MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY-31 MARCH 2007

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2007

CONTENTS

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS
AT 31 MARCH 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)

		* 31 March 2007		31 March	31 December
	Notes	EUR	USD	2007	2006
ASSETS					
Current assets					
Cash and cash equivalents	4	143.988	191.793	264.694	325.476
Marketable securities (net)	5	71.054	94.644	130.618	159.881
Trade receivables (net)	7	22.297	29.700	40.989	34.263
Finance lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	5.056	6.734	9.294	11.595
Other receivables (net)	10	611	814	1.123	1.783
Biological assets (net)	11	-	-	-	-
Inventories (net)	12	197.450	263.004	362.972	394.213
Construction contract receivables (net)	13	-	-	-	-
Deferred tax assets	14	-	-	-	-
Other current assets	15	38.282	50.993	70.375	75.595
Total current assets		**478.738**	**637.682**	**880.065**	**1.002.806**
Non-current assets					
Trade receivables (net)	7	359	478	660	777
Finance lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	-	-	-	-
Other receivables (net)	10	-	-	-	-
Financial assets (net)	16	102.622	136.694	188.651	179.853
Goodwill/negative goodwill (net)	17	128.097	170.625	235.480	235.480
Investment property (net)	18	56.198	74.856	103.309	102.963
Property, plant and equipment (net)	19	577.039	768.619	1.060.771	1.048.927
Intangible assets (net)	20	98.191	130.791	180.504	180.823
Deferred tax assets	14	-	-	-	-
Other non-current assets	15	20.800	27.705	38.236	38.303
Total non-current assets		**983.306**	**1.309.768**	**1.807.611**	**1.787.126**
Total assets		**1.462.044**	**1.947.450**	**2.687.676**	**2.789.932**

These consolidated financial statements have been approved by the Board of Directors on 28 May 2007.

(*) US Dollar and Euro amounts presented above were translated from New Turkish Lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 31 March 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 31 MARCH 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	* 31 March 2007 EUR	* 31 March 2007 USD	31 March 2007	31 December 2006
LIABILITIES					
Current liabilities					
Financial liabilities (net)	6	4.554	6.066	8.372	8.510
Current portion of long-term financial liabilities (net)	6	83.355	111.029	153.231	171.528
Finance lease payables (net)	8	-	-	-	-
Other financial liabilities (net)	10	-	-	-	-
Trade payables (net)	7	456.515	608.080	839.212	941.081
Due to related parties (net)	9	41.950	55.877	77.116	62.397
Advances received	21	-	-	-	-
Construction progress billings (net)	13	-	-	-	-
Provisions	23	4.920	6.554	9.045	7.268
Deferred tax liabilities	14	-	-	-	-
Other current liabilities (net)	15	46.142	61.461	84.822	72.681
Total current liabilities		**637.436**	**849.067**	**1.171.798**	**1.263.465**
Non-current liabilities					
Financial liabilities (net)	6	304.219	405.221	559.246	572.060
Finance lease payables (net)	8	-	-	-	-
Other financial liabilities (net)	10	-	-	-	-
Trade payables (net)	7	5.781	7.701	10.628	12.237
Due to related parties (net)	9	-	-	-	-
Advances received	21	-	-	-	-
Provisions	23	7.680	10.231	14.119	11.757
Deferred tax liabilities	14	6.990	9.310	12.849	7.444
Other liabilities (net)	15	-	-	-	-
Total non-current liabilities		**324.670**	**432.463**	**596.842**	**603.498**
Total liabilities		**962.106**	**1.281.530**	**1.768.640**	**1.866.963**
MINORITY INTEREST	**24**	**115**	**153**	**211**	**199**
SHAREHOLDERS' EQUITY					
Share capital	**25**	**95.886**	**127.720**	**176.267**	**176.267**
Adjustment to share capital	**25**	-	-	-	-
Capital reserves	**26**	**114.647**	**152.711**	**210.756**	**209.477**
Share premium		10.256	13.661	18.854	18.854
Share cancellation gains		-	-	-	-
Revaluation fund		-	-	-	-
Financial assets fair value reserve		8.782	11.698	16.144	14.865
Shareholders' equity restatement differences		95.609	127.352	175.758	175.758
Profit reserves	**27**	**34.323**	**45.718**	**63.095**	**61.816**
Legal reserves		10.057	13.395	18.487	13.410
Statutory reserves		-	-	-	-
Extraordinary reserves		39.543	52.672	72.692	78.608
Special reserves		-	-	-	-
Investment and property sales income to be added to the capital		-	-	-	-
Translation reserve	2	(15.277)	(20.349)	(28.084)	(30.202)
Additional contribution to shareholders' equity related to the merger		**64.963**	**86.531**	**119.422**	**119.422**
Net income for the period		**17.765**	**23.664**	**32.658**	**78.686**
Retained earnings	**28**	**172.239**	**229.423**	**316.627**	**277.102**
Total shareholders' equity		**499.823**	**665.767**	**918.825**	**922.770**
Total liabilities and shareholders' equity		**1.462.044**	**1.947.450**	**2.687.676**	**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 31 March 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 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 - 31 MARCH

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

		* 31 March 2007			
	Notes	**EUR**	**USD**	**31 March 2007**	**31 March 2006**
OPERATING REVENUE					
Sales (net)	33, 36	592.660	789.426	1.089.487	953.287
Cost of sales (-)	33, 36	(444.324)	(591.842)	(816.801)	(719.798)
Service revenue (net)	36	-	-	-	-
Other operating income	36	-	-	-	-
Gross operating profit		**148.336**	**197.584**	**272.686**	**233.489**
Operating expenses (-)	37	(125.007)	(166.510)	(229.800)	(196.704)
Net operating profit	**33**	**23.329**	**31.074**	**42.886**	**36.785**
Other income and gains	38	13.146	17.511	24.167	21.584
Other expenses and losses (-)	38	(3.060)	(4.077)	(5.626)	(3.455)
Financial expenses (-)	39	(11.021)	(14.680)	(20.260)	(25.114)
Operating profit		**22.394**	**29.828**	**41.167**	**29.800**
Share of profit/(loss) of associates	16	2	3	4	(68)
Monetary gain	40	-	-	-	-
Income attributable to minority interest	24	(7)	(9)	(13)	(3.264)
Income before tax		**22.389**	**29.822**	**41.158**	**26.468**
Taxes on income	41	(4.624)	(6.159)	(8.500)	(7.143)
Net income		**17.765**	**23.663**	**32.658**	**19.325**
Weighted average number (000's) of shares with face value of YKr 1 each	42	17.626.687	17.626.687	17.626.687	17.626.687
Basic and diluted earnings per share (YKr)	42	0, 10	0,14	0,19	0,11

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH

(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 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	-
Currency translation differences	-	-	-	-	-	-	5.478	-	-	-	5.478
Financial assets net fair value loss, net of deferred tax	-	-	(120)	-	-	-	-	-	-	-	(120)
Net income for the period	-	-	-	-	-	-	-	-	19.325	-	19.325
Balances at 31 March 2006	**137.700**	**18.854**	**11.709**	**175.758**	**13.410**	**99.263**	**(41.539)**	**119.422**	**19.325**	**297.133**	**731.613**
Balances at 1 January 2007	**176.267**	**18.854**	**14.865**	**175.758**	**13.410**	**78.608**	**(30.202)**	**-**	**78.686**	**277.102**	**922.770**
Transfers	-	-	-	-	5.077	34.084	-	-	(78.686)	39.525	-
Dividends relating to 2006 (Note 9)	-	-	-	-	-	(40.000)	-	-	-	-	(40.000)
Currency translation differences	-	-	-	-	-	-	2.118	-	-	-	2.118
Financial assets net fair value gain, net of deferred tax	-	-	1.279	-	-	-	-	-	-	-	1.279
Net income for the period	-	-	-	-	-	-	-	-	32.658	-	32.658
Balances at 31 March 2007	**176.267**	**18.854**	**16.144**	**175.758**	**18.487**	**72.692**	**(28.084)**	**119.422**	**32.658**	**316.627**	**918.825**

