MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY-30 SEPTEMBER 2007

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2007

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CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2007 AND 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)

	Notes	*30 September 2007 EUR	*30 September 2007 USD	30 September 2007	31 December 2006
ASSETS					
Current assets					
Cash and cash equivalents	4	213.058	302.151	364.031	325.476
Marketable securities (net)	5	95.479	135.404	163.135	159.881
Trade receivables (net)	7	27.701	39.285	47.331	34.263
Finance lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	4.997	7.087	8.538	11.595
Other receivables (net)	10	541	768	925	1.783
Biological assets (net)	11	-	-	-	-
Inventories (net)	12	210.303	298.244	359.324	394.213
Non-current assets held for sale	35	294.714	417.951	503.548	-
Construction contract receivables (net)	13	-	-	-	-
Deferred tax assets	14	-	-	-	-
Other current assets	15	10.053	14.256	17.176	75.595
Total current assets		**856.846**	**1.215.146**	**1.464.008**	**1.002.806**
Non-current assets					
Trade receivables (net)	7	403	572	689	777
Finance lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	-	-	-	-
Other receivables (net)	10	-	-	-	-
Financial assets (net)	16	101.449	143.871	173.336	179.853
Goodwill/negative goodwill (net)	17	137.397	194.851	234.757	235.480
Investment property (net)	18	-	-	-	102.963
Property, plant and equipment (net)	19	444.050	629.734	758.703	1.048.927
Intangible assets (net)	20	105.238	149.244	179.809	180.823
Deferred tax assets	14	-	-	-	-
Other non-current assets	15	3.534	5.012	6.038	38.303
Total non-current assets		**729.071**	**1.123.284**	**1.353.332**	**1.787.126**
Total assets		**1.648.917**	**2.338.430**	**2.817.340**	**2.789.932**

These consolidated interim financial statements have been approved by the Board of Directors on 19 November 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 30 September 2007 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).

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AT 30 SEPTEMBER 2007 AND 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)

	Notes	* 30 September 2007 EUR	* 30 September 2007 USD	30 September 2007	31 December 2006
LIABILITIES					
Current liabilities					
Financial liabilities (net)	6	-	-	-	8.510
Current portion of long-term financial liabilities (net)	6	78.847	111.818	134.718	171.528
Finance lease payables (net)	8	-	-	-	-
Other financial liabilities (net)	10	16.190	22.960	27.662	33.546
Trade payables (net)	7	445.736	632.126	761.585	907.535
Due to related parties (net)	9	47.165	66.887	80.586	62.397
Advances received	21	26.554	37.658	45.371	-
Liabilities associated with non-current assets held for sale	35	184.017	260.965	314.411	-
Construction progress billings (net)	13	-	-	-	-
Provisions	23	5.348	7.584	9.137	7.268
Deferred tax liabilities	14	-	-	-	-
Other current liabilities (net)	15	58.886	83.510	100.613	72.681
Total current liabilities		**862.743**	**1.223.508**	**1.474.083**	**1.263.465**
Non-current liabilities					
Financial liabilities (net)	6	173.339	245.823	296.167	572.060
Finance lease payables (net)	8	-	-	-	-
Other financial liabilities (net)	10	-	-	-	-
Trade payables (net)	7	2.152	3.052	3.677	12.237
Due to related parties (net)	9	-	-	-	-
Advances received	21	-	-	-	-
Provisions	23	7.841	11.120	13.397	11.757
Deferred tax liabilities	14	10.953	15.534	18.715	7.444
Other liabilities (net)	15	-	-	-	-
Total non-current liabilities		**194.285**	**275.529**	**331.956**	**603.498**
Total liabilities		**1.057.028**	**1.499.037**	**1.806.039**	**1.866.963**
MINORITY INTEREST	**24**	**125**	**177**	**213**	**199**
SHAREHOLDERS' EQUITY					
Share capital	**25**	**109.196**	**147.767**	**178.030**	**176.267**
Adjustment to share capital	**25**	**-**	**-**	**-**	**-**
Capital reserves	**26**	**127.389**	**180.658**	**217.657**	**209.477**
Share premium		11.035	15.649	18.854	18.854
Share cancellation gains		-	-	-	-
Revaluation fund		-	-	-	-
Financial assets fair value reserve		13.487	19.128	23.045	14.865
Shareholders' equity restatement differences		102.867	145.881	175.758	175.758
Profit reserves	**27**	**23.375**	**33.150**	**39.939**	**61.816**
Legal reserves		10.820	15.345	18.487	13.410
Statutory reserves		-	-	-	-
Extraordinary reserves		42.544	60.335	72.692	78.608
Special reserves		-	-	-	-
Investment and property sales income to be added to the capital		-	-	-	-
Translation reserve	27	(29.989)	(42.530)	(51.240)	(30.202)
Additional contribution to shareholders' equity related to the merger		**69.895**	**99.122**	**119.422**	**119.422**
Net income for the period		**82.627**	**117.178**	**141.176**	**78.686**
Retained earnings	**28**	**184.282**	**261.341**	**314.864**	**277.102**
Total shareholders' equity		**591.764**	**839.216**	**1.011.088**	**922.770**
Total liabilities and shareholders' equity		**1648.917**	**2.338.430**	**2.817.340**	**2.789.932**

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 30 September 2007 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 interim financial statements

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS 1 JANUARY – 30 SEPTEMBER 2007 AND 2006

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

		*1 January-30 September 2007		1 January-30 Sept.	1 July-30 Sept.	1 January-30 Sept.	1 July-30 Sept.
	Notes	**EUR**	**USD**	**2007**	**2007**	**2006**	**2006**
OPERATING REVENUE							
Sales (net)	33,36	1.899.006	2.693.096	3.244.642	1.216.423	3.110.119	1.125.615
Cost of sales (-)	33,36	(1.436.192)	(2.036.751)	(2.453.878)	(924.243)	(2.301.285)	(824.219)
Service income (net)	36	-	-	-	-	-	-
Other operating income	36	-	-	-	-	-	-
Gross operating profit		**462.814**	**656.345**	**790.764**	**292.180**	**808.834**	**301.396**
Operating expenses (-)	37	(371.279)	(526.534)	(634.368)	(227.745)	(635.276)	(232.280)
Net operating profit	**33**	**91.535**	**129.811**	**156.396**	**64.435**	**173.558**	**69.116**
Other income and gains	38	63.808	90.491	109.023	43.053	112.993	20.948
Other expenses and losses (-)	38	(20.508)	(29.084)	(35.040)	(18.215)	(4.685)	1.112
Financial expenses (net) (-)	39	(31.262)	(44.334)	(53.414)	(16.715)	(157.449)	(7.215)
Operating profit		**103.573**	**146.884**	**176.965**	**72.558**	**124.417**	**83.961**
Share of gain of associates	16	126	179	216	866	2.115	2.445
Monetary gain/loss	40	-	-	-	-	-	-
Minority interest	24	(18)	(26)	(31)	(10)	(3.748)	(10)
Income before tax		**103.681**	**147.037**	**177.150**	**73.414**	**122.784**	**86.396**
Taxes on income	41	(21.902)	(31.062)	(37.423)	(14.652)	(63.625)	(29.158)
Net income from continuing operations		**81.779**	**115.975**	**139.727**	**58.762**	**59.159**	**57.238**
Discontinued operations							
Net income from discontinued operations	35	848	1.203	1.449	3.056	-	-
Net income for the period		**82.627**	**117.178**	**141.176**	**61.818**	**59.159**	**57.238**
Weighted average number (000's) of shares with face value of YKr 1 each				17.803.000	17.803.000	17.803.000	17.803.000
Basic and diluted earnings per share (YKr)	42						
- continuing operations				0,78	0,33	0,33	0,32
- discontinued operations				0,01	0,02	-	-

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY FOR THE INTERIM PERIODS 1 JANUARY – 30 SEPTEMBER 2007 AND 2006

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

	Share capital	Share premium	Financial assets fair value reserve	Shareholder’s equity restatement differences	Legal reserves	Extraordinary reserves	Translation reserve	Additional contribution to shareholder’ equity related to merger	Net income/loss for the period	Retained earnings	Total shareholders’ equity
Balances at 1 January 2006	**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 paid	20.655	-	-	-	-	(20.655)	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	28.219	-	-	-	28.219
Financial assets net fair value gain, net of deferred tax	-	-	1.075	-	-	-	-	-	-	-	1.075
Transfer to share capital due to merger with subsidiary (Note 24)	-	-	-	-	-	-	-	137.334	-	-	137.334
Increase in share capital due to merger with subsidiary	17.912	-	-	-	-	-	-	(17.912)	-	-	-
Purchase of additional shares in subsidiaries	-	-	-	-	-	-	-	-	-	(20.031)	(20.031)
Net income for the period	-	-	-	-	-	-	-	-	59.159	-	59.159
Balances at 30 September 2006	**176.267**	**18.854**	**12.904**	**175.758**	**13.410**	**78.608**	**(18.798)**	**119.422**	**59.159**	**277.102**	**912.686**
Balances at 1 January 2007	**176.267**	**18.854**	**14.865**	**175.758**	**13.410**	**78.608**	**(30.202)**	**119.422**	**78.686**	**277.102**	**922.770**
Transfers	1.763	-	-	-	5.077	-	-	-	(44.602)	37.762	-
Dividends paid	-	-	-	-	-	(5.916)	-	-	(34.084)	-	(40.000)
Currency translation differences	-	-	-	-	-	-	(21.038)	-	-	-	(21.038)
Financial assets net fair value gain, net of deferred tax	-	-	8.180	-	-	-	-	-	-	-	8.180
Net income for the period	-	-	-	-	-	-	-	-	141.176	-	141.176
Balances at 30 September 2007	**178.030**	**18.854**	**23.045**	**175.758**	**18.487**	**72.692**	**(51.240)**	**119.422**	**141.176**	**314.864**	**1.011.088**

