**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2008**

**(ORIGINALLY ISSUED IN TURKISH)**

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

## MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

## CONSOLIDATED INTERIM BALANCE SHEETS AT 30 SEPTEMBER 2008 AND 31 DECEMBER 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 | 30 September 2008 | 31 December 2007 |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 1.083.009 | 396.952 |
| Financial assets | 5 | 1.027 | 628.767 |
| Trade receivables | 7 | 31.387 | 27.808 |
| Due from related parties | 26 | 1.757 | 41.293 |
| Other receivables | 8 | 1.893 | 593 |
| Inventories | 9 | 471.960 | 400.517 |
| Other current assets | 16 | 36.098 | 168.595 |
| **Total current assets** | | **1.627.131** | **1.664.525** |
| | | | |
| **Non-current assets** | | | |
| Trade receivables | 8 | 839 | 733 |
| Financial assets | 5 | 2.215 | 1.706 |
| Goodwill | 13 | 234.466 | 234.466 |
| Investment property | 10 | 9.738 | 9.145 |
| Property, plant and equipment | 11 | 766.373 | 736.117 |
| Intangible assets | 12 | 190.058 | 179.626 |
| Other non-current assets | 16 | 1.921 | 3.407 |
| **Total non-current assets** | | **1.205.610** | **1.165.200** |
| | | | |
| **Total assets** | | **2.832.741** | **2.829.725** |

These consolidated interim financial statements as at and for the period ended 30 September 2008 have been approved for issue by the Board of Directors on 13 November 2008.

## MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

## CONSOLIDATED INTERIM BALANCE SHEETS
## AT 30 SEPTEMBER 2008 AND 31 DECEMBER 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 | 30 September 2008 | 31 December 2007 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Financial liabilities | 6 | 42.216 | 117.828 |
| Trade payables | 7 | 1.053.695 | 871.489 |
| Due to related parties | 26 | 4.307 | 54.663 |
| Other payables | 8 | 18.287 | 20.702 |
| Provisions | 14 | 23.383 | 43.158 |
| Other current liabilities | 16 | 72.678 | 72.207 |
| **Total current liabilities** | | **1.214.566** | **1.180.047** |
| **Non-current liabilities** | | | |
| Financial liabilities | 6 | 39.748 | 142.663 |
| Other liabilities | 8 | 3.687 | 3.602 |
| Deferred income tax liabilities | 24 | 20.210 | 20.015 |
| Provision for employee termination benefits | 15 | 15.613 | 14.065 |
| **Total non-current liabilities** | | **79.258** | **180.345** |
| **Total liabilities** | | **1.293.824** | **1.360.392** |
| **EQUITY** | 17 | | |
| **Attributable to equity holders of the parent** | | **1.538.607** | **1.469.068** |
| Share capital | | 178.030 | 178.030 |
| Equity inflation restatement differences | | (77.165) | (77.165) |
| Share premium | | 18.854 | 18.854 |
| Financial assets fair value reserve | | (16) | 24.543 |
| Cumulative translation differences | | (1.481) | (6.457) |
| Restricted reserves | | 462.896 | 18.487 |
| Additional contribution to shareholders' equity related to merger | | 119.422 | 119.422 |
| Prior years' income | | 643.450 | 640.479 |
| Net income for the period | | 194.617 | 552.875 |
| **Minority interest** | **3.i** | **310** | **265** |
| **Total equity** | | **1.538.917** | **1.469.333** |
| **Total liabilities and equity** | | **2.832.741** | **2.829.725** |
| Commitments, contingent assets and liabilities | 14 | | |

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

## MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

## CONSOLIDATED INTERIM STATEMENTS OF INCOME FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | | |
| Revenue (net) | 3,18 | 3.783.223 | 1.418.938 | 3.244.642 | 1.216.424 |
| Cost of sales (-) | 3,18 | (2.811.235) | (1.052.078) | (2.453.878) | (924.242) |
| **GROSS PROFIT** | | **971.988** | **366.860** | **790.764** | **292.182** |
| Marketing, selling and distribution expenses (-) | 19 | (599.886) | (224.996) | (482.957) | (176.285) |
| General administrative expenses (-) | 19 | (148.607) | (46.424) | (151.411) | (51.455) |
| Other operating income | 20 | 31.575 | 3.116 | 12.703 | 2.958 |
| Other operating expense (-) | 20 | (13.227) | (1.014) | (3.614) | (2.466) |
| **OPERATING PROFIT** | **3** | **241.843** | **97.542** | **165.485** | **64.934** |
| Shares of income of investments accounted through equity method | | - | - | 216 | 866 |
| Financial income | 21 | 111.819 | 29.699 | 96.340 | 40.115 |
| Financial expense (-) | 22 | (114.300) | (36.910) | (84.860) | (32.492) |
| **NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS** | | **239.362** | **90.331** | **177.181** | **73.423** |
| **Income tax expense from continuing operations** | 24 | **(44.707)** | **(22.679)** | **(37.423)** | **(14.652)** |
| Taxes on income | | (44.196) | (19.933) | (7.747) | (5.347) |
| Deferred income tax | | (511) | (2.746) | (29.676) | (9.305) |
| **NET INCOME FROM CONTINUING OPERATIONS** | | **194.655** | **67.652** | **139.758** | **58.771** |
| **DISCONTINUED OPERATIONS** | | | | | |
| **Net income from discontinued operations after income tax** | **23** | **-** | **-** | **1.449** | **3.057** |
| **NET INCOME FOR THE PERIOD** | | **194.655** | **67.652** | **141.207** | **61.828** |
| **Attributable to:** | | | | | |
| **Equity holders of the parent** | | **194.617** | **67.636** | **141.176** | **61.818** |
| **Minority interest** | | **38** | **16** | **31** | **10** |
| Earnings per share from continuing operations (YKr) | | 1,09 | 0,38 | 0,78 | 0,33 |
| Earnings per share (YKr) | 25 | 1,09 | 0,38 | 0,79 | 0,35 |

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

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

## MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

## CONSOLIDATED INTERIM STATEMENTS OF CHANGE IN EQUITY FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 | Prior years' income | Net income for the period | Minority interest | Total shareholders' 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 | - | - | - | - | (21.038) | - | - | - | - | (17) | (21.055) |
| Financial assets fair value loss, net of tax | - | - | - | 8.180 | - | - | - | - | - | - | 8.180 |
| Net income for the period | - | - | - | - | - | - | - | - | 141.176 | 31 | 141.207 |
| **Balances at 30 September 2007** | **178.030** | **(77.165)** | **18.854** | **23.045** | **(51.240)** | **18.487** | **119.422** | **640.479** | **141.176** | **213** | **1.011.301** |
| **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 | - | - | - | - | 4.976 | - | - | - | - | 7 | 4.983 |
| Financial assets fair value loss, net of tax | - | - | - | (24.559) | - | - | - | - | - | - | (24.559) |
| Net income for the period | - | - | - | - | - | - | - | - | 194.617 | 38 | 194.655 |
| **Balances at 30 September 2008** | **178.030** | **(77.165)** | **18.854** | **(16)** | **(1.481)** | **462.896** | **119.422** | **643.450** | **194.617** | **310** | **1.538.917** |

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

## MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

## CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 | 1 January – 30 September 2008 | 1 January – 30 September 2007 |
|---|---|---|---|
| **Operating activities:** | | | |
| Net income from continuing operations | | 194.617 | 139.727 |
| Net income from discontinued operations | | - | 1.449 |
| **Adjustments to reconcile net income to net cash provided / used by operating activities:** | | | |
| Minority interest | | 38 | 31 |
| Share of loss of associates | 5 | - | (216) |
| Depreciation and amortisation | 10,11,12 | 73.674 | 70.819 |
| Provision for employment termination benefits | 15 | 7.098 | 6.470 |
| Income tax expense | 24 | 44.707 | 37.423 |
| Interest income | 21 | (97.707) | (36.561) |
| Interest expense | 22 | 102.686 | 51.499 |
| Losses / (profits) from sales of tangible assets (net) | 20 | 3.636 | (4.254) |
| Allowance for property, plant and equipment impairment | | 63 | - |
| Available-for-sale investment sales gain | | (21.245) | - |
| Unrecognised exchange rate differences (net) | | (588) | (59.779) |
| **Cash flows from operating activities before changes in operating assets and liabilities** | | **306.979** | **206.608** |
| Trade receivables | | (3.579) | (21.197) |
| Due from related parties | | 39.536 | 3.057 |
| Inventories | | (71.443) | 2.140 |
| Other current assets and other receivables | | 140.370 | 1.284 |
| Other non-current assets | | 1.380 | (1.724) |
| Trade payables | | 182.206 | (40.510) |
| Due to related parties | | (50.356) | 18.189 |
| Other current liabilities and provisions | | 4.605 | 84.742 |
| Employment termination benefits paid | 15 | (5.550) | (4.830) |
| Income taxes paid | 14 | (67.148) | (4.648) |
| **Net cash provided by operating activities of continuing operations** | | **477.000** | **241.662** |
| **Net cash used in operating activities of discontinued operations** | | **-** | **(5.539)** |
| **Investing activities:** | | | |
| Purchases of property, plant and equipment | 10,11 | (102.710) | (113.355) |
| Proceeds from sale of property, plant and equipment | | 719 | 15.317 |
| Acquisition of additional share of available-for-sale investments | 5 | (509) | (1.412) |
| Change in fair value of financial assets- net | | 15.476 | 2.733 |
| Proceeds from sale of available-for-sale investments | | 602.380 | - |
| Purchase of intangible assets | 12 | (12.041) | (1.243) |
| Interest received | | 103.829 | 36.603 |
| **Net cash provided from / (used in) investing activities of continuing operations** | | **607.144** | **(61.357)** |
| **Net cash used in investing activities of discontinued operations** | | **-** | **(34.832)** |
| **Financing activities:** | | | |
| Decrease in bank borrowings | | (186.178) | (37.078) |
| Dividends paid | | (105.495) | (40.000) |
| Interest paid | | (103.621) | (53.459) |
| **Net cash used in financing activities of continuing operations** | | **(395.294)** | **(130.537)** |
| **Net cash used in financing activities of discontinued operations** | | **-** | **26.677** |
| Cumulative translation adjustment | | (2.793) | (3.480) |
| Net increase in cash and cash equivalents | | 686.057 | 32.594 |
| **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 | **1.083.009** | **378.205** |