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS 1 JANUARY - 31 MARCH

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

	Notes	*31 March 2007 EUR	*31 March 2007 USD	31 March 2007	31 March 2006
Operating activities:					
Net income		17.765	23.664	32.658	19.325
Adjustments to reconcile net income to net cash provided by operating activities:					
Minority interest	24	7	9	13	3.264
Share of (gain)/loss of associates	16	(2)	(3)	(4)	68
Depreciation and amortisation	18, 19, 20	15.571	20.741	28.624	23.469
Employment termination benefits - net	23	1.285	1.711	2.362	2.071
Taxation expense	41	4.624	6.159	8.500	7.143
Interest income		(5.791)	(7.713)	(10.645)	(10.991)
Interest expense		10.785	14.366	19.826	20.988
(Gain)/loss on sales of property, plant and equipment- net		(1)	(1)	(1)	73
Cash flows from operating activities before changes in operating assets and liabilities		**44.244**	**58.933**	**81.333**	**65.410**
Changes in operating assets and liabilities – net					
Increase in trade receivables		(3.595)	(4.789)	(6.609)	(1.852)
Decrease/ (increase) in due from related parties		1.252	1.667	2.301	(2)
Decrease in inventories		16.995	22.637	31.241	19.571
Decrease/ (increase) in other current assets and other receivables		3.393	4.520	6.238	(591)
Total decrease in short and long-term trade payables		(56.290)	(74.979)	(103.478)	(52.532)
Decrease in due to related parties		(13.752)	(18.318)	(25.281)	(915)
Increase/(decrease) in other current liabilities		6.604	8.797	12.141	(12.307)
Decrease in other long-term liabilities		-	-	-	(344)
Interest paid		(13.167)	(17.538)	(24.204)	(21.374)
Income taxes paid		(925)	(1.232)	(1.700)	(8.217)
Decrease/(increase) in other non-current assets		36	49	67	(1.116)
Net cash provided by operating activities		**(15.205)**	**(20.253)**	**(27.951)**	**(14.179)**
Investing activities:					
Purchase of property, plant and equipment	19	(22.849)	(30.435)	(42.003)	(25.597)
Proceeds from sale of property, plant and equipment		352	469	647	1.320
Decrease/(increase) in financial assets		10.805	14.392	19.862	(1.028)
Purchase of other intangible assets	20	(202)	(269)	(371)	(64)
Interest received		6.816	9.078	12.529	11.797
Net cash used in investing activities		**(5.079)**	**(6.765)**	**(9.336)**	**(13.572)**
Financing activities:					
Decrease in bank borrowings		(13.574)	(18.081)	(24.954)	(662)
Net cash used in by financing activities		**(13.574)**	**(18.081)**	**(24.954)**	**(662)**
Effects of exchange rate differences		794	1.057	1.459	1.196
Net decrease in cash and cash equivalents		(33.064)	(44.042)	(60.782)	(27.217)
Cash and cash equivalents at the beginning of the period	4	**177.053**	**235.835**	**325.476**	**316.936**
Cash and cash equivalents at the end of the period	4	**143.988**	**191.793**	**264.694**	**289.719**

(*) US dollar and Euro amounts presented above were translated from New Turkish lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 31 March 2007 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by the Capital Market Board ("CMB") (see Note 2).

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

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 ("the Group") in the first three-month period of 2007 is 18.590 (31 December 2006: 17.102). Migros and its Subsidiaries are operating in 906 (31 December 2006: 878) supermarkets with a net retail space of 707.548 (31 December 2006: 693.289) square meters as of 31 March 2007. Retail is the main business segment of the Group and constitutes almost 95,8% (2006: 95,7%) 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 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.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries:

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

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	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.

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 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Financial reporting standards

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

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Accordingly, the Company did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by the IASB in its consolidated financial statements for the accounting 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 financial statements are based on the statutory records with adjustments and reclassifications made for the purpose of fair presentation and measurement in accordance with CMB Accounting Standards. Consequently, the consolidated financial statements are prepared in YTL under the historical cost convention, other than financial assets and liabilities which are presented by their fair values.

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

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

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

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

Basis of consolidation

a) The consolidated financial statements include the accounts of the parent company, Migros Türk Ticaret A.Ş., its Subsidiaries, the Joint-venture and its Associates (altogether referred to as the "Group") on the basis set out in sections (b), (c) and (d) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Accounting Standards applying uniform accounting policies and presentation. The results of Subsidiaries, Associates and Joint-venture are included or excluded from their effective dates of acquisition or disposal respectively. Positive goodwill arising on the consolidation of Subsidiary undertakings and the Joint-venture is reported as net in the balance sheet.

b) Subsidiary undertakings are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations.

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

	Direct and indirect shareholding by Migros and its Subsidiaries (%)	
Subsidiary	31 March 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

(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.

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

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

(2) Ramstore 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 rose from %60 to %100 and in Ramstore Azerbaijan rose from %94,75 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 31 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	31 March 2007	31 December 2006
Ramenka	50,00	50,00

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

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

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

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

	Proportion of ownership interest (%)	
Associate	31 March 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	50,00

While owning 50% of Harranova Besi shares, the Group does not have controlling or joint controlling power over Harranova Besi operations and therefore Harranova Besi is defined as an Associate in these consolidated financial statements.

e) Investments in which the Group has an interest of below 20%, or over which the Group does not exercise a significant influence are considered as available-for-sale investments and presented by their fair values in the financial statements. However, if the fair values cannot be measured reliably, they are presented by their purchasing cost after deducting impairment, if applicable (Note 16).

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

g) The minority shareholders' share in the net assets and results for the period for Subsidiaries are separately classified in the consolidated balance sheet and statement of income as minority interest.

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

Comparative information and restatement of prior period' financial statements

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

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 1,3801=USD 1,00 for purchases of USD and YTL 1,8383=EUR 1,00 for purchases of Euro at 31 March 2007. Therefore, USD and Euro amounts do not form part of the consolidated financial statements prepared in accordance with CMB Accounting Standards at 31 March 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.

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods sold less sales returns, discounts and commission (Note 36).

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

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

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

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

Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. Net realisable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 12).

Property, plant and equipment

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

The Company has reviewed the useful lives of the property, plant and equipment and revised them as at 1 January 2006. The depreciation 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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The useful life and depreciation method are periodically reviewed and whereupon it is verified whether the depreciation method and useful life are in line with the economic benefits to be gained from the related asset or not. In this context, the Company reviewed the useful lives of the property, plant and equipment and revised the useful lives of certain property, plant and equipment effective from 1 January 2006. As a result of the stated revision, the depreciation expense decreased by approximately YTL 3.143 in the consolidated statement of income for the interim period ending 31 March 2006.

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

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

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

Intangible assets

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

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount. Intangible assets with indefinite useful lives are tested annually for permanent impairment (Note 20).

Business combinations and goodwill

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

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings. Borrowing costs are charged to the income statement when they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale, in accordance with the allowed alternative treatment in IAS 23-“Borrowing Costs”.

