MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY-30 JUNE 2007 TOGETHER WITH AUDITOR'S REVIEW REPORT

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

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Migros Türk Ticaret Anonim Şirketi

Introduction

1. We have reviewed the accompanying consolidated balance sheet of Migros Türk Ticaret Anonim Şirketi and its subsidiaries (collectively referred to as the "Group") as of 30 June 2007, and the related consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. The Group management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with the financial reporting standards issued by the Capital Markets Board. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements as set out in Section 34 of the Communique No: X-22 on the auditing standards issued by the Capital Markets Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the consolidated financial position of Migros Türk Ticaret Anonim Şirketi as of 30 June 2007, and of its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with financial reporting standards issued by the Capital Markets Board (Note 2).

Additional paragraph for US Dollar and Euro financial information

4. As explained in Note 2 to the consolidated interim financial statements the supplementary information in US Dollar ("USD") and Euro ("EUR") amounts presented in the accompanying consolidated interim financial statements have been included solely for the convenience of the reader of the consolidated interim financial statements and have been translated from New Turkish Lira ("YTL"), as a matter of arithmetic computation only, at the official USD and EUR bid rates announced by the Central Bank of the Republic of Turkey at 30 June 2007. Such translation should not be construed as a representation that the YTL amounts have been converted into EUR or USD pursuant to the requirements of IFRS or Generally Accepted Accounting Principles in the United States of America or in any other country.

Additional paragraph for convenience translation

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

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

Adnan Akan, SMMM
Partner

Istanbul, 29 August 2007

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

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

CONTENTS

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2007 AND 31 DECEMBER 2006

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

		* 30 June 2007		30 June	31 December
	Notes	EUR	USD	2007	2006
ASSETS					
Current assets					
Cash and cash equivalents	4	166.467	224.385	292.733	325.476
Marketable securities (net)	5	79.066	106.575	139.038	159.881
Trade receivables (net)	7	31.213	42.073	54.888	34.263
Finance lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	4.129	5.566	7.261	11.595
Other receivables (net)	10	536	722	942	1.783
Biological assets (net)	11	-	-	-	-
Inventories (net)	12	208.360	280.853	366.401	394.213
Construction contract receivables (net)	13	-	-	-	-
Deferred tax assets	14	-	-	-	-
Other current assets	15	32.006	43.141	56.282	75.595
Total current assets		**521.777**	**703.315**	**917.545**	**1.002.806**
Non-current assets					
Trade receivables (net)	7	379	511	666	777
Finance lease receivables (net)	8	-	-	-	-
Due from related parties (net)	9	-	-	-	-
Other receivables (net)	10	-	-	-	-
Financial assets (net)	16	99.070	133.539	174.215	179.853
Goodwill/negative goodwill (net)	17	133.499	179.946	234.757	235.480
Investment property (net)	18	58.860	79.339	103.506	102.963
Property, plant and equipment (net)	19	600.278	809.128	1.055.589	1.048.927
Intangible assets (net)	20	102.736	138.480	180.661	180.823
Deferred tax assets	14	-	-	-	-
Other non-current assets	15	20.276	27.331	35.656	38.303
Total non-current assets		**1.015.098**	**1.368.274**	**1.785.050**	**1.787.126**
Total assets		**1.536.875**	**2.071.589**	**2.702.595**	**2.789.932**

These consolidated interim financial statements have been approved by the Board of Directors on 29 August 2007.

(*) US Dollar and Euro amounts presented above were translated from New Turkish Lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 30 June 2007 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by Capital Market Board ("CMB") (see Note 2).

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS
AT 30 JUNE 2007 AND 31 DECEMBER 2006

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

	Notes	* 30 June 2007 EUR	* 30 June 2007 USD	30 June 2007	31 December 2006
LIABILITIES					
Current liabilities					
Financial liabilities (net)	6	4.938	6.656	8.683	8.510
Current portion of long-term financial liabilities (net)	6	99.575	134.219	175.102	171.528
Finance lease payables (net)	8	-	-	-	-
Other financial liabilities (net)	10	15.095	20.346	26.544	33.546
Trade payables (net)	7	471.330	635.317	828.834	907.535
Due to related parties (net)	9	33.036	44.530	58.094	62.397
Advances received	21	-	-	-	-
Construction progress billings (net)	13	-	-	-	-
Provisions	23	4.358	5.874	7.663	7.268
Deferred tax liabilities	14	-	-	-	-
Other current liabilities (net)	15	62.425	84.144	109.774	72.681
Total current liabilities		**690.757**	**931.086**	**1.214.694**	**1.263.465**
Non-current liabilities					
Financial liabilities (net)	6	273.947	369.260	481.736	572.060
Finance lease payables (net)	8	-	-	-	-
Other financial liabilities (net)	10	-	-	-	-
Trade payables (net)	7	5.477	7.383	9.632	12.237
Due to related parties (net)	9	-	-	-	-
Advances received	21	-	-	-	-
Provisions	23	7.774	10.479	13.671	11.757
Deferred tax liabilities	14	14.942	20.141	26.276	7.444
Other liabilities (net)	15	-	-	-	-
Total non-current liabilities		**302.140**	**407.263**	**531.315**	**603.498**
Total liabilities		**992.897**	**1.338.349**	**1.746.009**	**1.866.963**
MINORITY INTEREST	**24**	**119**	**161**	**210**	**199**
SHAREHOLDERS' EQUITY					
Share capital	**25**	**100.237**	**135.112**	**176.267**	**176.267**
Adjustment to share capital	**25**	**-**	**-**	**-**	**-**
Capital reserves	**26**	**121.607**	**163.916**	**213.845**	**209.477**
Share premium		10.722	14.452	18.854	18.854
Share cancellation gains		-	-	-	-
Revaluation fund		-	-	-	-
Financial assets fair value reserve		10.937	14.742	19.233	14.865
Shareholders' equity restatement differences		99.948	134.722	175.758	175.758
Profit reserves	**27**	**28.921**	**38.983**	**50.857**	**61.816**
Legal reserves		10.513	14.170	18.487	13.410
Statutory reserves		-	-	-	-
Extraordinary reserves		41.338	55.721	72.692	78.608
Special reserves		-	-	-	-
Investment and property sales income to be added to the capital		-	-	-	-
Translation reserve	2	(22.930)	(30.908)	(40.322)	(30.202)
Additional contribution to shareholders' equity related to the merger		**67.911**	**91.539**	**119.422**	**119.422**
Net income for the period		**45.128**	**60.829**	**79.358**	**78.686**
Retained earnings	**28**	**180.055**	**242.700**	**316.627**	**277.102**
Total shareholders' equity		**543.859**	**733.079**	**956.376**	**922.770**
Total liabilities and shareholders' equity		**1.536.875**	**2.071.589**	**2.702.595**	**2.789.932**

Commitments, contingent assets and liabilities 31

(*) US Dollar and Euro amounts presented above were translated from New Turkish Lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 30 June 2007 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by Capital Market Board ("CMB") (see Note 2).

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

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

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

		1 January- 30 June 2007		**1 January- 30 June**	**1 April- 30 June**	**1 January- 30 June**	**1 April- 30 June**
	Notes	**EUR**	**USD**	**2007**	**2007**	**2006**	**2006**
OPERATING REVENUE							
Sales (net)	33,36	1.245.152	1.654.167	2.264.059	1.174.572	1.984.207	1.031.347
Cost of sales (-)	33,36	(930.563)	(1.236.240)	(1.692.042)	(875.241)	(1.477.066)	(757.268)
Service income (net)	36	-	-	-	-	-	-
Other operating income	36	-	-	-	-	-	-
Gross operating profit		**314.589**	**417.927**	**572.017**	**299.331**	**507.141**	**274.079**
Operating expenses (-)	37	(259.224)	(344.376)	(471.347)	(241.547)	(402.996)	(206.292)
Net operating profit	**33**	**55.365**	**73.551**	**100.670**	**57.784**	**104.145**	**67.787**
Other income and profit	38	38.953	51.748	70.828	46.661	92.498	70.487
Other expenses and losses (-)	38	(12.011)	(15.957)	(21.840)	(16.214)	(5.953)	(2.498)
Financial expenses (net) (-)	39	(24.978)	(33.183)	(45.417)	(25.157)	(150.234)	(125.120)
Operating profit		**57.329**	**76.159**	**104.241**	**63.074**	**40.456**	**10.656**
Share of loss of associates	16	(357)	(475)	(650)	(654)	(330)	(262)
Monetary gain	40	0	0	-	-	-	-
Minority interest	24	(12)	(15)	(21)	(8)	(3.738)	(474)
Income before tax		**56.960**	**75.669**	**103.570**	**62.412**	**36.388**	**9.920**
Taxes on income/(loss)	41	(13.316)	(17.690)	(24.212)	(15.712)	(34.467)	(27.324)
Net income		**43.644**	**57.979**	**79.358**	**46.700**	**1.921**	**(17.404)**
Weighted average number (000's) of shares with face value of YKr 1 each	42			17.626.687	17.626.687	17.626.687	17.626.687
Basic and diluted earnings per share (YKr)	42			0,45	0,27	0,01	(0,10)

(*) US Dollar and Euro amounts presented above were translated from New Turkish Lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 30 June 2007 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by Capital Market Board ("CMB") (see Note 2).