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

(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 - ORGANISATION 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 centres, Ramstores abroad and internet sales. The Company also rents floor space in the shopping malls to other trading companies. For the nine month period ended 30 September 2008, average number of people employed by Migros and its Subsidiaries (collectively referred as the "Group") is 15.271 (30 September 2007: 18.311). As of 30 September 2008, the Group operates in 1.135 stores (31 December 2007: 953) with a net retail space of 674.062 (31 December 2007: 603.769) square meters. Retail is the main business segment of the Group and constitutes almost 97,4% of gross sales (1 January -30 September 2007: 96,8%). 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
Ataşehir 34758 Kadıköy
İstanbul

The parent of the Company is Moonlight Perakendecilik ve Ticaret A.Ş. ("Moonlight") (31 December 2007: Koç Holding A.Ş) (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., controlled by BC Partners Ltd., 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.

Subsidiaries:

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

| Subsidiaries | 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 |

(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 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

(*) 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.

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 interim financial statements until the date of disposal. The nature of business of the Joint-venture and for the purpose of the consolidated interim 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, leasing and management of shopping centres |

The address of the registered office of the Joint-venture is as follows:

19/1 Yartsevskaya St. 121351 Moscow, Russian Federation.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### Basis of presentation

### A) Financial Reporting Standards

The Capital Markets Board of Turkey ("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 interim financial statements, the consolidated interim financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated interim financial statements and the related notes to them are presented in accordance with the formats required by the CMB including the compulsory disclosures. Accordingly, required reclassifications have been made in the comparative financial statements (Note 2.C.y).

### B) 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 from the foreign exchange rate at the balance sheet date and income and expenses are translated into YTL at the average foreign exchange rate. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "cumulative translation differences" under the equity.

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

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

### C) Basis of Consolidation

**a)** The consolidated interim 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 interim 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 | 30 September 2008 | 31 December 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 shareholders' 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 shareholders' 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 interim financial statements (Note 5).

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

**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 period-end rates are included in the translation reserve.

**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.

**Changes and Errors in the Accounting Policies**

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period consolidated financial statements. There are no changes in the accounting policies for the interim period of 1 January - 30 September 2008.

**Changes in the Accounting Estimates**

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods. There are no changes in the accounting estimates for the interim period of 1 January - 30 September 2008.

**Summary of Significant Accounting Policies**

**a) Revenue**

Revenues are recognised 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 recognised 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.

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

### b) Inventories

Inventories are valued at the lower of cost or net realisable 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 realisable 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 are carried at the beginning 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 value (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 utilisation. 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.

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

### d) Intangible assets

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 amortised 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 amortised.

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 and goodwill

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.

The cost of a business combination is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill has been recognised 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 recognises 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 recognised in the financial statements of the acquiree is not considered as an identifiable asset.

The carrying value of goodwill is reviewed annually and adjusted for permanent impairment where it is considered necessary. Within the context of IFRS 3 - "Business Combinations" amortisation accounting is not applied for goodwill related to acquisitions after 31 March 2004, and the carrying value of goodwill is reviewed annually and adjusted for impairment where it is considered necessary. The carrying amount of negative goodwill related to acquisitions after 31 March 2004 has been reviewed and accounted for as income in the related period. In accordance with IFRS 3, the Group ceased to amortise the negative goodwill associated with the transactions before 31 March 2004 at the beginning of the first annual period beginning after 31 March 2004 (1 January 2005). The carrying value of goodwill is reviewed annually for permanent impairment and the impairment provision, if any, is immediately recognised in the consolidated statements of income.

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

### f) Impairment of assets

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

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

### g) Borrowing costs

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

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

***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 amortised 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.

***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 amortised 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 derecognised.

All investment securities are initially recognised 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.

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

### j) Earnings per share

Earnings per share disclosed in the consolidated interim 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 recognise 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 recognised as liabilities or assets, however they should be disclosed as contingent liabilities or assets.

### 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 capitalised 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.

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

***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 interim financial statements, shareholders, in each case together with their families and companies controlled by or affiliated with them, 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, within the context of the sale of Migros shares by Koç Holding at 30 May 2008, transactions with Koç Holding Group of companies until this date have been disclosed as transactions with related parties.

### o) Segment reporting

Retail is the main business segment of the Group. 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.

### 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).

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

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

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) Employment termination 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 Labour 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).

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

### u) Discontinued operations

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

Net assets of discontinued operations are measured at fair value less cost to sell. An analysis of the revenue, expenses and pre-tax profit or loss of discontinued operations, income tax expense of discontinued operations and the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation are disclosed in the notes to the consolidated financial statements (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

In order to determine the financial status and performance trends, the financial statements of the Group have been prepared in comparison with the financial statements of previous periods. The Group prepared its consolidated balance sheet as of 30 September 2008 in comparison with the consolidated balance sheet prepared as of 31 December 2007; prepared the consolidated statement of income, consolidated statement of changes in shareholders' equity and consolidated cash flow statement pertaining to interim period between 1 January - 30 September 2008 in comparison with the interim period between 1 January - 30 September 2007.

Comparative information has been reclassified when seemed necessary in order to correlate with the presentation of current period consolidated financial statements.

The Group has performed reclassifications in the consolidated interim balance sheet as of 31 December 2007 in order to conform to presentation of balance sheet as of 30 September 2008. Such reclassifications are explained as follows:

i) Capital reserves amounting to YTL71.932 classified in "extraordinary reserves" on the consolidated balance sheet of 31 December 2007 are reclassified under "retained earnings" (Note 17).

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

ii) Legal reserves inflation adjustment differences, extraordinary reserves inflation adjustment differences and share premium inflation adjustment differences amounting to YTL252.923 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 YTL2 in "trade receivables", time deposits with a maturity of more than three months amounting to YTL26.387 in "cash and cash equivalents", marketable securities with a maturity of less than three months amounting to YTL536 in "financial assets", financial assets amounting to YTL36.688 under "non-current assets", deposits and guarantees amounting to YTL733 in "long-term trade receivables", property, plant and equipment advances amounting to YTL1.112 in "Property, Plant and Equipment", "Property, Plant and Equipment" amounting to YTL9.145, leasehold improvements amounting to YTL3.588 in "other non-current assets" and order advances given amounting to YTL227 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.

iv) Deposits and guarantees received amounting to YTL3.602 in "long-term trade payables" and provision for employment termination benefits amounting to YTL14.065 in "long-term provisions" on the balance sheet at 31 December 2007 are reclassified into "other non-current liabilities" and "provision for employment termination benefits", respectively.

v) Foreign exchange gains and interest income amounting to YTL96.340 in "other income" and rent expense amounting to YTL1.538 in "general administrative expenses" on the statement of income for the nine month period ended 30 September 2007 are reclassified into "financial income" and "marketing, selling and distribution expenses", respectively. Foreign exchange losses amounting to YTL31.446 in "other expense" on the statement of income for the nine month period ended 30 September 2007 is reclassified into "financial expenses" in accordance with IFRS 5.

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

The accounting principles described in Note 2 - "Summary of Significant Accounting Policies" from (a) to (v) to the consolidated interim financial statements (defined as CMB Accounting 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 interim financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

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

### Significant Accounting Estimates, 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.

### Information and Disclosure of which is required by CMB

In accordance with the Communiqué Serial:XI No:29 of CMB and announcements clarifying this communiqué, it is mandatory for enterprises to disclose the hedging rate of their total foreign exchange liability as well as total export and import amounts in the notes to their financial statements.

## NOTE 3 - SEGMENT REPORTING

In these consolidated interim financial statements for the period of 1 January - 30 September 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 interim financial statements.