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS 1 JANUARY – 30 SEPTEMBER 2007 AND 2006

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

	Notes	*30 September 2007 EUR	*30 September 2007 USD	1 January- 30 September 2007	1 January- 30 September 2006
Operating activities:					
Net income for the period from continuing operations		81.779	115.975	139.727	45.956
Adjustments to reconcile net income to net cash provided by operating activities:					
Minority interest	24	18	26	31	3.748
Share of loss of associates	16	(126)	(179)	(216)	(2.115)
Depreciation and amortisation	18, 19, 20	41.449	58.781	70.819	64.300
Employment termination benefits-net	23	3.787	5.370	6.470	1.853
Taxation expense	41	21.903	31.062	37.423	57.950
Interest income	38	(21.398)	(30.346)	(36.561)	(51.479)
Interest expense	39	30.141	42.745	51.499	76.084
(Gain)/loss on sale of property, plant and equipment-net	38	(2.490)	(3.531)	(4.254)	251
Impairment loss of property, plant and equipment	38	-	-	-	25
Unrealized foreign currency (gain)/loss		(34.987)	(49.617)	(59.779)	68.215
Cash flows from operating activities before changes in operating assets and liabilities		**120.074**	**170.285**	**205.159**	**264.788**
Trade receivables		(12.406)	(17.594)	(21.197)	(17.454)
Due from related parties		1.789	2.537	3.057	(4.833)
Inventories		1.252	1.776	2.140	(59.250)
Other current assets and other receivables		4.450	6.311	7.604	4.949
Other non-current assets		(1.009)	(1.431)	(1.724)	(3.519)
Short and long-term trade payables		(23.709)	(33.624)	(40.510)	52.058
Due to related parties		10.646	15.097	18.189	17.129
Other current liabilities		49.597	70.337	84.742	22.779
Interest paid		(31.288)	(44.372)	(53.459)	(71.432)
Employment termination benefits paid		(2.827)	(4.009)	(4.830)	(3.817)
Income taxes paid		(2.868)	(4.067)	(4.900)	(23.151)
Net cash provided by operating activities regarding continuing operations		**113.702**	**161.248**	**194.271**	**178.247**
Net cash (used in)/provided by operating activities regarding discontinued operations		**(3.242)**	**(4.597)**	**(5.539)**	**53.594**
Investing activities:					
Purchase of property, plant and equipment	19	(69.895)	(99.123)	(119.423)	(85.841)
Proceeds from sale of property, plant and equipment		8.965	12.713	15.317	975
Acquisition of associate	16	(826)	(1.172)	(1.412)	(4.985)
Changes in financial assets-net		1.600	2.268	2.733	(41.389)
Cash outflow due to additional purchase of subsidiary shares	32	-	-	-	(37.557)
Purchase of other intangible assets	20	(727)	(1.032)	(1.243)	(875)
Interest received		21.423	30.381	36.603	49.248
Net cash used in investing activities from continuing operations		**(39.462)**	**(55.964)**	**(67.425)**	**(120.424)**
Net cash used in investing activities from discontinued operations		**(20.386)**	**(28.911)**	**(34.832)**	**(63.730)**
Financing activities:					
Decrease in bank borrowings		(22.715)	(32.213)	(38.810)	(2.235)
Dividends paid		(23.411)	(33.201)	(40.000)	-
Net cash used in by financing activities from continuing operations		**(46.125)**	**(65.413)**	**(78.810)**	**(2.235)**
Net cash used in by financing activities from discontinued operations		**15.613**	**22.142**	**26.677**	**6.427**
Effects of exchange rate differences		(1.023)	(1.451)	(1.748)	908
Net increase in cash and cash equivalents		19.076	27.053	32.594	52.787
Cash and cash equivalents at the beginning of the period	4	**202.277**	**286.862**	**345.611**	**320.959**
Cash and cash equivalents at the end of the period	4	**221.354**	**313.915**	**378.205**	**373.746**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

The Company is mainly engaged in the retail sales of food and beverages, and consumer and durable goods through its Migros, Şok, Tansaş and Macrocenter stores, shopping centres, Ramstores abroad and 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 (altogether referred to as the "Group") in the first nine-month period of 2007 is 18.311 (30 September 2006: 17.522). The Group is operating in 973 (31 December 2006: 878) supermarkets with a net retail space of 714.098 (31 December 2006: 693.289) square meters as of 30 September 2007. Retail is the main business segment of the Group and constitutes almost 96,8% (30 September 2006: 95,6%) 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).

The Company and the main shareholder Koç Holding A.Ş, acquired the majority the shares of Tansaş Perakende Mağazacılık Ticaret A.Ş. ("Tansaş") on 10 November 2005 and Tansaş became a subsidiary of the Company. Tansaş was incorporated on 15 December 1986 and has been operating in the retail and shopping sector with Tansaş and Macrocenter brands through 227 stores on 30 June 2006 and 18,29% of Tansaş shares were 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.

(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 interim financial statements, their respective geographical segments are as follows (see also Note 2 Basis of Consolidation):

Subsidiary	**Country of incorporation**	**Geographical segment**	**Nature of business**
Ramstore Sınırlı Sorumlu Türk Gıda Müessesesi ("Ramstore Azerbaijan")	Azerbaijan	Azerbaijan	Retail
Ramstore Bulgaria A.D. ("Ramstore Bulgaria") (***)	Bulgaria	Bulgaria	Non-active (2006: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.
(***) Ramstore Bulgaria closed down its three stores and stopped its retailing operations in the first half of 2007.

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

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

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 interim financial statements, its respective geographical segment is as follows:

Joint-venture	Joint-venture Partner	Country of incorporation	Geographical segment	Nature of business
Limited Liability Company Ramenka ("Ramenka")	ENKA Holding Investment S.A., Entrade GmBH	Russian Federation	Russian Federation	Retail Sales and Shopping Mall Management

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.

The Group signed a share transfer agreement dated 11 September 2007 with Enka Holding Investment S.A. regarding the sale of all its shares in Ramenka, a joint-venture where the Group held 50% controlling interest, against USD 542.5 million (Note 35).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Financial reporting standards

The consolidated interim 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 Financial Reporting 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 Financial Reporting 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 Financial Reporting 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 period 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 interim 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 interim financial statements are prepared in YTL under the historical cost convention, other than financial assets and liabilities which are presented by their fair values.

(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)

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 interim 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.

Basis of consolidation

a) The consolidated interim financial statements include the accounts of the parent company, Migros, and its Subsidiaries, the Joint-venture and its Associates on the basis set out in sections (b), to (f) 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 acquisition 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:

	Direct and indirect shareholding by Migros and its Subsidiaries (%)	
Subsidiary	30 September 2007	31 December 2006
Ramstore Azerbaijan (1), (4)	100,00	100,00
Ramstore Bulgaria (1), (5)	99,99	99,99
Ramstore Kazakhstan (1), (4)	100,00	100,00
Ramstore Macedonia (1)	99,00	99,00
Ramstore Bishkek (1), (2)	100,00	100,00
Şok Marketler (3)	99,60	99,60
Sanal Merkez (3)	69,99	69,99

(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)

(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.

(2) 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.

(3) Şok Marketler and Sanal Merkez are excluded from the scope of consolidation on the grounds of materiality. These Subsidiaries have been classified and accounted for as financial assets in the consolidated financial statements (Note 16).

(4) Migros' share in Ramstore Kazakhstan and Ramstore Azerbaijan rose to 100% as of 14 July 2006 and 17 July 2006, respectively.

(5) Ramstore Bulgaria closed down its three stores and stopped its retailing operations as of March 2007.

c) 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:

	Direct and indirect shareholding by Migros and its Subsidiaries (%)	
Joint-venture	30 September 2007	31 December 2006
Ramenka	50,00	50,00

The Group signed a share transfer agreement dated 11 September 2007 with Enka Holding Investment S.A. regarding the sale of all its shares in Ramenka, a joint-venture where the Group held 50% controlling interest, against USD 542.5 million. Therefore, IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" was applied to Ramenka's accounting as of 30 September 2007 (Note 35).

(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. (Note 16)

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

	Proportion of ownership interest (%)	
Associate	30 September 2007	31 December 2006
Tanı Pazarlama ve İletişim Hizmetleri A.Ş. (“Tanı Pazarlama”)	32,00	32,00
Harranova Besi ve Tarım Ürünleri A.Ş. (“Harranova Besi”)	-	50,00

The Group sold all its shares in Harranova Besi, an associated company where the Group held 50% interest, to Tat Konserve Sanayi A.Ş. on 28 September 2007 against YTL 5.500.

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

Comparative information and restatement of prior period’ financial statements

In order to determine the financial status and performance trends, the financial statements of the Group have been prepared in comparison with the financial statements from previous periods. The Group prepared its consolidated balance sheet as of 30 September 2007 in comparison with the consolidated balance sheet prepared as of 31 December 2006; prepared the consolidated income statement, consolidated equity capital variation statement and consolidated cash flow statement pertaining to interim fiscal period between 1 January - 30 September 2007 in comparison with the interim fiscal period between 1 January - 30 June 2006. There is no amendment for the financial statements of the previous period that could affect the profit & loss or the loss from the previous years.

