

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY-31 DECEMBER 2006  
TOGETHER WITH AUDITOR'S REPORT**

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

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

1. We have audited the accompanying consolidated financial statements of Migros Türk Ticaret A.Ş. ("Migros"), its subsidiaries and joint-venture (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2006 and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

*Opinion*

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Migros Türk Ticaret A.Ş. as of 31 December 2006, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

*Additional paragraph for US Dollar and Euro financial information*

5. As explained in Note 2 to the consolidated financial statements the supplementary information in US Dollar (“USD”) and Euro (“EUR”) amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements and have been translated from New Turkish Lira (“TRY”), as a matter of arithmetic computation only, at the official USD and EUR bid rates announced by the Central Bank of the Republic of Turkey at 31 December 2006. Such translation should not be construed as a representation that the TRY amounts have been converted into EUR or USD pursuant to the requirements of IFRS or Generally Accepted Accounting Principles in the United States of America or in any other country.

*Additional paragraph for convenience translation into English*

6. The financial reporting standards described in Note 2 to the consolidated financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting and presentation of primary financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

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

Adnan Akan, SMMM  
Partner

Istanbul, 15 March 2007

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2006**

---

| <b>CONTENTS</b>   | <b>PAGE</b> |
|---|-------------|
| <b>CONSOLIDATED BALANCE SHEETS .....</b>  | <b>1-2</b>  |
| <b>CONSOLIDATED STATEMENTS OF INCOME .....</b>  | <b>3</b>    |
| <b>CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY .....</b>   | <b>4</b>    |
| <b>CONSOLIDATED STATEMENTS OF CASH FLOWS .....</b>  | <b>5</b>    |
| <b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....</b>   | <b>6-66</b> |
| NOTE 1 ORGANISATION AND NATURE OF OPERATIONS.....   | 6-8         |
| NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS .....  | 8-12        |
| NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....   | 13-22       |
| NOTE 4 CASH AND CASH EQUIVALENTS .....  | 22          |
| NOTE 5 MARKETABLE SECURITIES.....   | 23          |
| NOTE 6 FINANCIAL LIABILITIES .....  | 24-25       |
| NOTE 7 TRADE RECEIVABLES AND PAYABLES .....   | 25-26       |
| NOTE 8 FINANCE LEASE RECEIVABLES AND PAYABLES .....   | 26          |
| NOTE 9 DUE FROM AND DUE TO RELATED PARTIES .....  | 27-30       |
| NOTE 10 OTHER RECEIVABLES AND PAYABLES .....  | 31          |
| NOTE 11 BIOLOGICAL ASSETS .....   | 31          |
| NOTE 12 INVENTORIES .....   | 31          |
| NOTE 13 RECEIVABLES RELATING TO CONSTRUCTION CONTRACTS AND PROGRESS BILLINGS ..   | 31          |
| NOTE 14 DEFERRED TAX ASSETS AND LIABILITIES .....   | 32-33       |
| NOTE 15 OTHER CURRENT/NON-CURRENT ASSETS AND SHORT/LONG-TERM LIABILITIES .....  | 33-34       |
| NOTE 16 FINANCIAL ASSETS .....  | 34-37       |
| NOTE 17 GOODWILL/NEGATIVE GOODWILL .....  | 38          |
| NOTE 18 INVESTMENT PROPERTY .....   | 39          |
| NOTE 19 PROPERTY, PLANT AND EQUIPMENT.....  | 40-42       |
| NOTE 20 INTANGIBLE ASSETS.....  | 42          |
| NOTE 21 ADVANCES RECEIVED.....  | 43          |
| NOTE 22 RETIREMENT PLANS .....  | 43          |
| NOTE 23 PROVISIONS.....   | 43-45       |
| NOTE 24 MINORITY INTEREST/PROFIT-LOSS OF MINORITY INTEREST.....   | 45          |
| NOTE 25 SHARE CAPITAL/ADJUSTMENT TO SHARE CAPITAL.....  | 46          |
| NOTE 26 CAPITAL RESERVES.....   | 47-48       |
| NOTE 27 PROFIT RESERVES.....  | 47-48       |
| NOTE 28 RETAINED EARNINGS .....   | 47-48       |
| NOTE 29 FOREIGN CURRENCY POSITION.....  | 49-50       |
| NOTE 30 GOVERNMENT INCENTIVES AND GRANTS .....  | 50          |
| NOTE 31 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES.....   | 51-52       |
| NOTE 32 BUSINESS COMBINATIONS .....   | 52-53       |
| NOTE 33 SEGMENT INFORMATION.....  | 54-57       |
| NOTE 34 SUBSEQUENT EVENTS .....   | 58          |
| NOTE 35 DISCONTINUED OPERATIONS.....  | 58          |
| NOTE 36 OPERATING REVENUE .....   | 58-59       |
| NOTE 37 OPERATING EXPENSES.....   | 59          |
| NOTE 38 OTHER OPERATING INCOME/EXPENSE AND PROFIT/LOSS.....   | 60          |
| NOTE 39 FINANCIAL EXPENSES .....  | 60          |
| NOTE 40 MONETARY GAIN/LOSS .....  | 61          |
| NOTE 41 TAXES ON INCOME.....  | 61-63       |
| NOTE 42 EARNINGS PER SHARE.....   | 64          |
| NOTE 43 STATEMENTS OF CASH FLOWS .....  | 64          |
| NOTE 44 DISCLOSURE OF MATTERS THAT HAVE SIGNIFICANT EFFECTS ON FINANCIAL<br>STATEMENTS OR THAT NEED TO BE EXPLAINED FOR THE CLEAR INTERPRETATION<br>AND COMPREHENSION OF THE FINANCIAL STATEMENTS ..... | 65-66       |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**CONSOLIDATED BALANCE SHEETS  
AT 31 DECEMBER 2006 AND 2005**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

|   | Notes | * 31 December 2006 |                  | 31 December 2006 | 31 December 2005 |
|---|-------|--------------------|------------------|------------------|------------------|
|   |       | EUR                | USD              |                  |                  |
| <b>ASSETS</b>                           |       |                    |                  |                  |                  |
| <b>Current assets</b>                   |       |                    |                  |                  |                  |
| Cash and cash equivalents               | 4     | 175.790            | 231.557          | 325.476          | 316.936          |
| Marketable securities (net)             | 5     | 86.352             | 113.746          | 159.881          | 63.832           |
| Trade receivables (net)                 | 7     | 18.506             | 24.376           | 34.263           | 32.884           |
| Finance lease receivables (net)         | 8     | -                  | -                | -                | -                |
| Due from related parties (net)          | 9     | 6.262              | 8.249            | 11.595           | 7.641            |
| Other receivables (net)                 | 10    | 963                | 1.268            | 1.783            | 495              |
| Biological assets (net)                 | 11    | -                  | -                | -                | -                |
| Inventories (net)                       | 12    | 212.915            | 280.459          | 394.213          | 266.389          |
| Construction contract receivables (net) | 13    | -                  | -                | -                | -                |
| Deferred tax assets                     | 14    | -                  | -                | -                | -                |
| Other current assets                    | 15    | 40.829             | 53.781           | 75.595           | 55.806           |
| <b>Total current assets</b>             |       | <b>541.618</b>     | <b>713.436</b>   | <b>1.002.806</b> | <b>743.983</b>   |
| <b>Non-current assets</b>               |       |                    |                  |                  |                  |
| Trade receivables (net)                 | 7     | 420                | 553              | 777              | 562              |
| Finance lease receivables (net)         | 8     | -                  | -                | -                | -                |
| Due from related parties (net)          | 9     | -                  | -                | -                | -                |
| Other receivables (net)                 | 10    | -                  | -                | -                | -                |
| Financial assets (net)                  | 16    | 97.139             | 127.955          | 179.853          | 182.660          |
| Goodwill/negative goodwill (net)        | 17    | 127.183            | 167.530          | 235.480          | 173.218          |
| Investment property (net)               | 18    | 55.611             | 73.252           | 102.963          | 55.380           |
| Property, plant and equipment (net)     | 19    | 569.597            | 750.290          | 1.054.608        | 935.151          |
| Intangible assets (net)                 | 20    | 97.663             | 128.645          | 180.823          | 181.191          |
| Deferred tax assets                     | 14    | -                  | -                | -                | 61.609           |
| Other non-current assets                | 15    | 17.619             | 23.209           | 32.622           | 27.124           |
| <b>Total non-current assets</b>         |       | <b>965.231</b>     | <b>1.271.433</b> | <b>1.787.126</b> | <b>1.616.895</b> |
| <b>Total assets</b>                     |       | <b>1.506.850</b>   | <b>1.984.869</b> | <b>2.789.932</b> | <b>2.360.878</b> |

These consolidated financial statements have been approved by the Board of Directors on 15 March 2007.

(\*) US Dollar and Euro amounts presented above were translated from New Turkish Lira (“YTL”) for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 31 December 2006 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by Capital Market Board (“CMB”) (see Note 2).

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**CONSOLIDATED BALANCE SHEETS**

**AT 31 DECEMBER 2006 AND 2005**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

|  | Notes     | * 31 December 2006 |                  | 31 December 2006 | 31 December 2005 |
|--|-----------|--------------------|------------------|------------------|------------------|
|  |           | EUR                | USD              |                  |                  |
| <b>LIABILITIES</b>   |           |                    |                  |                  |                  |
| <b>Current liabilities</b>   |           |                    |                  |                  |                  |
| Financial liabilities (net)  | 6         | 4.596              | 6.054            | 8.510            | 4.627            |
| Current portion of   |           |                    |                  |                  |                  |
| long-term financial liabilities (net)  | 6         | 92.643             | 122.032          | 171.528          | 58.843           |
| Finance lease payables (net)   | 8         | -                  | -                | -                | -                |
| Other financial liabilities (net)  | 10        | -                  | -                | -                | 33.914           |
| Trade payables (net)   | 7         | 508.280            | 669.623          | 941.081          | 677.122          |
| Due to related parties (net)   | 9         | 33.701             | 44.391           | 62.397           | 32.739           |
| Advances received  | 21        | -                  | -                | -                | -                |
| Construction progress billings (net)   | 13        | -                  | -                | -                | -                |
| Provisions   | 23        | 3.925              | 5.171            | 7.268            | 23.366           |
| Deferred tax liabilities   | 14        | -                  | -                | -                | -                |
| Other current liabilities (net)  | 15        | 39.255             | 51.708           | 72.681           | 58.054           |
| <b>Total current liabilities</b>   |           | <b>682.401</b>     | <b>898.879</b>   | <b>1.263.465</b> | <b>888.665</b>   |
| <b>Non-current liabilities</b>   |           |                    |                  |                  |                  |
| Financial liabilities (net)  | 6         | 308.971            | 406.986          | 572.060          | 653.167          |
| Finance lease payables (net)   | 8         | -                  | -                | -                | -                |
| Other financial liabilities (net)  | 10        | -                  | -                | -                | -                |
| Trade payables (net)   | 7         | 6.609              | 8.706            | 12.237           | 17.907           |
| Due to related parties (net)   | 9         | -                  | -                | -                | -                |
| Advances received  | 21        | -                  | -                | -                | -                |
| Provisions   | 23        | 6.350              | 8.364            | 11.757           | 8.979            |
| Deferred tax liabilities   | 14        | 4.021              | 5.296            | 7.444            | -                |
| Other liabilities (net)  | 15        | -                  | -                | -                | -                |
| <b>Total non-current liabilities</b>   |           | <b>325.951</b>     | <b>429.353</b>   | <b>603.498</b>   | <b>680.053</b>   |
| <b>Total liabilities</b>   |           | <b>1.008.351</b>   | <b>1.328.232</b> | <b>1.866.963</b> | <b>1.568.718</b> |
| <b>MINORITY INTEREST</b>   | <b>24</b> | <b>107</b>         | <b>142</b>       | <b>199</b>       | <b>85.230</b>    |
| <b>SHAREHOLDERS' EQUITY</b>  |           |                    |                  |                  |                  |
| <b>Share capital</b>   | <b>25</b> | <b>95.202</b>      | <b>125.403</b>   | <b>176.267</b>   | <b>137.700</b>   |
| <b>Adjustment to share capital</b>   | <b>25</b> | <b>-</b>           | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>Capital reserves</b>  | <b>26</b> | <b>113.139</b>     | <b>149.030</b>   | <b>209.477</b>   | <b>206.441</b>   |
| Share premium  |           | 10.183             | 13.413           | 18.854           | 18.854           |
| Share cancellation gains   |           | -                  | -                | -                | -                |
| Revaluation fund   |           | -                  | -                | -                | -                |
| Financial assets fair value reserve  |           | 8.029              | 10.576           | 14.865           | 11.829           |
| Shareholders' equity restatement differences                                 |           | 94.927             | 125.041          | 175.758          | 175.758          |
| <b>Profit reserves</b>   | <b>27</b> | <b>33.387</b>      | <b>43.978</b>    | <b>61.816</b>    | <b>20.589</b>    |
| Legal reserves   |           | 7.243              | 9.540            | 13.410           | 11.157           |
| Statutory reserves   |           | -                  | -                | -                | -                |
| Extraordinary reserves   |           | 42.456             | 55.925           | 78.608           | 56.449           |
| Special reserves   |           | -                  | -                | -                | -                |
| Investment and property sales income to be added to the capital              |           | -                  | -                | -                | -                |
| Translation reserve  | 2         | (16.312)           | (21.487)         | (30.202)         | (47.017)         |
| <b>Additional contribution to shareholders' equity related to the merger</b> |           | <b>64.500</b>      | <b>84.962</b>    | <b>119.422</b>   | <b>-</b>         |
| <b>Net income for the period</b>   |           | <b>42.499</b>      | <b>55.980</b>    | <b>78.686</b>    | <b>73.705</b>    |
| <b>Retained earnings</b>   | <b>28</b> | <b>149.664</b>     | <b>197.141</b>   | <b>277.102</b>   | <b>268.495</b>   |
| <b>Total shareholders' equity</b>  |           | <b>498.390</b>     | <b>656.495</b>   | <b>922.770</b>   | <b>706.930</b>   |
| <b>Total liabilities and shareholders' equity</b>                            |           | <b>1.506.850</b>   | <b>1.984.869</b> | <b>2.789.932</b> | <b>2.360.878</b> |

Commitments, contingent assets and liabilities 31

(\*) US Dollar and Euro amounts presented above were translated from New Turkish Lira (“YTL”) for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 31 December 2006 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by Capital Market Board (“CMB”) (see Note 2).

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENTS OF INCOME  
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2006 AND 2005**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

|  | Notes     | *2006          |                | 2006             | 2005           |
|--|-----------|----------------|----------------|------------------|----------------|
|  |           | EUR            | USD            |                  |                |
| <b>OPERATING REVENUE</b>                   |           |                |                |                  |                |
| Sales (net)                                | 33,36     | 2.308.869      | 3.041.314      | 4.274.871        | 2.686.100      |
| Cost of sales (-)                          | 33,36     | (1.722.904)    | (2.269.463)    | (3.189.957)      | (2.037.638)    |
| Service revenue (net)                      | 36        | -              | -              | -                | -              |
| Other operating income                     | 36        | -              | -              | -                | -              |
| <b>Gross operating profit</b>              |           | <b>585.965</b> | <b>771.851</b> | <b>1.084.914</b> | <b>648.462</b> |
| Operating expenses (-)                     | 37        | (474.383)      | (624.873)      | (878.321)        | (541.787)      |
| <b>Net operating profit</b>                | <b>33</b> | <b>111.581</b> | <b>146.979</b> | <b>206.593</b>   | <b>106.675</b> |
| Other income and gains                     | 38        | 65.416         | 86.167         | 121.117          | 66.524         |
| Other expenses and losses (-)              | 38        | (5.284)        | (6.961)        | (9.784)          | (7.478)        |
| Financial expenses (-)                     | 39        | (86.347)       | (113.739)      | (159.871)        | (64.034)       |
| <b>Operating profit</b>                    |           | <b>85.366</b>  | <b>112.447</b> | <b>158.055</b>   | <b>101.687</b> |
| Share of profit/(loss) of associates       | 16        | 383            | 504            | 709              | (42)           |
| Monetary gain                              | 40        | -              | -              | -                | -              |
| Income attributable to minority interest   | 24        | (2.028)        | (2.671)        | (3.755)          | (3.366)        |
| <b>Income before tax</b>                   |           | <b>83.721</b>  | <b>110.280</b> | <b>155.009</b>   | <b>98.279</b>  |
| Taxes on income                            | 41        | (41.222)       | (54.299)       | (76.323)         | (24.574)       |
| <b>Net income</b>                          |           | <b>42.499</b>  | <b>55.980</b>  | <b>78.686</b>    | <b>73.705</b>  |
| Weighted average number (000's) of         |           |                |                |                  |                |
| shares with face value of YKr 1 each       | 42        | 17.626.687     | 17.626.687     | 17.626.687       | 17.626.687     |
| Basic and diluted earnings per share (YKr) | 42        | 0,24           | 0,32           | 0,45             | 0,42           |

(\*) US Dollar and Euro amounts presented above were translated from New Turkish Lira (“YTL”) for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 31 December 2006 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by Capital Market Board (“CMB”) (see Note 2).