**a) Net Sales**

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Turkey | 3.631.104 | 1.367.222 | 3.114.352 | 1.172.068 |
| Kazakhstan | 116.910 | 39.621 | 97.490 | 33.413 |
| Bulgaria | 21.502 | 7.369 | 20.371 | 6.622 |
| Azerbaijan | 13.707 | 4.726 | 12.429 | 4.321 |
| **Net sales from continuing operations** | **3.783.223** | **1.418.938** | **3.244.642** | **1.216.424** |
| **Net sales from discontinued operations** | **-** | **-** | **334.937** | **99.096** |

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

## NOTE 3 - SEGMENT REPORTING (Continued)

### b) Operating revenue

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July- 30 September 2007 |
|---|---|---|---|---|
| Turkey | 227.596 | 92.292 | 148.710 | 59.706 |
| Kazakhstan | 9.348 | 3.265 | 9.631 | 3.708 |
| Bulgaria | 3.549 | 1.485 | 6.528 | 1.206 |
| Azerbaijan | 1.350 | 500 | 616 | 314 |
| **Operating revenue from continuing operations** | **241.843** | **97.542** | **165.485** | **64.934** |
| **Operating revenue from discontinued operations** | **-** | **-** | **6.238** | **2.181** |

### c) Segment analysis for the interim period 1 January - 30 September 2008

| | Turkey | Azerbaijan | Bulgaria | Kazakhstan | Combined Total | Inter segment elimination | Consolidated Total | Discontinued operations |
|---|---|---|---|---|---|---|---|---|
| External revenues | 3.631.104 | 13.707 | 21.502 | 116.910 | 3.783.223 | - | 3.783.223 | - |
| Inter segment revenues | 4.217 | - | - | - | 4.217 | (4.217) | - | - |
| Sales revenue | 3.635.321 | 13.707 | 21.502 | 116.910 | 3.787.440 | (4.217) | 3.783.223 | - |
| Cost of goods sold | (2.705.653) | (9.900) | (12.990) | (86.909) | (2.815.452) | 4.217 | (2.811.235) | - |
| Gross margin | 929.668 | 3.807 | 8.512 | 30.001 | 971.988 | - | 971.988 | - |
| Selling and marketing expenses | (581.390) | (967) | (2.425) | (15.104) | (599.886) | - | (599.886) | - |
| General administrative expenses | (138.133) | (1.503) | (2.698) | (6.273) | (148.607) | - | (148.607) | - |
| Other operating income, net | 17.451 | 13 | 160 | 724 | 18.348 | - | 18.348 | - |
| **Operating revenue** | **227.596** | **1.350** | **3.549** | **9.348** | **241.843** | **-** | **241.843** | **-** |

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

## NOTE 3 - SEGMENT REPORTING (Continued)

### d) Segment analysis for the interim period 1 July - 30 September 2008

| | Turkey | Azerbaijan | Bulgaria | Kazakhstan | Combined Total | Inter segment elimination | Consolidated Total | Discontinued operations |
|---|---|---|---|---|---|---|---|---|
| External revenues | 1.367.222 | 4.726 | 7.369 | 39.621 | 1.418.938 | - | 1.418.938 | - |
| Inter segment revenues | 1.714 | - | - | - | 1.714 | (1.714) | - | - |
| Sales revenue | 1.368.936 | 4.726 | 7.369 | 39.621 | 1.420.652 | (1.714) | 1.418.938 | - |
| Cost of goods sold | (1.016.592) | (3.388) | (4.394) | (29.418) | (1.053.792) | 1.714 | (1.052.078) | - |
| Gross margin | 352.344 | 1.338 | 2.975 | 10.203 | 366.860 | - | 366.860 | - |
| Selling and marketing expenses | (218.676) | (335) | (804) | (5.181) | (224.996) | - | (224.996) | - |
| General administrative expenses | (43.277) | (505) | (676) | (1.966) | (46.424) | - | (46.424) | - |
| Other operating income, net | 1.901 | 2 | (10) | 209 | 2.102 | - | 2.102 | - |
| **Operating revenue** | **92.292** | **500** | **1.485** | **3.265** | **97.542** | **-** | **97.542** | **-** |

### e) Segment analysis for the interim period 1 January - 30 September 2007

| | Turkey | Azerbaijan | Bulgaria | Kazakhstan | Combined Total | Inter segment elimination | Consolidated Total | Discontinued operations |
|---|---|---|---|---|---|---|---|---|
| External revenues | 3.114.352 | 12.429 | 20.371 | 97.490 | 3.244.642 | - | 3.244.642 | 334.937 |
| Inter segment revenues | 6.540 | - | - | - | 6.540 | (6.540) | - | - |
| Sales revenue | 3.120.892 | 12.429 | 20.371 | 97.490 | 3.251.182 | (6.540) | 3.244.642 | 334.937 |
| Cost of goods sold | (2.365.956) | (9.291) | (12.548) | (72.623) | (2.460.418) | 6.540 | (2.453.878) | (227.611) |
| Gross margin | 754.936 | 3.138 | 7.823 | 24.867 | 790.764 | - | 790.764 | 107.326 |
| Selling and marketing expenses | (468.663) | (910) | (2.915) | (10.469) | (482.957) | - | (482.957) | (60.334) |
| General administrative expenses | (142.270) | (1.653) | (2.458) | (5.030) | (151.411) | - | (151.411) | (33.130) |
| Other operating income, net | 4.707 | 41 | 4.078 | 263 | 9.089 | - | 9.089 | (7.624) |
| **Operating revenue** | **148.710** | **616** | **6.528** | **9.631** | **165.485** | **-** | **165.485** | **6.238** |

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

## NOTE 3 - SEGMENT REPORTING (Continued)

### f) Segment analysis for the interim period 1 July - 30 September 2007

| | Turkey | Azerbaijan | Bulgaria | Kazakhstan | Combined Total | Inter segment elimination | Consolidated Total | Discontinued operations |
|---|---|---|---|---|---|---|---|---|
| External revenues | 1.172.069 | 4.320 | 6.622 | 33.413. | 1.216.424 | - | 1.216.424 | 99.096 |
| Inter segment revenues | 4.186 | - | - | - | 4.186 | (4.186) | - | - |
| Sales revenue | 1.176.255 | 4.320 | 6.622 | 33.413 | 1.220.610 | (4.186) | 1.216.424 | 99.096 |
| Cost of goods sold | (896.205) | (3.222) | (4.015) | (24.986) | (928.428) | 4.186 | (924.242) | (65.205) |
| Gross margin | 280.050 | 1.098 | 2.607 | 8.427 | 292.182 | - | 292.182 | 33.891 |
| Selling and marketing expenses | (171.868) | (315) | (942) | (3.160) | (176.285) | - | (176.285) | (18.258) |
| General administrative expenses | (48.789) | (500) | (537) | (1.629) | (51.455) | - | (51.455) | (10.765) |
| Other operating income, net | 313 | 31 | 78 | 70 | 492 | - | 492 | (2.687) |
| **Operating revenue** | **59.706** | **314** | **1.206** | **3.708** | **64.934** | **-** | **64.934** | **2.181** |

### g) Segment assets

Total assets

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Turkey | 2.841.860 | 2.850.958 |
| Kazakhstan | 69.886 | 67.005 |
| Bulgaria | 41.276 | 35.866 |
| Azerbaijan | 11.170 | 8.971 |
| Total combined | 2.964.192 | 2.962.800 |
| Less: Inter-segment elimination | (131.451) | (133.075) |
| **Total assets as per consolidated financial statements** | **2.832.741** | **2.829.725** |

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

## NOTE 3 - SEGMENT REPORTING (Continued)

Net assets

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Turkey | 1.576.246 | 1.522.493 |
| Kazakhstan | 44.463 | 35.729 |
| Bulgaria | 36.667 | 31.241 |
| Azerbaijan | 8.312 | 6.689 |
| Total combined | 1.665.688 | 1.596.152 |
| Less: Inter-segment elimination | (126.771) | (126.819) |
| **Total equity per consolidated financial statements** | **1.538.917** | **1.469.333** |

**h) Capital expenditures, depreciation and amortisation**

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Capital expenditures | | | | |
| Turkey | 111.493 | 58.574 | 112.047 | 39.536 |
| Kazakhstan | 3.157 | 203 | 2.411 | 1.707 |
| Azerbaijan | 84 | 64 | 70 | 1 |
| Bulgaria | 17 | 2 | 70 | 36 |
| Discontinued operations | - | - | 35.700 | 14.991 |
| | **114.751** | **58.843** | **150.298** | **56.271** |

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Depreciation and amortisation | | | | |
| Turkey | 70.414 | 24.335 | 68.262 | 23.409 |
| Kazakhstan | 2.098 | 673 | 1.167 | 310 |
| Bulgaria | 894 | 297 | 1.133 | 208 |
| Azerbaijan | 268 | 90 | 257 | 72 |
| Discontinued operations | - | - | 13.857 | 4.358 |
| | **73.674** | **25.395** | **84.676** | **28.357** |

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

## NOTE 3 - SEGMENT REPORTING (Continued)

### i) Minority interest

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Bulgaria | 310 | 265 |
| | **310** | **265** |

## NOTE 4 - CASH AND CASH EQUIVALENTS

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Cash | 25.092 | 22.050 |
| Banks | | |
| - demand deposits | 39.301 | 53.112 |
| - time deposits | 760.814 | 109.376 |
| Available-for-sale investments | 21.110 | 536 |
| Cheques in collection | 111 | 112 |
| Other cash and cash equivalents, net | 236.581 | 211.766 |
| | **1.083.009** | **396.952** |

Annual weighted average effective interest rates on YTL denominated time deposits and USD denominated time deposits which have been disclosed in Note 27 are 20,20% (31 December 2007: 17,65%) and 5,51% (31 December 2007: 9,47%), respectively. Weighted average effective interest rates of Euro denominated time deposits which have been disclosed in Note 27 are 5,22% (31 December 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%. Other cash and cash equivalents mainly include receivables on credit card slips with a maturity of less than one month (31 December 2007: less than one month) and they are discounted with annual rate of 18,67%.