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

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 1,2048=USD 1,00 for purchases of USD and YTL 1,7086=EUR 1,00 for purchases of Euro at 30 September 2007. Therefore, USD and Euro amounts do not form part of the consolidated financial statements prepared in accordance with CMB Accounting Standards at 30 September 2007. 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.

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).

(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)

Property, plant and equipment

Property, plant and equipment are carried at the beginning cost restated to the equivalent purchasing power at 31 December 2004 and the acquisition value of current period additions less accumulated depreciation and,if any, impairment value (Note 19). Depreciation is provided over the economic useful lives for property, plant and equipment on a straight-line basis.

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

	New Useful Lives (Years) effective from 1 January 2006	Prior Useful Lives (Years) 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.

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).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Impairment of assets

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

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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". Besides, UMS 23 was re-drawn up by IASB on 29 March 2007. The revised UMS 23 shall be effective as of 1 January 2009, but the right of voluntarily putting it into force early is reserved. As per revised UMS 23, if they are associated with the acquisition or construction of the qualifying assets, the financing costs stemming from the loans are included in the cost of the qualifying assets. Other credit costs are entered into the income statements during the period when they occur.

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.

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest rate risk

The Group management uses its short term assets giving rise to interest in the forward investment instruments within the framework of the principle of management through natural precautions that come into being by balancing the maturity of the assets and liabilities that are sensitive to the interest ratio.

Liquidity and Funding risk

Prudent liquidity risk management means holding enough cash and securities, credit transactions in enough amount, usability of the fund resources, and power of closing the market positions.

The funding risk of the current and future debt requirements is managed through rendering the availability of the qualified lenders in enough number constant.

As of 30 September 2007, the Group's financial debt with a maturity longer than 1 year is 296.167 YTL (31 December 2006: 572.060) (Note 6). As of 30 September 2007, the Group's financial asset with a maturity longer than 1 year is the forward deposit that will be held until the maturity amount of 123.083 YTL (31 December 2006: 132.226 YTL) (Note 16).

Foreign currency risk

Due to Group's financial borrowing in foreign exchange, the Group is exposed to foreign currency rate risk arising out of rate changes due to conversion of the amounts due payable into YTL (Note 29). The said foreign currency risk is followed through foreign currency position and limited.

If, as of 30 September 2007, USD had gained/lost value against YTL by 10% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference/loss arising out of assets and liabilities expressed in USD would have been lower in the amount of 29.161 YTL.

If, as of 30 September 2007, Euro had gained/lost value against YTL by 10% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference/loss arising out of assets and liabilities expressed in Euro would have been lower in the amount of 11.422 YTL.

Capital risk management

In the course of capital management, the target of the Group is providing return to its partners and benefit to its other shareholders, and to maintain the Group's ability to run its operations in order to pursuit the most suitable capital structure for the purpose of reducing the capital cost.

In order to protect the capital structure or re-arrange it, Group determines the amount of dividend to be paid to the shareholders, and may issue new shares and sell its assets to reduce the borrowing.

The Group carries out financial risk analysis by following its capital risk management on a monthly basis under the sub-titles of general financial situation, short term balance sheet liquidity and net financial debt level.

(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)

The ratio of net debt/(equity capital+net debt) is as follows as of 30 September 2007 and 31 December 2006 :

	30 September 2007	**31 December 2006**
Total liabilities	1.806.039	1.866.963
Cash and cash equivalents	(364.031)	(325.476)
Marketable Securities	(163.135)	(159.881)
Deferred tax liabilities	(18.715)	(7.444)
Net debt	1.260.158	1.374.162
Shareholders' Equity	1.011.088	922.770
Shareholders' Equity +net debt	2.271.246	2.296.932
Net debt / (Shareholders' equity+net debt) ratio	55%	60%

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:

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

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

The reasonable value of the long term borrowings are the values discounted over market interest ratios and are detailed out in the Note 6.

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 interim 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. (Note 34)

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 period' 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 period if the change affects both.

The Group 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 tangible assets which were owned by Tansaş, the Subsidiary acquired in the year 2005. As of 30 September 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. (Note 19)

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.

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 of the parent company, subsidiaries and joint venture's solo 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 Group arising from the retirement of the employees in accordance with the Turkish Labour Law and calculated by applying actuarial valuation methods. (Note 23).

(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 Group generated from retailing activities.

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

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

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

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

	30 September 2007	31 December 2006
Cash	20.242	23.996
Banks		
-demand deposits	42.855	81.571
-time deposits	119.196	25.206
Cheques in collection	130	321
Other cash and cash equivalents	181.608	194.382
	364.031	**325.476**

Weighted average effective interest rates on YTL and USD denominated time deposits, with details as disclosed in Note 29, are 18,63% (31 December 2006: 18,7%), and 5,39% (31 December 2006: 5,4%), respectively. Weighted average effective interest rates on EUR denominated time deposits, with details as disclosed in Note 29, is 4,45% (31 December 2006: 3,87%). Other cash and cash equivalents mainly include receivables on credit card slips with a maturity of less than one month (31 December 2006: less than one month).

The analysis of time deposits by maturity at 30 September 2007 and 31 December 2006 is as follows:

	30 September 2007	31 December 2006
1 - 30 days	117.597	22.426
31- 90 days	1.599	2.780
	119.196	**25.206**

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

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

The analysis of cash and cash equivalents in terms of consolidated cash flows at 30 September 2007 and 2006 is as follows:

	30 September 2007	30 September 2006
Cash and cash equivalents	364.031	361.908
Marketable securities with a maturity less than 3 months (Note 5)	14.174	11.838
	378.205	**373.746**

NOTE 5 - MARKETABLE SECURITIES

	30 September 2007	31 December 2006
Available-for-sale investments	120.723	135.075
Held-to-maturity time deposits	42.412	24.806
Total financial assets	**163.135**	**159.881**

Available-for-sale investments

	30 September 2007		31 December 2006	
	Weighted average effective. ınterest rate p.a.	Amount	Weighted average effective ınterest rate p.a.	Amount
Treasury bills and government bonds	20,58%	91.790	20,28%	100.770
Eurobond (USD)	10,69%	28.089	10,70%	33.356
Eurobond (Euro)	5,50%	844	5,50%	949
		120.723		**135.075**

Held-to-maturity time deposits:

	30 September 2007			31 December 2006		
	USD	Euro	YTL	USD	Euro	YTL
	33.442	1.241	42.412	16.213	1.089	24.806
			42.412			**24.806**

Weighted average effective interest rates p.a. on USD and EUR denominated held-to-maturity time deposits are 7,40% (31 December 2006: 7,72%) and 6,45% (31 December 2006: 8,56%) respectively.

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

NOTE 5 - MARKETABLE SECURITIES (Continued)

The analysis of debt securities by maturity at 30 September 2007 and 31 December 2006 is as follows:

	30 September 2007	31 December 2006
Period remaining to maturity:		
1-30 days	2.866	4.646
31-90 days	11.308	15.489
91-180 days	9.585	32.818
181 days-1 year	57.435	59.296
Over 1 year	81.941	47.632
	163.135	**159.881**

NOTE 6 - FINANCIAL LIABILITIES

	30 September 2007			
	Weighted average effective interest rates p.a.	USD	Euro	YTL
Current portion of long-term bank borrowings				
With fixed interest rates	7,15%	1.751	142	2.353
With floating interest rates	6,82%	79.403	21.480	132.365
Current portion of long-term bank borrowings		**81.154**	**21.622**	**134.718**
Long-term bank borrowings				
With fixed interest rates	7,15%	1.736	1.116	3.998
With floating interest rates	6,82%	169.268	51.642	292.169
Long-term bank borrowings		**171.004**	**52.758**	**296.167**
Total bank borrowings		**252.158**	**74.380**	**430.885**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

	31 December 2006			
	Weighted average effective interest rates p.a.	**USD**	**Euro**	**YTL**
Short-term bank borrowings				
With fixed interest rates	8,16%	5.000	-	7.028
With floating interest rates	3,78%	-	800	1.482
Short-term bank borrowings		**5.000**	**800**	**8.510**
Current portion of long-term bank borrowings				
With fixed interest rates	7,60%	1.718	124	2.644
With floating interest rates	7,21%	90.685	22.370	168.884
Current portion of long-term bank borrowings		**92.403**	**22.494**	**171.528**
Long-term bank borrowings				
With fixed interest rates	7,60%	2.663	1.116	5.810
With floating interest rates	7,21%	315.117	66.606	566.250
Long-term bank borrowings		**317.780**	**67.722**	**572.060**
Total bank borrowings		**415.183**	**91.016**	**752.098**

The redemption schedule of long-term bank borrowings at 30 September 2007 is as follows:

	USD	**Euro**	**YTL**
1 October 2008 - 30 September 2009	78.603	21.150	130.837
1 October 2009 - 30 September 2010	70.397	21.150	120.950
1 October 2010 - 30 September 2011	11.066	7.032	25.347
1 October 2011 - 30 September 2012	10.938	2.806	17.974
1 October 2012 and after	-	620	1.059
	171.004	**52.758**	**296.167**

As of 30 September 2007, fair value of bank borrowings is YTL 434.370. (31 December 2006: YTL 755.282)

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	30 September 2007	31 December 2006
Receivables from tenants and wholesale activities	46.819	34.041
Doubtful trade receivables	5.838	6.871
Notes receivable	1.279	-
Other	2	2
	53.938	40.914
Less: Provision for doubtful receivables	(5.698)	(6.651)
Unearned financial income on term sales	(909)	-
Short-term trade receivables, net	**47.331**	**34.263**

The maturities of trade receivables are generally less than one month (31 December 2006: Less than one month) and they are discounted with the annual rate of 5,36% (31 December 2006: none) as of 30 September 2007.