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2006 AND 2005**

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

|   | Share<br>capital | Share<br>premium | Financial<br>assets<br>fair value<br>reserve | Shareholder's<br>equity<br>restatement<br>differences | Legal<br>reserves | Extraordinary<br>reserves | Translation<br>reserve | Additional<br>contribution to<br>shareholder'<br>equity<br>related to<br>merger | Net income<br>for the<br>period | Retained<br>earnings | Total<br>shareholders'<br>equity |
|---|------------------|------------------|--|---|-------------------|---------------------------|------------------------|---|---------------------------------|----------------------|----------------------------------|
| <b>Balances at 31 December 2004</b>   |                  |                  |  |   |                   |                           |                        |   |                                 |                      |                                  |
| -as previously reported   | 137.700          | 18.854           | -  | 175.758   | 8.225             | 48.935                    | (39.117)               | -   | 74.397                          | 225.936              | 650.688                          |
| Change in accounting policy – IAS 39 (Note 2)   |                  |                  | 5.083  | -   | -                 | -                         | -                      | -   | 290                             | (5.373)              | -                                |
| <b>Balances at 31 December 2004</b>   |                  |                  |  |   |                   |                           |                        |   |                                 |                      |                                  |
| -as restated  | 137.700          | 18.854           | 5.083  | 175.758   | 8.225             | 48.935                    | (39.117)               | -   | 74.687                          | 220.563              | 650.688                          |
| Change in accounting policy – IFRS 3 (Note 2)   | -                | -                | -  | -   | -                 | -                         | -                      | -   | -                               | 4.346                | 4.346                            |
| <b>Balances at 1 January 2005</b>   |                  |                  |  |   |                   |                           |                        |   |                                 |                      |                                  |
| -as restated  | 137.700          | 18.854           | 5.083  | 175.758   | 8.225             | 48.935                    | (39.117)               | -   | 74.687                          | 224.909              | 655.034                          |
| Transfers   | -                | -                | -  | -   | 2.932             | 28.169                    | -                      | -   | (74.687)                        | 43.586               | -                                |
| Dividends relating to 2004  | -                | -                | -  | -   | -                 | (20.655)                  | -                      | -   | -                               | -                    | (20.655)                         |
| Currency translation differences  | -                | -                | -  | -   | -                 | -                         | (7.900)                | -   | -                               | -                    | (7.900)                          |
| Financial assets net fair value gain,<br>net of deferred tax  | -                | -                | 6.746  | -   | -                 | -                         | -                      | -   | -                               | -                    | 6.746                            |
| Net income for the period   | -                | -                | -  | -   | -                 | -                         | -                      | -   | 73.705                          | -                    | 73.705                           |
| <b>Balances at 31 December 2005</b>   |                  |                  |  |   |                   |                           |                        |   |                                 |                      |                                  |
|   | 137.700          | 18.854           | 11.829                                       | 175.758   | 11.157            | 56.449                    | (47.017)               | -   | 73.705                          | 268.495              | 706.930                          |
| <b>Balances at 1 January 2006</b>   |                  |                  |  |   |                   |                           |                        |   |                                 |                      |                                  |
|   | 137.700          | 18.854           | 11.829                                       | 175.758   | 11.157            | 56.449                    | (47.017)               | -   | 73.705                          | 268.495              | 706.930                          |
| Transfers   | -                | -                | -  | -   | 2.253             | 42.814                    | -                      | -   | (73.705)                        | 28.638               | -                                |
| Dividends relating to 2005 (Note 9)   | 20.655           | -                | -  | -   | -                 | (20.655)                  | -                      | -   | -                               | -                    | -                                |
| Currency translation differences  | -                | -                | -  | -   | -                 | -                         | 16.815                 | -   | -                               | -                    | 16.815                           |
| Financial assets net fair value gain,<br>net of deferred tax  | -                | -                | 3.036  | -   | -                 | -                         | -                      | -   | -                               | -                    | 3.036                            |
| Transfer from minority interest to<br>shareholders' equity due to the merger<br>with the subsidiary (Note 24) | -                | -                | -  | -   | -                 | -                         | -                      | 137.334   | -                               | -                    | 137.334                          |
| Increase in share capital due to<br>merger with subsidiary (Note 1)   | 17.912           | -                | -  | -   | -                 | -                         | -                      | (17.912)  | -                               | -                    | -                                |
| Purchase of additional shares in subsidiaries   | -                | -                | -  | -   | -                 | -                         | -                      | -   | -                               | (20.031)             | (20.031)                         |
| Net income for the period   | -                | -                | -  | -   | -                 | -                         | -                      | -   | 78.686                          | -                    | 78.686                           |
| <b>Balances at 31 December 2006</b>   |                  |                  |  |   |                   |                           |                        |   |                                 |                      |                                  |
|   | 176.267          | 18.854           | 14.865                                       | 175.758   | 13.410            | 78.608                    | (30.202)               | 119.422   | 78.686                          | 277.102              | 922.770                          |

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



**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2006 AND 2005**

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

|  | Notes    | *2006            |                  | 2006             | 2005             |
|--|----------|------------------|------------------|------------------|------------------|
|  |          | EUR              | USD              |                  |                  |
| <b>Operating activities:</b>   |          |                  |                  |                  |                  |
| Net income   |          | 42.499           | 55.980           | 78.686           | 73.705           |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b>       |          |                  |                  |                  |                  |
| Minority interest  | 24       | 2.028            | 2.671            | 3.755            | 3.366            |
| Share of (gain)/loss of associates   | 16       | (383)            | (504)            | (709)            | 42               |
| Depreciation and amortisation  | 18,19,20 | 56.461           | 74.372           | 104.537          | 71.922           |
| Employment termination benefits - net  | 23       | (1.094)          | (1.441)          | (2.025)          | 5.860            |
| Taxation expense   | 41       | 41.222           | 54.299           | 76.323           | 24.574           |
| Interest income  |          | (34.945)         | (46.030)         | (64.700)         | (50.106)         |
| Interest expense   |          | 63.536           | 83.691           | 117.636          | 53.107           |
| Gain on sales of property, plant and equipment- net  | 38       | (511)            | (673)            | (946)            | (524)            |
| Impairment loss of property plant and equipment  | 19,38    | 2.317            | 3.051            | 4.289            | 25               |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b> |          | <b>171.129</b>   | <b>225.417</b>   | <b>316.846</b>   | <b>181.971</b>   |
| Changes in operating assets and liabilities – net  |          |                  |                  |                  |                  |
| Increase in trade receivables  |          | (861)            | (1.134)          | (1.594)          | (3.839)          |
| Increase in due from related parties   |          | (2.136)          | (2.813)          | (3.954)          | (2.423)          |
| Increase in inventories  |          | (69.038)         | (90.939)         | (127.824)        | (41.878)         |
| Increase in other current assets and other receivables   |          | (7.746)          | (10.203)         | (14.341)         | (5.581)          |
| Total increase in short and long-term trade payables   |          | 139.503          | 183.757          | 258.289          | 68.758           |
| Increase/(decrease) in due to related parties  |          | 16.018           | 21.100           | 29.658           | (34.598)         |
| (Decrease)/increase in other current liabilities   |          | (14.746)         | (19.424)         | (27.303)         | 52.512           |
| Interest paid  |          | (60.157)         | (79.240)         | (111.380)        | (49.369)         |
| Income taxes paid  |          | (10.839)         | (14.277)         | (20.068)         | (19.907)         |
| Increase in other non-current assets   |          | (2.969)          | (3.911)          | (5.498)          | (6.320)          |
| <b>Net cash provided by operating activities</b>   |          | <b>158.159</b>   | <b>208.332</b>   | <b>292.831</b>   | <b>139.326</b>   |
| <b>Investing activities:</b>   |          |                  |                  |                  |                  |
| Purchase of property, plant and equipment  | 19       | (121.893)        | (160.561)        | (225.685)        | (191.393)        |
| Proceeds from sale of property, plant and equipment  |          | 1.620            | 2.134            | 3.000            | 4.735            |
| Acquisition of associate   | 16       | (2.691)          | (3.544)          | (4.982)          | -                |
| Increase in financial assets   |          | (41.383)         | (54.511)         | (76.621)         | (50.730)         |
| Additional purchase of subsidiary shares   |          | (20.285)         | (26.720)         | (37.557)         | (1.003)          |
| Cash outflow due to acquisition of subsidiary- net   | 32       | -                | -                | -                | (343.100)        |
| Purchase of other intangible assets  | 20       | (1.206)          | (1.588)          | (2.232)          | (2.405)          |
| Interest received  |          | 31.003           | 40.838           | 57.402           | 54.924           |
| <b>Net cash used in investing activities</b>   |          | <b>(154.834)</b> | <b>(203.952)</b> | <b>(286.675)</b> | <b>(528.972)</b> |
| <b>Financing activities:</b>   |          |                  |                  |                  |                  |
| (Decrease)/increase in bank borrowings   |          | (206)            | (271)            | (381)            | 542.831          |
| Decrease in finance lease payables   |          | -                | -                | -                | (1.009)          |
| Dividends paid   |          | -                | -                | -                | (20.655)         |
| <b>Net cash (used in)/provided by financing activities</b>                                     |          | <b>(206)</b>     | <b>(271)</b>     | <b>(381)</b>     | <b>521.167</b>   |
| Effects of exchange rate differences   |          | 1.493            | 1.967            | 2.765            | 1.061            |
| Net increase in cash and cash equivalents  |          | 4.612            | 6.076            | 8.540            | 132.582          |
| <b>Cash and cash equivalents at the beginning of the period</b>                                | 4        | <b>171.178</b>   | <b>225.481</b>   | <b>316.936</b>   | <b>184.354</b>   |
| <b>Cash and cash equivalents at the end of the period</b>                                      | 4        | <b>175.790</b>   | <b>231.557</b>   | <b>325.476</b>   | <b>316.936</b>   |

(\*) US dollar and Euro amounts presented above were translated from New Turkish lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 31 December 2006 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by the Capital Market Board ("CMB") (see Note 2).

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 and Şok stores, and since 10 November 2005 Tansaş and Macrocenter stores, shopping centres, Ramstores abroad and on-line sales. The Company also rents floor space in the shopping malls to other trading companies. The average number of people employed in Migros, its Subsidiaries and its Joint-venture (“the Group”) throughout the period 2006 is 17.567 (31 December 2005: 11.806). Migros and its Subsidiaries are operating in 878 (31 December 2005: 783) supermarkets with a net retail space of 693.289 (2005: 616.186) square meters. Retail is the main business segment of the Group and constitutes almost 95,7% (31 December 2005: 94,8%) of gross sales. Therefore, due to the International Accounting Standard 14 (“IAS 14”), “Segment Reporting”, retail is the sole reportable 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 main shareholder of the Company is Koç Holding A.Ş. (Note 25) and the shares of the Company are publicly traded on the Istanbul Stock Exchange (ISE).

On 18 August 2005, regarding the acquisition of the majority shares of Tansaş Perakende Mağazacılık Ticaret A.Ş. (“Tansaş”), the Company and main shareholder Koç Holding A.Ş. signed a Share Transfer Contract with Doğu Holding companies which own shares in Tansaş. The Competition Board’s permission required for the transfer was received on 1 November 2005 and the transfer was realised on 10 November 2005. Accordingly, Tansaş became a subsidiary of the Company. Tansaş was incorporated on 15 December 1986 and is operating in the retail and shopping sector with Tansaş and Macrocenter brands through 227 stores. 18,29% of Tansaş shares are publicly listed on the Istanbul Stock Exchange. As it is stated below, Tansaş merged with Migros and was dissolved as of 30 June 2006.

Permission was obtained from the Capital Markets Board on 23 May 2006 for the merger which was realised by the acquisition of Tansaş by Migros with its assets and liabilities as a whole as of 31 December 2005 in accordance with articles 37-39 of Corporate Tax Law, and article No 451 and other relevant articles of the Turkish Commercial Code and Capital Markets Board legislation. Shareholders of Migros and Tansaş resolved for a merger as stated above in the Extraordinary General Assembly Meeting held on 26 June 2006 and Tansaş was dissolved as of 30 June 2006 and merged with Migros on 1 July 2006. Through this merger, the share capital of Migros increased by YTL17.912 from YTL158.355 to YTL176.267. This increased capital, registered as of 1 August 2006, was covered by restricting the rights of current Migros shareholders' to buy new shares and by the equity capital acquired from Tansaş. After the capital increase, Koç Holding's share in the Company fell from 51,06% to 50,83%. The exchange transactions which were carried out through a share swap of 0,1569 Migros shares for each Tansaş share began on 3 August 2006; Tansaş was delisted from the ISE as of the same date.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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)**

Subsidiaries:

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

| <u>Subsidiary</u>   | <u>Country of incorporation</u> | <u>Geographical segment</u> | <u>Nature of business</u> |
|---|---------------------------------|-----------------------------|---------------------------|
| Ramstore Sınırlı Sorumlu Türk Gıda Müessesesi (“Ramstore Azerbaijan”) | Azerbaijan                      | Azerbaijan                  | Retail                    |
| Ramstore Bulgaria A.D. (“Ramstore Bulgaria”)                          | Bulgaria                        | Bulgaria                    | Retail                    |
| Ramstore Kazakhstan LLP (“Ramstore Kazakhstan”) (**)                  | Kazakhstan                      | Kazakhstan                  | Retail                    |
| Ramstore Macedonia DOO (“Ramstore Macedonia”)                         | Macedonia                       | Bulgaria                    | Retail                    |
| Ramstore Bishkek LLP (“Ramstore Bishkek”)                             | Kyrgyzstan                      | Kazakhstan                  | Retail                    |
| Şok Marketler Ticaret A.Ş. (“Şok Marketler”)                          | Turkey                          | (*)                         | Trade                     |
| Sanal Merkez Ticaret A.Ş. (“Sanal Merkez”)                            | Turkey                          | (*)                         | Trade                     |

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

(\*\*) As of 18 September 2006, the name of the Limited Liability Company Rambutya was changed to Ramstore Kazakhstan LLP.

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

- Ramstore Qapalı Tipli Şehmdar Cemiyeti  
Babek Prospekti 1129.cu Mehelle  
Baku, Azerbaijan
- Ramstore Macedonia DOO Skopje  
Mito Hadzivasilev Jasmin B.B.,  
1000 Skopje, Macedonia
- Ramstore Bulgaria A.D.  
196, Alexander Stamboliiski Street,  
Sofia, Bulgaria
- TOO Ramstore Kazakhstan  
226 Furmanov St.,  
Almaty 480099, Kazakhstan
- OSOO Ramstore Bishkek  
Gorkiy Str. 27/1  
Bishkek, Kyrgyzstan

Interests in Joint-ventures:

The Company has interests in the following joint-venture (the “Joint-venture”). The nature of business of the Joint-venture and for the purpose of the consolidated financial statements, its respective geographical segment is as follows:

| <u>Joint-venture</u>                          | <u>Joint-venture Partner</u>                  | <u>Country of incorporation</u> | <u>Geographical segment</u> | <u>Nature of business</u>                 |
|---|---|---------------------------------|-----------------------------|---|
| Limited Liability Company Ramenka (“Ramenka”) | ENKA Holding Investment S.A.,<br>Entrade GmbH | Russian Federation              | Russian Federation          | Retail Sales and Shopping Mall Management |

# CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

## MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2006

(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)

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

##### Financial reporting standards

The consolidated financial statements of the Company have been prepared in accordance with the accounting and reporting principles published by the Capital Markets Board (“CMB”), namely “CMB Accounting Standards”. The CMB published a comprehensive set of accounting principles in Communiqué No: XI-25 “The Accounting Standards in the Capital Markets”. In the aforementioned Communiqué, it has been stated that the application of the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) is accepted as an alternative to conform to the CMB Accounting Standards.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, the Company did not apply IAS 29 “Financial Reporting in Hyperinflationary Economies” issued by the IASB in its consolidated financial statements for the accounting periods starting 1 January 2005. These consolidated financial statements and the related notes have been presented in conformity with the alternative application stated above and in accordance with the formats required by the CMB with the announcement dated 20 December 2004.

The Company and its Subsidiaries and Associates registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the principles and obligations published by the CMB, Turkish Commercial Code (the “TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign Subsidiaries and Joint-venture maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

The consolidated financial statements are based on the statutory records with adjustments and reclassifications made for the purpose of fair presentation and measurement in accordance with CMB Accounting Standards. Consequently, the consolidated financial statements are prepared in YTL under the historical cost convention, other than financial assets and liabilities which are presented by their fair values.

##### Translation of financial statements of foreign Subsidiaries and the Joint-venture

The foreign Subsidiaries and the Joint-venture maintain their books of accounts in accordance with the laws and regulations in force in the countries in which they are registered and necessary adjustments and reclassifications have been made for fair presentation in accordance with the accounting policies applied in the consolidated financial statements of the Group. The assets and liabilities of the foreign Subsidiaries and Joint-venture are translated into New Turkish lira at the closing rate for the period. The results of foreign Subsidiaries and the Joint-venture are translated into New Turkish lira at average rates for the period. Exchange differences arising on the retranslation of the opening net assets of the foreign Subsidiaries and the Joint-venture and differences between the average and period-end rates are included in the translation reserve under shareholders’ equity.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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)**

**Basis of consolidation**

- a) The consolidated financial statements include the accounts of the parent company, Migros Türk Ticaret A.Ş., its Subsidiaries, the Joint-venture and its Associates (altogether referred to as the “Group”) on the basis set out in sections (b), (c) and (d) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Accounting Standards applying uniform accounting policies and presentation. The results of Subsidiaries, Associates and Joint-venture are included or excluded from their effective dates of acquisition or disposal respectively. Positive goodwill arising on the consolidation of Subsidiary undertakings and the Joint-venture is reported as net in the balance sheet.
- b) Subsidiary undertakings are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations.