The maturity analysis of time deposits at 30 September 2008 and 31 December 2007 is as follows:

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| 1-30 days | 754.646 | 97.680 |
| 31- 90 days | 6.168 | 11.696 |
| | **760.814** | **109.376** |

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

## NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

The analysis of cash and cash equivalents in terms of consolidated interim statements of cash flows at 30 September 2008 and 2007 is as follows:

| | **30 September 2008** | **30 September 2007** |
|---|---|---|
| Cash and cash equivalents | 1.083.009 | 364.031 |
| Marketable securities with a maturity less than 3 months | - | 14.174 |
| | **1.083.009** | **378.205** |

## NOTE 5 - FINANCIAL ASSETS

| | **30 September 2008** | **31 December 2007** |
|---|---|---|
| Time deposits | 1.027 | 26.387 |
| Short-term available-for-sale investments | - | 602.380 |
| **Short-term financial assets** | **1.027** | **628.767** |
| Long-term available-for-sale investments | 2.215 | 1.706 |
| **Long-term financial assets** | **2.215** | **1.706** |

**Short-term available-for-sale investments:**

| | **30 September 2008** | | **31 December 2007** | |
|---|---|---|---|---|
| | **Weighted average effective interest rate p.a.** | **Amount** | **Weighted average effective interest rate p.a.** | **Amount** |
| Time deposits | 8,35% | 1.027 | 5,25% | 26.387 |
| Treasury bills and government bonds | - | - | 17,67% | 537.992 |
| Eurobond (USD) | - | - | 10,68% | 26.847 |
| Eurobond (EUR) | - | - | 5,50% | 853 |
| | | **1.027** | | **592.079** |

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

## NOTE 5 - FINANCIAL ASSETS (Continued)

The analysis of available-for-sale assets by maturity at 30 September 2008 and 31 December 2007 is as follows:

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Period remaining to maturity: | | |
| 91-180 days | - | 26.446 |
| 181 days-1 year | 154 | 104.872 |
| Over 1 year | 873 | 460.761 |
| | **1.027** | **592.079** |

**Listed financial assets:**

| | 30 September 2008 | | 31 December 2007 | |
|---|---|---|---|---|
| | Share | Amount | Share | Amount |
| Tat Konserve San. A.Ş. ("Tat Konserve") (*) | - | - | 2,87% | 11.860 |
| | | | | **11.860** |

**Unlisted financial assets:**

| | 30 September 2008 | | 31 December 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 YTL11.860 and YTL23.099, 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 YTL21.245 is accounted for as other income in the consolidated interim 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 YTL1.729. 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.

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

## NOTE 5 - FINANCIAL ASSETS (Continued)

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.

The movement table of financial assets as of 30 September 2008 and 2007 is as follows:

| | 2008 | 2007 |
|---|---|---|
| **1 January** | **630.473** | **319.599** |
| Change in marketable securities – net | (565.692) | (18.698) |
| Disposal of financial assets | (36.688) | (7.188) |
| Change in time deposits – net | (25.360) | - |
| Acquisition of additional share of financial assets | 509 | 1.412 |
| Increase in fair value of financial assets – net | - | 8.186 |
| Change in held-to-maturity time deposits – net | - | 18.770 |
| Income from associates – net | - | 216 |
| **30 September** | **3.242** | **322.297** |

## NOTE 6 - FINANCIAL LIABILITIES

| | 30 September 2008 | | | |
|---|---|---|---|---|
| | **Weighted average interest rate p.a.** | **US Dollar** | **Euro** | **YTL** |
| Current portion of long-term bank borrowings | | | | |
| -with fixed interest rates | 6,00% | 1.683 | 141 | 2.326 |
| -with floating interest rates | 4,48% | 32.389 | - | 39.890 |
| **Current portion of long-term bank borrowings** | | **34.072** | **141** | **42.216** |
| Long-term bank borrowings | | | | |
| -with fixed interest rates | 6,00% | 120 | 992 | 1.930 |
| -with floating interest rates | 4,48% | 30.706 | - | 37.818 |
| **Long-term bank borrowings** | | **30.826** | **992** | **39.748** |
| **Total bank borrowings** | | **64.898** | **1.133** | **81.964** |

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

## NOTE 6 - FINANCIAL LIABILITIES (Continued)

| | 31 December 2007 | | | |
|---|---|---|---|---|
| | **Weighted average interest rate p.a.** | **US Dollar** | **Euro** | **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 30 September 2008 is as follows:

| | **US Dollar** | **Euro** | **YTL** |
|---|---|---|---|
| 1 October 2009 -30 September 2010 | 27.885 | 124 | 34.362 |
| 1 October 2010 -30 September 2011 | 2.941 | 124 | 3.845 |
| 1 October 2011 -30 September 2012 | - | 124 | 223 |
| 1 October 2012 -30 September 2013 | - | 124 | 223 |
| 1 October 2013 -30 September 2014 | - | 124 | 223 |
| 1 October 2014 and over | - | 372 | 668 |
| | **30.826** | **992** | **39.748** |

The fair value of long-term bank borrowings at 30 September 2008 is YTL82.147. (31 December 2007: YTL268.189).

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

## NOTE 7 - TRADE RECEIVABLES AND PAYABLES

**Trade receivables:**

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Receivables from tenants and wholesale activities | 31.029 | 26.363 |
| Doubtful receivables | 7.489 | 6.541 |
| Notes receivable | 1.025 | 1.736 |
| | **39.543** | **34.640** |
| Less: Provision for doubtful receivables | (7.379) | (6.332) |
| Unearned finance income on term sales | (777) | (500) |
| **Short-term trade receivables, net** | **31.387** | **27.808** |

The maturities of trade receivables are generally less than one month at 30 September 2008 (31 December 2007: less than one month) and they were discounted with the annual rate of 18,67% (31 December 2007: 16,15%).

As of 30 September 2008, YTL1.028 (31 December 2007: YTL1.602) of total trade receivables are 75 (31 December 2007: 13) days overdue where these receivables are not assessed as doubtful by management.

Provisions for doubtful receivables are accounted for in accordance with the Group's past experiences, accordingly, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Company's trade receivables.

Movement of provision for doubtful receivables is as follows:

| | 2008 | 2007 |
|---|---|---|
| **1 January** | **6.332** | **6.651** |
| Current year charge (Note 20) | 1.252 | 1.412 |
| Current year charge of discontinued operations | - | (2.122) |
| Reversal | (211) | (155) |
| Cumulative translation adjustment | 6 | (88) |
| **30 September** | **7.379** | **5.698** |

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

## NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

**Trade Payables:**

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Supplier current accounts | 1.071.221 | 885.060 |
| Less: Unincurred finance cost on term purchases | (17.526) | (13.571) |
| **Short-term trade payables, net** | **1.053.695** | **871.489** |

The maturity of trade payables is generally less than three months (31 December 2007: less than three months) and they are discounted with annual rate of 18,34% as of 30 September 2008 (31 December 2007: annual 15,96%).

## NOTE 8 - OTHER RECEIVABLES AND PAYABLES

**Other receivables:**

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Receivables from personnel | 1.888 | 591 |
| Deposits and guarantees given | 5 | 2 |
| **Short-term other receivables** | **1.893** | **593** |

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Deposits and guarantees given | 839 | 733 |
| **Long-term other receivables** | **839** | **733** |

**Other Payables:**

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| T. Garanti Bankası A.Ş. ("Garanti Bankası") Credit card collection account | 18.287 | 20.702 |
| **Current portion of other payables** | **18.287** | **20.702** |

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Deposits and guarantees received | 3.687 | 3.602 |
| **Long-term other payables** | **3.687** | **3.602** |

As of 30 September 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.

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

## NOTE 9 - INVENTORIES

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Raw materials | 1.514 | 1.541 |
| Work in progress | 2.062 | 1.197 |
| Merchandise stocks | 466.502 | 396.671 |
| Other | 1.882 | 1.108 |
| | **471.960** | **400.517** |

Cost of the inventory included in the cost of sales for the nine month interim period ended at 30 September 2008 amounts to YTL2.780.953 (30 September 2007: YTL2.426.603).

## NOTE 10 - INVESTMENT PROPERTY

| | Opening 1 January 2008 | Additions | Transfers | Cumulative translation differences | Closing 30 September 2008 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Land and buildings | 11.001 | 37 | - | 745 | 11.783 |
| **Accumulated depreciation** | | | | | |
| Land and buildings | (1.856) | (172) | - | (17) | (2.045) |
| **Net book value** | **9.145** | | | | **9.738** |

| | Opening 1 January 2007 | Additions | Current year charge of discontinued operations | Cumulative translation differences | Closing 30 September 2007 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Land and buildings | 110.266 | - | (99.748) | (10.518) | - |
| **Accumulated depreciation** | | | | | |
| Land and buildings | (7.303) | - | 6.606 | 697 | - |
| **Net book value** | **102.963** | | | | **-** |

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 30 September 2008, total investment property of the Group is 7.775 square meters (31 December 2007: 7.620 square meters).

