MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY-31 MARCH 2008

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY-31 MARCH 2008

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

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CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2008 AND 31 DECEMBER 2007

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

	Notes	*31 March 2008 EUR	*31 March 2008 USD	31 March 2008	31 December 2007
ASSETS					
Current assets					
Cash and cash equivalents	4	149,134	235,483	300,594	396,952
Financial assets	5	285,486	450,783	575,425	628,767
Trade receivables	7	16,755	26,457	33,772	27,808
Due from related parties	26	4,132	6,524	8,328	41,293
Other receivables	8	308	486	620	593
Inventories	9	190,344	300,554	383,657	400,517
Other current assets	16	90,483	142,873	182,378	168,595
Total current assets		**736,642**	**1,163,160**	**1,484,774**	**1,664,525**
Non-current assets					
Other receivables	8	368	581	742	733
Financial assets	5	846	1,336	1,706	1,706
Goodwill	13	116,326	183,679	234,466	234,466
Investment property	10	4,925	7,776	9,926	10,022
Property, plant and equipment	11	362,709	572,719	731,076	731,652
Intangible assets	12	89,200	140,848	179,792	179,626
Other non-current assets	16	4,109	6,489	8,283	6,995
Total non-current assets		**578,483**	**913,428**	**1,165,991**	**1,165,200**
Total assets		**1,315,125**	**2,076,588**	**2,650,765**	**2,829,725**

These consolidated financial statements pertaining to the interim period between 1 January-31 March 2008 were approved for publishing by the Board of Directors on 28 May 2008.

(*) 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 for 31 March 2008 and therefore do not form a part of these consolidated financial statements prepared in accordance with accounting principles issued by Capital Market Board ("CMB") (see Note 2).

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2008 AND 31 DECEMBER 2007

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

	Notes	* 31 March 2008 EUR	* 31 March 2008 USD	31 March 2008	31 December 2007
LIABILITIES					
Current liabilities					
Financial liabilities	6	43,807	69,172	88,298	117,828
Trade payables	7	378,514	597,676	762,933	871,489
Due to related parties	26	22,948	36,234	46,253	54,663
Other liabilities	8	8,607	13,591	17,349	20,702
Provisions	14	9,483	14,973	19,113	43,158
Other current liabilities	16	38,504	60,798	77,609	72,207
Total current liabilities		**501,863**	**792,444**	**1,011,555**	**1,180,047**
Non-current liabilities					
Financial liabilities	6	36,970	58,376	74,517	142,663
Other liabilities	8	1,964	3,101	3,959	3,602
Deferred tax liabilities	24	9,118	14,397	18,378	20,015
Employment termination benefits	15	7,566	11,948	15,251	14,065
Total non-current liabilities		**55,618**	**87,822**	**112,105**	**180,345**
Total liabilities		**557,481**	**880,266**	**1,123,660**	**1,360,392**
SHAREHOLDERS' EQUITY	17				
Parent company shareholders' equity		**757,481**	**1,196,065**	**1,526,777**	**1,469,068**
Share capital		88,326	139,467	178,030	178,030
Shareholders' equity restatement differences		(38,284)	(60,450)	(77,165)	(77,165)
Share premium		9,354	14,770	18,854	18,854
Financial assets fair value reserve		6,759	10,672	13,623	24,543
Translation reserve		3,562	5,624	7,179	(6,457)
Restricted reserves assorted from profits		217,643	343,660	438,682	18,487
Additional contribution to shareholders' equity related to the merger		59,249	93,554	119,422	119,422
Retained earnings		383,588	605,687	773,159	640,479
Net income for the period		27,284	43,081	54,993	552,875
Minority interest		**163**	**257**	**328**	**265**
Total shareholders' equity		**757,644**	**1,196,322**	**1,527,105**	**1,469,333**
Total liabilities and shareholders' equity		**1,315,125**	**2,076,588**	**2,650,765**	**2,829,725**
Commitments, contingent assets and liabilities	14				

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS 1 JANUARY – 31 MARCH 2008 AND 2007