The table below sets out all Subsidiaries and shows their shareholding structure:

| <u>Subsidiary</u>                 | <u>Direct and indirect<br/>shareholding by Migros<br/>and its Subsidiaries (%)</u> |                         |
|-----------------------------------|--|-------------------------|
|                                   | <u>31 December 2006</u>  | <u>31 December 2005</u> |
| Tansaş (1), (6)                   | -  | 64,25                   |
| Ramstore Azerbaijan (1), (5)      | 100,00   | 94,75                   |
| Ramstore Bulgaria (1) (Note 34.i) | 99,99  | 99,99                   |
| Ramstore Kazakhstan (1), (5)      | 100,00   | 51,00                   |
| Ramstore Macedonia (1), (2)       | 99,00  | 99,00                   |
| Ramstore Bishkek (1), (3)         | 100,00   | -                       |
| Şok Marketler (4)                 | 99,60  | 99,60                   |
| Sanal Merkez (4)                  | 69,99  | 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 for Subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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)**

- (2) Ramstore Macedonia which is included in the consolidated financial statements as a Subsidiary was established on 3 October 2003 and started its operations as at 11 June 2005 after completing its first level of investments.
  - (3) Ramstore Bishkek was established on 22 May 2006, its capital is owned 100% by Ramstore Kazakhstan and through opening its first store in the Kyrgyzstan capital of Bishkek on 4 August 2006, it commenced operations.
  - (4) Şok Marketler and Sanal Merkez are excluded from the scope of consolidation on the grounds of materiality. These Subsidiaries have been classified and accounted for as financial assets in the consolidated financial statements (Note 16).
  - (5) Migros' share in Ramstore Kazakhstan and Ramstore Azerbaijan rose to 100% as of 14 July 2006 and 17 July 2006, respectively.
  - (6) Tansaş was dissolved as of 30 June 2006 as a result of the merger with Migros as stated in Note 1 in detail.
- e) Joint-ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and its Subsidiaries and one or more other parties. Joint-venture Ramenka is consolidated using the proportionate consolidation method i.e. by consolidating the Group's share of assets, liabilities, income and expenditure of each Joint-venture on a line-by-line basis.

The table below sets out the Joint-venture and shows its shareholding structure:

| <u>Joint-venture</u> | <u>Direct and indirect<br/>shareholding by Migros<br/>and its Subsidiaries (%)</u> |                         |
|----------------------|--|-------------------------|
|                      | <u>31 December 2006</u>  | <u>31 December 2005</u> |
| Ramenka              | 50,00  | 50,00                   |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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)**

- d) Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or the significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as a cost thereafter.

The table below sets out all Associates and the proportion of ownership interest:

| <u>Associate</u>   | <u>Proportion of ownership interest (%)</u> |                         |
|--|---|-------------------------|
|  | <u>31 December 2006</u>                     | <u>31 December 2005</u> |
| Tanı Pazarlama ve İletişim Hizmetleri A.Ş.<br>(“Tanı Pazarlama”) | 32,00                                       | 32,00                   |
| Harranova Besi ve Tarım Ürünleri A.Ş. (“Harranova Besi”)         | 50,00                                       | -                       |

The trade name of Koç Ata Sancak Besi ve Tarım Ürünleri A.Ş. was changed to Harranova Besi ve Tarım Ürünleri A.Ş.. As of 30 June 2006, while owning 50% of Harranova Besi shares, the Group does not have controlling or joint controlling power over Harranova Besi operations and therefore Harranova Besi is defined as an Associate in these consolidated financial statements.

- e) 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 presented by their fair values in the financial statements. However, if the fair values cannot be measured reliably, they are presented by their purchasing cost after deducting impairment, if applicable (Note 16).
- f) The results of foreign Subsidiaries and the Joint-venture are translated into New Turkish lira at average rates for the period. The assets and liabilities of foreign subsidiaries and the Joint-venture 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 the Joint-venture and differences between the average and period-end rates are included in the translation reserve.
- g) 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.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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)**

**Comparative information and restatement of prior periods’ financial statements**

Current period consolidated financial statements are prepared comparatively with the prior period’s financial statements. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period so that the reclassification will result in a more appropriate presentation of events and transactions.

IAS 39 “Financial Instruments: Recognition and Measurement” has been revised effective from the annual period beginning on or after 1 January 2005. In accordance with the revised standard, gains and losses (except for the impairment loss which is recognised in the statement of income) on available-for-sale financial assets should be directly recognised in equity until the financial assets is derecognised. The Group changed its accounting policy on available-for-sale financial assets as required by IAS 39. Accordingly, the Group applied the accounting policy change retrospectively, and the gains and losses recognised on the statements of income until 31 December 2004 are adjusted to statements of equity and restated as if the new accounting policy mentioned above had always been in use (Note 3 - Financial Assets).

The Group also excluded the amount of negative goodwill arising from the prior periods’ acquisitions from the consolidated financial statements and adjusted it in the opening retained earnings according to the International Financial Reporting Standard 3 (“IFRS 3”) “Business Combinations” (Note 3 - Goodwill).

**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.

**US dollar and Euro convenience translation**

US dollar (“USD”) and Euro amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from YTL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey’s official YTL exchange rate of YTL 1,4056=USD 1,00 for purchases of USD and YTL 1,8515=EUR 1,00 for purchases of Euro at 31 December 2006. Therefore, USD and Euro amounts do not form part of the consolidated financial statements prepared in accordance with CMB Accounting Standards at 31 December 2006. Such translations should not be construed as a representation that the YTL amounts have been or could be converted into USD and Euro at this or any other rate.



**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 36).

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.

**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 12).

**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 purchasing cost of current period additions less accumulated depreciation (Note 19). Depreciation is provided over the economic useful lives for property, plant and equipment on a straight-line basis.

The Company has reviewed the useful lives of the property, plant and equipment and revised them as at 1 January 2006. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

|                         | New Useful Lives (Years)<br>effective from 1 January 2006 | Prior Useful Lives (Years)<br>until 31 December 2005 |
|-------------------------|---|--|
| Buildings               | 25-50   | 10-50  |
| Leasehold improvements  | Over period of lease (*)                                  | Over period of lease (*)                             |
| Machinery and equipment | 4-10  | 4-10   |
| Furniture and fixtures  | 5-12  | 5-10   |
| Motor vehicles          | 4-8   | 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.

The useful life and depreciation method are periodically reviewed and whereupon it is verified whether the depreciation method and useful life are in line with the economic benefits to be gained from the related asset or not. In this context, the Company reviewed the useful lives of the property, plant and equipment and revised the useful lives of certain property, plant and equipment effective from 1 January 2006. As a result of the stated revision, the depreciation expense decreased by approximately YTL 12.500 in the consolidated statement of income ending 31 December 2006.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**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 20).

**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.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In accordance with IFRS 3, the carrying amount of negative goodwill at 31 December 2004 which arose from transactions before 31 March 2004, is written off from the financial statements by adjusting the opening balance of retained earnings on 1 January 2005 (Note 17).

**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 periods 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.

**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 IAS 23-“Borrowing Costs”.

**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.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 and the Joint-venture under policies approved by their Boards of Directors.

***Interest rate risk***

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

***Funding risk***

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

***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 through the impact of rate changes at the translation of foreign currency denominated assets and liabilities to local currency. These risks are monitored by the analysis of the foreign currency position (Note 29).

***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.

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:

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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 bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings which are denominated in foreign currencies are translated at period-end exchange rates and accordingly their fair values approximate their carrying values.

The carrying values of trading and other liabilities at amortised cost are estimated to be their fair values.

**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.

**Earnings per share**

Earnings per share disclosed in the consolidated statements 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 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 (Note 42).

**Subsequent events**

The Group adjusts the amounts recognized in its 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.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Accounting policies, changes in accounting estimates and errors**

Material changes in accounting policies are applied and material errors are corrected retrospectively and prior periods’ financial statements are restated. The changes in accounting estimates are recognized prospectively by including them in net profit or loss in the period of the change if the change affects that period only, or in the period of the change and future periods if the change affects both.

The Company periodically reviews the useful lives of the registered property, plant and equipment and it is verified whether the depreciation method and useful life are in line with the economic benefits to be gained from the related asset or not. In this context, the Company reviewed the useful lives of the property, plant and equipment in the first half of the year 2006. As a result of this review, the management revised the estimates of the useful lives and consequently the depreciation expense in the current period has decreased by YTL 12.500 in the consolidated statement of income ending 31 December 2006 as compared to the amount calculated with the previous useful lives.

The Company adjusted the errors resulting from the elimination of inflation accounting of the property, plant and equipment according to IAS 29 in the previous years. The errors were identified during the examination of the property, plant and equipment which were owned by Tansaş, the Subsidiary acquired in the year 2005. As of 31 December 2006, due to the adjustment stated above, the cost and the accumulated depreciation of the property, plant and equipment increased by YTL 1.115 and YTL 1.381, respectively. The net effect of the adjustment in the amount of YTL 266 was accounted for in the other operating income/expense and gains/losses on the grounds of materiality due to the insignificance of its impact on the consolidated financial statements (Note 19).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 19).

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

***Operating leases***

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

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

***Prepayments for land leases***

Prepayments for operational land leases of land plots on which stores are constructed are expensed over the life of the respective lease, which is generally 49 years (Note 15).

**Related parties**

For the purpose of these consolidated financial statements, shareholders, Koç Holding Group of companies, 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 9).

**Segment information**

Retail is the main business segment of the Group. Other business segments, as described in IAS 14, are not sufficiently material to be reported separately. Reportable segments comprise the geographical segments as stated in Note 33.

**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 fulfil all required conditions and acquire the incentive.



**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 18).

**Taxes on income**

Taxes include current period income tax liabilities and deferred tax assets and liabilities. A provision is recognized for the current period tax liability based on the period results of the Group at the balance sheet date (Note 23 and Note 41).

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax (Note 14).

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred 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 set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

**Employment termination benefits**

Provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees in accordance with the Turkish Labour Law and calculated by applying actuarial valuation methods. Liabilities payable within a 12-month period subsequent to the balance sheet date are accounted for in full and classified in the short-term provision in the consolidated financial statements (Note 23).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Company 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 Company (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company 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.

**Significant accounting estimates and judgements**

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of income and expense items in the fiscal period. Although these estimates and assumptions are based on the management’s best knowledge of the exiting events and transactions, actual results may differ from those estimates.

**NOTE 4 - CASH AND CASH EQUIVALENTS**

|                                 | <b>2006</b>    | <b>2005</b>    |
|---------------------------------|----------------|----------------|
| Cash                            | 23.996         | 19.737         |
| Banks                           |                |                |
| -demand deposits                | 81.571         | 50.984         |
| -time deposits                  | 25.206         | 101.713        |
| Cheques in collection           | 321            | 184            |
| Other cash and cash equivalents | 194.382        | 144.318        |
|                                 | <b>325.476</b> | <b>316.936</b> |

Effective interest rates on YTL and USD denominated time deposits, with details as disclosed in Note 29, are 18,7% (31 December 2005: 16%-19,25%), and 5,1%-11,04% (31 December 2005: 3,5% - 6,08%), respectively. Effective interest rate of EUR denominated time deposits, with details as disclosed in Note 29, is 3,87% (31 December 2005: 1,5%-3%). Other cash and cash equivalents mainly include receivables on credit card slips with a maturity of less than one month (31 December 2005: less than one month).

The analysis of time deposits by maturity at 31 December 2006 and 2005 is as follows:

|             | <b>2006</b>   | <b>2005</b>    |
|-------------|---------------|----------------|
| 1 - 30 days | 22.426        | 96.836         |
| 31- 90 days | 2.780         | 4.877          |
|             | <b>25.206</b> | <b>101.713</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - MARKETABLE SECURITIES**

|                                | <b>2006</b>    | <b>2005</b>   |
|--------------------------------|----------------|---------------|
| Available-for-sale investments | 135.075        | 60.132        |
| Held-to-maturity time deposits | 24.806         | 3.700         |
| <b>Total financial assets</b>  | <b>159.881</b> | <b>63.832</b> |

**Available-for-sale investments**

|                                     | <u>2006</u>        |                | <u>2005</u>        |               |
|-------------------------------------|--------------------|----------------|--------------------|---------------|
|                                     | Interest rate p.a. | Amount         | Interest rate p.a. | Amount        |
| Treasury bills and government bonds | 14,22%-23,55%      | 100.770        | 13,53%-20,17%      | 26.534        |
| Eurobond (USD)                      | 7,38%-12,38%       | 33.356         | 7,38%-12,38%       | 32.746        |
| Eurobond (Euro)                     | 5,50%              | 949            | 5,50%              | 852           |
|                                     |                    | <b>135.075</b> |                    | <b>60.132</b> |

**Held-to-maturity time deposits:**

|                        | <u>2006</u> |       |               | <u>2005</u> |      |              |
|------------------------|-------------|-------|---------------|-------------|------|--------------|
|                        | USD         | Euro  | YTL           | USD         | Euro | YTL          |
| ABN Amro Bank          | 16.213      | -     | 22.789        | 2.757       | -    | 3.700        |
| Koçbank Nederland N.V. | -           | 1.089 | 2.017         | -           | -    | -            |
|                        |             |       | <b>24.806</b> |             |      | <b>3.700</b> |

Effective interest rates on USD and EUR denominated held-to-maturity time deposits are 9,81%-11,04% (31 December 2005: 8,11%-10,13%) and 8,56% (31 December 2005: None) respectively.

The analysis of debt securities by maturity at 31 December 2006 and 2005 is as follows:

|                               | <b>2006</b>    | <b>2005</b>   |
|-------------------------------|----------------|---------------|
| Period remaining to maturity: |                |               |
| 1-30 days                     | 4.646          | 2.971         |
| 31-90 days                    | 15.489         | 1.052         |
| 91-180 days                   | 32.818         | 2.682         |
| 181 days-1 year               | 59.296         | 12.071        |
| Over 1 year                   | 47.632         | 45.056        |
|                               | <b>159.881</b> | <b>63.832</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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**

|   | Effective interest rates p.a.                            | 2006           |               |                |
|---|--|----------------|---------------|----------------|
|   |  | USD            | Euro          | YTL            |
| Short-term bank borrowings                          |  |                |               |                |
| With fixed interest rates                           | 8% -8,25%  | 5.000          | -             | 7.028          |
| With floating interest rates                        | Euribor + 1,00%  | -              | 800           | 1.482          |
| <b>Short-term bank borrowings</b>                   |  | <b>5.000</b>   | <b>800</b>    | <b>8.510</b>   |
| Current portion of long-term bank borrowings        |  |                |               |                |
| With fixed interest rates                           | 2% -9,85%  | 1.718          | 124           | 2.644          |
| With floating interest rates                        | Libor+1,6%-Libor +5,83%<br>Euribor + 1,55%-Euribor+5,05% | 90.685         | 22.370        | 168.884        |
| <b>Current portion of long-term bank borrowings</b> |  | <b>92.403</b>  | <b>22.494</b> | <b>171.528</b> |
| Long-term bank borrowings                           |  |                |               |                |
| With fixed interest rates                           | 2% -9,85%  | 2.663          | 1.116         | 5.810          |
| With floating interest rates                        | Libor+1,6%-Libor +5,83%<br>Euribor + 1,55%-Euribor+5,05% | 315.117        | 66.606        | 566.250        |
| <b>Long-term bank borrowings</b>                    |  | <b>317.780</b> | <b>67.722</b> | <b>572.060</b> |
| <b>Total bank borrowings</b>                        |  | <b>415.183</b> | <b>91.016</b> | <b>752.098</b> |
|   |  |                |               |                |
|   | Effective interest rates p.a.                            | 2005           |               |                |
|   |  | USD            | Euro          | YTL            |
| Short-term bank borrowings                          | 3,3% - 7,75%   | 2.251          | 1.012         | 4.627          |
| <b>Short-term bank borrowings</b>                   |  | <b>2.251</b>   | <b>1.012</b>  | <b>4.627</b>   |
| Current portion of long-term bank borrowings        |  |                |               |                |
| With fixed interest rates                           | 2% - 9,85%   | 2.446          | 113           | 3.461          |
| With floating interest rates                        | Libor+1,6%-Libor+5,83%<br>Euribor+ 1,55%                 | 35.164         | 5.165         | 55.382         |
| <b>Current portion of long-term bank borrowings</b> |  | <b>37.610</b>  | <b>5.278</b>  | <b>58.843</b>  |
| Long-term bank borrowings                           |  |                |               |                |
| With fixed interest rates                           | 2% - 9,85%   | 11.793         | 1.240         | 17.792         |
| With floating interest rates                        | Libor +1,6%-Libor+5,83%<br>Euribor+ 1,55%                | 384.443        | 75.294        | 635.375        |
| <b>Long-term bank borrowings</b>                    |  | <b>396.236</b> | <b>76.534</b> | <b>653.167</b> |
| <b>Total bank borrowings</b>                        |  | <b>436.097</b> | <b>82.824</b> | <b>716.637</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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)**

The redemption schedule of long-term bank borrowings at 31 December 2006 is as follows:

|                | <b>USD</b>     | <b>Euro</b>   | <b>YTL</b>     |
|----------------|----------------|---------------|----------------|
| 2008           | 113.336        | 21.446        | 199.012        |
| 2009           | 108.961        | 21.149        | 192.313        |
| 2010           | 81.749         | 21.149        | 154.064        |
| 2011           | 5.165          | 2.326         | 11.566         |
| 2012 and after | 8.569          | 1.652         | 15.105         |
|                | <b>317.780</b> | <b>67.722</b> | <b>572.060</b> |

**NOTE 7 - TRADE RECEIVABLES AND PAYABLES**

**Trade receivables**

|   | <b>2006</b>   | <b>2005</b>   |
|---|---------------|---------------|
| Receivables from tenants and wholesale activities | 34.041        | 32.660        |
| Doubtful trade receivables                        | 6.871         | 6.480         |
| Deposits and guarantees given                     | 2             | 66            |
|   | 40.914        | 39.206        |
| Less: Provision for doubtful receivables          | (6.651)       | (6.322)       |
| <b>Short-term trade receivables, net</b>          | <b>34.263</b> | <b>32.884</b> |

The Group’s historical experience in the collection of accounts receivable falls within the recorded allowances. Due to this factor, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Company’s trade receivables.

