MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2008 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

PRICEWATERHOUSECOOPERS

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

INDEPENDENT AUDITOR'S REPORT

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

Introduction

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Additional paragraph for convenience translation into English

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

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

Originally issued and signed in Turkish

Adnan Akan, SMMM
Partner

Istanbul, 6 April 2009

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2008 AND 2007

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

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

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

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2008 AND 2007

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

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

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

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

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

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

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

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

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

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

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

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

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

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

The address of the registered office is as follows:

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

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

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

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

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 Presentation of Financial Statements):

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

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

(**) By closing down its three retail stores, Ramstore Bulgaria has ceased its retail operations in the first half of 2007.

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

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

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

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

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Interests in Joint-venture:

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial Reporting Standards

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

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

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats required by the CMB including the compulsory disclosures. As per CMB's Communiqué Serial XI, No:29 and its announcements clarifying this communiqué enterprises are obliged to present the hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements (Note 27). Accordingly, required reclassifications have been made in the comparative financial statements (Note.2.6.y).

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

Translation of Financial Statements of Foreign Subsidiaries

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

2.2 Amendments in International Financial Reporting Standards (IFRS)

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

- IFRIC 14, "IAS 19 - The Limit on a Defined Limited Asset, Minimum Funding Requirements and their Interaction"
- IFRIC 11, "IFRS 2 - Group and Treasury Share Transactions"
- IFRIC 12, "Service Concession Arrangements
- IFRIC 16. "Hedges of a Net Investment in a Foreign Operation

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

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

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

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

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

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

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

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

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

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

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

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

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

- IFRS 2 - "Shared based Payments"
- IAS 32 (Amendment), "Financial Instruments: Presentation"
- IFRS 1 (Amendment) "First application of IFRS" and IAS 27 "Consolidated and Separate Financial Statements"
- IAS 27 (Amendment), "Consolidated and Separate Financial Statements"
- IFRS 3 (Amendment), "Business Combinations"
- IFRS 5 (Amendment), "Non-current assets held for sale and Discounted Operations" (and consequential amendment to IFRS 1, "First-time adoption").
- IAS 28 (Amendment), "Investments in Associates" (and consequential amendments to IAS 32, "Financial Instruments: Presentation", and IFRS 7, "Financial instruments: Disclosures")
- IAS 38 (Amendment), "Intangible Assets"
- IAS 19 (Amendment), "Employee Benefits"
- IAS 16 (Amendment), "Property Plant and Equipment"
- IAS 29 (Amendment), "Financial Reporting in Hyperinflationary Economies"
- IAS 40 (Amendment), "Investment Property" (and consequential amendments to IAS 16)
- IAS 41 (Amendment), "Agriculture"
- IAS 20 (Amendment), "Government Grants"
- IFRIC 15, "Agreements for the Construction of Real Estates"

2.3 Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

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

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

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

2.4 Changes in the Accounting Policies and Errors

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

2.5 Changes in the Accounting Estimates

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

2.6 Summary of Significant Accounting Policies

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

a) Revenue

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

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

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

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

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

b) Inventories

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

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

c) Property, plant and equipment

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

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

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

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

Depreciation is provided for assets when they are ready for 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.

d) Intangible assets (other than goodwill)

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

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

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

e) Business combinations

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

The cost of a business combination is allocated by 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.

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

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

f) Impairment of assets

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

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

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

g) Borrowing costs

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

h) Financial Instruments

Trade receivables

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

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

Loans originated by the Company

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

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

Investment securities

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

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

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

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

i) Foreign currency transactions and translations

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

j) Earnings per share

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

k) Subsequent events

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

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

l) Provisions, contingent liabilities and contingent assets

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

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

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

m) Leases

Finance leases

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

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

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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

n) Related parties

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

o) Segment reporting

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

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

p) Government incentives and grants

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

q) Investment property

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

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

r) Taxes on income

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

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

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

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

s) Employee benefits

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

t) Statement of cash flows

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

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

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

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

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

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

u) Discontinued operations

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

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

v) Offsetting

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

y) Comparatives and restatement of prior year financial statements

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

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

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

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

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

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

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

v) Foreign exchange gains and interest income amounting to YTL 148.210 in "other operating income", financial income amounting to YTL 2.744 in "financial income", rent expense amounting to YTL 1.777 in "general administrative expenses", foreign exchange losses amounting to YTL 34.912 in "other expense", other income amounting to YTL 442 in other operating income", energy, communication, insurance, stationery, maintenance and security expenses amounting to YTL 5.974 in "general administrative expenses" on the statement of income for the period 1 January - 31 December 2007 are reclassified into "financial income", "marketing, selling and distribution expenses", "financial expenses", "general administrative expenses" and "marketing and selling expenses" respectively.

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

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

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

2.7 Critical Accounting Estimates and Assumptions

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

(a) Goodwill impairment tests:

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

(b) Impairment on Leasehold Improvements

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

(c) Impairment on intangible assets

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

(d) Provisions

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

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

(e) Taxes on income

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

NOTE 3 - SEGMENT REPORTING

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

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

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

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

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

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

e) Segment assets

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

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

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

f) Capital expenditures, depreciation and amortisation

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

g) Minority interest

	2008	2007
Bulgaria	387	265
	387	**265**

NOTE 4 - CASH AND CASH EQUIVALENTS

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

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

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

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

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

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

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

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

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

NOTE 5 - FINANCIAL ASSETS

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

Short-term available-for-sale investments:

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

NOTE 5 - FINANCIAL ASSETS (Continued)

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

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

Listed financial assets:

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

Unlisted financial assets:

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

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

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

NOTE 5 - FINANCIAL ASSETS (Continued)

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

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

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

NOTE 6 - FINANCIAL LIABILITIES

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

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

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

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

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

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

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

Movement of provision for doubtful receivables is as follows:

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

Trade payables:

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

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other receivables:

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

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

Other Payables:

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

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

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

NOTE 9 - INVENTORIES

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

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

NOTE 10 - INVESTMENT PROPERTY

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

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

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

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

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

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

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

	2008	**2007**
Net book value	**7.572**	**15.725**

Migros sold a piece of land to City Plaza DOO - Skopje ("City Plaza"), the main shareholder of which is EvroAsia Tehnika DOO - Skopje ("EvroAsia"), for an amount of USD30 in accordance with the agreement dated 27 February 2008. Additionally, in 2008 Migros accounted for consulting charges amounting to YTL908 (equivalent of USD700) with regard to consulting and marketing obtained by Ramstore Macedonia from EvroAsia which is the 1% shareholder of Ramstore Macedonia.