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 period reported is as follows:

	30 September 2007	30 September 2006
1 January	**6.651**	**6.322**
Current year provision	1.412	528
Transfer to non-current assets held for sale	(2.122)	-
Collections and reversal of provisions	(155)	(874)
Currency translation difference	(88)	258
30 September	**5.698**	**6.234**

	30 September 2007	31 December 2006
Deposits and guarantees given	689	777
Long-term trade receivables	**689**	**777**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade payables:

	30 September 2007	31 December 2006
Trade payables	776.709	921.418
Less: Unincurred financial expense on due date purchases	(15.124)	(13.883)
Short-term trade payables, net	**761.585**	**907.535**

The maturity of trade payables is generally less than three months (31 December 2006: less than three months) and they are discounted with annual rate of 16,40% as of 30 September 2007 (31 December 2006: annual rate of 18,48%).

	30 September 2007	31 December 2006
Deposits and guarentees received	3.677	8.019
Trade payables	-	5.059
	3.677	**13.078**
Less: Unincurred financial expense on due date purchases	-	(841)
Long-term trade payables	**3.677**	**12.237**

NOTE 8 - FINANCE LEASE RECEIVABLES AND PAYABLES

None (31 December 2006: None).

(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

Due from related parties:	**30 September 2007**	**31 December 2006**
Sanal Merkez T.A.Ş.	5.450	3.232
Palmira Turizm Tic. A.Ş.	1.913	1.551
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	404	2.240
Ford Otosan San. A.Ş.	-	2.274
Other	771	2.298
	8.538	**11.595**

Due to related parties:

Due to shareholders:	**30 September 2007**	**31 December 2006**
Koç Holding A.Ş.	685	461
Dividend liabilities to other shareholders	46	42
	731	**503**
Due to group companies:		
Düzey Tüketim Mal. San. Paz. ve Tic. A.Ş.	25.078	16.161
Zer Merkezi Hizmetler ve Tic. A.Ş.	19.840	15.684
Ark İnşaat San. ve Tic. A.Ş.	12.305	-
Tat Konserve Sanayi A.Ş.	11.318	10.893
Türk Demirdöküm Fabrikaları A.Ş.	6.358	4.827
Palmira Turizm Tic. A.Ş.	2.277	2.896
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	447	1.457
Ram Sigorta Aracılık Hizmetleri A.Ş.	20	4.614
Entek Elektrik Üretimi A.Ş.	2	2.198
Other	2.210	3.164
	79.855	**61.894**
Total due to related parties	**80.586**	**62.397**

(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)

Bank balances:	**30 September 2007**	**31 December 2006**
Yapı ve Kredi Bankası A.Ş. ("Yapı ve Kredi")		
- demand deposit	1.896	11.424
- time deposit	44.123	10.206
- other cash and cash equivalents (credit card slip receivables)	83.926	59.251
Koçbank Nederland N.V.		
- time deposit	9.859	11.086
Yapı ve Kredi Bankası Moscow		
- demand deposit	1.770	793
Yapı Kredi Bankası Azerbaijan		
- demand deposit	1.791	1.290
	143.365	**94.050**

Borrowings:	**30 September 2007**	**31 December 2006**
Yapı ve Kredi Bankası Moscow	3.012	4.568
Koçbank Nederland N.V.	9.755	11.086
Yapı ve Kredi Bankası A.Ş.	-	134.647
	12.767	**150.301**

Significant transactions with related parties

Sales of goods	**1 January- 30 September 2007**	**1 July- 30 September 2007**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Sanal Merkez T.A.Ş.	14.147	5.228	10.454	3.588
Tat Konserve Sanayi A.Ş.	11.373	3.918	15.460	3.080
Palmira Turizm Tic. A.Ş.	6.592	2.057	6.566	2.060
Other	6.070	3.917	6.008	3.656
	38.182	**15.120**	**38.488**	**12.384**

Purchases of property, plant and equipment	**1 January- 30 September 2007**	**1 July- 30 September 2007**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Ark İnşaat San. ve Tic. A.Ş.	30.243	12.143	4.865	1.559
Koç Sistem Bilgi ve İlet. Hizm. A.Ş.	2.879	586	1.324	693
Koçnet Haberleşme Tekn. A.Ş.	1.323	1.088	820	217
Koçtaş Yapı Marketleri Tic. A.Ş.	120	25	5.301	573
Other	24	17	41	23
	34.589	**13.859**	**12.351**	**3.065**

(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)

Inventory purchases	**1 January- 30 Septembe 200**	**1 July- 30 Septembe 200**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Tat Konserve Sanayi A.Ş	79.049	32.717	68.838	26.201
Düzey Tük. Mal. San. Paz. ve Tic. A.Ş.	64.492	25.935	61.389	23.972
Palmira Turizm Tic. A.Ş.	8.793	3.382	6.991	2.135
Türk Demir Döküm Fabrikaları A.Ş.	7.779	2.963	7.275	739
Ram Pasific Ltd.	5.504	2.183	3.686	1.580
Other	5.691	1.475	4.299	551
	171.308	**68.655**	**152.478**	**55.178**

Service purchases	**1 January- 30 Septembe 200**	**1 July- 30 Septembe 200**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Zer Merkezi Hizmetler ve Tic. A.Ş. (*)	125.421	46.107	74.883	32.842
Entek Elektrik Üretimi A.Ş.	18.746	5.379	12.321	6.174
Eltek Elektrik Enerjisi İth. İhr. ve Tic. A.Ş.	9.078	2.483	3.712	3.712
Koçnet Haberleşme Tekn. ve İlet. Hizm. A.Ş.	3.182	1.120	2.045	667
Koç Holding A.Ş.	1.479	493	4.479	976
Other	9.085	3.179	6.365	2.082
	166.991	**58.761**	**103.805**	**46.453**

(*) Major services purchased from Zer Merkezi Hizmetler ve Tic. A.Ş. are transportation, porterage, advertisement, security and warehouse management services.

Interest Income	**1 January- 30 Septembe 200**	**1 July- 30 Septembe 200**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Yapı ve Kredi	11.625	7.601	11.234	5.797
Other	553	202	715	326
	12.178	**7.803**	**11.949**	**6.123**

(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)

Interest Expense	**1 January- 30 Septembe 200**	**1 July- 30 Septembe 200**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Yapı ve Kredi	2.293	48	8.095	2.766
Other	571	200	980	609
	2.864	**248**	**9.075**	**3.375**

Dividends paid	**1 January- 30 Septembe 200**	**1 July- 30 Septembe 200**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Koç Holding A.Ş.	20.332	-	-	-

Other related party transactions are as follows:

	1 January- 30 Septembe 200	**1 July- 30 Septembe 200**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Rent income	1.071	418	960	348
Rent expense	2.924	1.403	2.245	790
Management fee received	308	105	485	107
Donations	141	-	1	1
Dividends received	462	462	-	-

	1 January- 30 Septembe 200	**1 July- 30 Septembe 200**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Salaries and other benefits provided to the Board of Directors and the key management of Migros	5.124	873	3.119	866

(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

	30 September 2007	31 December 2006
Receivables from personnel	925	1.783
	925	**1.783**

Other Payables

	30 September 2007	31 December 2006
T. Garanti Bankası A.Ş. ("Garanti Bankası")		
-Credit card collection account	27.662	33.546
	27.662	**33.546**

As of 30 September 2007, 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

	30 September 2007	31 December 2006
Raw materials	2.398	3.463
Work in process	1.939	977
Finished goods and merchandise stocks	352.919	390.179
Advances given	637	128
Other	1.431	1.017
	359.324	395.764
Less: Provision for diminution in net realisable value	-	(1.551)
	359.324	**394.213**

Cost of inventory included in the cost of sales for the interim period 1 January-30 September 2007 is YTL 2.426.603 (30 September 2006: YTL 2.277.387)

NOTE 13 - RECEIVABLES RELATING TO CONSTRUCTION CONTRACTS AND PROGRESS BILLINGS

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

(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 Financial Reporting 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 Turkey, Russian Federation, Kazakhstan, Bulgaria and Azerbaijan are 20%, 24%, 30%, 10% and 22% respectively as of 30 September 2007 and 31 December 2006.

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 30 September 2007 and 31 December 2006 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		**Deferred tax assets/(liabilities)**	
	30 Sept. 2007	**31 December 2006**	**30 Sept. 2007**	**31 December 2006**
Carry forward tax losses	-	136.122	-	27.224
Unrealised financial cost	9.277	14.843	1.855	2.969
Provision for expenses and other provisions	5.295	10.515	1.059	2.230
Provision for employment termination benefits	13.397	11.757	2.679	2.350
Net difference between the tax base and the carrying value of inventories	6.093	1.200	1.224	247
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	(104.958)	(170.757)	(21.109)	(37.512)
Allowance for unincurred interest expense	(15.124)	(14.724)	(3.025)	(2.945)
Deferred prepaid expenses	(1.431)	(3.350)	(286)	(733)
Adjustment for fair value of financial assets	(22.352)	(15.406)	(1.681)	(1.520)
Other	2.436	1.304	569	246
Deferred tax assets			7.386	35.266
Deferred tax liabilities			(26.101)	(42.710)
Deferred tax liabilities-net			**(18.715)**	**(7.444)**

(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:

	2007	2006
1 January	**(7.444)**	**61.609**
Current period deferred tax expense (Note 41)	(29.676)	(56.174)
Transfer to non-current assets held for sale	18.201	-
Current period associated amount in shareholders' equity (Note 3- Financial Instruments)	(161)	686
Foreign currency translation difference	365	(4.151)
30 September	**(18.715)**	**1.970**

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

Other current assets

	30 September 2007	31 December 2006
Prepaid expenses	11.365	27.553
Migros Club discount cheques	3.608	5.522
Deductible taxes and funds	252	6.736
Value Added Tax ("VAT") receivables	23	34.682
Prepayments for land leases	-	431
Other	1.928	671
	17.176	**75.595**

Prepaid expenses mainly consist of insurance premium and store rentals.