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

		* 31 March 2008			
	Notes	EUR	USD	31 March 2008	31 March 2007
CONTINUING OPERATIONS					
Sales	3,18	571,719	902,747	1,152,357	966,773
Cost of sales (-)	3,18	(433,794)	(684,964)	(874,356)	(731,936)
GROSS PROFIT		**137,925**	**217,784**	**278,001**	**234,837**
Marketing, sales and distribution expenses (-)	19	(87,229)	(137,735)	(175,819)	(149,010)
General administrative expenses (-)	19	(24,374)	(38,486)	(49,128)	(46,381)
Other operating incomes	20	2,011	3,176	4,054	2,173
Other operating expenses (-)	20	(769)	(1,215)	(1,551)	(528)
OPERATING PROFIT		**27,564**	**43,524**	**55,557**	**41,091**
Income from associates		-	-	-	4
Financial incomes	21	26,001	41,055	52,407	19,167
Financial expenses (-)	22	(20,796)	(32,837)	(41,917)	(20,445)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**32.769**	**51,742**	**66,047**	**39,817**
Continuing Operations Tax Expenses	24	**(5,476)**	**(8,647)**	**(11,038)**	**(7,817)**
Taxation expense for the period		(6,363)	(10,047)	(12,825)	(1,173)
Deferred tax income/expense		887	1,400	1,787	(6,644)
INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS		**27,293**	**43,095**	**55,009**	**32,000**
DISCONTINUED OPERATIONS					
Income after tax for the period from discontinued operations	41	-	-	**-**	**671**
INCOME FOR THE PERIOD		**27,293**	**43,095**	**55,009**	**32,671**
Distribution of period income					
Minority interest		8	13	16	13
Parent company shares		27,284	43,081	54,993	32,658
Earnings per share (YKr)	25			0,31	0,18
Earnings per share from continuing operations (YKr)	25			0,31	0,18

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CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS 1 JANUARY – 31 MARCH 2008 AND 2007

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

	Share capital	Shareholders' equity restatement differences	Share premium	Financial assets fair value reserve	Restricted reserves assorted from profits	Foreign currency translation differences	Additional contribution to shareholder's equity related to merger	Net income for the period	Retained earnings	Minority interest	Total shareholders' equity
Balances at 1 January 2007	**176,267**	**(77,165)**	**18,854**	**14,865**	**13,410**	**(30,202)**	**119,422**	**78,686**	**608,633**	**199**	**922,969**
Transfers	-	-	-	-	5,077	-	-	(78,686)	73,609	-	-
Dividends relating to 2006	-	-	-	-	-	-	-	-	(40,000)	-	(40,000)
Currency translation differences	-	-	-	-	-	2,118	-	-	-	(1)	2,117
Financial assets net fair value gain, net of deferred tax	-	-	-	1,279	-	-	-	-	-	-	1,279
Net income for the period	-	-	-	-	-	-	-	32,658	-	13	32,671
Balances at 31 March 2007	**176,267**	**(77,165)**	**18,854**	**16,144**	**18,487**	**(28,084)**	**119,422**	**32,658**	**642,242**	**211**	**919,036**
Balances at 1 January 2008	**178,030**	**(77,165)**	**18,854**	**24,543**	**18,487**	**(6,457)**	**119,422**	**552,875**	**640,479**	**265**	**1,469,333**
Transfers	-	-	-	-	420,195	-	-	(552,875)	132,680	-	-
Currency translation differences	-	-	-	-	-	13,636	-	-	-	47	13,683
Financial assets net fair value loss, net of deferred tax	-	-	-	(10,920)	-	-	-	-	-	-	(10,920)
Net income for the period	-	-	-	-	-	-	-	54,993	-	16	55,009
Balances at 31 March 2008	**178,030**	**(77,165)**	**18,854**	**13,623**	**438,682**	**7,179**	**119,422**	**54,993**	**773,159**	**328**	**1,527,105**

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINAL ISSUED IN TURKISH

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS 1 JANUARY – 31 MARCH 2008 AND 2007