NOTE 12 - INTANGIBLE ASSETS

	Opening 1 January 2008	**Additions**	**Disposals**	**Cumulative translation differences**	**Closing 31 December 2008**
Cost					
Trademark (**)	174.158	-	-	-	174.158
Rights	17.059	3.170	(116)	396	20.509
Other intangible assets	88	10.297 (*)	-	-	10.385
	191.305	**13.467**	**(116)**	**396**	**205.052**
Accumulated Amortisation					
Rights	(11.591)	(2.182)	116	(239)	(13.896)
Other intangible assets	(88)	(293)	-	-	(381)
	(11.679)	**(2.475)**	**116**	**(239)**	**(14.277)**
Net book value	**179.626**				**190.775**

NOTE 12 - INTANGIBLE ASSETS (Continued)

	Opening 1 January 2007	Additions	Disposals	Cumulative translation differences	Disposals due to sale of joint-venture	Closing 31 December 2007
Cost						
Trademark (**)	174.158	-	-	-	-	174.158
Rights	16.328	1.809	(52)	(230)	(796)	17.059
Other intangible assets	88	-	-	-	-	88
	190.574	**1.809**	**(52)**	**(230)**	**(796)**	**191.305**
Accumulated Amortisation						
Rights	(9.663)	(2.570)	48	117	477	(11.591)
Other intangible assets	(88)	-	-	-	-	(88)
	(9.751)	**(2.570)**	**48**	**117**	**477**	**(11.679)**
Net book value	**180.823**					**179.626**

(*) On 24 July 2008 the Group has purchased all of the furniture and fixtures of local retail chain Maxi Market's Silivri, Tekirdağ and Çengelköy stores which have a sales area of 13.000 square meters in total from Hamoğlu Yönetim Organizasyonu Personel Taşımacılık ve Yemek Üretim Hizmetleri İşletmecilik A.Ş. for YTL 19.689 (equivalent of Euro 10.500) and also took over the rent agreements of the mentioned stores. The fair value of the purchased furniture and fixtures has been determined as YTL 9.392 and booked under "property and equipment". The purchasing cost amounting YTL 10.297 which exceeds the fair value of the purchased furniture and fixtures accounted for as an intangible asset and will be amortised over the agreement period.

(**) Migros acquired 64,25% of the shares of Tansaş at 10 November 2005. IFRS 3, "Business Combinations", requires the acquirer at the acquisition date to allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values as at that date. The work was performed by an independent appraisal firm in order to estimate the fair value of the trademark which was considered as an identifiable intangible asset. The appraisal firm applied the relief from royalties method and estimated the fair value of the trademark in the amount of YTL 174.158 in its report dated 6 March 2006. This amount has been accounted for as an intangible asset in the consolidated financial statements. Since the trademark does not have a definite useful life and it is foreseen that certain expenses will be incurred each year in order to maintain its value, it is considered as an intangible asset with an indefinite useful life and therefore has not been amortised. Additionally, Migros assesses the intangible assets with indefinite useful lives annually for any indication of impairment.

NOTE 13 - GOODWILL

	2008	2007
1 January	234.466	235.480
Impairment	-	(1.014)
31 December	**234.466**	**234.466**

As at 31 December 2008, goodwill amount with a net book value of YTL234.466 (2007:YTL234.466) is mainly formed of due to Tansaş acquisition on 10 November 2005.

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions:

	2008	2007
Provision for litigation (Note 14.e)	**13.898**	**6.795**

Commitments, contingent assets and liabilities

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

	2008	2007
Letters of guarantee given	**26.648**	**71.860**

Migros signed a guarantee agreement with IFC regarding the loan obtained by Ramstore Kazakhstan amounting to USD 11 million and USD 1,9 million, respectively on 30 July 1999 and 22 November 2001, respectively. In the case of termination of this guarantee agreement by Migros, Samal shopping mall and stores (25.050 square meters), Astana and Tastak stores (3.194 and 2.020 square meters, respectively) of Ramstore Kazakhstan will be pledged by IFC.

As at 31 December 2007, guarantees given included collaterals by YTL43.327 given to real estate firms due to sale of shopping malls.

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

	2008	2007
Guarantees obtained from customers	55.885	49.569
Mortgages	1.408	192
Guarantees obtained with respect to joint venture sales	-	148.379
	57.293	**198.140**

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

	2008	2007
Payable within 1 year	4.404	2.074
Payable in 1 to 2 years	3.351	2.074
Payable in 2 to 5 years	2.135	6.222
Payable in 5 to 10 years	-	7.161
	9.890	**17.531**

d) Tax legislations in Kazakhstan and Kyrgyzstan are subject to different manners of interpretation and subject to be altered frequently. Accordingly, the interpretation of tax implications regarding the operations of Ramstore Kazakhstan by the tax authorities may differ from the interpretation of the management. Consequently, Ramstore Kazakhstan may encounter significant additional taxes, penalties and interests. Tax authorities in Kazakhstan maintain the right to inspect the accounts for five fiscal years.

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

e) There are various lawsuits filed against or in favour of Migros. Receivables, rent or labour issues constitute the majority of these lawsuits. Migros management estimates the outcomes of these lawsuits and the financial effects thereof, and the required provisions are accounted for based on these estimates. The provision at 31 December 2008 amount to YTL13.898 (31 December 2007: YTL 6.795).