Other non-current assets

	30 September 2007	31 December 2006
Prepaid expenses	6.038	10.227
Prepayments for land leases	-	25.884
VAT receivables	-	2.192
	6.038	**38.303**

(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 short-term liabilities

	30 September 2007	31 December 2006
Expense accruals	41.225	10.541
VAT payable	19.893	1.406
Payables to personnel	18.569	19.689
Other taxes and funds payable	11.909	22.845
Merchandise coupons	4.182	4.933
Deferred income	1.447	11.944
Other	3.388	1.323
	100.613	**72.681**

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

NOTE 16 - FINANCIAL ASSETS

	30 September 2007	31 December 2006
Held-to-maturity time deposits	123.083	132.226
Available-for-sale investments	48.524	38.926
Associates	1.729	8.701
Total financial assets	**173.336**	**179.853**

	30 September 2007			31 December 2006		
	ABD Doları	**Euro**	**YTL**	**ABD Doları**	**Euro**	**YTL**
	95.738	4.529	123.083	87.619	4.898	132.226
			123.083			**132.226**

Weighted average effective interest rates p.a. on Euro and USD denominated held-to-maturity time deposits are 7,40% (31 December 2006: 7,72%) and 6,45%, respectively (31 December 2006: 8,56%).

(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:

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

	30 September 2007	31 December 2006
1-2 years	52.094	45.658
2-3 years	44.008	43.784
3-4 years	11.651	39.768
4 years and over	15.330	3.016
	123.083	**132.226**

Available-for-sale investments:

	30 September 2007		31 December 2006	
	Share	Amount	Share	Amount
Quoted:				
Tat Konserve San. A.Ş.("Tat Konserve")	2,87%	11.860	2,87%	6.269
Unquoted:				
Koç Finansal Hizmetler A.Ş. ("KFS")	0,37%	32.014	0,37%	28.007
Koçtaş Yapı Marketleri A.Ş. ("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
		48.524		**38.926**

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. 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.

(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)

Associates:

	30 September 2007		31 December 2006	
	Share	**Amount**	**Share**	**Amount**
Tanı Pazarlama	32,00%	1.729	32,00%	2.166
Harranova Besi	-	-	50,00%	6.535
		1.729		**8.701**

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

	30 September 2007	**31 December 2006**
Total Assets	7.524	10.155
Total Liabilities	1.036	3.387

	1 January- 30 September 2007	**1 January- 30 September 2006**
Net sales	5.879	6.134
Net loss for the period	1.365	1.474

The shares in Harrranova Besi that the Group purchased on 30 June 2006 and included in its consolidated financial statements using shareholder's equity method were sold to Tat Konserve on 28 September 2007 against YTL 5.500. A loss of YTL 1.688 arising from such sale was recognized under other operating expenses and losses (Note 38).

The financial information for Harranova Besi that the Group has sold as of 28 September 2007 is as follows:

	30 September 2007	**31 December 2006**
Total Assets	-	56.765
Total Liabilities	-	47.619

	1 January- 30 September 2007	**1 January- 30 September 2006**
Net sales	-	23.203
Net loss for the period	-	(5.309)

(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:

	2007	2006
1 January	**179.853**	**182.660**
Additions to held-to-maturity time deposits-net	8.463	18.132
Short-term portion of held-to-maturity time deposits (Note 5)	(17.606)	(11.837)
Capital increase in associates	1.412	-
Increase in the fair value of available-for-sale investments - net	8.186	1.983
Sale of associate	(7.188)	-
Share profit of associates-net	216	2.115
Acquisition of associate	-	2.528
Sale of available - for-sale-investments	-	(23)
30 September	**173.336**	**195.558**

(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

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

	Opening 1 January 2006	**Additions**	**Transfers**	**Closing 30 September 2006**
Goodwill	175.812	2.457	62.262 (*)	240.531
Accumulated amortisation	(2.594)	-	-	(2.594)
Net book value	**173.218**	**-**	**62.262**	**237.937**

(*) 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 Group 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 Group 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 interim financial statements of 1 January-30 September 2006 rather than the consolidated financial statements as of 31 December 2005.

Details of goodwill related to purchase of subsidiary (Tansaş) in year 2005 are as follows:

Cash paid	476.080
Less: Fair value of total identifiable assets, liabilities and contingent liabilities	(243.516)
Goodwill	**232.564**

(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 1 January 2007	Additions	Effect of changes in foreign exchange rates	Transfers to non-current assets held for sale	Closing 30 September 2007
Cost					
Land and Buildings	110.266	-	(10.518)	(99.748)	-
Accumulated depreciation					
Land and Buildings	(7.303)	-	697	6.606	-
Net book value	**102.963**				**-**

	Opening 1 January 2006	Additions	Effect of changes in foreign exchange rates	Closing 30 September 2006
Cost				
Land and Buildings	60.310	-	12.012	73.322
Accumulated depreciation				
Land and Buildings	(4.930)	(1.107)	(982)	(7.019)
Net book value	**55.380**			**65.303**

Investment property owned by the Group 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 230.466 (30 September 2006: 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. Investment property owned by the Group has been classified as non-current assets held for sale in accordance with IFRS 5 as a result of sale of all the shares of the Group in Ramenka (Note 35).

(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 1 January 2007	Additions	Disposals	Impairment loss	Transfers	Transfers to non-current assets held for sale	Effect of changes in foreign exchange rates	Closing 30 September 2007
Cost								
Land and buildings	547.235	2.140	(12.678)	-	647	(238.049)	(29.175)	270.120
Leasehold improvements	460.127	16.338	(134)	(26)	27.574	-	(16)	503.863
Machinery and equipment	458.570	19.690	(5.352)	-	13.453	(45.280)	(6.370)	434.711
Furniture and fixtures	178.805	5.714	(1.338)	-	6.176	(29.088)	(3.624)	156.645
Motor vehicles	2.035	43	(610)	-	-	-	(44)	1.424
Construction in progress	35.434	59.007	(21)	-	(37.427)	(24.331)	(2.567)	30.095
Advances given	5.004	16.491	-	-	(10.423)	(3.521)-	-	7.551
	1.687.210	**119.423**	**(20.133)**	**(26)**	**-**	**(340.269)**	**(41.796)**	**1.404.409**
Accumulated depreciation								
Buildings	(61.228)	(3.423)	2.892	-	-	17.169	2.433	(42.157)
Leasehold improvements	(198.031)	(35.902)	82	26	-	-	10	(233.815)
Machinery and equipment	(298.421)	(22.255)	4.430	-	(18)	19.017	2.865	(294.382)
Furniture and fixtures	(79.451)	(7.040)	1.143	-	18	9.572	1.247	(74.511)
Motor vehicles	(1.152)	(224)	525	-	-	-	10	(841)
	(638.283)	**(68.844)**	**9.072**	**26**	**-**	**45.758**	**6.565**	**(645.706)**
Net book value	**1.048.927**							**758.703**

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

NOT 19- PROPERTY, PLANT AND EQUIPMENT (Continued)

.	Opening 1 January 2006	Additions	Disposals	Impairment loss	Transfers	Adjusments(*)	Effect of changes in foreign exchange rates	Closing 30 September 2006
Cost								
Land and buildings	452.997	1.918	(856)	-	8.535	-	41.167	503.761
Leasehold improvements	415.122	20.390	-	(148)	7.575	(2.601)	93	440.431
Machinery and equipment	405.629	10.964	(1.401)	-	12.218	2.879	8.613	438.902
Furniture and fixtures	144.805	10.516	(618)	-	10.405	837	4.773	170.718
Motor vehicles	2.862	116	(737)	-	42	-	15	2.298
Construction in progress	39.557	95.945	(333)	-	(36.292)	-	7.233	106.110
Advances given	11.784	9.714	-	-	(2.483)	-	2.163	21.178
	1.472.756	**149.563**	**(3.945)**	**(148)**	**-**	**1.115**	**64.057**	**1.683.398**
Accumulated Depreciation								
Buildings	(49.340)	(6.780)	43	-	-	66	(3.503)	(59.514)
Leasehold improvements	(164.502)	(32.368)	-	124	-	3.087	74	(193.585)
Machinery and equipment	(262.464)	(24.060)	1.014	-	-	(3.918)	(3.895)	(293.323)
Furniture and fixtures	(65.582)	(9.775)	232	-	-	(589)	(1.260)	(76.974)
Motor vehicles	(1.611)	(374)	692	-	-	(27)	(12)	(1.332)
	(543.499)	**(73.357)**	**1.981**	**124**	**-**	**(1.381)**	**(8.596)**	**(624.728)**
Net book value	**929.257**					**(266)**		**1.058.670**

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

(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)

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

Leased assets included in property, plant and equipment where the Group is under a finance lease, comprise machinery and equipment with net book values as stated below:

	30 September 2007	31 December 2006
Net book value	17.912	24.700

NOTE 20 - INTANGIBLE ASSETS

Cost	Opening 1 January 2007	Additions	Disposals	Effect of changes in foreign exchange rates	Transfers to non-current assets held for sale	Closing 30 September 2007
Trademark (Tansaş) (*)	174.158	-	-	-	-	174.158
Rights	16.328	1.243	(53)	(201)	(648)	16.669
Other intangible assets	88	-	-	-	-	88
Accumulated amortisation	(9.751)	(1.975)	48	110	462	(11.106)
Net book value	**180.823**					**179.809**

Cost	Opening 1 January 2006	Additions	Disposals	Effect of changes in foreign exchange rates	Closing 30 September 2006
Trademark (Tansaş) (*)	174.158	-	-	-	174.158
Rights	13.873	988	(144)	437	15.154
Other intangible assets	88	-	-	-	88
Accumulated amortisation	(6.928)	(1.973)	62	(330)	(9.169)
Net book value	**181.191**				**180.231**

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

NOTE 20 - INTANGIBLE ASSETS (Continued)

(*) The Group 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.