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

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

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

	Share capital	Share premium	Financial assets fair value reserve	Shareholder's equity restatement differences	Legal reserves	Extraordinary reserves	Translation reserve	Additional contribution to shareholder' equity related to merger	Net income for the period	Retained earnings	Total shareholders' equity
Balances at 1 January 2006	**137.700**	**18.854**	**11.829**	**175.758**	**11.157**	**56.449**	**(47.017)**	**-**	**73.705**	**268.495**	**706.930**
Transfers	-	-	-	-	2.253	42.814	-	-	(73.705)	28.638	-
Dividends paid	20.655	-	-	-	-	(20.655)	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	44.611	-	-	-	44.611
Financial assets net fair value gain, net of deferred tax	-	-	89	-	-	-	-	-	-	-	89
Transfer to share capital due to merger with subsidiary (Note 24)	-	-	-	-	-	-	-	137.334	-	-	137.334
Net income for the period	-	-	-	-	-	-	-	-	1.921	-	1.921
Balances at 30 June 2006	**158.355**	**18.854**	**11.918**	**175.758**	**13.410**	**78.608**	**(2.406)**	**137.334**	**1.921**	**297.133**	**890.885**
Balances at 1 January 2007	**176.267**	**18.854**	**14.865**	**175.758**	**13.410**	**78.608**	**(30.202)**	**119.422**	**78.686**	**277.102**	**922.770**
Transfers	-	-	-	-	5.077	-	-	-	(44.602)	39.525	-
Dividends paid	-	-	-	-	-	(5.916)	-	-	(34.084)	-	(40.000)
Currency translation differences	-	-	-	-	-	-	(10.120)	-	-	-	(10.120)
Financial assets net fair value gain, net of deferred tax	-	-	4.368	-	-	-	-	-	-	-	4.368
Net income for the period	-	-	-	-	-	-	-	-	79.358	-	79.358
Balances at 30 June 2007	**176.267**	**18.854**	**19.233**	**175.758**	**18.487**	**72.692**	**(40.322)**	**119.422**	**79.358**	**316.627**	**956.376**

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

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

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

	Notes	*30 June 2007 EUR	*30 June 2007 USD	1 January- 30 June 2007	1 January- 30 June 2006
Operating activities:					
Net income		45.128	60.829	79.358	1.921
Adjustments to reconcile net income to net cash provided by operating activities:					
Minority interest	24	12	16	21	3.738
Share of loss of associates	16	370	498	650	330
Depreciation and amortisation	18, 19, 20	32.027	43.170	56.319	49.338
Employment termination benefits	23	2.682	3.615	4.716	(42)
Taxation expense	41	13.769	18.559	24.212	34.467
Interest income	38	(13.600)	(18.331)	(23.915)	(27.961)
Interest expense	39	25.501	34.374	44.844	45.802
Loss of property, plant and equipment		-	-	-	25
Unrealized foreign currency (gain)/loss		(20.926)	(28.206)	(36.798)	104.231
Cash flows from operating activities before changes in operating assets and liabilities		**84.829**	**114.343**	**149.172**	**212.024**
Trade receivables		(11.254)	(15.170)	(19.791)	(9.141)
Due from related parties		2.465	3.322	4.334	(740)
Inventories		15.816	21.318	27.812	(19.565)
Other current assets and other receivables		12.093	16.301	21.266	(9.263)
Other non-current assets		1.505	2.029	2.647	(7.477)
Short and long-term trade payables		(46.236)	(62.323)	(81.306)	7.874
Due to related parties		(2.447)	(3.298)	(4.303)	15.606
Other current liabilities		17.112	23.065	30.091	(6.734)
Interest paid		(26.851)	(36.193)	(47.218)	(43.696)
Employment termination benefits paid		(1.593)	(2.148)	(2.802)	(2.242)
Income taxes paid		(2.829)	(3.813)	(4.975)	(14.733)
Net cash provided by operating activities		**42.608**	**57.433**	**74.927**	**121.913**
Investing activities:					
Purchase of property, plant and equipment	19	(59.006)	(79.535)	(103.762)	(95.603)
Proceeds from sale of property, plant and equipment		9.687	13.058	17.035	1.483
Acquisition of associate	16	-	-	-	(4.985)
Changes in financial assets-net		23.121	31.165	40.658	(26.542)
Changes in shareholdings in subsidiaries-net		-	-	-	(2.124)
Purchase of other intangible assets	20	(717)	(966)	(1.260)	(650)
Interest received		13.862	18.685	24.377	26.056
Net cash used in investing activities		**(13.052)**	**(17.593)**	**(22.952)**	**(102.365)**
Financing activities:					
Payback in bank borrowings		(19.396)	(26.144)	(34.108)	(10.604)
Dividends paid		(22.747)	(30.661)	(40.000)	-
Net cash used in by financing activities		**(42.143)**	**(56.805)**	**(74.108)**	**(10.604)**
Effects of exchange rate differences		159	214	279	17.672
Net (decrease)/increase in cash and cash equivalents		(12.428)	(16.751)	(21.854)	26.616
Cash and cash equivalents at the beginning of the period	4	**196.537**	**264.917**	**345.611**	**320.959**
Cash and cash equivalents at the end of the period	4	**184.110**	**248.166**	**323.757**	**347.575**

(*) US dollar and Euro amounts presented above were translated from New Turkish lira ("YTL") for convenience purposes only, at the official YTL exchange rate announced by the Central Bank of Turkey at 30 June 2007 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by the Capital Market Board ("CMB") (see Note 2).

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

The Company is mainly engaged in the retail sales of food and beverages, and consumer and durable goods through its Migros, Şok, Tansaş and Macrocenter stores, shopping centres, Ramstores abroad and on-line sales. The Company also rents floor space in the shopping malls to other trading companies. The average number of people employed in Migros, its Subsidiaries and its Joint-venture (altogether referred to as the "Group") in the first six-month period of 2007 is 18.399 (1 January-30 June 2006: 18.083). The Group is operating in 944 (31 December 2006: 878) supermarkets with a net retail space of 701.723 (31 December 2006: 693.289) square meters as of 30 June 2007. Retail is the main business segment of the Group and constitutes almost 95,7% (1 January-30 June 2006: 95,3%) of gross sales. Therefore, due to the International Accounting Standard 14 ("IAS 14"), "Segment Reporting", retail is the sole reportable segment.

The address of the registered office is as follows:

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

The main shareholder of the Company is Koç Holding A.Ş. (Note 25) and the shares of the Company are publicly traded on the Istanbul Stock Exchange (ISE).

The Company and the main shareholder Koç Holding A.Ş, acquired the majority the shares of Tansaş Perakende Mağazacılık Ticaret A.Ş. ("Tansaş") on 10 November 2005 and Tansaş became a subsidiary of the Company. Tansaş was incorporated on 15 December 1986 and has been operating in the retail and shopping sector with Tansaş and Macrocenter brands through 227 stores on 30 June 2006 and 18,29% of Tansaş shares were publicly listed on the Istanbul Stock Exchange. As it is stated below, Tansaş merged with Migros and was dissolved as of 30 June 2006.

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries:

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

Subsidiary	**Country of incorporation**	**Geographical segment**	**Nature of business**
Ramstore Sınırlı Sorumlu Türk Gıda Müessesesi ("Ramstore Azerbaijan")	Azerbaijan	Azerbaijan	Retail
Ramstore Bulgaria A.D. ("Ramstore Bulgaria") (***)	Bulgaria	Bulgaria	Non-active (2006:Retail)
Ramstore Kazakhstan LLP ("Ramstore Kazakhstan") (**)	Kazakhstan	Kazakhstan	Retail
Ramstore Macedonia DOO ("Ramstore Macedonia")	Macedonia	Bulgaria	Retail
Ramstore Bishkek LLP ("Ramstore Bishkek")	Kyrgyzstan	Kazakhstan	Retail
Şok Marketler Ticaret A.Ş. ("Şok Marketler")	Turkey	(*)	Trade
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez")	Turkey	(*)	Trade

(*) Not included in the scope of consolidation on the grounds of materiality.
(**) As of 18 September 2006, the name of the Limited Liability Company Rambutya was changed to Ramstore Kazakhstan LLP.
(***) Ramstore Bulgaria closed down its three stores and stopped its retailing operations in the first half of 2007.

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

- Ramstore Qapali Tipli Sehmdar Cemiyeti
  Babek Prospekti 1129.cu Mehelle
  Baku, Azerbaijan

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

- Ramstore Bulgaria A.D.
  196, Alexander Stamboliiski Street,
  Sofia, Bulgaria

- TOO Ramstore Kazakhstan
  226 Furmanov St.,
  Almaty 480099, Kazakhstan

- OSOO Ramstore Bishkek
  Gorkiy Str. 27/1
  Bishkek, Kyrgyzstan

Interests in Joint-ventures:

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

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Financial reporting standards

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

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

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

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

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

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

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

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

Basis of consolidation

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

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

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

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

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

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

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

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

(2) Ramstore Bishkek was established on 22 May 2006, its capital is owned 100% by Ramstore Kazakhstan and through opening its first store in the Kyrgyzstan capital of Bishkek on 4 August 2006, it commenced operations.

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

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

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

c) Joint-ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and its Subsidiaries and one or more other parties. Joint-venture Ramenka is consolidated using the proportionate consolidation method i.e. by consolidating the Group's share of assets, liabilities, income and expenditure of each Joint-venture on a line-by-line basis.

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

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

d) Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or the significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as a cost thereafter. (Note 16)

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

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

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

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

As of 30 June 2007, while owning 50% of Harranova Besi shares, the Group does not have controlling or joint controlling power over Harranova Besi operations and therefore Harranova Besi is defined as an Associate in these consolidated interim financial statements.

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

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

Comparative information and restatement of prior period' financial statements

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

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.