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

	Notes	* 31 March 2008 EUR	* 31 March 2008 USD	31 March 2008	31 March 2007
Operating activities					
Net income for the period from continuing operations		27,292	43,094	55,009	32,000
Net loss for the period from discontinued operations		-	-	-	671
Adjustments to reconcile net income for the period to net cash provided by operating activities:					
Share of profit of associates				-	(4)
Depreciation and amortisation	10,11,12	11,804	18,636	23,793	28,624
Employment termination benefits	15	1,661	2,623	3,348	3,522
Taxation expense	24	5,476	8,647	11,038	7,817
Interest income		(15,334)	(24,212)	(30,907)	(10,634)
Interest expense		12,881	20,338	25,962	15,245
Gain on sale of property, plant and equipment-net		(14)	(23)	(29)	(1)
Impairment loss of property, plant and equipment	18,31	31	49	63	-
Unrealized foreign currency gain/loss, net		1,133	1,789	2,284	(8,614)
Cash flows from operating activities before changes in operating assets and liabilities		**44,930**	**70,975**	**90,561**	**68,626**
Change in operating assets and liabilities-net					
Trade receivables		(2,959)	(4,672)	(5,964)	(6,609)
Due from related parties		16,355	25,825	32,965	2,301
Inventories		8,365	13,208	16,860	31,241
Other current assets and other receivables		215	339	433	(1,377)
Short and long-term trade payables		(53,858)	(85,042)	(108,556)	(103,478)
Due to related parties		(4,172)	(6,588)	(8,410)	(25,281)
Other current liabilities, provisions and other liabilities		(16,847)	(26,602)	(33,957)	12,824
Other non-current assets		(643)	(1,016)	(1,297)	67
Interest paid		(12,486)	(19,716)	(25,167)	(24,204)
Current period income taxes paid		(298)	(470)	(600)	(1,700)
Employment termination benefits paid		(1,073)	(1,694)	(2,162)	(1,160)
Net cash provided by operating activities		**(22,471)**	**(35,483)**	**(45,294)**	**(48,750)**
Investing activities:					
Purchase of property, plant and equipment	11	(7,369)	(11,635)	(14,852)	(34,388)
Proceeds from sale of property, plant and equipment		45	71	90	647
Decreases in financial assets		30,145	47,600	60,761	25,734
Purchase of other intangible assets	19	(316)	(499)	(637)	(371)
Interest received		6,171	9,745	12,439	12,529
Net cash used in investing activities		**28,676**	**45,282**	**57,801**	**4,151**
Financing activities:					
Decrease in bank borrowings		(57,054)	(90,089)	(114,998)	(13,676)
Net cash used in financing activities		(57,054)	(90,089)	**(114,998)**	**(13,676)**
Effects of exchange rate differences		3,043	4,805	6,133	3,376
Net increase in cash and cash equivalents		(47,806)	(75,486)	(96,358)	(54,899)
Cash and cash equivalents at the beginning of the period	4	**196,940**	**310,969**	**396,952**	**345,611**
Cash and cash equivalents at the end of the period	4	**149,134**	**235,483**	**300,594**	**290,712**

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

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

NOTE 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 centers, 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 and its Subsidiaries (together referred to as the “Group”) during the first three months of 2008 is 14,896 (31 March 2007: 18,590). The Group is operating in 973 (31 December 2007: 953) supermarkets with a net retail space of 604,257 (31 December 2007: 603,769) square meters as of 31 March 2008. Retail is the main business segment of the Group and constitutes almost 97.3% (31 March 2007: 96.7%) of gross sales. Therefore, due to the International Accounting Standard 14 (“IAS 14”), “Segment Reporting”, retail is the sole reportable segment.

The address of the registered office is as follows:

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

The main shareholder of the Company is Koç Holding A.Ş. (Note 17) and the shares of the Company are publicly traded on the Istanbul Stock Exchange (ISE).

Pursuant to the resolution of the Board of Directors of Koç Holding, the parent company of Migros, dated 13 February 2008, the Holding decided to sell its 50.83% of shares of Migros to Moonlight Capital S.A. controlled by BC Partners or to the companies or the parties to be set by Moonlight Capital S.A. following signing of the share transfer agreement.

The Group sold all of it shares in its joint-venture, Limited Liability Company Ramenka, where it held 50% controlling interest in 2007. (see Note 1 – Interests in Joint-ventures)

Subsidiaries:

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

Subsidiary	**Country of incorporation**	**Geographical segment**	**Nature of business**
Ramstore Mahdud Mesuliyyetli Cemiyeti (“Ramstore Azerbaijan”)	Azerbaijan	Azerbaijan	Retail
Ramstore Bulgaria E.A.D. (“Ramstore Bulgaria”) (**)	Bulgaria	Bulgaria	Non-active
Ramstore Kazakhstan LLC (“Ramstore Kazakhstan”) (***)	Kazakhstan	Kazakhstan	Retail
Ramstore Macedonia DOO (“Ramstore Macedonia”)	Macedonia	Bulgaria	Retail
Ramstore Bishkek LLC (“Ramstore Bishkek”)	Kyrgyzstan	Kazakhstan	Retail
Şok Marketler Ticaret A.Ş. (“Şok Marketler”)	Turkey	(*)	Trade (Non-active)
Sanal Merkez Ticaret A.Ş. (“Sanal Merkez”)	Turkey	(*)	Trade

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

(**) Ramstore Bulgaria closed down its three stores and stopped its retailing operations in the first half of 2007.