NOTE 21 - ADVANCES RECEIVED

	30 September 2007	31 December 2006
Advances received for sale of joint-venture	32.395	-
Advances received for construction in progress	12.976	-
	45.371	**-**

NOTE 22 - RETIREMENT PLANS

The Group does not have any obligations regarding retirement plans (31 December 2006: None).

NOTE 23 - PROVISIONS

Short-term provisions

	30 September 2007	31 December 2006
Tax and legal provisions	4.884	242
Less: Prepaid corporation tax	(1.705)	(162)
Tax provisions, net	**3.179**	**80**
Provision for litigation (Note 31.f)	5.958	7.188
Other provisions	**5.958**	**7.188**
Total short-term provisions	**9.137**	**7.268**

Long-term provisions

	30 September 2007	31 December 2006
Provision for employment termination benefits	**13.397**	**11.757**

(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)

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 YTL2.030,19 (31 December 2006: YTL1.857,44) for each year of service at 30 September 2007.

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 provision:

	30 September 2007	**31 December 2006**
Discount rate (annual)	5,71%	5,71%
The probability of retirement	86,60%	87,40%

The principal assumption is that the maximum liability of YTL 2.030,19 as of 30 September 2007 (31 December 2006: YTL 1.857,44) for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2.030,19which is effective from 1 July 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:

	2007	**2006**
1 January	**11.757**	**13.782**
Increase during the period	6.470	5.491
Payments in the period	(4.830)	(3.817)
Reversal of provisions	-	(3.638)
30 September	**13.397**	**11.818**

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

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

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

Changes in minority interest during the period are as follows:

	2007	2006
1 January	**199**	**85.230**
Net income attributable to minority interest	31	3.748
Translation reserve	(17)	3.817
Decrease in minority interests due to increase ın parent company shares in Subsidiaries	-	(17.526)
Allocation of trademark value of Tansaş to minority interest (Note 17)	-	62.262
Transfer to equity due to the merger with The Subsidiary (Tansaş)	-	(137.334)
30 September	**213**	**197**

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 Ykr 1. The Company's historical authorised and paid-in share capital at 30 September 2007 and 31 December 2006 are as follows:

	30 September 2007	31 December 2006
Ceiling on registered share capital (historical)	190.000	190.000
Historical authorised and paid-in share capital	178.030	176.267

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

(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 (Continued)

The shareholders of Migros and their shareholdings to capital with historical figures as at 30 September 2007 and 31 December 2006 are stated below:

	30 September 2007		31 December 2006	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
Koç Holding A.Ş.	50,83	90.497	50,83	89.601
Publicly held	49,17	87.533	49,17	86.666
Total capital	**100,00**	**178.030**	**100,00**	**176.267**
Adjustment to share capital (*)		(77.165)		(77.165)
Total paid-in capital		**100.865**		**99.102**

(*) 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 178.030 (31 December 2006: YTL 176.267) has been divided into 17.803.000.000 shares (31 December 2006: 17.626.686.600 shares) with a nominal value of YKr 1. There are no privileged shares.

There is a pledge on 8.085.305.000 (31 December 2006: 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..

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.

NOTE 26 - 27 - 28 - CAPITAL RESERVES, PROFIT RESERVES AND RETAINED EARNINGS (Continued)

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 2006: 20%) 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.

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.

(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)

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 30 September 2007 and 31 December 2006 according to the Communiqué XI-25 is as follows:

	30 September 2007	**31 December 2006**
Share capital	178.030	176.267
Capital surplus	18.854	18.854
Financial assets fair value reserve	23.045	14.865
Shareholders' equity restatement differences	175.758	175.758
Legal reserves	18.487	13.410
Extraordinary reserves	72.692	78.608
Translation reserve	(51.240)	(30.202)
Additional contribution to shareholders' equity related to merger	119.422	119.422
Net income for the period	141.176	78.686
Retained earnings	314.864	277.102
Total shareholders' equity	**1.011.088**	**922.770**

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

	30 September 2007			**31 December 2006**		
	Historical amounts	**Restated amounts**	**Shareholders' equity restatement differences**	**Historical amounts**	**Restated amounts**	**Shareholders' equity restatement differences**
Share capital	178.030	100.865	(77.165)	176.267	99.102	(77.165)
Capital surplus	18.854	152.855	134.001	18.854	152.855	134.001
Legal reserves	18.487	43.741	25.254	13.410	38.664	25.254
Extraordinary reserves	72.692	166.360	93.668	78.608	172.276	93.668
Total	**288.063**	**463.821**	**175.758**	**287.139**	**462.897**	**175.758**

(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

	30 September 2007	31 December 2006
Assets	358.163	348.638
Liabilities	(751.248)	(911.924)
Net foreign currency liability position	**(393.085)**	**(563.286)**

YTL equivalent of foreign currency amounts

	30 September 2007					
	USD	**Euro**	**Russian ruble**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
Cash and cash equivalents	46.077	2.058	-	11.097	17.956	77.188
Marketable securities	68.380	2.965	-	-	-	71.345
Trade receivables	120	9	-	3.354	1.953	5.436
Due from related parties	-	-	-	-	-	-
Other current assets	3.238	-	-	736	384	4.358
Financial assets	115.345	7.738	-	-	-	123.083
Other non-current assets	-	-	-	4.275	-	4.275
Non-current assets held for sale	4.394	122	67.962	-	-	72.478
Total assets denominated in foreign currencies	**237.554**	**12.892**	**67.962**	**19.462**	**20.293**	**358.163**

	30 September 2007					
	USD	**Euro**	**Russian ruble**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
Short-term financial liabilities	97.774	36.944	-	-	-	134.718
Long-term financial liabilities	206.025	90.142	-	-	-	296.167
Trade payables	2.232	-	-	11.498	3.825	17.555
Due to related parties	-	-	-	-	-	-
Other liabilities	2.662	3	-	2.113	2.858	7.636
Liabilities associated with non-current assets held for sale	220.472	19	74.681	-	-	295.172
Total liabilities denominated in foreign currencies	**529.165**	**127.108**	**74.681**	**13.611**	**6.683**	**751.248**

(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)

	31 December 2006					
	USD	**Euro**	**Russian ruble**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
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	-	30.565	3.007	-	35.133
Total assets denominated in foreign currencies	**215.669**	**15.484**	**95.094**	**13.338**	**9.053**	**348.638**

	31 December 2006					
	USD	**Euro**	**Russian ruble**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
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
Total liabilities denominated in foreign currencies	**596.325**	**169.846**	**123.841**	**11.594**	**10.318**	**911.924**

NOTE 30 - GOVERNMENT INCENTIVES AND GRANTS

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

(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 30 September 2007 and 31 December 2006 are as follows:

	30 September 2007	31 December 2006
Letters of guarantees given	**27.937**	**27.464**

Assets of Rambutya in Samal shopping centre and hypermarket (25.050m^2) and Astana (3.194m^2) and Tastak (2.020m^2) 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^2) and Kuntsevo (19.442m^2) shopping centres and hypermarkets, as well as Chertanova (1.752m^2) and Sokolniki (2.040m^2) 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 30 September 2007 and 31 December 2006 are as follows:

	30 September 2007	31 December 2006
Guarantees obtained from customers	**62.941**	**55.022**

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

	30 September 2007	31 December 2006
Payable within 1 year	2.163	12.749
Payable in 1 to 2 years	2.175	10.527
Payable in 2 to 5 years	6.523	25.838
Payable in 5 to 10 years	7.538	24.218
Payable after 10 years	-	26.314
	18.399	**99.646**

(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)

The future aggregate minimum lease payments under non-cancellable operating leases of land and stores of the joint-venture Ramenka, that is classified as non-current assets held for sale as further detailed in Note 35, are as follows:

	31 September 2006
Payable within 1 year	4.198
Payable in 1 to 2 years	15.936
Payable in 2 to 5 years	41.240
Payable in 5 to 10 years	47.804
Payable after 10 years	21.045
	130.223

e) As of 30 September 2007, there are contractual commitments for the new hypermarket constructions of the joint-venture Ramenka which is classified as non-current assets held for sale, amounting to YTL 3.040 (31 December 2006: YTL 33.615)

f) 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 period remain open to review by Russian and Kazakh tax authorities for three and five years, respectively.

g) 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 30 September 2007 such provisions amount to YTL 5.958 (31 December 2006: YTL7.188).

h) As of 30 September 2007, Migros has a liability of annual paid leave due to its employees which have been earned yet have not been used with its present value in the amount of YTL2.606 as calculated based on the actuarial assumptions. As per the company policy, in order to encourage the employees to use their leaves, no provision was reserved for the said liability in the consolidated financial statements pertaining to the interim fiscal period between 1 January-30 September 2007

NOTE 32 - BUSINESS COMBINATIONS

None.