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

US dollar and Euro convenience translation

US dollar ("USD") and Euro amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from YTL, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey's official YTL exchange rate of YTL 1,3046=USD 1,00 for purchases of USD and YTL 1,7585=EUR 1,00 for purchases of Euro at 30 June 2007. Therefore, USD and Euro amounts do not form part of the consolidated financial statements prepared in accordance with CMB Accounting Standards at 30 June 2007. Such translations should not be construed as a representation that the YTL amounts have been or could be converted into USD and Euro at this or any other rate.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

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

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

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

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

Inventories

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

Property, plant and equipment

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

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Intangible assets

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

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

Business combinations and goodwill

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

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Impairment of assets

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

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

Borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings. Borrowing costs are charged to the income statement when they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale, in accordance with the allowed alternative treatment in IAS 23-"Borrowing Costs". Besides, UMS 23 was re-drawn up by IASB on 29 March 2007. The revised UMS 23 shall be effective as of 1 January 2009, but the right of voluntarily putting it into force early is reserved. As per revised UMS 23, if they are associated with the acquisition or construction of the qualifying assets, the financing costs stemming from the loans are included in the cost of the qualifying assets. Other credit costs are entered into the income statements during the period when they occur.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Financial risk management

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

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

Credit risk

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

Interest rate risk

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

Liquidity and Funding risk

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

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

As of 30 June 2007, the Group's financial debt with a maturity longer than 1 year is 481.736 YTL (31 December 2006: 572.060) (Note 6). As of 30 June 2007, the Group's financial asset with a maturity longer than 1 year is the forward deposit that will be held until the maturity amount of 122.589 YTL (31 December 2006: 132.226 YTL) (Note 16).

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency risk

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

If, as of 30 June 2007, USD had gained/lost value against YTL by 10% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference/loss arising out of assets and liabilities expressed in USD would have been lower in the amount of 34.679 YTL.

If, as of 30 June 2007, Euro had gained/lost value against YTL by 10% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference/loss arising out of assets and liabilities expressed in Euro would have been lower in the amount of 11.789 YTL.

Capital risk management

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

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

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

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

	30 June 2007	**31 December 2006**
Total liabilities	1.746.009	1.866.963
Cash and equivalents	(292.733)	(325.476)
Marketable Securities	(139.038)	(159.881)
Deferred tax liabilities	(26.276)	(7.444)
Net debt	1.287.962	1.374.162
Shareholders' Equity	956.376	922.770
Shareholders' Equity +net debt	2.244.338	2.296.932
Net debt / (Shareholders' equity+net debt) ratio	57%	60%

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value of financial instruments

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

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

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

Financial assets

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

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

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

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

Financial liabilities

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

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

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

Foreign currency transactions and translations

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings per share

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

Subsequent events

The Group adjusts the amounts recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements. (Note 34)

Provisions, contingent liabilities and contingent assets

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

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

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

Accounting policies, changes in accounting estimates and errors

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group adjusted the errors resulting from the elimination of inflation accounting of the property, plant and equipment according to IAS 29 in the previous years. The errors were identified during the examination of the tangible assets which were owned by Tansaş, the Subsidiary acquired in the year 2005. As of 30 June 2006, due to the adjustment stated above, the cost and the accumulated depreciation of the property, plant and equipment increased by YTL 1.115 and YTL 1.381, respectively. The net effect of the adjustment in the amount of YTL 266 was accounted for in the other operating income/expense and gains/losses. (Note 19)

Leases

Finance leases

Leases of property, plant and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included as finance lease obligations. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset (Note 19).

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

Operating leases

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

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

Prepayments for land leases

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

Related parties

For the purpose of these consolidated financial statements, shareholders, Koç Holding Group of companies, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties (Note 9).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment information

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

Government incentives and grants

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

Investment property

Land and buildings held to earn rent or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies IAS 16, Property, Plant and Equipment. At that date, the property becomes investment property and thus it is transferred to investment property (Note 18).

Taxes on income

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

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

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

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employment termination benefits

Provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees in accordance with the Turkish Labour Law and calculated by applying actuarial valuation methods. (Note 23).

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)

Significant accounting estimates and judgements

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

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2007	**31 December 2006**
Cash	18.868	23.996
Banks		
-demand deposits	28.235	81.571
-time deposits	54.146	25.206
Cheques in collection	93	321
Other cash and cash equivalents	191.391	194.382
	292.733	**325.476**

Weighted average effective interest rates on YTL and USD denominated time deposits, with details as disclosed in Note 29, are 18,2% (31 December 2006: 18,7%), and 5,2% (31 December 2006: 5,4%), respectively. Weighted average effective interest rates on EUR denominated time deposits, with details as disclosed in Note 29, is 3,65% (31 December 2006: 3,87%). Other cash and cash equivalents mainly include receivables on credit card slips with a maturity of less than one month (31 December 2006: less than one month).

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

	30 June 2007	**31 December 2006**
1 - 30 days	50.380	22.426
31- 90 days	3.766	2.780
	54.146	**25.206**

The analysis of cash and cash equivalents in terms of consolidated cash flows at30 June 2007 and 2006 is as follows:

	30 June 2007	**30 June 2006**
Cash and cash equivalents	292.733	335.566
Marketable securities with a maturity less than 3 months (Note 5)	31.024	12.009
	323.757	**347.575**

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

NOTE 5 - MARKETABLE SECURITIES

	30 June 2007	31 December 2006
Available-for-sale investments	108.331	135.075
Held-to-maturity time deposits	30.707	24.806
Total financial assets	**139.038**	**159.881**

Available-for-sale investments

	30 June 2007		31 December 2006	
	Weighted average effective. ınterest rate p.a.	Amount	Weighted average effective ınterest rate p.a.	Amount
Treasury bills and government bonds	21,05%	77.154	20,28%	100.770
Eurobond (USD)	10,69%	30.318	10,70%	33.356
Eurobond (Euro)	5,50%	859	5,50%	949
		108.331		**135.075**

Held-to-maturity time deposits:

	30 June 2007			31 December 2006		
	USD	Euro	YTL	USD	Euro	YTL
	21.980	1.156	30.707	16.213	1.089	24.806
			30.707			**24.806**

Weighted average effective interest rates p.a. on USD and EUR denominated held-to-maturity time deposits are 7,58% (31 December 2006: 7,72%) and 6,45% (31 December 2006: 8,56%) respectively.

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

	30 June 2007	31 December 2006
Period remaining to maturity:		
1-30 days	26.525	4.646
31-90 days	4.499	15.489
91-180 days	20.693	32.818
181 days-1 year	13.518	59.296
Over 1 year	73.803	47.632
	139.038	**159.881**

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

NOTE 6 - FINANCIAL LIABILITIES

	30 June 2007			
	Weighted average effective interest rates p.a.	**USD**	**Euro**	**YTL**
Short-term bank borrowings				
With fixed interest rates	8,03%	5.156	-	6.726
With floating interest rates	7,39%	1.500	-	1.957
Short-term bank borrowings		**6.656**	**-**	**8.683**
Current portion of long-term bank borrowings				
With fixed interest rates	7,24%	1.616	136	2.347
With floating interest rates	7,25%	102.069	22.517	172.755
Current portion of long-term bank borrowings		**103.685**	**22.653**	**175.102**
Long-term bank borrowings				
With fixed interest rates	7,24%	1.856	1.116	4.383
With floating interest rates	7,25%	290.664	55.816	477.353
Long-term bank borrowings		**292.520**	**56.932**	**481.736**
Total bank borrowings		**402.861**	**79.585**	**665.521**

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

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

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

	USD	Euro	YTL
1 July 2008 - 30 June 2009	127.805	21.153	203.932
1 July 2009 - 30 June 2010	113.466	21.153	185.225
1 July 2010 - 30 June 2011	36.253	11.741	67.942
1 July 2011 - 30 June 2012	7.858	2.264	14.233
1 July 2012 and after	7.138	621	10.404
	292.520	**56.932**	**481.736**

As of 30 June 2007, fair value of bank borrowings is YTL 669.506. (31 December 2006: YTL 755.282)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	30 June 2007	31 December 2006
Receivables from tenants and wholesale activities	53.951	34.041
Doubtful trade receivables	7.672	6.871
Notes receivable	1.203	-
Other	2	2
	62.828	40.914
Less: Provision for doubtful receivables	(7.545)	(6.651)
Unearned financial income on term sales	(395)	-
Short-term trade receivables, net	**54.888**	**34.263**

The maturities of trade receivables are generally less than one month (31 December 2006: Less than one month) and they are discounted with the annual rate of 6,20% (31 December 2006: none) as of 30 June 2007.

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

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

	30 June 2007	30 June 2006
1 January	**6.651**	**6.322**
Current year provision	1.099	1.643
Collections and reversal of provisions	(43)	(494)
Currency translation difference	(162)	349
30 June	**7.545**	**7.820**

	30 June 2007	31 December 2006
Deposits and guarantees given	666	777
Long-term trade receivables	**666**	**777**

Trade payables:

	30 June 2007	31 December 2006
Trade payables	843.838	921.418
Less: Unincurred financial expense on due date purchases	(15.004)	(13.883)
Short-term trade payables, net	**828.834**	**907.535**

The maturity of trade payables is generally less than three months (31 December 2006: less than three months) and they are discounted with annual rate of 17,25% as of 30 June 2007 (31 December 2006: annual rate of 18,48%).

	30 June 2007	31 December 2006
Deposits and guarentees received	9.632	8.019
Trade payables	-	5.059
	9.632	13.078
Less: Unincurred financial expense on due date purchases	-	(841)
Long-term trade payables	**9.632**	**12.237**

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

NOTE 8 - FINANCE LEASE RECEIVABLES AND PAYABLES

None (31 December 2006: None).

