquisition of the shares pertaining to Koç Holding A.Ş., the stake controlled by Migros in Sanal Merkez T.A.Ş. rose to 99.99%.


Dondurulmuş Ürünler
İndirim
549,00
449,00 TL
İndirim
SIERRA
37 EKRAN TV
129,00
119,00
İndirim
79,00
69,00 TL
İndirim
119,00
99,00 TL
SIERRA
SNOPY
king
DeLonghi
Jet gibi ödemeye ne dersiniz?

Migros 2008 Activities

Information on the merger between Migros Türk T.A.Ş. and Moonlight Perakendecilik ve Ticaret A.Ş.

To achieve higher efficiency in management and to optimize Migros' capital structure, the Migros Board of Directors resolved to merge Migros and Moonlight within the framework of the applicable legislation and regulations. The operation of Moonlight and Migros under a single legal entity as a result of the merger will bring about necessary synergies.

Migros will be merged into Moonlight, resulting in a dissolution without liquidation, and Migros will be taken over by Moonlight in its entirety with all of its assets and liabilities without tax; as such, the merger will take place in accordance with CMB Communiqué Serial: I No: 31 on Principles Regarding Mergers, Turkish Commercial Code article 451 which governs the merger by acquisition, and articles 19 and 20 of the Turkish Corporate Tax Law.

The merger will be based on the consolidated financial statements of both companies dated 30 September 2008 and audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and on Moonlight's special purpose proforma financial information and independent verification report dated 30 September 2008. Pursuant to the provisions of the CMB Communiqué Serial: I No: 31 on Principles Regarding Mergers, an "Expert Report" and an "Expert Company Report" have been drawn up in relation to the merger by experts appointed by the Turkish Republic Istanbul 5th Commercial Court of First Instance and the Expert Company, Ernst Young Kurumsal Finansman Danışmanlık A.Ş. (an Affiliated Firm of Ernst & Young International), respectively.

In the expert report and report issued by the Expert Company, Ernst Young Kurumsal Finansman Danışmanlık A.Ş. (an Affiliated Firm of Ernst & Young International), a valuation was performed according to the Discounted Cash Flow (DCF), Market Approach (MA) and Equity Method (EM) methods, and the ratios presented below were established:

Method	Ratio of Merger	Share Exchange Ratio
DCF	0.97918	1.00
MA	0.97918	1.00
EM	0.99159	0.399

Accordingly, the merger method was determined as the mean average of the DCF and MA methods, computed according to consolidated financial statements dated 30 September 2008, which were drawn up in accordance with the CMB accounting and reporting principles. As a result, the ratio of merger and the share exchange ratio were found as 0.97918 and 1.00, respectively.

Through this transfer, the share capital of Moonlight will be increased by YTL 3,706,660 from YTL 174,323,340 to YTL 178,030,000. As a result of the merger, Migros' shareholders (apart from Moonlight) will receive a total of 370,666,000 shares in Moonlight Perakendecilik ve Ticaret Anonim Şirketi (Migros Ticaret Anonim Şirketi as it will be named post-merger) with a total nominal value of YTL 3,706,660, which will comprise bonus shares in dematerialized form and which is calculated on the basis of the share exchange ratio mentioned above.

The merger was approved by the Capital Market Board at their meeting on 24 March 2009 and the public disclosure in due course was made in Radikal and Dünya newspapers, and at the websites of İstanbul Stock Exchange and Migros (www.migros.com.tr) on 28 March 2009.

As part of the merger process, the company name of Moonlight Perakendecilik T.A.Ş. will be changed to "Migros Ticaret Anonim Şirketi".

Marketing and Sales Activities

Migros Club and CRM (Customer Relationship Management)

As the first loyalty program in the retail sector, and still the sector's largest card program, Migros Club Card celebrated its 10th anniversary in 2008. Supported by the remarkable growth of the Migros Club Card through a host of activities during these ten years, the bonds with customers were cemented even more strongly by differentiated advantages offered with a keen eye on diverse lifestyles. The 10th anniversary celebrations were characterized by the joy reflecting this strong bond.

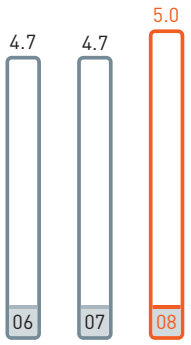
Attaining a first in its 10th year, the Migros Club cut the "Migros Club 10th Anniversary" cake at exactly the same time in 73 Migros stores across 42 cities throughout Turkey on 22 May, with the participation of the store management, store staff and customers. Events organized by observing different lifestyles brought Migros Club Card holders together for fun and activities. The first activity was held at Izmir Ege Park, where a famous artist shared her beauty tips with Migros Club members. Members of the program in Adana joined well-known artists to take part in their creativity. During the event, participants were given tips about life, the ins and outs of beauty treatment and a good life, as well as practical suggestions for use at home. Members of the Migros Club in Ankara shared an enjoyable picnic with their families, with Migros supplying the meat and barbeques. An outdoor kitchen was set up in Parkorman for the Migros Club members in Istanbul, with a famous artist preparing special menus for the children. Migros Club members in Antalya had the opportunity to enjoy an outdoor film at the open air cinema.

Having introduced the CRM portal in 2007, enabling detailed statistical profile analysis of their own customers to the suppliers, Migros Club expanded its portal with the addition of new report in 2008, allowing suppliers to work more efficiently. Suppliers were also provided with periodic user training of the portal, helping them become better acquainted with their customers. Under another collaborative initiative with suppliers, 2.4 million Migros Club members were presented with special campaign offers during the reporting period.

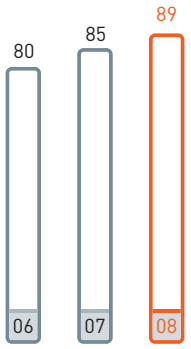
During 2008, the service quality of kiosks inside stores was improved and they were relaunched under the "Clubmatik" name. All Clubmatik machines were fitted with special visuals to help customers locate them easily in the stores. In December, a draw was organized among the customers using these machines to their raise awareness, and to demonstrate their user friendliness. Migros Club members had the opportunity to participate in the draw, in which the grand prize was a car, merely by scanning their cards through Clubmatik machines.

As a result of all these efforts, the Migros Club Card was actively used by nearly 5 million customers in 2008. Sales with Migros Club Cards account for 78% of all of Migros sales.

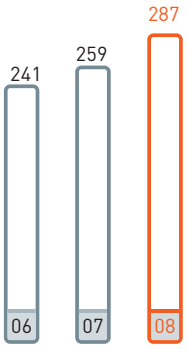
Number of Active Migros Club Cards (million)



B2B Share in Migros Purchases (%)



Number of Domestic Customers (million)



Migros 2008 Activities

Category Management

In a bid to better respond to evolving retail conditions and customer expectations, the Kayseri and Manisa stores - which had previously provided services under the Migros format - were converted into a 5M format. This transformation, which led to a 30% jump in turnover when it was implemented for the Antalya, Beylikdüzü and Ankara in 2007, produced successful results at the Kayseri and Manisa stores, and their turnover more than doubled.

The Company embarked on Tansaş Brand Positioning initiatives in the supermarket segment, where the Company is active through several brands. The initiatives, aimed at differentiating the Migros and Tansaş brands, were brought to completion and put into practice by the year-end.

Following suit from the last seven years, average price increases at Migros once again lagged behind the rate of CPI inflation (10.06% in 2008, according to TURKSTAT) in 2008 by reason of a series of discounts and promotions.

Stores located in Price Competition Regions, which increased in number during 2008 in response to evolving competitive conditions, underwent a process of renewal with a new product portfolio used in competing with the rival stores, thus achieving a more competitive structure.

Structuring efforts to accommodate regional products that represent great significance in the market, particularly with respect to local competitive conditions, were completed and the initiative was gradually rolled out.

The Company restructured the management of private-label products, an area it places great emphasis on as it strives to differentiate itself from its competitors, and major decisions were taken which will be put in practice in 2009.

As a result of the portfolio revisions undertaken in line with changing consumer needs and habits, shelf space allocations in stores were reviewed and remade as necessary. Software used in the Shelf Management System was replaced, enabling each category manager to manage their category shelves in all formats. This change allowed stores to keep their product portfolios up-to-date at all times.

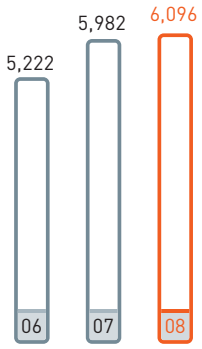
To ensure more effective management of secondary placement areas, spaces in front of check-outs were arranged in greater detail and started to be marketed seasonally.

Automated ordering system, which has been an ongoing process at Tansaş, Migros and Şok stores, served to considerable increases in on-shelf availability ratios.

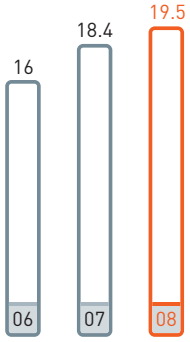
2008 was a year of ever more intensive promotional activity at Migros. The constantly organized catalogues and weekend promotions continued, with a series of attractive campaigns such as “Starry Days”, “40% off in 40 Products”, “Believe What You See”, “Only if You can Make it on Time”, “Discount on Fresh Produce”, and “50% off the Second Purchase”. The “Annual Ramadan Campaign”, which has become a Migros classic, was also organized in the month of Ramadan.

Stores located in Price Competition Regions, which increased in number during 2008 in response to evolving competitive conditions, underwent a process of renewal with a new product portfolio used in competing with the rival stores, thus achieving a more competitive structure.

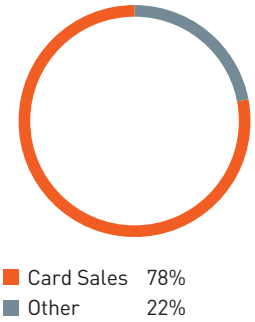
Domestic Sales Per Square Meter (USD)



Domestic Sales Per Customer (USD)



Domestic Sales with Migros Club Card in 2008 (%)



Migros Call Center

Attracting 300 million customers every year, Migros continues to grow and attract outstanding interest. As part of its aim to offer a pleasant shopping experience to its customers, Migros carefully evaluates customers' post-shopping feedback and aims to improve all of its processes by constantly advancing its standards and improving its services.

As part of its core value of “customer focus” adapted by the entire Company, the target is to concentrate not on meeting customer expectations, but on “exceeding” them. Placing utmost priority on customer satisfaction, in order to evaluate Migros' Customer Care Line continues to serve customers from its 444 10 44 phone number, which can cater for all formats to handle customer complaints and suggestions, a task which the Company places considerable importance on.

All feedback received is assessed and necessary improvements are put in place. The Call Center responds to an average of 300,000 calls per year, which include complaints, requests, suggestions and praises. Around 90% of all queries are resolved within 48 hours and customers are called back with an answer. Thanks to the well-designed infrastructure installed, all incoming calls are automatically referred to the manager of the relevant unit, and are forwarded to the next management level if Company fails to respond within the 48-hour query resolution time...

In addition, Migros released the names and e-mail addresses of all executives and managers on its corporate website under the “Who's Who in the Head Office” section, as a part of its transparency principle.

Migros 2008 Activities

Kangurum and Virtual Market

www.kangurum.com.tr

Kangurum and Migros Virtual market are operated under Sanal Merkez T.A.Ş. ("Sanal Merkez"), which has been offering customer delivery services under the Kangurum brand since 2000. Providing its services through the internet, by telephone and over kiosks, Kangurum is a virtual shopping center covering various stores in different categories. Over 100,000 types of products from reputable stores, which stand out for their brands and quality, are offered to customers at Kangurum around the clock throughout the year.

One of Turkey's leading websites in online shopping, Kangurum received a monthly average of 200,000 hits in 2008 and an average of 20,000 orders received per month.

Launched in 1997 and operating under the Kangurum brand since 2000, the Migros Virtual Market started delivering products to its customers accompanied by Migros cash register sale receipts since 1 May 2008. The Migros Virtual Market expanded the coverage area of its services in 2008 by extending its operations to 26 stores throughout 10 cities. At the same time, the number of delivery trucks used for Virtual Market orders rose to 44, with an increase in the number of delivery personnel to 127. Expanding its coverage throughout the summer, and also offering services in summer resorts, the Migros Virtual Market provides deliveries to yachts berthed in marinas, in Marmaris, Kuşadası Didim, Çeşme, Fethiye and Göcek adding to the list of delivery regions during the summer. With the inclusion of seasonal locations, the number of delivery points reached 31.

The CRM operations, company-specific advertisements, banners, mailing activities and other campaigns introduced at Kangurum in 2008 as part of the Migros CRM integration, in conjunction with creative marketing implementations, continued to please both customers and our business partners.

Kangurum renewed and upgraded its shopping facilities in 2008.

Migros Virtual Market reached yet another important milestone by introducing the Periodical Order facility which allows customers to plan their orders.

As well as Migros CRM campaigns, the Virtual Market introduced exclusive online campaigns, marking its sectoral leadership.

Starting in 2008, customers could benefit from campaigns specific to order delivery regions.

In integration with CRM within the scope of the customization initiative, average sales per basket were increased by suggesting alternative products to the customers.

2008 was an important year in which Kangurum provided added value, not only to its customers, but also to its suppliers. Migros is determined to push ahead with its efforts to share its resources with its suppliers.

The Migros Virtual Market expanded the coverage area of its services in 2008 by extending its operations to 26 stores throughout 10 cities. At the same time, the number of delivery trucks used for Virtual Market orders rose to 44, with an increase in the number of delivery personnel to 127.

The Migros website was given a dynamic and flexible outlook with the addition of various special days and campaigns such as “Only for You”, “Discounted Products of the Week”, “Weekend Campaigns”, “New Year's Eve”, “Migroscope” etc.

Drawing on its many years of experience, sales of sacrificial animals were also successfully carried out early December in 2008 during the Eid Al-Adha (Festival of Sacrifice). All orders for delivery to address received through Migros, Tansaş and Macrocenter stores, the internet and the Call Center were either donated by Kangurum to charitable organizations or delivered via the Migros Virtual Market delivery teams to the specified addresses on the second or third day of the Festival, according to customer preferences. The www.kangurum.com.tr website was supported by www.e-kurban.com, a supporting website launched for the occasion.

Kangurum was one of the first five companies to introduce the Garanti CepBank Shopping service simultaneously with its launch at the beginning of 2008, for which the infrastructure was completed in December 2007. The service enables customers to complete online shopping payments by only providing their mobile phone numbers, without sharing credit card or account information through internet. The application enables the collection of bonus points and payments installments on credit cards, bonus point redemption and cash payments through debit cards and cash payments from bank accounts.

In addition to the CepBank application, www.kangurum.com became the first website to implement the “Turkcell Mobile Signature” in 2008 in accordance with the Electronic Signature Law no. 5070.

Kangurum, with its principle of customer satisfaction focused marketing, maintains its emphasis on its mission of being a high quality service provider rather than being merely product focused and strives to strengthen the loyalty of its customers in all of their shopping experiences. The Customer Care Service Department exercises the utmost care and diligence in responding to incoming calls and emails received 7 days a week. The compliments from customers received endorse the achievement in this area.

Migros 2008 Activities

Information Technology

CRM Campaign Management Tool Project
Oracle Siebel, which was purchased as a CRM campaign management tool in 2007, was implemented during 2008. The tool enables overall management of the CRM campaigns, designed specifically for the individual and the segment, by the task team itself with less support required from the IT.

Enriching Customer Communication Channels
A new channel was added to existing customer communication channels in 2008: www.mobil.migros.com.tr. This channel enables customers, using their mobile phones to gain access to the web page to learn their Migros Club points, their past purchases and campaigns tailored for themselves, as well as Migros Club announcements. The SMS communication channel, which had previously been outsourced, was managed by the Company's own software in 2008. Consequently, text messages were sent to a large number of customers; more flexible, tailored made campaign announcements were made, or campaign applications and customer data were collected.

Data Warehouse Projects
Stock information history, out of stock reports, item deletion analysis and present day sales analysis were among the important data warehouse projects in 2008.

Credit Card Data Encryption
Credit card numbers, stored for loyalty purposes in the data warehouse and campaign application systems, must be kept in an encrypted form according to PCI standards. This operation was started beginning of 2008 and completed by the end of the second quarter. All transactions involving loyalty card numbers and the table in which the card numbers are kept have been encrypted, adding to their security. Business users are now only able to view the encrypted card numbers and follow the customers with this odd number coded default card numbers.

B2B System Servers and Database Upgrades
Five servers hosted on KoçSistem, on which the B2B system is operated, have been renewed and the applicable database was upgraded to Oracle 10g.

Shelf Management System Revision
The Apollo shelf management system, used on a limited basis, has been transferred into a new application under the Spaceman shelf management system, to expand it to all store formats.

Transition to WMS (Warehouse Management System) for Distribution Centers
Revision and development work for applications is underway with the aim of bringing the Infor WMS package into operation at the Şekerpınar Distribution Center.

WAN GPRS Backup Project at Şok Stores
Running all applications such as POS transactions, B2B, the order system, operational systems, the SAP system, online promotions, kiosks, data transfers, phone calls, e-mail and e-fax on wide area networks (WAN), the Company finalized the infrastructure revision projects, which also covers the rapidly growing number of Şok stores.

Electronic Archiving
Necessary steps have been taken to ensure that data such as e-mails and files which exist in an electronic environment are automatically archived.

This has enabled the transfer of data on existing operation mainframes to archives, in turn effecting significant improvements in performance while easing the management of servers and user systems.

Security Policy Introduced

In the first step towards its target of obtaining an ISO security certificate, Migros undertook necessary work for the development of security measures which will form the basis of this certificate, and drafted a list of the required measures. This represents a vital step in terms in defining the content and framework of information security at the Company, while developing awareness among employees on this subject.

NAC Solution Introduced

The NAC solution system has been implemented, which enables authorized access/ monitoring on the basis of equipment to attain LAN security in particular and associated activities. The system will form the basis of future efforts in relation to security.

Order/Follow-up System over B2B

The project, which enables the orders by foreign subsidiaries placed through Turkey are processed on an electronic platform centrally, is now fully operational. Under this system, foreign subsidiaries are able to enter orders for products in a pre-defined list, follow-up the status of their orders and receive information on the list of goods to be received when orders are shipped. This project enables all product shipped to Ramstores to be ordered using this new system, which brings significant time savings by cutting down on unnecessary cluttered information

Standardization of Country Websites

With the objective of bring a standard content format to the www.migros.com.tr website in all Ramstore countries, the project highlights the goal of offering customers with the best website, a natural aim for any company targeting globalization.

Migros 2008 Activities

Human Resources and Training

Migros considers its human resources as a privileged and strategic factor in maintaining a competitive edge towards the achievement of corporate strategies, and sums up its HR policy as "Creating the Human Resource that will Create Competitive Edge". The Company regards individual competitive strength and the development of each employee as the most important factor in building corporate competitive strength to drive rapid adaptation to evolving competitive conditions and sustained leadership in the sector. The Company's human resources and training strategies are built to create an agile and proactive organizational structure in line with corporate strategic goals, to develop a fully-equipped, customer-focused, and process-oriented human resource that makes a difference so as to best satisfy the Company's current and future needs from within the organization. In keeping with this, Migros HR systems and practices are designed and managed on the principle of constant development with a view to achieving corporate strategies and in line with the claim to be the company with highest employee efficiency in the food retailing sector.

During 2008, Migros employed an average of 14,327 staff (12,762 in 2007); with 11,012 of these working full-time and 3,315 on a part-time basis.

In line with the human resources' growth strategy that parallels the Company's strategies, the Recruitment and Placement Department continued with its recruitment activities via the newly set-up regional interviewing offices as well as the head office. The determination of employee profiles and improvements made to the recruitment processes were aimed at the placement of the right individual in the right position. In this context, 8,648 people were hired in 2008 (6,694 in 2007).

With a view to forming the new human resource identified both qualitatively and quantitatively, cooperations were established with universities in 2008 as was the case in 2007. Accordingly, the joint project under the heading of the "Retail Store Management Student Development Program" was carried on with ten universities, while also appearing in career days and P&R events. Again within the scope of cooperations with universities, university students were employed on part-time basis to be assigned to new projects, who were later retained with the Company depending on their performances in respective projects.

Designed to measure the employees' satisfaction and loyalty, the "Employee Satisfaction Survey" was conducted. Participated by 8,529 people, the survey results indicated to a 15% improvement in the loyalty and satisfaction factor as compared with 2007.

With Migros employees now being outside the scope of the Koç Pension Fund, the employees were presented with the opportunity to have contributory individual pension plans, life and health insurances.

Development Planning and Career Management processes were carried out for nearly 2,000 white-collar employees, ensuring extensive participation. White-collar employees have access through their own personal computers to results of their personal assessments through the Company's remote training system, AkadeMig, based on the required profiles for their current positions and the upper level assignments, as well as the development tools offered according to their identified improvement areas.

Launched in 2006 and providing employees access to comprehensive information on human resources processes and systems, along with the chance to monitor their personal information and records, the option to request changes in this information and to participate in the human resource processes, the "Migros Human Resource Portal" continues to offer service to its 1,200 users with functions enriched continuously.

The Performance Management System employs the Balanced Scorecard approach to deploy the Company's strategies and targets across the organization and evaluate employee performance objectively under predefined criteria. The results of these evaluations are used to steer career development/succession, compensation package and personal development policies. Also held in 2008, target deployment meetings were effectively used to expand corporate strategies and goals to all units ensuring the widespread participation of employees. Under the Performance Management System, system-generated reports were used to support the performance monitoring of numeric indicators for all financial, process, customer, technological innovation and employee criteria. Actuals for these indicators were transferred on a quarterly

basis to the Migros HR Portal, thus giving the employees the opportunity to constantly monitor their performance throughout the year and to formulate their action plans accordingly. Within this scope, almost 2,000 white-collar employees from all levels of the organization were evaluated within the scope of the goal determination and performance monitoring and assessment processes which are conducted annually. The Performance Management System was completed in an electronic environment through the SAP-SEM (Strategic Enterprise Management) module used for the management of these processes.

In 2008, “Store Managers Premium System” has been implemented on common principles for all formats. The performance results for store managers of all formats were monitored and evaluated through the HR Portal. The system enables monitoring the performances of all organizational units from stores to the head office and distribution centers on a monthly basis in comparison with the predefined performance indicators, as well as annual assessments, thereby supporting the decision-making processes of concerned managers.

In accordance with the Company's “customer-centric” strategy, the Store Employee Service Quality Assessment System was implemented throughout the four quarters of 2008 at Migros, Macrocenter and 5M formats with a view to improving the quality of service offered at the stores, assessing the behavioral competence of employees with respect to customer satisfaction, and rewarding performances which are deemed to make a difference. Throughout 2008, the service quality performance of over 6,400 employees was evaluated electronically and those employees who had performed successfully were rewarded with bonuses, thus encouraging a focus on customer satisfaction and service quality by employees. Furthermore, those employees whose skills needed improvement were identified and they were given the necessary training programs.

Early 2008 saw the launch of the Migros Rewarding System established to recognize and appreciate employees displaying superior performance within the frame of corporate values and basic competencies. The Migros Rewarding System combines the three existing practices with two new ones under the general heading of “Migros Reward Cascade”. The aim of the new system is to achieve enhanced motivation and productivity across the Company, to support the employees for conception of creative ideas that are aligned with corporate goals, to timely recognize and appreciate employees with superior performance, and to reward employees who have a long history of contributing to the success of Migros, while also providing a competitive, dynamic, entrepreneurial and innovative working environment.

Migros continued to export its accumulation of human resource know-how to the foreign subsidiaries during the reporting period. The Company took steps towards effective implementation of the Integrated Human Resource processes abroad as well.

The Company took yet another important step in 2007 in relation to the integration of process-based management and Quality Management Systems, the expansion of which have been ongoing since the acquisition of Tansaş in 2006. The relevant preparatory work begun by early 2007 with process development and Quality Management System practices for Şok discount stores were certified upon the inspections conducted by the Turkish Standards Institution (TSE) in November. As a result, Şok stores also hold the ISO 9001-2000 Quality Management System, as well as ISO 22000-2005 Food Safety Management System certifications. Thanks to this development, Migros remains the retail chain to implement quality management systems at the most points in Turkey, and also is the name to carry good quality into discount stores. In 2008, TSE inspections were conducted at all of branches as a result of which Migros was entitled to renew the ISO 9001-2000 Quality Management System Certification earned three years ago.

During 2008, Migros employed an average of 14,327 staff.

The training strategy at Migros is built to structure the organization in line with corporate strategic goals, to develop a fully-equipped, agile, reliable and efficient human resource to best satisfy the Company's current and future needs from within the organization.

The corporate development target is to create and implement the requirements imposed by its expansive organization and diverse formats on the basis of locations and individuals through its corporate training portfolio, strategic collaborations and advanced technology solutions. Giving weight to the retail-based original training programs, training practices cover a broad range including, in particular, store

Migros 2008 Activities

operation, management, the complementary fields of expertise in retailing, quality management in service and professional and competence development.

21 middle managers graduated from the MPMT Program in 2008, which was implemented at KÜMPEM, the Koç University Migros Professional Management Training Center. Possessing pre-MBA quality specific to the retail sector, students of the 216-hour program completed the training modules supporting theoretical information in marketing management, financial management, financial accounting, information technologies, retail management, human resources management, supply chain management, strategic management, and the macro and micro economy, with case studies from the sector.