The movement of the provision for doubtful receivables during the periods reported is as follows:

|   | <b>2006</b>  | <b>2005</b>  |
|---|--------------|--------------|
| <b>1 January</b>  | <b>6.322</b> | <b>3.879</b> |
| Increase in doubtful receivables due to acquisition of Subsidiary | -            | 1.119        |
| Current year provision  | 1.068        | 1.796        |
| Collections and reversal of provisions                            | (926)        | (437)        |
| Currency translation difference                                   | 187          | (35)         |
| <b>31 December</b>  | <b>6.651</b> | <b>6.322</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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)**

The maturities of trade receivables are generally less than one month (2005: Less than one month).

|  | <b>2006</b>    | <b>2005</b>    |
|--|----------------|----------------|
| Deposits and guarantees given                            | 777            | 562            |
| <b>Long-term trade receivables</b>                       | <b>777</b>     | <b>562</b>     |
| <b>Trade payables:</b>                                   |                |                |
|  | <b>2006</b>    | <b>2005</b>    |
| Trade payables   | 954.964        | 686.528        |
| Less: Unincurred financial expense on due date purchases | (13.883)       | (9.406)        |
| <b>Short-term trade payables, net</b>                    | <b>941.081</b> | <b>677.122</b> |

The maturity of trade payables is generally less than three months as of 31 December 2006 (31 December 2005: less than three months) and they are discounted with annual rate of 18,48% (31 December 2005: 8,14%-13,53%).

|  | <b>2006</b>   | <b>2005</b>   |
|--|---------------|---------------|
| Trade payables   | 5.059         | 13.590        |
| Deposits and guarantees received                         | 8.019         | 6.290         |
|  | 13.078        | 19.880        |
| Less: Unincurred financial expense on due date purchases | (841)         | (1.973)       |
| <b>Long-term trade payables</b>                          | <b>12.237</b> | <b>17.907</b> |

Long-term trade payables mainly consist of property, plant and equipment purchases and are discounted with an annual rate of 19,62% (2005: 13.80%).

**NOTE 8 - FINANCE LEASE RECEIVABLES AND PAYABLES**

None (31 December 2005: None).

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006

(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 - DUE FROM AND DUE TO RELATED PARTIES

Balances with related parties

| <b><u>Due from related parties:</u></b>   | <b>2006</b>   | <b>2005</b>  |
|---|---------------|--------------|
| Sanal Merkez T.A.Ş.                       | 3.232         | 3.127        |
| Ford Otosan San. A.Ş.                     | 2.274         | 1.738        |
| Tam Pazarlama ve İletişim Hizmetleri A.Ş. | 2.240         | 103          |
| Palmira Turizm Tic. A.Ş.                  | 1.551         | 741          |
| Arçelik A.Ş.                              | 663           | 484          |
| Opet Petrolcülük A.Ş.                     | 59            | 703          |
| Other                                     | 1.576         | 745          |
|   | <b>11.595</b> | <b>7.641</b> |

**Due to related parties:**

| <b>Due to shareholders:</b>                | <b>2006</b> | <b>2005</b> |
|--|-------------|-------------|
| Koç Holding A.Ş.                           | 461         | 377         |
| Dividend liabilities to other shareholders | 42          | 34          |
|  | <b>503</b>  | <b>411</b>  |

**Due to group companies:**

|   | <b>2006</b>   | <b>2005</b>   |
|---|---------------|---------------|
| Düzey Tüketim Mal. San. Paz. ve Tic. A.Ş. | 16.161        | 14.242        |
| Beko Ticaret A.Ş.                         | 15.684        | 4.563         |
| Tat Konserve Sanayi A.Ş.                  | 10.893        | 3.153         |
| Türk Demir Döküm Fabrikaları A.Ş.         | 4.827         | 1.035         |
| Ram Sigorta Aracılık Hizmetleri A.Ş.      | 4.614         | 2.857         |
| Palmira Turizm Tic. A.Ş.                  | 2.896         | 2.082         |
| Entek Elektrik Üretimi A.Ş.               | 2.198         | 1.181         |
| Koç Sistem Bilgi ve İletişim Hizm. A.Ş.   | 1.457         | 538           |
| Ram Kofisa Pasific.Ltd.                   | -             | 1.020         |
| Other                                     | 3.164         | 1.657         |
|   | <b>61.894</b> | <b>32.328</b> |

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| <b>Total due to related parties</b> | <b>62.397</b> | <b>32.739</b> |
|-------------------------------------|---------------|---------------|

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006

(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 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

| <b><u>Bank balances:</u></b>                                     | <b>2006</b>   | <b>2005</b>    |
|--|---------------|----------------|
| Yapı ve Kredi Bankası A.Ş. (“Yapı ve Kredi”)                     |               |                |
| - demand deposit   | 12.217        | 350            |
| - time deposit   | 10.206        | 38.891         |
| - other cash and cash equivalents (credit card slip receivables) | 59.251        | 33.723         |
| Koçbank A.Ş.   |               |                |
| - demand deposit   | -             | 6.479          |
| - time deposit   | -             | 4.806          |
| Koçbank Nederland N.V.   |               |                |
| - time deposit   | 11.086        | 12.597         |
| Koçbank Azerbaijan   |               |                |
| - demand deposit   | 1.290         | 224            |
| - time deposit   | -             | 134            |
| Yapı ve Kredi Bankası A.Ş. Bahrain                               |               |                |
| - demand deposit   | -             | 1.054          |
| - time deposit   | -             | 1.576          |
| Koçbank Bahrain  |               |                |
| - time deposit   | -             | 25.000         |
|  | <b>94.050</b> | <b>124.834</b> |

| <b><u>Borrowings:</u></b>  | <b>2006</b>    | <b>2005</b>    |
|----------------------------|----------------|----------------|
| Yapı ve Kredi Bankası A.Ş. | 139.215        | 137.199        |
| Koçbank Nederland N.V.     | 11.086         | 12.617         |
|                            | <b>150.301</b> | <b>149.816</b> |

Significant transactions with related parties

| <b><u>Sales of goods:</u></b>   | <b>2006</b>   | <b>2005</b>   |
|---------------------------------|---------------|---------------|
| Tat Konserve Sanayi A.Ş.        | 18.686        | 15            |
| Sanal Merkez T.A.Ş.             | 15.121        | 11.493        |
| Palmira Turizm Tic. A.Ş.        | 8.516         | 6.803         |
| Ford Otosan San. A.Ş.           | 4.154         | 38            |
| Tüpraş Petrol Rafinerileri A.Ş. | 1.019         | -             |
| Other                           | 5.328         | 2.633         |
|                                 | <b>52.824</b> | <b>20.982</b> |



CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006

(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 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

| <b><u>Purchases of property, plant and equipment:</u></b> | <b>2006</b>    | <b>2005</b>    |
|---|----------------|----------------|
| Koçtaş Yapı Marketleri Tic. A.Ş.                          | 5.971          | 1.120          |
| Ark İnşaat San. Ve Tic. A.Ş.                              | 5.414          | -              |
| Koç Sistem Bilgi ve İletişim Hizm. A.Ş.                   | 2.423          | 1.581          |
| Koçnet Haberleşme Teknolojileri A.Ş.                      | 1.101          | 85             |
| Other   | 69             | 469            |
|   | <b>14.978</b>  | <b>3.255</b>   |
| <b><u>Sales of property, plant and equipment:</u></b>     | <b>2006</b>    | <b>2005</b>    |
| Koç Finansal Kiralama A.Ş.                                | 1.900          | -              |
|   | <b>1.900</b>   | <b>-</b>       |
| <b><u>Inventory purchases:</u></b>                        | <b>2006</b>    | <b>2005</b>    |
| Tat Konserve Sanayi A.Ş.                                  | 95.761         | 22.777         |
| Düzey Tüketim Mal. San. Paz.ve Tic. A.Ş.                  | 86.930         | 60.355         |
| Palmira Turizm Tic. A.Ş.                                  | 12.183         | 6.065          |
| Türk Demir Döküm Fabrikaları A.Ş.                         | 9.526          | 8.074          |
| Ram Kofisa Pasific Ltd.                                   | 4.601          | 8.586          |
| Other   | 5.316          | 8.739          |
|   | <b>214.317</b> | <b>114.596</b> |
| <b><u>Service purchases:</u></b>                          | <b>2006</b>    | <b>2005</b>    |
| Beko Ticaret A.Ş. (*)                                     | 116.945        | 45.156         |
| Entek Elektrik Üretimi A.Ş.                               | 17.695         | 8.971          |
| Eltek Elektrik Enerjisi İth. İhr. ve Tic. A.Ş.            | 6.595          | 2.377          |
| Koç Holding A.Ş.  | 5.223          | 2.809          |
| Ram Sigorta Aracılık Hizmetleri A.Ş.                      | 4.736          | 3.171          |
| Ece Türkiye Proje Yönetim ve Tic. A.Ş.                    | -              | 3.982          |
| Other   | 11.403         | 7.758          |
|   | <b>162.597</b> | <b>74.224</b>  |

(\*) Major services purchased from Beko Ticaret A.Ş. are transportation, portorage, advertisement, security and warehouse management services.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - DUE FROM AND DUE TO RELATED PARTIES (Continued)**

| <b><u>Interest income:</u></b> | <b>2006</b>   | <b>2005</b>  |
|--------------------------------|---------------|--------------|
| Koçbank A.Ş.                   | 9.921         | 2.823        |
| Yapı ve Kredi (*)              | 3.827         | 883          |
| Koçbank Nederland N.V.         | 685           | 704          |
| Other                          | 64            | 1.085        |
|                                | <b>14.497</b> | <b>5.495</b> |

(\*) Yapı ve Kredi has been a group company of Koç Holding effective from 30 September 2005.

| <b><u>Interest expense:</u></b> | <b>2006</b>   | <b>2005</b>  |
|---------------------------------|---------------|--------------|
| Yapı ve Kredi                   | 10.412        | 2.154        |
| Koçbank Nederland N.V.          | 924           | 933          |
| Other                           | 493           | 24           |
|                                 | <b>11.829</b> | <b>3.111</b> |

| <b><u>Dividends paid:</u></b> | <b>2006</b>       | <b>2005</b>   |
|-------------------------------|-------------------|---------------|
| Koç Holding A.Ş.              | <b>10.546 (*)</b> | <b>10.546</b> |

(\*) The dividend calculated based on the net income of the year 2005 and distributed in 2006 was not paid in cash, instead it has been distributed as bonus shares as an addition to the share capital. Total amount of dividend is YTL20.655.

Other related party transactions are as follows:

|   | <b>2006</b>   | <b>2005</b>   |
|---|---------------|---------------|
| Rent income   | 1.287         | 936           |
| Rent expense  | 2.991         | 2.877         |
| Management fee received   | 587           | 436           |
| Donations   | 1.201         | 1.217         |
|   | <b>2006</b>   | <b>2005</b>   |
| Salaries and other benefits provided to the Board of Directors and the key management of Migros | <b>14.022</b> | <b>10.313</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 10 - OTHER RECEIVABLES AND PAYABLES**

**Other Receivables**

|                            | <b>2006</b>  | <b>2005</b> |
|----------------------------|--------------|-------------|
| Receivables from personnel | 1.783        | 495         |
|                            | <b>1.783</b> | <b>495</b>  |

**Other Payables**

|   | <b>2006</b> | <b>2005</b>   |
|---|-------------|---------------|
| T. Garanti Bankası A.Ş. (“Garanti Bankası”)<br>- Credit card collection account | -           | 33.914        |
|   | -           | <b>33.914</b> |

As of 31 December 2005, payable to Garanti Bankası consists of credit card collections on behalf of Garanti Bankası through Tansaş stores with a maturity of less than one month.

**NOTE 11 - BIOLOGICAL ASSETS**

Biological assets are out of the scope of the Group’s operations.

**NOTE 12 - INVENTORIES**

|  | <b>2006</b>    | <b>2005</b>    |
|--|----------------|----------------|
| Raw materials  | 457            | 302            |
| Work in process  | 977            | 1.952          |
| Finished goods and merchandise stocks                  | 390.179        | 263.436        |
| Advances given   | 128            | 314            |
| Other  | 4.023          | 2.892          |
|  | 395.764        | 268.896        |
| Less: Provision for diminution in net realisable value | (1.551)        | (2.507)        |
|  | <b>394.213</b> | <b>266.389</b> |

Cost of inventory included in the cost of sales for the year ending 31 December 2006 is YTL3.156.995 (31 December 2005: YTL2.007.714)

**NOTE 13 - RECEIVABLES RELATING TO CONSTRUCTION CONTRACTS AND  
PROGRESS BILLINGS**

The Group has no construction contract receivables and construction progress billings.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - DEFERRED TAX ASSETS AND LIABILITIES**

**Deferred taxes:**

The Group recognises deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported in accordance with CMB standards and the statutory tax financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on taxable income in coming years under the liability method using a principal tax rate. The principal tax rates for Russian Federation, Kazakhstan, Bulgaria and Azerbaijan are 24%, 30%, 10% and 22% respectively as of 31 December 2006 and 24%, 30%, 15% and 22% respectively as of 31 December 2005. The principal tax rate for Turkey is 20% and 30% as of 31 December 2006 and 31 December 2005, respectively.

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided as of 31 December 2006 and 2005 using the currently enacted tax rates, is as follows:

|   | <u>Cumulative<br/>temporary differences</u> |           | <u>Deferred tax<br/>assets/(liabilities)</u> |               |
|---|---|-----------|--|---------------|
|   | 2006  | 2005      | 2006   | 2005          |
| Carry forward tax losses  | 136.122                                     | 266.415   | 27.224                                       | 79.845        |
| Investment incentives   | -   | 30.964    | -  | 4.864         |
| Unrealised financial cost   | 14.843                                      | 28.979    | 2.969  | 8.693         |
| Provision for expenses and other provisions   | 10.515                                      | 12.860    | 2.230  | 3.763         |
| Provision for employment termination benefits   | 11.757                                      | 13.782    | 2.350  | 4.132         |
| Net difference between the tax base and the carrying value of inventories                                   | 1.200                                       | 3.781     | 247  | 1.039         |
| Net difference between the tax base and the carrying value of property, plant and equipment and intangibles | (170.757)                                   | (130.422) | (37.512)                                     | (35.670)      |
| Allowance for unincurred interest expense   | (14.724)                                    | (11.379)  | (2.945)                                      | (3.414)       |
| Deferred prepaid expenses   | (3.350)                                     | (2.266)   | (733)  | (680)         |
| Adjustment for fair value of financial assets   | (15.406)                                    | (3.076)   | (1.520)                                      | (923)         |
| Other   | 1.304                                       | (383)     | 246  | (40)          |
| Deferred tax assets   |   |           | 35.266                                       | 102.336       |
| Deferred tax liabilities  |   |           | (42.710)                                     | (40.727)      |
| <b>Deferred tax (liabilities)/assets, net</b>   |   |           | <b>(7.444)</b>                               | <b>61.609</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)**

Movements in deferred taxes can be analysed as follows:

|  | <b>Deferred tax(liabilities) / assets</b> |               |
|--|---|---------------|
|  | <b>2006</b>                               | <b>2005</b>   |
| <b>1 January</b>   | 61.609                                    | (35.472)      |
| Increase in deferred tax assets  |   |               |
| due to acquisition of Subsidiary (Tansaş)  | -   | 99.105        |
| Foreign currency translation difference  | (2.186)                                   | (43)          |
| Current period expense (Note 41)   | (66.270)                                  | (2.209)       |
| Current period effect in<br>shareholders’ equity (Note 3- Financial Instruments) | (597)                                     | 228           |
| <b>31 December</b>   | <b>(7.444)</b>                            | <b>61.609</b> |

In accordance with Tax Procedural Law, previous years losses can be carried for a maximum of five years. It is estimated by the management that previous years losses in the amount of YTL 136.122 arising during the years 2002-2004 resulting from the acquisition of Tansaş can be offset against taxable profits during 2007. Details of previous years losses in terms of years that the Company plans to benefit from in the coming periods are as follows:

|      | <b>2006</b>    |
|------|----------------|
| 2002 | 63.992         |
| 2003 | 51.197         |
| 2004 | 20.933         |
|      | <b>136.122</b> |

**NOTE 15 - OTHER CURRENT/NON-CURRENT ASSETS AND SHORT/LONG-TERM LIABILITIES**

**Other current assets**

|                                     | <b>2006</b>   | <b>2005</b>   |
|-------------------------------------|---------------|---------------|
| Value Added Tax (“VAT”) receivables | 34.682        | 25.017        |
| Prepaid expenses                    | 27.553        | 22.899        |
| Deductible taxes and funds          | 6.736         | 1.844         |
| Migros Club discount cheques        | 5.522         | 5.289         |
| Prepayments for land leases         | 431           | 376           |
| Other                               | 671           | 381           |
|                                     | <b>75.595</b> | <b>55.806</b> |

Prepaid expenses mainly consist of insurance costs and store rentals.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - OTHER CURRENT/NON-CURRENT ASSETS AND SHORT/LONG-TERM  
LIABILITIES (Continued)**

**Other non-current assets**

|                             | <b>2006</b>   | <b>2005</b>   |
|-----------------------------|---------------|---------------|
| Prepayments for land leases | 20.203        | 16.227        |
| Prepaid expenses            | 10.227        | 9.778         |
| VAT receivables             | 2.192         | 1.119         |
|                             | <b>32.622</b> | <b>27.124</b> |

**Other short-term liabilities**

|                               | <b>2006</b>   | <b>2005</b>   |
|-------------------------------|---------------|---------------|
| Other taxes and funds payable | 22.845        | 16.016        |
| Payables to personnel         | 19.689        | 18.069        |
| Deferred income               | 11.944        | 2.335         |
| Expense accruals              | 10.541        | 8.241         |
| Merchandise coupons           | 4.933         | 3.668         |
| VAT payable                   | 1.406         | 7.955         |
| Other                         | 1.323         | 1.770         |
|                               | <b>72.681</b> | <b>58.054</b> |

Expense accruals include provisions for expenses such as electricity, water, communication and provisions related to Migros Club discount cheques. Deferred income mainly consists of advances received from tenants.