NOTE 9 - DUE FROM AND DUE TO RELATED PARTIES

Balances with related parties

Due from related parties:	**30 June 2007**	**31 December 2006**
Sanal Merkez T.A.Ş.	4.157	3.232
Palmira Turizm Tic. A.Ş.	1.696	1.551
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	818	2.240
Ford Otosan San. A.Ş.	-	2.274
Other	590	2.298
	7.261	**11.595**

Due to related parties:

Due to shareholders:	**30 June 2007**	**31 December 2006**
Koç Holding A.Ş.	86	461
Dividend liabilities to other shareholders	46	42
	132	**503**
Due to group companies:		
Düzey Tüketim Mal. San. Paz. ve Tic. A.Ş.	18.801	16.161
Zer Merkezi Hizmetler ve Tic. A.Ş.	10.287	15.684
Tat Konserve Sanayi A.Ş.	9.620	10.893
Türk Demirdöküm Fabrikaları A.Ş.	5.644	4.827
Ark İnşaat San. ve Tic. A.Ş.	4.776	-
Entek Elektrik Üretimi A.Ş.	3.193	2.198
Palmira Turizm Tic. A.Ş.	938	2.896
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	692	1.457
Ram Sigorta Aracılık Hizmetleri A.Ş.	2	4.614
Other	4.009	3.164
	57.962	**61.894**
Total due to related parties	**58.094**	**62.397**

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

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

Bank balances:	**30 June 2007**	**31 December 2006**
Yapı ve Kredi Bankası A.Ş. ("Yapı ve Kredi")		
- demand deposit	2.086	11.424
- time deposit	28.350	10.206
- other cash and cash equivalents (credit card slip receivables)	70.964	59.251
Koçbank Nederland N.V.		
- time deposit	9.581	11.086
Yapı ve Kredi Bankası A.Ş. Moscow		
- demand deposit	760	793
Yapı Kredi Bankası Azerbaijan		
- demand deposit	344	1.290
- time deposit	1.524	-
	113.609	**94.050**

Borrowings:	**30 June 2007**	**31 December 2006**
Koçbank Nederland N.V.	9.581	11.086
Yapı ve Kredi Bankası A.Ş.	2.127	139.215
	11.708	**150.301**

Significant transactions with related parties

Sales of goods	**1 January- 30 June 2007**	**1 April- 30 June 2007**	**1 January- 30 June 2006**	**1 April- 30 June 2006**
Sanal Merkez T.A.Ş.	8.919	4.513	6.866	3.316
Tat Konserve Sanayi A.Ş.	7.455	3.633	12.380	8.132
Palmira Turizm Tic. A.Ş.	4.535	2.342	4.506	2.337
Other	2.153	1.048	2.352	1.989
	23.062	**11.536**	**26.104**	**15.774**

Purchases of property, plant and equipment	**1 January- 30 June 2007**	**1 April- 30 June 2007**	**1 January- 30 June 2006**	**1 April- 30 June 2006**
Ark İnşaat San. ve Tic. A.Ş.	18.100	10.786	3.306	2.464
Koç Sistem Bilgi ve İlet. Hizm. A.Ş.	2.293	476	631	436
Koçnet Haberleşme Tekn. A.Ş.	235	128	603	509
Koçtaş Yapı Marketleri Tic. A.Ş.	95	71	4.728	2.431
Other	7	3	18	18
	20.730	**11.464**	**9.286**	**5.858**

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

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

Inventory purchases	**1 January- 30 June 2007**	**1 April- 30 June 2007**	**1 January- 30 June 2006**	**1 April- 30 June 2006**
Tat Konserve Sanayi A.Ş	46.332	26.115	42.636	24.663
Düzey Tük. Mal. San. Paz. ve Tic. A.Ş.	38.557	19.510	37.417	16.535
Palmira Turizm Tic. A.Ş.	5.411	2.536	4.856	2.307
Türk Demir Döküm Fabrikaları A.Ş.	4.816	4.816	6.536	6.332
Ram Kofisa Pasific Ltd.	3.321	3.321	2.106	735
Other	4.216	400	3.749	2.633
	102.653	**56.698**	**97.300**	**53.205**

Service purchases	**1 January- 30 June 2007**	**1 April- 30 June 2007**	**1 January- 30 June 2006**	**1 April- 30 June 2006**
Zer Merkezi Hizmetler ve Tic. A.Ş. (*)	79.314	49.538	42.041	25.073
Entek Elektrik Üretimi A.Ş.	13.367	7.112	6.147	3.449
Eltek Elektrik Enerjisi İth. İhr. ve Tic. A.Ş.	6.595	3.782	-	-
Koçnet Haberleşme Tekn. ve İlet. Hizm. A.Ş.	2.062	949	1.378	1.021
Koç Holding A.Ş.	986	493	3.503	2.625
Other	5.908	3.331	4.283	2.752
	108.232	**65.205**	**57.352**	**34.920**

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

Interest Income	**1 January- 30 June 2007**	**1 April- 30 June 2007**	**1 January- 30 June 2006**	**1 April- 30 June 2006**
Yapı ve Kredi Bankası	4.024	1.712	5.437	2.612
Other	352	171	389	222
	4.376	**1.883**	**5.826**	**2.834**

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

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

Interest Expense	**1 January-30 June 2007**	**1 April-30 June 2007**	**1 January-30 June 2006**	**1 April-30 June 2006**
Yapı ve Kredi Bankası	2.245	34	5.348	2.945
Koçbank Netherland N.V.	371	161	352	179
	2.616	**195**	**5.700**	**3.124**

Dividends paid	**1 January-30 June 2007**	**1 April-30 June 2007**	**1 January-30 June 2006**	**1 April-30 June 2006**
Koç Holding A.Ş.	**20.332**	**20.332**	**-**	**-**

Other related party transactions are as follows:

	1 January-30 June 2007	**1 April-30 June 2007**	**1 January-30 June 2006**	**1 April-30 June 2006**
Rent income	653	364	612	342
Rent expense	1.521	1.020	1.455	751
Management fee received	203	101	378	203
Donations	141	-	-	-

	1 January-30 June 2007	**1 April-30 June 2007**	**1 January-30 June 2006**	**1 April-30 June 2006**
Salaries and other benefits provided to the Board of Directors and the key management of Migros	**4.251**	**3.086**	**2.253**	**701**

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

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

	30 June 2007	31 December 2006
Receivables from personnel	942	1.783
	942	**1.783**

Other Payables

	30 June 2007	31 December 2006
T. Garanti Bankası A.Ş. (“Garanti Bankası”)		
-Credit card collection account	26.544	33.546
	26.544	**33.546**

As of 30 June 2007, payable to Garanti Bankası consists of credit card collections on behalf of Garanti Bankası through Tansaş stores with a maturity of less than one month.

NOTE 11 - BIOLOGICAL ASSETS

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

NOTE 12 - INVENTORIES

	30 June 2007	31 December 2006
Raw materials	2.748	3.463
Work in process	1.570	977
Finished goods and merchandise stocks	361.605	390.179
Advances given	508	128
Other	1.349	1.017
	367.780	395.764
Less: Provision for diminution in net realisable value	(1.379)	(1.551)
	366.401	**394.213**

Cost of inventory included in the cost of sales for the interim period 1 January-30 June 2007 is YTL 1.673.362 (30 June 2006: YTL 1.461.336)

NOTE 13 - RECEIVABLES RELATING TO CONSTRUCTION CONTRACTS AND PROGRESS BILLINGS

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

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

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes:

The Group recognises deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported in accordance with CMB Financial Reporting Standards and the statutory tax financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on taxable income in coming years under the liability method using a principal tax rate. The principal tax rates for Turkey, Russian Federation, Kazakhstan, Bulgaria and Azerbaijan are 20%, 24%, 30%, 10% and 22% respectively as of 30 June 2007 and 31 December 2006.

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided as of 30 June 2007 and 31 December 2006 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	30 June 2007	**31 December 2006**	**30 June 2007**	**31 December 2006**
Carry forward tax losses	41.433	136.122	8.287	27.224
Unrealised financial cost	7.422	14.843	1.484	2.969
Provision for expenses and other provisions	9.896	10.515	2.101	2.230
Provision for employment termination benefits	13.671	11.757	2.734	2.350
Net difference between the tax base and the carrying value of inventories	5.859	1.200	1.177	247
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	(168.375)	(170.757)	(36.633)	(37.512)
Allowance for unincurred interest expense	(15.004)	(14.724)	(3.001)	(2.945)
Deferred prepaid expenses	(2.862)	(3.350)	(625)	(733)
Adjustment for fair value of financial assets	(19.052)	(15.406)	(1.552)	(1.520)
Other	(888)	1.304	(248)	246
Deferred tax assets			15.783	35.266
Deferred tax liabilities			(42.059)	(42.710)
Deferred tax liabilities-net			**(26.276)**	**(7.444)**

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

NOTE 14 - DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Movements in deferred taxes can be analysed as follows:

	2007	2006
1 January	**(7.444)**	**61.609**
Current period deferred tax expense (Note 41)	(19.954)	(28.147)
Current period associated amount in shareholders' equity (Note 3- Financial Instruments)	(32)	996
Foreign currency translation difference	1.154	(4.503)
30 June	**(26.276)**	**29.955**

In accordance with Tax Procedural Law, previous years losses can be carried for a maximum of five years. Details of previous years losses in terms of years that the Company plans to benefit from in the coming period are as follows:

	YTL
2003	20.500
2004	20.933
	41.433

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

Other current assets

	30 June 2007	31 December 2006
Value Added Tax ("VAT") receivables	25.884	34.682
Prepaid expenses	24.762	27.553
Migros Club discount cheques	3.047	5.522
Deductible taxes and funds	1.112	6.736
Prepayments for land leases	357	431
Other	1.120	671
	56.282	**75.595**

Prepaid expenses mainly consist of insurance premium and store rentals.