Developed in 2007 in cooperation with the Anadolu University Open Education Faculty for employees who did not complete their undergraduate and/or associate degree education, "Migros Retailing Associate Degree Certification Program" has been expanded to cover all employees in the reporting period. After completing 15 course modules under the scope of management and organization, general accounting, marketing management, introduction to retailing, and retailing certification programs, employees will be entitled to receive the Migros Retailing Associate Degree Certificate. The curriculum formulated by lecturers of Anadolu University employs multilearning components.

Employees across the nation received an average of 21.71 hours of training during 2008 in order to enhance customer satisfaction and service quality.

Covering 194 classroom sessions, 120 e-learning modules, 145 articles and 74 book reports in its portfolio, and available on a 24/7 basis, the Corporate Development Portal, AkadeMig, provides employees with remote access to development resources contained in its structure.

In addition, to create employment opportunities for young people who graduate from vocational high schools, and to employ individuals who receive education in retailing, Migros was actively involved in efforts towards the establishment of a retailing department under trade vocational high schools. As a result of this initiative, there

Developed to make the most of the creative suggestions by Migros employees and to collect and process them under a project perspective, the project proposal system Creative Idea was restructured under the heading "Put My Idea to Life".

were a total of 150 schools covering the retailing department in Turkey by the end of 2008. Retailing Department students in senior year of the pilot schools in 2008-2009 academic year carry on their practical vocational training at three training stores.

Developed to make the most of the creative suggestions by Migros employees and to collect and process them under a project perspective, the project proposal system Creative Idea was restructured under the heading “Put My Idea to Life”. Employees' proposals are regarded as one of the most valuable tools in revitalizing companies and increasing their resilience to the competition. Migros employees electronically share their proposals under five categories; the selected projects are offered financial support to go live and attain widespread coverage.

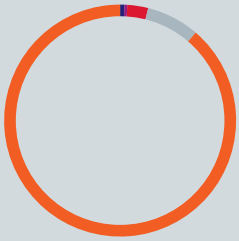
Redefining retailing

Migros is one of the world's few food retailers to manage such a variety of brands in one single country...

Migros' competitive advantage lies in its innovation, its ability to cater to a wide variety of customer segments and its close relationship with customers. Migros is able to rapidly meet the customers' demands that vary based on individual expectations and social attitudes. It is also strengthening its competitive advantage based on brand variety by accentuating the differences between brands.

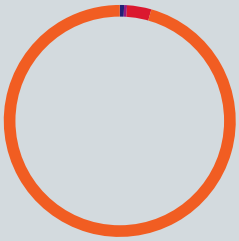
Foreign Subsidiares

Breakdown of Sales in 2007



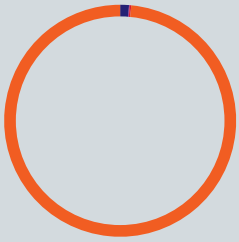
Turkey	88.7%
Russia	7.4%
Kazakhstan	2.9%
Bulgaria	0.6%
Azerbaijan	0.4%

Breakdown of Sales in 2008



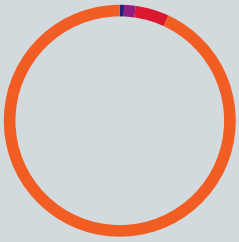
Turkey	95.6%
Kazakhstan	3.4%
Bulgaria	0.6%
Azerbaijan	0.4%

Breakdown of Profit in 2007



Turkey	96.7%
Kazakhstan	2.0%
Bulgaria	1.2%
Azerbaijan	0.1%

Breakdown of Profit in 2008



Turkey	93.1%
Kazakhstan	4.7%
Bulgaria	1.6%
Azerbaijan	0.6%

RAMSTORE KAZAKHSTAN

Economy

The year 2008 was marked by 2.8% growth in the Kazakh economy, with the annual rate of inflation halving from 18.8% in 2007 to 9.5% in 2008. Industrial output dropped by 2.9%, with the share of manufacturing industry in GDP decreasing to 16.3%.

The Kazakh Government forecasts between 1-3% economic growth in 2009 and 2010. Inflation is estimated to range between 7.5-9.5% in 2009 and 6.5-8.6% in 2011.

Meanwhile, the IMF revised its previous 5% GDP growth forecast for Kazakhstan to 4.5% for 2008 and from 6.0% to 5.3% for 2009, with the fallout from the global credit crisis as the culprit of the deceleration in growth. According to Fitch Ratings, Kazakhstan's GDP growth rate is anticipated to slow dramatically from an annual average of 9.6% between 2003 and 2007 to 2.5% in 2009 and to 1% in 2010.

The new tax law entered force on 1 January 2009 in Kazakhstan, according to which the rate of corporation tax will be maintained at its current level of 20% in 2009, before being cut to 17.5% in 2010 and to 15% in 2011.

The Kazakh banking sector started to feel the impact of the international credit crisis in July 2007. Banks had to borrow at relatively high interest rates from international capital markets.

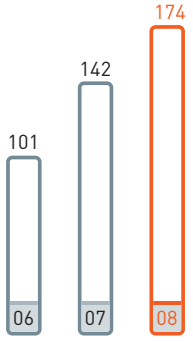
Initial predictions before mid-2008 suggested that the crisis would have little impact on the Kazakh economy. However, the global crisis - which deepened after the collapse of Lehman Brothers in September - hit the national economy hard with the collapse in prices of oil and other commodities which account for 70% of Kazakhstan's exports, and attract more than 76% of its foreign direct investments.

An US$ 18.3 billion stabilization plan was approved by the Kazakh government in November 2008 in a bid to mitigate the adverse socio-economic effects of the economic contraction in Kazakhstan and also to lay the foundations of future economic growth. According to the plan, a total of US$ 4 billion has been set aside for the acquisition of shares in the country's biggest banks and to take over their debts, with US$ 3 billion set aside to finance high priority investment projects in the real estate sector, and to subsidize low-interest rate mortgages. The same scheme also envisaged SMEs, the agricultural industry and innovative infrastructure and industrial projects with each to be allocated US$ 1 billion. The plan aims be a major pillar in Kazakhstan's development in 2009. A reserve fund of US$ 50 billion has also been kept available by the Kazakh Central Bank to combat the crisis.

The Retail Sector in Kazakhstan and Ramstore's Activities

Retail sales in Kazakhstan grew by 3.3% YoY in real terms in 2008. This marks a slowdown from the CAGR of 20% in national retail turnover over the previous seven years, during which time the sector doubled in size. Meanwhile, international retailers have been showing an ever-growing interest in Kazakhstan.

Ramstore Kazakhstan Sales (YTL million)



Foreign Subsidiares

With a total retail turnover of US$ 5.6 billion, Almaty corresponds to nearly 44% of the country's retail turnover. More optimistic forecasts project a doubling in the current retail volume by 2012. Astana, Kazakhstan's second major city, recorded retail turnover of US$ 1.3 billion, accounting for 7% of the national total in 2008.

The year 2008 was marked by significant consolidation, with the acquisition of the Gross chain and its 42 outlets by the SM Market, which previously had 8 stores. In addition, two local discount hypermarkets - Magnum and Arzan - joined the competitive race in the market. Having opened its first store in 2007 in Karaganda, the Russia based Vester opened two hypermarkets in Almaty and Astana.

A total of 8.6 million customers were served during 2008 in Kazakhstan, representing growth of 21%. The Dirjinskovo store opened its doors in Almaty in 2008, thus bringing the number of stores to 10 and sales area to 20,517 square meters. One of the 10 stores is the Samal Shopping Mall.

The Company is constantly distinguishing itself from the competition by introducing new products, with its unmatched product diversity, including fresh meat, delicatessen products and fresh produce proving popular with customers.

Under current market conditions, where production is severely limited and products are mostly exported from Russia and CIS countries due to the customs union advantages, the Company supported the export of Turkish products, offering a stable price-quality balance.

Around the clock sales commenced in regional stores in Almaty, and supplier-backed discounts were drawn up in order to support sales at night and attract customers.

In 2009, the Company will turn its focus to efficient cost management methods in an effort to ease the effects of the economic crisis and the fiercely competitive playing field. Efforts will also be made to develop a competitive edge and grow rapidly, based on a policy of achieving easy accessibility, low operating costs and low pricing through investments in discount stores. Capitalizing on the advantages of offering a rich selection of products at reasonable prices with the hypermarket investment, the Company aims to reach all customer segments.

RAMSTORE BISHKEK

Economy

Real GDP growth in Kirgizstan is projected to drop from 6% in 2008 to 4.5% in 2009. Growth will be hit by economic weakness in Russia and Kazakhstan in 2009, falling demand for Kyrgyz exports and a contraction in the flow of foreign currency from foreign workers which feeds private consumption. An exacerbation of the problems experienced by the financial sector in Kazakhstan

will also take its toll on the Kyrgyz construction sector.

Slumping prices of food and industrial raw material is expected to pull the rate of inflation, which is estimated to have stood at 24.4% in 2008, to an annual average of 10% in 2009 and 6.5% in 2010.

It is also projected that the local currency, the Som (KGS), will lose value against the US dollar, with the exchange rate moving from an average of 36.6 to the dollar in 2008 to 38.6 to the dollar in 2009.

The current account deficit stood at 12% of GDP in 2008.

The Retail Sector in Kyrgyzstan and the Activities of Ramstore Bishkek

Kyrgyzstan has a population of around 4.8 million. Supermarkets or, in other words, organized retail, accounted for 28.6% of total retail sales in Bishkek in 2008. Some 52.7% of products sold in the market consist of food products with the remaining 47.3% comprised of non-food products, while 40% of products sold are imported.

Ramstore Bishkek has aimed to step up its weekday events during the reporting period. In addition, close contact was coordinated with suppliers to offer a broader variety of goods; the Company negotiated with local companies.

RAMSTORE AZERBAIJAN

Economy

The Azeri economy witnessed an outstanding 13.1% growth in 2008, a rate that is expected to slump to 2.5% in 2009 before the rate of growth recovers to 4.5% in 2010. Since Azerbaijan achieved a staggering annual average growth rate of 20% between 2004 and 2008, the loss of pace expected in 2009 and 2010 partly results from base year effects.

Azerbaijan has been hit by the global financial crisis through falling oil prices and the higher risk outlook which has affected emerging markets. A combination of the difficulties that commercial banks will face in tapping international funds and reduced access to loans by national companies and households will serve to slow growth in the non-oil economy.

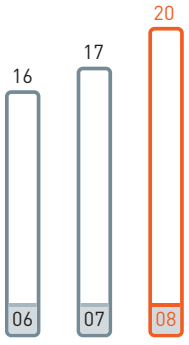
The support extended by the country's central bank (The National Bank of Azerbaijan) to banks precipitated a contraction of foreign currency reserves during 2008. The country's dependence on oil based revenues raises the risk to its financial position.

The annual rate of CPI inflation was estimated at 20.5% for 2008, but is projected to drop to 10% in 2009 and 2010. An expansionary fiscal policy, pay rises and social expenditure combined with massive spending on infrastructure projects all caused significant inflationary pressure in 2008.

Competition will heat up between the EU and Russia over access to Azerbaijan's energy resources, particularly natural gas. Weaker real GDP and an expanding money supply, combined with lower commodity prices, will take some pressure off inflation in 2009, while a tighter fiscal policy will put the brakes on pay rises.

The development of the oil and gas sector will continue to support various industries in

Ramstore Azerbaijan
Sales (YTL million)



Foreign Subsidiares

Azerbaijan, such as transport and construction. Growth in private consumption will decelerate, while growth in domestic demand will be driven by public spending and investment.

The Retail Sector in Azerbaijan and Activities of Ramstore Azerbaijan

Azerbaijan's registered food retail sector was estimated to amount to US$ 1.5 billion in 2008, accounting for a 28% share of the total food retail in the country.

The market is characterized by a wide unregistered economy and unfair competition. People generally prefer to shop from open-air markets. Azerbaijan lacks a sufficient amount of reasonably-priced and high quality domestic production, in turn restricting the number of organized retailers. The sector is still dominated by open-air markets and neighborhood groceries.

Ramstores served a total of 832,000 customers during 2008.

The Company did not open any new stores in the reporting period, and pursued its operations through its three stores in Baku.

An international company was hired in 2008 to conduct a comprehensive customer satisfaction survey. The results from the survey were taken into consideration within the 2009 activity program.

The Ramstore Club Card was expanded, raising the number of active users in 27% from 58,537 in 2007 to 74,159 in 2008. In a bid to improve the efficiency of the Ramstore Club Card system and create the infrastructure needed to enhance the effectiveness of campaigns and activities, checkout systems of existing stores were brought into alignment with such special events.

In addition to seasonal events, the Company also organized campaigns to drive sales, which were supported by announcements aired on radio stations.

Despite artificial price increases in the market caused by the new tax legislation, the Company secured significant advantages in its good purchases thanks to its negotiations with relevant firms.

The Company explored investment opportunities in Baku, Ganca and Sumqayit in 2008, and subsequently initiated construction work on the Shuvelan store, which is scheduled to open in 2009 in Baku's most prestigious suburb.

Ramstore Azerbaijan has set priority for 2009 of achieving growth both in existing stores and through new store openings in different regions.

RAMSTORE MACEDONIA

Economy

Macedonia's real GDP grew at an annual rate of 5.7% in the first half of 2008, driven by strong growth in the manufacturing, construction and financial services sectors, coupled with healthy consumption expenditures and a solid fixed capital composition. The introduction of a flat-rate taxation system and measures to cut red-tape also underpinned growth, which is estimated to have ended the year 2008 at 4.8%. Projections for 2009 indicate a sharp turn into negative with a contraction of 2.5%.

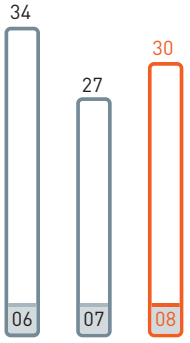
With the increase in consumer prices exceeding 10% in March, inflation started to climb before declining back to 5.2% in November as food prices and global oil prices began to fall from the middle of the year, and the annual rate of inflation averaged 8.3% in 2008. Inflation is expected to edge down to 3% in 2009 on the back of falling oil prices and severe slump in domestic demand. Macedonia signed an agreement with the IMF in August 2008.

Macedonia's current account deficit swelled seven-fold YoY between January and September 2008 and the full year current account deficit is estimated to have reached 14% of GDP on the back of a surge in imports driven by increased loans, loss of competitiveness in exports, high oil prices and a reversal in the worker remittances. Although export growth is set to slow in 2009, the current account deficit is projected to drop to 10% of GDP thanks to decreased demand for imports and declining oil prices in 2009 and 2010.

The Retail Sector and Activities of Ramstore Macedonia

The retail sector in Macedonia is dominated by small supermarkets with retail points ranging from roadside supermarkets and open-air markets to store fronts and shopping malls in the cities. Large cities tend to have a few shopping malls and department stores. Fresh produce is sold in open-air markets.

Ramstore Bulgaria Sales (YTL million)



Macedonia's food retail market was estimated to total US$ 2.3 billion in 2008, with organized retail still accounting for a mere 9% of this total. The retail market in Macedonia faces stiff competition from players operating in the Balkans.

The number of customers served by Ramstore Macedonia increased to 1.54 million in 2008, while the shopping mall maintained a 100% occupancy rate. Furthermore, agreements were concluded with international brands L'OCCITANE and Plan TOYS, as well as MERİNOS from Turkey. The number of kiosks in the shopping mall nearly doubled from 14 in 2007 to 27 in 2008, also ensuring a 100% occupancy rate in kiosk areas.

Turnover was also supported by the introduction of electronics sales inside supermarkets. The average basket size per customer increased by 8%, while a different campaign was organized each month in an effort to expand the number of Ramstore Club Card customers. As part of such efforts, customers using Ramstore Club Cards and those shopping the most under different themes received various gifts. These campaigns helped increase the number of Ramstore Club Card holders by 15%. During the "Skopje's largest bookstore" campaign, Ramstore Macedonia became the number 1 sales point during the back-to-school season in September. The various activities and campaigns also led to significant growth in the sales and number of customers served in the Tetova store.

Ramstore's first Tourism Fair was organized during the reporting period and won wide acclaim and significant interest from the general public as well as large scale coverage in the media.

The 84-page shopping magazine, "Ramstore Mall Shopping Info", will be periodically released at the start of each season. The first issue of the magazine was highly appreciated by tenants and customers alike. Also in the spotlight were the activities and events organized in honor of the second conventional summer fest, while on another front, humanitarian aid campaigns were hosted including a campaign against domestic violence in cooperation with the UNHCR, CIRA and other leading figures in the country. Workshops were set up over weekends to help children improve their handicraft skills, which attracted strong interest and led to an increase in the number of customers bringing their children to the stores.

The Macedonian government enacted a law aimed at minimizing the use of plastic bags on 1 January 2009, as part of the EU harmonization process. Having launched the necessary infrastructure work in 2008, Ramstore was the first company to offer paper bags to its customers starting from 1 January 2009. Under another new law, prohibiting the sale of alcoholic drinks after 7:00pm, Ramstore Macedonia was once again first to update the cash register system so as to automatically prevent the checking out of such products after 7:00 pm, a feature unmatched by its competitors.

Aiming to set Ramstore Macedonia apart from the competition in the supermarket format, the infrastructure for distinctive promotions to this end was launched in 2008. New campaigns and promotions are planned to be introduced at full pace by early 2009.

Financial Results And Assessments

Forging ahead with its investments in Turkey and through its associates abroad, Migros has been offering services in a total of 1,191 stores and on a net sales area of 697,565 square meters as of 2008. The assessment of the Company's financial results is presented below and Tansaş results for the 1,5 month period following its acquisition on 10 November 2005 are consolidated into the 2005 results in the income statement items. Given that Tansaş and Migros merged in 2006, Tansaş is consolidated in the 2006, 2007 and 2008 results. Ramenka Limited Şirketi (Ramenka), Migros' subsidiary based in Russia, in which the Company had held a 50% stake, was sold to Enka Holding Investment S.A. and the share transfer was completed on 9 November, 2007. Ramenka's results are consolidated into the 2007 income statement, but are not included in the 2008 results. Further, the one-off gain of YTL 380 million written on the sales of associates arising from the sale of Ramenka is included in 2007 figures, and accordingly forms a considerable contribution to overall profitability. This point should be borne in mind during financial assessments and analysis.

Migros' consolidated sales increased by 5.8% YoY to YTL 5,074 million in 2008, from YTL 4,793 million in 2007, while its gross profit rose by 9.4% YoY to YTL 1,307 million, with a gross profit margin of 25.8%. At the operating line, the Company posted a consolidated operating profit of YTL 296 million, representing an operating profit margin of 5.8%. Migros' consolidated EBITDA climbed by 18% to rise from YTL 326 million to YTL 384 million, while its EBITDA margin increased from 6.8% to 7.6%. Migros wrote a consolidated pre-tax profit of YTL 322 million in 2008, indicating a pre-tax profit margin of 6.3%. At the bottom line, Migros notched up a consolidated net profit of YTL 261.5 million, with a net profit margin of 5.2%.

As mentioned above, Migros sold its shares in Ramenka to the Enka Group in November 2007. In order to better evaluate Migros' financial performance in 2008, the impact of Ramenka should be eliminated from the 2007 figures; consolidated sales were found to have recorded 14.3% growth when Ramenka is excluded, compared to 5.8% when the Ramenka figures are included; meanwhile the increase in gross profit reaches 21.2% when Ramenka is excluded, instead of 9.4%. Netting out the impact from Ramenka, the gross profit margin for 2007 was 24.3% instead of 24.9%; as such, the consolidated gross profit margin of 25.8% attained in 2008 represents a major improvement. Migros recorded a YTL 380 million gain on the sale of associates, connected to the sale of Ramenka. This gain in the sales of associates was included in the 2007 income statement as a one-off income under other income and gains; when this effect is excluded, the year-on increase in the Company's operating profit stands at 27.9%. In parallel with this, the operating profit margin in 2007 is just 4.8%, instead of 12.8%. From this perspective, it is observed that Migros in fact succeeded in increasing its operating profit margin from 4.8% to 5.8%. In this respect, there was a continued improvement in Migros' operating profitability in 2008. Again, when the Ramenka effect is excluded from 2007 results, the Company achieved 24% growth in its pre-tax profit. Migros succeeded in increasing this rate of growth in 2008, without compromising its profitability.

Migros recorded YTL 50.9 million (US$ 39.1 million) of interest income from deposits and marketable securities in 2007 on a consolidated basis and YTL 86.1 million (US$ 66.2 million) in foreign exchange gains; the corresponding figures for 2008 were YTL 106.6 million (US$ 82.2 million) and YTL 45 million (US$ 34.7 million), respectively. As a result, interest income from deposits and marketable securities doubled on a YoY basis, while foreign exchange gains declined by YTL 41 million (US$ 31.5 million).

As a result of the 254% increase in marketable

Migros' consolidated EBITDA climbed by 18% to rise from YTL 326 million to YTL 384 million, while its EBITDA margin increased from 6.8% to 7.6%.

securities and 75% decrease in long-term financial liabilities at the end of 2007, Migros ended the year 2007 with a net cash position of YTL 708 million. Migros increased its net cash position by 41% in 2008 to YTL 996 million by the end of the year. The Company's long and short-term financial liabilities, having declined by 65% to YTL 260 million in 2007, were reduced by a further 69% in 2008 to YTL 82 million by the end of the year. In view of Migros' asset size and its cash generating potential, the current loans can be considered to be very low for a company of its size. As such, Migros has entered the global crisis in a strong position with its cash surplus and unburdened by debts; its cash and cash equivalents jumped by 176% from YTL 397 million at the beginning of the year to YTL 1,094 million by the end. Furthermore, the Company's assets yielded a YTL 138 million surplus over its liabilities in terms of foreign currency at the end of 2008. In the recent economic conjuncture, characterized by a sharp devaluation in the Turkish currency, a surplus of foreign currency denominated assets over foreign currency denominated liabilities represents a considerable advantage.

Foreign currency position (YTL thousand)	2008	2007
Assets	260,377	317,833
Liabilities	-122,758	-288,743
Net foreign Currency Commitments	137,619	29,090

Bank loan interest expenses followed-up under financial expenses declined by 82% YoY to YTL 7.8 million. With reduced payables in foreign currency terms, foreign currency losses eased from YTL 35 million (US$ 26.9 million) in 2007 to YTL 29.8 million (US$ 23 million) in 2008.

Migros posted a consolidated pre-tax profit of YTL 322 million. The Company's consolidated taxation expenses for the current period increased from YTL 53 million to YTL 58 million, while deferred taxation expense shrank by 94%, from YTL 32.3 million in 2007 to YTL 1.9 million in 2008. Total taxation expenses decreased by 30% on a YoY basis, constituting 1.2% of sales. Migros recorded a net profit of YTL 262 million (US$ 202 million), representing a consolidated net profit margin of 5.2% in 2008.

In terms of domestic operations, Migros generated YTL 4.9 billion of sales in 2008, marking an increase of 14% YoY. The gross profit from domestic sales climbed by 21% YoY to exceed YTL 1,245 million. The expansion in volumes with new store openings also enabled the Company to continue offering services to the customers at reasonable prices. The domestic gross profit margin improved significantly from 24.2% in 2007 to 25.7% in 2008, while Migros generated a net operating profit margin of 5.7% from its domestic sales in 2008. In parallel with this, Migros also achieved 27% growth in its domestic EBITDA

Consolidated Results

Summary (YTL thousand)	2008	%	2007	%	2006	%	2005	%
Sales	5,073,746	100.0	4,793,359	100.0	4,272,969	100.0	2,686,100	100.0
Gross Profit	1,306,756	25.8	1,194,898	24.9	1,083,012	25.3	648,462	24.1
Net Operating Profit	296,147	5.8	611,554	12.8	205,086	4.8	106,675	4.0
EBITDA	384,160	7.6	326,442	6.8	311,236	7.3	184,618	6.9
Pre-tax Profit	321,571	6.3	638,630	13.3	155,009	3.6	98,279	3.7
Net Profit	261,532	5.2	552,913	11.5	78,686	1.8	73,705	2.7

Domestic Results

Summary (YTL thousand)	2008	%	2007	%	2006	%	2005	%
Sales	4,849,976	100.0	4,251,932	100.0	3,699,282	100.0	2,257,813	100.0
Gross Profit	1,245,315	25.7	1,029,055	24.2	909,725	24.6	526,372	23.3
Net Operating Profit	275,648	5.7	591,611	13.9	164,879	4.5	73,819	3.3
EBITDA	358,846	7.4	282,009	6.6	250,232	6.8	138,362	6.1

Financial Results And Assessments

from YTL 282 million in 2007 to YTL 359 million in 2008. Significantly, EBITDA grew at a stronger pace than sales, with the domestic EBITDA margin rising from 6.6% in 2007 to 7.4% in 2008, the first time in the Company's history that this benchmark rose above 7%, matching the EBITDA margins of strong international retailers.