(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 for interim period at 30 September 2007, 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 a different reportable section on the grounds of materiality in accordance with IAS 14 and accordingly the industrial 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.

a) Net sales	**1 January-30 September 2007**	**1 July-30 September 2007**	**1 January-30 September 2006**	**1 July-30 September 2006**
Turkey	3.114.352	1.172.068	2.715.006	985.309
Kazakhstan	97.490	33.413	65.843	24.910
Bulgaria	20.371	6.622	23.514	8.034
Azerbaijan	12.429	4.320	11.354	4.227
Russian Federation (Note 35)	-	-	294.402	103.135
Net sales from continuing operations	**3.244.642**	**1.216.423**	**3.110.119**	**1.125.615**
Net sales from discontinued operations	**334.937**	**99.096**	**-**	**-**

b) Operating profit	**1 January-30 September 2007**	**1 July-30 September 2007**	**1 January-30 September 2006**	**1 July-30 September 2006**
Turkey	144.003	59.392	145.060	60.738
Kazakhstan	9.368	3.632	8.914	2.887
Bulgaria	2.450	1.126	2.009	722
Azerbaijan	575	285	878	366
Russian Federation (Note 35)	-	-	16.697	4.403
Net sales from continuing operations	**156.396**	**64.435**	**173.558**	**69.116**
Net sales from discontinued operations	**13.470**	**4.754**	**-**	**-**

(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 interim period of 1 January-30 September 2007

	Turkey	Azerbaijan	Bulgaria	Kazakhstan	Total Combined	Inter-segment elimination	Total	Discontinued operations
External revenues	3.114.352	12.429	20.371	97.490	3.244.642	-	3.244.642	334.937
Inter-segment revenues	6.540	-	-	-	6.540	(6.540)	-	-
Revenues	3.120.892	12.429	20.371	97.490	3.251.182	(6.540)	3.244.642	334.937
Cost of sales	(2.365.956)	(9.291)	(12.548)	(72.623)	(2.460.418)	6.540	(2.453.878)	(227.611)
Gross profit	754.936	3.138	7.823	24.867	790.764	-	790.764	107.326
Selling and marketing expenses	(467.125)	(910)	(2.915)	(10.469)	(481.419)	-	(481.419)	(60.726)
General and administrative expenses	(143.808)	(1.653)	(2.458)	(5.030)	(152.949)	-	(152.949)	(33.130)
Net operating profit	**144.003**	**575**	**2.450**	**9.368**	**156.396**	**-**	**156.396**	**13.470**

d) Segmental analysis for the interim period of 1 July-30 September 2007

	Turkey	Azerbaijan	Bulgaria	Kazakhstan	Total Combined	Inter-segment elimination	Total	Discontinued operations
External revenues	1.172.068	4.320	6.622	33.413	1.216.423	-	1.216.423	99.096
Inter-segment revenues	4.186	-	-	-	4.186	(4.186)	-	-
Revenues	1.176.254	4.320	6.622	33.413	1.220.609	(4.186)	1.216.423	99.096
Cost of sales	(896.205)	(3.220)	(4.015)	(24.989)	(928.429)	4.186	(924.243)	(65.202)
Gross profit	280.049	1.100	2.607	8.424	292.180	-	292.180	33.894
Selling and marketing expenses	(171.488)	(315)	(944)	(3.163)	(175.910)	-	(175.910)	(18.372)
General and administrative expenses	(49.169)	(500)	(537)	(1.629)	(51.835)	-	(51.835)	(10.768)
Net operating profit	**56.392**	**285**	**1.126**	**3.632**	**64.435**	**-**	**64.435**	**4.754**

(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) Segmental analysis for the interim period of 1 January-30 September 2006

	Turkey	Azerbaijan	Bulgaria	Kazakhstn	Russian Federation	Total Combined	Inter-segment elimination	Total
External revenues	2.715.006	11.354	23.514	65.843	294.402	3.110.119	-	3.110.119
Inter-segment revenues	6.318	-	-	-	-	6.318	(6.318)	-
Revenues	2.721.324	11.354	23.514	65.843	294.402	3.116.437	(6.318)	3.110.119
Cost of sales	(2.033.324)	(8.523)	(15.731)	(46.870)	(203.155)	(2.307.603)	6.318	(2.301.285)
Gross profit	688.000	2.831	7.783	18.973	91.247	808.834	-	808.834
Selling and marketing expenses	(406.138)	(788)	(2.999)	(6.513)	(47.728)	(464.166)	-	(464.166)
General and administrative expenses	(136.802)	(1.165)	(2.775)	(3.546)	(26.822)	(171.110)	-	(171.110)
Net operating profit	**145.060**	**878**	**2.009**	**8.914**	**16.697**	**173.558**	**-**	**173.558**

f) Segmental analysis for the interim period of 1 July-30 September 2006

	Turkey	Azerbaijan	Bulgaria	Kazakhstn	Russian Federation	Total Combined	Inter-segment elimination	Total
External revenues	985.309	4.227	8.034	24.910	103.135	1.125.615	-	1.125.615
Inter-segment revenues	2.979	-	-	-	-	2.979	(2.979)	-
Revenues	988.288	4.227	8.034	24.910	103.135	1.128.594	(2.979)	1.125.615
Cost of sales	(729.301)	(3.136)	(5.360)	(18.010)	(71.391)	(827.198)	2.979	(824.219)
Gross profit	258.987	1.091	2.674	6.900	31.744	301.396	-	301.396
Selling and marketing expenses	(149.077)	(296)	(954)	(2.774)	(17.638)	(170.739)	-	(170.739)
General and administrative expenses	(49.172)	(429)	(998)	(1.239)	(9.703)	(61.541)	-	(61.541)
Net operating profit	**60.738**	**366**	**722**	**2.887**	**4.403**	**69.116**	**-**	**69.116**

(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

Total assets	30 September 2007	31 December 2006
Turkey	2.424.097	2.337.003
Russian Federation (Note 35)	503.548	561.797
Bulgaria	53.996	60.457
Kazakhstan	62.296	58.597
Azerbaijan	8.427	9.088
Total combined	3.052.364	3.026.942
Less: Inter-segment elimination	(235.024)	(237.010)
Total assets as per consolidated financial statements	**2.817.340**	**2.789.932**

Net assets	30 September 2007	31 December 2006
Turkey	980.659	886.257
Russian Federation (Note 35)	187.183	188.587
Kazakhstan	36.228	31.372
Bulgaria	30.571	26.857
Azerbaijan	6.498	6.941
Total combined	**1.241.139**	**1.140.014**
Less: Inter-segment elimination	(229.838)	(217.045)
Total net assets	**1.011.301**	**922.969**
Less: Minority interest	(213)	(199)
Total shareholders' equity as per consolidated financial statements	**1.011.088**	**922.770**

(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

	1 January-30 September 2007	1 July-30 September 2007	1 January-30 September 2006	1 July-30 September 2006
Capital expenditures				
Turkey	118.115	37.075	80.861	31.677
Discontinued operations	38.166	14.991	-	-
Russian Federation	-	-	65.424	18.956
Kazakhstan	2.411	1.707	3.518	3.087
Azerbaijan	70	1	125	5
Bulgaria	70	36	623	573
	158.832	**53.810**	**150.551**	**54.298**

	1 January-30 September 2007	1 July-30 September 2007	1 January-30 September 2006	1 July-30 September 2006
Depreciation and amortisation				
Turkey	68.262	23.409	61.451	22.783
Discontinued operations	13.857	4.358	-	-
Russian Federation	-	-	12.140	3.734
Bulgaria	1.133	208	1.746	441
Kazakhstan	1.167	310	787	50
Azerbaijan	257	72	313	94
	84.676	**28.357**	**76.437**	**27.102**

g) Minority interest

	30 September 2007	31 December 2006
Bulgaria	213	199
	213	**199**

NOTE 34 - SUBSEQUENT EVENTS

a) Collective Labor Agreement negotiations carried out between Migros and the Union Tez-Koop. İş for the period between 1 May 2007 – 30 April 2009 have been concluded with an agreement. According to such agreement, wages shall be increased by 11% during the first year and by a rate equal to annual increase in CPI as determined by the Statistical Institute of Turkey during the second year. Benefit payments shall be increased by 6% to 11% annually.

b) Following the share transfer agreement dated 11 September 2007 signed with Enka Holding Investment S.A. regarding the sale of all shares in Ramenka, a joint-venture where the Group held 50% controlling interest, against USD 542.500.000, the necessary permit was obtained from the Russian Competition Agency, and the transfer of the shares was concluded on 9 November 2007, having completed all the prerequisites. USD 25.000.000 was collected on 11 September 2007, the date of the share transfer agreement, USD 362.250.000 was collected on 9 November 2007, and the remaining USD 155,250,000 shall be collected on 11 June 2008. Final sale price is subject to adjustment according to changes in the company's financial net indebtedness and net working capital level.

   Since the final sale price of such shares has not been yet established with respect to the above mentioned adjustment, the profit on sale could not be determined.

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

NOTE 35 - DISCONTINUED OPERATIONS

a) The Group signed a share transfer agreement dated 11 September 2007 with Enka Holding Investment S.A. regarding the sale of all its shares in Ramenka, a joint-venture where the Group held 50% controlling interest, against USD 542.5 million. Therefore, IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" was applied to Ramenka's accounting as of 30 September 2007.

Ramenka has been classified as discontinued operations in the consolidated interim financial statements as of 30 September 2007, in accordance with IFRS 5.