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

## NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

| | Opening 1 January 2008 | Additions | Disposals | Impairment loss | Transfers | Cumulative translation differences | Closing 30 September 2008 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Land and buildings | 261.414 | 781 | (26) | - | 66 | 3.139 | 265.374 |
| Leasehold improvements | 517.999 | 29.207 | (486) | (74) | 11.351 | 238 | 558.235 |
| Machinery and equipment | 452.665 | 27.127 | (4.553) | - | 10.563 | 842 | 486.644 |
| Furniture and fixtures | 160.934 | 10.622 | (1.736) | - | 2.675 | 314 | 172.809 |
| Motor vehicles | 1.344 | 17 | (68) | - | 4 | 20 | 1.317 |
| Construction in progress | 2.409 | 34.919 | (3.338) (*) | - | (24.659) | 2 | 9.333 |
| | **1.396.765** | **102.673** | **(10.207)** | **(74)** | **-** | **4.555** | **1.493.712** |
| **Accumulated depreciation** | | | | | | | |
| Buildings | (41.247) | (3.251) | - | - | - | (239) | (44.737) |
| Leasehold improvements | (241.529) | (35.086) | - | 11 | - | (19) | (276.623) |
| Machinery and equipment | (300.995) | (25.388) | 4.161 | - | - | (1.178) | (323.400) |
| Furniture and fixtures | (76.034) | (7.971) | 1.632 | - | - | 715 | (81.658) |
| Motor vehicles | (843) | (144) | 59 | - | - | 7 | (921) |
| | **(660.648)** | **(71.840)** | **5.852** | **11** | **-** | **(714)** | **(727.339)** |
| **Net book value** | **736.117** | | | | | | **766.373** |

(*) Disposals from construction in progress are mainly comprised of amounts regarding construction works in malls which have been sold before they are capitalised.

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

## NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

| | Opening 1 January 2007 | Additions | Disposals | Impairment loss | Transfers | Transfers to investment property (Note 10) | Cumulative translation differences | Closing 30 September 2007 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| Land and buildings | 547.235 | 2.140 | (12.678) | - | 647 | (238.049) | (29.175) | 270.120 |
| Leasehold improvements | 460.127 | 16.338 | (134) | (26) | 27.574 | - | (16) | 503.863 |
| Machinery and equipment | 458.570 | 19.690 | (5.352) | - | 13.453 | (45.280) | (6.370) | 434.711 |
| Furniture and fixtures | 178.805 | 5.714 | (1.338) | - | 6.176 | (29.088) | (3.624) | 156.645 |
| Motor vehicles | 2.035 | 43 | (610) | - | - | - | (44) | 1.424 |
| Construction in progress | 35.434 | 69.430 | (21) | - | (47.850) | (24.331) | (2.567) | 30.095 |
| | **1.682.206** | **113.355** | **(20.133)** | **(26)** | **-** | **(336.748)** | **(41.796)** | **1.396.858** |
| **Accumulated depreciation** | | | | | | | | |
| Buildings | (61.228) | (3.423) | 2.892 | - | - | 17.169 | 2.433 | (42.157) |
| Leasehold improvements | (198.031) | (35.902) | 82 | 26 | - | - | 10 | (233.815) |
| Machinery and equipment | (298.421) | (22.255) | 4.430 | - | (18) | 19.017 | 2.865 | (294.382) |
| Furniture and fixtures | (79.451) | (7.040) | 1.143 | - | 18 | 9.572 | 1.247 | (74.511) |
| Motor vehicles | (1.152) | (224) | 525 | - | - | - | 10 | (841) |
| | **(638.283)** | **(68.844)** | **9.072** | **26** | **-** | **45.758** | **6.565** | **(645.706)** |
| **Net book value** | **1.043.923** | | | | | | | **751.152** |

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

## NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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:

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Net book value | **9.200** | **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 YTL853 (equivalent of USD700) with regard to consulting and marketing obtained by Ramstore Macedonia from EvroAsia which is the 1% shareholder of Ramstore Macedonia.

## NOTE 12 - INTANGIBLE ASSETS

| Cost | Opening 1 January 2008 | Additions | Disposals | Cumulative translation differences | Current year charge of discontinued operation | Closing 30 September 2008 |
|---|---|---|---|---|---|---|
| Trademark (Tansaş) (**) | 174.158 | - | - | - | - | 174.158 |
| Rights | 17.059 | 1.744 | (94) | 126 | - | 18.835 |
| Other intangible assets | 88 | 10.297 (*) | - | - | - | 10.385 |
| Accumulated amortisation | (11.679) | (1.662) | 95 | (74) | - | (13.320) |
| **Net book value** | **179.626** | | | | | **190.058** |

| Cost | Opening 1 January 2007 | Additions | Disposals | Cumulative translation differences | Current year charge of discontinued operation | Closing 30 September 2007 |
|---|---|---|---|---|---|---|
| Trademark (Tansaş) (*) | 174.158 | - | - | - | - | 174.158 |
| Rights | 16.328 | 1243 | (53) | (201) | (648) | 16.669 |
| Other intangible assets | 88 | - | - | - | - | 88 |
| Accumulated amortisation | (9.751) | (1.975) | 48 | 110 | 462 | (11.106) |
| **Net book value** | **180.823** | | | | | **179.809** |

(*) The Group has purchased the complete property, plant and equipments of the stores, located in Silivri, Tekirdağ and Çengelköy over an area of 13.000 square meters in total, belonging to Maxi Marketler, a local retail chain, from Hamoğlu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İşletmecilik A.Ş. on 24 July 2008 for YTL19.689 (Euro10.500) excluding VAT, and has taken over the lease contracts of these stores. The fair value of the afore mentioned purchased properties was determined as YTL9.392, and they were recorded under "property, plant and equipment" account. The excess of the purchase price from the fair value of the purchased properties, which is YTL10.297, was recorded under "other intangible assets" account, and this amount shall be amortized during the period of the rent contract.

(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 (Continued)

(**) 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 YTL174.158 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/NEGATIVE GOODWILL

| | Opening 1 January 2008 | Impairment loss | Closing 30 September 2008 |
|---|---|---|---|
| Goodwill | 237.060 | - | 237.060 |
| Accumulated amortisation | (2.594) | - | (2.594) |
| **Net book value** | **234.466** | | **234.466** |

| | Opening 1 January 2007 | Impairment loss | Closing 30 September 2007 |
|---|---|---|---|
| Goodwill | 238.074 | (723) | 237.351 |
| Accumulated amortisation | (2.594) | - | (2.594) |
| **Net book value** | **235.480** | | **234.757** |

## NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

**Short-term provisions:**

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Provision for current income taxes | 40.909 | 45.846 |
| Less: Prepaid current income taxes | (30.785) | (9.483) |
| **Provision for current income taxes, net (Note 24)** | **10.124** | **36.363** |
| Provision for litigation (Note 14.e) | 13.259 | 6.795 |
| **Other provisions** | **13.259** | **6.795** |
| **Total short-term provisions** | **23.383** | **43.158** |

(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 (Continued)

**Commitments, contingent assets and liabilities:**

a) Guarantees given at 30 September 2008 and 31 December 2007 are as follows:

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Letters of guarantee given | **29.389** | **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) and Astana store (3.194 square meters) and Tastak store (2.020 square meters) of Ramstore Kazakhstan will be pledged by IFC.

b) Guarantees received at 30 September 2008 and 31 December 2007 are as follows:

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Guarantees obtained from customers | 50.985 | 49.569 |
| Mortgages | 1.408 | 192 |
| Guarantees obtained with respect to joint venture sales | - | 148.379 |
| | **52.393** | **198.140** |

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

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Payable within 1 year | 3.605 | 2.074 |
| Payable in 1 to 2 years | 2.750 | 2.074 |
| Payable in 2 to 5 years | 2.487 | 6.222 |
| Payable in 5 to 10 years | - | 7.161 |
| | **8.842** | **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.

(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 (Continued)

e) There are various lawsuits filed against or in favour of Migros. Receivables, rent or labour 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. As of 30 September 2008 an amount of YTL13.259 has been accounted for provisions (31 December 2007: YTL6.795 ).

f) As of 30 September 2008, unused vacation pay amounted to YTL17.845. According to the Company policy, the Company encourages its employees to take their vacation; hence no provision has been accounted for in the consolidated interim financial statements at 30 September 2008. According to management estimate the discounted amount of unused vacation pay liability at 30 September 2008 amounted to YTL2.957.

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 is 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. As of the date of preparation of the special purpose consolidated interim balance sheet, the legal action for the cancellation of the remaining fines amounting to YTL31.615 are still outstanding. Furthermore, an additional tax fine amounting to 7.874YTL has been notified on 5 September 2008 related to the same case, and the Company has made the necessary appeal for the cancellation of this fine. Based on consultations with their tax advisors, Migros management estimate that the Court will find in favour of Migros and consequently no provision has been accounted for with respect to the remaining amount in the special purpose consolidated interim balance sheet at 30 September 2008.

## NOTE 15 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

| | **30 September 2008** | **31 December 2007** |
|---|---|---|
| Provision for employment termination benefits | **15.613** | **14.065** |

Provision for employment termination benefits is calculated within the framework of the following explanations:

Under the Turkish Labour Law, the Company and its Turkish Subsidiaries and Joint Ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of YTL2.173,18 (31 December 2007: YTL2.030,19) for each year of service at 30 September 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.