Financial Instruments

Trade receivables

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the individual Subsidiaries and the Joint-venture under policies approved by their Boards of Directors.

Interest rate risk

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

Funding risk

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

Credit risk

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

Foreign currency risk

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

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate carrying values.

The fair values of certain financial assets carried at amortised cost are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

The carrying values of trade receivables at amortised cost along with the related allowances for uncollectibility are estimated to approximate their fair values.

Available-for-sale investments are stated at their fair values.

Financial liabilities

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

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

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

Foreign currency transactions and translations

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

Earnings per share

Earnings per share disclosed in the consolidated statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned. The weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year (Note 42).

Subsequent events

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

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 Company periodically reviews the useful lives of the registered property, plant and equipment and it is verified whether the depreciation method and useful life are in line with the economic benefits to be gained from the related asset or not. In this context, the Company reviewed the useful lives of the property, plant and equipment in the first half of the year 2006. As a result of this review, the management revised the estimates of the useful lives and consequently the depreciation expense in the current period has decreased by YTL 3.143 in the consolidated statement of income for the interim period 1 January – 31 March 2006 as compared to the amount calculated with the previous useful lives.

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 in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax (Note 14).

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

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

Employment termination benefits

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

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of cash flows

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

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

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

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

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

Significant accounting estimates and judgements

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2007	31 December 2006
Cash	16.664	23.996
Banks		
-demand deposits	29.968	81.571
-time deposits	43.417	25.206
Cheques in collection	458	321
Other cash and cash equivalents	174.187	194.382
	264.694	**325.476**

Effective interest rates on YTL and USD denominated time deposits, with details as disclosed in Note 29, are 18%-18,15% (31 December 2006: 18,7%), and 2,5%-10,94% (31 December 2006: 5,1%-11,04%), respectively. There are no time deposits denominated in EUR (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 31 March 2007 and 31 December 2006 is as follows:

	31 March 2007	31 December 2006
1 - 30 days	43.417	22.426
31- 90 days	-	2.780
	43.417	**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 5 - MARKETABLE SECURITIES

	31 March 2007	31 December 2006
Available-for-sale investments	108.446	135.075
Held-to-maturity time deposits	22.172	24.806
Total financial assets	**130.618**	**159.881**

Available-for-sale investments

	31 March 2007		31 December 2006	
	Interest rate p.a.	Amount	Interest rate p.a.	Amount
Treasury bills and government bonds	14,22%-24,21%	74.985	14,22%-23,55%	100.770
Eurobond (USD)	7,38%-12,38%	32.562	7,38%-12,38%	33.356
Eurobond (Euro)	5,50%	899	5,50%	949
		108.446		**135.075**

Held-to-maturity time deposits:

	31 March 2007			31 December 2006		
	USD	Euro	YTL	USD	Euro	YTL
ABN Amro Bank	14.400	-	19.874	16.213	-	22.789
Koçbank Nederland N.V.	-	1.250	2.298	-	1.089	2.017
			22.172			**24.806**

Effective interest rates on USD and EUR denominated held-to-maturity time deposits are 7,61%-10,94% (31 December 2006: 9,81%-11,04%) and 8,56% (31 December 2006: 8,56%) respectively.

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

	31 March 2007	31 December 2006
Period remaining to maturity:		
1-30 days	14.404	4.646
31-90 days	11.614	15.489
91-180 days	28.001	32.818
181 days-1 year	22.228	59.296
Over 1 year	54.371	47.632
	130.618	**159.881**

(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

	31 March 2007			
	Effective interest rates p.a.	**USD**	**Euro**	**YTL**
Short-term bank borrowings				
With fixed interest rates	%8 - %8,25	5.000	-	6.901
With floating interest rates	Euribor+1	-	800	1.471
Short-term bank borrowings		**5.000**	**800**	**8.372**
Current portion of long-term bank borrowings				
With fixed interest rates	%2-%9,85	1.785	130	2.702
With floating interest rates	Libor+%1,6-Libor +%5,83			
	Euribor + %1,55-Euribor+%5,05	78.555	22.910	150.529
Current portion of long-term bank borrowings		**80.340**	**23.040**	**153.231**
Long-term bank borrowings				
With fixed interest rates	%2-%9,85	2.543	1.116	5.561
With floating interest rates	Libor+%1,6-Libor +%5,83			
	Euribor + %1,55-Euribor+%5,05	318.739	61.901	553.685
Long-term bank borrowings		**321.282**	**63.017**	**559.246**
Total bank borrowings		**406.622**	**86.857**	**720.849**

	31 December 2006			
	Effective interest rates p.a.	**USD**	**Euro**	**YTL**
Short-term bank borrowings				
With fixed interest rates	%8-%8,25	5.000	-	7.028
With floating interest rates	Euribor + %1	-	800	1.482
Short-term bank borrowings		**5.000**	**800**	**8.510**
Current portion of long-term bank borrowings				
With fixed interest rates	%2-%9,85	1.718	124	2.644
With floating interest rates	Libor+%1,6-Libor +%5,83			
	Euribor + %1,55-Euribor+%5,05	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	%2-%9,85	2.663	1.116	5.810
With floating interest rates	Libor+%1,6-Libor +%5,83			
	Euribor + %1,55-Euribor+%5,05	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**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of long-term bank borrowings at 31 March 2007 is as follows:

	USD	Euro	YTL
1 April 2008-31 March 2009	141.932	21.445	235.303
1 April 2009-31 March 2010	112.904	21.149	194.697
1 April 2010-31 March 2011	45.211	16.443	92.623
1 April 2011-31 March 2012	12.666	2.325	21.754
1April 2012 and after	8.569	1.655	14.869
	321.282	**63.017**	**559.246**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	31 March 2007	31 December 2006
Receivables from tenants and wholesale activities	40.420	34.041
Doubtful trade receivables	7.205	6.871
Notes receivable	1.301	-
Deposits and guarantees given	2	2
	48.928	40.914
Less: Provision for doubtful receivables	(7.091)	(6.651)
Less: Unearned financial income on term sales	(848)	-
Short-term trade receivables, net	**40.989**	**34.263**

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:

	2007	2006
1 January	**6.651**	**6.322**
Current year provision	474	797
Collections and reversal of provisions	(20)	(126)
Currency translation difference	(14)	49
31 March	**7.091**	**7.042**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The maturities of trade receivables are generally less than one month (31 December 2006: Less than one month) and they are discounted with the annual rate of 11,4% as of 31 March 2007.

	31 March 2007	31 December 2006
Deposits and guarantees given	660	777
Long-term trade receivables	**660**	**777**

Trade payables:

	31 March 2007	31 December 2006
Trade payables	852.997	954.964
Less: Unincurred financial expense on due date purchases	(13.785)	(13.883)
Short-term trade payables, net	**839.212**	**941.081**

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 17,76% as of 31 March 2007 (31 December 2006: annual rate of 18,48%).

	31 March 2007	31 December 2006
Trade payables	2.530	5.059
Deposits and guarantees received	8.565	8.019
	11.095	13.078
Less: Unincurred financial expense on due date purchases	(467)	(841)
Long-term trade payables	**10.628**	**12.237**

Long-term trade payables mainly consist of property, plant and equipment purchases and are discounted with an annual rate of 19,62% (31 December 2006: 19,62%).