A summary of income statement of Ramenka is as follows:

	1 January 2007- 30 September 2007	**1 January2006- 30 September 2006**
Income	347.908	310.033
Expenses	(341.435)	(291.155)
Income before tax from discontinued operations	6.473	18.878
Taxes on income	(5.024)	(5.675)
Income after tax from discontinued operations	**1.449**	**13.203**

Non-current assets held for sale	
Cash and cash equivalents	6.419
Trade receivables (net)	9.756
Inventories (net)	27.086
Other current assets	30.059
Property, plant and equipment and intangible assets (net)	402.808
Deferred tax assets	27.420
	503.548
Liabilities associated with non-current assets held for sale	
Financial liabilities	214.123
Trade payables (net)	60.489
Other liabilities	23.571
Deferred tax liabilities	18.182
	316.365
Less: Inter-segment elemination	(1.954)
	314.411
Net assets	**187.183**

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

NOTE 35 - DISCONTINUED OPERATIONS (Continued)

b) Ramstore Bulgaria closed down its three stores and stopped its retailing operations as of March 2007. The Group sold the land of its Sophia store and the whole building including the equipment and installations, which are seen among its assets, in return for 8.500 Euro (YTL11.625), VAT excluded. The profit that was earned in the amount of 2.400 Euro (YTL4.157) due to such sale was classified under the field of income and profit from other activities during the interim period of 1 January-30 September 2007.

NOTE 36 - OPERATING REVENUE

	1 January- 30 September 2007	**1 July- 30 September 2007**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Domestic sales	3.154.869	1.183.840	2.757.568	998.808
Foreign sales	126.966	42.782	380.979	135.628
	3.281.835	1.226.622	3.138.547	1.134.436
Other sales	5.020	2.728	17.328	6.572
	3.286.855	1.229.350	3.155.875	1.141.008
Less: Discounts and returns	(42.213)	(12.927)	(45.756)	(15.393)
Sales revenue - net	**3.224.642**	**1.216.423**	**3.110.119**	**1.125.615**
Cost of sales	(2.453.878)	(924.243)	(2.301.285)	(824.219)
Gross operating profit	**790.764**	**292.180**	**808.834**	**301.396**

Details of domestic and foreign sales are as follows:

	1 January- 30 September 2007	**1 July- 30 September 2007**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Retail sales	3.178.124	1.191.312	3.000.733	1.089.861
Rent income	54.939	18.204	81.429	28.677
Wholesale	48.772	17.106	56.385	15.898
	3.281.835	**1.226.622**	**3.138.547**	**1.134.436**

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

NOTE 37 - OPERATING EXPENSES

	1 January-30 September 2007			1 July-30 September 2007		
	General and Administrative Expenses	Selling and Marketing Expenses	Total	General and Administrative Expenses	Selling and Marketing Expenses	Total
Staff costs	55.223	181.387	236.610	19.851	64.929	84.780
Rent expense	1.575	105.095	106.670	145	38.010	38.155
Depreciation and amortisation	71.105	-	71.105	24.190	-	24.190
Transportation, porterage and cleaning expenses	-	63.885	63.885	-	24.218	24.218
Energy expenses	1.309	37.137	38.446	428	15.170	15.598
Advertising expenses	-	27.500	27.500	-	10.297	10.297
Repair, maintenance and security	1.637	24.454	26.091	286	10.020	10.306
Warehouse expenses	-	10.456	10.456	-	3.648	3.648
Taxes and other fees	3.118	3.162	6.280	1.076	278	1.354
Travelling expenses	4.492	1.524	6.016	1.610	880	2.490
Communication expenses	1.969	4.011	5.980	636	1.457	2.093
Mechanisation expenses	695	4.586	5.281	253	1.379	1.632
Insurance premiums	90	3.563	3.653	17	1.275	1.292
Stationary expense	508	1.439	1.947	165	307	472
Employment termination benefits-net	372	1.282	1.654	(60)	(213)	(273)
Parent company service charges	1.479	-	1.479	493	-	493
Donations	1.329	-	1.329	515	-	515
Other	8.048	11.938	19.986	2.230	4.255	6.485
Total	**152.949**	**481.419**	**634.368**	**51.835**	**175.910**	**227.745**

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

NOTE 37 - OPERATING EXPENSES (Continued)

	1 January-30 September 2006			1 July-30 September 2006		
	General and Administrative Expenses	Selling and Marketing Expenses	Total	General and Administrative Expenses	Selling and Marketing Expenses	Total
Staff costs	59.460	169.240	228.700	20.165	60.064	80.229
Rent expense	2.964	101.649	104.613	792	37.387	38.179
Depreciation and amortisation	76.020	-	76.020	28.222	-	28.222
Transportation, porterage and cleaning expenses	-	65.387	65.387	-	26.145	26.145
Energy expenses	1.090	37.101	38.191	113	14.666	14.779
Repair, maintenance and security	3.569	27.263	30.832	989	10.038	11.027
Advertising expenses	-	33.326	33.326	-	12.581	12.581
Taxes and other fees	6.087	2.152	8.239	2.022	308	2.330
Communication expenses	2.240	4.715	6.955	637	1.670	2.307
Travelling expenses	3.118	2.227	5.345	1.311	950	2.261
Parent company service charges	2784	1.694	4.478	975	-	975
Mechanisation expenses	1.630	2.668	4.298	1.181	1.134	2.315
Insurance premiums	942	2.636	3.578	295	1.226	1.521
Warehouse expenses	-	2.468	2.468	-	1.190	1.190
Stationary expense	756	1.325	2.081	586	731	1.317
Employment termination benefits-net	389	1.284	1.673	60	260	320
Donations	1.415	-	1.415	618	-	618
Other	8.646	9.031	17.677	3.575	2.389	5.964
Total	**171.110**	**464.166**	**635.276**	**61.541**	**170.739**	**232.280**

(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

	1 January-30 September 2007	1 July-30 September 2007	1 January-30 September 2006	1 July-30 September 2006
Foreign exchange gain	59.779	27.465	41.245	(10.435)
Interest income on bank deposits	16.697	7.068	25.720	10.074
Interest income on marketable securities	13.159	4.292	4.496	1.834
Due date charges on credit sales	6.705	1.300	21.293	11.640
Income from sales of property, plant and equipment	4.254	94	156	-
Income from scrap good sales	3.099	810	1.802	774
Cash discount	2.120	5	1.716	47
Unutilised provisions	155	112	13,828	5.603
Other	3.055	1.907	2.737	1.411
	109.023	**43.053**	**112.993**	**20.948**

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 interim statement of income.

Other operating expenses and losses

	1 January-30 September 2007	1 July-30 September 2007	1 January-30 September 2006	1 July-30 September 2006
Foreign exchange loss	(31.446)	(15.776)	(444)	236
Loss of sale of asscociate	(1.688)	(1.688)	-	-
Bad debt provision expenses	(1.412)	(641)	(475)	1.106
Credit cards commission expense	(96)	(32)	(2.235)	(17)
Other	(398)	(78)	(1.531)	(213)
	(35.040)	**(18.215)**	**(4.685)**	**1.112**

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

NOTE 39 - FINANCIAL EXPENSES

	1 January-30 September 2007	1 July-30 September 2007	1 January-30 September 2006	1 July-30 September 2006
Interest expense on term purchases	(27.690)	(7.563)	(49.115)	(28.937)
Interest expense on bank borrowings	(23.809)	(7.810)	(39.784)	(14.160)
Foreign exchange loss from financial activities	(348)	(348)	(68.215)	36.016
Other	(1.567)	(994)	(335)	(134)
	(53.414)	**(16.715)**	**(157.449)**	**(7.215)**

NOTE 40 - MONETARY GAIN/LOSS

None.

NOTE 41 - TAXES ON INCOME

Turkish tax legislation does not permit a parent company and its Joint-ventures 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 2007 is 20% (2006: 20%). Corporation tax is applied to the total income of the companies after adjusting for certain disallowable expenses, exempt income, investment and other allowances. No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

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 (TSI WPI increase rate). Since these conditions in question were not fulfilled in the first nine-month periods of 2006 and 2007, 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.

NOTE 41 - TAXES ON INCOME (Continued)

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2006: 20%) on their corporate income. Advance tax is declared by the 14th 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.

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.

NOTE 41 - TAXES ON INCOME(Continued)

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 period.

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.

(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 ON INCOME (Continued)

Russian Federation

The applicable tax rate is 24% in Russian Federation.(2006: 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% (2006: 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 the Kazakhstan, Bulgaria, Macedonia, Azerbaijan and Kyrgyzstan are 30%, 10%, 12%, 22% and 10% respectively (2006: 30%, 15%, 15%, 22% and 10%).

The taxation on income for the nine and three month interim period ended at 30 September 2007 and 2006 is summarised below:

	1 January- 30 September 2007	**1 July- 30 September 2007**	**1 January- 30 September 2006**	**1 July- 30 September 2006**
Current period taxation charge	(7.747)	(5.347)	(7.451)	(1.131)
Deferred tax charge (Note 14)	(29.676)	(9.305)	(56.174)	(28.027)
Taxation on income	**(37.423)**	**(14.652)**	**(63.625)**	**(29.158)**

NOTE 42 - EARNINGS PER SHARE

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

(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 (Continued)

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

	1 January-30 September 2007	1 July-30 September 2007	1 January-30 September 2006	1 July-30 September 2006
Net income attributable to the shareholders from continuing operations	139.727	58.762	59.159	57.238
Net income attributable to the shareholders from discontinued operations	1.449	3.056	-	-
Weighted average number of shares with YKr 1 face value each (Note 25)	17.803.000.000	17.803.000.000	17.803.000.000	17.803.000.000
Earnings per share (YKr) from continuing operations	0,78	0,33	0,33	0,32
Earnings per share (YKr) from discontinued operations	0,01	0,02	-	-

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

NOTE 43 - STATEMENTS OF CASH FLOWS

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

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

None.

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