Wholly-owned by Migros, Ramstore Kazakhstan operates ten stores. Ramstore Bishkek is fully consolidated with Ramstore Kazakhstan. Ramstore Kazakhstan's sales reached YTL 174 million in 2008, translating into an annual growth rate of 22.5% in YTL terms and 22.7% in USD terms. The gross profit of Ramstore Kazakhstan increased by 26% from YTL 35 million in 2007 to YTL 44 million in 2008 while Ramstore Kazakhstan's gross profit margin rose from 24.7% to 25.4%. Ramstore Kazakhstan's EBITDA grew by 28% in 2008, from YTL 13.3 million in 2007 to YTL 17 million in 2008. Its EBITDA margin also climbed from 9.4% to 9.8%. Kazakhstan operations are considered to offer the highest growth potential of the existing international markets where Migros pursues operations,

Operating through one shopping mall and one store, Ramstore Macedonia's sales exceeded YTL 30.3 million, registering 12.5% growth in YTL terms and 12.7% in US dollar terms. Ramstore Macedonia's gross profit grew by 22% to YTL 11.9 million while its gross profit margin rose from 36.1% to 39.2%. It recorded an operating profit of YTL 5 million, marking a decline of 36% YoY on the back of the 99.6% contraction in the other income item, and representing an operating profit margin of 15.5%. Despite the decreased operating profit, Ramstore Macedonia managed to ramp up its EBITDA by 43% to YTL 6.1 million in 2008, with the EBITDA margin rising accordingly from 15.8% to 20.1%.

Accounting for 0.4% of Migros' consolidated sales through its three stores, Ramstore Azerbaijan achieved 14.3% growth in its sales in Turkish Lira terms to YTL 19.5 million (an increase of 14.5% in US dollar terms). The Company enjoyed an increase of 25% YoY in its gross profitability to YTL 5.4 million, with the gross profit margin climbing from 25.3% in 2007 to 27.7% in 2008. Operating profit jumped by 69% to YTL 1.8 million backed by a jump in its operating profit margin from 6.3% in 2007 to 9.4% in 2008. The improvement at the operating profit line was also reflected to Ramstore Azerbaijan's EBITDA, which grew by a

Ramstore-Azerbaijan

Summary (YTL thousand)	2008	%	2007	%	2006	%	2005	%
Sales	19,546	100.0	17,104	100.0	15,743	100.0	11,712	100.0
Gross Profit	5,417	27.7	4,333	25.3	3,918	24.9	2,936	25.1
Net Operating Profit	1,834	9.4	1,086	6.3	807	5.1	796	6.8
EBITDA	2,256	11.5	1,407	8.2	1,209	7.7	1,147	9.8

Ramstore-Kazakhstan

Summary (YTL thousand)	2008	%	2007	%	2006	%	2005	%
Sales	173,895	100.0	141,971	100.0	100,921	100.0	70,942	100.0
Gross Profit	44,140	25.4	35,039	24.7	27,407	27.2	20,574	29.0
Net Operating Profit	13,961	8.0	12,369	8.7	11,041	10.9	10,482	14.8
EBITDA	16,968	9.8	13,292	9.4	12,479	12.4	11,796	16.6

Ramstore-Bulgaria

Summary (YTL thousand)	2008	%	2007	%	2006	%	2005	%
Sales	30,329	100.0	26,965	100.0	33,940	100.0	22,045	100.0
Gross Profit	11,884	39.2	9,726	36.1	10,840	31.9	5,541	25.1
Net Operating Profit	4,704	15.5	7,333	27.2	2,474	7.3	-1,765	-8.0
EBITDA	6,090	20.1	4,262	15.8	4,693	13.8	74	0.3

At Migros, we pursue a different strategy to other retailers. We believe in the potential of our country and of Migros, and aspire to increase our rate of growth in spite of the current difficult conditions.

remarkable 60% to reach YTL 2.2 million, while its EBITDA margin climbed from 8.2% in 2007 to 11.5% in 2008.

The Company was satisfied with the high profit margins and increased profitability ratios attained by Ramstore Macedonia and Ramstore Azerbaijan.

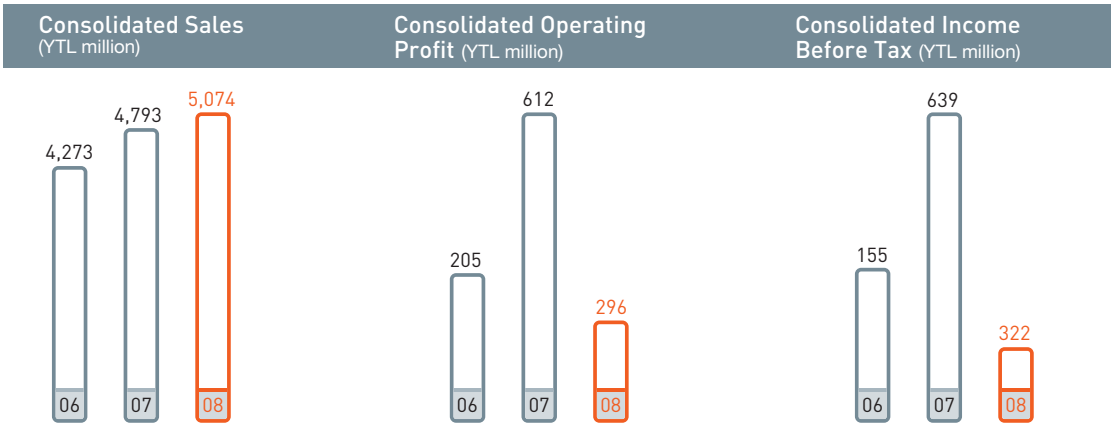
Expectations and targets for 2009

In parallel with the general expectation for other emerging markets, the Turkish economy is also expected to contract in 2009 amid the impact of the global economic crisis. Owing to its defensive structure, the food retail sector is anticipated to be less affected by the economic downsizing. Although 2009 is expected to prove a tough year for the retail industry, the overall sector remains attractive with its long term growth potential. Meanwhile, organized retailers will cautiously press ahead with their investments in a bid to expand their market shares, despite the contraction in demand.

At Migros, we pursue a different strategy to other retailers. We believe in the potential of our country and of Migros, and aspire to increase our rate of growth in spite of the current difficult conditions. Having opened 93 new stores in Turkey in 2006, a further 160 in 2007 and 250 in 2008, Migros is, in fact, poised to record growth in the reporting period. The Company aims to further expand its extensive reach throughout Turkey and open 400 new stores in different formats in 2009, corresponding to an average of 8 new store openings each week. The Company plans to serve an ever greater number of people in more towns and cities. Our Company will further continue to capitalize on inorganic growth opportunities if conditions prove suitable.

In terms of operations abroad, we give priority to Kazakhstan and Azerbaijan, while we will rapidly conduct research and assessment of any opportunities to penetrate other countries.

Consolidated sales are expected to reach YTL 6 billion in 2009, with a focus on profitability despite the rapid growth.



Redefining the future

Migros is working responsibly for the future of Turkey and the world...

In line with its corporate responsibility approach based on its corporate values, Migros fulfills its responsibilities to society, the environment and future generations through innumerable projects. It carries out successful projects in a variety of areas including culture, arts, education, sports and environment.

Corporate Social Responsibility (CSR)

Principles:
Migros has taken bold steps forward with the strength drawn from its core values, which are deeply espoused by all of its employees. These values are spelled out as innovation, productivity, leadership, sensitivity, reliability, and customer-orientation, which also set the fundamental principles of the Company's concept of corporate social responsibility. It proceeds with a full appreciation of the added value added to it, particularly by its stakeholders, while recognizing the responsibility it has assumed towards them. To this end, Migros builds and implements all its efforts on the principle of responsibility to the individual, to the environment and to future generations.

Pledging to uphold the basic elements of corporate governance - the principles of transparency, accountability, responsibility and fairness - in its business conduct with all of its stakeholders, Migros regards the creation of value, efficiency, sustainability, stakeholder approval and social benefit as key criteria in the projects devised and brought into life, and continuously works to raise the bar as an organization authoring firsts and bests in all the services rendered.

Working to provide its customers with constantly improving innovative services, Migros enhances all processes in view of advancing standards, and sets out its distinction through guidelines relentlessly adhered to with regard to the quality of the service and products offered. Migros believes in the notion of total development encompassing all of its social stakeholders and the communities which it serves, and encourages voluntary participation of its employees in social responsibility projects undertaken by the Company.

Targets:
Under the motto “A New Millennium, a New Growth Route” set in 2008, Migros lays a strong claim on all of its values identified as innovation, productivity, leadership, sensitivity, reliability and customer-orientation. Taking its corporate values espoused by the entire organization as an area of absolute differentiation, Migros has adopted a strategy of being close to its customers. Considering its continuously improving formats as an advantage in this respect, Migros recognizes its responsibility to closely monitor the evolving needs of its stakeholders and bases its actions on this awareness and sense of responsibility. Migros owes its power, the extensive reach it enjoys today and its status as a preferred brand to this sensitivity.

Migros contributes not only to the company's development, but also to the growth of the retail sector it is engaged in, as well as the overall economy, with the strength derived from the Company's values. Migros is committed to contribute to its employees, suppliers, investors and the communities in which it operates. The key objective in the corporate social responsibility projects undertaken and supported by Migros is to share the added value that the Company creates with its stakeholders, and to harvest the efficient outcomes in projects that the community will benefit.

Migros aims to ensure maximum productivity for all of its stakeholders along the “New Growth Route”

- For customers: authoring “firsts”, ensuring improved satisfaction and differentiation through innovative practices
- For employees: being a good employer which believes that personal development will lead to total development
- For investors: a higher return
- For suppliers: providing an environment conducive to a better business partnership

Maintaining its commercial relationships with its business partners on the basis of mutual trust and observing ethical principles, Migros remains loyal to the need for transparency in its relations with investors, ensuring a continuous and reliable flow of information. Migros is an organization which, under no circumstances, compromises its identity as a “good employer” and closely respects all of its employees' legal and human rights, while never allowing undue sponsorship or favors in recruitment and employment processes, supporting personal development of its employees and investing in their future. Migros designs and sets its business conduct and rules in a manner aimed at maximizing customer satisfaction. As a result of the respect for the consumers' right to be informed, Migros' customers are dealt with the most comprehensively trained, qualified and expert personnel in their respective fields. To this end, the Company internalizes the qualities of being a “responsible employer, responsible brand and a responsible corporation”. A believer in the importance of social development for corporate development, the Company aims to create future value through its corporate social responsibility

Encouraging the efficient use of environmental resources, Migros raises awareness in order to instill environmental consciousness through the innovative projects which it undertakes.

projects. While constantly investing in advancing processes based on the recognition of its responsibility for human health and food hygiene, it also displays sensitivity on social priorities in various fields including education and health. Migros fulfills its responsibilities in this regard by carrying out artistic, cultural and athletic projects which support the continuous development of children and youngsters who represent our future. Encouraging the efficient use of environmental resources, Migros raises awareness in order to instill environmental consciousness through the innovative projects which it undertakes.

CSR Projects of Migros

Migros carries out a number of projects as a corporation and supported by the voluntary contributions of its employees in all areas necessary for the development of society - education, healthcare, environment, culture and the arts, sports and social assistance. Migros collaborates with various foundations, associations and non-governmental organizations working for the benefit of the community, as well as striving to instill social sensitivity through projects conducted with its business partners, customers and employees.

Migros' social benefit donations to various foundations and associations totaled YTL 674,994.23 in 2008.

Education

Migros formulates and implements pioneering projects which will support both extracurricular and curricular development of our children and youngsters who represent our future, and which will contribute to their development as individuals able to function for themselves, their families and the community. Allocating funds for projects carried out by non-governmental organizations working in the educational arena, Migros provides necessary contributions to help create better physical environments at educational institutions and to ensure that students receive education in improved conditions.

- In 2008, Migros continued to donate a proportion of the revenues derived on private label brands in its stores to the Educational Volunteers Foundation of Turkey (TEGV).

- Continued support was provided to the MUSEUMBUS project launched with the collaboration of the Ministry of National Education and the Rahmi M. Koç Museum; an initiative which contributes to the personal and social development of primary school pupils deprived of the possibility and the means to visit museums. The project has involved visits to numerous schools in various areas within 80 cities and provinces throughout Turkey since 2003 when the project was first launched, thus helping underprivileged children receive education through creative tools and methods. In June 2008, the hundred thousandth student was reached by the MUSEUMBUS, at the Uzunköprü Atatürk Primary School in Edirne.

- Migros collaborated with Colgate-Palmolive under the “We Love Our School” campaign launched by TOÇEV, a foundation working to support children's education, and renovated the primary school in the village of Kargalı, near Siverek in the Şanlıurfa district, in 2008-2009 academic year. The aim of the collaboration was to provide a contribution to the school from each Colgate product sold during the campaign period in September and October, in a bid to enable pupils of the Kargalı village primary school to receive education in improved conditions. The entire Turkish general community was invited to share in their happiness through this campaign.

- Support was provided to the Traditional Sports Fest organized by the Istanbul High School for Boys in order to instill a fondness of sports, create intercultural social bonding, promote Turkey and build a bridge between participating local and foreign students.

Corporate Social Responsibility (CSR)

Health

A meticulous practitioner of Food Safety and Quality Management requirements, the importance Migros attaches to customer satisfaction and food safety has been acknowledged with the award of the ISO 9001 Quality Management System certificate in 2005 and the ISO 22000 Food Safety certificate in 2006. The Company has expanded related practices to all store formats.

Constantly keeping close control over all quality and hygiene assurance processes sold at its stores until they are placed on the shelves, and guaranteeing the highest standards of hygiene and quality for each product sold, Migros also demonstrates equal sensitivity in relation to service, and continuously works to improve its business processes through its trained personnel. The Company offers the same quality of service to its customers across different store formats based on its core approach, which is focused on exceeding expectations.

- Since October 2008, quality assurance efforts were also developed for non-food product groups, bringing textile and toy product groups within the scope of quality control. Physical, chemical and ecological tests specific to the relevant product ensure that customers are supplied with safe products.

- Stores under Migros, Tansaş, Macrocenter and hypermarket formats, as well as distribution centers supplying products to these stores, are audited by contracted independent institutions who oversee quality and food safety, thus endorsing the validity and continuity of implementations.

- Always serving as a role model with its novelties and projects, Migros built on the steps taken in previous years and aimed to expand coverage for these projects.

- Some examples of these activities include the controlled agriculture practice that was launched; development of a method to determine the levels of plant regulators, for example hormones in fruits and vegetables; analysis of agricultural chemical residues; automation of product admission steps; and regular monitoring of refrigerator temperatures. Periodic training sessions offered to the staff have continued, with updated and improved content.

- Constant checks have been undertaken whereby proper performance of activities is monitored by veterinarians and food engineers.

- With the help of LÖSEV's donation boxes placed in stores, Migros has been instrumental in channeling its customers' support to this Foundation for Children with Leukemia, in order to help respond to the needs of children suffering from leukemia and other blood diseases, and their healthcare and education requirements in particular. Donation boxes are also placed in the stores to raise funds for the Cancer Society.

- Donations to the Turkish Society for Early Diagnosis of Autism (TOHUM), which operates under the premise that autistic children can live as independent individuals in society through early diagnosis and proper education, continued throughout 2008 and the Company financed the caring costs for a child over one year period.

- Following suit from previous years, Migros employees donated blood to the Turkish Red Crescent Society.

- Migros continued to extend support to the campaign organized in cooperation with P&G and through the Special Olympics Organization. As part of the campaign organized since 2004 in an effort to help mentally handicapped children and youngsters hold on to life via sports and to train new athletes, a proportion of the revenues generated from P&G products sold

Migros constantly keeps close control over all quality and hygiene assurance processes sold at its stores until they are placed on the shelves, and guarantees the highest standards of hygiene and quality for each product sold,

at Migros stores were allocated to the Special Olympics. Contributing to the development of 500 athletes every year, the campaign extended support to a total of 2,500 athletes in its fifth year in 2008.

The Environment

Leading efforts to move towards the efficient and economical use of resources, Migros undersigns outstanding campaigns to create and maintain higher levels of environmental consciousness and awareness.

Increased Carbon Dioxide emissions are leading to climate change and global warming. Climate change triggers drought and water shortages. The effects of global climate change are also felt in Turkey, with dwindling water resources, drought and decreased efficiency in agricultural production. While it is not possible to totally prevent global warming, it is in our hands to mitigate its effects. One way to do so is to plant trees. The carbon dioxide released into the atmosphere is balanced by oxygen generated by the trees and each new tree planted reduces the impact of global warming.

198,000 saplings for the Aegean Region...
Internalizing the priorities of the Aegean Region and of its people, Tansaş planted a total of 198,000 saplings in the Aegean Region under the campaign jointly conducted with the Aegean Forest Foundation. Through projects carried out since November 2006 aimed at the reforestation of the damaged forest areas in the Aegean Region, Tansaş gained additional motivation with the support of the sensitivity and attention of local people, and also aims to raise awareness of global warming.

Based on the social responsibility project executed during 2008, Tansaş has been instrumental in making sure a sapling is planted every time a customer buys Aegean Forest Foundation olives sold in its stores across the Aegean Region. Gemlik-style olives obtained from the olive grove in the Oğlananası locality since 2002 have found their way to the tables of environmentally conscious consumers, raising funds that have led to the planting of 20,000 new saplings.

The 198,000 saplings which have taken root in various locations represent the great love that both the Aegean people and Tansaş feel for the region and its forests, with 100,000 saplings planted in the Urla Forest and 78,000 in the Tansaş Customers Forest in Dikili in 2007, and 20,000 planted in the Torbalı-Aslanlar locality in 2008.

- As a member of ÇEVKO (the Environmental Protection and Packaging Waste Recovery and Recycling Foundation), Migros has led efforts to promote recycling and recovery of waste in nature by funding such endeavors. A total of 2,500 tons of branded packaging waste was collected as part of this initiative, and the funds raised were allocated to ÇEVKO.

- Donation boxes are placed in stores so customers could support the Society for Protection of Wildlife in Turkey (DHKD).

- Acting on its principle of environmental awareness, Migros collects waste for recovery at. During 2008, a total of 21,140 tons of paper, cardboard, packaging and metal waste was collected from Migros stores and administrative units and sent for recycling.

- In a bid to ensure efficient use of energy resources, computer-aided lighting and heating controls are used in the Company head office, its stores and administrative units, while the Company also uses products specifically designed for this purpose, thus guaranteeing energy savings. The Company continues to take great steps to maintain an ecological balance and efficient use of resources.

Corporate Social Responsibility (CSR)

- Launched in 2007 to develop environmentally friendly technology, the paper receipt initiative continued in 2008 and expanded to cover all stores. In its pilot run, paper receipt rolls in cash registers started to be replaced with electronic recording units, while barcode rows printed on the slips were removed, resulting in shorter cash slips. These two initiatives continued to reduce the use of paper.

- As an extension of the support provided to recycling, electronic waste was put back into an economic cycle, whereby 10,000 kg of electronic scrap was utilized and recycled without causing harm to the environment.

- While offering products and services to customers on the principle of unconditional satisfaction, efforts were also expended to contribute towards raising environmental awareness, with separate packaging waste bins for paper, glass, cans and plastics placed at the exits of our stores for waste disposal by customers.

- **A Giant Step Forward for Future Generations...Turkey's First Biodegradable Plastic Bags!**
  As the leader in the Turkish retailing sector, Migros produced another "first" in endorsing its environment and consumer-friendly approach. Aware that plastics degrade very slowly in natural surroundings and cause environmental pollution, Migros has demonstrated the responsibility it feels to the environment and society through the use of "biodegradable bags" in an unprecedented initiative in Turkey. These bags, which are manufactured through the use of "oxo-biodegradable" technology and degrade naturally, were presented for the first time in Turkey to the customers of Macrocenter stores in December 2008 and in preparation to being rolled out in Migros stores in 2009. While conventional plastic bags take 100 years to degrade in the natural environment, plastics manufactured with oxo-biodegradable technology completely degrade within as little as 24 months depending on the type of product and place of degradation and because of a special additive introduced during the production stage. In the same vein, Migros invites its customers to join hands to claim and protect the future, believing they will offer their voluntary support by keeping the number of plastic bags kept to a minimum. As such, the Company emphasizes that unnecessary use of resources will be avoided, while investments into the future will be made jointly.

Culture & the Arts

For Migros, the development of children - which the Company regards as the future of society - is of utmost importance. Migros participates in a number of projects and activities aimed at supporting the physical, mental and spiritual development of children. Migros regards theater as one of the most effective tools to contribute to their development and creativity. Believing that children fond of arts and the theater will

Migros has demonstrated the responsibility it feels to the environment and society through the use of "biodegradable bags" in an unprecedented initiative in Turkey.

grow up to become individuals who are more sensitive to their inner selves and their surroundings, Migros is determined to maintain its support to the theater.

- The April 23rd Theater Festival, which has been jointly held for 14 years between Migros and State Theaters, continued to take place during the fortnight covering April 23rd in various cities where Migros is present. Everybody who visits Migros stores are invited free of charge. A number of plays were staged in various cities under the scope of the organization, combining the joy of the Children's Day and the children's excitement of the theater. More than 250,000 children from all four corners of Turkey participated in the theater festival organized since 1995.

- The April 23rd Festival is also celebrated at stores with various activities and amusements. During 2008, storefront activities were organized in Erzurum, Bafra, Kars, Iğdır, Erzincan, Van and Sivas, where the joy of children on this special day was shared, and efforts were spent to offer a different setting of amusement and activity for children, who are our investments in the future.

- Based on its sensitivity and commitment towards the community and social responsibility, Migros believes in the importance of messages shared and communication established during live performances for the development of children. Opening its curtains with a new play every year with a view to instilling appreciation of the theater among children, the Migros Children's Theater staged a total of 62 plays in eleven cities throughout 2008. Directed by Enis Fosforoğlu, the play focused on the importance of saying “us instead of I”. Nearly 90,000 children have so far been offered the opportunity to watch the plays, free-of-charge, thanks to Migros Children's Theater that went on stage in the 32 cities of Istanbul, Ankara, Izmir, Antalya, Adana, Gaziantep, Erzurum, Aydın, Mersin, Kahramanmaraş, Adıyaman, Elazığ, Sivas, Ordu, Bursa, Balıkesir, Uşak, Konya, Niğde, Hatay, Kayseri, Tokat, Kastamonu, Adapazarı, Bilecik, Eskişehir, Kırıkkale, Samsun, Giresun, Trabzon, Erzincan and Kars.

- Migros Club adopted an unusual approach to its 10th anniversary events in 2008, and invited all of its customers throughout the country. The 10th anniversary cake, cut together with our customers, added to the shared delight of the occasion. In addition, a variety of activities for customers were staged in different cities, thereby creating an enjoyable ambience and highlighting its philosophy of being close to its customers at every opportunity. The activities carried out included the organization of a day themed make-up and beauty tips on 14 June in Izmir, a barbeque where the meat and barbeques were supplied by Migros on 15 June in Ankara, an outdoor cinema pleasure on 18 June in Antalya, a workshop and talk on practical tips on 21 June in Adana and a fun menu suggestions and demonstrations for kids at Parkorman on 29 June in Istanbul.

Sport

Migros' support for sports will continue on the basis of a new brand mission and structuring... Always producing new initiatives in sports within the framework of its commitment to social responsibility, Migros has now adopted a new mission to support the participation in sports “in every neighborhood and on every street” as a lifestyle. Establishing cooperation with TEGV to help ensure perception of exercise as a lifestyle by large populations, Migros will form sport teams from youngsters and children in various cities and train amateur teams consisting of children from different neighborhoods at TEGV's Education Parks in various cities. Migros will maintain its support for sport by renewing the existing football

Corporate Social Responsibility (CSR)

fields and setting up football teams at TEGV's Education Parks. Undertaking responsibility to provide additional opportunities in sport, Migros will raise funds and extend support to help ensure that youngsters recognize and accept sport as a lifestyle by forming football teams at TEGV Education Parks.

Under the project, Migros will provide 2,944 children with certified training developed by the Turkish Football Federation at 11 education parks. Groups of 16 boys and girls from the 11-12 age range will open space for sport in their lives in line with the training they will receive, and other facilities provided to them. Thus, in achieving a nationwide reach, sport will be rendered accessible and practicable by children, making it a part of their lives.

Social Assistance

Migros undertook social assistance initiatives which will advance feelings of social responsibility and solidarity in Turkish society. Walking hand in hand with its employees, business partners and customers in these projects, Migros acts with due sensitivity commensurate with its leadership mission.

- Within the scope of the "Your babies will grow out of their clothes" project jointly held by Tansaş and P&G, children's clothes of all ages ranging from newborn babies to ten year olds were collected in donation boxes placed in 61 Tansaş stores throughout Turkey between 06 March-27 April 2008. The collected clothing was washed clean and distributed to the needy through the Foundation for the Support of Women's Work (KEDV).
- During the Feast of Sacrifice, an opportunity was provided for customers to make donations through Migros stores and the Virtual Market to Educational Volunteers of Turkey (TEGV), the Turkish Red Crescent (Kızılay), the Children's Home Society (Darüşşafaka), and the Istanbul Foundation for Training and Consultancy for the Mentally Handicapped.
- Children's books and stationery were distributed to students in the district through the Adana branch of the Turkish Red Crescent Association.
- Supplies were procured to provide support to the Batman Multi-Purpose Community Center.
- Efforts were undertaken to distribute children's toothbrushes and toothpaste in primary schools in the Batman province in order to emphasize the importance of hygiene for good health.
- Five computers were donated to the Yaşar Gazioğlu Primary School in Ünye, Ordu, contributing to the education and future of children.
- Technical equipment support was provided for the screening of press archives, an initiative by the Turkish Journalists' Association Press Museum that will shed light on history.


M

MİGROS TÜRK T.A.Ş.