Movement of provision for lawsuits as follows:

	2008	2007
1 January	**6.795**	**7.188**
Increase during the year	9.260	930
Payments during the year	(2.157)	(1.323)
31 December	**13.898**	**6.795**

f) As of 31 December 2008, unused vacation pay amounted to YTL20.893. According to the Company policy, the Company encourages its employees to take their vacation; hence no provision has been accounted for in the consolidated financial statements at 31 December 2008.

g) In December 2007 the tax authorities imposed and notified Migros of fines amounting to YTL36.399 resulting from a tax inspection of the 2002, 2003 and 2004 fiscal accounts. The fine related to falsified invoices issued by Özpa Pazarlama A.Ş. in respect to electronic products purchased by Migros. Migros subsequently took legal action for the cancellation of these fines.

On 24 June 2008 Migros paid YTL1.037 as a result of the reconciliation in relation to the YTL4.784 of these fines and took legal action in order not to pay the remaining balance. As of the date of preparation of these consolidated financial statements, the lawsuit has been finalized and the court has announced its decision on 17 December 2008 in favour of Migros where the decision is subject to appeal in the higher court.

NOTE 15 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2008	2007
Provision for employee termination benefits	**15.490**	**14.065**

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

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or dies. The amount payable consists of one month's salary limited to a maximum of YTL2.173,19 (2007: YTL2.030,19) for each year of service at 31 December 2008.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

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

	2008	2007
Discount rate	6,26%	5,71%
Turnover rate to estimate the probability of retirement	84,80%	86,60%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2.260,04 effective from 1 January 2009 (1 January 2008: YTL2.087,92) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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

	2008	2007
1 January	**14.065**	**11.757**
Increase during the period	9.421	10.169
Payments during the period	(6.923)	(7.462)
Actuarial gain	(876)	(399)
Change in discount rate	(197)	-
31 December	**15.490**	**14.065**

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

Other current assets:	**2008**	**2007**
Prepaid expenses	19.526	13.812
Migros Club discount cheques	6.593	1.577
Fixed asset advances	5.078	1.112
Deductible taxes and funds	1.149	162
Value added tax ("VAT") receivable	216	102
Order advances given	55	227
Receivables from joint venture sales (Note 2)	-	148.379
Other	2.309	3.224
	34.926	**168.595**

Prepaid expenses mainly consist of insurance premium and store rentals.

Other non-current assets:	**2008**	**2007**
Prepaid expenses	2.381	3.407
	2.381	**3.407**

Other current liabilities:	**2008**	**2007**
Payables to personnel	19.301	22.774
Taxes and funds payable	19.096	20.561
Expense accruals	14.083	7.332
Merchandise coupons	5.465	6.872
VAT payable	5.094	12.726
Deferred income	1.160	1.223
Other	771	719
	64.970	**72.207**

Expense accruals include accruals for costs such as electricity, water, communication and provision for Migros Club discount cheques. Deferred income mainly includes advances obtained from tenants in stores and malls.

NOTE 17 - EQUITY

Share Capital

The Company's authorised and issued capital consists of 17.803.000.000 shares at 1 shares of YKr 1 nominal value (2007: 17.803.000.000 shares).

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

	2008		2007	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
Moonlight Perakendecilik ve Ticaret A.Ş. ("Moonlight")	97,92	174.323	-	-
Publicly Held	2,08	3.707	49,17	87.533
Koç Holding A.Ş. (Note 1)	-	-	50,83	90.497
Total capital	**100,00**	**178.030**	**100,00**	**178.030**
Adjustment to share capital (*)		(77.165)		(77.165)
Total paid-in capital		**100.865**		**100.865**

(*) Adjustment to share capital represents the restatement effect of cash contributions to share capital at 31 December 2004 equivalent purchasing power.

Following the purchasing of 50,83% of Migros shares on 30 May 2008 from Koç Holding Moonlight has increased its shares in the Company to 97,92% by purchasing the 47,09% of the remaining 49,17% Migros shares in total from the secondary market of Istanbul Stock Exchange on various dates.

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

The details of restricted reserves at 31 December 2008 and 2007 are as follows:

	2008	2007
Joint venture sales gain	406.477	-
Legal reserves	42.701	18.487
Available-for-sale investment sales gain	13.718	-
	462.896	**18.487**

NOTE 17 - EQUITY (Continued)

Sales profit of joint venture and available-for-sale investment amounting to YTL398.409 recognized as part of profit for the year in the consolidated financial statements at 31 December 2007 prepared in accordance with CMB accounting and financial reporting standards; YTL 420.195 is followed under a separate fund account in the Company's legal books in order to benefit from the investment sales income exemption. To benefit from the exemption, the related profit has to be kept under this fund account for 5 years and should not be withdrawn during that period. The said amount has been accounted for under "restricted reserves" account in accordance with the CMB accounting and financial reporting standards and total restricted reserves at 31 December 2008 amount to YTL 462.896 (2007: YTL 18.487).

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

In addition, in accordance with the CMB regulations effective until 1 January 2008, "Capital, Emission Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "equity inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could be utilised at bonus capital increases and offsetting accumulated losses, carrying amount of extraordinary reserves could be utilised in bonus capital increases, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué Serial: XI, No: 29 which became effective as of 1 January 2008 and according to the CMB's announcements clarifying the said Communiqué, "Share Capital", "Restricted Reserves Allocated from Profit" and "Share Premiums" need to be recognized over the amounts contained in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- if the difference is arising from the valuation of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";

- if the difference is arising from valuation of "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained Earnings".