**NOTE 16 - FINANCIAL ASSETS**

|                                | <b>2006</b>    | <b>2005</b>    |
|--------------------------------|----------------|----------------|
| Held-to-maturity time deposits | 132.226        | 145.189        |
| Available-for-sale investments | 38.926         | 34.461         |
| Associates                     | 8.701          | 3.010          |
| <b>Total financial assets</b>  | <b>179.853</b> | <b>182.660</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - FINANCIAL ASSETS (Continued)**

**Held-to-maturity time deposits:**

|                        | 2006   |       |                | 2005    |                |
|------------------------|--------|-------|----------------|---------|----------------|
|                        | USD    | Euro  | YTL            | USD     | YTL            |
| ABN Amro Bank          | 87.619 | -     | 123.157        | 100.000 | 134.180        |
| Koçbank Nederland N.V. | -      | 4.898 | 9.069          | 8.205   | 11.009         |
|                        |        |       | <b>132.226</b> |         | <b>145.189</b> |

Effective interest rates on Euro and USD denominated held-to-maturity time deposits are 9,81%-11,04% (31 December 2005: 8,11%-10,13%) and 8,56%, respectively (31 December 2005: None).

**Available-for-sale investments:**

|   | 2006   |               | 2005   |               |
|---|--------|---------------|--------|---------------|
|   | Share  | Amount        | Share  | Amount        |
| <b>Quoted:</b>                            |        |               |        |               |
| Tat Konserve San. A.Ş. (“Tat Konserve”)   | 2,87%  | 6.269         | 2,87%  | 6.022         |
| <b>Unquoted:</b>                          |        |               |        |               |
| Koç Finansal Hizmetler A.Ş. (“KFS”)       | 0,37%  | 28.007        | 0,37%  | 23.766        |
| Koçtaş Yapı Marketleri A.Ş.<br>(“Koçtaş”) | 9,24%  | 2.944         | 9,24%  | 2.944         |
| Sanal Merkez Ticaret A.Ş.                 | 69,99% | 1.186         | 69,99% | 1.186         |
| Şok Marketler Ticaret A.Ş.                | 99,60% | 520           | 99,60% | 520           |
| Sibernet Kültür ve Turizm İşl. Ltd. Şti.  | -      | -             | 20,00% | 23            |
|   |        | <b>38.926</b> |        | <b>34.461</b> |

**Associates:**

|                | 2006   |              | 2005   |              |
|----------------|--------|--------------|--------|--------------|
|                | Share  | Amount       | Share  | Amount       |
| Harranova Besi | 50,00% | 6.535        | -      | -            |
| Tanı Pazarlama | 32,00% | 2.166        | 32,00% | 3.010        |
|                |        | <b>8.701</b> |        | <b>3.010</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - FINANCIAL ASSETS (Continued)**

Allocation of held-to-maturity time deposits as to maturity is as follows:

|                  | <b>2006</b>    | <b>2005</b>    |
|------------------|----------------|----------------|
| 1-2 years        | 45.658         | 18.449         |
| 2-3 years        | 43.784         | 43.495         |
| 3-4 years        | 39.768         | 41.706         |
| 4 years and over | 3.016          | 41.539         |
|                  | <b>132.226</b> | <b>145.189</b> |

Financial information about Tanı Pazarlama which is included in the consolidated financial statements using the equity method of accounting is as follows:

|                   | <b>2006</b> | <b>2005</b> |
|-------------------|-------------|-------------|
| Total Assets      | 10.155      | 12.247      |
| Total Liabilities | 3.387       | 2.840       |

As of 31 December 2006, net sales of Tanı Pazarlama is YTL7.586 (2005: YTL9.184) and net loss for the period is YTL2.639 (2005: YTL133).

The financial information concerning Harranova Besi at 31 December 2006 which has been acquired by the Company at 30 June 2006 and included in the consolidated financial statements using the equity method of accounting as of 31 December 2006 is as follows:

|   | <b>2006</b> |
|---|-------------|
| Total assets  | 56.765      |
| Total liabilities                                     | 47.619      |
| Net sales   | 28.225      |
| Net loss for the period (1 January-31 December 2006)  | (8.429)     |
| Net income for the period (30 June -31 December 2006) | 3.106       |

Details related to the Company’s acquisition of the associate Harranova Besi are as follows (further details related to Business Combinations are disclosed in Note 32).

|  |              |
|--|--------------|
| Cash paid  | 4.982        |
| Less: Fair value of total identifiable<br>assets, liabilities and contingent liabilities | (3.020)      |
| <b>Goodwill</b>  | <b>1.962</b> |



**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - FINANCIAL ASSETS (Continued)**

The movements of financial assets are as follows:

|  | <b>2006</b>    | <b>2005</b>    |
|--|----------------|----------------|
| <b>1 January</b>   | <b>182.660</b> | <b>52.284</b>  |
| Additions to held-to-maturity time deposits-net                    | 8.143          | 111.751        |
| Short-term portion of held-to-maturity time deposits               | (21.106)       | -              |
| Acquisition of associate (Note 32)                                 | 4.982          | -              |
| Increase in the fair value of available-for-sale investments - net | 4.488          | 9.626          |
| Share in profit/(loss) of associates-net                           | 709            | (42)           |
| Sale of available - for-sale-investments                           | (23)           | (145)          |
| Reversal of impairment loss on available-for-sale investments      | -              | 2.142          |
| Increase in financial assets due to acquisition of subsidiary      | -              | 23             |
| Capital increase in financial assets                               | -              | 7.021          |
| <b>31 December</b>   | <b>179.853</b> | <b>182.660</b> |

Şok Marketler and Sanal Merkez are Subsidiaries excluded from 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 the Group. They have been accounted for as if they were available-for-sale investments and are stated at cost restated to the purchasing power of TL at 31 December 2004 as they do not have quoted market prices in active markets.

The fair value of Tat Konserve quoted on the Istanbul Stock Exchange is based on the closing price at the balance sheet date. The difference between the cost and fair value of Tat Konserve is recognized in the financial assets fair value reserve in the consolidated shareholders' equity.

KFS is stated at fair value calculated using the discounted cash flow method in the consolidated financial statements. Koçtaş is carried at its acquisition cost restated to the equivalent purchasing power until the end of the period in which inflation accounting was applied.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - GOODWILL/NEGATIVE GOODWILL**

|                          | <b>Opening<br/>1 January 2006</b> | <b>Additions</b> | <b>Disposals</b> | <b>Transfer</b> | <b>Closing<br/>31 December 2006</b> |
|--------------------------|-----------------------------------|------------------|------------------|-----------------|-------------------------------------|
| Goodwill                 | 175.812                           | -                | -                | 62.262 (*)      | 238.074                             |
| Accumulated amortisation | (2.594)                           | -                | -                | -               | (2.594)                             |
| <b>Net book value</b>    | <b>173.218</b>                    | <b>-</b>         | <b>-</b>         | <b>62.262</b>   | <b>235.480</b>                      |

|                          | <b>Opening<br/>1 January 2005</b> | <b>Additions</b> | <b>Disposals (**)</b> | <b>Closing<br/>31 December 2005</b> |
|--------------------------|-----------------------------------|------------------|-----------------------|-------------------------------------|
| Goodwill                 | 5.510                             | 170.302          | -                     | 175.812                             |
| Negative goodwill        | (7.276)                           | -                | 7.276                 | -                                   |
| Accumulated amortisation | 336                               | -                | (2.930)               | (2.594)                             |
| <b>Net book value</b>    | <b>(1.430)</b>                    | <b>170.302</b>   | <b>4.346</b>          | <b>173.218</b>                      |

(\*) Management decided that the below stated adjustment in the calculation of goodwill related to the acquisition of the Subsidiary (Tansaş) which was realised in 2005 is appropriate.

In the consolidated financial statements of the Company as of 31 December 2005, the minority interest has not been calculated on the trademark of Tansaş which was acquired as an identifiable asset after the purchase of the said entity. The Company management, having decided that it would be appropriate to calculate the minority interest in the trademark of Tansaş which was not included in the financial statements of Tansaş but included in the consolidated financial statements of Migros as required by IFRS 3 “Business Combinations”, has amended the goodwill and minority interest values included in the financial statements as of 31 December 2005. The amendment which resulted from the calculation of minority interest in the trademark value of Tansaş does not affect the consolidated income statement for the year ending 31 December 2005 and the total equity as of 31 December 2005. In this sense, the amendment consists of the reclassification of YTL62.262 between goodwill and minority interest (Note 24). In consideration of the materiality level to the consolidated financial statements, the amendment was made in the consolidated financial statements of the current period rather than the consolidated financial statements as of 31 December 2005.

(\*\*) In accordance with the requirements of IFRS 3, the carrying amount of negative goodwill which was YTL4.346 as of 1 January 2005 was derecognised with a corresponding adjustment to opening retained earnings.

Details of goodwill related to the purchase of subsidiary (Tansaş) in 2005 are as follows (details on business combinations are disclosed in Note 32):

|  |                |
|--|----------------|
| Cash paid  | 476.080        |
| Less: Fair value of total identifiable<br>assets, liabilities and contingent liabilities | (243.516)      |
| <b>Goodwill</b>  | <b>232.564</b> |

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006

(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 - INVESTMENT PROPERTY

|                                 | Opening<br>1 January<br>2006 | Additions | Transfers<br>(Note 19) | Effect of changes<br>in foreign<br>exchange rates | Closing<br>31 December<br>2006 |
|---------------------------------|------------------------------|-----------|------------------------|---|--------------------------------|
| <b>Cost</b>                     |                              |           |                        |   |                                |
| Land and Buildings              | 60.310                       | -         | 41.207                 | 8.749   | 110.266                        |
| <b>Accumulated depreciation</b> |                              |           |                        |   |                                |
| Land and Buildings              | (4.930)                      | (1.658)   | -                      | (715)   | (7.303)                        |
| <b>Net book value</b>           | <b>55.380</b>                |           |                        |   | <b>102.963</b>                 |

|                                 | Opening<br>1 January<br>2005 | Additions | Transfers<br>(Note 19) | Effect of changes<br>in foreign<br>exchange rates | Closing<br>31 December<br>2005 |
|---------------------------------|------------------------------|-----------|------------------------|---|--------------------------------|
| <b>Cost</b>                     |                              |           |                        |   |                                |
| Land and Buildings              | 51.584                       | -         | 10.590                 | (1.864)   | 60.310                         |
| <b>Accumulated depreciation</b> |                              |           |                        |   |                                |
| Land and Buildings              | (4.009)                      | (1.067)   | -                      | 146   | (4.930)                        |
| <b>Net book value</b>           | <b>47.575</b>                |           |                        |   | <b>55.380</b>                  |

Investment property owned by the Company represents designated areas within stores that are let out under rent agreements. The result of the work completed by an independent appraisal firm in order to estimate the fair value of the investment property at 31 December 2006 amounts to YTL 230.446 (31 December 2005: YTL 127.970). The valuation includes land that is under operating lease by the Company as it cannot be separated from the valuation of investment property.

Depreciation expenses for the period are recorded in general and administrative expenses.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - PROPERTY, PLANT AND EQUIPMENT**

|                                 | Opening<br>1 January 2006 | Additions        | Disposals      | Impairment<br>Loss (Note 38) | Transfers | Adjustments (*) | Transfers to<br>investment<br>property<br>(Note 18) | Effect of<br>changes<br>in foreign<br>exchange rates | Closing<br>31 December<br>2006 |
|---------------------------------|---------------------------|------------------|----------------|------------------------------|-----------|-----------------|---|--|--------------------------------|
| <b>Cost</b>                     |                           |                  |                |                              |           |                 |   |  |                                |
| Land and buildings              | 452.997                   | 1.846            | (849)          | -                            | 63.125    | -               | -   | 30.116   | 547.235                        |
| Leasehold improvements          | 415.122                   | 35.242           | -              | (11.947)                     | 24.223    | (2.601)         | -   | 88   | 460.127                        |
| Machinery and equipment         | 405.629                   | 24.392           | (3.956)        | -                            | 23.373    | 2.879           | -   | 6.253  | 458.570                        |
| Furniture and fixtures          | 144.805                   | 14.027           | (1.314)        | -                            | 16.863    | 837             | -   | 3.587  | 178.805                        |
| Motor vehicles                  | 2.862                     | 204              | (1.101)        | -                            | -         | -               | -   | 70   | 2.035                          |
| Construction in progress        | 39.557                    | 147.630          | -              | -                            | (115.813) | -               | (41.207)  | 5.267  | 35.434                         |
| Advances given                  | 17.678                    | 2.344            | -              | -                            | (11.771)  | -               | -   | 2.434  | 10.685                         |
|                                 | <b>1.478.650</b>          | <b>225.685</b>   | <b>(7.220)</b> | <b>(11.947)</b>              | <b>-</b>  | <b>1.115</b>    | <b>(41.207)</b>                                     | <b>47.815</b>  | <b>1.692.891</b>               |
| <b>Accumulated depreciation</b> |                           |                  |                |                              |           |                 |   |  |                                |
| Buildings                       | (49.340)                  | (9.672)          | 41             | -                            | -         | 66              | -   | (2.323)  | (61.228)                       |
| Leasehold improvements          | (164.502)                 | (44.349)         | -              | 7.658                        | -         | 3.087           | -   | 75   | (198.031)                      |
| Machinery and equipment         | (262.464)                 | (32.602)         | 3.402          | -                            | -         | (3.918)         | -   | (2.839)  | (298.421)                      |
| Furniture and fixtures          | (65.582)                  | (13.191)         | 848            | -                            | -         | (589)           | -   | (937)  | (79.451)                       |
| Motor vehicles                  | (1.611)                   | (460)            | 957            | -                            | -         | (27)            | -   | (11)   | (1.152)                        |
|                                 | <b>(543.499)</b>          | <b>(100.274)</b> | <b>5.248</b>   | <b>7.658</b>                 | <b>-</b>  | <b>(1.381)</b>  | <b>-</b>  | <b>(6.035)</b>                                       | <b>(638.283)</b>               |
| <b>Net book value</b>           | <b>935.151</b>            |                  |                | <b>(4.289)</b>               |           | <b>(266)</b>    |   |  | <b>1.054.608</b>               |

(\*) Please refer to Note 3 “Accounting policies, changes in accounting estimations and errors” for explanation.

Current period investments include costs related to the opening of new stores and shopping malls. Depreciation expenses for the period are recorded in general and administrative expenses.