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

## NOTE 15 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

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

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Discount rate (%) | 5,71% | 5,71% |
| Turnover rate to estimate the probability of retirement (%) | 84,80% | 86,60% |

The principal assumption is that the maximum liability of YTL2.173,18 as of 30 September 2008 (31 December 2007: YTL2.030,19) 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 YTL2.173,18 effective from 1 July 2008 (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 | 7.098 | 6.470 |
| Payments during the period | (5.550) | (4.830) |
| **30 September** | **15.613** | **13.397** |

## NOTE 16 - OTHER CURRENT/NON CURRENT ASSETS AND SHORT-/LONG-TERM LIABILITIES

| **Other current assets:** | **30 September 2008** | **31 December 2007** |
|---|---|---|
| Prepaid expenses | 14.600 | 13.812 |
| Migros Club discount cheques | 14.233 | 1.577 |
| Property, plant and equipment advances | 4.950 | 1.112 |
| Order advances given | 1.228 | 227 |
| Deductible taxes and funds | 531 | 162 |
| Value added tax ("VAT") receivable | 97 | 102 |
| Receivables from joint venture sales (Note 2) | - | 148.379 |
| Interest receivable from Enka Holding B.V. | - | 2.139 |
| Other | 459 | 1.085 |
| | **36.098** | **168.595** |

Prepaid expenses mainly consist of insurance premium and store rentals.

| **Other non-current assets:** | **30 September 2008** | **31 December 2007** |
|---|---|---|
| Prepaid expenses | 1.921 | 3.407 |
| | **1.921** | **3.407** |

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

## NOTE 16 - OTHER CURRENT/NON CURRENT ASSETS AND SHORT-/LONG-TERM LIABILITIES (Continued)

| **Other current liabilities:** | **30 September 2008** | **31 December 2007** |
|---|---|---|
| Expense accruals | 23.589 | 7.332 |
| Payables to personnel | 18.278 | 22.774 |
| Taxes and funds payable | 14.859 | 20.561 |
| VAT payable | 9.158 | 12.726 |
| Merchandise coupons | 4.862 | 6.872 |
| Deferred income | 660 | 1.223 |
| Other | 1.272 | 719 |
| | **72.678** | **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

**Paid-in Capital:**

The shareholders of the Company and their shareholdings stated at historical amounts at 30 September 2008 and 31 December 2007 are stated below:

| | **30 September 2008** | | **31 December 2007** | |
|---|---|---|---|---|
| **Shareholders** | **Share %** | **Amount** | **Share %** | **Amount** |
| Moonlight Perakendecilik ve Ticaret A.Ş. | 81,59 | 145.263 | - | - |
| Publicly Held | 18,41 | 32.767 | 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.

After Moonlight has acquired 50,83% of the shares of Migros from Koç Holding on 30 May 2008, it has increased its share ratio in the company to %81,59 by purchasing 30,76% of the remaining 49,17% shares from the Secondary Market of ISE on various dates.

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

## NOTE 17 - EQUITY (Continued)

### Restricted Reserves

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; YTL420.195 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 30 September 2008 amount to YTL462.896 (31 December 2007: YTL18.487).

The details of restricted reserves mentioned above at 30 September 2008 and 31 December 2007 are as follows:

| | 30 September 2008 | 31 December 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** |

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.

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 utilised at bonus capital increases and offsetting accumulated losses, carrying amount of extraordinary reserves could be utilised in bonus capital increases, cash dividend distribution and offsetting accumulated losses.

**NOTE 17 - EQUITY (Continued)**

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.

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. 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.

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

## NOTE 17 - EQUITY (Continued)

The restated amounts of the capital and legal reserves stated as their historical amounts as of 30 September 2008 and 31 December 2007 and the inflation adjustment differences are as follows:

| | 30 September 2008 | | | 31 December 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 | 71.932 | 165.600 | 93.668 | 71.932 | 165.600 | 93.668 |
| | **311.517** | **487.275** | **175.758** | **287.303** | **463.061** | **175.758** |

The composition of the Company's shareholders' equity as of 30 September 2008 and 31 December 2007 is as follows:

| | **30 September 2008** | **31 December 2007** |
|---|---|---|
| Paid-in capital | 178.030 | 178.030 |
| Equity inflation restatement differences | (77.165) | (77.165) |
| Share premium | 18.854 | 18.854 |
| Financial assets fair value reserve | (16) | 24.543 |
| Cumulative translation differences | (1.481) | (6.457) |
| Restricted reserves | 462.896 | 18.487 |
| Additional contribution to shareholders'equity related to merger | 119.422 | 119.422 |
| Prior years' income | 643.450 | 640.479 |
| Net income for the period | 194.617 | 552.875 |
| Minority interest | 310 | 265 |
| | **1.538.917** | **1.469.333** |

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

## NOTE 18 - REVENUE AND COST OF SALES

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Domestic sales | 3.687.720 | 1.390.506 | 3.154.869 | 1.183.840 |
| Foreign sales | 149.551 | 50.556 | 126.966 | 42.782 |
| | 3.837.271 | 1.441.062 | 3.281.835 | 1.226.622 |
| Other sales | 3.588 | 1.543 | 5.020 | 2.729 |
| | 3.840.859 | 1.442.605 | 3.286.855 | 1.229.351 |
| Less: Discounts and returns | (57.636) | (23.667) | (42.213) | (12.927) |
| **Sales revenue - net** | **3.783.223** | **1.418.938** | **3.244.642** | **1.216.424** |
| Cost of sales | (2.811.235) | (1.052.078) | (2.453.878) | (924.242) |
| **Gross margin** | **971.988** | **366.860** | **790.764** | **292.182** |

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

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Retail sales revenue | 3.736.668 | 1.407.064 | 3.178.124 | 1.191.312 |
| Rent income | 57.886 | 19.695 | 54.939 | 18.204 |
| Wholesale revenue | 42.717 | 14.303 | 48.772 | 17.106 |
| | **3.837.271** | **1.441.062** | **3.281.835** | **1.226.622** |

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

## NOTE 19 - OPERATING EXPENSES

| | 1 January - 30 September 2008 | | | 1 January - 30 September 2007 | | |
|---|---|---|---|---|---|---|
| | **General Administrative Expenses** | **Selling and Marketing Expenses** | **Total** | **General Administrative Expenses** | **Selling and Marketing Expenses** | **Total** |
| Staff | 54.573 | 221.888 | 276.461 | 55.223 | 181.387 | 236.610 |
| Rent | 29 | 125.883 | 125.912 | 37 | 106.633 | 106.670 |
| Transportation, porterage and cleaning | - | 81.780 | 81.780 | - | 63.885 | 63.885 |
| Depreciation and amortisation | 73.674 | - | 73.674 | 70.819 | - | 70.819 |
| Energy | 842 | 54.998 | 55.840 | 1.309 | 37.137 | 38.446 |
| Advertising | - | 30.743 | 30.743 | - | 27.500 | 27.500 |
| Repair, maintenance and security | 827 | 29.793 | 30.620 | 1.637 | 24.454 | 26.091 |
| Warehouse expenses | - | 12.531 | 12.531 | - | 10.456 | 10.456 |
| Taxes and other fees | 3.140 | 6.063 | 9.203 | 3.118 | 3.162 | 6.280 |
| Communication | 919 | 7.222 | 8.141 | 1.969 | 4.011 | 5.980 |
| Mechanisation | 1.278 | 5.088 | 6.366 | 695 | 4.586 | 5.281 |
| Travelling | 4.412 | 1.843 | 6.255 | 4.492 | 1.524 | 6.016 |
| Insurance premiums | 115 | 3.950 | 4.065 | 90 | 3.563 | 3.653 |
| Stationary | 188 | 1.673 | 1.861 | 508 | 1.439 | 1.947 |
| Employment termination benefits, net | 290 | 1.258 | 1.548 | 372 | 1.268 | 1.640 |
| Advisory | 1.355 | - | 1.355 | 350 | - | 350 |
| Parent company service charges | 834 | - | 834 | 1.479 | - | 1.479 |
| Donations | 319 | - | 319 | 1.329 | - | 1.329 |
| Other | 5.812 | 15.173 | 20.985 | 7.984 | 11.952 | 19.936 |
| | **148.607** | **599.886** | **748.493** | **151.411** | **482.957** | **634.368** |

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

## NOTE 19 - OPERATING EXPENSES (Continued)

| | 1 July- 30 September 2008 | | | 1 July - 30 September 2007 | | |
|---|---|---|---|---|---|---|
| | General Administrative Expenses | Selling and Marketing Expenses | Total | General Administrative Expenses | Selling and Marketing Expenses | Total |
| Staff | 16.571 | 82.762 | 99.333 | 19.851 | 64.981 | 84.832 |
| Rent | 2 | 46.167 | 46.169 | 9 | 38.145 | 38.154 |
| Transportation, porterage and cleaning | - | 32.401 | 32.401 | - | 22.808 | 22.808 |
| Depreciation and amortisation | 25.395 | - | 25.395 | 23.898 | - | 23.898 |
| Energy | 316 | 24.292 | 24.608 | 428 | 15.170 | 15.598 |
| Advertising | - | 11.002 | 11.002 | - | 10.295 | 10.295 |
| Repair, maintenance and security | 280 | 10.677 | 10.957 | 286 | 10.016 | 10.302 |
| Warehouse expenses | - | 4.377 | 4.377 | - | 3.649 | 3.649 |
| Taxes and other fees | 712 | 1.256 | 1.968 | 1.076 | 278 | 1.354 |
| Communication | 330 | 2.300 | 2.630 | 647 | 1.457 | 2.104 |
| Mechanisation | 608 | 1.699 | 2.307 | 253 | 1.379 | 1.632 |
| Travelling | 1.516 | 882 | 2.398 | 1.610 | 880 | 2.490 |
| Insurance premiums | 32 | 1.411 | 1.443 | 16 | 1.275 | 1.291 |
| Advisory | 128 | - | 128 | 195 | - | 195 |
| Parent company service charges | - | - | - | 493 | - | 493 |
| Stationary | 39 | 766 | 805 | 14 | 307 | 321 |
| Employment termination benefits, net | (8) | 103 | 95 | (47) | (227) | (274) |
| Donations | 31 | - | 31 | 515 | - | 515 |
| Other | 472 | 4.901 | 5.373 | 2.211 | 5.872 | 8.083 |
| | **46.424** | **224.996** | **271.420** | **51.455** | **176.285** | **227.740** |