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:	**31 March 2007**	**31 December 2006**
Sanal Merkez T.A.Ş.	4.889	3.232
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	1.670	2.240
Palmira Turizm Tic. A.Ş.	1.650	1.551
Ford Otosan San. A.Ş.	-	2.274
Other	1.085	2.298
	9.294	**11.595**

Due to related parties:

Due to shareholders:	**31 March 2007**	**31 December 2006**
Koç Holding A.Ş.	20.912	461
Dividend liabilities to other shareholders	19.710	42
	40.622(*)	**503**

Due to group companies:

	31 March 2007	**31 December 2006**
Düzey Tüketim Mal. San. Paz. ve Tic. A.Ş.	16.941	16.161
Tat Konserve Sanayi A.Ş.	6.164	10.893
Türk Demir Döküm Fabrikaları A.Ş.	3.990	4.827
Ram Sigorta Aracılık Hizmetleri A.Ş.	2.154	4.614
Zer Merkezi Hizmetler ve Tic. A.Ş.	1.272	15.684
Entek Elektrik Üretimi A.Ş.	1.206	2.198
Eltek Elektrik Enerjisi İth. İhr. Ve Tic. A.Ş.	1.006	1.102
Other	3.761	6.415
	36.494	**61.894**
Total due to related parties	**77.116**	**62.397**

(*) YTL 40.000 of due to shareholders is related to dividends payable out of the profit of 2006.

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

NOTE 9 - DUE FROM AND DUE TO RELATED PARTIES (Continued)

Bank balances:	**31 March 2007**	**31 December 2006**
Yapı ve Kredi Bankası A.Ş. ("Yapı ve Kredi")		
- demand deposit	1.806	12.217
- time deposit	14.801	10.206
- other cash and cash equivalents (credit card slip receivables)	64.876	59.251
Koçbank Nederland N.V.		
- time deposit	11.303	11.086
Koçbank Azerbaijan		
- demand deposit	1.572	1.290
	94.358	**94.050**

Borrowings:	**31 March 2007**	**31 December 2006**
Yapı ve Kredi Bankası A.Ş.	4.485	139.215
Koçbank Nederland N.V.	11.008	11.086
	15.493	**150.301**

Significant transactions with related parties

Sales of goods:	**31 March 2007**	**31 March 2006**
Sanal Merkez T.A.Ş.	4.406	3.550
Tat Konserve Sanayi A.Ş.	3.822	4.248
Palmira Turizm Tic. A.Ş.	2.193	2.169
Other	1.105	363
	11.526	**10.330**

Purchases of property, plant and equipment:	**31 March 2007**	**31 March 2006**
Ark İnşaat San. Ve Tic. A.Ş.	7.314	842
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	1.817	195
Koçtaş Yapı Marketleri Tic. A.Ş.	24	2.297
Other	111	94
	9.266	**3.428**

(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:	**31 March 2007**	**31 March 2006**
Tat Konserve Sanayi A.Ş.	20.217	17.973
Düzey Tüketim Mal. San. Paz.ve Tic. A.Ş.	19.047	20.882
Palmira Turizm Tic. A.Ş.	2.875	2.549
Other	3.816	2.691
	45.955	**44.095**

Service purchases:	**31 March 2007**	**31 March 2006**
Zer Merkezi Hizmetler ve Tic. A.Ş. (*)	29.776	16.968
Entek Elektrik Üretimi A.Ş.	6.255	2.698
Eltek Elektrik Enerjisi İth. İhr. ve Tic. A.Ş.	2.813	-
Other	4.183	3.608
	43.027	**23.274**

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

Interest income:	**31 March 2007**	**31 March 2006**
Yapı ve Kredi	2.312	2.825
Koçbank Nederland N.V.	181	165
Other	-	2
	2.493	**2.992**

Interest expense:	**31 March 2007**	**31 March 2006**
Yapı ve Kredi	2,206	2.396
Koçbank Nederland N.V.	211	173
Other	4	7
	2.421	**2.576**

(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)

Dividends paid:	**31 March 2007**	**31 March 2006**
Koç Holding A.Ş.	**20.332 (*)**	**-**

(*) The dividend calculated based on the net income of the year 2006 will be paid in May 2007.

Other related party transactions are as follows:

	31 March 2007	**31 March 2006**
Rent income	289	270
Rent expense	501	704
Management fee received	102	175
Donations	141	-

	31 March 2007	**31 March 2006**
Salaries and other benefits provided to the Board of Directors and the key management of Migros	**1.165**	**1.552**

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

	31 March 2007	**31 December 2006**
Receivables from personnel	1.123	1.783
	1.123	**1.783**

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

NOTE 11 - BIOLOGICAL ASSETS

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

NOTE 12 - INVENTORIES

	31 March 2007	31 December 2006
Raw materials	2.811	3.463
Work in process	1.531	977
Finished goods and merchandise stocks	357.792	390.179
Advances given	1.105	128
Other	1.295	1.017
	364.534	395.764
Less: Provision for diminution in net realisable value	(1.562)	(1.551)
	362.972	**394.213**

Cost of inventory included in the cost of sales for the interim period ending 31 March 2007 is YTL 807.877 (31 March 2006: YTL 712.058)

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 standards and the statutory tax financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on taxable income in coming years under the liability method using a principal tax rate. The principal tax rates for Russian Federation, Kazakhstan, Bulgaria and Azerbaijan are 24%, 30%, 10% and 22% respectively as of 31 March 2007 and 31 December 2006. The principal tax rate for Turkey is 20% as of 31 March 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 31 March 2007 and 31 December 2006 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 March 2007	**31 December 2006**	**31 March 2007**	**31 December 2006**
Carry forward tax losses	99.038	136.122	19.808	27.224
Unrealised financial cost	14.135	14.843	2.827	2.969
Provision for expenses and other provisions	13.259	10.515	2.892	2.230
Provision for employment termination benefits	14.104	11.757	2.821	2.350
Net difference between the tax base and the carrying value of inventories	5.066	1.200	1.020	247
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	(168.236)	(170.757)	(36.877)	(37.512)
Allowance for unincurred interest expense	(14.252)	(14.724)	(2.850)	(2.945)
Deferred prepaid expenses	(3.136)	(3.350)	(686)	(733)
Adjustment for fair value of financial assets	(16.321)	(15.406)	(1.518)	(1.520)
Other	(1.017)	1.304	(286)	246
Deferred tax assets			29.368	35.266
Deferred tax liabilities			(42.217)	(42.710)
Deferred tax (liabilities)/assets, net			**(12.849)**	**(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:

	Deferred tax(liabilities) / assets	
	2007	**2006**
1 January	**(7.444)**	**61.609**
Current period expense (Note 41)	(5.381)	(1.204)
Foreign currency translation difference	(26)	(589)
Current period effect in shareholders' equity (Note 3- Financial Instruments)	2	46
31 March	**(12.849)**	**59.862**

In accordance with Tax Procedural Law, previous years losses can be carried for a maximum of five years. It is estimated by the management that previous years losses in the amount of YTL 99.038 arising during the years 2002-2004 resulting from the acquisition of Tansaş can be offset against taxable profits during 2007. Details of previous years losses in terms of years that the Company plans to benefit from in the coming period are as follows:

	2007
2002	26.908
2003	51.197
2004	20.933
	99.038

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

Other current assets

	31 March 2007	**31 December 2006**
Prepaid expenses	31.616	27.553
Value Added Tax ("VAT") receivables	29.356	34.682
Deductible taxes and funds	7.094	6.736
Migros Club discount cheques	734	5.522
Prepayments for land leases	428	431
Other	1.147	671
	70.375	**75.595**

Prepaid expenses mainly consist of insurance costs and store rentals.