Corporate Governance Principles Compliance Report

1. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Migros Türk T.A.Ş., on principle, adheres to Corporate Governance Principles, which were adopted by the Capital Markets Board of Turkey (CMB) Resolution No. 35/835 dated July 4, 2003 and were 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 to 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. Ömer Özgür Tort and Erkin Yılmaz serve as the members of the Corporate Governance Committee. At the Board of Directors meeting of 22 October 2008, Stefano Ferraresi and Evren Rıfkı Ünver have been elected as the members of the Audit Committee to serve until the General Assembly is convened to discuss the Company's 2008 activities. The developments and improvements realized within the scope of the Company's Corporate Governance Practices during the year are presented in the relevant sections of the Corporate Governance Principles Compliance Report.

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.

PART I-SHAREHOLDERS

2. Investor Relations

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

In addition, the department communicates directly with various institutions including the CMB, Istanbul Stock Exchange (ISE), Central Registry Agency (CRA) and Takasbank (ISE Settlement and Custody Bank Inc) and represents the Company. Keeping records of the Board of Directors meetings and material disclosures to the ISE in compliance with the CMB Communiqué Serial: VIII No: 39 are among the department's other activities. 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 Department monitors relevant legislation as well as CMB communiqués and informs the senior management about the subjects and issues requiring compliance.

The department also responds to the information requests about the Company. By making use of all available communication opportunities (one-on-one meetings, conference participations, meetings, corporate website, phone, email, investor bulletins, investor presentations, etc.), the department informs Migros shareholders and brokerage analysts about the Company. The department 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 institution.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

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

Assistant General Manager for Finance: Erkin Yılmaz
Address: Turgut Özal Bulvarı No: 6 34758 Ataşehir / İSTANBUL
Phone: 0216 579 30 00 (ext. 3214)
E-mail: erkiny@migros.com.tr

Investor Relations Manager: Dr. Affan Nomak
Phone: 0216 579 30 00 (ext. 3142)
E-mail: affann@migros.com.tr

A structure has been set up that makes it possible for Migros shareholders, who have not used the new share coupons or dividend coupons on the shares they own and have not yet exercised their bonus stock options and/or claimed their dividend entitlements, to perform such transactions quickly and securely. Pursuant to the relevant CMB communiqués, compliance with the transition to the dematerialized system in stocks was achieved; the Company met all requirements on the subject. Yapı Kredi Securities Inc. on behalf of Migros is undertaking the dematerialization transactions.

A total of 150 Migros and 5 Tansaş shareholders who had not exercised their bonus stock options in due time and/or claimed their dividend entitlements subsequently did so at the Company's headquarters. In addition, 450 Migros and Tansaş shareholders who phoned with information requests about the current and prior year transactions were provided with the necessary information and referred to Yapı Kredi Bank branches to exercise their rights.

Shareholders who hold printed stock certificates and have not already received bonus shares issued by the Company in previous years and/or exercised their dividend rights should apply first to the Company headquarters if the new share coupons on their certificates are numbered 11 or below.

If the new coupon numbered 11 on their certificates is used but those numbered 12 and 13 are remaining, shareholders may exchange these certificates and receive their bonus shares at Yapı Kredi Bank İstanbul-Harbiye branch or at any other branch of Yapı Kredi Bank as announced on the Company’s corporate website. Dividends for year 2002 and thereafter may also be collected by presenting dividend coupons to the Yapı Kredi Bank Harbiye branch in Istanbul or any other branch of Yapı Kredi Bank as announced on the Company’s corporate website.

During the year, Migros did not make a capital increase through issuance of bonus shares.

In Turkey, dematerialization of the shares of public companies and their oversight by the Central Registry Agency (CRA) in dematerialized form as per the relevant CMB communiqué was introduced on 28 November 2005.

Within this context, shareholders who hold printed stock certificates and would like to participate in the November 2007 capital increase need to apply to Yapı Kredi Bank branches announced on the Company’s website and have their certificates registered and converted into tradable stock status and into dematerialized form. The Company will under no circumstance print physical shares in future capital increases. Tansaş shareholders who would like to swap their Tansaş shares for Migros shares due to the merger that occurred in 2006 can perform this transaction again in dematerialized form via the relevant Yapı Kredi Bank branches.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

3. Excerise of Shareholders' Right to Obtain Information

Disclosure
The Investor Relations Department responds to all information requests about the Company. During the reporting period, shareholders requested information about the prior years' dividends in terms of amount and the manner and place of their payment, participation to the Ordinary and Extraordinary General Assembly Meetings and how to exercise their rights arising from the Company's capital increase. There were also information requests from the investors regarding the dividend distribution carried out during the year. Announcements regarding all such timeliness and process and matters were made through material disclosures, as well as in newspaper ads and on the Migros corporate website. Over the course of the year, shareholders also requested information about the number of stores, net sales areas, the number of stores scheduled to open during the year, year-end sales targets, etc. in post-balance sheet period. The Investor Relations Department keeps Migros shareholders and brokerage analysts informed by using every opportunity such as one-on-one meetings, conference participations, meetings, Internet, telephone, information bulletins, etc.

Auditing
According to Migros' Articles of Association, "three statutory auditors are to be elected from amongst shareholders and/or non-shareholders to serve a maximum term of office of three years" by the General Assembly. In practice, Migros' statutory auditors are elected by the General Assembly every year.

In addition and as required by the CMB Regulation concerning Independent Auditing in Capital Markets, a firm is also appointed as the Company's independent auditor every year by the General Assembly. For 2008, the General Assembly decided to appoint Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş. as the independent auditor, which was selected by the Board of Directors and submitted for the General Assembly's approval.

In addition, the Migros Board of Directors has formed a two-member Audit Committee. At the Board of Directors meeting of 22 October 2008, Stefano Ferraresi and Evren Rıfkı Ünver have been elected as the members of this committee to serve until the General Assembly Meeting is convened to discuss the Company's 2008 activities.

The internal audit activities of the Company are discussed in the relevant sections of the Corporate Governance Principles Compliance Report.

4. Information about General Assembly

a) Annual Ordinary General Assembly Meeting
The Ordinary General Assembly Meeting where the activities and accounts of Migros Türk Ticaret Anonim Şirketi for the year 2007 were reviewed was held at the Divan City located at Büyükdere Caddesi No. 84, Gayrettepe/İstanbul at 11:00 on 29 April 2008 under the supervision of İsmail Yıldız, a Ministry of Industry and Commerce observer appointed for the duty by the Ministry's İstanbul Provincial Directorate letter 23964 dated 28 April 2008.

As per the law and the Company's Articles of Association, announcement of the General Assembly Meeting and its agenda were promulgated in the Turkish Trade Registry Gazette issue 7041 dated 14 April 2008. It was also announced in the 11 April 2008 national edition of the Radikal newspaper. In addition, the date and location of the General Assembly Meeting were announced to its shareholders on the Company's website.

The announcement also asked the shareholders to take part in the meeting either personally or by a proxy to represent them at the meeting to discuss and decide upon the agenda. In practice, all requests for passes were honored up until the day before the meeting. Shareholders making their request on the date of the General Assembly were admitted to the meeting as observers. Passes continued to be handed out until the scheduled start time of the General Assembly. Shareholders who wished to have themselves represented at the General Assembly by a proxy were instructed to submit their proxy form to the Company, which was to be prepared according to the form provided by the Company and duly notarized as specified in CMB Communiqué Serial: IV No: 8 published in the Official Gazette dated 09 March 1996. The sample proxy form was posted on the Company's website in addition to the newspaper announcements.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

The Company's 2007 balance sheet, income statement, Board of Directors' annual report, statutory auditors' and independent auditors' reports and the proposal on the distribution of the annual profit were made available to shareholders for their examination at the Company's headquarters beginning on 11 April 2008.

From the General Assembly meeting's attendance roster, it has been understood that a total of 11,101,112,727.3 shares out of 17,803,000,000 for the Company's total capital of YTL 178,030,000 were represented at the meeting, of which 11,101,112,727.3 shares corresponding to YTL 111,011,127.273 were present in person and - shares corresponding to YTL - were represented in proxy. A number of media representatives also attended the meeting. During the meeting, the presiding officer gave the floor to shareholders wishing to address the General Assembly and express their views and opinions about the Company and its activities. Migros General Assembly Meetings are open to all stakeholders.

The General Assembly minutes and attendance roster were reported to the ISE the same day immediately after the meeting. In addition, the minutes of the General Assembly were published in the Turkish Trade Registry Gazette issue 7064 dated 16 May 2008 and also sent to the shareholders via facsimile and e-mail upon request. The agendas, attendance rosters, proxy forms and minutes of the last six years' General Assembly meetings are available to the shareholders on the Company's website.

b) Extraordinary General Assembly Meeting

The Extraordinary General Assembly Meeting of Migros Türk Ticaret Anonim Şirketi was held at Migros Türk T.A.Ş. Head Office Building located at Turgut Özal Bulvarı No: 6 34758 Ataşehir Kadıköy/İstanbul at 11:00 on 04 September 2008 under the supervision of Nevzat Özer, a Ministry of Industry and Commerce observer appointed for the duty by the Ministry's İstanbul Provincial Directorate letter 54063 dated 03 September 2008.

As per the law and the Company's Articles of Association, announcement of the General Assembly Meeting and its agenda were promulgated in the Turkish Trade Registry Gazette issue 7126 dated 13 August 2008. It was also announced in the 13 August 2008 national edition of the Radikal newspaper. In addition, the date and location of the General Assembly Meeting were announced to shareholders on the Company's website.

The announcement also asked the shareholders to take part in the meeting either personally or by a proxy to represent them at the meeting to discuss and decide upon the agenda. In practice, all requests for passes were honored up until the day before the meeting. Shareholders making their request on the date of the General Assembly were admitted to the meeting as observers. Passes continued to be handed out until the scheduled start time of the General Assembly. Shareholders who wished to have themselves represented at the General Assembly by a proxy were instructed to submit their proxy form to the Company, which was to be prepared according to the form promulgated and duly notarized as specified in CMB Communiqué Serial: IV No: 8 published in the Official Gazette dated 09 March 1996. The sample proxy form was posted on the Company's website in addition to the newspaper announcements.

From the attendance roster, it has been understood that a total of 14,989,407,075 shares out of 17,803,000,000 for the Company's total capital of YTL 178,030,000 were represented at the meeting, of which 14,989,407,075 shares corresponding to YTL 149,894,070.75 were present in person and - shares corresponding to YTL - were represented in proxy. During the meeting, the presiding officer gave the floor to shareholders wishing to address the General Assembly and express their views and opinions about the Company and its activities.

The Extraordinary General Assembly meeting minutes and attendance roster were reported to the ISE the same day immediately after the meeting. In addition, the minutes of the Extraordinary General Assembly were published in the Turkish Trade Registry Gazette issue 7147 dated 11 September 2008 and also sent to the shareholders via facsimile and e-mail upon request. The agendas, attendance rosters, proxy forms and minutes of the last six years' General Assembly meetings are available to the shareholders on the Company's website.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

5. Voting Rights and Minority Rights
The Company merged with Tansaş in 2006. Prior to its merger with Migros, Tansaş' Articles of Association contained privileges in article 6 about the capital, article 7 about the transfer of shares, article 8 about company shares, article 10 about the Board of Directors, article 16 about statutory auditors and their responsibilities, and article 17 about the General Assembly. None of these privileges were carried into the Migros' Articles of Association.

As stipulated in Migros' Articles of Association, none of the Company's shares enjoy privileged voting rights. All votes are equal. Every shareholder is entitled to one vote for each share of stock he holds at the General Assembly meetings. There are no shareholders with cross shareholding interest.

6. Dividend Payment Policy and Timing
There are no privileges regarding participation in the Company's profit. Dividends are paid within the legally prescribed time periods, on the date determined by the General Assembly.

Migros has been generating a net profit every year since it was first quoted on the stock market in 1991. In parallel, the Company has uninterruptedly paid a dividend over the last seventeen years in different percentages of its capital, amount of which is determined by the distributable net profit. Dividends have always been paid in cash, except in 2005 when it was added to the capital and paid in bonus shares. Migros has always put the utmost importance in dividend payments for the benefit of its shareholders, which is reflected in our dividend payment policy. The crucial balance between the Company's growth strategies and its dividend payment policy is managed conscientiously.

In line with the Company's long-term strategies, investment 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, or a combination of the two. This is the Company's policy for the next three years. Any change in this policy will be publicly disclosed.

Pursuant to the CMB communiqués Serial: XI No: 29 and Serial: IV No: 27, profit of an associate, a subsidiary or an investment is not included when calculating the attributable profit, unless their general assemblies decided to distribute profit to the shareholders, even if this profit is reflected in the parent company's consolidated financial statements.

7. Transfer of Shares
The Company's Articles of Association contain no provisions restricting transfer of shares. According to the Articles of Association, the Board of Directors is authorized to make decisions on issuing shares priced above their nominal value and to impose restrictions on existing shareholders' rights to acquire new shares.

PART II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy
The Company's public disclosures are made in an accurate and timely manner pursuant to the CMB Communiqué Serial: VIII No: 39 on Principles Governing Disclosure of Material Events. In addition, public disclosures are also made on all important issues that might impact the decisions of shareholders as well as other stakeholders.

Whenever questions are directed to the Company by shareholders, the Investor Relations Department makes every effort to respond to them accurately, completely, and mindful of the principle of equality in line with the Company's public disclosure policy.

Migros' public disclosure policy requires it to share any and all information upon demand unless such information is a commercial secret or would provide a competitive advantage to third parties and would adversely affect the Company's operations.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

9. Disclosure of Material Events
In 2008, the Company made a total of 189 material disclosures, excluding announcements about Migros made by Takasbank, CRA and other publicly held companies, within the framework of CMB Communiqué Serial: VIII No: 39 on Principles Governing Disclosure of Material Events. In cases where the ISE requested additional explanations relating to the news that appeared in the press, the Company expediently fulfilled these requests. Within the scope of the Public Disclosure Platform of the CMB, material disclosures and all other public announcements are also made available in the electronic environment.

10. Company Website and its Content
Migros launched its website at www.migros.com.tr for its shareholders and customers in 1997.

The corporate website was redesigned in 2005 in line with the increasing requirements and its content was enriched in 2006, 2007 and 2008. The Migros website contains sections entitled About Migros, Customer Relations, Migros Club, Campaigns, Stores, Migros Own-Label Goods, Investor Relations, Press Room, and Human Resources, plus various subsections under these main headings and many more issues including those stipulated in Article 1.11.5 of section II of CMB's Corporate Governance Principles.

On the Company website, the Investor Relations heading covers the main sections of “Migros, Corporate, Financial Reports, Information on Capital Increases and Dividends, Information on General Assembly Meetings, Material Disclosures, Announcements to Shareholders, FAQ and Contact Us”. The subsections under these main sections offer detailed information about Migros to our investors. The Investor Relations webpage is updated as necessary, thus ensuring our investors to have easy access to current data.

11. Disclosure of Non-Corporate Ultimate Shareholder(s) Who Have a Controlling Interest:

The shareholding structure of Migros Türk T.A.Ş. is presented below.

Migros Türk T.A.Ş.

Shareholder	Share (%)	Amount (YTL)
Moonlight Perakendecilik ve Tic. A.Ş.	97.92	174,323,340
Publicly Held	2.08	3,706,660
Total	100.00	178,030,000

There are no privileged shares.

The changes that occurred in the shareholding structure in the reporting period are discussed in the relevant sections of the 2008 annual report.

Pursuant to the CMB Communiqué Serial: VIII No: 39, the Company's chairman and the members of the Board of Directors, general manager and assistant general managers, other persons with significant decision-making authority and responsibilities in the partnership and shareholders directly or indirectly owning more than 5% of the Company's shares or parties acting together with such shareholders are required to make material disclosures when they buy or sell Migros shares.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

12. Public Disclosure of Those Who Have Access to Insider Information

Names of the members of the Company's Board of Directors, statutory auditors and of those in senior management as well as any changes that took place in senior management during the year are presented in the annual report.

Fevzi Bülent Özaydınlı	Chairman of the Board of Directors & Managing Director
Antonio Belloni	Member of the Board of Directors
Francesco Conte	Member of the Board of Directors
Nicholas Stathopoulos	Member of the Board of Directors
Stefano Ferraresi	Member of the Board of Directors
Brice Cedric Dubourdieu	Member of the Board of Directors
Paolo Federico Ceretti	Member of the Board of Directors
Evren Rıfkı Ünver	Member of the Board of Directors
Ömer Özgür Tort	Member of the Board of Directors / General Manager
Warith Mubarak Said Al Kharusi	Member of the Board of Directors
Pedro Miguel Stemper	Member of the Board of Directors
Mustafa Bilgutay Yaşar	Statutory Auditor
Yüksel Toparlak	Statutory Auditor
Recep Bıyık	Statutory Auditor
Ömer Özgür Tort	General Manager
Ahmet Fuat Yanar	Assistant General Manager
Erkin Yılmaz	Assistant General Manager
Demir Aytaç	Assistant General Manager
Cem Lütfi Rodoslu	Assistant General Manager
Muvaffak İhsan Ünsel	Assistant General Manager
Mustafa Hocaoğlu	Assistant General Manager
Hakan Şevki Tuncer	Assistant General Manager

At the Company's General Assembly meeting convened on 29 April 2008, the Board of Directors was formed with nine members where Dr. Bülent Bulgurlu served as the Chairman, K. Ömer Bozer as the Vice Chairman, and Semahat Sevim Arsel, Dr. Nusret Arsel, Ömer M. Koç, Y. Ali Koç, Uğur Çatbaş, Oktay Irsıdar and Levent Çakıroğlu as members.

At the Company's Board of Directors meeting held on 30 May 2008;

It has been decided to appoint Fevzi Bülent Özaydınlı, Evren Rıfkı Ünver, Francesco Conte, Nicholas Stathopoulos, Brice Cédric Dubourdieu, Stefano Ferraresi, Antonio Belloni and Paolo Federico Ceretti to succeed Dr. Bülent Bulgurlu, K. Ömer Bozer, Semahat Sevim Arsel, Dr. Nusret Arsel, Ömer M. Koç, Y. Ali Koç, Uğur Çatbaş and Oktay Irsıdar who had resigned from their seats on the Board effective 30 May 2008. Fevzi Bülent Özaydınlı has been elected as the chairman of the Board of Directors and Managing Director.

At the Company's Board of Directors meeting held on 24 July 2008;

The Board decided to accept the voluntary resignation of Levent Çakıroğlu from his position as the General Manager and his seat on the Board of Directors, and to appoint Ömer Özgür Tort, the Company's Assistant General Manager for Human Resources and Industrial Relations to the Board of Directors membership and General Manager position, effective 01 August 2008. It has also been decided that Ömer Özgür Tort would be empowered to represent the Company as Class A 1st degree signatory.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

At the Company's Extraordinary General Assembly meeting convened on 04 September 2008,

The Assembly decided to amend the article 7 Company's Articles of Association concerning the Board of Directors as per the Board of Directors decision no. 867 dated 17 June 2008, in accordance with the preliminary approvals of the CMB dated 08 July 2008 and no. 1120-11352, and the Ministry of Industry and Commerce dated 22 July 2008 and no. 3713. Following the modification of the registration of article 7 of the Company's Articles of Association, the number of the Board members increased from nine to eleven and Warith Mubarak Said Al Kharusi and Pedro Miguel Stemper were appointed as the members of the Board of Directors in addition to the existing members; Fevzi Bülent Özaydınlı, Antonio Belloni, Francesco Conte, Nicholas Stathopoulos, Stefano Ferraresi, Brice Cedric Dubourdieu, Paolo Federico Ceretti, Evren Rıfkı Ünver and Ömer Özgür Tort.

PART III-STAKEHOLDERS

13. Keeping Stakeholders Informed
Corporate governance practices of Migros guarantee the rights of its stakeholders, which are governed by the laws, regulations and mutual agreements. The Company's employees, shareholders, affiliates, and third-party individuals and entities with which the Company hasa business relationships may submit suggestions or report violations on such issues directly to the Company's management. Such submissions and reports are evaluated and responded as appropriate. Migros publishes the names and contact information of the Company's department heads on its corporate website thus making it possible for stakeholders to directly contact the manager in charge of a particular issue and direct their questions and opinions to the relevant person first-hand. The objective of this model is to enable a more transparent and a more effective communication between the Company and its stakeholders.

Stakeholders are kept informed on matters related to the Company that are of interest to them. Potential investors who are considering buying the Company's stock can request information by directly contacting our Investor Relations Department. The Migros Investor Relations Department responds to their inquiries about the Company by e-mail or telephone or in one-on-one meetings.

The section of Migros Code of Conduct concerning employees are presented under the heading "Ethics Rules". Other principles are presented below.

Responsibilities of Migros towards other companies
1. Migros abides by law in all of its activities.
2. Migros does not derive an unfair benefit from any person or entity under any circumstances. Procurement decisions of all of goods and services are based on well established and publicly disclosed criteria.
3. It is important for Migros that its business partners refrain from tarnishing the image and reputation of Migros in their own business activities and that they give importance to proven business values.
4. Migros checks to ensure that the services it obtains on an ongoing basis from other organizations are provided in compliance with the requirements of law and it follows up accordingly.
5. Migros does not share the private information of its service suppliers with the third parties without their permission.

Responsibilities of Migros towards the Community
1. Migros strives to reach the service standards expected by its customers.
2. Migros seeks to fully and timely fulfill all of its tax and other obligations and to set an example for the community.
3. Migros does not make derogatory, derisory, or offensive statements about other companies, organizations, products, or individuals.
4. Migros takes the utmost care in all its activities to preserve the nature, historical fabric and to act in accordance with customs and traditions of the community and observe the legal requirements.
5. Migros advocates business ethics in its sector and strives for establishment, prevalance , and adoption of these principles.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

Responsibilities of Employees towards the Company
1. Migros employees within their areas of responsibility strictly reject any material or other favours from third parties made to influence their business decisions to the benefit such third parties .
2. Migros employees inform their immediate managers whenever entering into a one-on-one business relationship with any company for which a close relative works , in which he or she has a partnership interest minority or majority.
3. Migros employees exhibit maximum attention and care when fulfilling the duties assigned to them and they make every effort so that the work they perform is of higher quality, faster, and more efficient.
4. Migros employees refrain from any act or behavior that would damage the Company's image and reputation. During working hours they remain within the generally accepted code of conduct or code of conduct established by the Company for business dress and behaviour.
5. Migros employees do not remain indifferent or unresponsive in any situation that is contrary to the Company's interests and they notify the appropriate company units.
6. Migros employees avoid waste and use all of the Company's fixtures, tools, and equipment for their intended purposes. They do not use the Company's resources and facilities for their own private benefit.
7. Migros employees do not divulge any confidential or private information outside the Company, which they might be aware of due to their position or the work that they perform. They do not give interviews or make statements of any kind to any media organization without the prior consent of the Company management.

Responsibilities of Employees towards Employees
1- Migros employees do not share the private information about other company employees that they become aware of as a consequence of their jobs except where it is a requirement of their jobs.

In General
The Migros Business Ethics Committee set up within the Company is responsible for dealing with and clarifying any issues that are not addressed by the principles set forth above.

14. Stakeholder Participation in Management
Article 7 of "The Company's Responsibilities toward its Employees" of the Migros Code of Conduct states: "In matters that are related to employees, Migros seeks to include their opinions as much as possible in any decisions that are concerned with the Company's future."

In line with this, Migros management exhibits all due sensitivity on this matter. As a part of the Company's business conduct, Migros employees are included in the decision-making process in their area of work. Migros employees have the opportunity to communicate their suggestions and demands to the Company's senior management and the members of the Board of Directors directly or electronically through the intranet.

15. Human Resources Policy
The Migros Human Resources Department aims to develop systems that will ensure the constant improvement, motivation and management of human resources to create competitive advantages in the execution of the Company's strategies, and to implement these systems in line with the Company's corporate principles. Our most important capital is our people. The quality of our products and services begins with the quality of our employees. Attracting the best and most competent people and employing them in our Company, taking maximum advantage of our people's abilities, strengths, and creativity, increasing their individual productivity, giving them opportunities to progress, and creating a working environment in which cooperation and solidarity flourish is the way we have chosen to ensure that our Company will survive generation after generation.

MİGROS TÜRK T.A.Ş.

Corporate Governance Principles Compliance Report

Our Principles

Strategic Importance of Human Resources

Human resource management at Migros focuses on the importance given to people by recognizing their strategic value; it creates awareness for human resources to be treated as a privileged factor. Human resource strategies are structured in order to create and develop a reliable, agile and proactive organizational structure so that Migros is able to maintain its leadership in the sector within a competitive environment. Employees are treated as a strategic resource out of the belief that their experience and creativity will be the driving force in the Company's adaptation to changing competitive conditions and newly-penetrated markets while establishing leadership in them.

Superior Business Ethics and Honesty

In all dealings with employees, it is the Company's fundamental principle to act fairly, in good faith and considerately; to abide by the laws and the rules of ethics.

Workplace Safety

Migros assures its employees that it will fulfill all of its obligations toward them within the framework of laws and regulations.

To enable employees to perform their jobs safely at Migros Türk T.A.Ş., the Company complies not only with all of the requirements of the labor law and associated laws, regulations, and administrative provisions but also with sector standards concerning ergonomics and the improvement of the working environment. In the case of civil defense activities, which are of great importance in our country, theoretical and practical training is also provided in cooperation with the public authorities concerned.