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

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

Other non-current assets

	30 June 2007	31 December 2006
Prepayments for land leases	25.537	25.884
Prepaid expenses	9.406	10.227
VAT receivables	713	2.192
	35.656	**38.303**

Other short-term liabilities

	30 June 2007	31 December 2006
Expense accruals	35.732	10.541
Payables to personnel	20.611	19.689
VAT payable	19.438	1.406
Deferred income	14.851	11.944
Other taxes and funds payable	14.305	22.845
Merchandise coupons	2.669	4.933
Other	2.168	1.323
	109.774	**72.681**

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

NOTE 16 - FINANCIAL ASSETS

	30 June 2007	31 December 2006
Held-to-maturity time deposits	122.589	132.226
Available-for-sale investments	43.575	38.926
Associates	8.051	8.701
Total financial assets	**174.215**	**179.853**

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

NOTE 16 - FINANCIAL ASSETS (Continued)

Held-to-maturity time deposits:

	30 June 2007			**31 December 2006**		
	ABD Doları	**Euro**	**YTL**	**ABD Doları**	**Euro**	**YTL**
	88.095	4.356	122.589	87.619	4.898	132.226
			122.589			**132.226**

Weighted average effective interest rates p.a. on Euro and USD denominated held-to-maturity time deposits are 7,58% (31 December 2006: 7,72%) and 6,45%, respectively (31 December 2006: 8,56%).

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

	30 June 2007	**31 December 2006**
1-2 years	52.644	45.658
2-3 years	43.947	43.784
3-4 years	20.837	39.768
4 years and over	5.161	3.016
	122.589	**132.226**

Available-for-sale investments:

	30 June 2007		**31 December 2006**	
	Share	**Amount**	**Share**	**Amount**
Quoted:				
Tat Konserve San. A.Ş.(“Tat Konserve”)	2,87%	6.911	2,87%	6.269
Unquoted:				
Koç Finansal Hizmetler A.Ş. (“KFS”)	0,37%	32.014	0,37%	28.007
Koçtaş Yapı Marketleri A.Ş. (“Koçtaş”)	9,24%	2.944	9,24%	2.944
Sanal Merkez Ticaret A.Ş.	69,99%	1.186	69,99%	1.186
Şok Marketler Ticaret A.Ş.	99,60%	520	99,60%	520
		43.575		**38.926**

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

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

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

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

Associates:

	30 June 2007		**31 December 2006**	
	Share	**Amount**	**Share**	**Amount**
Harranova Besi	50,00%	6.243	50,00%	6.535
Tanı Pazarlama	32,00%	1.808	32,00%	2.166
		8.051		**8.701**

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

NOTE 16 - FINANCIAL ASSETS (Continued)

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

	30 June 2007	**31 December 2006**
Total Assets	7.707	10.155
Total Liabilities	1.282	3.387

	1 January- 30 June 2007	**1 January- 30 June 2006**
Net sales	3.669	4.353
Net loss for the period	(1.118)	(1.032)

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

	30 June 2007	**31 December 2006**
Total Assets	58.645	56.765
Total Liabilities	50.083	47.619

	1 January- 30 June 2007	**1 January- 30 June 2006**
Net sales	15.803	16.174
Net loss for the period	(584)	(10.483)

Details related to the Group's acquisition of the associate Harranova Besi are as follows:

Cash paid	4.982
Less: Fair value of total identifiable assets, liabilities and contingent liabilities	(3.020)
Goodwill	**1.962**

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

NOTE 16 - FINANCIAL ASSETS (Continued)

The movements of financial assets are as follows:

	2007	**2006**
1 January	**179.853**	**182.660**
Additions to held-to-maturity time deposits-net	(3.736)	33.963
Short-term portion of held-to-maturity time deposits	(5.901)	(12.336)
Increase in the fair value of available-for-sale investments - net	4.649	1.810
Share loss of associates-net	(650)	(330)
Sale of available - for-sale-investments	-	(23)
Acquisition of associate	-	4.985
30 June	**174.215**	**210.729**

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

NOTE 17 - GOODWILL/NEGATIVE GOODWILL

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

	Opening 1 January 2006	Additions	Disposals	Transfer	Closing 30 June 2006
Goodwill	175.812	-	-	62.262 (*)	238.074
Accumulated amortisation	(2.594)	-	-	-	(2.594)
Net book value	**173.218**	**-**	**-**	**62.262**	**235.480**

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

In the consolidated financial statements of the Group as of 31 December 2005, the minority interest has not been calculated on the trademark of Tansaş which was acquired as an identifiable asset after the purchase of the said entity. The Group management, having decided that it would be appropriate to calculate the minority interest in the trademark of Tansaş which was not included in the financial statements of Tansaş but included in the consolidated financial statements of Migros as required by IFRS 3 "Business Combinations", has amended the goodwill and minority interest values included in the financial statements as of 31 December 2005. The amendment which resulted from the calculation of minority interest in the trademark value of Tansaş does not affect the consolidated income statement for the year ending 31 December 2005 and the total equity as of 31 December 2005. In this sense, the amendment consists of the reclassification of YTL62.262 between goodwill and minority interest (Note 24). In consideration of the materiality level to the consolidated financial statements, the amendment was made in the consolidated interim financial statements of 1 January-30 June 2006 rather than the consolidated financial statements as of 31 December 2005.

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

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

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

NOTE 18 - INVESTMENT PROPERTY

	Opening 1 January 2007	Additions	Transfers (Note 19)	Effect of changes in foreign exchange rates	Closing 30 June 2007
Cost					
Land and Buildings	110.266	-	7.169	(5.882)	111.553
Accumulated depreciation					
Land and Buildings	(7.303)	(1.133)	-	389	(8.047)
Net book value	**102.963**				**103.506**

	Opening 1 January 2006	Additions	Transfers (Note 19)	Effect of changes in foreign exchange rates	Closing 30 June 2006
Cost					
Land and Buildings	60.310	-	-	16.268	76.578
Accumulated depreciation					
Land and Buildings	(4.930)	(718)	-	(1.331)	(7.042)
Net book value	**55.380**				**69.536**

Investment property owned by the Group represents designated areas within stores that are let out under rent agreements. The result of the work completed by an independent appraisal firm in order to estimate the fair value of the investment property at 31 December 2006 amounts to YTL 230.466 (30 June 2006: YTL 127.970). The valuation includes land that is under operating lease by the Company as it cannot be separated from the valuation of investment property. As of 30 June 2007, it is assumed that there is not a significant change of the market value of the investment property since the beginning of 2007.

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

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2007	Additions	Disposals	Impairment loss	Transfers	Transfers to investment property (Note 18)	Effect of changes in foreign exchange rates	Closing 30 June 2007
Cost								
Land and buildings	547.235	1.217	(14.094)	-	4.073	(7.169)	(15.731)	515.531
Leasehold improvements	460.127	9.465	(141)	(26)	14.032	-	(11)	483.446
Machinery and equipment	458.570	9.938	(6.112)	-	10.537	-	(3.388)	469.545
Furniture and fixtures	178.805	4.191	(4.468)	-	7.381	-	(1.983)	183.926
Motor vehicles	2.035	10	(452)	-	-	-	(22)	1.571
Construction in progress	35.434	63.388	(1.880)	-	(31.465)	-	(1.436)	64.041
Advances given	5.004	15.553	-	-	(4.558)	-	(188)	15.811
	1.687.210	**103.762**	**(27.147)**	**(26)**	**-**	**(7.169)**	**(22.759)**	**1.733.871**
Accumulated depreciation								
Buildings	(61.228)	(5.369)	3.226	-	-	-	1.258	(62.113)
Leasehold improvements	(198.031)	(23.592)	87	26	-	-	4	(221.506)
Machinery and equipment	(298.421)	(17.255)	4.429	-	(21)	-	1.512	(309.756)
Furniture and fixtures	(79.451)	(7.458)	2.233	-	21	-	685	(83.970)
Motor vehicles	(1.152)	(162)	372	-	-	-	5	(937)
	(638.283)	**(53.836)**	**10.347**	**26**	**-**	**-**	**3.464**	**(678.282)**
Net book value	**1.048.927**							**1.055.589**

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

NOT 19- PROPERTY, PLANT AND EQUIPMENT (Continued)

.	Opening 1 January 2006	Additions	Disposals	Impairment loss	Transfers	Adjusments(*)	Transfers to investment property (Note 18)	Effect of changes in foreign exchange rates	Closing 30 June 2006
Cost									
Land and buildings	452.997	1.317	(676)	-	8.988	-	-	59.245	521.871
Leasehold improvements	415.122	12.549	-	(148)	539	(2.601)	-	104	425.565
Machinery and equipment	405.629	5.624	(1.369)	-	3.805	2.879	-	12.232	428.800
Furniture and fixtures	144.805	8.091	(623)	-	6.881	837	-	6.858	166.849
Motor vehicles	2.862	133	(771)	-	-	-	-	118	2.342
Construction in progress	39.557	61.741	(64)	-	(19.471)	-	-	9.795	91.558
Advances given	11.784	6.148	-	-	(742)	-	-	2.931	20.121
	1.472.756	**95.603**	**(3.503)**	**(148)**	**-**	**1.115**	**-**	**91.283**	**1.657.106**
Accumulated Depreciation									
Buildings	(49.340)	(4.825)	38	-	-	66	-	(4.793)	(58.854)
Leasehold improvements	(164.502)	(19.450)	-	123	-	3.087	-	70	(180.672)
Machinery and equipment	(262.464)	(16.132)	1.012	-	-	(3.918)	-	(5.667)	(287.169)
Furniture and fixtures	(65.582)	(6.537)	244	-	-	(589)	-	(1.796)	(74.260)
Motor vehicles	(1.611)	(268)	634	-	-	(27)	-	(18)	(1.290)
	(543.499)	**(47.212)**	**1.928**	**123**	**-**	**(1.381)**	**-**	**(12.204)**	**(602.245)**
Net book value	**929.257**			**(25)**		**(266)**			**1.054.861**

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

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

NOTE 19 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Borrowing costs of YTL1.064 (31 December 2006: YTL4.821) arising on financing specifically entered into for the construction of the new stores have been capitalised during the period. The capitalisation rate used represents the interest cost of the borrowing used to finance the project.