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

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

Other non-current assets

	31 March 2007	31 December 2006
Prepayments for land leases	25.997	25.884
Prepaid expenses	10.060	10.227
VAT receivables	2.179	2.192
	38.236	**38.303**

Other short-term liabilities

	31 March 2007	31 December 2006
Expense accruals	24.840	10.541
VAT payable	18.614	1.406
Deferred income	11.905	11.944
Other taxes and funds payable	11.488	22.845
Payables to personnel	10.854	19.689
Merchandise coupons	2.847	4.933
Other	4.274	1.323
	84.822	**72.681**

Expense accruals include provisions for expenses such as transportation, porterage, cleaning, repair and maintenance provisions related to Migros Club discount cheques. Deferred income mainly consists of advances received from tenants.

NOTE 16 - FINANCIAL ASSETS

	31 March 2007	31 December 2006
Held-to-maturity time deposits	139.786	132.226
Available-for-sale investments	40.160	38.926
Associates	8.705	8.701
Total financial assets	**188.651**	**179.853**

(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:

	31 Mart 2007			**31 Aralık 2006**		
	ABD Doları	**Euro**	**YTL**	**ABD Doları**	**Euro**	**YTL**
ABN Amro Bank	94.762	-	130.781	87.619	-	123.157
Koçbank Nederland N.V.	-	4.898	9.005	-	4.898	9.069
			139.786			**132.226**

Effective interest rates on Euro and USD denominated held-to-maturity time deposits are 7,61%-10,94% (31 December 2006: 9,81%-11,04%) and 8,56%, respectively (31 December 2006: 8,56%).

Available-for-sale investments:

	31 March 2007		**31 December 2006**	
	Share	**Amount**	**Share**	**Amount**
Quoted:				
Tat Konserve San. A.Ş.("Tat Konserve")	2,87%	7.503	2,87%	6.269
Unquoted:				
Koç Finansal Hizmetler A.Ş. ("KFS")	0,37%	28.007	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
		40.160		**38.926**

Associates:

	31 March 2007		**31 December 2006**	
	Share	**Amount**	**Share**	**Amount**
Harranova Besi	50,00%	6.738	50,00%	6.535
Tanı Pazarlama	32,00%	1.967	32,00%	2.166
		8.705		**8.701**

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

NOTE 16 - FINANCIAL ASSETS (Continued)

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

	31 March 2007	31 December 2006
1-2 years	63.138	45.658
2-3 years	46.462	43.784
3-4 years	22.015	39.768
4 years and over	8.171	3.016
	139.786	**132.226**

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

	31 March 2007	31 December 2006
Total Assets	8.658	10.155
Total Liabilities	2.050	3.387

	31 March 2007	31 December 2006
Net sales	1.706	2.162
Net loss for the period	(621)	(211)

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

	31 March 2007	31 December 2006
Total Assets	57.867	56.765
Total Liabilities	49.076	47.619

	31 March 2007
Net sales	7.784
Net income for the period	271

(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	4.926	(810)
Short-term portion of held-to-maturity time deposits	2.634	(3.846)
Increase in the fair value of available-for-sale investments - net	1.234	(443)
Share in profit/(loss) of associates-net	4	(68)
Sale of available - for-sale-investments	-	(23)
31 March	**188.651**	**177.470**

Şok Marketler and Sanal Merkez are Subsidiaries excluded from the scope of consolidation on the grounds of materiality due to the insignificance of their impact on the consolidated net worth, financial position and results of the Group. They have been accounted for as if they were available-for-sale investments and are stated at cost restated to the purchasing power of TL at 31 December 2004 as they do not have quoted market prices in active markets.

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

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

(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 31 March 2007
Goodwill	238.074	-	-	238.074
Accumulated amortisation	(2.594)	-	-	(2.594)
Net book value	**235.480**	**-**	**-**	**235.480**

	Opening 1 January 2006	Additions	Disposals	Transfer	Closing 31 March 2006
Goodwill	175.812	-	-	62.262 (*)	238.074
Accumulated amortisation	(2.594)	-	-	-	(2.594)
Net book value	**173.218**	**-**	**-**	**62.262**	**235.480**

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

In the consolidated financial statements of the Company as of 31 December 2005, the minority interest has not been calculated on the trademark of Tansaş which was acquired as an identifiable asset after the purchase of the said entity. The Company management, having decided that it would be appropriate to calculate the minority interest in the trademark of Tansaş which was not included in the financial statements of Tansaş but included in the consolidated financial statements of Migros as required by IFRS 3 "Business Combinations", has amended the goodwill and minority interest values included in the financial statements as of 31 December 2005. The amendment which resulted from the calculation of minority interest in the trademark value of Tansaş does not affect the consolidated income statement for the year ending 31 December 2005 and the total equity as of 31 December 2005. In this sense, the amendment consists of the reclassification of YTL62.262 between goodwill and minority interest (Note 24). In consideration of the materiality level to the consolidated financial statements, the amendment was made in the consolidated financial statements of 2006 rather than the consolidated financial statements as of 31 December 2005.

(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	Transfers (Note 19)	Effect of changes in foreign exchange rates	Closing 31 March 2007
Cost					
Land and Buildings	110.266	-	1.538	(669)	111.135
Accumulated depreciation					
Land and Buildings	(7.303)	(567)	-	44	(7.826)
Net book value	**102.963**				**103.309**

	Opening 1 January 2006	Additions	Transfers (Note 19)	Effect of changes in foreign exchange rates	Closing 31 March 2006
Cost					
Land and Buildings	60.310	-	-	2.257	62.567
Accumulated depreciation					
Land and Buildings	(4.930)	(319)	-	(185)	(5.434)
Net book value	**55.380**				**57.133**

Investment property owned by the Company represents designated areas within stores that are let out under rent agreements. The result of the work completed by an independent appraisal firm in order to estimate the fair value of the investment property at 31 December 2006 amounts to YTL 230.466 (31 March 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.

Depreciation expenses for the period are recorded in general and administrative 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 19 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2007	Additions	Disposals	Impairment loss	Transfers	Transfers to investment property (Note 18)	Effect of changes in foreign exchange rates	Closing 31 March 2007
Cost								
Land and buildings	547.235	16	(240)	-	3.105	-	(177)	549.939
Leasehold improvements	460.127	1.161	(148)	(26)	3.722	-	(1)	464.835
Machinery and equipment	458.570	2.496	(715)	-	3.389	-	(312)	463.428
Furniture and fixtures	178.805	2.570	(561)	-	2.262	-	(217)	182.859
Motor vehicles	2.035	8	(40)	-	-	-	(26)	1.977
Construction in progress	35.434	27.468	-	-	(11.859)	(1.538)	(164)	49.341
Advances given	5.004	8.284	-	-	(619)	-	(22)	12.647
	1.687.210	**42.003**	**(1.704)**	**(26)**	**-**	**(1.538)**	**(919)**	**1.725.026**
Accumulated depreciation								
Buildings	(61.228)	(2.922)	37	-	-	-	101	(64.012)
Leasehold improvements	(198.031)	(11.817)	88	26	-	-	2	(209.732)
Machinery and equipment	(298.421)	(8.580)	523	-	-	-	135	(306.343)
Furniture and fixtures	(79.451)	(3.965)	381	-	-	-	75	(82.960)
Motor vehicles	(1.152)	(87)	29	-	-	-	2	(1.208)
	(638.283)	**(27.371)**	**1.058**	**26**	**-**	**-**	**315**	**(664.255)**
Net book value	**1.048.927**			**-**				**1.060.771**