Equality of Opportunity

In Turkey and in its foreign subsidiaries, Migros provides service through employees who have tremendous diversity in terms of language, religion, race and nationality. All human resource-related decisions from recruitment and placement to compensation are governed by job position profiles that are defined in detail. Through the human resource evaluation systems it has developed, Migros monitors and assesses the competencies, skills and performances of its employees objectively within the framework of common principles. Based on evaluation results, Migros provides equal opportunity to its employees for training, promotion, career development and compensation through the Company's Integrated Human Resource systems.

Human Resources and Industrial Relations

The management of human resources processes and of relations with employees at our Company in line with established human resources policies and principles is the responsibility of the Assistant General Manager for Human Resources and Industrial Relations and is clearly defined and committed to in the Company regulations and in the Company’s business ethics principles.

Participation and Transparency

Managers and employees are inseparable elements of human resource practices at Migros. Employees are kept informed about their roles and responsibilities in human resources policies, and provided with guidance in fulfilling those responsibilities.

Human resources policies and processes are continuously shared with employees by means of the Company's communication resources (intranet, e-mail, e-learning and meetings). Employees have access to all of their evaluations and are able to obtain training and information on practices, and can view their individual results.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

Competitiveness
Migros plans and manages the professional development of its employees not only to keep them competitive within the Company but also on all professional platforms so as to enable the creation of positive values for the economy, the environment and the community.

Commitment to common values
Values shared in common make up the foundation of our corporate culture. These values are:
1- Reliability
2- Leadership
3- Sensitivity
4- Customer-focus
5- Productivity
6- Innovation

Actions of employees contradicting with the Company's common values are dealt with appropriately and impartially through warning systems and discipline committee procedures. Conducting relations with employees at Migros is the primary function of the Recruitment, Placement and Industrial Relations Department. The objectives of this department are to ensure that all laws and regulations are fully complied with by the Company, to oversee the rights of the employees arising from laws and contracts, and to manage employee rights so as to maintain labor peace and fulfill all legal obligations.

16. Relations with Customers and Suppliers
Underlying more than half a century of Migros' leadership in its sector is a dynamic corporate culture infused with experience and the ability to pioneer under changing conditions. Important elements of Migros' innovative style include a thorough familiarity with both customers and the market, an ability to keep abreast of developments, and act proactively, and spearheading change. For this reason, a number of firsts took hold in the sector only after they were introduced at Migros, such as consumer rights launched as early as in the 1960s and 1970s. In 1998, Migros introduced the Migros Club system, designed to enable the Company to become better acquainted with its customers and provide them with diversified service. Analysis of customer data makes it possible to approach customers not merely collectively but also individually. In addition to its modern, contemporary and large supermarkets, Migros expanded and diversified its formats tailored according to the changing customer needs such as the Şok discount outlets introduced in 1995 and the e-commerce platform Migros Virtual Market introduced in 1997. As a result of the Company's merger with Tansaş Perakende Mağazacılık T.A.Ş. in 2006, Tansaş and Macrocenter stores also joined the Migros family. A new format introduced by Migros to its customers in 2007 has been the 5M stores. The target is to fulfill customer expectation through different formats.

In the retail sector, anything seen in the stores can be imitated quickly; however, differentiation that cannot be imitated so quickly in customer relations is warranted by experience combined with a deeply-rooted innovation concept in the corporate culture, as well as investments in technology to back them up.

In the 1990s, Migros was the first to introduce the barcode system and electronic cash registers that have dramatically reduced waiting time at the checkout as well as the Company's operating costs. The same pioneering spirit led the Company to set up a B2B system for its suppliers. By reducing operating and logistical costs while providing savings and gains for all sides, this system benefits all stakeholders and especially the customers.

Since 1994, Migros has utilized its Customer Satisfaction Survey to identify customer expectations in advance and has acted proactively to self-improve. With the addition of Tansaş stores to the portfolio in 2006, a Customer Satisfaction Survey was given to 9,500 customers for Migros, Tansaş and Şok stores in 2008. Data from these surveys are analyzed to determine existing levels of customer satisfaction and to develop models to spot future trends in customer expectations. Occasional surveys conducted from kiosks inside the stores on specific issues provide the company with the chance to hear the customers and track customer expectations. The feedback from these activities helps the Company understand customer expectations of present as well as for future and to review and revise its objectives accordingly.

MİGROS TÜRK T.A.Ş.

Corporate Governance Principles Compliance Report

Our objectives include launching pioneering practices targeting new trends and expectations based on the findings derived from Customer Relations Management (CRM) practices resulting from the analysis of Migros Club data and from the mystery shopper survey aimed at improving the employees' attitudes. Mystery shopper surveys are a unique Migros quality-based performance tool that employs scientific methods to measure and benchmark the quality of service provided at points of sale within the framework of our corporate culture and company rules, from the standpoint of physical standards and customer relations, and in line with customers' views and evaluations.

Some other important activities undertaken to achieve customer satisfaction include the following:

• In August 2005, Migros earned the ISO 9001-2000 Quality Management System certification as an outcome of integrating its long-standing process analysis and process-based documentation and Quality Management System established in accordance with the ISO 9001:2000 standard.

• Migros was certified in December 2006 for the TS EN ISO 22000 Food Safety Management System by the Turkish Standards Institution (TSI) after detailed inspections. The scope of the certificate is retail, wholesale and online sales services, as well as design and provision of organizational and logistic support services. In addition, Tansaş and Macrocenter stores were added to the scope of the TS EN ISO 9001-2000 certificate that had been previously earned. In 2007, Migros Türk T.A.Ş. included Şok discount stores under the scope of ISO 9001 and ISO 22000 certifications. This signifies introduction of good quality by Migros Türk T.A.Ş. to discount stores, as well.

• Migros carefully selects each one of it suppliers. Supplier companies are audited at regular intervals by competent independent organizations, and the products are subjected to periodic quality control analyses. Migros-labeled products are included in the same quality control process.

• Every new product that is put up for sale at Migros undergoes a preliminary quality control process.

• Before the products purchased from suppliers are admitted to warehouses, food engineers subject them to sensory, chemical, physical and microbiological quality control tests; products that do not meet the quality standards are rejected.

• Products in the stores, warehouses and on the shelves are regularly checked by veterinarians to ensure food safety.

• Personnel employed in all stores attend training programs about hygiene in order to ensure food safety.

• In the Company's promotional program Aksiyon, products are offered for sale at discount prices for fifteen days, with the guarantee that there will be sufficient stock for the duration of the sale.

• All customer suggestions received at the stores or at the Call Center are evaluated and the results are communicated to the customers as soon as possible. Customers can forward their complaints quickly and easily to company store managers, via a toll-free customer line and by e-mail directed to the management at every level.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

17. Social Responsibility

Migros' responsibilities toward the community are spelled out in Migros Code of Ethics:

1. Migros strives to reach the service standards expected by its customers.
2. Migros seeks to fully and timely fulfill all of its tax and other obligations and to set an example for the community.
3. Migros does not make derogatory, derisory, or offensive statements about other companies, organizations, products, or individuals.
4. Migros takes the utmost care in all its activities to preserve the nature, historical fabric and to act in accordance with customs and traditions of the community and observe the legal requirements.
5. Migros advocates business ethics in its sector and strives for establishment, prevalance , and adoption of these principles.

Migros believes that corporations are as equally responsible as are the governments, non-governmental organizations, and national and international standards for sustainable development of a contemporary way of life, improved standards of living and efficient use of limited resources both in Turkey and in other countries in which it is active.

The corporate culture that Migros has developed for more than half a century include concern for public health and hygiene, sensitivity toward identifying and satisfying the needs of society, organization of and participation in exemplary educational, cultural, athletic and social activities essential for social development, as well as its corporate identity as an Honest Retailer and one that is sensitive to the environment.

As a requirement of its approach to corporate social responsibility, Migros acts in compliance with laws, moral standards and human rights in all services that it offers to consumers, fulfilling the responsibilities incumbent upon it to combat the underground economy and contribute to employment by protecting legal employee rights. The Company also shares its sense of social responsibility with its social stakeholders - employees, suppliers, subsidiaries, investors and customers – as well as with the public at large. Great importance is given to supporting and spreading of such pioneering value-creating practices for development.

In its actions, Migros is guided by the awareness that a good reputation can be lost in a single moment. It adheres to ethics and honesty in everything it does knowing that trust cannot be gained easily, that it is a bond that grows and develops slowly over a long period of time between a company and its customers and once broken, cannot be mended through quick-fix concepts or by slogans. Since 1954, Migros has been safeguarding the health and rights of its customers; many innovative practices introduced by Migros encourage good shopping habits and foster consumer awareness. These practices subsequently became standards in the sector and some have even been embodied in the law.

Adopting the philosophy that quality is the quest for perfection as its starting point, Migros seeks to achieve the highest possible level of customer satisfaction through control mechanisms set up to monitor quality at every stage - from procuring the goods sold on the shelves to their consumption by customers.

Specific details of the Company's activities within the scope of social responsibility are presented in the relevant sections of the Annual Report.

MİGROS TÜRK T.A.Ş.

Corporate Governance Principles Compliance Report

PART IV-BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

Migros Board of Directors consists of eleven members elected by the General Assembly.

Board of Directors	
Fevzi Bülent Özaydınlı	Chairman and Managing Director
Antonio Belloni	Member
Francesco Conte	Member
Nicholas Stathopoulos	Member
Stefano Ferraresi	Member
Brice Cedric Dubourdieu	Member
Paolo Federico Ceretti	Member
Evren Rıfkı Ünver	Member
Ömer Özgür Tort	Member
Warith Mubarak Said Al Kharusi	Member
Pedro Miguel Stemper	Member

According to the allocation of duties made among the members of the Board of Directors, Fevzi Bülent Özaydınlı serves as the chairman.

19. Qualifications of Board Members

All members on the Board of Directors possess the qualifications stipulated in Articles 3.1.1, 3.1.2 and 3.1.5 of section IV of CMB's Corporate Governance Principles. They are also professionals whose knowledge, experience, and educational backgrounds are exemplary both in our sector and in the business world.

20. Mission, Vision and Strategic Goals of the Company

The Company's vision is to be as close to the consumer as possible by serving in different formats in modern retailing, utilizing a strategy that involves an extensive reach in Turkey and its neighboring countries as well as always keeping ahead of consumer expectations.

Migros' mission is to strengthen its leadership in the Turkish retailing sector and to become a strong and exemplary regional retail chain by ranking first or second in countries in which it operates.

In line with this mission, Migros structures its strategies to achieve sustainable quality and earn respect as the sector leader through an approach to customer satisfaction that raises the standards of retailing in the countries in which it is active.

The Company's senior management develops strategies to achieve these objectives in light of the vision defined by the Board of Directors. To this end, the basic strategy is to provide customers with high quality service that is contemporary, reliable and economical. Targets are set to achieve these strategies and these targets are made known to all organizational units and supported by business plans. The Corporate Performance Management System in place facilitates monitoring and evaluation of these targets and business results as well as their assessment and revision whenever necessary.

Annual, quarterly and monthly reporting structures have been created to enable the Board of Directors to carry out its basic administrative functions such as planning, organizing and oversight.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

Board members are informed of the progression and direction of the Company's business via meetings where the annually updated long term five-year plan is presented and reviewed, annual budget and review meetings and quarterly meetings at which the latest quarter's results are presented and the board's feedback is sought. Detailed monthly progress reports are prepared and submitted to the Board allowing the Board members to monitor the Company's efforts to achieve objectives and immediately intervene and provide guidance when necessary.

21. Risk Management and Internal Control Mechanism

The purpose of internal control system at Migros is to provide the Company management with independent information on the functional, operational and financial performances of audited processes or units, thus enabling the management of identified or predicted risks, and systematic establishment and operation of necessary control mechanisms. For this purpose, the Internal Audit Department has started functioning at the Company in 2005 and completed its structuring in 2006. The Department continued to work at an increasing pace in 2008 and contributed to improved productivity and more effective management of business processes across the Company by means of the reports and recommendations submitted. In the scheduled financial and operational audits carried out, the Migros Internal Audit Department investigates and reviews:

- The degree of effective and efficient utilization of the Company’s resources,
- Whether the Company’s resources are abused or fraud is committed;
- Efficiency and effectiveness of operations,
- Compliance of employees with the quality management documentation and administrative instructions approved by the management,
- Efficiency of the internal control mechanisms designed for operations and activities,
- Reliability of financial statements,
- The extent to which predetermined and reported operations and transactions posing a risk have been eliminated or taken under control through suggestions endorsed by the management.

Within this framework, the Internal Audit Department performed both financial and operational audits in 2008 in line with the risk analysis conducted and the annual internal audit schedule. The assessment and recommendations resulting from the audits have been presented to the Company’s senior management by means of the audit reports produced, which also pointed improvement areas based on constant improvement philosophy. In addition to financial and operational audits, the Internal Audit Department also performed follow –up audits on issues that were reported to the senior management before, and for which actions plans were put in place for corrections,. The Department also targets maximum utilization of the Company’s entire technological infrastructure and cooperates with the Information Technology Department for collection/obtaining of data that will be used in audits or in improving the general internal controls.

In conclusion, the efforts of the Internal Audit Department in 2008 concentrated on effective management of risk and developing control mechanisms in accordance with changes in business processes across Migros Türk T.A.Ş. Contributing to the Company’s efficiency in this sense, the Internal Audit Department supports the improvement of business processes through constant self-development.

22. Authorities and Responsibilities of Board Members and Executives

The duties and authorities of the members of the Board of Directors are clearly stipulated in the Company's Articles of Association, which can be accessed on the Migros corporate website at www.migros.com.tr.

The Migros Board of Directors is authorized to decide on all matters with the exception of those for which responsibility cannot be delegated by the General Assembly as per the Turkish Commercial Code and the Company's Articles of Association.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

23. Operating Principles of the Board of Directors
During 2008, the Board of Directors passed 39 resolutions on various matters. At least six (6) members attended each of the meetings. Pre- and post-meeting activities are organized by a secretariat responsible for such matters. At these meetings, views are freely expressed and if there are dissenting votes against any decision, the same is entered into the minutes of the meeting along with the reasons therefor. There were no dissenting opinions entered into the minutes of any Board meeting held in 2008. In addition, questions raised by board members at the meetings are entered into the meeting minutes along with responses given.

Each member of the Migros Board of Directors controls one vote. No members have weighted voting rights or veto rights.

24. Prohibition on Doing Business or Competing With the Company
Migros has a leasehold relationship in a total of five stores with the chairman of the Board Rahmi Koç who served until the General Assembly dated 29 April 2008 and with board members Y. Ali Koç, Ömer M. Koç and Semahat Arsel, who served until 30 May 2008. During the reporting period, Board members were involved in no other business transactions with the Company and none were involved in any competition with the Company.

25. Code of Ethics
Migros' principles of business ethics are grouped under the following five headings:

- Responsibilities of the Company towards its employees
- Responsibilities of employees towards the Company
- Responsibilities of the Company towards other companies
- Responsibilities of the Company towards the community
- General responsibilities

The Company describes its responsibilities towards its employees under the main headings above. Information about the other categories of business ethics principles is presented in other sections of this Corporate Governance Compliance Report.

The Company regards its employees as one of the greatest assets it possesses in today's difficult market conditions. One of the Company's greatest competitive advantages is its business expertise and qualities that employees have and are continuously improving upon.

MİGROS TÜRK T.A.Ş.
Corporate Governance Principles Compliance Report

Responsibilities of Migros towards its employees

1- Migros completely fulfills all of its legal obligations toward all employees. In situations where the requirements of law are not sufficiently clear, Migros consults those who have specialized knowledge on the matter.
2- Migros observes employee rights within the framework of its business ethics rules in situations where the laws are insufficient.
3- In all hirings, promotions and appointments, the only criteria to be taken into account are the qualifications for the position. Migros creates equality of opportunity among its employees.
4- Migros does not get involved in the personal affairs or private lives of its employees and holds all of the private information about its employees in strict confidence.
5- Migros provides training opportunities for its employees, helping them to improve professionally and personally.
6- In its dealings with employees, Migros does not discriminate in any way on the basis of sex, age, ethnic origin or faith.
7- In matters that are related to employees, Migros seeks to include their opinions as much as possible in any decisions that are related to the Company's future.
8- Migros provides healthy and safe working conditions as dictated by the requirements of law and circumstances, and seeks to improve them to the utmost.
9- Migros holds in strict confidentiality and does not divulge any private information (such as medical records, shopping habits, economic data, etc.) about its employees that it may receive through any means.

26. Numbers, Structures, and Independence of Committees within the Board of Directors

A two-member Audit Committee has been formed by the Migros Board of Directors. At the Company’s Board of Directors meeting of 22 October 2008, Stefano Ferraresi and Evren Rıfkı Ünver have been elected as members of the Audit Committee to serve until the date General Assembly is convened at which the Company's 2008 activities are to be discussed. The Audit Committee meets four times a year.

27. Remuneration of the Board of Directors

At the General Assembly Meeting for year 2007 convened on 29 April 2008, the Migros General Assembly decided to pay the chairman and the members of the Board of Directors a gross monthly salary of YTL 1,355. At the Extraordinary General Assembly Meeting convened on 04 September 2008, it was resolved not to pay any gross monthly salary to the chairman and the members of the Board of Directors.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Convenience Translation into English of Consolidated Financial Statements as at and for the Year Ended 31 December 2008 Together with Independent Auditor's Report

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

INDEPENDENT AUDITOR'S REPORT

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

Introduction
1. We have audited the accompanying consolidated financial statements of Migros Türk Ticaret A.Ş. ("Migros") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2008 and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

Opinion
4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Migros Türk Ticaret A.Ş. as of 31 December 2008, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

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

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of PricewaterhouseCoopers

Originally issued and signed in Turkish

Adnan Akan, SMMM
Partner

Istanbul, 6 April 2009

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONTENTS PAGE

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Consolidated Balance Sheets At 31 December 2008 And 2007

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

	Notes	2008	2007
ASSETS			
Current assets			
Cash and cash equivalents	4	1.094.331	396.952
Financial assets	5	-	628.767
Trade receivables	7	28.334	37.202
Other receivables	8	415	32.492
Inventories	9	491.974	400.517
Other current assets	16	34.926	168.595
Total current assets		1.649.980	1.664.525
Non-current assets			
Other receivables	8	910	733
Financial assets	5	2.215	1.706
Investment property	10	24.926	9.145
Property, plant and equipment	11	790.603	736.117
Intangible assets	12	190.775	179.626
Goodwill	13	234.466	234.466
Other non-current assets	16	2.381	3.407
Total non-current assets		1.246.276	1.165.200
Total assets		2.896.256	2.829.725

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Consolidated Balance Sheets At 31 December 2008 And 2007

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

	Notes	2008	2007
LIABILITIES			
Current liabilities			
Current portion of long-term financial liabilities	6	44.024	117.828
Trade payables	7	1.049.006	926.152
Other financial liabilities	8	16.699	20.702
Taxes on income	24	3.356	36.363
Provisions	14	13.898	6.795
Other current liabilities	16	64.970	72.207
Total current liabilities		1.191.953	1.180.047
Non-current liabilities			
Financial liabilities	6	37.978	142.663
Other liabilities	8	4.408	3.602
Provision for employee termination benefits	15	15.490	14.065
Deferred income tax liabilities	24	22.043	20.015
Total non-current liabilities		79.919	180.345
Total liabilities		1.271.872	1.360.392
EQUITY	17		
Attributable to equity holders of the parent		1.623.997	1.469.068
Share capital	17	178.030	178.030
Equity inflation restatement differences	17	(77.165)	(77.165)
Share premium	17	18.854	18.854
Financial assets fair value reserve	17	-	24.543
Cumulative translation differences	17	17.031	(6.457)
Restricted reserves	17	462.896	18.487
Additional contribution to shareholders' equity related to merger	17	119.422	119.422
Retained earnings	17	643.450	640.479
Net income for the period		261.479	552.875
Minority interests	3.g	387	265
Total equity		1.624.384	1.469.333
Total liabilities and equity		2.896.256	2.829.725
Commitments, contingent assets and liabilities	14		

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Consolidated Statements of Income for the Years Ended 31 December 2008 and 2007

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

	Notes	2008	2007
CONTINUING OPERATIONS			
Revenue (net)	3, 18	5.073.746	4.793.359
Cost of sales (-)	3, 18	(3.766.990)	(3.598.461)
GROSS PROFIT	3, 18	1.306.756	1.194.898
Marketing, selling and distribution expenses (-)	19	(822.422)	(736.909)
General administrative expenses (-)	19	(202.231)	(244.130)
Other operating income	20	29.475	417.461
Other operating expense (-)	20	(15.431)	(19.766)
OPERATING PROFIT	3	296.147	611.554
Income from associates		-	216
Financial income	21	195.398	150.954
Financial expense (-)	22	(169.974)	(124.094)
INCOME BEFORE TAX		321.571	638.630
Income tax expense	24	(60.039)	(85.717)
- Taxes on income	24	(58.150)	(53.441)
- Deferred income tax expense	24	(1.889)	(32.276)
NET INCOME		261.532	552.913
Net income attributable to:			
Equity holders of the parent		261.479	552.875
Minority interest		53	38
		261.532	552.913
Earnings per share (YKr)	25	1,47	3,11

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Consolidated Statements of Changes in Equity for the Years Ended 31 December 2008 and 2007

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

	Share capital	Equity inflation restatement differences	Share premium	Financial assets fair value reserve	Cumulative translation differences	Restricted reserves	Additional contribution to shareholders' equity related to merger	Retained earnings	Net income	Minority interest	Total equity
Balances at 1 January 2007	176.267	(77.165)	18.854	14.865	(30.202)	13.410	119.422	608.633	78.686	199	922.969
Transfers	1.763	-	-	-	-	5.077	-	37.762	(44.602)	-	-
Dividends paid	-	-	-	-	-	-	-	(5.916)	(34.084)	-	(40.000)
Cumulative translation differences	-	-	-	-	23.745	-	-	-	-	28	23.773
Financial assets fair value gain, net of tax	-	-	-	9.678	-	-	-	-	-	-	9.678
Net income for the period	-	-	-	-	-	-	-	-	552.875	38	552.913
Balances at 31 December 2007	178.030	(77.165)	18.854	24.543	(6.457)	18.487	119.422	640.479	552.875	265	1.469.333
Balances at 1 January 2008	178.030	(77.165)	18.854	24.543	(6.457)	18.487	119.422	640.479	552.875	265	1.469.333
Transfers	-	-	-	-	-	444.409	-	2.971	(447.380)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(105.495)	-	(105.495)
Cumulative translation differences	-	-	-	-	23.488	-	-	-	-	69	23.557
Financial assets fair value loss, net of tax	-	-	-	(24.543)	-	-	-	-	-	-	(24.543)
Net income for the period	-	-	-	-	-	-	-	-	261.479	53	261.532
Balances at 31 December 2008	178.030	(77.165)	18.854	-	17.031	462.896	119.422	643.450	261.479	387	1.624.384

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Consolidated Statements of Cash Flows for the Years Ended 31 December 2008 and 2007

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

	Notes	2008	2007
Operating activities:			
Net income		261.479	552.875
Adjustments to reconcile net income to net cash provided / used by operating activities:			
Minority interest		53	38
Income from associates	5	-	(216)
Depreciation and amortization	19	100.632	110.275
Provision for employment termination benefits	15	8.348	9.770
Income tax expense	24	60.039	85.717
Interest income		(145.376)	(62.142)
Interest expense		138.341	87.797
Losses/(Gains) from sales of property, plant and equipment		3.516	(4.104)
Impairment of property, plant and equipment	20	93	1.280
Available-for-sale investment sales gain	20	(21.245)	(18.418)
Loss from sale of associates	20	-	1.688
Profit from sale of joint ventures	20	-	(379.991)
Unrecognized foreign exchange differences		27.159	(86.068)
Cash flows from operating activities before changes in operating assets and liabilities		433.039	298.501
Changes in operating assets and liabilities:			
Trade receivables		8.868	8.285
Inventories		(91.457)	3.156
Current assets and other receivables		165.746	73.956
Other fixed assets		849	51.581
Current and non current liabilities and provisions		122.854	(98.899)
Other current and non-current liabilities		(3.331)	(3.381)
Employment termination benefits paid	15	(6.923)	(7.462)
Income taxes paid		(86.634)	(9.563)
Net cash generated from operating activities		543.011	316.174
Investing activities:			
Purchases of property, plant and equipment	11	(154.645)	(213.218)
Purchase of intangible assets	12	(13.467)	(1.809)
Proceeds from sale of property, plant and equipment		1.101	55.524
Available-for-sale investments additional share purchase	5	(509)	-
Change in available-for-sale financial assets- net		608.467	(313.827)
Proceeds from sale of available-for-sale investments		-	(1.412)
Purchases of investment property	10	(69)	-
Interest received		161.929	54.546
Proceeds from sale of associates		-	5.500
Proceeds from sale of joint ventures		-	450.111
Net cash generated from investing activities		602.807	35.415
Financing activities:			
Bank borrowings paid		(204.197)	(180.896)
Dividends paid		(105.495)	(40.000)
Interest paid		(139.791)	(95.904)
Net cash used in financing activities		(449.483)	(316.800)
Cumulative translation adjustment		1.044	16.552
Net increase in cash and cash equivalents		697.379	51.341
Cash and cash equivalents at the beginning of the period	4	396.952	345.611
Cash and cash equivalents at the end of the period	4	1.094.331	396.952

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Migros Türk Ticaret Anonim Şirketi ("Migros" or the "Company") was established in 1954 and is registered in Istanbul, Turkey under the Turkish Commercial Code.