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006

(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 - PROPERTY, PLANT AND EQUIPMENT (Continued)

|                                 | Opening<br>1 January 2005 | Additions       | Disposals       | Impairment<br>loss (Note 38) | Transfers | Transfers to<br>investment<br>property<br>(Note 18) | Effect of<br>changes in<br>foreign<br>exchange<br>rates | Increase in<br>property, plant and<br>equipment due to<br>acquisition of<br>subsidiary<br>(Tansaş) (*) | Closing<br>31 December<br>2005 |
|---------------------------------|---------------------------|-----------------|-----------------|------------------------------|-----------|---|---|--|--------------------------------|
| <b>Cost</b>                     |                           |                 |                 |                              |           |   |   |  |                                |
| Land and buildings              | 346.016                   | 37.648          | -               | -                            | 67.929    | -   | (7.669)   | 9.073  | 452.997                        |
| Leasehold improvements          | 303.408                   | 7.273           | (7.892)         | (90)                         | 4.104     | -   | (87)  | 108.406  | 415.122                        |
| Machinery and equipment         | 365.520                   | 16.289          | (1.705)         | -                            | 4.662     | -   | (1.641)   | 22.504   | 405.629                        |
| Furniture and fixtures          | 91.343                    | 22.305          | (1.412)         | -                            | 2.798     | -   | (491)   | 30.262   | 144.805                        |
| Motor vehicles                  | 3.321                     | 511             | (975)           | -                            | 26        | -   | (21)  | -  | 2.862                          |
| Construction in progress        | 25.031                    | 98.984          | -               | -                            | (72.743)  | (10.590)  | (1.128)   | 3  | 39.557                         |
| Advances given                  | 16.128                    | 8.383           | -               | -                            | (6.776)   | -   | (558)   | 501  | 17.678                         |
|                                 | <b>1.150.767</b>          | <b>191.393</b>  | <b>(11.984)</b> | <b>(90)</b>                  | <b>-</b>  | <b>(10.590)</b>                                     | <b>(11.595)</b>   | <b>170.749</b>   | <b>1.478.650</b>               |
| <b>Accumulated depreciation</b> |                           |                 |                 |                              |           |   |   |  |                                |
| Buildings                       | (41.521)                  | (8.422)         | -               | -                            | -         | -   | 603   | -  | (49.340)                       |
| Leasehold improvements          | (145.021)                 | (23.916)        | 4.363           | 65                           | -         | -   | 7   | -  | (164.502)                      |
| Machinery and equipment         | (238.005)                 | (26.845)        | 1.622           | -                            | -         | -   | 764   | -  | (262.464)                      |
| Furniture and fixtures          | (57.083)                  | (9.598)         | 895             | -                            | -         | -   | 204   | -  | (65.582)                       |
| Motor vehicles                  | (1.966)                   | (543)           | 893             | -                            | -         | -   | 5   | -  | (1.611)                        |
|                                 | <b>(483.596)</b>          | <b>(69.324)</b> | <b>7.773</b>    | <b>65</b>                    | <b>-</b>  | <b>-</b>  | <b>1.583</b>  | <b>-</b>   | <b>(543.499)</b>               |
| <b>Net book value</b>           | <b>667.171</b>            |                 |                 | <b>(25)</b>                  |           |   |   |  | <b>935.151</b>                 |

(\*) The amount of property, plant and equipment considered in the calculation of goodwill related to the acquisition of Subsidiary is YTL109.707 (64,25% of YTL 170.749) (Note 32).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

Borrowing costs of YTL4.821 (31 December 2005: YTL3.138) arising on financing specifically entered into for the construction of the new stores have been capitalised during the period. The capitalisation rate used represents the interest cost of the borrowing used to finance the project.

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:

|                       | <b>2006</b> | <b>2005</b> |
|-----------------------|-------------|-------------|
| <b>Net book value</b> | 24.700      | 35.291      |

**NOTE 20 - INTANGIBLE ASSETS**

|                          | <b>Opening<br/>1 January 2006</b> | <b>Additions</b> | <b>Disposals</b> | <b>Effect of<br/>changes<br/>in foreign<br/>exchange rates</b> | <b>Closing<br/>31 December<br/>2006</b> |
|--------------------------|-----------------------------------|------------------|------------------|--|---|
| <b>Cost</b>              |                                   |                  |                  |  |   |
| Trademark (Tansaş) (*)   | 174.158                           | -                | -                | -  | 174.158                                 |
| Rights                   | 13.873                            | 2.232            | (126)            | 349  | 16.328                                  |
| Other intangible assets  | 88                                | -                | -                | -  | 88                                      |
| Accumulated amortisation | (6.928)                           | (2.605)          | 44               | (262)  | (9.751)                                 |
| <b>Net book value</b>    | <b>181.191</b>                    |                  |                  |  | <b>180.823</b>                          |

|                          | <b>Opening<br/>1 January 2005</b> | <b>Additions</b> | <b>Effect of<br/>changes<br/>in foreign<br/>exchange<br/>rates</b> | <b>Increase in<br/>intangible<br/>assets due to<br/>acquisition of<br/>Subsidiary</b> | <b>Closing<br/>31 December<br/>2005</b> |
|--------------------------|-----------------------------------|------------------|--|---|---|
| <b>Cost</b>              |                                   |                  |  |   |   |
| Trademark (Tansaş) (*)   | -                                 | -                | -  | 174.158   | 174.158                                 |
| Rights                   | 9.189                             | 2.405            | (40)   | 2.319   | 13.873                                  |
| Other intangible assets  | 88                                | -                | -  | -   | 88                                      |
| Accumulated amortisation | (5.496)                           | (1.531)          | 99   | -   | (6.928)                                 |
| <b>Net book value</b>    | <b>3.781</b>                      |                  |  |   | <b>181.191</b>                          |

- (\*) The Company 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, as mentioned in “Accounting Policies”, the Group assesses the intangible assets with indefinite useful lives annually for any indication of impairment.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 21 - ADVANCES RECEIVED**

The Group has not received any advances (2005: None).

**NOTE 22 - RETIREMENT PLANS**

The Group does not have any obligations regarding retirement plans (2005: None).

**NOTE 23 - PROVISIONS**

**Short-term provisions**

|                               | <b>2006</b> | <b>2005</b>  |
|-------------------------------|-------------|--------------|
| Tax and legal provisions      | 242         | 18.672       |
| Less: Prepaid corporation tax | (162)       | (15.313)     |
| <b>Tax provisions, net</b>    | <b>80</b>   | <b>3.359</b> |

The prepaid corporation tax is higher than the corporate tax provision as of 31 December 2006. Therefore, Migros has a net tax receivable of YTL6.446 which is classified in other current assets as deductible tax and funds (Note 15).

|   |              |               |
|---|--------------|---------------|
| Provision for litigation (Note 31.f)              | 7.188        | 12.935        |
| Provision for employment termination benefits (*) | -            | 4.803         |
| Other   | -            | 2.269         |
| <b>Other provisions</b>                           | <b>7.188</b> | <b>20.007</b> |
| <b>Total short-term provisions</b>                | <b>7.268</b> | <b>23.366</b> |

(\*) Provision for employment termination benefits which were expected to be paid by the Company in one year were included in short term provisions in full at 31 December 2005. As of 31 December 2006, the Company reversed the excess amount of the short-term portion of provision for employment termination benefits and included in other income in the consolidated statement of income, after completing the necessary payments during the period. As of 31 December 2006, there is no provision for employment termination benefits that is required to be classified in short term provisions.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 23 - PROVISIONS (Continued)**

Changes in the provisions for litigation during the period are as follows:

|   | <b>2006</b>   | <b>2005</b>   |
|---|---------------|---------------|
| <b>1 January</b>  | <b>12.935</b> | -             |
| Increase in provisions for litigation<br>due to acquisition of Subsidiary | -             | 12.935        |
| Payments in the period  | (2.291)       | -             |
| Reversal of provisions  | (3.782)       | -             |
| Current year charge   | 326           | -             |
| <b>31 December</b>  | <b>7.188</b>  | <b>12.935</b> |

**Long-term provisions**

|   | <b>2006</b>   | <b>2005</b>  |
|---|---------------|--------------|
| Provision for employment termination benefits | <b>11.757</b> | <b>8.979</b> |

Provision for employment termination benefits is explained below:

Under Turkish Labour Law, the Company is 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 (the retirement age is 58 for women and 60 for men). The amount payable consists of one month’s salary limited to a maximum of YTL1.857,44 (31 December 2005: YTL1.727,15) for each year of service at 31 December 2006.

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 the employees.

The following actuarial assumptions have been used in the calculation of the total long-term provision:

|   | <b>2006</b> | <b>2005</b>  |
|---|-------------|--------------|
| Discount rate   | 5,71%       | 5,49%        |
| Turnover rate to estimate the probability of retirement | 87,40%      | 83% - 85,40% |



**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 23 - PROVISIONS (Continued)**

The principal assumption is that the maximum liability of YTL 1.857,44 as of 31 December 2006 (31 December 2005: YTL 1.727,15) 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 YTL1.960,69 (1 January 2006: YTL1.770,62) which is effective from 1 January 2007 has been taken into consideration for the calculation of the provision for employment termination benefits.

Movements of the provision for employment termination benefits in the period are as follows:

|   | <b>2006</b>   | <b>2005</b>   |
|---|---------------|---------------|
| <b>1 January</b>                          | <b>13.782</b> | <b>6.268</b>  |
| Increase due to acquisition of Subsidiary | -             | 1.654         |
| Increase during the period                | 8.210         | 8.932         |
| Payments in the period                    | (6.597)       | (3.072)       |
| Reversal of provisions                    | (3.638)       | -             |
| <b>31 December</b>                        | <b>11.757</b> | <b>13.782</b> |

Payments made related to the employment termination benefits during the period are recognized in personnel expenses under operating expenses.

**NOTE 24 - MINORITY INTEREST/PROFIT - LOSS OF MINORITY INTEREST**

Changes in minority interest during the period are as follows:

|   | <b>2006</b>   | <b>2005</b>   |
|---|---------------|---------------|
| <b>1 January</b>  | <b>85.230</b> | <b>9.797</b>  |
| Increase in minority interest due to Subsidiaries added to scope of consolidation       | -             | 73.235        |
| Decrease in minority interests due to increase in parent company shares in Subsidiaries | (17.526)      | (905)         |
| Net income attributable to minority interest  | 3.755         | 3.366         |
| Translation reserve   | 3.812         | (263)         |
| Allocation of trademark value of Tansaş to minority interest (Note 17)                  | 62.262        | -             |
| Transfer to equity due to the merger with the Subsidiary (Tansaş) (Note 33.g)           | (137.334)     | -             |
| <b>31 December</b>  | <b>199</b>    | <b>85.230</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 25 - SHARE CAPITAL/ADJUSTMENT TO SHARE CAPITAL**

Migros adopted the registered share capital system available to companies registered with the Capital Markets Board (“CMB”) and set a limit on its registered share capital representing registered type shares with a nominal value of YKr1. The Company’s historical authorised and paid-in share capital at 31 December 2006 and 31 December 2005 are as follows:

|  | <b>2006</b> | <b>2005</b> |
|--|-------------|-------------|
| Ceiling on registered share capital (historical) | 190.000     | 190.000     |
| Historical authorised and paid-in share capital  | 176.267     | 137.700     |

Companies in Turkey may exceed the ceiling on registered share capital in the event of the issuance of free shares to existing shareholders.

The shareholders of the Company and their shareholdings to capital with historical figures as at 31 December 2006 and 31 December 2005 are stated below:

| <b>Shareholders</b>             | <b>2006</b>    |                | <b>2005</b>    |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | <b>Share %</b> | <b>Amount</b>  | <b>Share %</b> | <b>Amount</b>  |
| Koç Holding A.Ş.                | 50,83          | 89.601         | 51,06          | 70.307         |
| Publicly held                   | 49,17          | 86.666         | 48,94          | 67.393         |
| <b>Total capital</b>            | <b>100,00</b>  | <b>176.267</b> | <b>100,00</b>  | <b>137.700</b> |
| Adjustment to share capital (*) |                | (77.165)       |                | (77.165)       |
| <b>Total paid-in capital</b>    |                | <b>99.102</b>  |                | <b>60.535</b>  |

(\*) Adjustment to share capital represents the restatement effect of cash contributions to share capital (Notes 26-27-28).

The issued and paid-in capital amounting to YTL 176.267 (31 December 2005: YTL 137.700) has been divided into 17.626.686.600 shares (31 December 2005: 13.770.000.000 shares) with a nominal value of YKr 1. There are no privileged shares.

There is a pledge on 8.085.305.000 units of shares which Koç Holding A.Ş. owns in the Company and that has been given in favour of J.P. Morgan Europe Limited, pursuant to the share pledge agreement entered into between Koç Holding A.Ş. and J.P. Morgan Europe Limited on 20 January 2006 within the terms of the Secured Term Facility Agreement signed on 20 January 2006 between Koç Holding A.Ş., J.P. Morgan Europe Limited and J.P. Morgan Chase Bank N.A..

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - 27 - 28 - CAPITAL RESERVES, PROFIT RESERVES AND RETAINED EARNINGS**

**Capital surplus**

Capital surplus (share premium), totalling to an amount of YTL 18.854 at historical cost, includes the net proceeds of YTL 23 from the offering of the shares remaining from the unexercised pre-emptive rights in the share capital increase in 1997 and YTL 18.831 in revenue from the sale of 75.000.000 shares in the ISE Wholesale Market by restricting the pre-emptive rights in accordance with the resolution of the Board of Directors dated 5 August 1998 (total net YTL 152.855 expressed in terms of the purchasing power of the YTL as of 31 December 2004). This surplus is added to shareholders’ equity and is not available for distribution.

**Profit reserves, shareholders’ equity restatement differences and retained earnings**

Retained earnings, as per the statutory financial statements, other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in 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.

Publicly held companies are subject to dividend requirements regulated by the CMB as follows:

In accordance with the CMB decree 7/242 dated 25 February 2005, companies are required to distribute dividends calculated as per the minimum dividend distribution requirements and from the net distributable profit as defined by CMB regulations, unless such dividends exceed the distributable profit in the statutory financial statements. If the dividend amount calculated as per CMB regulations is more than the distributable profit in the statutory financial statements, then only that profit in the statutory books will be distributed. There will be no profit distribution in the case of a net year loss in any of the financial statements prepared in accordance with the CMB or legal requirements.

In accordance with the CMB Communiqué XI-25 section 15/399, the accumulated deficit that may arise as the balancing figure in the financial statements as a result of the first-time application of inflation accounting should be netted off in the calculation of the distributable profit. In addition, the net-off of such an accumulated deficit against current period income and retained earnings, if any, extraordinary reserves, legal reserves and reserve for restatement difference of shareholder’s equity can be made according to the related CMB Communiqué. In the case of a share capital increase as a result of a transfer from the shareholders’ equity reserve accounts, such an increase will be made from the lesser of the amounts as determined by CMB regulations or legal requirements.

“Retained earnings” arising from the first-time application of inflation accounting and “retained earnings” arising from the first-time adoption and preparation of the comparative financial statements in accordance with Communiqué XI-25/IFRS, can be used either for a capital increase or to pay cash dividends to shareholders. In accordance with Communiqué XI-25, companies are obliged to distribute at least 20% (31 December 2005: 30%) of their distributable profit which is calculated based on the financial statements prepared in accordance with CMB Accounting Standards. Based on the decision of the general assembly, the distribution of a minimum of 20% of the distributable profit can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. Net income of subsidiaries, join-ventures and associates, included in consolidated net income, is not considered in the profit distribution if a decision on profit distribution has not been taken in the general assemblies of these companies.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(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 - 27 - 28 - CAPITAL RESERVES, PROFIT RESERVES AND RETAINED EARNINGS (Continued)**

In accordance with the Communiqué XI-25, when an entity adopts inflation accounting for the first time, items of statutory shareholders’ equity such as share capital, capital surplus, legal reserves, statutory reserves, special reserves and extraordinary reserves are presented at their historical amounts. The difference between the restated and historical amounts of these items is presented in shareholders’ equity in full as restatement difference.

Shareholders’ equity restatement differences can be netted-off against prior years’ losses and used as an internal source in capital increase, shareholders’ equity restatement differences related to reserves on which there are no prohibitions for profit distribution can be used in distribution of cash dividends where extraordinary reserves at historical amounts can be netted-off against prior years’ losses, used as an internal source in capital increase and distribution of cash dividends to shareholders.