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

	30 June 2007	31 December 2006
Net book value	20.099	24.700

NOTE 20 - INTANGIBLE ASSETS

	Opening 1 January 2007	Additions	Disposals	Effect of changes in foreign exchange rates	Closing 30 June 2007
Cost					
Trademark (Tansaş) (*)	174.158	-	-	-	174.158
Rights	16.328	1.260	(57)	(123)	17.408
Other intangible assets	88	-	-	-	88
Accumulated amortisation	(9.751)	(1.350)	46	62	(10.993)
Net book value	**180.823**				**180.661**

	Opening 1 January 2006	Additions	Disposals	Effect of changes in foreign exchange rates	Closing 30 June 2006
Cost					
Trademark (Tansaş) (*)	174.158	-	-	-	174.158
Rights	13.873	650	(145)	596	14.974
Other intangible assets	88	-	-	-	88
Accumulated amortisation	(6.928)	(1.345)	63	(424)	(8.634)
Net book value	**181.191**				**180.856**

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

NOTE 20 - INTANGIBLE ASSETS (Continued)

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

NOTE 21 - ADVANCES RECEIVED

The Group has not received any advances (31 December 2006: None).

NOTE 22 - RETIREMENT PLANS

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

NOTE 23 - PROVISIONS

Short-term provisions

	30 June 2007	31 December 2006
Tax and legal provisions	587	242
Less: Prepaid corporation tax	(112)	(162)
Tax provisions, net	**475**	**80**
Provision for litigation (Note 31.f)	7.188	7.188
Other provisions	**7.188**	**7.188**
Total short-term provisions	**7.663**	**7.268**

Long-term provisions

	30 June 2007	31 December 2006
Provision for employment termination benefits	**13.671**	**11.757**

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

NOTE 23 - PROVISIONS (Continued)

Provision for employment termination benefits is explained below:

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires (the retirement age is 58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of YTL1.960,69 (31 December 2006: YTL1.857,44) for each year of service at 30 June 2007.

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

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

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

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

The principal assumption is that the maximum liability of YTL 1.960,69 as of 30 June 2007 (31 December 2006: YTL 1.857,44) for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL1.960,69 which is effective from 1 January 2007 has been taken into consideration for the calculation of the provision for employment termination benefits.

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

	2007	2006
1 January	**11.757**	**13.782**
Increase during the period	4.716	3.596
Payments in the period	(2.802)	(2.243)
Reversal of provisions	-	(3.638)
30 June	**13.671**	**11.497**

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

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

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

Changes in minority interest during the period are as follows:

	2007	**2006**
1 January	**199**	**85.230**
Net income attributable to minority interest	21	3.738
Translation reserve	(10)	3.828
Decrease in minority interests due to increase ın parent company shares in Subsidiaries	-	(2.124)
Allocation of trademark value of Tansaş to minority interest (Note 17)	-	62.262
Transfer to equity due to the merger with The Subsidiary (Tansaş)	-	(137.334)
30 June	**210**	**15.600**

NOTE 25 - SHARE CAPITAL/ADJUSTMENT TO SHARE CAPITAL

Migros adopted the registered share capital system available to companies registered with the Capital Markets Board ("CMB") and set a limit on its registered share capital representing registered type shares with a nominal value of Ykr 1. The Company's historical authorised and paid-in share capital at 30 June 2007 and 31 December 2006 are as follows:

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

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

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

NOTE 25 - SHARE CAPITAL/ADJUSTMENT TO SHARE CAPITAL (Continued)

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

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

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

The issued and paid-in capital amounting to YTL 176.267 (31 December 2006: YTL 176.267) has been divided into 17.626.686.600 shares (31 December 2006: 17.626.686.600 shares) with a nominal value of YKr 1. There are no privileged shares.

There is a pledge on 8.085.305.000 (31 December 2006: 8.085.305.000) units of shares which Koç Holding A.Ş. owns in the Company and that has been given in favour of J.P. Morgan Europe Limited, pursuant to the share pledge agreement entered into between Koç Holding A.Ş. and J.P. Morgan Europe Limited on 20 January 2006 within the terms of the Secured Term Facility Agreement signed on 20 January 2006 between Koç Holding A.Ş., J.P. Morgan Europe Limited and J.P. Morgan Chase Bank N.A..

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

Capital surplus

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

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

Profit reserves, shareholders’ equity restatement differences and retained earnings

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

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

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

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

“Retained earnings” arising from the first-time application of inflation accounting and “retained earnings” arising from the first-time adoption and preparation of the comparative financial statements in accordance with Communiqué XI-25/IFRS, can be used either for a capital increase or to pay cash dividends to shareholders. In accordance with Communiqué XI-25, companies are obliged to distribute at least 20% (31 December 2006: 20%) of their distributable profit which is calculated based on the financial statements prepared in accordance with CMB Accounting Standards. Based on the decision of the general assembly, the distribution of a minimum of 20% of the distributable profit can be made as cash or as bonus shares or as a combination of a certain percentage of cash and bonus shares. Net income of subsidiaries, join-ventures and associates, included in consolidated net income, is not considered in the profit distribution if a decision on profit distribution has not been taken in the general assemblies of these companies.

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

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

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

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

In accordance with the above explanation, the composition of the Company's shareholders' equity as of 30 June 2007 and 31 December 2006 according to the Communiqué XI-25 is as follows:

	30 June 2007	31 December 2006
Share capital	176.267	176.267
Capital surplus	18.854	18.854
Financial assets fair value reserve	19.233	14.865
Shareholders' equity restatement differences	175.758	175.758
Legal reserves	18.487	13.410
Extraordinary reserves	72.692	78.608
Translation reserve	(40.322)	(30.202)
Additional contribution to shareholders' equity related to merger	119.422	119.422
Net income for the period	79.358	78.686
Retained earnings	316.627	277.102
Total shareholders' equity	**956.376**	**922.770**

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

	30 June 2007			31 December 2006		
	Historical amounts	Restated amounts	Shareholders' equity restatement differences	Historical amounts	Restated amounts	Shareholders' equity restatement differences
Share capital	176.267	99.102	(77.165)	176.267	99.102	(77.165)
Capital surplus	18.854	152.855	134.001	18.854	152.855	134.001
Legal reserves	18.487	43.741	25.254	13.410	38.664	25.254
Extraordinary reserves	72.692	166.360	93.668	78.608	172.276	93.668
Total	**286.300**	**462.058**	**175.758**	**287.139**	**462.897**	**175.758**

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

NOTE 29 - FOREIGN CURRENCY POSITION

	30 June 2007	31 December 2006
Assets	315.702	348.638
Liabilities	(792.788)	(911.924)
Net foreign currency liability position	**(477.086)**	**(563.286)**

YTL equivalent of foreign currency amounts

	30 June 2007					
	USD	**Euro**	**Russian ruble**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
Cash and cash equivalents	5.512	11.874	5.217	6.976	7.895	37.474
Marketable securities	58.993	2.891	-	-	-	61.884
Trade receivables	7.225	332	6.660	3.049	2.035	19.301
Due from related parties	-	-	31	-		31
Other current assets	3.581	-	36.045	393	797	40.816
Financial assets	114.929	7.660	-	-	-	122.589
Other non-current assets	1.310	-	29.171	3.126	-	33.607
Total assets denominated in foreign currencies	**191.550**	**22.757**	**77.124**	**13.544**	**10.727**	**315.702**

	30 June 2007					
	USD	**Euro**	**Russian ruble**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
Short-term financial liabilities	143.841	39.944	-	-	-	183.785
Long-term financial liabilities	381.622	100.114	-	-	-	481.736
Trade payables	12.211	91	77.259	9.150	4.602	103.313
Due to related parties	335	-	161	-	120	616
Other liabilities	327	493	20.737	1.119	662	23.338
Total liabilities denominated in foreign currencies	**538.336**	**140.642**	**98.157**	**10.269**	**5.384**	**792.788**

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

NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

	31 December 2006					
	USD	Euro	Russian ruble	Kazakhstan tenge	Other currencies	Total YTL
Cash and cash equivalents	12.121	3.249	17.222	9.253	6.163	48.008
Marketable securities	56.145	2.966	-	-	-	59.111
Trade receivables	18.271	200	1.516	589	1.840	22.416
Due from related parties	323	-	285	-	18	626
Other current assets	4.091	-	45.506	489	1.032	51.118
Financial assets	123.157	9.069	-	-	-	132.226
Other non-current assets	1.561	-	30.565	3.007	-	35.133
Total assets denominated in foreign currencies	**215.669**	**15.484**	**95.094**	**13.338**	**9.053**	**348.638**

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

NOTE 30 - GOVERNMENT INCENTIVES AND GRANTS

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

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

NOTE 31 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees given at 30 June 2007 and 31 December 2006 are as follows:

	30 June 2007	31 December 2006
Letters of guarantees given	**27.386**	**27.464**

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

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

b) Guarantees received at 30 June 2007 and 31 December 2006 are as follows:

	30 June 2007	31 December 2006
Guarantees obtained from customers	**62.141**	**55.022**

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

	30 June 2007	31 December 2006
Payable within 1 year	11.505	12.749
Payable in 1 to 2 years	17.239	10.527
Payable in 2 to 5 years	44.712	25.838
Payable in 5 to 10 years	52.998	24.218
Payable after 10 years	22.204	26.314
	148.658	**99.646**

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

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

e) There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour issues constitute the majority of these lawsuits. The Company management assesses the outcomes of these lawsuits and the financial effects thereof, and the required provisions are made in accordance with expected gains and liabilities. As of 30 June 2007 such provisions amount to YTL 7.188 (31 December 2006: YTL7.188).

f) At the Board of Directors Meeting of Migros held on 15 May 2007, it was decided that the collective employment negotiations covering the period between 1 May 2007 and 30 April 2009 be started. The collective employment negotiations between Migros and Tez/Koop/İş Sendikası are still underway within its legal time.

g) As of 30 June 2007, Migros has a liability of annual paid leave due to its employees which have been earned yet have not been used with its present value in the amount of YTL2.147 as calculated based on the actuarial assumptions. As per the company policy, in order to encourage the employees to use their leaves, no provision was reserved for the said liability in the consolidated financial statements pertaining to the interim fiscal period between 1 January-30 June 2007.