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

NOTE 17 - EQUITY (Continued)

Dividend requirements regulated by CMB applicable to listed companies are as follows:

In accordance with the decision of Capital Markets Board on 8 February 2008 number 4/138 the minimum profit distribution ratio shall be applied as 20% (31 December 2007: 20%) in relation to publicly-listed joint stock partnerships as of 1 January 2008. Accordingly, it has been made possible that shares, issued in cash or through the addition of dividend to the capital upon the decision of the Company's general assembly, can be distributed to the partners free of charge or that the distribution can be partly made in cash and partly through the free distribution of shares. It has been further enabled that initial dividend amount be left to the partnership without distribution, if such amount is lower than the 5% of the existing paid-up/issued capital amount. Nevertheless, with regard to the joint stock partnerships, which have increased its capital without performing a dividend distribution as to the previous period and which separates its shares as "new" and "old", it has been made obligatory for those partnerships, which will distribute dividend out of its 2007 profits, to distribute the initial dividend amount in cash.

Additionally, pursuant to CMB decision with no 7/242 and dated 25 February 2005, the whole amount of the profit distribution amount, which is calculated over the net distributable profit, determined according to the CMB regulations, in accordance with the CMB regulations regarding minimum profit distribution liability, shall be distributed, if all of this amount can be covered by the distributable profit included in the legal records; on the other hand, if the whole of this amount cannot be met, the whole of the net distributable profit included in the legal records shall be distributed. In case period losses exist in the financial statements, prepared according to the CMB regulations, and in any one of the legal records, profit distribution shall not be performed.

At 31 December 2008 the total amount of net income after the deduction of accumulated losses per statutory records, without appropriating legal reserves, and other reserves that can be subject to dividend distribution is YTL1.004.568. YTL581.314 of other reserves comprise equity inflation restatement differences, gain on sale of joint venture and gain on sale o f available-for-sale financial assets which are subject to taxation when distributed.

The restated amounts of the capital and legal reserves stated as their historical amounts in the consolidated financial statements and the inflation adjustment differences are as follows:

	2008			2007		
	Historical amounts	**Restated amounts**	**Equity inflation restatement differences**	**Historical amounts**	**Restated amounts**	**Equity inflation restatement differences**
Share capital	178.030	100.865	(77.165)	178.030	100.865	(77.165)
Share premium	18.854	152.855	134.001	18.854	152.855	134.001
Legal reserves	42.701	67.955	25.254	18.487	43.741	25.254
Extraordinary reserves	233.330	326.998	93.668	71.932	165.600	93.668
	472.915	**648.673**	**175.758**	**287.303**	**463.061**	**175.758**

NOTE 18 - REVENUE AND COST OF SALES

	2008	2007
Domestic sales	4.939.626	4.315.477
Foreign sales	218.735	524.569
	5.158.361	4.840.046
Other sales	7.585	20.238
	5.165.946	4.860.284
Less: Discounts and returns	(92.200)	(66.925)
Sales revenue - net	**5.073.746**	**4.793.359**
Cost of sales	(3.766.990)	(3.598.461)
Gross profit	**1.306.756**	**1.194.898**

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

	2008	2007
Retail sales revenue	5.024.996	4.655.020
Rent income	80.365	118.517
Wholesale revenue	53.000	66.509
	5.158.361	**4.840.046**

NOTE 19 - EXPENSES BY NATURE

	2008			2007		
	General administrative expenses	Marketing, selling and distribution expenses	Total	General administrative expenses	Marketing, selling and distribution expenses	Total
Staff costs	74.467	303.576	378.043	91.813	269.513	361.326
Rent	51	173.550	173.601	902	161.409	162.311
Transportation, porterage and cleaning	-	108.840	108.840	-	91.968	91.968
Depreciation and amortisation	100.632	-	100.632	110.275	-	110.275
Energy	1.151	75.712	76.863	874	60.734	61.608
Advertising	-	43.836	43.836	-	43.400	43.400
Repair, maintenance and security	1.160	42.388	43.548	2.000	46.852	48.852
Warehouse	-	16.948	16.948	-	14.489	14.489
Taxes and other fees	4.471	7.507	11.978	5.316	5.853	11.169
Communication	1.414	9.358	10.772	1.545	7.987	9.532
Other	18.885	40.707	59.592	31.405	34.704	66.109
	202.231	**822.422**	**1.024.653**	**244.130**	**736.909**	**981.039**

NOTE 19 - EXPENSES BY NATURE (Continued)

Expenses by nature in cost of sales for the periods 1 January - 31 December 2008 and 2007 are as follows:

	2008	2007
Cost of trade goods	3.726.170	3.561.195
Service costs	40.820	37.266
	3.766.990	**3.598.461**

Cost of trade goods include discounts, incentives and volume rebates obtained from suppliers. Service costs are formed of rent, energy, advertising, cleaning, security and administrative expenses incurred in the Group's shopping malls.

NOTE 20 - OTHER OPERATING INCOME AND EXPENSE

	2008	2007
Other operating income:		
Gain on sales of available-for-sale investments (Note 5)	21.245	18.418
Gain on sales of scrap goods	2.691	2.976
Gain on sales of plant, property and equipment	689	4.751
Gain on sales of joint venture	-	379.991
Gain on shopping mall take over	-	3.396
Other	4.850	7.929
	29.475	**417.461**

	2008	2007
Other operating expenses:		
Litigation provisions	7.103	-
Losses from sales of tangible assets	4.205	647
Bad debt expense (Note 7)	2.226	3.663
Credit card commission expense	157	1.928
Losses from sales of associates	-	1.688
Losses from closed stores regarding joint ventures	-	4.763
Impairment charge	93	1.280
Other	1.647	5.797
	15.431	**19.766**

NOTE 21 - FINANCIAL INCOME

	2008	2007
Interest income on bank deposits	67.012	24.477
Foreign exchange gains	44.969	86.068
Interest income on marketable securities	39.610	26.387
Due date charges on term sales	38.754	11.278
Other	5.053	2.744
	195.398	**150.954**

NOTE 22 - FINANCIAL EXPENSES

	2008	2007
Due date difference on term purchases	130.493	43.562
Foreign exchange losses	29.780	34.912
Interest expense on bank borrowings	7.848	44.235
Other	1.853	1.385
	169.974	**124.094**

NOT 23 - DISCONTINUED OPERATIONS

a) The Group signed a share transfer agreement on 11 September 2007 with Enka Holding Investment S.A. regarding the sale of all its shares in Ramenka, a joint-venture where the Group held 50% controlling interest, in return for USD 542,5 million. After the permit was obtained from the Competition Board of Federation of Russia and the other precedent conditions were fulfilled, the transfer of shares was completed on 9 November 2007. Gain on mentioned sales transaction amounting YTL379.991 has been accounted for as other operating income in the consolidated financial statements for the period 1 January - 31 December 2007.