(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

**Other operating income:**

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Gain on sales of subsidiaries | 21.245 | - | - | - |
| Early payment discount | 4.057 | 1.304 | 2.120 | 5 |
| Gain on sales of scrap goods | 2.210 | 943 | 3.099 | 810 |
| Gain on sales of plant, property and equipment | 460 | 129 | 4.274 | 115 |
| Provision reversals | 211 | 21 | 155 | 112 |
| Other | 3.392 | 719 | 3.055 | 1.916 |
| | **31.575** | **3.116** | **12.703** | **2.958** |

**Other operating expenses:**

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Litigation provisions expense | (6.543) | 502 | - | - |
| Losses from sales of tangible assets | (4.096) | (210) | (20) | 19 |
| Bad debt provision expense (Note 7) | (1.252) | (492) | (1.412) | (640) |
| Credit card commission expense | (116) | (34) | (96) | (32) |
| Loss from sales of subsidiaries | - | - | (1.688) | (1.688) |
| Other | (1.220) | (780) | (398) | (125) |
| | **(13.227)** | **(1.014)** | **(3.614)** | **(2.466)** |

## NOTE 21 - FINANCIAL INCOME

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Interest income on marketable securities | 39.035 | (4.848) | 13.159 | 4.292 |
| Due date charges on term sales | 29.859 | 23.615 | 16.697 | 7.058 |
| Interest income on demand deposits | 28.813 | 10.866 | 6.705 | 1.300 |
| Foreign exchange gains | 14.112 | 66 | 59.779 | 27.465 |
| | **111.819** | **29.699** | **96.340** | **40.115** |

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

## NOTE 22 - FINANCIAL EXPENSES

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Due date difference on term purchases | (96.138) | (35.592) | (27.690) | (7.563) |
| Foreign exchange loss | (9.802) | (123) | (31.794) | (16.124) |
| Interest expense on bank borrowings | (6.548) | (1.165) | (23.809) | (7.810) |
| Other | (1.812) | (30) | (1.567) | (995) |
| | **(114.300)** | **(36.910)** | **(84.860)** | **(32.492)** |

## 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 preliminary conditions were fulfilled, the transfer of shares was completed on 9 November 2007. The profit amounting YTL379.991 generated from this transaction has been accounted in the other operating income and gains.

Summary of Ramenka's income statement for the period 1 January – 30 September 2007 is as follows:

| | 1 January - 30 September 2007 | 1 July- 30 September 2007 |
|---|---|---|
| Revenue | 347.908 | 107.209 |
| Expenses | (341.435) | (100.569) |
| Income from discontinued operations before income tax | 6.473 | 6.640 |
| Income Tax | (5.024) | (3.583) |
| **Net income from discontinued operations after income tax** | **1.449** | **3.057** |

b) As of June 2007, the Group closed down its three stores operating in Bulgaria and stopped its retailing operations. The Group sold the land of its Sophia store and the whole building including the equipment and installations, which are seen among its assets, in return for Euro8.500 (YTL11.625), VAT excluded. The generated profit amounting Euro2.400 (YTL4.157) from the sale was accounted in the consolidated financial statements for the accounting period 1 January - 30 September 2007 under other operating income and gains.

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

## NOTE 24 - TAXES ON INCOME

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Taxes and funds payable | 40.909 | 45.846 |
| Less: Prepaid current income taxes | (30.785) | (9.483) |
| **Tax provision, net (Note 14)** | **10.124** | **36.363** |

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Deferred income tax assets | 10.557 | 7.501 |
| Deferred income tax liabilities | (30.767) | (27.516) |
| **Deferred income tax liabilities, net** | **(20.210)** | **(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 interim 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 utilised within the scope of the Income Tax Law transitional article 61).

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.

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).

## NOTE 24 - TAXES ON INCOME (Continued)

*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.

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.

Implied corporation tax rates in Kazakhstan, Bulgaria, Macedonia, Azerbaijan ve Kyrgyzstan are 30%, 10%, 12%, 22% and 10%, respectively (31 December 2007: 30%, 10%, 12%, 22% and 10%, respectively).

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

## NOTE 24 - TAXES ON INCOME (Continued)

The details of taxation on income for the nine-month periods ended 30 September 2008 and 2007 are as follows:

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July- 30 September 2007 |
|---|---|---|---|---|
| Current period tax expense (-) | (44.196) | (19.933) | (7.747) | (5.347) |
| Deferred tax income /(expense) | (511) | (2.746) | (29.676) | (9.305) |
| **Income tax expense** | **(44.707)** | **(22.679)** | **(37.423)** | **(14.652)** |

### Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for CMB Communiqué purposes 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 12% for Turkey, Kazakhstan, Bulgaria, Azerbaijan and Macedonia, respectively.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 September 2008 and 31 December 2007 using the currently enacted tax rates, is as follows:

| | Cumulative temporary differences | | Deferred tax assets/ (liabilities) | |
|---|---|---|---|---|
| | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| Inventories | 19.431 | 7.071 | 3.892 | 1.419 |
| Provision for employment termination benefits | 15.613 | 14.065 | 3.123 | 2.813 |
| Expense provisions and other provisions | 13.259 | 6.795 | 2.652 | 1.359 |
| Finance cost deferred for tax purposes | 1.855 | 7.422 | 371 | 1.484 |
| Unincurred interest income | 2.559 | 500 | 512 | 100 |
| Property, plant and equipment and intangible assets | (135.860) | (118.836) | (27.262) | (24.091) |
| Provision for unincurred interest expense | (17.526) | (13.571) | (3.505) | (2.714) |
| Adjustment to fair value of financial assets | - | (18.702) | - | (449) |
| Deferred advance payment expense | - | (1.311) | - | (262) |
| Other | 32 | 1.314 | 7 | 326 |
| Deferred tax assets | | | 10.557 | 7.501 |
| Deferred tax liabilities | | | (30.767) | (27.516) |
| **Deferred tax liabilities, net** | | | **(20.210)** | **(20.015)** |

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

## NOTE 24 - TAXES ON INCOME (Continued)

Movement of deferred tax assets and liabilities are as follows:

| | Deferred tax (liability)/asset | |
|---|---|---|
| | **2008** | **2007** |
| **1 January** | **(20.015)** | **(7.444)** |
| Current period deferred tax expense from continuing operations | (511) | (29.676) |
| Current year charge of discontinued operations | - | 18.201 |
| Cumulative translation difference | (133) | 365 |
| Charged to equity | 449 | (161) |
| **30 September** | **(20.210)** | **(18.715)** |

## NOTE 25 - EARNINGS PER SHARE

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

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

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

| | **1 January - 30 September 2008** | **1 July - 30 September 2008** | **1 January - 30 September 2007** | **1 July - 30 September 2007** |
|---|---|---|---|---|
| Net income attributable to the shareholders | 194.655 | 67.652 | 141.207 | 61.828 |
| Weighted average number of shares withYKr 1 face value each ('000) | 17.803.000 | 17.803.000 | 17.803.000 | 17.803.000 |
| **Earnings per share (YKr)** | **1,09** | **0,38** | **0,79** | **0,35** |

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

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

## NOTE 26 - DUE FROM AND DUE TO RELATED PARTIES

**(i) Balances with related parties**

| **Due from related parties:** | **30 September 2008** | **31 December 2007** |
|---|---|---|
| Sanal Merkez T.A.Ş. | 1.748 | 3.669 |
| Koç Holding A.Ş. (*) | - | 31.899 |
| Ford Otosan San. A.Ş. | - | 2.492 |
| Palmira Turizm Tic. A.Ş. | - | 932 |
| Tanı Pazarlama ve İletişim Hizmetleri A.Ş. | - | 710 |
| Other | 9 | 1.591 |
| | **1.757** | **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).

**Due to related parties:**

| **Due to shareholders:** | **30 September 2008** | **31 December 2007** |
|---|---|---|
| Dividend liabilities to other shareholders | 87 | 42 |
| **Due to group companies:** | | |
| Unmaş Unlu Mamüller San.ve Tic.A.Ş. | 4.220 | - |
| 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 |
| | **4.220** | **54.621** |
| **Total due to related parties** | **4.307** | **54.663** |

**Bank balances:**

| | **30 September 2008** | **31 December 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** |

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

## NOTE 26 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

**(ii) Transactions with related parties:**

| Sales of goods: | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Tat Konserve Sanayi A.Ş. | 7.604 | - | 11.373 | 3.918 |
| Sanal Merkez T.A.Ş. | 7.216 | - | 14.147 | 5.228 |
| Palmira Turizm Tic. A.Ş. | 4.547 | - | 6.592 | 2.057 |
| Other | 2.413 | - | 6.070 | 3.917 |
| | **21.780** | **-** | **38.182** | **15.120** |

| Purchases of property, plant and equipment: | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Ark İnşaat San. Ve Tic. A.Ş. | 3.410 | - | 30.243 | 12.143 |
| Koç Sistem Bilgi ve İletişim Hizm. A.Ş. | 1.107 | - | 2.879 | 586 |
| Other | 610 | - | 1.467 | 1.130 |
| | **5.127** | **-** | **34.589** | **13.859** |

| Inventory purchases: | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Tat Konserve Sanayi A.Ş. | 46.177 | - | 79.049 | 32.717 |
| Düzey Tüketim Mal. San. Paz.ve Tic. A.Ş. | 34.001 | - | 64.492 | 25.935 |
| Palmira Turizm Tic. A.Ş. | 4.597 | - | 8.793 | 3.382 |
| Türk Demir Döküm Fabrikaları A.Ş. | 1.990 | - | 7.779 | 2.963 |
| Unmaş Unlu Mamüller T.A.Ş. | 4.981 | 3.759 | - | - |
| Ram Kofisa Pasific.Ltd. | - | - | 5.504 | 2.183 |
| Other | 1.547 | - | 5.691 | 1.475 |
| | **93.293** | **3.759** | **171.308** | **68.655** |