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

(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	Transfers t investment property (Note 18)	Effect of changes in foreign exchange rates	Closing 31 March 2006
Cost								
Land and buildings	452.997	1.095	(676)	-	778	-	7.557	461.751
Leasehold improvements	415.122	1.244	-	(119)	285	-	3	416.535
Machinery and equipment	405.629	804	(988)	-	897	-	1.607	407.949
Furniture and fixtures	144.805	1.478	(379)	-	1.539	-	917	148.360
Motor vehicles	2.862	102	(251)	-	-	-	9	2.722
Construction in progress	39.557	14.288	(34)	-	(3.608)	-	1.359	51.562
Advances given	11.784	6.584	-	-	109	-	408	18.885
	1.472.756	**25.595**	**(2.328)**	**(119)**	**-**	**-**	**11.860**	**1.507.764**
Accumulated Depreciation								
Buildings	(49.340)	(2.141)	38	-	-	-	(594)	(52.037)
Leasehold improvements	(164.502)	(9.567)	-	119	-	-	(1)	(173.951)
Machinery and equipment	(262.464)	(7.949)	629	-	-	-	(727)	(270.511)
Furniture and fixtures	(65.582)	(2.624)	98	-	-	-	(227)	(68.335)
Motor vehicles	(1.611)	(135)	169	-	-	-	11	(1.566)
	(543.499)	**(22.416)**	**934**	**119**	**-**	**-**	**(1.538)**	**(566.400)**
Net book value	**929.257**			**-**				**941.364**

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Borrowing costs of YTL495 (31 December 2006: YTL4.821) arising on financing specifically entered into for the construction of the new stores have been capitalised during the period. The capitalisation rate used represents the interest cost of the borrowing used to finance the project.

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

	31 March 2007	31 December 2006
Net book value	22.286	24.700

NOTE 20 - INTANGIBLE ASSETS

Cost	Opening 1 January 2007	Additions	Disposals	Effect of changes in foreign exchange rates	Closing 31 March 2007
Trademark (Tansaş) (*)	174.158	-	-	-	174.158
Rights	16.328	371	(22)	(6)	16.671
Other intangible assets	88	-	-	-	88
Accumulated amortisation	(9.751)	(686)	22	2	(10.413)
Net book value	**180.823**				**180.504**

Cost	Opening 1 January 2006	Additions	Disposals	Effect of changes in foreign exchange rates	Closing 31 March 2006
Trademark (Tansaş) (*)	174.158	-	-	-	174.158
Rights	13.873	64	(34)	66	13.969
Other intangible assets	88	-	-	-	88
Accumulated amortisation	(6.928)	(734)	34	(47)	(7.675)
Net book value	**181.191**				**180.540**

(*) The Company acquired 64,25% of the shares of Tansaş at 10 November 2005. IFRS 3, "Business Combinations", requires the acquirer at the acquisition date to allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values as at that date. The work was performed by an independent appraisal firm in order to estimate the fair value of the trademark which was considered as an identifiable intangible asset. The appraisal firm applied the relief from royalties method and estimated the fair value of the trademark in the amount of YTL174.158 in its report dated 6 March 2006. This amount has been accounted for as an intangible asset in the consolidated financial statements. Since the trademark does not have a definite useful life and it is foreseen that certain expenses will be incurred each year in order to maintain its value, it is considered as an intangible asset with an indefinite useful life and therefore has not been amortised. Additionally, as mentioned in "Accounting Policies", the Group assesses the intangible assets with indefinite useful lives annually for any indication of impairment.

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

NOTE 21 - ADVANCES RECEIVED

The Group has not received any advances (2006: None).

NOTE 22 - RETIREMENT PLANS

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

NOTE 23 - PROVISIONS

Short-term provisions

	31 March 2007	31 December 2006
Tax and legal provisions	2.712	242
Less: Prepaid corporation tax	(855)	(162)
Tax provisions, net	1.857	80
Provision for litigation (Note 31.f)	7.188	7.188
Total short-term provisions	**9.045**	**7.268**

Migros doesn't have any corporation tax base as of March 31, 2007. Advance corporation tax receivable amounting to YTL 6.891 (31 December 2006: YTL 6.446) which has been paid in previous periods is classified in other current assets as deductible tax and funds (Note 15).

Long-term provisions

	31 March 2007	31 December 2006
Provision for employment termination benefits	**14.119**	**11.757**

Provision for employment termination benefits is explained below:

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires (the retirement age is 58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of YTL1.960,69 (31 December 2006: YTL1.857,44) for each year of service at 31 March 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.

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

NOTE 23 - PROVISIONS (Continued)

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

	31 March 2007	31 December 2006
Discount rate	5,71%	5,71%
Turnover rate to estimate the probability of retirement	86,60%	87,40%

The principal assumption is that the maximum liability of YTL 1.960,69 as of 31 March 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 YTL1.960,69 (31 December 2006: YTL1.960,69) which is effective from 1 January 2007 has been taken into consideration for the calculation of the provision for employment termination benefits.

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

	2007	2006
1 January	**11.757**	**13.782**
Increase during the period	3.522	3.479
Payments in the period	(1.160)	(1.408)
31 March	**14.119**	**15.853**

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

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

Changes in minority interest during the period are as follows:

	2007	2006
1 January	**199**	**85.230**
Net income attributable to minority interest	13	3.264
Translation reserve	(1)	530
Allocation of trademark value of Tansaş to minority interest (Note 17)	-	62.262
31 March	**211**	**151.286**

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

NOTE 25 - SHARE CAPITAL/ADJUSTMENT TO SHARE CAPITAL

Migros adopted the registered share capital system available to companies registered with the Capital Markets Board ("CMB") and set a limit on its registered share capital representing registered type shares with a nominal value of YKr1. The Company's historical authorised and paid-in share capital at 31 March 2007 and 31 December 2006 are as follows:

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

The shareholders of the Company and their shareholdings to capital with historical figures as at 31 March 2007 and 31 December 2006 are stated below:

	31 March 2007		31 December 2006	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
Koç Holding A.Ş.	50,83	89.601	50,83	89.601
Publicly held	49,17	86.666	49,17	86.666
Total capital	**100,00**	**176.267**	**100,00**	**176.267**
Adjustment to share capital (*)		(77.165)		(77.165)
Total paid-in capital		**99.102**		**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 176.267 (31 December 2006: YTL 176.267) has been divided into 17.626.686.600 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 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.

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.