A summary of income statement of Ramenka for the period 1 January - 31 December 2007 is as follows:

	2008	2007
Income	-	370.586
Expenses	-	(369.883)
Income before tax	-	**703**
Taxes on income	-	(7.085)
Net loss	**-**	**(6.382)**

NOT 23 - DISCONTINUED OPERATIONS (Continued)

b) Ramstore Bulgaria closed down three of its stores and stopped its retailing operations as of March 2007. The Group sold the land and the building including the equipment and installations of its Sophia store, which are among its assets for 8.500 Euro (equivalent to YTL11.625), VAT excluded. The gain on sales amounting 2.400 Euro (equivalent to YTL4.157) has been accounted for as other operating income in the consolidated financial statements for the period 1 January - 31 December 2007.

NOTE 24 - TAXES ON INCOME

	2008	2007
Taxes and funds payable	53.627	45.846
Less: Prepaid current income taxes	(50.271)	(9.483)
Tax provision, net	**3.356**	**36.363**

	2008	2007
Deferred income tax assets	10.337	7.501
Deferred income tax liabilities	(32.380)	(27.516)
Deferred income tax liabilities, net	**(22.043)**	**(20.015)**

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

Turkey

Corporation tax rate for the year 2008 is 20% (2007: 20%). Corporation tax is applied to the total income of the companies after adjusting for certain disallowable expenses, exempt income, investment and other allowances. No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

Except for the dividends paid to non-resident corporations, which have a representative office in Turkey, or resident corporations, dividends are not subject to withholding tax. Dividends paid to other organizations or individuals are subject to withholding tax at the rate of 15% .Transfer of profit to capital is not accepted as a dividend distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income (2007: 20%). Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Despite the credit from annual corporation tax liability, if the company still has excess advance corporate tax, it can receive this balance in cash from the Government or as a credit for another financial debt to the Government.

NOTE 24 - TAXES ON INCOME (Continued)

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

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

There are numerous exemptions in the Corporation Tax Law concerning the corporations. Those related to the Company are as follows:

Domestic participation exemption:

Dividend income earned from investments in another company's shares is excepted in the calculation of the corporate tax (dividend income gained related to the participation in investment funds and investment trust shares is excluded).

Preferential right certificate sales and issued premiums exemption:

New share issue premiums, which represent the difference between the nominal and sale values of shares issued by joint-stock companies, are exempt from corporation tax.

Foreign company participation exemption:

The participation income of corporations participating for at least one continuous year of 10% that does not have their legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or investment of marketable securities) up until the date the income is generated and transferred to Turkey and until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike in their country of legal or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

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

A 75% portion of corporations' profits from the sale of participation shares, founding shares, pre-emptive rights and property, which have been in their assets for at least for two years is exempt from corporate tax provided that these profits are added to share capital and are not withdrawn within five years. Income from the sale is generated until the end of the second calendar year following the year in which sale was realized.

Other Geographic Segments

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

NOTE 24 - TAXES ON INCOME (Continued)

The details of taxation on income for the years ended 31 December 2008 are 2007 as follows:

	2008	2007
Current period tax expense (-)	(58.150)	(53.441)
Deferred tax income	(1.889)	(32.276)
Income tax expense	**(60.039)**	**(85.717)**

The reconciliation of tax expenses stated in consolidated income statements as of 31 December 2008 and 2007 is as follows:

	2008	2007
Profit before tax	321.571	638.630
Expected tax expense according to parent company 20%	(64.314)	(127.726)
Differences in tax rates of subsidiaries	(898)	(782)
Expected tax expense of the Group	**(65.212)**	**(128.508)**
Non deductible expenses	(10.268)	(13.983)
Exemptions	2.034	2.088
Income from associates	3.299	84.039
Other differences	10.108	(29.353)
Current period tax expense of the Group	**(60.039)**	**(85.717)**

Deferred Income Taxes

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and its statutory tax financial statements. Temporary differences generally arise due to the recording of incomes and expenses in different reporting periods according to Tax Laws and CMB Accounting Standards. Deferred income taxes will be calculated on temporary differences that are expected to be realized or settled based on the taxable income in the coming years under the liability method using a principal tax rate of 20%, 30%,10%,22% and 10% for Turkey, Kazakhstan, Bulgaria, Azerbaijan and Macedonia, respectively (2007: 20%, 30%, 10%, 22% and 12%, respectively).

NOTE 24 - TAXES ON INCOME (Continued)

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

	Cumulative temporary differences		Deferred income tax assets / (liabilities)	
	2008	**2007**	**2008**	**2007**
Inventories	19.542	7.071	3.915	1.419
Provision for employment termination benefits	15.490	14.065	3.098	2.813
Expense accruals and provisions	13.898	6.795	2.780	1.359
Unrealised interest income	1.975	500	395	100
Finance cost deferred for tax purposes	-	7.422	-	1.484
Property, plant and equipment and intangible assets	(156.261)	(118.836)	(29.171)	(24.091)
Unincurred interest expense	(16.043)	(13.571)	(3.209)	(2.714)
Adjustment to fair value of financial assets	-	(18.702)	-	(449)
Deferred advance payment expense	-	(1.311)	-	(262)
Other	995	1.314	149	326
Deferred income tax assets			10.337	7.501
Deferred income tax liabilities			(32.380)	(27.516)
Deferred income tax liabilities, net			**(22.043)**	**(20.015)**

Movement of deferred income tax assets and liabilities are as follows:

	Deferred income tax (liability)/asset	
	2008	**2007**
1 January	**(20.015)**	**(7.444)**
Current period deferred tax expense	(1.889)	(32.276)
Disposals due to sales of joint ventures	-	17.416
Cumulative translation difference	(588)	1.218
Charged to equity	449	1.071
31 December	**(22.043)**	**(20.015)**

NOTE 25 - EARNINGS PER SHARE

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

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

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

	2008	**2007**
Net income attributable to the shareholders	261.479	552.875
Weighted average number of shares with YKr 1 face value each	17.803.000	17.803.000
Earnings per share (YKr)	**1,47**	**3,11**

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) Balances with related parties

Due from related parties:	**2008**	**2007**
Sanal Merkez T.A.Ş.	2.071	3.669
Koç Holding A.Ş. (*)	-	31.899
Ford Otosan San. A.Ş.	-	2.492
Palmira Turizm Tic. A.Ş.	-	932
Arçelik A.Ş.	-	763
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	710
Other	20	828
	2.091	**41.293**

(*) As of 31 December 2007, receivables from Koç Holding A.Ş. are mainly composed of receivables due to the sales of KFS which is shown as available for sale investments (Note 5).

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Due to related parties:

Due to shareholders:	**2008**	**2007**
Dividend liabilities to other shareholders	123	42
Due to group companies:		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	20.924
Düzey Tüketim Mal. San. Paz. ve Tic. A.Ş.	-	15.141
Tat Konserve Sanayi A.Ş.	-	8.825
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	4.918
Palmira Turizm Tic. A.Ş.	-	1.305
Other	-	3.508
	-	**54.621**
Total due to related parties	**123**	**54.663**

Bank balances:

	2008	**2007**
Yapı ve Kredi Bankası A.Ş. ("Yapı ve Kredi")		
- demand deposits	-	7.927
- time deposits	-	74.432
- other liquid assets (credit card receivables)	-	75.348
Yapı ve Kredi Bankası Azerbaijan		
- demand deposits	-	2.376
	-	**160.083**

(ii) Transactions with related parties:

Sales of goods:	**2008**	**2007**
Sanal Merkez T.A.Ş.	8.501	19.532
Tat Konserve Sanayi A.Ş.	7.604	15.586
Palmira Turizm Tic. A.Ş.	4.547	9.249
Ford Otosan San. A.Ş.	-	4.678
Tüpraş Petrol Rafinerileri A.Ş.	-	1.515
Other	2.413	5.928
	23.065	**56.488**

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Purchases of property, plant and equipment:	2008	2007
Ark İnşaat San. Ve Tic. A.Ş.	3.410	42.538
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	1.107	3.436
Koçnet Haberleşme Teknolojileri A.Ş.	-	2.345
Koçtaş Yapı Marketleri Tic. A.Ş.	-	154
Other	613	33
	5.130	**48.506**

Inventory purchases:	2008	2007
Tat Konserve Sanayi A.Ş.	46.177	110.245
Düzey Tüketim Mal. San. Paz.ve Tic. A.Ş.	34.001	87.218
Palmira Turizm Tic. A.Ş.	4.597	11.992
Türk Demir Döküm Fabrikaları A.Ş.	1.990	7.778
Ram Kofisa Pasific.Ltd.	-	3.321
Other	1.727	6.631
	88.492	**227.185**

Services rendered:	2008	2007
Zer Merkezi Hizmetleri ve Ticaret A.Ş. (*)	83.236	175.775
Koçnet Haberleşme Tekn. Ve İlet. Hizm. A.Ş.	3.582	6.997
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	1.303	1.890
Tanı Pazarlama ve İletişim Hizmetleri	910	1.515
Koç Holding A.Ş.	845	1.974
Entek Elektrik Üretimi A.Ş.	-	18.746
Eltek Elektrik Enerjisi İth. İhr. ve Tic. A.Ş.	-	9.078
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	5.432
Other	4.021	10.908
	93.897	**232.315**

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Interest income:	**2008**	**2007**
Yapı ve Kredi Bankası A.Ş.	7.930	18.069
Yapı Kredi Azerbaycan	28	-
Yapı Kredi Nederland N.V.	-	702
Other	-	43
	7.958	**18.814**

Interest expense:	**2008**	**2007**
Yapı Kredi Azerbaycan	12	-
Yapı ve Kredi Bankası	-	2.277
Yapı Kredi Nederland N.V.	-	749
Other	-	21
	12	**3.047**

Dividends paid:	**2008**	**2007**
Koç Holding A.Ş.	**53.626**	**20.332**

Dividends calculated on 2007 net income are paid in May 2008.

Key management compensation:

The Group has determined key management personnel as chairman, member of Board of Directors, general manager and vice general managers. 2007 amounts have been reclassified accordingly.

	2008	**2007**
Short-term benefits	10.236	18.902
Long-term benefits	16	12
	10.252	**18.914**

At 31 December 2008 and 2007, compensation paid or payable consists of salaries, benefits, SSK and employer shares and Board of Directors attendance fees.

NOTE 27 - FINANCIAL RISK MANAGEMENT

Financial risk management

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

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

Interest rate risk

The Group management invests its interest bearing assets on short term investments within the principle of managing through natural precautions that come into being by balancing the maturity of the assets and liabilities that are sensitive to the interest.

The weighted average effective interest rate of Group's financial liabilities that are sensitive to interest is 4,04% as of 31 December 2008.(2007:%6,24).

At 31 December 2008, if interest rates on YTL, USD and EUR denominated borrowings had been 100 base point higher/lower with all other variables held constant, post-tax profit for the year would have been YTL 64 (2007: YTL 276) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Interest rate positions of the Group at 31 December 2008 and 2007 are as follows:

	2008	2007
Financial instruments with fixed interest rates		
Time deposits	799.595	109.376
Financial assets	-	592.079
Financial liabilities	3.749	5.170
Financial instruments with floating interest rates		
Financial liabilities	78.253	255.321

Liquidity and Funding risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The funding risk of the current and future debt requirements is managed through rendering the availability of the qualified lenders. As of 31 December 2008, the Group's financial debt with a maturity longer than 1 year is YTL 37.978 (2007: 142.663) (Note 6).