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

## NOTE 26 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

| **Services rendered:** | **1 January - 30 September 2008** | **1 July - 30 September 2008** | **1 January - 30 September 2007** | **1 July - 30 September 2007** |
|---|---|---|---|---|
| Zer Merkezi Hizmetleri ve Ticaret A.Ş. (*) | 83.236 | - | 125.421 | 46.107 |
| Koçnet Haberleşme Tekn. Ve İlet. Hizm. A.Ş. | 3.582 | - | 3.182 | 1.120 |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. | 1.303 | - | 1.502 | 475 |
| Tanı Pazarlama ve İletişim Hizmetleri | 910 | - | 962 | 420 |
| Koç Holding A.Ş. | 845 | - | 1.479 | 493 |
| Entek Elektrik Üretimi A.Ş. | - | - | 18.746 | 5.379 |
| Eltek Elektrik Enerjisi İth. İhr. ve Tic. A.Ş. | - | - | 9.078 | 2.483 |
| Other | 3.901 | - | 6.621 | 2.284 |
| | **93.777** | **-** | **166.991** | **58.761** |

(*) Services provided from "Zer Merkezi Hizmetler ve Ticaret A.Ş." mainly contain transportation, porterage, advertisement, security and operation of warehouses.

| **Interest income:** | **1 January - 30 September 2008** | **1 July - 30 September 2008** | **1 January - 30 September 2007** | **1 July - 30 September 2007** |
|---|---|---|---|---|
| Yapı ve Kredi Bankası A.Ş. | 7.930 | - | 11.625 | 7.601 |
| Yapı Kredi Azerbaycan | 28 | - | 30 | 20 |
| Other | - | - | 523 | 182 |
| | **7.958** | **-** | **12.178** | **7.803** |

| **Interest expense:** | **1 January - 30 September 2008** | **1 July - 30 September 2008** | **1 January - 30 September 2007** | **1 July - 30 September 2007** |
|---|---|---|---|---|
| Yapı Kredi Azerbaycan | 12 | - | 17 | 8 |
| Yapı ve Kredi Bankası | - | - | 2.276 | 40 |
| Yapı Kredi Nederland N.V. | - | - | 571 | 200 |
| | **12** | **-** | **2.864** | **248** |

| **Dividends paid:** | **1 January - 30 September 2008** | **1 July - 30 September 2008** | **1 January - 30 September 2007** | **1 July - 30 September 2007** |
|---|---|---|---|---|
| Koç Holding A.Ş. | **53.626** | **-** | **20.332** | **-** |

Dividends calculated on 2007 net income were paid in May 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 26 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

Other transactions with related parties are as follows:

| | 1 January - 30 September 2008 | 1 July - 30 September 2008 | 1 January - 30 September 2007 | 1 July - 30 September 2007 |
|---|---|---|---|---|
| Rent income | 762 | 153 | 1.071 | 418 |
| Rent expense | 2.007 | - | 2.924 | 1.403 |
| Management fee received | 175 | - | 308 | 105 |
| Donations | - | - | 141 | - |
| Dividends received | - | - | 462 | 462 |
| Salaries and other benefits provided to the Board of Directors and key management personnel of Migros | 4.541 | 1.723 | 5.124 | 873 |

## NOTE 27 - FINANCIAL INSTRUMENTS AND 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 minimise 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.

*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 30 September 2008, the Group's financial debt with a maturity longer than 1 year is YTL39.748 (31 December 2007: YTL142.663) (Note 6).

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

## NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

*Credit risk*

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

*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 30 September 2008, if US Dollar 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 US Dollar would have been lower in the amount of YTL309.

At 30 September 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 YTL13.462.

| | 30 September 2008 | 31 December 2007 |
|---|---|---|
| Assets | 182.423 | 321.421 |
| Liabilities | (108.166) | (288.743) |
| **Net balance sheet position** | **74.257** | **32.678** |

**YTL equivalent of foreign currency denominated amounts**

| | 30 September 2008 | | | | |
|---|---|---|---|---|---|
| | US Dollar | Euro | Kazakhstan Tenge | Other currencies | Total YTL |
| Cash and cash equivalents | 78.739 | 69.893 | 14.096 | 11.342 | 174.070 |
| Trade receivables | 285 | - | 1.281 | 1.719 | 3.285 |
| Marketable securities | - | - | 1.027 | - | 1.027 |
| Other receivables and current assets | 2.961 | - | 774 | 299 | 4.034 |
| Other non-current assets | - | - | 7 | - | 7 |
| **Total assets in foreign currency** | **81.985** | **69.893** | **17.185** | **13.360** | **182.423** |

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

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

| | 30 September 2008 | | | | |
|---|---|---|---|---|---|
| | **US Dollar** | **Euro** | **Kazakhstan Tenge** | **Other currencies** | **Total YTL** |
| Short-term borrowings | 41.963 | 253 | - | - | 42.216 |
| Long-term borrowings | 37.965 | 1.783 | - | - | 39.748 |
| Trade payables | 91 | 543 | 14.178 | 4.485 | 19.297 |
| Other liabilities | 3.509 | 3 | 1.564 | 1.829 | 6.905 |
| **Total liabilities in foreign currency** | **83.528** | **2.582** | **15.742** | **6.314** | **108.166** |

| | 31 December 2007 | | | | |
|---|---|---|---|---|---|
| | **US Dollar** | **Euro** | **Kazakhstan Tenge** | **Other currencies** | **Total YTL** |
| Cash and cash equivalents | 79.991 | 6.151 | 12.806 | 4.610 | 103.558 |
| Trade receivables | 426 | - | 2.193 | 1.318 | 3.937 |
| Marketable securities | 53.770 | 853 | - | - | 54.623 |
| Other receivables and current assets | 153.558 | - | 529 | 194 | 154.281 |
| Other assets | - | - | 5.022 | - | 5.022 |
| **Total assets in foreign currency** | **287.745** | **7.004** | **20.550** | **6.122** | **321.421** |

| | 31 December 2007 | | | | |
|---|---|---|---|---|---|
| | **US Dollar** | **Euro** | **Kazakhstan Tenge** | **Other currencies** | **Total YTL** |
| Short-term borrowings | 84.534 | 33.294 | - | - | 117.828 |
| Long-term borrowings | 76.584 | 66.079 | - | - | 142.663 |
| Trade payables | 3.582 | - | 12.889 | 5.404 | 21.875 |
| Other liabilities | 3.551 | 3 | 1.530 | 1.293 | 6.377 |
| **Total liabilities in foreign currency** | **168.251** | **99.376** | **14.419** | **6.697** | **288.743** |

Total import amounts for the periods ended at 30 September 2008 and 2007 are summarized as follows:

| | **1 January- 30 September 2008** | **1 July- 30 September 2008** | **1 January- 30 September 2007** | **1 July- 30 September 2007** |
|---|---|---|---|---|
| Total imports | 14.621 | 6.661 | 5.247 | 2.273 |

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

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

There are no derivative instruments at 30 September 2008 and 31 December 2007 in order to hedge the net foreign currency position.

***Capital risk management***

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

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

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

The ratio of net debt/ (equity capital+net debt) at 30 September 2008 and 31 December 2007 is as follows:

| | **30 September 2008** | **31 December 2007** |
|---|---|---|
| Total liabilities | 1.293.824 | 1.360.392 |
| Cash and cash equivalents | (1.083.009) | (396.952) |
| Marketable securities | (1.027) | (628.767) |
| Deferred tax liability | (20.210) | (20.015) |
| Net debt | 189.578 | 314.658 |
| Shareholders' equity | 1.538.917 | 1.469.333 |
| Shareholders' equity +net debt | 1.728.495 | 1.783.991 |
| Net debt/(Shareholders' equity +net debt)ratio | 11% | 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 realise in a current market exchange.

**NOTE 28 - FINANCIAL INSTRUMENTS (Continued)**

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 amortised 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 amortised 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 value 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 amortised cost are estimated to be their fair values.

**NOTE 29 - SUBSEQUENT EVENTS**

**a)** As a result of Moonlight's (the parent company) acquisition of 50,83259% of Migros shares from Koç Holding A.Ş., and the Company's purchase transactions which took place between 6 October – 20 October 2008 in order to fulfill its tender call liability in accordance with CMB regulations and the several purchase transactions made in August prior to the tender call, Moonlight's share ratio in the equity of Migros rose to %97,9.

**b)** Migros has applied to the Competition Authority on 12.11.2008, in order to obtain the necessary permission regarding the re-arrangement of the rental aggrements on behalf of the company and the transfer of 22 stores together with all propety, plant and equipments belonging to Yonca Marketçilik ve İnşaat Hizmetleri Sanayi Ticaret A.Ş., a retail chain operating in Adana region.

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