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

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

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

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

In accordance with the above explanation, the composition of the Company’s shareholders’ equity as of 31 March 2007 and 31 December 2006 according to the Communiqué XI-25 is as follows:

	31 March 2007	31 December 2006
Share capital	176.267	176.267
Capital surplus	18.854	18.854
Financial assets fair value reserve	16.144	14.865
Shareholders’ equity restatement differences	175.758	175.758
Legal reserves	18.487	13.410
Extraordinary reserves	72.692	78.608
Translation reserve	(28.084)	(30.202)
Additional contribution to shareholders’ equity related to merger	119.422	119.422
Net income for the period	32.658	78.686
Retained earnings	316.627	277.102
Total shareholders’ equity	**918.825**	**922.770**

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

	31 March 2007			31 December 2006		
	Historical amounts	Restated amounts	Shareholders’ equity restatement differences	Historical amounts	Restated amounts	Shareholders’ equity restatement differences
Share capital	176.267	99.102	(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	**286.300**	**462.058**	**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

	31 March 2007	31 December 2006
Assets	339.716	348.638
Liabilities	(870.160)	(911.924)
Net foreign currency liability position	**(530.444)**	**(563.286)**

YTL equivalent of foreign currency amounts

	31 March 2007					
	USD	Euro	Russian ruble	Kazakhstan tenge	Other currencies	Total YTL
Cash and cash equivalents	14.574	2.015	5.056	9.652	6.402	37.699
Marketable securities	52.436	3.197	-	-	-	55.633
Trade receivables	8.127	372	5.302	1.010	2.179	16.990
Due from related parties	194	-	165	-	18	377
Other current assets	3.869	-	48.006	646	1.331	53.852
Financial assets	130.781	9.005	-	-	-	139.786
Other non-current assets	1.465	-	30.947	2.967	-	35.379
Total assets denominated in foreign currencies	**211.446**	**14.589**	**89.476**	**14.275**	**9.930**	**339.716**

	31 March 2007					
	USD	Euro	Russian ruble	Kazakhstan tenge	Other currencies	Total YTL
Short-term financial liabilities	117.776	43.827	-	-	-	161.603
Long-term financial liabilities	443.401	115.845	-	-	-	559.246
Trade payables	11.219	674	98.150	9.782	6.481	126.306
Due to related parties	941	-	175	-	-	1.116
Other liabilities	201	-	19.607	911	1.170	21.889
Total liabilities denominated in foreign currencies	**573.538**	**160.346**	**117.932**	**10.693**	**7.651**	**870.160**

(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 31 March 2007 and 31 December 2006 are as follows:

	31 March 2007	31 December 2006
Letters of guarantees given	**26.322**	**27.464**

Assets of Ramstore Kazakhstan 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 31 March 2007 and 31 December 2006 are as follows:

	31 March 2007	31 December 2006
Guarantees obtained from customers	**58.016**	**55.022**

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

	31 March 2007	31 December 2006
Payable within 1 year	13.441	12.749
Payable in 1 to 2 years	10.999	10.527
Payable in 2 to 5 years	30.454	25.838
Payable in 5 to 10 years	33.129	24.218
Payable after 10 years	17.378	26.314
Total	**105.401**	**99.646**

d) As of 31 March 2007, there are contractual commitments for the new hypermarket constructions of Ramenka amounting to YTL41.927 (31 December 2006: YTL33.615).

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

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

e) Russia, Kazakhstan and Kyrgyzstan's tax legislation are subject to varying interpretations and changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of Ramenka and Rambutya may not coincide with that of the management. As a result transactions may be challenged by tax authorities and Ramenka and Rambutya may be assessed for additional taxes, penalties and interest, which can be significant. The period remain open to review by Russian and Kazakh tax authorities for three and five years, respectively.

f) There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour issues constitute the majority of these lawsuits. The Company management assesses the outcomes of these lawsuits and the financial effects thereof, and the required provisions are made in accordance with expected gains and liabilities. As of 31 March 2007 such provisions amount to YTL 7.188 (31 December 2006: YTL7.188).

NOTE 32 - BUSINESS COMBINATIONS

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

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

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

a) Net sales	**31 March 2007**	**31 March 2006**
Turkey	923.253	832.254
Russian Federation (Note 44)	122.714	91.590
Kazakhstan	31.703	18.905
Bulgaria	7.741	7.267
Azerbaijan	4.076	3.271
	1.089.487	**953.287**

b) Operating profit/(loss)	**31 March 2007**	**31 March 2006**
Turkey	35.795	26.826
Russian Federation	3.440	6.319
Kazakhstan	2.804	2.961
Bulgaria	730	425
Azerbaijan	117	254
	42.886	**36.785**

(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-31 March 2007

	Turkey	Azerbaijan	Bulgaria	Russian Federation	Kazakhstan	Total Combined	Inter-segment elimination	Total
External revenues	923.253	4.076	7.741	122.714	31.703	1.089.487	-	1.089.487
Inter-segment revenues	1.282	-	-	-	-	1.282	(1.282)	-
Revenues	924.535	4.076	7.741	122.714	31.703	1.090.769	(1.282)	1.089.487
Cost of sales	(701.816)	(3.061)	(4.863)	(84.865)	(23.478)	(818.083)	1.282	(816.801)
Gross profit	222.719	1.015	2.878	37.849	8.225	272.686	-	272.686
Selling and marketing expenses	(143.711)	(300)	(1.169)	(23.411)	(3.830)	(172.421)	-	(172.421)
General and administrative expenses	(43.213)	(598)	(979)	(10.998)	(1.591)	(57.379)	-	(57.379)
Net operating profit/(loss)	**35.795**	**117**	**730**	**3.440**	**2.804**	**42.886**	**-**	**42.886**

d) Segmental analysis for the interim period of 1 January-31 March 2006

	Turkey	Azerbaijan	Bulgaria	Russian Federation	Kazakhstan	Total Combined	Inter-segment elimination	Total
External revenues	832.254	3.271	7.267	91.590	18.905	953.287	-	953.287
Inter-segment revenues	1.314	-	-	-	-	1.314	(1.314)	-
Revenues	833.568	3.271	7.267	91.590	18.905	954.601	(1.314)	953.287
Cost of sales	(636.994)	(2.456)	(5.058)	(63.269)	(13.335)	(721.112)	1.314	(719.798)
Gross profit	196.574	815	2.209	28.321	5.570	233.489	-	233.489
Selling and marketing expenses	(123.858)	(231)	(941)	(14.913)	(1.652)	(141.595)	-	(141.595)
General and administrative expenses	(45.890)	(330)	(843)	(7.089)	(957)	(55.109)	-	(55.109)
Net operating profit/(loss)	**26.826**	**254**	**425**	**6.319**	**2.961**	**36.785**	**-**	**36.785**

(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	**31 March 2007**	**31 December 2006**
Turkey	2.231.629	2.337.003
Russian Federation	557.823	561.797
Bulgaria	60.693	60.457
Kazakhstan	59.986	58.597
Azerbaijan	9.261	9.088
Total combined	2.919.392	3.026.942
Less: Inter-segment elimination	(231.716)	(237.010)
Total assets as per consolidated financial statements	**2.687.676**	**2.789.932**

Net assets	**31 March 2007**	**31 December 2006**
Turkey	878.211	886.257
Russian Federation (Note 44)	188.283	188.587
Kazakhstan	36.454	31.372
Bulgaria	27.221	26.857
Azerbaijan	6.927	6.941
Total combined	1.137.096	1.140.014
Less: Inter-segment elimination	(218.060)	(217.045)
Total net assets	919.036	922.969
Less: Minority interest	(211)	(199)
Total shareholders' equity as per consolidated financial statements	**918.825**	**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

	31 March 2007	**31 March 2006**
Capital expenditures		
Turkey	32.406	14.284
Russian Federation	11.300	11.082
Kazakhstan	175	192
Azerbaijan	24	69
Bulgaria	7	32
	43.912	**25.659**

	31 March 2007	**31 March 2006**
Depreciation and amortisation		
Turkey	22.388	19.165
Russian Federation	5.090	3.350
Bulgaria	580	549
Kazakhstan	470	314
Azerbaijan	96	91
	28.624	**23.469**

g) Minority interest

	31 March 2007	**31 December 2006**
Bulgaria	211	199
	211	**199**

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

NOTE 34 - SUBSEQUENT EVENTS

(i) At the meeting of the Board of Directors of the Company dated on 4 April 2007, it's decided that to participate in the amount of USD 30.000 capital increase of Ramenka, a %50 JV of the Company located in Russian Federation with the amount of USD 15.000 corresponding Company share proportion from USD66.500 to USD99.500 as of 9 April 2007 the amount of USD 10.000 has been paid by the Company.