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The maturity analysis of Group's financial liabilities as of 31 December 2008 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Financial liabilities (Non-derivative)						
Financial liabilities	82.002	82.002	4.769	39.255	37.182	796
Trade payables	1.049.006	1.065.049	1.055.057	9.992	-	-
Other non current liabilities	16.699	16.699	16.699	-	-	-
	1.147.707	**1.163.750**	**1.076.525**	**49.247**	**37.182**	**796**

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years
Derivative-financial instruments					
Derivative cash inflows	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-
Forward Exchange net cash inflows	**-**	**-**	**-**	**-**	**-**

The maturity analysis of Group's financial liabilities as of 31 December 2007 is as follows:

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years	5 years and over
Financial liabilities (Non-derivative)						
Financial liabilities	260.491	260.491	25.779	92.049	141.816	847
Trade payables	926.152	939.723	939.723	-	-	-
Other non current liabilities	20.702	20.702	20.702	-	-	-
	1.207.345	**1.220.916**	**986.204**	**92.049**	**141.816**	**847**

	Carrying value	Contractual cash flows	Up to 3 months	3 months - 12 months	1 year - 5 years
Derivative-financial instruments					
Derivative cash inflows	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-
Forward Exchange net cash inflows	**-**	**-**	**-**	**-**	**-**

Credit risk

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

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

The risk details of credits and receivables as of 31 December 2008 and 2007 are as follows: Amounts showing the maximum credit risk exposed as of the balance sheet date are disclosed by disregarding guarantees on hand and other factors that increase the credit quality.

	Trade and Other Receivables		Deposits
31 December 2008	**Related Parties**	**Other Party**	**in Banks**
Maximum exposed credit risk As of reporting date (A+B+C+D)	**2.091**	**27.568**	**851.324**
Secured portion of maximum Credit risk by guarantees etc.	-	9.809	-
A. Net book value of financial assets Either are not due or not impaired	2.091	26.689	851.324
Secured portion by guarantees etc.	-	9.489	-
B. Financial assets with renegotiated conditions	-	-	-
Secured portion by guarantees etc.	-	-	-
C. Net book value of the expired or not impaired financial assets	-	559	-
secured portion by guarantees.	-	-	-
D. Net book value of the impaired assets	-	320	-
Overdue (Gross book value)	-	8.581	-
Impairment	-	(8.261)	-
Secured portion of the net value By guarantees etc.	-	320	-

	Trade and Other Receivables		Deposits
31 December 2007	**Related Parties**	**Other Party**	**in Banks**
Maximum exposed credit risk As of reporting date (A+B+C+D)	**41.293**	**29.134**	**162.488**
Secured portion of maximum Credit risk by guarantees etc.	-	8.653	-
A. Net book value of financial assets Either are not due or not impaired	40.300	27.323	162.488
Secured portion by guarantees etc.	-	8.444	-
B. Financial assets with renegotiated conditions	-	-	-
Secured portion by guarantees etc.	-	-	-
C. Net book value of the expired or not impaired financial assets	993	1.602	-
secured portion by guarantees	-	-	-
D. Net book value of the impaired assets	-	209	-
Overdue (Gross book value)	-	6.541	-
Impairment	-	(6.332)	-
Secured portion of the net value By guarantees etc	-	209	-

As of today there are no uncollected, overdue and renegotiated bank deposits and credit card receivables present at the Group portfolio, thus the Group thinks that there are no credit risks regarding these assets. The Group's past experience in the collection of accounts receivable falls within the recorded allowances. Due to this factor, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

a) Credit quality of financial assets

	2008	2007
Group 1	1.880	959
Group 2	25.962	64.860
Group 3	938	1.804
	28.780	**67.623**

Group 1 - New customers (Less than 3 months)
Group 2 - Existing customers with no defaults in the past (More than 3 months)
Group 3- Existing customers with some defaults in the past of which were fully recovered

b) Aging of the receivables which are overdue but not impaired

	2008	2007
0-1 month	308	1.460
1-3 months	65	126
3-12 months	186	1.009
	559	**2.595**

c) Geographical concentration of the trade receivables

	2008	2007
Turkey	26.273	66.662
Other	3.386	3.765
	29.659	**70.427**

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is followed and limited through foreign currency position.

At 31 December 2008, if USD had appreciated against YTL by 20% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in USD would have been higher in the amount of YTL4.683.

At 31 December 2008, if Euro had appreciated against YTL by 20% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been higher in the amount of YTL23.893.

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

	2008				
		Original Currencies			
	Total YTL equivalent	**USD**	**Euro**	**Kazakhstan Tenge**	**Other Currencies**
Assets:					
Cash and cash equivalents	250.507	69.185	56.899	590.500	16.674
Trade receivables	3.812	395	-	128.067	1.611
Other current assets	6.049	2.534	-	112.535	808
Total current assets	**260.368**	**72.114**	**56.899**	**831.102**	**19.093**
Other non-current assets	9	-	-	725	-
Total non-current assets	**9**	**-**	**-**	**725**	**-**
Total assets	**260.377**	**72.114**	**56.899**	**831.827**	**19.093**
Short-term borrowings	44.024	28.935	124	-	-
Interest accruals	-	-	-	-	-
Short-term portion of long-term borrowings	-	-	-	-	-
Financial liabilities to related parties	-	-	-	-	-
Trade payables (net)	30.354	19	102	1.898.791	6.331
Other current liabilities	10.402	3.791	2	188.409	2.305
Other provisions	-	-	-	-	-
Total current liabilities	**84.780**	**32.745**	**228**	**2.087.200**	**8.636**
Long term trade payables	-	-	-	-	-
Long term financial liabilities	37.978	23.885	868	-	-
Long term financial liabilities to related parties	-	-	-	-	-
Total non-current liabilities	**37.978**	**23.885**	**868**	**-**	**-**
Total liabilities	**122.758**	**56.630**	**1.096**	**2.087.200**	**8.636**
Net balance sheet foreign currency position	**137.619**	**15.484**	**55.803**	**(1.255.373)**	**10.457**
Net asset/liability position of off-balance sheet derivatives (A-B)	-	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-	-
Net foreign currency position	**137.619**	**15.484**	**55.803**	**(1.255.373)**	**10.457**
Export	-	-	-	-	-
Import	20.438	15.808	-	-	-
Fair value of hedged funds of foreign currency	-	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-	-