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

NOTE 32 - BUSINESS COMBINATIONS

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

Purchase consideration	**4.982**
Fair value of identifiable assets, liabilities and contingent liabilities	**3.020**
Goodwill	**1.962**

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

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

NOTE 33 - SEGMENT INFORMATION

In these consolidated financial statements for interim period at 30 June 2007, the primary reportable segments comprise the geographical segments.

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

Wholesale and rent income are not identified as a different reportable section on the grounds of materiality in accordance with IAS 14 and accordingly the industrial segments are not presented as secondary segment reporting (Note 36). Within this framework, retailing is presented as the sole reportable business segment in these consolidated financial statements.

a) Net sales	**1 January-30 June 2007**	**1 April-30 June 2007**	**1 January-30 June 2006**	**1 April-30 June 2006**
Turkey	1.942.283	1.019.030	1.729.400	897.573
Russian Federation (Note 44)	235.841	113.127	191.267	99.677
Kazakhstan	64.077	32.374	40.933	22.028
Bulgaria	13.749	6.008	15.480	8.213
Azerbaijan	8.109	4.033	7.127	3.856
	2.264.059	**1.174.572**	**1.984.207**	**1.031.347**

b) Operating profit	**1 January-30 June 2007**	**1 April-30 June 2007**	**1 January-30 June 2006**	**1 April-30 June 2006**
Turkey	84.610	48.815	84.025	57.626
Russian Federation	8.716	5.276	12.294	5.975
Kazakhstan	5.730	2.926	6.026	3.065
Bulgaria	1.322	592	1.288	863
Azerbaijan	292	175	512	258
	100.670	**57.784**	**104.145**	**67.787**

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

NOTE 33 - SEGMENT INFORMATION (Continued)

c) Segmental analysis for the interim period of 1 January-30 June 2007

	Turkey	Azerbaijan	Bulgaria	Russian Federation	Kazakhstan	Total Combined	Inter-segment elimination	Total
External revenues	1.942.283	8.109	13.749	235.841	64.077	2.264.059	-	2.264.059
Inter-segment revenues	2.354	-	-	-	-	2.354	(2.354)	-
Revenues	1.944.637	8.109	13.749	235.841	64.077	2.266.413	(2.354)	2.264.059
Cost of sales	(1.469.751)	(6.069)	(8.533)	(162.406)	(47.637)	(1.694.396)	2.354	(1.692.042)
Gross profit	474.886	2.040	5.216	73.435	16.440	572.017	-	572.017
Selling and marketing expenses	(295.392)	(595)	(1.973)	(42.354)	(7.309)	(347.623)	-	(347.623)
General and administrative expenses	(94.884)	(1.153)	(1.921)	(22.365)	(3.401)	(123.724)	-	(123.724)
Net operating profit/(loss)	**84.610**	**292**	**1.322**	**8.716**	**5.730**	**100.670**	**-**	**100.670**

d) Segmental analysis for the interim period of 1 April-30 June 2007

	Turkey	Azerbaijan	Bulgaria	Russian Federation	Kazakhstan	Total Combined	Inter-segment elimination	Total
External revenues	1.019.030	4.033	6.008	113.127	32.374	1.174.572	-	1.174.572
Inter-segment revenues	1.072	-	-	-	-	1.072	(1.072)	-
Revenues	1.020.102	4.033	6.008	113.127	32.374	1.175.644	(1.072)	1.174.572
Cost of sales	(767.935)	(3.008)	(3.670)	(77.541)	(24.159)	(876.313)	1.072	(875.241)
Gross profit	252.167	1.025	2.338	35.586	8.215	299.331	-	299.331
Selling and marketing expenses	(151.927)	(295)	(804)	(18.696)	(3.479)	(175.201)	-	(175.201)
General and administrative expenses	(51.425)	(555)	(942)	(11.614)	(1.810)	(66.346)	-	(66.346)
Net operating profit/(loss)	**48.815**	**175**	**592**	**5.276**	**2.926**	**57.784**	**-**	**57.784**

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

NOTE 33 - SEGMENT INFORMATION (Continued)

e) Segmental analysis for the interim period of 1 January-30 June 2006

	Turkey	Azerbaijan	Bulgaria	Russian Federation	Kazakhstan	Total Combined	Inter-segment elimination	Total
External revenues	1.729.400	7.127	15.480	191.267	40.933	1.984.207	-	1.984.207
Inter-segment revenues	3.339	-	-	-	-	3.339	(3.339)	-
Revenues	1.732.739	7.127	15.480	191.267	40.933	1.987.546	(3.339)	1.984.207
Cost of sales	(1.304.023)	(5.387)	(10.371)	(131.763)	(28.861)	(1.480.405)	3.339	(1.477.066)
Gross profit	428.716	1.740	5.109	59.504	12.072	507.141	-	507.141
Selling and marketing expenses	(257.060)	(492)	(2.045)	(30.091)	(3.739)	(293.427)	-	(293.427)
General and administrative expenses	(87.631)	(736)	(1.776)	(17.119)	(2.307)	(109.569)	-	(109.569)
Net operating profit/(loss)	**84.025**	**512**	**1.288**	**12.294**	**6.026**	**104.145**	**-**	**104.145**

f) Segmental analysis for the interim period of 1 April-30 June 2006

	Turkey	Azerbaijan	Bulgaria	Russian Federation	Kazakhstan	Total Combined	Inter-segment elimination	Total
External revenues	897.573	3.856	8.213	99.677	22.028	1.031.347	-	1.031.347
Inter-segment revenues	2.025	-	-	-	-	2.025	(2.025)	-
Revenues	899.598	3.856	8.213	99.677	22.028	1.033.372	(2.025)	1.031.347
Cost of sales	(667.029)	(2.931)	(5.313)	(68.494)	(15.526)	(759.293)	2.025	(757.268)
Gross profit	232.569	925	2.900	31.183	6.502	274.079	-	274.079
Selling and marketing expenses	(133.202)	(261)	(1.104)	(15.178)	(2.087)	(151.832)	-	(151.832)
General and administrative expenses	(41.741)	(406)	(933)	(10.030)	(1.350)	(54.460)	-	(54.460)
Net operating profit/(loss)	**57.626**	**258**	**863**	**5.975**	**3.065**	**67.787**	**-**	**67.787**

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

NOTE 33 - SEGMENT INFORMATION (Continued)

e) Geographical segment assets employed

Total assets	30 June 2007	31 December 2006
Turkey	2.288.660	2.337.003
Russian Federation	527.433	561.797
Bulgaria	55.488	60.457
Kazakhstan	56.029	58.597
Azerbaijan	9.127	9.088
Total combined	2.936.737	3.026.942
Less: Inter-segment elimination	(234.142)	(237.010)
Total assets as per consolidated financial statements	**2.702.595**	**2.789.932**

Net assets	30 June 2007	31 December 2006
Turkey	920.832	886.257
Russian Federation (Note 44)	191.603	188.587
Kazakhstan	35.468	31.372
Bulgaria	30.409	26.857
Azerbaijan	6.774	6.941
Total combined	1.185.086	1.140.014
Less: Inter-segment elimination	(228.500)	(217.045)
Total net assets	956.586	922.969
Less: Minority interest	(210)	(199)
Total shareholders' equity as per consolidated financial statements	**956.376**	**922.770**

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

NOTE 33 - SEGMENT INFORMATION (Continued)

f) Capital expenditures, depreciation and amortisation

	1 January-30 June 2007	1 April-30 June 2007	1 January-30 June 2006	1 April-30 June 2006
Capital expenditures				
Turkey	81.040	48.636	49.184	34.900
Russian Federation	23.175	11.875	46.468	35.386
Kazakhstan	704	529	431	239
Azerbaijan	69	45	120	51
Bulgaria	34	27	50	18
	105.022	**61.112**	**96.253**	**70.594**

	1 January-30 June 2007	1 April-30 June 2007	1 January-30 June 2006	1 April-30 June 2006
Depreciation and amortisation				
Turkey	44.853	22.465	38.668	19.506
Russian Federation	9.499	4.409	8.406	5.056
Bulgaria	925	345	1.305	756
Kazakhstan	857	385	737	423
Azerbaijan	185	89	222	131
	56.319	**27.693**	**49.338**	**25.872**

g) Minority interest

	30 June 2007	31 December 2006
Bulgaria	210	199
	210	**199**

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

NOTE 34 - SUBSEQUENT EVENTS

At the meeting of the Board of Directors of the Company dated on 9 July 2007, it has been decided to use a five year loan in the amount of USD 22,5 million to be used for financing the investments of Ramenka. The aforementioned loan was borrowed in July.

NOTE 35 - DISCONTINUED OPERATIONS

Ramstore Bulgaria closed down its three stores and stopped its retailing operations as of March 2007. The Group sold the land of its Sophia store and the whole building including the equipment and installations, which are seen among its assets, in return for 8.500 Euro (YTL11.625), VAT excluded. The profit that was earned in the amount of 2.400 Euro (YTL4.143) due to such sale was classified under the field of income and profit from other activities during the interim period of 1 January-30 June 2007.