In accordance with the above explanation, the composition of the Company’s shareholders’ equity as of 31 December 2006 and 31 December 2005 according to the Communiqué XI-25 is as follows:

|   | <b>2006</b>    | <b>2005</b>    |
|---|----------------|----------------|
| Share capital   | 176.267        | 137.700        |
| Capital surplus   | 18.854         | 18.854         |
| Financial assets fair value reserve                               | 14.865         | 11.829         |
| Shareholders’ equity restatement differences                      | 175.758        | 175.758        |
| Legal reserves  | 13.410         | 11.157         |
| Extraordinary reserves  | 78.608         | 56.449         |
| Translation reserve   | (30.202)       | (47.017)       |
| Additional contribution to shareholders’ equity related to merger | 119.422        | -              |
| Net income for the period   | 78.686         | 73.705         |
| Retained earnings   | 277.102        | 268.495        |
| <b>Total shareholders’ equity</b>                                 | <b>922.770</b> | <b>706.930</b> |

The details of the differences between the restated and historical amounts of statutory shareholders’ equity items presented above are as follows:

|                        | <b>2006</b>               |                         |   | <b>2005</b>               |                         |   |
|------------------------|---------------------------|-------------------------|---|---------------------------|-------------------------|---|
|                        | <b>Historical amounts</b> | <b>Restated amounts</b> | <b>Shareholders’ equity restatement differences</b> | <b>Historical amounts</b> | <b>Restated amounts</b> | <b>Shareholders’ equity restatement differences</b> |
| Share capital          | 176.267                   | 99.102                  | (77.165)  | 137.700                   | 60.535                  | (77.165)  |
| Capital surplus        | 18.854                    | 152.855                 | 134.001   | 18.854                    | 152.855                 | 134.001   |
| Legal reserves         | 13.410                    | 38.664                  | 25.254  | 11.157                    | 36.411                  | 25.254  |
| Extraordinary reserves | 78.608                    | 172.276                 | 93.668  | 56.449                    | 150.117                 | 93.668  |
| <b>Total</b>           | <b>287.139</b>            | <b>462.897</b>          | <b>175.758</b>                                      | <b>224.160</b>            | <b>399.918</b>          | <b>175.758</b>                                      |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 29 - FOREIGN CURRENCY POSITION**

|  | <b>2006</b>      | <b>2005</b>      |
|--|------------------|------------------|
| Assets   | 342.958          | 287.029          |
| Liabilities                                    | (911.924)        | (801.926)        |
| <b>Net foreign currency liability position</b> | <b>(568.966)</b> | <b>(514.897)</b> |

**YTL equivalent of foreign currency amounts**

|   | <b>2006</b>    |               |                          |                             |                             | <b>Total<br/>YTL</b> |
|---|----------------|---------------|--------------------------|-----------------------------|-----------------------------|----------------------|
|   | <b>USD</b>     | <b>Euro</b>   | <b>Russian<br/>ruble</b> | <b>Kazakhstan<br/>tenge</b> | <b>Other<br/>currencies</b> |                      |
| Cash and cash equivalents                                 | 12.121         | 3.249         | 17.222                   | 9.253                       | 6.163                       | 48.008               |
| Marketable securities                                     | 56.145         | 2.966         | -                        | -                           | -                           | 59.111               |
| Trade receivables   | 18.271         | 200           | 1.516                    | 589                         | 1.840                       | 22.416               |
| Due from related parties                                  | 323            | -             | 285                      | -                           | 18                          | 626                  |
| Other current assets                                      | 4.091          | -             | 45.506                   | 489                         | 1.032                       | 51.118               |
| Financial assets  | 123.157        | 9.069         | -                        | -                           | -                           | 132.226              |
| Other non-current assets                                  | 1.561          | -             | 24.885                   | 3.007                       | -                           | 29.453               |
| <b>Total assets denominated in<br/>foreign currencies</b> | <b>215.669</b> | <b>15.484</b> | <b>89.414</b>            | <b>13.338</b>               | <b>9.053</b>                | <b>342.958</b>       |

|  | <b>2006</b>    |                |                          |                             |                             | <b>Total<br/>YTL</b> |
|--|----------------|----------------|--------------------------|-----------------------------|-----------------------------|----------------------|
|  | <b>USD</b>     | <b>Euro</b>    | <b>Russian<br/>ruble</b> | <b>Kazakhstan<br/>tenge</b> | <b>Other<br/>currencies</b> |                      |
| Short-term financial liabilities                               | 136.910        | 43.128         | -                        | -                           | -                           | 180.038              |
| Long-term financial liabilities                                | 446.672        | 125.388        | -                        | -                           | -                           | 572.060              |
| Trade payables   | 12.130         | 1.187          | 106.096                  | 10.403                      | 7.668                       | 137.484              |
| Due to related parties   | 22             | 143            | 1.344                    | -                           | -                           | 1.509                |
| Other liabilities  | 591            | -              | 16.401                   | 1.191                       | 2.650                       | 20.833               |
| <b>Total liabilities denominated<br/>in foreign currencies</b> | <b>596.325</b> | <b>169.846</b> | <b>123.841</b>           | <b>11.594</b>               | <b>10.318</b>               | <b>911.924</b>       |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 29 - FOREIGN CURRENCY POSITION (Continued)**

|   | 2005           |              |                  |                     |                     | Total<br>YTL   |
|---|----------------|--------------|------------------|---------------------|---------------------|----------------|
|   | USD            | Euro         | Russian<br>ruble | Kazakhstan<br>tenge | Other<br>currencies |                |
| Cash and cash equivalents                                 | 3.430          | 3.663        | 10.661           | 7.506               | 3.822               | 29.082         |
| Trade receivables   | 6.623          | 464          | 1.811            | 248                 | 764                 | 9.910          |
| Due from related parties                                  | 211            | -            | 76               | -                   | -                   | 287            |
| Marketable securities                                     | 36.446         | 852          | -                | -                   | -                   | 37.298         |
| Other current assets                                      | 4.574          | -            | 36.607           | 494                 | 410                 | 42.085         |
| Financial assets  | 145.189        | -            | -                | -                   | -                   | 145.189        |
| Other non-current assets                                  | -              | -            | 23.178           | -                   | -                   | 23.178         |
| <b>Total assets denominated in<br/>foreign currencies</b> | <b>196.473</b> | <b>4.979</b> | <b>72.333</b>    | <b>8.248</b>        | <b>4.996</b>        | <b>287.029</b> |

|  | 2005           |                |                  |                     |                     | Total YTL      |
|--|----------------|----------------|------------------|---------------------|---------------------|----------------|
|  | USD            | Euro           | Russian<br>Ruble | Kazakhstan<br>Tenge | Other<br>Currencies |                |
| Short-term financial liabilities                               | 53.484         | 9.986          | -                | -                   | -                   | 63.470         |
| Long-term financial liabilities                                | 531.668        | 121.498        | -                | -                   | -                   | 653.166        |
| Trade payables   | 3.370          | 352            | 61.903           | 6.435               | 5.650               | 77.710         |
| Due to related parties   | 1.053          | -              | 57               | -                   | -                   | 1.110          |
| Other liabilities  | 2.926          | 137            | 1.780            | 455                 | 1.172               | 6.470          |
| <b>Total liabilities denominated<br/>in foreign currencies</b> | <b>592.501</b> | <b>131.973</b> | <b>63.740</b>    | <b>6.890</b>        | <b>6.822</b>        | <b>801.926</b> |

**NOTE 30 - GOVERNMENT INCENTIVES AND GRANTS**

As of the dates of the reporting periods, the Group has no government incentives and grants which have been utilized or are to be utilized.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 31 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

a) Guarantees given at 31 December 2006 and 31 December 2005 are as follows:

|                             | <b>2006</b>   | <b>2005</b>   |
|-----------------------------|---------------|---------------|
| Letters of guarantees given | <b>27.464</b> | <b>23.060</b> |

Assets of Rambutya in Samal shopping centre and hypermarket (25.050m<sup>2</sup>) and Astana (3.194m<sup>2</sup>) and Tastak (2.020m<sup>2</sup>) supermarkets have been pledged as collateral for the IFC loan agreements in the amount of USD1.9 million signed on 22 November 2001 and in the amount of USD11 million signed on 30 July 1999.

Assets of Ramenka in Maryina Roscha (32.698m<sup>2</sup>) and Kuntsevo (19.442m<sup>2</sup>) shopping centres and hypermarkets, as well as Chertanova (1.752m<sup>2</sup>) and Sokolniki (2.040m<sup>2</sup>) supermarkets have been pledged as collateral for the IFC loan in the amount of USD30.5 million used in 1998. Shares of Ramenka have also been pledged as collateral for this loan.

b) Guarantees received at 31 December 2006 and 31 December 2005 are as follows:

|                                    | <b>2006</b>   | <b>2005</b>   |
|------------------------------------|---------------|---------------|
| Guarantees obtained from customers | <b>55.022</b> | <b>55.417</b> |

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

|                          | <b>2006</b>   | <b>2005</b>   |
|--------------------------|---------------|---------------|
| Payable within 1 year    | 12.749        | 9.891         |
| Payable in 1 to 2 years  | 10.527        | 9.080         |
| Payable in 2 to 5 years  | 25.838        | 26.410        |
| Payable in 5 to 10 years | 24.218        | 29.654        |
| Payable after 10 years   | 26.314        | 13.280        |
| <b>Total</b>             | <b>99.646</b> | <b>88.315</b> |

d) As of 31 December 2006, there are contractual commitments for the new hypermarket constructions of Ramenka amounting to YTL33.615 (31 December 2005: YTL39.643).

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 31 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

- e) Russia, Kazakhstan and Kyrgyzstan’s tax legislation are subject to varying interpretations and changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of Ramenka and Rambutya may not coincide with that of the management. As a result transactions may be challenged by tax authorities and Ramenka and Rambutya may be assessed for additional taxes, penalties and interest, which can be significant. The periods remain open to review by Russian and Kazakh tax authorities for three and five years, respectively.
- f) There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour issues constitute the majority of these lawsuits. The Company management assesses the outcomes of these lawsuits and the financial effects thereof, and the required provisions are made in accordance with expected gains and liabilities. As of 31 December 2006 such provisions amount to YTL 7.188 (31 December 2005: YTL12.935).

**NOTE 32 - BUSINESS COMBINATIONS**

On 30 June 2006 the Company acquired 50% of the shares of Harranova Besi for YTL4.982. Goodwill in the amount of YTL1.962 has been recognised as an asset and has initially been measured as the excess of the cost of the acquisition over the fair value of acquiree’s assets, liabilities and contingent liabilities. Details of the fair values of net assets and liabilities acquired at 30 June 2006 are as follows:

|  |              |
|--|--------------|
| <b>Purchase consideration</b>  | <b>4.982</b> |
| <b>Fair value of identifiable assets, liabilities and contingent liabilities</b> | <b>3.020</b> |
| <b>Goodwill</b>  | <b>1.962</b> |
| Trade receivables  | 2.327        |
| Inventories and biological assets  | 8.366        |
| Property, plant and equipment  | 13.390       |
| Other assets   | 4.455        |
| Bank borrowings  | (24.449)     |
| Other liabilities  | (1.069)      |
| <b>Fair value of identifiable assets, liabilities and contingent liabilities</b> | <b>3.020</b> |



**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 32 - BUSINESS COMBINATIONS (Continued)**

On 10 November 2005 the Company acquired 64,25% of the shares of Tansaş for YTL476.080. Goodwill in the amount of YTL232.564, has been recognised as an asset and has initially been measured as the excess of the cost of the acquisition over the fair value of acquiree’s assets, liabilities and contingent liabilities. Details of the fair values of net assets and liabilities acquired at 10 November 2005 are as follows:

|  |                |
|--|----------------|
| <b>Purchase consideration (*)</b>  | <b>476.080</b> |
| <b>Fair value of identifiable assets, liabilities and contingent liabilities</b> | <b>243.516</b> |
| <b>Goodwill (**)</b>   | <b>232.564</b> |
| Cash, cash equivalents and marketable securities                                 | 100.558        |
| Inventory  | 49.245         |
| Property, plant and equipment  | 109.707        |
| Tansaş trademark (****)  | 111.896        |
| Deferred tax assets (***)  | 61.937         |
| Other assets   | 8.414          |
| Bank borrowings  | (6.716)        |
| Trade payables   | (150.527)      |
| Other liabilities  | (40.998)       |
| <b>Fair value of identifiable assets, liabilities and contingent liabilities</b> | <b>243.516</b> |

(\*) Purchase consideration settled in cash.

(\*\*) Goodwill is related to the synergies resulting from Tansaş stores which will increase the competition power and reduce the operating expenses.

(\*\*\*) Utilisable deferred tax asset resulting from the carry forward tax losses of Tansaş in the amount of YTL21.754 will be utilised as a consequence of merger with Tansaş, hence considered as an identifiable asset and presented separately.

(\*\*\*\*) Please refer to Note 17 for the current period amendment.

Goodwill (related to the acquisition of Macro stores) presented on the financial statements of Tansaş as of 10 November 2005 in the amount of YTL25.797 is not considered as an identifiable asset by the Group.

Other contingent liabilities and provisions that are not presented in the financial statements of Tansaş as of 10 November 2005 but identified by the Group are legal provisions and other provisions in the amount of YTL5.690 and YTL703 net of deferred tax, respectively.

|  |                  |
|--|------------------|
| Purchase consideration settled in cash           | 476.080          |
| Cash and cash equivalents in Subsidiary acquired | (132.980)        |
| <b>Cash outflow on acquisition</b>               | <b>(343.100)</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 33 - SEGMENT INFORMATION**

In these consolidated financial statements at 31 December 2006 and 2005, 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 different sectors on the grounds of materiality in accordance with IAS 14 and accordingly the business segments are not presented as secondary segment reporting (Note 36). Within this framework, retailing is presented as the sole reportable business segment in these consolidated financial statements.

| <b>a) Net sales</b>          | <b>2006</b>      | <b>2005</b>      |
|------------------------------|------------------|------------------|
| Turkey(*)                    | 3.701.184        | 2.257.813        |
| Russian Federation (Note 44) | 423.083          | 323.588          |
| Kazakhstan                   | 100.921          | 70.942           |
| Bulgaria                     | 33.940           | 22.045           |
| Azerbaijan                   | 15.743           | 11.712           |
|                              | <b>4.274.871</b> | <b>2.686.100</b> |

| <b>b) Operating profit/(loss)</b> | <b>2006</b>    | <b>2005</b>    |
|-----------------------------------|----------------|----------------|
| Turkey (**)                       | 166.781        | 73.819         |
| Russian Federation                | 25.490         | 23.343         |
| Kazakhstan                        | 11.041         | 10.482         |
| Bulgaria                          | 2.474          | (1.765)        |
| Azerbaijan                        | 807            | 796            |
|                                   | <b>206.593</b> | <b>106.675</b> |

(\*) Net sales of Tansaş between the acquisition date 10 November 2005 and the balance sheet date are YTL177.485 and have been included in the 2005 net sales.

(\*\*) Net operating profit of Tansaş between the acquisition date 10 November 2005 and the balance sheet date is YTL8.386 and has been included in the consolidated operating profit.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 33 - SEGMENT INFORMATION (Continued)**

**c) Segmental analysis for the period of 1 January-31 December 2006**

|                                     | Turkey           | Azerbaijan    | Bulgaria      | Russian Federation | Kazakhstan     | Total Combined   | Inter-segment elimination | Total            |
|-------------------------------------|------------------|---------------|---------------|--------------------|----------------|------------------|---------------------------|------------------|
| External revenues                   | 3.701.184        | 15.743        | 33.940        | 423.083            | 100.921        | 4.274.871        | -                         | 4.274.871        |
| Inter-segment revenues              | 8.753            | -             | -             | -                  | -              | 8.753            | (8.753)                   | -                |
| <b>Revenues</b>                     | <b>3.709.937</b> | <b>15.743</b> | <b>33.940</b> | <b>423.083</b>     | <b>100.921</b> | <b>4.283.624</b> | <b>(8.753)</b>            | <b>4.274.871</b> |
| Cost of sales                       | (2.798.310)      | (11.825)      | (23.100)      | (291.961)          | (73.514)       | (3.198.710)      | 8.753                     | (3.189.957)      |
| Gross profit                        | 911.627          | 3.918         | 10.840        | 131.122            | 27.407         | 1.084.914        | -                         | 1.084.914        |
| Selling and marketing expenses      | (558.929)        | (114)         | (4.622)       | (74.834)           | (5.223)        | (643.722)        | -                         | (643.722)        |
| General and administrative expenses | (185.917)        | (2.997)       | (3.744)       | (30.798)           | (11.143)       | (234.599)        | -                         | (234.599)        |
| <b>Net operating profit/(loss)</b>  | <b>166.781</b>   | <b>807</b>    | <b>2.474</b>  | <b>25.490</b>      | <b>11.041</b>  | <b>206.593</b>   | <b>-</b>                  | <b>206.593</b>   |

**d) Segmental analysis for the period of 1 January-31 December 2005**

|                                     | Turkey           | Azerbaijan    | Bulgaria       | Russian Federation | Kazakhstan    | Total Combined   | Inter-segment elimination | Total            |
|-------------------------------------|------------------|---------------|----------------|--------------------|---------------|------------------|---------------------------|------------------|
| External revenues                   | 2.257.813        | 11.712        | 22.045         | 323.588            | 70.942        | 2.686.100        | -                         | 2.686.100        |
| Inter-segment revenues              | 6.798            | -             | -              | -                  | -             | 6.798            | (6.798)                   | -                |
| <b>Revenues</b>                     | <b>2.264.611</b> | <b>11.712</b> | <b>22.045</b>  | <b>323.588</b>     | <b>70.942</b> | <b>2.692.898</b> | <b>(6.798)</b>            | <b>2.686.100</b> |
| Cost of sales                       | (1.738.239)      | (8.776)       | (16.504)       | (230.549)          | (50.368)      | (2.044.436)      | 6.798                     | (2.037.638)      |
| Gross profit                        | 526.372          | 2.936         | 5.541          | 93.039             | 20.574        | 648.462          | -                         | 648.462          |
| Selling and marketing expenses      | (328.769)        | (65)          | (2.973)        | (42.989)           | (2.613)       | (377.409)        | -                         | (377.409)        |
| General and administrative expenses | (123.784)        | (2.075)       | (4.333)        | (26.707)           | (7.479)       | (164.378)        | -                         | (164.378)        |
| <b>Net operating profit/(loss)</b>  | <b>73.819</b>    | <b>796</b>    | <b>(1.765)</b> | <b>23.343</b>      | <b>10.482</b> | <b>106.675</b>   | <b>-</b>                  | <b>106.675</b>   |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 33 - SEGMENT INFORMATION (Continued)**

**e) Geographical segment assets employed**

|  | <b>2006</b>      | <b>2005</b>      |
|--|------------------|------------------|
| <u>Total assets</u>  |                  |                  |
| Turkey   | 2.337.003        | 2.032.631        |
| Russian Federation   | 561.797          | 415.521          |
| Bulgaria   | 60.457           | 54.165           |
| Kazakhstan   | 58.597           | 41.651           |
| Azerbaijan   | 9.088            | 6.862            |
| Total combined   | 3.026.942        | 2.550.830        |
| Less: Inter-segment elimination  | (237.010)        | (189.952)        |
| <b>Total assets as per consolidated financial statements</b>               | <b>2.789.932</b> | <b>2.360.878</b> |
|  | <b>2006</b>      | <b>2005</b>      |
| <u>Net assets</u>  |                  |                  |
| Turkey   | 886.257          | 772.993          |
| Russian Federation (Note 44)   | 188.587          | 138.908          |
| Kazakhstan   | 31.372           | 23.595           |
| Bulgaria   | 26.857           | 20.879           |
| Azerbaijan   | 6.941            | 5.956            |
| Total combined   | 1.140.014        | 962.331          |
| Less: Inter-segment elimination  | (217.045)        | (170.171)        |
| Total net assets   | 922.969          | 792.160          |
| Less: Minority interest  | (199)            | (85.230)         |
| <b>Total shareholders' equity as per consolidated financial statements</b> | <b>922.770</b>   | <b>706.930</b>   |