The Company is mainly engaged in the retail sales of food and beverages, and consumer and durable goods through its Migros, Şok, Tansaş and Macrocenter stores, shopping centers, Ramstores abroad and internet sales. The Company also rents floor space in the shopping malls to other trading companies. For the year ended 31 December 2008, average number of people employed by Migros and its Subsidiaries (collectively referred as the "Group") is 15.348 (2007: 13.659). As of 31 December 2008, the Group operates in 1.191 stores (31 December 2007: 953) with a net retail space of 697.565 (2007: 603.769) square meters. Retail is the main business segment of the Group and constitutes almost 97,4% of gross sales (2007: 96,2%). Therefore, in accordance with the International Accounting Standard 14 ("IAS 14"), Segment Reporting, retail is the sole reportable business segment.

The address of the registered office is as follows:

Migros Türk T.A.Ş.
Turgut Özal Bulvarı No: 6
34758 Ataşehir İstanbul

The parent of the Company is Moonlight Perakendecilik ve Ticaret A.Ş. ("Moonlight") (Note 17) and the shares of the Company are publicly traded on the Istanbul Stock Exchange ("ISE").

Koç Holding A.Ş. ("Koç Holding"), the former parent of the Company, and Moonlight Capital S.A., have signed a Share Purchase Agreement ("SPA") on 13 February 2008 on the sale of 50,83% shares owned by Koç Holding in the Company. The transfer of control took place on 30 May 2008 after the Competition Board permission required for the transfer was received.

These consolidated financial statements as at and for the year ended 31 December 2008 have been approved for issue by the Board of Directors on 6 April 2009. The owners of the Company have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

Subsidiaries:

The Company has the following subsidiaries (the "Subsidiaries"). The nature of the business of the Subsidiaries and for the purpose of the consolidated financial statements, their respective geographical segments are as follows (see also Note 2 Basis of Presentation of Financial Statements):

Subsidiary	Country of incorporation	Geographical segment	Nature of business
Ramstore Mahdud Mesuliyyetli Cemiyeti ("Ramstore Azerbaijan")	Azerbaijan	Azerbaijan	Retailing
Ramstore Bulgaria E.A.D. ("Ramstore Bulgaria") (**)	Bulgaria	Bulgaria	Dormant
Ramstore Kazakhstan LLC ("Ramstore Kazakhstan")	Kazakhstan	Kazakhstan	Retailing
Ramstore Macedonia DOO ("Ramstore Macedonia")	Macedonia	Bulgaria	Retailing
Ramstore Bishkek LLC ("Ramstore Bishkek")	Kyrgyzstan	Kazakhstan	Retailing
Şok Marketler Ticaret A.Ş. ("Şok Marketler")	Turkey	(*)	Trade (Dormant)
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez")	Turkey	(*)	Trade

(*) Not included in the scope of consolidation on the grounds of materiality.
(**) By closing down its three retail stores, Ramstore Bulgaria has ceased its retail operations in the first half of 2007.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

The addresses of the registered offices of the Subsidiaries within the scope of consolidation are as follows:

- Ramstore Mahdud Mesuliyyetli Cemiyeti
Babek Prospekti 1129.cu Mehelle 1025
Baku, Azerbaijan

- Ramstore Bulgaria E.A.D.
33, Layosh Koshut Str., fl. 5, apt. 26,
region Krasno selo
Sofia, Bulgaria

- Ramstore Bishkek LLC
Gorkiy Str. 27/1, Pervomaisky District
Bishkek, Kyrgyzstan

- Ramstore Macedonia DOO
Skopje Mito Hadzivasilev Jasmin B.B.,
1000 Skopje, Macedonia

- Ramstore Kazakhstan LLC
226 Furmanov St.,
Almaty 050059, Kazakhstan

Interests in Joint-venture:

The Group and Enka Holding Investment S.A. have signed a Share Purchase Agreement on 11 September 2007 on the sale of 50% shares in the joint venture Limited Liability Company Ramenka ("Ramenka") in exchange of USD 542,5 million and the share transfer is completed on 9 November 2007 as the preliminary conditions are fulfilled (Note 23). The results of Ramenka are included in the consolidated financial statements until the date of disposal. The nature of business of the Joint-venture and for the purpose of the consolidated financial statements, its geographical segment is as follows:

Join-venture	Joint-venture partner	Country of incorporation	Geographical segment	Nature of business
Limited Liability Company Ramenka ("Ramenka")	ENKA Holding Investment S.A., Entrade GmbH	Russian Federation	Russian Federation	Retailing and Shopping Mall Management

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial Reporting Standards

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

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats required by the CMB including the compulsory disclosures. As per CMB's Communiqué Serial XI, No:29 and its announcements clarifying this communiqué enterprises are obliged to present the hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements (Note 27). Accordingly, required reclassifications have been made in the comparative financial statements (Note.2.6.y).

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

Translation of Financial Statements of Foreign Subsidiaries

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

2.2 Amendments in International Financial Reporting Standards (IFRS)

(a) Standards, amendments and interpretations effective in 2008 but not relevant to Group's operations

- IFRIC 14, "IAS 19 - The Limit on a Defined Limited Asset, Minimum Funding Requirements and their Interaction"

- IFRIC 11, "IFRS 2 - Group and Treasury Share Transactions"

- IFRIC 12, "Service Concession Arrangements

- IFRIC 16. "Hedges of a Net Investment in a Foreign Operation

(b) Standards, amendments and interpretations that are not effective in 2008 and not applied by the Group prior to effective date:

- IAS 1 (Amendment), "Presentation of Financial Statements" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. Group will apply IAS 1 (Amendment) from 1 January 2009. It is not expected to have an impact on Group's financial statements.

- IAS 36 (Amendment), "Impairment of Assets" (effective from 1 January 2009).). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. Group will apply IAS 36 (Amendment) for impairment disclosures that are realized since 1 January 2009.

- IAS 39 (Revised), "Financial Instruments: Recognition and Measurement" (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The Group will apply IAS 39 (Amended) from 1 January 2009. It is not expected to have an impact on Group's income statement.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

- IFRS 8 "Operating Segments" UFRS 8, (It is valid as of 1 January 2009) IFRS 8 is replacing IAS 14 "Segment Reporting" standard and paralleling the segment reporting to American Accounting Standards SFAS 131 "Disclosures About Segments of an Enterprise and Related Information". New standard requires an "Administrative Approach" to provide the informations of segments to be in the same basis with the informations used in internal reporting.

The Group will apply IFRS 8 from 1 January 2009 but it is not expected to have an effect on Group's financial statements.

- IFRIC 13, "Customer Loyalty Programs" (It is valid as of 1 January 2009). According to IFRIC 13, the sales cases of goods and services within the context of customer loyalty programs are accepted as multi arrangements and the value gained from the sales is recorded in the arrangement's elements using its fair values. Group will apply IFRIC 13 as of 1 January 2009. With the application of IFRIC 13, the effect of the application to consolidated financial statements has not been calculated yet but it is expected not to be significant.

(c) Standards, amendment and interpretations effective in 2009 and early adopted by the Group

- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group has early adopted this amendment.

Also, the definition of borrowing costs has been amended so that interest expense is calculated using effective interest method defined in IAS 39 "Financial instruments: Recognition and measurement". This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group has early adopted this amendment.

(d) Standards, amendment and interpretations effective in 2009 and not relevant to the Group and not early adopted

- IFRS 2 - "Shared based Payments"

- IAS 32 (Amendment), "Financial Instruments: Presentation"

- IFRS 1 (Amendment) "First application of IFRS" and IAS 27 "Consolidated and Separate Financial Statements"

- IAS 27 (Amendment), "Consolidated and Separate Financial Statements"

- IFRS 3 (Amendment), "Business Combinations"

- IFRS 5 (Amendment), "Non-current assets held for sale and Discounted Operations" (and consequential amendment to IFRS 1, "First-time adoption").

- IAS 28 (Amendment), "Investments in Associates" (and consequential amendments to IAS 32, "Financial Instruments: Presentation", and IFRS 7, "Financial instruments: Disclosures")

- IAS 38 (Amendment), "Intangible Assets"

- IAS 19 (Amendment), "Employee Benefits"

- IAS 16 (Amendment), "Property Plant and Equipment"

- IAS 29 (Amendment), "Financial Reporting in Hyperinflationary Economies"

- IAS 40 (Amendment), "Investment Property" (and consequential amendments to IAS 16)

- IAS 41 (Amendment), "Agriculture"

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

- IAS 20 (Amendment), "Government Grants"

- IFRIC 15, "Agreements for the Construction of Real Estates"

2.3 Basis of Consolidation

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

b) Subsidiaries are companies over which Group has power to control the financial and operating policies for the benefit of Migros through the power to exercise more than 50% of the voting rights.

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

	Direct and indirect shareholding by Migros and its Subsidiaries (%)	
Subsidiary	2008	2007
Ramstore Azerbaijan (1)	100,00	100,00
Ramstore Bulgaria (1), (2)	100,00	99,99
Ramstore Kazakhstan (1)	100,00	100,00
Ramstore Macedonia (1)	99,00	99,00
Ramstore Bishkek (1)	100,00	100,00
Şok Marketler (3)	99,60	99,60
Sanal Merkez (3)	100,00	69,99

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

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

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

(3) Şok Marketler and Sanal Merkez are excluded from the scope of consolidation on the grounds of materiality. These Subsidiaries have been classified and accounted for as financial assets in the consolidated financial statements (Note 5).

c) Investments in which the Group has an interest of below 20% or over which the Group does not exercise a significant influence are considered as available-for-sale investments and accounted for at their fair value in the financial statements. However, if the fair value cannot be measured reliably, they are accounted for at purchase cost less impairment, if applicable (Note 5).

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

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

2.4 Changes in the Accounting Policies and Errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. There are no changes in the accounting policies for the period of 1 January - 31 December 2008.

2.5 Changes in the Accounting Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. There are no changes in the accounting estimates for the period of 1 January - 31 December 2008.

2.6 Summary of Significant Accounting Policies

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

a) Revenue

Revenues are recognized on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods sold less sales returns, discounts and commission (Note 18).

Retail sales are made in exchange for cash or credit card receipts. Recorded sales represent gross amounts including credit card transaction fees.

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

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

Royalty and rental income - on an accrual basis.
Interest income - on an effective yield basis.
Dividend income - when the right to receive a dividend is established.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

b) Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. Net realizable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 9).

c) Property, plant and equipment

Property, plant and equipment obtained before 1 January 2005 are carried at the cost restated to the equivalent purchasing power at 31 December 2004 and the acquisition value of current period additions less accumulated depreciation and, if any, impairment (Note 11). Depreciation is provided over the economic useful lives for property, plant and equipment on a straight-line basis.

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

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

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

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

Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

d) Intangible assets (other than goodwill)

Intangible assets, other than goodwill and intangible assets with indefinite useful lives comprise acquired intellectual property and other identified rights. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful lives for a period not exceeding 10 years from the date of acquisition. Intangible assets (such as trademarks) with indefinite useful lives are not amortized.

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount. Intangible assets with indefinite useful lives are tested annually for permanent impairment (Note 12).

e) Business combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in accordance with IFRS 3.

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill has been recognized as an asset and has initially been measured as the excess of the cost of the combination over the fair value of the acquiree's assets, liabilities and contingent liabilities. In business combinations, the acquirer recognizes identifiable assets (such as deferred tax on carry forward losses), intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree's financial statements at their fair values in the consolidated financial statements. The goodwill previously recognized in the financial statements of the acquiree is not considered as an identifiable asset.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Goodwill recognized as a result of business combinations is not amortized and its carrying value is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period.

f) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset other than deferred tax asset, intangible assets with indefinite useful lives, financial assets at fair value and goodwill may be impaired. When an indication of impairment exists, the Group estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognized immediately in profit or loss. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets.

An impairment loss recognized in prior period for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment loss and shall not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized as income in the consolidated financial statements.

g) Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement over the period of the borrowings. Borrowing costs are charged to the income statement when they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale, in accordance with the allowed alternative treatment in International Accounting Standard 23 ("Borrowing Costs") was revised on 29 March 2007 by the IASB. The Group has early adopted IAS 23. Besides, the revised IAS 23 is effective at 1 January 2009, yet voluntary early transition to the application right is reserved. As per revised IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred.

h) Financial Instruments

Trade receivables

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

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

Loans originated by the Company

When the loan is originated by the Group by providing money directly to a bank, the loan is secured with marketable securities, Turkish government bonds and treasury bills, acquired under reverse repurchase agreements with banks with a predetermined sale price at fixed future dates and is stated at amortized cost. The accrued interest represents the apportionment to the current period of the difference between future sale prices and the amount provided by the Group. Such originated loans where original maturity at the time the money is directly transferred to the bank is less than three months, are considered and classified as cash equivalents for the purposes of cash flow statements.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Investment securities

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale in accordance with the requirements of IAS 39, "Financial Instruments". These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Within the context of the changes in IAS 39, unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets, net of deferred tax, are recognized under a separate line "financial assets fair value reserve" in shareholders' equity. Changes in the fair values of available-for-sale financial assets are determined as the difference between their fair values and their amortized costs at the balance sheet date. Gains and losses previously recognized in financial assets fair value reserve are transferred to the statement of income when such available-for-sale financial assets are derecognized.

All investment securities are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investment securities classified as available-for-sale are measured at fair value unless fair value cannot be reliably measured.

For investments under a 20% shareholding where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment in value.

i) Foreign currency transactions and translations

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the statement of income.

j) Earnings per share

Earnings per share disclosed in the consolidated statement of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned. The weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year (Note 25).

k) Subsequent events

The Group adjusts the amounts recognized in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

l) Provisions, contingent liabilities and contingent assets

The conditions which are required to be met in order to recognize a provision in the consolidated financial statements are those that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Liabilities or assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the entity should not be recognized as liabilities or assets, however they should be disclosed as contingent liabilities or assets.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

m) Leases

Finance leases

Leases of property, plant and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included as finance lease obligations. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset (Note 11).

Obligations under finance leases are stated in the financial statements at the acquisition values of the related property, plant and equipment. Future interest payments inherent in the lease contract are charged to the statement of income over the period of the lease.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Prepayments for land leases

Prepayments for operational land leases of land plots on which stores are constructed are expensed over the life of the respective lease, which is generally 49 years

n) Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties (Note 26). As indicated in Note 1 to these consolidated financial statements, the shares of the Company are sold to Moonlight at 30 May 2008 by Koç Holding. In this context, transactions with Koç Group companies occurred until 30 May 2008 are considered and treated as transactions with related parties.

o) Segment reporting

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

Retail is the main business segment of the Group and composes 97,4% of gross sales (2007: 96,2%). Other business segments, as described in IAS 14, are not material to be reported separately. Reportable segments comprise the geographical segments as stated in Note 3.

p) Government incentives and grants

Government incentives, including non-monetary grants at fair value, are included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

q) Investment property

Land and buildings held to earn rent or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies IAS 16, Property, Plant and Equipment. At that date, the property becomes investment property and thus it is transferred to investment property (Note 10).

r) Taxes on income

Taxes include current period income tax liabilities and deferred tax assets and liabilities. A provision is recognized for the current year tax liability based on the period results of the Group at the balance sheet date (Note 24).

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to measure deferred income tax (Note 24).

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

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

s) Employee benefits

The provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees in accordance with the Turkish Labor Law and calculated by applying actuarial valuation methods (Note 15).

t) Statement of cash flows

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

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

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

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

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

u) Discontinued operations

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Net assets of discontinued operations are measured at fair value less cost to sell. An analysis of the revenue, expenses and pre-tax profit or loss of discontinued operations, income tax expense of discontinued operations and the gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation are disclosed in the notes to the consolidated financial statements (Note 23). Besides, the net cash flows attributable to the operating, investing and financing activities of discontinued operations are separately disclosed either in the notes or on the face of consolidated financial statements.

v) Offsetting

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

y) Comparatives and restatement of prior year financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. The Group prepared the consolidated balance sheet at 31 December 2008 in comparison with its consolidated balance sheet at 31 December 2007, the Group also prepared the consolidated statements of income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the period 1 January - 31 December 2008 in comparison with the accounting period 1 January - 31 December 2007.

The Group has performed reclassifications in the consolidated balance sheet as of 31 December 2007 in order to conform to presentation of balance sheet as of 31 December 2008. Such reclassifications are explained as follows:

i) Capital reserves amounting to YTL 71.932 classified in "extraordinary reserves" on the consolidated balance sheet of 31 December 2007 are reclassified under "retained earnings" (Note 17).

ii) Legal reserves inflation adjustment differences, extraordinary reserves inflation adjustment differences and share premium inflation adjustment differences amounting to YTL 252.923 classified in "equity inflation restatement differences" on the consolidated balance sheet at 31 December 2007 are reclassified under "retained earnings" (Note 17).

iii) Deposits and guarantees given amounting to YTL 2 in "trade receivables", time deposits with a maturity of more than three months amounting to YTL 26.387 in "cash and cash equivalents", marketable securities with a maturity of less than three months amounting to YTL 536 in "financial assets", financial assets amounting to YTL 36.688 under "non-current assets", deposits and guarantees amounting to YTL 733 in "long-term trade receivables", fixed asset advances amounting to YTL 1.112 in "property plant and equipment", "Property, Plant and Equipment" amounting to YTL 9.145 ,leasehold improvement amounting to YTL 3.588 and order advances given amounting to YTL 227 in "inventories" on the balance sheet at 31 December 2007 are reclassified into "other receivables", "financial assets", "cash and cash equivalents", "financial assets" under "current assets", "other receivables", "other current assets", "investment property", "property plant and equipment" and "other current assets", respectively. YTL 9.394 of total due from related party amounting to YTL 41.293 on the balance sheet date at 31 December 2007 is reclassified into "trade receivables" and, YTL 31.899 of total due from related parties is reclassified into "other receivables".

iv) Deposits and guarantees received amounting to YTL 3.602 in "long-term trade payables", provision for employment termination benefits amounting to YTL 14.065 in "long-term provisions" and tax provision amounting to YTL 36.363 in "taxes on income" on the balance sheet at 31 December 2007 are reclassified into "other non-current liabilities", "current period tax liability" and "provision for employment termination benefits", respectively. Due to related parties amounting to YTL 54.663 on the balance sheet date at 31 December 2007 is reclassified to "trade payables".

v) Foreign exchange gains and interest income amounting to YTL 148.210 in "other operating income", financial income amounting to YTL 2.744 in "financial income", rent expense amounting to YTL 1.777 in "general administrative expenses", foreign exchange losses amounting to YTL 34.912 in "other expense", other income amounting to YTL 442 in other operating income", energy, communication, insurance, stationery, maintenance and security expenses amounting to YTL 5.974 in "general

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

administrative expenses" on the statement of income for the period 1 January - 31 December 2007 are reclassified into "financial income" ,"marketing, selling and distribution expenses", "financial expenses", "general administrative expenses" and "marketing and selling expenses" respectively.

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

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

2.7 Critical Accounting Estimates and Assumptions

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

(a) Goodwill impairment tests:

As explained in Note 2.6.e, the Group performs impairment tests on goodwill annually, or more often under circumstances indicating impairment risk. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group's five-year business plans. Those projections are calculated in terms of YTL and the growth rate expected to be realized after five years is assumed to be zero. Discount rate used to calculate the present value of net cash flows is 12,12% , after tax, and includes the Group's specific risk factors as well. The Group has not identified any impairment on the goodwill amount as of 31 December 2008, as a result of these tests

(b) Impairment on Leasehold Improvements

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

(c) Impairment on intangible assets

As explained in Note 2.6.d, intangible assets such as trademarks with indefinite useful lives are not amortized. Instead, those assets are tested whether there is impairment on the carrying amount of them. The Group performs this test for Tansaş brand by comparing the brand's carrying amount to the discounted cash flow projections of Tansaş stores which are calculated on the basis of Group's five year business plans. The Group has performed an impairment test on Tansaş brands at 31 December 2008 and has not identified any impairment as a result of this test (Note 12).

(d) Provisions

As explained in Note 2.6.l, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation. In this context, the Group has evaluated the law suits and court cases opened against it at 31 December 2008 and for the ones where the Group estimates more than 50% probability of losing them necessary provisions are accounted for in the consolidated financial statements (Note 14).

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

(e) Taxes on income

As explained in Note 2.6.r, a provision is recognized for the current year tax liability based on the period results of the Group at the balance sheet date. Tax legislations in the Group's subsidiaries' operating countries are subject to different manners of interpretation and subject to be altered frequently. Accordingly, the interpretation of tax implications regarding the operations of subsidiaries in foreign countries by the tax authorities may differ from the interpretation of the management. Consequently, the Group may encounter significant additional taxes, penalties and interests (Note 14.d). As of 31 December 2008, the Group has evaluated the possibility of any tax exposure that may arise in foreign subsidiaries and has not identified any necessity to recognize a provision.

NOTE 3 - SEGMENT REPORTING

In these consolidated financial statements for the period of 1 January - 31 December 2008, the primary reportable segments comprise the geographical segments.

Geographical segments are distinguishable economic components of an enterprise subject to risks and returns that are different from those operating in other economic environments.

Wholesale and rent income are not identified as reportable businesses on the grounds of materiality in accordance with IAS 14 and accordingly the industrial segments are not presented as secondary segment reporting (Note 18). Within this framework, retailing is presented as the sole reportable business segment in these consolidated financial statements.

a) Net Sales	2008	2007
Turkey	4.849.976	4.251.932
Kazakhstan	173.895	141.971
Bulgaria	30.329	26.965
Azerbaijan	19.546	17.104
Net sales from continued operations	5.073.746	4.437.972
Net sales from discontinued operations	-	355.387
	5.073.746	4.793.359

b) Operating profit	2008	2007
Turkey	275.648	591.611
Kazakhstan	13.961	12.369
Bulgaria	4.704	7.333
Azerbaijan	1.834	1.086
Operating profit from continued operations	296.147	612.399
Operating profit from discontinued operations	-	(845)
	296.147	611.554

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

c) Segment analysis for the period 1 January - 31 December 2008

	Turkey	Kazakhstan	Bulgaria	Azerbaijan	Combined Total	Intersegment elimination	Consolidated Total	Discontinued operations
External revenues	4.849.976	173.895	30.329	19.546	5.073.746	-	5.073.746	-
Inter segment revenues	6.246	-	-	-	6.246	(6.246)	-	-
Sales revenue	4.856.222	173.895	30.329	19.546	5.079.992	(6.246)	5.073.746	-
Cost of goods sold	(3.610.907)	(129.755)	(18.445)	(14.129)	(3.773.236)	6.246	(3.766.990)	-
Gross margin	1.245.315	44.140	11.884	5.417	1.306.756	-	1.306.756	-
Selling and marketing expenses	(795.505)	(22.201)	(3.431)	(1.285)	(822.422)	-	(822.422)	-
General administrative expenses	(187.637)	(8.505)	(3.767)	(2.322)	(202.231)	-	(202.231)	-
Other operating income, net	13.475	527	18	24	14.044	-	14.044	-
Operating profit	275.648	13.961	4.704	1.834	296.147	-	296.147	-

d) Segment analysis for the period 1 January - 31 December 2007

	Turkey	Kazakhstan	Bulgaria	Azerbaijan	Combined Total	Inter segment elimination	Consolidated Total	Discontinued operations
External revenues	4.251.932	141.971	26.965	17.104	4.437.972	-	4.437.972	355.387
Inter segment revenues	9.724	-	-	-	9.724	(9.724)	-	-
Sales revenue	4.261.656	141.971	26.965	17.104	4.447.696	(9.724)	4.437.972	355.387
Cost of goods sold	(3.232.601)	(106.932)	(17.239)	(12.771)	(3.369.543)	9.724	(3.359.819)	(238.642)
Gross margin	1.029.055	35.039	9.726	4.333	1.078.153	-	1.078.153	116.745
Selling and marketing expenses	(645.470)	(16.212)	(3.601)	(1.182)	(666.465)	-	(666.465)	(70.444)
General administrative expenses	(195.018)	(7.053)	(3.232)	(2.081)	(207.384)	-	(207.384)	(36.746)
Other operating income/(expense), net	403.044	595	4.440	16	408.095	-	408.095	(10.400)
Operating profit/(loss)	591.611	12.369	7.333	1.086	612.399	-	612.399	(845)

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

e) Segment assets

Total assets	2008	2007
Turkey	2.106.148	2.119.049
Kazakhstan	75.037	67.005
Bulgaria	34.550	29.304
Azerbaijan	10.843	7.593
Total combined (*)	2.226.578	2.222.951
Unallocated assets	801.810	739.849
Less: Inter-segment elimination	(132.132)	(133.075)
Total assets as per consolidated financial statements	2.896.256	2.829.725

(*) Total combined assets are generally formed of assets that are related with operations and do not include deferred income tax assets, time deposits and interest income generating available-for-sale financial assets.