NOTE 36 - OPERATING REVENUE

	1 January- 30 June 2007	1 April- 30 June 2007	1 January- 30 June 2006	1 April- 30 June 2006
Domestic sales	1.971.029	1.031.082	1.758.760	911.895
Foreign sales	311.682	151.651	245.351	128.784
	2.282.711	1.182.733	2.004.111	1.040.679
Other sales	10.756	3.998	10.459	5.775
	2.293.467	1.186.731	2.014.570	1.046.454
Less: Discounts and returns	(29.408)	(12.159)	(30.363)	(15.107)
Sales revenue - net	**2.264.059**	**1.174.572**	**1.984.207**	**1.031.347**
Cost of sales	(1.692.042)	(875.241)	(1.477.066)	(757.268)
Gross operating profit	**572.017**	**299.331**	**507.141**	**274.079**

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

NOTE 36 - OPERATING REVENUE (Continued)

Details of domestic and foreign sales are as follows:

	1 January- 30 June 2007	1 April- 30 June 2007	1 January- 30 June 2006	1 April- 30 June 2006
Retail sales	2.184.753	1.131.180	1.910.872	989.015
Rent income	65.109	32.663	52.752	28.416
Wholesale	32.849	18.890	40.487	23.248
	2.282.711	**1.182.733**	**2.004.111**	**1.040.679**

NOTE 37 - OPERATING EXPENSES

	1 January-30 June 2007			1 January-30 June 2006		
	General and Administrative Expenses	Selling and Marketing Expenses	Total	General and Administrative Expenses	Selling and Marketing Expenses	Total
Staff costs	42.917	129.770	172.687	39.295	109.176	148.471
Rent expense	1.956	77.758	79.714	2.172	64.262	66.434
Depreciation and amortisation	56.766	-	56.766	47.798	-	47.798
Transportation, porterage and cleaning expenses						
Energy expenses	-	45.613	45.613	-	36.151	36.151
Repair, maintenance	898	25.845	26.743	977	22.435	23.412
and security	1.503	19.518	21.021	2.580	20.316	22.896
Advertising expenses	-	20.684	20.684	-	20.745	20.745
Taxes and other fees	4.016	2.884	6.900	4.065	1.844	5.909
Warehouse expenses	-	6.807	6.807	-	1.278	1.278
Communication expenses	1.375	2.875	4.250	1.603	3.045	4.648
Travelling expenses	2.882	979	3.861	1.807	1.277	3.084
Mechanisation expenses	442	3.207	3.649	449	1.534	1.983
Insurance premiums	630	2.288	2.918	647	1.410	2.057
Employment termination benefits-net	419	1.495	1.914	329	1.024	1.353
Stationary expense	532	1.132	1.664	170	594	764
Parent company service charges	986	-	986	1.809	1.694	3.503
Donations	814	-	814	797	-	797
Other	7.588	6.768	14.356	5.071	6.642	11.713
Total	**123.724**	**347.623**	**471.347**	**109.569**	**293.427**	**402.996**

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

NOTE 37 - OPERATING EXPENSES (Continued)

	1 April-30 June 2007			1 April-30 June 2006		
	General and Administrative Expenses	**Selling and Marketing Expenses**	**Total**	**General and Administrative Expenses**	**Selling and Marketing Expenses**	**Total**
Staff costs	26.056	65.283	91.339	17.856	52.188	70.044
Rent expense	1.060	39.894	40.954	963	34.720	35.683
Depreciation and amortisation	28.092	-	28.092	24.423	-	24.423
Transportation, porterage and cleaning expenses						
Energy expenses	-	24.907	24.907	-	19.289	19.289
Repair, maintenance	746	12.379	13.125	189	11.174	11.363
and security	421	11.776	12.197	1.548	13.464	15.012
Advertising expenses	-	10.124	10.124	-	12.049	12.049
Warehouse expenses	-	3.527	3.527	-	682	682
Taxes and other fees	1.536	1.643	3.179	2.081	622	2.703
Communication expenses	687	1.396	2.083	919	1.669	2.588
Travelling expenses	1.580	484	2.064	1.108	808	1.916
Mechanisation expenses	214	1.657	1.871	309	687	996
Insurance premiums	592	958	1.550	578	575	1.153
Employment termination benefits-net	(4)	(444)	(448)	(252)	(466)	(718)
Stationary expense	355	413	768	81	237	318
Parent company service charges	493	-	493	932	1.693	2.625
Donations	485	-	485	461	-	461
Other	4.033	1.204	5.237	3.264	2.441	5.705
Total	**66.346**	**175.201**	**241.547**	**54.460**	**151.832**	**206.292**

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

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

Other operating income and gains

	1 January-30 June 2007	1 April-30 June 2007	1 January-30 June 2006	1 April-30 June 2006
Foreign exchange gain	36.798	25.512	51.680	42.797
Interest income on bank deposits	9.643	4.605	15.646	8.522
Interest income on marketable securities	8.867	4.108	2.662	942
Due date charges on credit sales	5.405	4.557	9.653	7.506
Income from sales of property, plant and equipment	4.401	4.377	156	11
Income from scrap good sales	2.289	1.246	1.028	563
Cash discount	2.115	1.746	1.967	1.540
Unutilised provisions	43	35	8.225	8.141
Other	1.267	475	1.481	465
	70.828	**46.661**	**92.498**	**70.487**

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

Other operating expenses and losses

	1 January-30 June 2007	1 April-30 June 2007	1 January-30 June 2006	1 April-30 June 2006
Foreign exchange loss	(15.670)	(10.904)	(680)	(617)
Loss of closed stores	(4.130)	(4.130)	-	-
Bad debt provision expenses	(1.099)	(623)	(1.581)	(784)
Credit cards commission expense	(64)	(30)	(2.218)	(394)
Other	(877)	(527)	(1.474)	(703)
	(21.840)	**(16.214)**	**(5.953)**	**(2.498)**

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

NOTE 39 - FINANCIAL EXPENSES

	1 January- 30 June 2007	1 April- 30 June 2007	1 January- 30 June 2006	1 April- 30 June 2006
Interest expense on bank borrowings	(24.717)	(11.710)	(25.624)	(14.210)
Interest expense on term purchases	(20.127)	(13.308)	(20.178)	(10.604)
Foreign exchange loss from financial activities	-	38	(104.231)	(100.306)
Other	(573)	(177)	(201)	-
	(45.417)	**(25.157)**	**(150.234)**	**(125.120)**

NOTE 40 - MONETARY GAIN/LOSS

None.

NOTE 41 - TAXES ON INCOME

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

Turkey

Corporation tax rate for the year 2007 is 20% (2006: 20%). Corporation tax is applied to the total income of the companies after adjusting for certain disallowable expenses, exempt income, investment and other allowances. No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

In accordance with Tax Law No.5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (SIS WPI increase rate). Since these conditions in question were not fulfilled in the first six-month periods of 2006 and 2007, no inflation adjustments were performed.

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

NOTE 41 - TAXES ON INCOME (Continued)

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2006: 20%) on their corporate income. Advance tax is declared by the 10th and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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

Domestic participation exemption

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

Preferential right certificate sales and issued premiums exemption

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

Foreign company participation exemption

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

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

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

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

NOTE 41 - TAXES ON INCOME(Continued)

Investment allowance exemption:

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

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

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

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

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

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

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

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

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

NOTE 41 - TAXES ON INCOME (Continued)

Russian Federation

The applicable tax rate is 24% in Russian Federation.(2006: 24%).

Under the Russian taxation system tax losses can be carried forward to offset future taxable profits over the subsequent 10 years. The maximum offset in any one year is limited to 30% (2006: 30%) of the total taxable income of the year. Losses not utilised in the eligible periods cannot be carried forward.

Income tax rates applied in the Kazakhstan, Bulgaria, Macedonia, Azerbaijan and Kyrgyzstan are 30%, 10%, 12%, 22% and 10% respectively (2006: 30%, 15%, 15%, 22% and 10%).

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

	1 January- 30 June 2007	1 April- 30 June 2007	1 January- 30 June 2006	1 April- 30 June 2006
Current period taxation charge	(4.258)	(1.139)	(6.320)	(381)
Deferred tax charge (Note 14)	(19.954)	(14.573)	(28.147)	(26.943)
Taxation on income	**(24.212)**	**(15.712)**	**(34.467)**	**(27.324)**

NOTE 42 - EARNINGS PER SHARE

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

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

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

NOTE 42 - EARNINGS PER SHARE (Continued)

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

	1 January-30 June 2007	1 April-30 June 2007	1 January-30 June 2006	1 April-30 June 2006
Net income/(loss) attributable to the shareholders	79.358	46.700	1.921	(17.404)
Weighted average number of shares with YKr 1 face value each (Note 25)	17.626.686.600	17.626.686.600	17.626.686.600	17.626.686.600
Earnings/(loss) per share (YKr)	**0,45**	**0,27**	**0,01**	**(0,10)**

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

NOTE 43 - STATEMENTS OF CASH FLOWS

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

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

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

	30 June 2007	31 December 2006
Property, plant and equipment	412.603	431.005
Other non-current assets	30.481	26.446
Current assets	84.349	104.346
	527.433	**561.797**
Long-term bank borrowings	(156.834)	(175.966)
Provisions	(16.824)	(18.201)
Short-term liabilities	(162.172)	(179.043)
	(335.830)	**(373.210)**
Net assets	**191.603**	**188.587**

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

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

	1 January-30 June 2007	**1 April-30 June 2007**	**1 January-30 June 2006**	**1 April-30 June 2006**
Net sales	**235.841**	**113.127**	**191.267**	**99.677**
(Loss)/income before tax	(167)	(1.520)	16.336	6.975
Income tax	(1.440)	(757)	(4.660)	(2.620)
Net (loss)/income	**(1.607)**	**(2.277)**	**11.676**	**4.355**

(ii) As of 30 June 2007, although the short-term liabilities of the Group exceed its current assets in the amount of YTL 297.149, the maturities of the short-term liabilities are longer than the maturities of the current assets. While the maturities of trade payables and due to related parties which constitute approximately 73% of the short-term liabilities are shorter than three months on average, the maturities of the significant amount of current assets is one month on average. Furthermore, the Group attained the amount of YTL 74.927 (1 January-30 June 2006: YTL 121.913) from operating activities in the 1 January-30 June 2007 interim period.

…………………………