NOTE 35 - DISCONTINUED OPERATIONS

Ramstore Bulgaria closed down its three stores and stopped its retailing operations as of 31 March 2007.

NOTE 36 - OPERATING REVENUE

	31 March 2007	31 March 2006
Domestic sales	939.947	846.865
Foreign sales	160.031	116.567
	1.099.978	**963.432**
Other sales	6.758	5.111
	1.106.736	**968.543**
Less: Discounts and returns	(17.249)	(15.256)
Sales revenue - net	**1.089.487**	**953.287**
Cost of sales	(816.801)	(719.798)
Gross operating profit	**272.686**	**233.489**

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

NOTE 36 - OPERATING REVENUE (Continued)

Details of domestic and foreign sales are as follows:

	31 March 2007	31 March 2006
Retail sales	1.053.573	921.857
Rent income	32.446	24.336
Wholesale	13.959	17.239
	1.099.978	**963.432**

NOTE 37 - OPERATING EXPENSES

	31 March 2007			31 March 2006		
	General and Administrative Expenses	Selling and Marketing Expenses	Total	General and Administrative Expenses	Selling and Marketing Expenses	Total
Staff costs	16.861	64.487	81.348	21.439	56.991	78.430
Rent expense	896	37.864	38.760	1.209	29.542	30.751
Depreciation and amortisation	28.674	-	28.674	23.375	-	23.375
Transportation, porterage and cleaning expenses						
Repair, maintenance	-	20.706	20.706	-	16.862	16.862
and security	1.082	9.010	10.092	1.032	6.852	7.884
Energy expenses	152	13.466	13.618	788	11.261	12.049
Advertising expenses	-	10.560	10.560	-	8.696	8.696
Taxes and other fees	2.480	1.241	3.721	1.984	1.222	3.206
Communication expenses	688	1.479	2.167	684	1.376	2.060
Travelling expenses	1.302	495	1.797	699	469	1.168
Warehouse expenses	-	3.280	3.280	-	596	596
Mechanisation expenses	228	1.550	1.778	140	847	987
Parent company service charges	493	-	493	877	-	877
Insurance premiums	38	1.330	1.368	69	835	904
Stationary expense	177	719	896	89	357	446
Donations	329	-	329	336	-	336
Employment termination benefits-net	423	1.939	2.362	581	1.490	2.071
Other	3.556	4.295	7.851	1.807	4.199	6.006
Total	**57.379**	**172.421**	**229.800**	**55.109**	**141.595**	**196.704**

(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

	31 March 2007	31 March 2006
Foreign exchange gain	11.286	8.883
Interest income on marketable securities	4.759	1.720
Interest income on bank deposits	5.038	7.124
Scrap good sales	1.043	465
Due date charges on credit sales	848	2.147
Other	1.193	1.245
	24.167	**21.584**

Other operating expenses and losses

	31 March 2007	31 March 2006
Foreign exchange loss	4.766	63
Bad debt provision expenses	476	797
Credit cards commission expense	34	1.824
Other	350	771
	5.626	**3.455**

NOTE 39 - FINANCIAL EXPENSES

	31 March 2007	31 March 2006
Interest expense on bank borrowings	13.007	11.414
Interest expense on term purchases	6.819	9.574
Foreign exchange loss from financial activities	38	3.925
Other	396	201
	20.260	**25.114**

NOTE 40 - MONETARY GAIN/LOSS

There is no gain/loss on net monetary position since inflation accounting has not been applied in 2007 and 2006.

NOTE 41 - TAXES ON INCOME

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

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 (SIS WPI increase rate). Since these conditions in question were not fulfilled between 2005 and March 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.

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.

NOTE 41 - TAXES (Contained)

Preferential right certificate sales and issued premiums exemption

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

Foreign company participation exemption

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

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

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

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

Investment allowance exemption:

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

a) Investment allowance amounts that were calculated in accordance with the effective legislation as of 31 December 2005 over the investment expenses related to the investments initiated before 1 January 2006, to be subject to withholding tax of 19,8% if utilised, in the scope of the investment incentive certificates filed on applications before 24 April 2003.

b) Investment allowance amounts at the rate of 40% which will be calculated in accordance with the effective legislation as of 31 December 2005 over the investments that display technical and economical integrity related to the investment initiated before 1 January 2006, in the scope of article No19 of Income Tax Law, that was repealed after 24 April 2003.

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

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

NOTE 41 - TAXES (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

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

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

Income tax rates applied in the foreign Subsidiaries and the Joint-venture for Russia, Kazakhstan, Bulgaria, Macedonia and Azerbaijan are 24%, 30%, 10%, 12% and 22% respectively (2006: 24%, 30%, 15%, 15% and 22%). The applicable tax rate in Kyrgyzstan is 10%.

The taxation on income for the interim period ended at 31 March is summarised below:

	31 March 2007	**31 March 2006**
Current period taxation charge	(3.119)	(5.939)
Deferred tax charge (Note 14)	(5.381)	(1.204)
Taxation on income	**(8.500)**	**(7.143)**

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NOTE 42 - EARNINGS PER SHARE

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

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

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

	31 March 2007	**31 March 2006**
Net income attributable to the shareholders	32.658	19.325
Weighted average number of shares with YKr 1 face value each (Note 25)	17.626.686.600	17.626.686.600
Earnings per share (YKr)	0,19	0,11

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

NOTE 43 - STATEMENTS OF CASH FLOWS

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

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

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

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

	31 March 2007	**31 December 2006**
Property, plant and equipment	427.153	431.005
Other non-current assets	32.412	26.446
Current assets	98.258	104.346
	557.823	**561.797**
Long-term bank borrowings	(181.153)	(175.966)
Provisions	(16.836)	(18.201)
Short-term liabilities	(171.551)	(179.043)
	(369.540)	**(373.210)**
Net assets	**188.283**	**188.587**

	31 March 2007	**31 March 2006**
Net sales	**122.714**	**91.590**
Income before tax	1.353	9.361
Income tax	(683)	(2.040)
Net income	**670**	**7.321**

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

(ii) As stated in Summary of Significant Accounting Policies (Note 3), during the year 2006 the Company reviewed the useful lives of its property, plant and equipment considering the improvements in maintenance period and the nature of the investments and in this context, revised the useful lives of property, plant and equipment effective from 1 January 2006. Since the result of such revision was reflected in the interim financial statements for the period 1 January-30 June 2006 for the first time, consolidated financial statements for the three months period ended 31 March 2006 were announced without accounting the effects of the revision. The consolidated financial statements for the interim period 1 January-31 March 2006 which are presented in comparison with the consolidated financial statements prepared as of 31 March 2007, have been restated in consideration of this revision. Accordingly, the depreciation expense has decreased by approximately YTL 3.143 as compared to the amount calculated with the previous useful lives and deferred tax expense has increased by YTL 943 in the consolidated statement of income for the interim period ending 31 March 2006. Consequently, consolidated net income for the interim period 1 January- 31 March 2006 has increased by YTL 2.200.

(iii) As of 31 March 2007 , although the short-term liabilities of the Company exceed its current assets in the amount of YTL 291.733, the maturities of the short-term liabilities are longer than the maturities of the current assets. While the maturities of trade payables and due to related parties which constitute approximately 78% of the short-term liabilities are shorter than three months on average, the maturities of the significant amount of current assets is one month on average.

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