Net assets	2008	2007
Turkey	1.636.298	1.522.493
Kazakhstan	59.313	35.729
Bulgaria	44.817	31.241
Azerbaijan	10.653	6.689
Total combined	1.751.081	1.596.152
Less: Inter-segment elimination	(126.697)	(126.819)
Total equity per consolidated financial statements	1.624.384	1.469.333

f) Capital expenditures, depreciation and amortization

Capital expenditures	2008	2007
Turkey	163.411	165.775
Kazakhstan	4.204	4.846
Azerbaijan	520	92
Bulgaria	46	119
Discontinued operations	-	44.195
	168.181	215.027

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Depreciation and amortization	2008	2007
Turkey	95.248	91.134
Kazakhstan	3.534	1.518
Bulgaria	1.404	1.369
Azerbaijan	446	337
Discontinued operations	-	15.917
	100.632	110.275

g) Minority interest

	2008	2007
Bulgaria	387	265
	387	265

NOTE 4 - CASH AND CASH EQUIVALENTS

	2008	2007
Cash	25.287	22.050
Banks		
- demand deposits	51.729	53.112
- time deposits	799.595	109.376
Available-for-sale investments	-	536
Cheques in collection	38	112
Other cash and cash equivalents	217.682	211.766
	1.094.331	396.952

Weighted average effective interest rates on YTL and USD denominated time deposits at 31 December 2008 are 21,29% (2007: 17,65%) and 4,90% (2007: %9,47), respectively. Weighted average effective interest rates of Euro denominated time deposits which have been disclosed in Note 27 are 5,63% (2007: 3,58%).

Available-for-sale investments are formed of government bonds and treasury bills with a maturity of less than 90 days and their weighted average effective interest rates are 19,61% as of 31 December 2007.

Other cash and cash equivalents mainly include receivables on credit card slips with a maturity of less than one month (2007: less than one month) and they are discounted with annual rate of 16,71%.

The maturity analysis of time deposits at 31 December 2008 and 2007 is as follows:

	2008	2007
1-30 days	799.595	97.680
31- 90 days	-	11.696
	799.595	109.376

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

The analysis of cash and cash equivalents in terms of consolidated statements of cash flows at 31 December 2008 and 2007 is as follows:

	2008	2007
Cash and cash equivalents	1.094.331	396.416
Marketable securities with a maturity less than 3 months	-	536
	1.094.331	396.952

NOTE 5 - FINANCIAL ASSETS

	2008	2007
Short-term available-for-sale investments	-	602.380
Time deposits	-	26.387
Short-term financial assets	-	628.767
Long-term available-for-sale investments (Unlisted financial assets)	2.215	1.706
Long-term financial assets	2.215	1.706

Short-term available-for-sale investments:

	2008		2007	
	Weighted average effective interest rate p.a.	Amount	Weighted average effective interest rate p.a.	Amount
Treasury bills and government bonds	-	-	17,67%	537.992
Eurobond (USD)	-	-	10,68%	26.847
Time deposits	-	-	5,25%	26.387
Eurobond (EUR)	-	-	5,50%	853
		-		592.079

The analysis of marketable securities by maturity at 31 December 2008 and 2007:

	2008	2007
Period remaining to maturity:		
91-180 days	-	26.446
181 days-1 year	-	104.872
Over 1 year	-	460.761
	-	592.079

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Listed financial assets:

	2008		2007	
	Share	Amount	Share	Amount
Tat Konserve San. A.Ş. ("Tat Konserve") (*)	-	-	2,87%	11.860
		-		11.860

Unlisted financial assets:

	2008		2007	
	Share	Amount	Share	Amount
Sanal Merkez Ticaret A.Ş.	100,00%	1.695	69,99%	1.186
Şok Marketler Ticaret A.Ş.	99,60%	520	99,60%	520
Koçtaş Yapı Marketleri A.Ş. ("Koçtaş") (*)	-	-	9,24%	23.099
Tanı Pazarlama A.Ş. (**)	-	-	32,00%	1.729
		2.215		26.534

(*) As indicated in Note 1, within the context of the sale of Migros shares by Koç Holding, the Company has sold its shares in Tat Konserve and Koçtaş to Koç Holding or Koç Group companies on 22 May 2008 in exchange of YTL 11.860 and YTL 23.099, respectively. The sales prices of Tat Konserve and Koçtaş shares are determined as the fair value based on the closing price on the Istanbul Stock Exchange at 30 September 2007 and as the fair value determined by professional independent valuers by performing discounted cash flows method at 30 September 2007, respectively. Sales profit amounting to YTL 21.245 is accounted for as other income in the consolidated financial statements (Note 20).

(**) As indicated in Note 1, within the context of the sale of Migros shares by Koç Holding, the Company has sold its shares in Tanı Pazarlama to Koç Holding or Koç Group companies on 21 May 2008 in exchange of YTL 1.729. The sales price of Tanı Pazarlama shares which is accounted for under associates by using the equity accounting method is determined at its carrying value in the consolidated financial statements at 31 December 2007.

Şok Marketler and Sanal Merkez are the subsidiaries that are not included in the scope of consolidation on the grounds of materiality due to the insignificance of their impact on the consolidated net worth, financial position and results of Migros. They are accounted for under long-term available-for-sale investments at cost restated to the purchasing power of YTL at 31 December 2004 as they do not have quoted market prices in active markets.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

The movement of total short and long term financial assets at 31 December 2008 and 2007 is as follows:

	2008	2007
1 January	630.473	319.599
Change in marketable securities	(565.692)	450.752
Change in time deposit	(26.387)	(130.645)
Available-for-sale financial assets additional share purchase	509	-
Available-for-sale financial assets sale	(36.688)	(28.007)
Capital increase in available-for-sale financial assets	-	1.412
Increase in fair value of available-for-sale financial assets	-	24.334
Associates sale	-	(7.188)
Income from associates-net	-	216
31 December	2.215	630.473

NOTE 6 - FINANCIAL LIABILITIES

	2008			
	Weighted average interest rate p.a.	USD	Euro	Equivalent YTL
Current portion of long-term bank borrowings				
-with fixed interest rates	5,32%	956	124	1.711
-with floating interest rates	4,04%	27.979	-	42.313
Current portion of long-term bank borrowings		28.935	124	44.024
Long-term bank borrowings				
-with fixed interest rates	5,32%	120	868	2.038
-with floating interest rates	4,04%	23.765	-	35.940
Long-term bank borrowings		23.885	868	37.978
Total bank borrowings		52.820	992	82.002

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

		2007		
	Weighted average interest rate p.a.	USD	Euro	Equivalent YTL
Current portion of long-term bank borrowings				
-with fixed interest rates	6,80%	1.753	124	2.254
-with floating interest rates	6,24%	70.827	19.344	115.574
Current portion of long-term bank borrowings		72.580	19.468	117.828
Long-term bank borrowings				
-with fixed interest rates	6,80%	1.048	992	2.916
-with floating interest rates	6,24%	64.706	37.647	139.747
Long-term bank borrowings		65.754	38.639	142.663
Total bank borrowings		138.334	58.107	260.491

The redemption schedule of long-term bank borrowings at 31 December 2008 is as follows:

	2008	2007
2009	-	74.592
2010	36.387	66.800
2011	265	212
2012	265	212
2013	265	212
2014	265	212
2015 and over	531	423
	37.978	142.663

The fair value of long-term bank borrowings at 31 December 2008 is YTL83.498 (31 December 2007: YTL268.189).

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	2008	2007
Receivables from tenants and wholesale activities	34.027	32.904
Due from related parties (Note:26)	2.091	9.394
Notes receivable	967	1.736
	37.085	44.034
Less: Provision for doubtful receivables	(8.261)	(6.332)
Less: Unearned finance income on term sales	(490)	(500)
Short-term trade receivables, net	28.334	37.202

The maturities of trade receivables are generally less than one month at 31 December 2008 (2007: less than one month) and they were discounted with the annual rate of 16,71% (2007: 16,15%).

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Movement of provision for doubtful receivables is as follows:

	2008	2007
1 January	6.332	6.651
Current year charge (Note 20)	2.226	3.663
Cumulative translation adjustment	27	(361)
Reversal	(324)	(233)
Reversals from sales of joint ventures	-	(3.388)
31 December	8.261	6.332

Trade payables:

	2008	2007
Supplier current accounts	1.064.926	885.060
Due to related parties (Note 26)	123	54.663
Less: Unincurred finance cost on term purchases	(16.043)	(13.571)
Short-term trade payables, net	1.049.006	926.152

The maturity of trade payables is generally less than three months (2007: less than three months) and they are discounted with annual rate of 17,04% as of 31 December 2008 (2007: 15,96%).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other receivables:

	2008	2007
Receivables from personnel	414	591
Deposits and guarantees given	1	2
Receivables from sale of available for sale assets (Note 26)	-	31.899
Short-term other receivables	415	32.492

	2008	2007
Deposits and guarantees given	910	733
Long-term other receivables	910	733

Other Payables:

	2008	2007
T. Garanti Bankası A.Ş. ("Garanti Bankası")		
Credit card collection account	16.699	20.702
Current portion of other payables	16.699	20.702

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	2008	2007
Deposits and guarantees received	4.408	3.602
Long-term other payables	4.408	3.602

As of 31 December 2008, payable to Garanti Bankası consists of credit card collections on behalf of Garanti Bankası through Tansaş stores with a maturity of less than one month.

NOTE 9 - INVENTORIES

	2008	2007
Raw materials	1.712	1.541
Work in progress	1.382	1.197
Merchandise stocks	487.459	396.671
Other	1.421	1.108
	491.974	400.517

Cost of the inventory included in the cost of sales for the period 1 January - 31 December 2008 amounts to YTL3.726.170 (2007: YTL3.561.195) (Note 19).

NOTE 10 - INVESTMENT PROPERTY

	Opening 1 January 2008	Additions	Transfers (Note 11)	Cumulative translation differences	Closing 31 December 2008
Cost					
Land and buildings	11.001	69	15.115	2.564	28.749
Accumulated depreciation					
Land and buildings	(1.856)	(661)	(933)	(373)	(3.823)
Net book value	9.145				24.926

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Opening 1 January 2007	Additions	Transfers (Note 11)	Disposals due to sale of joint-venture	Cumulative translation differences	Closing 31 December 2007
Cost						
Land and buildings	110.266	-	18.692	(106.762)	(11.195)	11.001
Accumulated depreciation						
Land and buildings	(7.303)	(1.784)	(1.856)	8.345	742	(1.856)
Net book value	102.963					9.145

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

Investment properties of the Group consist of space rented to other retailers in Samal shopping mall and Tastak store in Kazakhstan. At 31 December 2008, total investment property of the Group is 7.651 square meters (2007: 7.620 square meters).

Transfers to investment property consist of rented space to other retailers of Skopje shopping mall in Macedonia. At 31 December 2008, average rented space is 9.131 square meters.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2008	Additions	Disposals	Impairment Loss	Transfers	Transfers to investments property (Note 10)	Cumulative translation differences	Closing 31 December 2008
Cost								
Land and buildings	261.414	925	(30)	-	178	(15.115)	13.231	260.603
Leasehold improvements	517.999	46.447	(597)	(398)	22.978	-	1.128	587.557
Machinery and equipment	452.665	39.189	(7.023)	-	19.333	-	3.948	508.112
Furniture and fixtures	160.934	14.486	(2.126)	-	4.987	-	1.399	179.680
Motor vehicles	1.344	19	(91)	-	8	-	81	1.361
Construction in progress and advances given	2.409	53.579	(3.336)	-	(47.484)	-	10	5.178
	1.396.765	154.645	(13.203)	(398)	-	(15.115)	19.797	1.542.491
Accumulated depreciation								
Buildings	(41.247)	(4.200)	-	-	-	933	(1.496)	(46.010)
Leasehold improvements	(241.529)	(47.813)	-	305	-	-	(49)	(289.086)
Machinery and equipment	(300.515)	(34.358)	6.523	-	-	-	(1.189)	(329.539)
Furniture and fixtures	(76.514)	(10.929)	1.987	-	-	-	(822)	(86.278)
Motor vehicles	(843)	(196)	76	-	-	-	(12)	(975)
	(660.648)	(97.496)	8.586	305	-	933	(3.568)	(751.888)
Net book value	736.117							790.603

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

At 31 December 2008 and 2007 there were no mortgages on property, plant and equipment.

	Opening 1 January 2007	Additions	Disposals	Impairment loss	Transfers	Transfers to investment property (Note 10)	Disposals due to sale of joint-venture	Cumulative translation differences	Closing 31 December 2007
Cost									
Land and buildings	547.235	16.610	(13.161)	-	1.254	(15.431)	(243.443)	(31.650)	261.414
Leasehold improvements	463.992	29.530	(132)	(5.345)	29.975	-	-	(21)	517.999
Machinery and equipment	458.570	35.039	(8.698)	-	19.087	-	(44.432)	(6.901)	452.665
Furniture and fixtures	178.805	22.307	(5.159)	-	7.664	-	(38.781)	(3.902)	160.934
Motor vehicles	2.035	48	(691)	-	-	-	-	(48)	1.344
Construction in progress and advances given	35.434	109.684	(36.695)	-	(57.980)	(3.261)	(42.040)	(2.733)	2.409
	1.686.071	213.218	(64.536)	(5.345)	-	(18.692)	(368.696)	(45.255)	1.396.765
Accumulated depreciation									
Buildings	(61.228)	(9.296)	2.958	-	-	1.856	21.766	2.697	(41.247)
Leasehold improvements	(198.308)	(47.378)	82	4.065	-	-	-	10	(241.529)
Machinery and equipment	(298.421)	(34.388)	6.293	-	17	-	22.850	3.134	(300.515)
Furniture and fixtures	(79.451)	(14.577)	3.196	-	(17)	-	12.986	1.349	(76.514)
Motor vehicles	(1.152)	(282)	591	-	-	-	-	-	(843)
	(638.560)	(105.921)	13.120	4.065	-	1.856	57.602	7.190	(660.648)
Net book value	1.047.511								736.117

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

Leased assets included in property, plant and equipment where the Company is under a finance lease, comprise machinery and equipment with net book values as stated below:

	2008	2007
Net book value	7.572	15.725

Migros sold a piece of land to City Plaza DOO - Skopje ("City Plaza"), the main shareholder of which is EvroAsia Tehnika DOO - Skopje ("EvroAsia"), for an amount of USD30 in accordance with the agreement dated 27 February 2008. Additionally, in 2008 Migros accounted for consulting charges amounting to YTL908 (equivalent of USD700) with regard to consulting and marketing obtained by Ramstore Macedonia from EvroAsia which is the 1% shareholder of Ramstore Macedonia.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 12 - INTANGIBLE ASSETS

	Opening 1 January 2008	Additions	Disposals	Cumulative translation differences	Closing 31 December 2008
Cost					
Trademark (**)	174.158	-	-	-	174.158
Rights	17.059	3.170	(116)	396	20.509
Other intangible assets	88	10.297 (*)	-	-	10.385
	191.305	13.467	(116)	396	205.052
Accumulated Amortization					
Rights	(11.591)	(2.182)	116	(239)	(13.896)
Other intangible assets	(88)	(293)	-	-	(381)
	(11.679)	(2.475)	116	(239)	(14.277)
Net book value	179.626				190.775

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	Opening 1 January 2007	Additions	Disposals	Cumulative translation differences	Disposals due to sale of joint-venture	Closing 31 December 2007
Cost						
Trademark (**)	174.158	-	-	-	-	174.158
Rights	16.328	1.809	(52)	(230)	(796)	17.059
Other intangible assets	88	-	-	-	-	88
	190.574	1.809	(52)	(230)	(796)	191.305
Accumulated Amortization						
Rights	(9.663)	(2.570)	48	117	477	(11.591)
Other intangible assets	(88)	-	-	-	-	(88)
	(9.751)	(2.570)	48	117	477	(11.679)
Net book value	180.823					179.626

(*) On 24 July 2008 the Group has purchased all of the furniture and fixtures of local retail chain Maxi Market's Silivri, Tekirdağ and Çengelköy stores which have a sales area of 13.000 square meters in total from Hamoğlu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İşletmecilik A.Ş. for YTL 19.689 (equivalent of Euro 10.500) and also took over the rent agreements of the mentioned stores. The fair value of the purchased furniture and fixtures has been determined as YTL 9.392 and booked under "plant, property and equipment". The purchasing cost amounting YTL 10.297 which exceeds the fair value of the purchased furniture and fixtures accounted for as an intangible asset and will be amortized over the agreement period.

(**) Migros acquired 64,25% of the shares of Tansaş at 10 November 2005. IFRS 3, "Business Combinations", requires the acquirer at the acquisition date to allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values as at that date. The work was performed by an independent appraisal firm in order to estimate the fair value of the trademark which was considered as an identifiable intangible asset. The appraisal firm applied the relief from royalties method and estimated the fair value of the trademark in the amount of YTL 174.158 in its report dated 6 March 2006. This amount has been accounted for as an intangible asset in the consolidated financial statements. Since the trademark does not have a definite useful life and it is foreseen that certain expenses will be incurred each year in order to maintain its value, it is considered as an intangible asset with an indefinite useful life and therefore has not been amortised. Additionally, Migros assesses the intangible assets with indefinite useful lives annually for any indication of impairment.

NOTE 13 - GOODWILL

	2008	2007
1 January	234.466	235.480
Impairment	-	(1.014)
31 December	234.466	234.466

As at 31 December 2008, goodwill amount with a net book value of YTL234.466 (2007:YTL234.466) is mainly formed of due to Tansaş acquisition on 10 November 2005.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions:

	2008	2007
Provision for litigation (Note 14.e)	13.898	6.795

Commitments, contingent assets and liabilities

a) Guarantees given at 31 December 2008 and 2007 are as follows:

	2008	2007
Letters of guarantee given	26.648	71.860

Migros signed a guarantee agreement with IFC regarding the loan obtained by Ramstore Kazakhstan amounting to USD 11 million and USD 1,9 million, respectively on 30 July 1999 and 22 November 2001, respectively. In the case of termination of this guarantee agreement by Migros, Samal shopping mall and stores (25.050 square meters), Astana and Tastak stores (3.194 and 2.020 square meters, respectively) of Ramstore Kazakhstan will be pledged by IFC.

As at 31 December 2007, guarantees given included collaterals by YTL43.327 given to real estate firms due to sale of shopping malls.

b) Guarantees received at 31 December 2008 and 2007 are as follows:

	2008	2007
Guarantees obtained from customers	55.885	49.569
Mortgages	1.408	192
Guarantees obtained with respect to joint venture sales	-	148.379
	57.293	198.140

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

	2008	2007
Payable within 1 year	4.404	2.074
Payable in 1 to 2 years	3.351	2.074
Payable in 2 to 5 years	2.135	6.222
Payable in 5 to 10 years	-	7.161
	9.890	17.531

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

e) There are various lawsuits filed against or in favor of Migros. Receivables, rent or labor issues constitute the majority of these lawsuits. Migros management estimates the outcomes of these lawsuits and the financial effects thereof, and the required provisions are accounted for based on these estimates. The provision at 31 December 2008 amount to YTL13.898 (31 December 2007: YTL 6.795).

Movement of provision for lawsuits as follows:

	2008	2007
1 January	6.795	7.188
Increase during the year	9.260	930
Payments during the year	(2.157)	(1.323)
31 December	13.898	6.795

f) As of 31 December 2008, unused vacation pay amounted to YTL20.893. According to the Company policy, the Company encourages its employees to take their vacation; hence no provision has been accounted for in the consolidated financial statements at 31 December 2008.

g) In December 2007 the tax authorities imposed and notified Migros of fines amounting to YTL36.399 resulting from a tax inspection of the 2002, 2003 and 2004 fiscal accounts. The fine related to falsified invoices issued by Özpa Pazarlama A.Ş. in respect to electronic products purchased by Migros. Migros subsequently took legal action for the cancellation of these fines.

On 24 June 2008 Migros paid YTL1.037 as a result of the reconciliation in relation to the YTL4.784 of these fines and took legal action in order not to pay the remaining balance. As of the date of preparation of these consolidated financial statements, the lawsuit has been finalized and the court has announced its decision on 17 December 2008 in favor of Migros where the decision is subject to appeal in the higher court.

NOTE 15 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2008	2007
Provision for employee termination benefits	15.490	14.065

Provision for employment termination benefits is calculated within the framework of the following explanations:

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or dies. The amount payable consists of one month's salary limited to a maximum of YTL2.173,19 (2007: YTL2.030,19) for each year of service at 31 December 2008.

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

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

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

	2008	2007
Discount rate	6,26%	5,71%
Turnover rate to estimate the probability of retirement	84,80%	86,60%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2.260,04 effective from 1 January 2009 (1 January 2008: YTL2.087,92) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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

	2008	2007
1 January	14.065	11.757
Increase during the period	9.421	10.169
Payments during the period	(6.923)	(7.462)
Actuarial gain	(876)	(399)
Change in discount rate	(197)	-
31 December	15.490	14.065

NOTE 16 - OTHER CURRENT/NON CURRENT ASSETS AND SHORT-/LONG-TERM LIABILITIES

Other current assets:	2008	2007
Prepaid expenses	19.526	13.812
Migros Club discount cheques	6.593	1.577
Fixed asset advances	5.078	1.112
Deductible taxes and funds	1.149	162
Value added tax ("VAT") receivable	216	102
Order advances given	55	227
Receivables from joint venture sales (Note 2)	-	148.379
Other	2.309	3.224
	34.926	168.595

Prepaid expenses mainly consist of insurance premium and store rentals.

Other non-current assets:	2008	2007
Prepaid expenses	2.381	3.407
	2.381	3.407

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Other current liabilities:	2008	2007
Payables to personnel	19.301	22.774
Taxes and funds payable	19.096	20.561
Expense accruals	14.083	7.332
Merchandise coupons	5.465	6.872
VAT payable	5.094	12.726
Deferred income	1.160	1.223
Other	771	719
	64.970	72.207

Expense accruals include accruals for costs such as electricity, water, communication and provision for Migros Club discount cheques. Deferred income mainly includes advances obtained from tenants in stores and malls.

NOTE 17 - EQUITY

Share Capital

The Company's authorized and issued capital consists of 17.803.000.000 shares at 1 shares of YKr 1 nominal value (2007: 17.803.000.000 shares).

The shareholders of the Company and their shareholdings stated at historical amounts at 31 December 2008 and 31 December 2007 are stated below:

	2008		2007	
Shareholders	Share %	Amount	Share %	Amount
Moonlight Perakendecilik ve Ticaret A.Ş. ("Moonlight")	97,92	174.323	-	-
Publicly Held	2,08	3.707	49,17	87.533
Koç Holding A.Ş. (Note 1)	-	-	50,83	90.497
Total capital	100,00	178.030	100,00	178.030
Adjustment to share capital (*)		(77.165)		(77.165)
Total paid-in capital		100.865		100.865

(*) Adjustment to share capital represents the restatement effect of cash contributions to share capital at 31 December 2004 equivalent purchasing power.

Following the purchasing of 50,83% of Migros shares on 30 May 2008 from Koç Holding Moonlight has increased its shares in the Company to 97,92% by purchasing the 47,09% of the remaining 49,17% Migros shares in total from the secondary market of İstanbul Stock Exchange on various dates.

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

The details of restricted reserves at 31 December 2008 and 2007 are as follows:

	2008	2007
Joint venture sales gain	406.477	-
Legal reserves	42.701	18.487
Available-for-sale investment sales gain	13.718	-
	462.896	18.487

Sales profit of joint venture and available-for-sale investment amounting to YTL398.409 recognized as part of profit for the year in the consolidated financial statements at 31 December 2007 prepared in accordance with CMB accounting and financial reporting standards; YTL 420.195 is followed under a separate fund account in the Company's legal books in order to benefit from the investment sales income exemption. To benefit from the exemption, the related profit has to be kept under this fund account for 5 years and should not be withdrawn during that period. The said amount has been accounted for under "restricted reserves" account in accordance with the CMB accounting and financial reporting standards and total restricted reserves at 31 December 2008 amount to YTL 462.896 (2007: YTL 18.487).

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

In addition, in accordance with the CMB regulations effective until 1 January 2008, "Capital, Emission Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "equity inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could be utilized at bonus capital increases and offsetting accumulated losses, carrying amount of extraordinary reserves could be utilized in bonus capital increases, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué Serial: XI, No: 29 which became effective as of 1 January 2008 and according to the CMB's announcements clarifying the said Communiqué, "Share Capital", "Restricted Reserves Allocated from Profit" and "Share Premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

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

- if the difference is arising from valuation of "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained Earnings".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

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

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

In accordance with the decision of Capital Markets Board on 8 February 2008 number 4/138 the minimum profit distribution ratio shall be applied as 20% (31 December 2007: 20%) in relation to publicly-listed joint stock partnerships as of 1 January 2008. Accordingly, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the partners free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further enabled that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Nevertheless, with regard to the joint stock partnerships, which have increased its capital without performing a dividend distribution as to the previous period and which separates its shares as "new" and "old", it has been made obligatory for those partnerships, which will distribute dividend out of its 2007 profits, to distribute the initial dividend amount in cash.

Additionally, pursuant to CMB decision with no 7/242 and dated 25 February 2005, the whole amount of the profit distribution amount, which is calculated over the net distributable profit, determined according to the CMB regulations, in accordance with the CMB regulations regarding minimum profit distribution liability, shall be distributed, if all of this amount can be covered by the distributable profit included in the legal records; on the other hand, if the whole of this amount cannot be met, the whole of the net distributable profit included in the legal records shall be distributed. In case period losses exist in the financial statements, prepared according to the CMB regulations, and in any one of the legal records, profit distribution shall not be performed.