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

NOTE 33 - SEGMENT INFORMATION (Continued)

f) Capital expenditures, depreciation and amortisation

|                             | 2006           | 2005           |
|-----------------------------|----------------|----------------|
| <u>Capital expenditures</u> |                |                |
| Turkey                      | 123.183        | 73.713         |
| Russian Federation          | 97.931         | 105.544        |
| Kazakhstan                  | 5.568          | 241            |
| Azerbaijan                  | 345            | 198            |
| Bulgaria                    | 890            | 14.102         |
|                             | <b>227.917</b> | <b>193.798</b> |

|                                      | 2006           | 2005          |
|--------------------------------------|----------------|---------------|
| <u>Depreciation and amortisation</u> |                |               |
| Turkey                               | 83.740         | 58.683        |
| Russian Federation                   | 16.738         | 9.735         |
| Bulgaria                             | 2.219          | 1.839         |
| Kazakhstan                           | 1.438          | 1.314         |
| Azerbaijan                           | 402            | 351           |
|                                      | <b>104.537</b> | <b>71.922</b> |

g) Minority interest

|            | 2006       | 2005          |
|------------|------------|---------------|
| Bulgaria   | 199        | 135           |
| Turkey (*) | -          | 73.221        |
| Kazakhstan | -          | 11.561        |
| Azerbaijan | -          | 313           |
|            | <b>199</b> | <b>85.230</b> |

(\*) The minority interest which is calculated in respect with the 37,75% shares belonging to the shareholders other than 64,25% of shares owned by the Company, amounts to YTL137.334 together with the current period amendment as stated in Note 17 (31 December 2005: YTL73.221). As Tansaş was dissolved as of 30 June 2006 and merged with Migros as of 1 July 2006, such minority interest stated above was transferred to the shareholders' equity accounts under “Additional contribution to shareholders' equity related to merger”.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 34 - SUBSEQUENT EVENTS**

- (i) It has been decided that the real estate owned by the Company’s Subsidiary, Ramstore Bulgaria, which has a book value of EUR 6.1 million including the land on which the Zapaden store was built, is to be sold to the company ON Bulgaria OOD for EUR 8.5 million, excluding VAT, and that there will be a preliminary contract signed with the company in question. Furthermore, as part of the review of overseas operations, the other two rented supermarkets operated by Ramstore Bulgaria have been closed down.
- (ii) In the Company’s Board of Directors Meeting held on 7 February 2007, it has been decided to obtain a five year loan in the amount of USD 10 million to be used for financing the investments of Ramenka.
- (iii) Ramenka, resident in the Russian Federation, obtained a five year loan in the amount of USD 20 million in February to finance its capital expenditures.

**NOTE 35 - DISCONTINUED OPERATIONS**

As of the dates of the reporting periods, the Group has no discontinued operations.

**NOTE 36 - OPERATING REVENUE**

|                               | <b>2006</b>      | <b>2005</b>      |
|-------------------------------|------------------|------------------|
| Domestic sales                | 3.770.817        | 2.318.132        |
| Foreign sales                 | 553.938          | 415.060          |
|                               | <b>4.324.755</b> | <b>2.733.192</b> |
| Other sales                   | 26.739           | 17.549           |
|                               | <b>4.351.494</b> | <b>2.750.741</b> |
| Less: Discounts and returns   | (76.623)         | (64.641)         |
| <b>Sales revenue - net</b>    | <b>4.274.871</b> | <b>2.686.100</b> |
| Cost of sales                 | (3.189.957)      | (2.037.638)      |
| <b>Gross operating profit</b> | <b>1.084.914</b> | <b>648.462</b>   |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 36 - OPERATING REVENUE (Continued)**

Details of domestic and foreign sales are as follows:

|              | <b>2006</b>      | <b>2005</b>      |
|--------------|------------------|------------------|
| Retail sales | 4.139.176        | 2.592.344        |
| Rent income  | 111.579          | 82.795           |
| Wholesale    | 74.000           | 58.053           |
|              | <b>4.324.755</b> | <b>2.733.192</b> |

**NOTE 37 - OPERATING EXPENSES**

|   | <b>2006</b>  |   |                | <b>2005</b>  |   |                |
|---|--|---|----------------|--|---|----------------|
|   | <b>General and<br/>Administrative<br/>Expenses</b> | <b>Selling and<br/>Marketing<br/>Expenses</b> | <b>Total</b>   | <b>General and<br/>Administrative<br/>Expenses</b> | <b>Selling and<br/>Marketing<br/>Expenses</b> | <b>Total</b>   |
| Staff costs                                   | 70.988   | 246.664                                       | 317.652        | 53.341   | 134.894                                       | 188.235        |
| Rent expense                                  | 5.747  | 139.514                                       | 145.261        | 2.390  | 82.495  | 84.885         |
| Depreciation and amortisation                 | 104.373  | -   | 104.373        | 72.082   | -   | 72.082         |
| Transportation and<br>portage expenses        | -  | 65.583  | 65.583         | -  | 39.015  | 39.015         |
| Repair, maintenance,<br>cleaning and security | 11.569   | 50.480  | 62.049         | 6.265  | 28.957  | 35.222         |
| Energy expenses                               | 1.376  | 52.694  | 54.070         | 1.245  | 35.497  | 36.742         |
| Advertising expenses                          | -  | 45.258  | 45.258         | -  | 26.545  | 26.545         |
| Taxes and other fees                          | 7.648  | 1.569   | 9.217          | 6.060  | 1.204   | 7.264          |
| Communication expenses                        | 2.924  | 5.837   | 8.761          | 2.812  | 2.929   | 5.741          |
| Travelling expenses                           | 4.846  | 2.710   | 7.556          | 2.459  | 1.624   | 4.083          |
| Warehouse expenses                            | -  | 7.406   | 7.406          | -  | 3.739   | 3.739          |
| Mechanisation expenses                        | 1.970  | 4.147   | 6.117          | 1.022  | 3.535   | 4.557          |
| Parent company service charges                | 3.530  | 1.693   | 5.223          | 2.809  | -   | 2.809          |
| Insurance premiums                            | 1.687  | 3.368   | 5.055          | 1.455  | 2.436   | 3.891          |
| Stationary expense                            | 1.288  | 2.109   | 3.397          | 439  | 1.782   | 2.221          |
| Donations                                     | 1.741  | -   | 1.741          | 1.433  | -   | 1.433          |
| Employment termination<br>benefits-net        | 374  | 1.239   | 1.613          | 1.438  | 4.422   | 5.860          |
| Other   | 14.538   | 13.451  | 27.989         | 9.128  | 8.335   | 17.463         |
| <b>Total</b>                                  | <b>234.599</b>                                     | <b>643.722</b>                                | <b>878.321</b> | <b>164.378</b>                                     | <b>377.409</b>                                | <b>541.787</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 38 - OTHER OPERATING INCOME/EXPENSE AND GAINS/LOSSES**

**Other operating income and gains**

|   | <b>2006</b>    | <b>2005</b>   |
|---|----------------|---------------|
| Foreign exchange gain                             | 33.244         | 5.461         |
| Interest income on bank deposits                  | 32.963         | 16.291        |
| Due date charges on credit sales                  | 21.777         | 8.462         |
| Unutilised provisions                             | 15.452         | 256           |
| Interest income on marketable securities          | 9.960          | 25.353        |
| Scrap good sales                                  | 2.212          | 1.490         |
| Income from sale of property, plant and equipment | 946            | 524           |
| Rediscount interest income                        | -              | 2.477         |
| Other   | 4.563          | 6.210         |
|   | <b>121.117</b> | <b>66.524</b> |

Unutilised provisions comprise provisions for lawsuits and compensation, employment termination benefits, unbilled goods and other balance sheet provisions that have been cancelled during the period and included in the consolidated statement of income.

**Other operating expenses and losses**

|   | <b>2006</b>  | <b>2005</b>  |
|---|--------------|--------------|
| Impairment loss of leasehold improvements (Note 19) | 4.289        | 25           |
| Credit cards commission expense                     | 2.235        | 1.685        |
| Bad debt provision expenses                         | 1.082        | 1.998        |
| Foreign exchange loss                               | 238          | 1.452        |
| Other   | 1.940        | 2.318        |
|   | <b>9.784</b> | <b>7.478</b> |

**NOTE 39 - FINANCIAL EXPENSES**

|   | <b>2006</b>    | <b>2005</b>   |
|---|----------------|---------------|
| Interest expense on term purchases              | 65.636         | 33.250        |
| Interest expense on bank borrowings             | 52.000         | 19.857        |
| Foreign exchange loss from financial activities | 41.791         | 9.913         |
| Other   | 444            | 1.014         |
|   | <b>159.871</b> | <b>64.034</b> |



**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

---

**NOTE 40 - MONETARY GAIN/LOSS**

There is no gain/loss on net monetary position since inflation accounting has not been applied in 2006 and 2005.

**NOTE 41 - TAXES ON INCOME**

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

Turkey

Corporation tax rate for the year 2006 is 20% (2005: 30%). 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).

In accordance with Tax Law No.5024 “Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law” published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (SIS WPI increase rate). Since these conditions in question were not fulfilled in 2005 and 2006, no inflation adjustments were performed.

Dividends paid to non-resident corporations which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2005: 30%) on their corporate income. Advance tax is declared by the 10th and is payable 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. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those concerning the Company are explained as follows:

***Domestic participation exemption***

Dividends obtained from Turkish resident corporations (except dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

---

**NOTE 41 - TAXES (Contained)**

***Preferential right certificate sales and issued premiums exemption***

Gains from issued premiums derived from the sale of shares at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

***Foreign company participation exemption***

If the below conditions are fulfilled, participation revenues obtained from abroad and those transferred to Turkey by the date when the corporate tax declaration regarding the taxation period in which they are obtained is filed shall not be subject to corporate tax in Turkey.

Conditions are those that the Turkish resident company holds at least a 10% stake for a continuous period of a year in the non-resident company, the total tax burden of the non resident company is at least 15% (for insurance and financing leasing companies the tax burden should be equal to at least the corporate tax burden in Turkey) and the profit is transferred to Turkey in cash till the corporate tax declaration date.

***Real property, investment equity, preferential rights, usufruct shares, founding shares, sales exemption:***

75% of the gains derived from the sale of investment equity, real property, preferential rights, usufruct shares and founding shares which have remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales value has to be collected until the end of the second calendar year following the year the sale was realised.

***Investment allowance exemption:***

The investment allowance application which had been in force for a significant period of time and calculated as 40% of capital expenditures, with a certain lower limit, was abolished effective from 1 January 2006 by Law No.5479 dated 30 March 2006. However, in accordance with temporary article 69 of the Income Tax Law, income and corporate taxpayers can deduct the following amounts from their income related to the years 2006, 2007 and 2008 as well as the investment allowance amounts they could not offset against 2005 gains which were present as of 31 December 2005, in accordance with the legislation (including the provisions related to tax rates) in force as of 31 December 2005:

- a) Investment allowance amounts that were calculated in accordance with the effective legislation as of 31 December 2005 over the investment expenses related to the investments initiated before 1 January 2006, to be subject to withholding tax of 19,8% if utilised, in the scope of the investment incentive certificates filed on applications before 24 April 2003.
- b) Investment allowance amounts at the rate of 40% which will be calculated in accordance with the effective legislation as of 31 December 2005 over the investments that display technical and economical integrity related to the investment initiated before 1 January 2006, in the scope of article No19 of Income Tax Law, that was repealed after 24 April 2003.

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.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 41 - TAXES (Continued)**

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.

Corporations established abroad and controlled directly or indirectly by tax resident companies and real persons by means of separate or joint participation in the capital or dividends or voting rights at the rate of a minimum 50% are considered as Controlled Foreign Corporations “CFC” and CFC profit will be subject to corporation tax in Turkey provided that the below conditions are fulfilled:

- a) 25% or more of the gross revenue of the foreign subsidiary must be composed of passive income like interest, dividend, rent, license fee, or marketable securities sales income;
- b) The CFC must be subject to an effective income tax rate lower than 10% for its commercial profit in its home country; and,
- c) Gross revenue of the CFC must exceed the equivalent of YTL 100 in a foreign currency in the related period.

CFC profit is included in the corporate income tax base of the controlling resident corporation, irrespective of whether it is distributed or not, at the rate of the shares controlled, in the fiscal period covering the month of closing of the fiscal period of the CFC. CFC profit that has already been taxed in Turkey as per this article will not be subject to additional tax in Turkey in the event of dividend distribution; whereas the portion of the profit distributed that has not been previously taxed in Turkey will be subject to taxation.

**Russian Federation**

The applicable income tax rate is 24% in the Russian Federation (2005: 24%).

Under the Russian taxation system tax losses can be carried forward to offset future taxable profits over the subsequent 10 years. The maximum offset in any one year is limited to 30% (2005: 30%) of the total taxable income of the year. Losses not utilised in the eligible periods cannot be carried forward.

Income tax rates applied in Kazakhstan, Bulgaria, Macedonia and Azerbaijan are 30%, 15%, 15% and 22% respectively (2005: 30%, 15%, 15% and 22%). The applicable tax rate in Kyrgyzstan was 10% in 2006, while the income tax rate in Bulgaria has been changed to 10% in 2007.

The taxation on income for the periods ended at 31 December is summarised below:

|                                | <b>2006</b>     | <b>2005</b>     |
|--------------------------------|-----------------|-----------------|
| Current period taxation charge | (10.053)        | (22.365)        |
| Deferred tax charge (Note 14)  | (66.270)        | (2.209)         |
| <b>Taxation on income</b>      | <b>(76.323)</b> | <b>(24.574)</b> |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

---

**NOTE 42 - EARNINGS PER SHARE**

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, 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:

|   | <b>2006</b>    | <b>2005</b>    |
|---|----------------|----------------|
| Net income attributable to the shareholders                               | 78.686         | 73.705         |
| Weighted average number of shares<br>with YKr 1 face value each (Note 25) | 17.626.686.600 | 17.626.686.600 |
| <b>Earnings per share (YKr)</b>   | <b>0,45</b>    | <b>0,42</b>    |

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

**NOTE 43 - STATEMENTS OF CASH FLOWS**

Consolidated statements of cash flows are presented together with the primary consolidated financial statements.

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

**NOTE 44 - DISCLOSURE OF MATTERS THAT HAVE SIGNIFICANT EFFECTS ON  
FINANCIAL STATEMENTS OR THAT NEED TO BE EXPLAINED FOR THE  
CLEAR INTERPRETATION AND COMPREHENSION OF THE FINANCIAL  
STATEMENTS**

- (i) The Company has a 50% interest in Joint-venture Ramenka which operates retail supermarkets and shopping malls in Moscow. The following amounts represent the Company’s 50% share of the assets, liabilities, sales and net income of Ramenka and are included in the consolidated balance sheet and income statement.

|                               | <b>2006</b>      | <b>2005</b>      |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | 431.005          | 303.480          |
| Other non-current assets      | 26.446           | 29.072           |
| Current assets                | 104.346          | 82.969           |
|                               | <b>561.797</b>   | <b>415.521</b>   |
| Long-term bank borrowings     | (175.966)        | (171.294)        |
| Provisions                    | (18.201)         | (13.722)         |
| Short-term liabilities        | (179.043)        | (91.597)         |
|                               | <b>(373.210)</b> | <b>(276.613)</b> |
| <b>Net assets</b>             | <b>188.587</b>   | <b>138.908</b>   |
|                               | <b>2006</b>      | <b>2005</b>      |
| <b>Net sales</b>              | <b>423.083</b>   | <b>323.588</b>   |
| Income before tax             | 28.067           | 9.085            |
| Income tax                    | (8.669)          | (2.943)          |
| <b>Net income</b>             | <b>19.398</b>    | <b>6.142</b>     |

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINAL ISSUED IN TURKISH**

**MİGROS TÜRK TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2006**

(Amounts expressed in thousands of New Turkish lira (“YTL”) unless otherwise indicated. Currencies other than YTL are expressed in thousands unless otherwise indicated)

---

**NOTE 44- DISCLOSURE OF MATTERS THAT HAVE SIGNIFICANT EFFECTS ON  
FINANCIAL STATEMENTS OR THAT NEED TO BE EXPLAINED FOR THE  
CLEAR INTERPRETATION AND COMPREHENSION OF THE FINANCIAL  
STATEMENTS (Continued)**

- (i) As stated in Summary of Significant Accounting Policies (Note 3), during the year 2006 the Company reviewed the useful lives of its property, plant and equipment considering the improvements in maintenance periods and the nature of the investments and in this context, revised the useful lives of property, plant and equipment effective from 1 January 2006. As a result of such a revision, the depreciation expense has decreased by approximately 12.500 compared to the amount calculated with the previous useful lives and deferred tax expense has increased by YTL 2.500 in the consolidated statement of income for the period ending 31 December 2006. Consequently, consolidated net income for the period ending 31 December 2006 has increased by YTL 10.000.
- (ii) As of 31 December 2006, although the short-term liabilities of the Company exceed its current assets in the amount of YTL 260.659, the maturities of the short-term liabilities are longer than the maturities of the current assets. While the maturities of trade payables and due to related parties which constitute approximately 79% of the short-term liabilities are shorter than three months on average, the maturities of the significant amount of current assets is one month on average. Furthermore, the Company has a net cash inflow from its operating activities (please refer to the consolidated statements of cash flows).

.....