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

	2007				
		Original Currencies			
	Total YTL equivalent	**USD**	**Euro**	**Kazakhstan Tenge**	**Other Currencies**
Assets:					
Cash and cash equivalents	103.558	68.679	3.597	1.322.711	4.610
Trade receivables	3.937	366	-	226.511	1.318
Investment securities	54.623	46.166	499	-	-
Other current assets	154.281	131.843	-	54.640	194
Total current assets	**316.399**	**247.054**	**4.096**	**1.603.862**	**6.122**
Long term trade receivables	1.434	-	-	148.116	-
Total non-current assets	**1.434**	**-**	**-**	**148.116**	**-**
Total assets	**317.833**	**247.054**	**4.096**	**1.751.978**	**6.122**
Short-term borrowings	117.828	72.580	19.467	-	-
Financial liabilities to related parties	-	-	-	-	-
Interest accruals	-	-	-	-	-
Short-term portion of long-term borrowings (net)	-	-	-	-	-
Other current liabilities	6.377	3.049	2	158.031	1.293
Trade payables (net)	21.875	3.075	-	1.331.284	5.404
Advances received	-	-	-	-	-
Other provisions	-	-	-	-	-
Total current liabilities	**146.080**	**78.704**	**19.469**	**1.489.315**	**6.697**
Long term trade payables	-	-	-	-	-
Long term financial liabilities	142.663	65.754	38.639	-	-
Long term financial liabilities to related parties	-	-	-	-	-
Total non current liabilities	**142.663**	**65.754**	**38.639**	**-**	**-**
Total liabilities	**288.743**	**144.458**	**58.108**	**1.489.315**	**6.697**
Net balance sheet foreign currency position	**29.090**	**102.596**	**(54.012)**	**262.663**	**(575)**
Net asset/(liability) position of off-balance sheet derivatives (A-B)	-	-	-	-	-
A. Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-	-
B. Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-	-
Net foreign currency position	**29.090**	**102.596**	**(54.012)**	**262.663**	**(575)**
Export	-	-	-	-	-
Import	10.643	8.529	-	-	-
Fair value of hedged funds of foreign currency	-	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-	-

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency sensitivity analysis as of 31 December is as follows:

31 December 2008

	Gain/Loss		Equity	
	Foreign exchange appreciation	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
20% change in USD Exchange rate				
USD net asset/liability	4.683	(4.683)	(22.957)	22.957
Portion secured from USD risk	-	-	-	-
USD net effect	**4.683**	**(4.683)**	**(22.957)**	**22.957**

31 December 2007

	Gain/Loss		Equity	
	Foreign exchange appreciation	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
20% change in USD Exchange rate				
USD net asset/liability	23.899	(23.899)	14.731	(14.731)
Portion secured from USD risk	-	-	-	-
USD net effect	**23.899**	**(23.899)**	**14.731**	**(14.731)**

31 December 2008

	Gain/Loss		Equity	
	Foreign exchange appreciation	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
20% change in Euro exchange rate				
Euro net asset/liability	23.893	(23.893)	-	-
Portion secured from Euro risk	-	-	-	-
Euro Net Effect	**23.893**	**(23.893)**	**-**	**-**

31 December 2007

	Gain/Loss		Equity	
	Foreign exchange appreciation	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**Foreign exchange depreciation**
20% change in Euro exchange rates				
Euro net asset/liability	(18.474)	18.474	-	-
Portion secured from Euro risk	-	-	-	-
Euro Net Effect	**(18.474)**	**18.474**	**-**	**-**

NOTE 27 - FINANCIAL RISK MANAGEMENT (Continued)

Capital risk management

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

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

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

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

	2008	2007
Total liabilities	1.271.872	1.360.392
Cash and cash equivalents	(1.094.331)	(396.952)
Marketable securities	-	(628.767)
Deferred income tax liabilities	(22.043)	(20.015)
Net debt	155.498	314.658
Equity	1.624.384	1.469.333
Equity +net debt	1.779.882	1.783.991
Net debt/ (Equity +net debt) ratio	**9%**	**18%**

NOTE 28 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

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

Financial assets

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

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

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

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

Financial liabilities

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

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

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

NOTE 29 - SUBSEQUENT EVENTS

a) In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" will be removed as of January 1, 2009. When the prior currency, New Turkish lira ("YTL"), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

   All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

NOTE 29 - SUBSEQUENT EVENTS (Continued)

b) The Company has decided to propose in the General Assembly Meeting to merge with Moonlight Perakendecilik ve Ticaret A.Ş. through a takeover of its assets and liabilities as at 30 September 2008 as a whole within the framework of Turkish Trade Law No: 451 and other related articles, Corporate Tax Law No: 19-20 and Capital Markets Board ("CMB") Communiqué No: I-31 and to execute required procedures. In this context, the Company has applied to CMB on 12 January 2009 in order to obtain necessary permissions. As a result of the assessments of CMB, on 26 March 2009 it has been announced that the request of Migros has been approved and an additional period of one month has been granted as extension to the six-month period mandatory for the period between the date of financial statements of the companies to merge and the date of General Assembly Meeting where the merger agreement will be approved.

c) Migros has applied to the Turkish Competition Authority on 10 March 2009 in order to obtain necessary approvals for the acquisition of all property, plant and equipment of 8 stores of Mak Gıda Pazarlama Sanayi ve Ticaret A.Ş. ("Makmar"), a retail chain operating in Gaziantep region, and for the re-arrangement of rent agreements of these stores on behalf of the Company.

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