At 31 December 2008 the total amount of net income after the deduction of accumulated losses per statutory records, without appropriating legal reserves, and other reserves that can be subject to dividend distribution is YTL1.004.568. YTL581.314 of other reserves comprise equity inflation restatement differences, gain on sale of joint venture and gain on sale of available-for-sale financial assets which are subject to taxation when distributed.

The restated amounts of the capital and legal reserves stated as their historical amounts in the consolidated financial statements and the inflation adjustment differences are as follows:

	2008			2007		
	Historical amounts	Restated amounts	Equity inflation restatement differences	Historical amounts	Restated amounts	Equity inflation restatement differences
Share capital	178.030	100.865	(77.165)	178.030	100.865	(77.165)
Share premium	18.854	152.855	134.001	18.854	152.855	134.001
Legal reserves	42.701	67.955	25.254	18.487	43.741	25.254
Extraordinary reserves	233.330	326.998	93.668	71.932	165.600	93.668
	472.915	648.673	175.758	287.303	463.061	175.758

NOTE 18 - REVENUE AND COST OF SALES

	2008	2007
Domestic sales	4.939.626	4.315.477
Foreign sales	218.735	524.569
	5.158.361	4.840.046
Other sales	7.585	20.238
	5.165.946	4.860.284
Less: Discounts and returns	(92.200)	(66.925)
Sales revenue - net	5.073.746	4.793.359
Cost of sales	(3.766.990)	(3.598.461)
Gross profit	1.306.756	1.194.898

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

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

	2008	2007
Retail sales revenue	5.024.996	4.655.020
Rent income	80.365	118.517
Wholesale revenue	53.000	66.509
	5.158.361	4.840.046

NOTE 19 - EXPENSES BY NATURE

	2008			2007		
	General administrative expenses	Marketing, selling and distribution expenses	Total	General administrative expenses	Marketing, selling and distribution expenses	Total
Staff costs	74.467	303.576	378.043	91.813	269.513	361.326
Rent	51	173.550	173.601	902	161.409	162.311
Transportation, porterage and cleaning	-	108.840	108.840	-	91.968	91.968
Depreciation and amortization	100.632	-	100.632	110.275	-	110.275
Energy	1.151	75.712	76.863	874	60.734	61.608
Advertising	-	43.836	43.836	-	43.400	43.400
Repair, maintenance and security	1.160	42.388	43.548	2.000	46.852	48.852
Warehouse	-	16.948	16.948	-	14.489	14.489
Taxes and other fees	4.471	7.507	11.978	5.316	5.853	11.169
Communication	1.414	9.358	10.772	1.545	7.987	9.532
Other	18.885	40.707	59.592	31.405	34.704	66.109
	202.231	822.422	1.024.653	244.130	736.909	981.039

Expenses by nature in cost of sales for the periods 1 January - 31 December 2008 and 2007 are as follows:

	2008	2007
Cost of trade goods	3.726.170	3.561.195
Service costs	40.820	37.266
	3.766.990	3.598.461

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 20 - OTHER OPERATING INCOME AND EXPENSE

	2008	2007
Other operating income:		
Gain on sales of available-for-sale investments (Note 5)	21.245	18.418
Gain on sales of scrap goods	2.691	2.976
Gain on sales of plant, property and equipment	689	4.751
Gain on sales of joint venture	-	379.991
Gain on shopping mall take over	-	3.396
Other	4.850	7.929
	29.475	417.461

	2008	2007
Other operating expenses:		
Litigation provisions	7.103	-
Losses from sales of tangible assets	4.205	647
Bad debt expense (Note 7)	2.226	3.663
Credit card commission expense	157	1.928
Losses from sales of associates	-	1.688
Losses from closed stores regarding joint ventures	-	4.763
Impairment charge	93	1.280
Other	1.647	5.797
	15.431	19.766

NOTE 21 - FINANCIAL INCOME

	2008	2007
Interest income on bank deposits	67.012	24.477
Foreign exchange gains	44.969	86.068
Interest income on marketable securities	39.610	26.387
Due date charges on term sales	38.754	11.278
Other	5.053	2.744
	195.398	150.954

NOTE 22 - FINANCIAL EXPENSES

	2008	2007
Due date difference on term purchases	130.493	43.562
Foreign exchange losses	29.780	34.912
Interest expense on bank borrowings	7.848	44.235
Other	1.853	1.385
	169.974	124.094

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 23 - DISCONTINUED OPERATIONS

a) The Group signed a share transfer agreement on 11 September 2007 with Enka Holding Investment S.A. regarding the sale of all its shares in Ramenka, a joint-venture where the Group held 50% controlling interest, in return for USD 542,5 million. After the permit was obtained from the Competition Board of Federation of Russia and the other precedent conditions were fulfilled, the transfer of shares was completed on 9 November 2007. Gain on mentioned sales transaction amounting YTL379.991 has been accounted for as other operating income in the consolidated financial statements for the period 1 January - 31 December 2007.

A summary of income statement of Ramenka for the period 1 January - - 31 December 2007 is as follows:

	2008	2007
Income	-	370.586
Expenses	-	(369.883)
Income before tax	-	703
Taxes on income	-	(7.085)
Net loss	-	(6.382)

b) Ramstore Bulgaria closed down three of its stores and stopped its retailing operations as of March 2007. The Group sold the land and the building including the equipment and installations of its Sophia store, which are among its assets for 8.500 Euro (equivalent to YTL11.625), VAT excluded. The gain on sales amounting 2.400 Euro (equivalent to YTL4.157) has been accounted for as other operating income in the consolidated financial statements for the period 1 January - 31 December 2007.

NOTE 24 - TAXES ON INCOME

	2008	2007
Taxes and funds payable	53.627	45.846
Less: Prepaid current income taxes	(50.271)	(9.483)
Tax provision, net	3.356	36.363

	2008	2007
Deferred income tax assets	10.337	7.501
Deferred income tax liabilities	(32.380)	(27.516)
Deferred income tax liabilities, net	(22.043)	(20.015)

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

Turkey

Corporation tax rate for the year 2008 is 20% (2007: 20%). Corporation tax is applied to the total income of the companies after adjusting for certain disallowable expenses, exempt income, investment and other allowances. No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilized within the scope of the Income Tax Law transitional article 61).

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

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

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2007: 20%). Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

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

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

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

Domestic participation exemption:

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

Preferential right certificate sales and issued premiums exemption:

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

Foreign company participation exemption:

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

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

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

Other Geographic Segments

Implied corporation tax rates in Kazakhstan, Bulgaria, Macedonia, Azerbaijan ve Kyrgyzstan are 30%, 10%, 10%, 22% and 10%, respectively (31 December 2007: 30%, 10%, 12%, 22% and 10%, respectively).

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

The details of taxation on income for the years ended 31 December 2008 are 2007 as follows:

	2008	2007
Current period tax expense (-)	(58.150)	(53.441)
Deferred tax income	(1.889)	(32.276)
Income tax expense	(60.039)	(85.717)

The reconciliation of tax expenses stated in consolidated income statements as of 31 December 2008 and 2007 is as follows:

	2008	2007
Profit before tax	321.571	638.630
Expected tax expense according to parent company 20%	(64.314)	(127.726)
Differences in tax rates of subsidiaries	(898)	(782)
Expected tax expense of the Group	(65.212)	(128.508)
Non deductible expenses	(10.268)	(13.983)
Exemptions	2.034	2.088
Income from associates	3.299	84.039
Other differences	10.108	(29.353)
Current period tax expense of the Group	(60.039)	(85.717)

Deferred Income Taxes

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and its statutory tax financial statements. Temporary differences generally arise due to the recording of incomes and expenses in different reporting periods according to Tax Laws and CMB Accounting Standards. Deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on the taxable income in the coming years under the liability method using a principal tax rate of 20%, 30%,10%,22% and 10% for Turkey, Kazakhstan, Bulgaria, Azerbaijan and Macedonia, respectively (2007: 20%, 30%, 10%, 22% and 12%, respectively).

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 December 2008 and 2007 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred income tax assets / (liabilities)	
	2008	2007	2008	2007
Inventories	19.542	7.071	3.915	1.419
Provision for employment termination benefits	15.490	14.065	3.098	2.813
Expense accruals and provisions	13.898	6.795	2.780	1.359
Unrealized interest income	1.975	500	395	100
Finance cost deferred for tax purposes	-	7.422	-	1.484
Property, plant and equipment and intangible assets	(156.261)	(118.836)	(29.171)	(24.091)
Unincurred interest expense	(16.043)	(13.571)	(3.209)	(2.714)
Adjustment to fair value of financial assets	-	(18.702)	-	(449)
Deferred advance payment expense	-	(1.311)	-	(262)
Other	995	1.314	149	326
Deferred income tax assets			10.337	7.501
Deferred income tax liabilities			(32.380)	(27.516)
Deferred income tax liabilities, net			(22.043)	(20.015)

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

	Deferred income tax (liability)/asset	
	2008	2007
1 January	(20.015)	(7.444)
Current period deferred tax expense	(1.889)	(32.276)
Disposals due to sales of joint ventures	-	17.416
Cumulative translation difference	(588)	1.218
Charged to equity	449	1.071
31 December	(22.043)	(20.015)

NOTE 25 - EARNINGS PER SHARE

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

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

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

	2008	2007
Net income attributable to the shareholders	261.479	552.875
Weighted average number of shares with YKr 1 face value each	17.803.000	17.803.000
Earnings per share (YKr)	1,47	3,11

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

Due from related parties:	2008	2007
Sanal Merkez T.A.Ş.	2.071	3.669
Koç Holding A.Ş. (*)	-	31.899
Ford Otosan San. A.Ş.	-	2.492
Palmira Turizm Tic. A.Ş.	-	932
Arçelik A.Ş.	-	763
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	710
Other	20	828
	2.091	41.293

(*) As of 31 December 2007, receivables from Koç Holding A.Ş. are mainly composed of receivables due to the sales of KFS which is shown as available for sale investments (Note 5).

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Due to related parties:

	2008	2007
Due to shareholders:		
Dividend liabilities to other shareholders	123	42
Due to group companies:		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	20.924
Düzey Tüketim Mal. San. Paz. ve Tic. A.Ş.	-	15.141
Tat Konserve Sanayi A.Ş.	-	8.825
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	4.918
Palmira Turizm Tic. A.Ş.	-	1.305
Other	-	3.508
	-	54.621
Total due to related parties	123	54.663

Bank balances:

	2008	2007
Yapı ve Kredi Bankası A.Ş. ("Yapı ve Kredi")		
- demand deposits	-	7.927
- time deposits	-	74.432
- other liquid assets (credit card receivables)	-	75.348
Yapı ve Kredi Bankası Azerbaijan		
- demand deposits	-	2.376
	-	160.083

(ii) Transactions with related parties:

	2008	2007
Sales of goods:		
Sanal Merkez T.A.Ş.	8.501	19.532
Tat Konserve Sanayi A.Ş.	7.604	15.586
Palmira Turizm Tic. A.Ş.	4.547	9.249
Ford Otosan San. A.Ş.	-	4.678
Tüpraş Petrol Rafinerileri A.Ş.	-	1.515
Other	2.413	5.928
	23.065	56.488

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	2008	2007
Purchases of property, plant and equipment:		
Ark İnşaat San. ve Tic. A.Ş.	3.410	42.538
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	1.107	3.436
Koçnet Haberleşme Teknolojileri A.Ş.	-	2.345
Koçtaş Yapı Marketleri Tic. A.Ş.	-	154
Other	613	33
	5.130	48.506

	2008	2007
Inventory purchases:		
Tat Konserve Sanayi A.Ş.	46.177	110.245
Düzey Tüketim Mal. San. Paz. ve Tic. A.Ş.	34.001	87.218
Palmira Turizm Tic. A.Ş.	4.597	11.992
Türk Demir Döküm Fabrikaları A.Ş.	1.990	7.778
Ram Kofisa Pasific Ltd.	-	3.321
Other	1.727	6.631
	88.492	227.185

	2008	2007
Services rendered:		
Zer Merkezi Hizmetleri ve Ticaret A.Ş. (*)	83.236	175.775
Koçnet Haberleşme Tekn. ve İlet. Hizm. A.Ş.	3.582	6.997
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	1.303	1.890
Tanı Pazarlama ve İletişim Hizmetleri	910	1.515
Koç Holding A.Ş.	845	1.974
Entek Elektrik Üretimi A.Ş.	-	18.746
Eltek Elektrik Enerjisi İth. İhr. ve Tic. A.Ş.	-	9.078
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	5.432
Other	4.021	10.908
	93.897	232.315

(*) Services provided from "Zer Merkezi Hizmetler ve Ticaret A.Ş." mainly contain transportation, porterage, advertisement, security and operation of warehouses.

	2008	2007
Interest income:		
Yapı ve Kredi Bankası A.Ş.	7.930	18.069
Yapı Kredi Azerbaycan	28	-
Yapı Kredi Nederland N.V.	-	702
Other	-	43
	7.958	18.814

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	2008	2007
Interest expense:		
Yapı Kredi Azerbaycan	12	-
Yapı ve Kredi Bankası	-	2.277
Yapı Kredi Nederland N.V.	-	749
Other	-	21
	12	3.047

	2008	2007
Dividends paid:		
Koç Holding A.Ş.	53.626	20.332

Dividends calculated on 2007 net income are paid in May 2008.

Key management compensation:
The Group has determined key management personnel as chairman, member of Board of Directors, general manager and vice general managers. 2007 amounts have been reclassified accordingly.

	2008	2007
Short-term benefits	10.236	18.902
Long-term benefits	16	12
	10.252	18.914

At 31 December 2008 and 2007, compensation paid or payable consists of salaries, benefits, SSK and employer shares and Board of Directors attendance fees.

NOTE 27 - FINANCIAL RISK MANAGEMENT

Financial risk management

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

Risk management is carried out by the individual Subsidiaries under policies approved by their Boards of Directors.

Interest rate risk

The Group management invests its interest bearing assets on short term investments within the principle of managing through natural precautions that come into being by balancing the maturity of the assets and liabilities that are sensitive to the interest.

The weighted average effective interest rate of Group's financial liabilities that are sensitive to interest is 4,04% as of 31 December 2008.(2007: 6,24%).

At 31 December 2008, if interest rates on YTL, USD and EUR-denominated borrowings had been 100 base point higher/lower with all other variables held constant, post-tax profit for the year would have been YTL 64 (2007: YTL 276) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Interest rate positions of the Group at 31 December 2008 and 2007 are as follows:

	2008	2007
Financial instruments with fixed interest rates		
Time deposits	799.595	109.376
Financial assets	-	592.079
Financial liabilities	3.749	5.170
Financial instruments with floating interest rates		
Financial liabilities	78.253	255.321

Liquidity and Funding risk

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

The funding risk of the current and future debt requirements is managed through rendering the availability of the qualified lenders. As of 31 December 2008, the Group's financial debt with a maturity longer than 1 year is YTL 37.978 (2007: 142.663) (Note 6).

The maturity analysis of Group's financial liabilities as of 31 December 2007 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Financial liabilities (Non-derivative)						
Financial liabilities	82.002	82.002	4.769	39.255	37.182	796
Trade payables	1.049.006	1.065.049	1.055.057	9.992	-	-
Other non current liabilities	16.699	16.699	16.699	-	-	-
	1.147.707	1.163.750	1.076.525	49.247	37.182	796

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years
Derivative-financial instruments					
Derivative cash inflows	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-
Forward Exchange net cash inflows	-	-	-	-	-

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

The maturity analysis of Group's financial liabilities as of 31 December 2008 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Financial liabilities (Non-derivative)						
Financial liabilities	260.491	260.491	25.779	92.049	141.816	847
Trade payables	926.152	939.723	939.723	-	-	-
Other non current liabilities	20.702	20.702	20.702	-	-	-
	1.207.345	1.220.916	986.204	92.049	141.816	847

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years
Derivative-financial instruments					
Derivative cash inflows	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-
Forward Exchange net cash inflows	-	-	-	-	-

Credit risk

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

The risk details of credits and receivables as of 31 December 2008 and 2007 are follows: Amounts showing the maximum credit risk exposed as of the balance sheet date are disclosed by disregarding guarantees on hand and other factors that increase the credit quality.

	Trade and Other Receivables		
31 December 2008	Related Parties	Other Party	Deposits in Banks
Maximum exposed credit risk			
As of reporting date (A+B+C+D)	2.091	27.568	851.324
Secured portion of maximum			
Credit risk by guarantees etc.	-	9.809	-
A. Net book value of financial assets			
Either are not due or not impaired	2.091	26.689	851.324
Secured portion by guarantees etc.	-	9.489	-
B. Financial assets with renegotiated conditions	-	-	-
Secured portion by guarantees etc.	-	-	-
C. Net book value of the expired			
or not impaired financial assets	-	559	-
secured portion by guarantees.	-	-	-
D. Net book value of the impaired assets	-	320	-
Overdue (Gross book value)	-	8.581	-
Impairment	-	(8.261)	-
Secured portion of the net value			
By guarantees etc.	-	320	-

	Trade and Other Receivables		
31 December 2007	Related Parties	Other Party	Deposits in Banks
Maximum exposed credit risk			
As of reporting date (A+B+C+D)	41.293	29.134	162.488
Secured portion of maximum			
Credit risk by guarantees etc.	-	8.653	-
A. Net book value of financial assets			
Either are not due or not impaired	40.300	27.323	162.488
Secured portion by guarantees etc.	-	8.444	-
B. Financial assets with renegotiated conditions	-	-	-
Secured portion by guarantees etc.	-	-	-
C. Net book value of the expired			
or not impaired financial assets	993	1.602	-
secured portion by guarantees	-	-	-
D. Net book value of the impaired assets	-	209	-
Overdue (Gross book value)	-	6.541	-
Impairment	-	(6.332)	-
Secured portion of the net value			
by guarantees etc	-	209	-

As of today there are no uncollected, overdue and renegotiated bank deposits and credit card receivables present at the Group portfolio, thus the Group thinks that there are no credit risks regarding these assets. The Group's past experience in the collection of accounts receivable falls within the recorded allowances. Due to this factor, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

a) Credit quality of financial assets

	2008	2007
Group 1	1.880	959
Group 2	25.962	64.860
Group 3	938	1.804
	28.780	67.623

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

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

	2008	2007
0-1 month	308	1.460
1-3 months	65	126
3-12 months	186	1.009
	559	2.595

c) Geographical concentration of the trade receivables

	2008	2007
Turkey	26.273	66.662
Other	3.386	3.765
	29.659	70.427

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is followed and limited through foreign currency position.

At 31 December 2008, if USD had appreciated against YTL by 20% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in USD would have been higher in the amount of YTL4.683.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

At 31 December 2008, if Euro had appreciated against YTL by 20% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been higher in the amount of YTL23.893.

	2008				
		Original Currencies			
	Total YTL equivalent	USD	Euro	Kazakhstan Tenge	Other Currencies
Assets:					
Cash and cash equivalents	250.507	69.185	56.899	590.500	16.674
Trade receivables	3.812	395	-	128.067	1.611
Other current assets	6.049	2.534	-	112.535	808
Total current assets	260.368	72.114	56.899	831.102	19.093
Other non-current assets	9	-	-	725	-
Total non-current assets	9	-	-	725	-
Total assets	260.377	72.114	56.899	831.827	19.093
Short-term borrowings	44.024	28.935	124	-	-
Interest accruals	-	-	-	-	-
Short-term portion of long-term borrowings	-	-	-	-	-
Financial liabilities to related parties	-	-	-	-	-
Trade payables (net)	30.354	19	102	1.898.791	6.331
Other current liabilities	10.402	3.791	2	188.409	2.305
Other provisions	-	-	-	-	-
Total current liabilities	84.780	32.745	228	2.087.200	8.636
Long term trade payables	-	-	-	-	-
Long term financial liabilities	37.978	23.885	868	-	-
Long term financial liabilities to related parties	-	-	-	-	-
Total non-current liabilities	37.978	23.885	868	-	-
Total liabilities	122.758	56.630	1.096	2.087.200	8.636
Net balance sheet foreign currency position	137.619	15.484	55.803	(1.255.373)	10.457
Net asset/liability position of off-balance sheet derivatives (A-B)	-	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-	-
Net foreign currency position	137.619	15.484	55.803	(1.255.373)	10.457
Export	-	-	-	-	-
Import	20.438	15.808	-	-	-
Fair value of hedged funds of foreign currency	-	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-	-

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

	2007				
		Original Currencies			
	Total YTL equivalent	USD	Euro	Kazakhstan Tenge	Other Currencies
Assets:					
Cash and cash equivalents	103.558	68.679	3.597	1.322.711	4.610
Trade receivables	3.937	366	-	226.511	1.318
Investment securities	54.623	46.166	499	-	-
Other current assets	154.281	131.843	-	54.640	194
Total current assets	316.399	247.054	4.096	1.603.862	6.122
Long term trade receivables	1.434	-	-	148.116	-
Total non-current assets	1.434	-	-	148.116	-
Total assets	317.833	247.054	4.096	1.751.978	6.122
Short-term borrowings	117.828	72.580	19.467	-	-
Financial liabilities to related parties	-	-	-	-	-
Interest accruals	-	-	-	-	-
Short-term portion of long-term borrowings (net)	-	-	-	-	-
Other current liabilities	6.377	3.049	2	158.031	1.293
Trade payables (net)	21.875	3.075	-	1.331.284	5.404
Advances received	-	-	-	-	-
Other provisions	-	-	-	-	-
Total current liabilities	146.080	78.704	19.469	1.489.315	6.697
Long term trade payables	-	-	-	-	-
Long term financial liabilities	142.663	65.754	38.639	-	-
Long term financial liabilities to related parties	-	-	-	-	-
Total non current liabilities	142.663	65.754	38.639	-	-
Total liabilities	288.743	144.458	58.108	1.489.315	6.697
Net balance sheet foreign currency position	29.090	102.596	(54.012)	262.663	(575)
Net asset/(liability) position of off-balance sheet derivatives (A-B)	-	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-	-
Net foreign currency position	29.090	102.596	(54.012)	262.663	(575)
Export	-	-	-	-	-
Import	10.643	8.529	-	-	-
Fair value of hedged funds of foreign currency	-	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-	-

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

Foreign currency sensitivity analysis as of 31 December is as follows:

31 December 2008

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
20% change in USD Exchange rate				
USD net asset/liability	4.683	(4.683)	(22.957)	22.957
Portion secured from USD risk	-	-	-	-
USD net effect	4.683	(4.683)	(22.957)	22.957

31 December 2007

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
20% change in USD Exchange rate				
USD net asset/liability	23.899	(23.899)	14.731	(14.731)
Portion secured from USD risk	-	-	-	-
USD net effect	23.899	(23.899)	14.731	(14.731)

31 December 2008

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
20% change in Euro exchange rate				
Euro net asset/liability	23.893	(23.893)	-	-
Portion secured from Euro risk	-	-	-	-
Euro Net Effect	23.893	(23.893)	-	-

31 December 2007

	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
20% change in Euro exchange rates				
Euro net asset/liability	(18.474)	18.474	-	-
Portion secured from Euro risk	-	-	-	-
Euro Net Effect	(18.474)	18.474	-	-

Capital risk management

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

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

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

The ratio of net debt/ (equity +net debt) at 31 December 2008 and 2007 is as follows:

	2008	2007
Total liabilities	1.271.872	1.360.392
Cash and cash equivalents	(1.094.331)	(396.952)
Marketable securities	-	(628.767)
Deferred income tax liabilities	(22.043)	(20.015)
Net debt	155.498	314.658
Equity	1.624.384	1.469.333
Equity +net debt	1.779.882	1.783.991
Net debt/ (Equity +net debt) ratio	9%	18%

NOTE 28 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate carrying values.

The fair values of certain financial assets carried at amortized cost are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

The carrying values of trade receivables at amortized cost along with the related allowances for uncollectibility are estimated to approximate their fair values.

Available-for-sale investments are stated at their fair values.

Financial liabilities

The fair values of short term bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

The fair values of the long term borrowings are the values discounted over market interest ratios and are detailed out in the Note 6.

The carrying values of trading and other liabilities at amortized cost are estimated to be their fair values.

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements at 31 December 2008
(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise indicated.
Currencies other than YTL are expressed in thousands unless otherwise indicated.)

NOTE 29 - SUBSEQUENT EVENTS

a) In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" will be removed as of January 1, 2009. When the prior currency, New Turkish lira ("YTL"), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

b) The Company has decided to propose in the General Assembly Meeting to merge with Moonlight Perakendecilik ve Ticaret A.Ş. through a takeover of its assets and liabilities as at 30 September 2008 as a whole within the framework of Turkish Trade Law No: 451 and other related articles, Corporate Tax Law No: 19-20 and Capital Markets Board ("CMB") Communiqué No: I-31 and to execute required procedures. In this context, the Company has applied to CMB on 12 January 2009 in order to obtain necessary permissions. As a result of the assessments of CMB, on 26 March 2009 it has been announced that the request of Migros has been approved and an additional period of one month has been granted as extension to the six-month period mandatory for the period between the date of financial statements of the companies to merge and the date of General Assembly Meeting where the merger agreement will be approved.

c) Migros has applied to the Turkish Competition Authority on 10 March 2009 in order to obtain necessary approvals for the acquisition of all property, plant and equipment of 8 stores of Mak Gıda Pazarlama Sanayi ve Ticaret A.Ş. ("Makmar"), a retail chain operating in Gaziantep region, and for the re-arrangement of rent agreements of these stores on behalf of the Company.

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