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

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

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

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

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

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

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

Interests in Joint-ventures:

The Group signed a share transfer agreement dated 11 September 2007 with Enka Holding Investment S.A. regarding the sale of all its shares in Limited Liability Company Ramenka ("Ramenka"), a joint-venture where the Group held 50% controlling interest, against USD 542.5 million, and the transfer of shares was completed on 9 November 2007 once the conditions precedent were fulfilled (Note 23). The activity results of Ramenka were included in the consolidated financial statements until the date of sale. The nature of business of the Joint-venture and for the purpose of the consolidated financial statements, its respective geographical segment is as follows:

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

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

Basis of Presentation

A) Financial Reporting Standards

Communiqué on Principles governing Financial Reporting in Capital Market", Series: XI, No.29 published by the Capital Markets Board ("CMB") stipulates the principles, procedures and terms of the preparation and submission of financial reports issued by corporations. This communiqué is in force for the first interim financial statements for fiscal periods starting from 1 January 2008, and supersedes the Communiqué on Accounting Standards in the Capital Market", Series: XI, No.25 issued by CMB. According to the Communiqué, corporations should prepare their financial statements according to the International Financial Reporting Standards ("IAS/IFRS") as adopted by the European Union. However, until the differences of IAS/IFRS adopted by the European Union from those published by the International Accounting Standards Board ("IASB") are announced by the Turkish Accounting Standards Board ("TASB") IAS/IFRS shall apply. Within this framework, Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") published by TASB shall be relied upon to the extent they are not in conflict with the adopted standards.

With the decision taken on 17 March 2005, the CMB 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.

Because the differences of IAS/IFRS adopted by the European Union from those published by IASB have not been announced by TASB as at the date of the issuance date of the financial statements, the consolidated financial statements have been prepared in accordance with CMB Financial Reporting Standards which rely upon IAS/IFRS in accordance with the CMB's Communiqué Series: XI, No. 29 and the notices that explain such Communiqué. Consolidated financial statements and footnotes have been presented in accordance with the formats recommended by CMB in its notice dated 14 April 2008, with mandatory information included. Within this scope, necessary changes have been made on the previous term consolidated financial statements (Note 2.C.w).

(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)

B) Translation of Financial Statements of Foreign Subsidiaries

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

C) Basis of Consolidation

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

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 structures:

	Direct and indirect shareholding by Migros and its Subsidiaries (%)	
Subsidiary	31 March 2008	31 December 2007
Ramstore Azerbaijan (1), (4)	100.00	100.00
Ramstore Bulgaria (1), (5)	100.00	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

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

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

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

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

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

(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) 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 5).

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

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

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

Changes in Accounting Policies

Important changes introduced in accounting policies and material accounting mistakes discovered are applied retrospectively, and financial statements of the previous terms are re-issued. No changes have been introduced in the accounting polices of the interim fiscal period between 1 January-31 March 2008.

Changes and Mistakes in Accounting Estimations

If changes in accounting estimations only pertain to a single period, they are reflected to financial statements of the current term in which the change has been made, or if they pertain to future periods, they are reflected to the financial statements of both the term in which the change has been made and the future term prospectively so that they are taken into account in determining the net profit or loss for the period. No change has been made in the accounting estimations in the interim fiscal period between 1 January-31March 2008.

Summary of Significant Accounting Policies

a) Revenue

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

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

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

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

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

b) Inventories

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

c) 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 11). Depreciation is provided over the economic useful lives for property, plant and equipment on a straight-line basis.

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

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

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

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

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

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

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

d) Intangible assets

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

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

e) 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (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.

f) Impairment of assets

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

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

g) Borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings. Borrowing costs are charged to the income statement when they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale, in accordance with the allowed alternative treatment in 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

h) Financial instruments

Trade receivables

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

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

Loans originated by the Company

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

Investment securities

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

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

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

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

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

i) Foreign currency transactions and translations

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

j) Earnings per share

Earnings per share disclosed in the consolidated 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 25).

k) 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.

l) Provisions, contingent liabilities and contingent assets

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

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

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

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

m) Leases

Finance leases

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

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

Operating leases

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

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

Prepayments for land leases

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

n) 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 26).

o) 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 3.

p) Government incentives and grants

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

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

q) Investment property

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

r) Taxes on income

Taxes include current period income tax liabilities and deferred tax assets and liabilities. A provision is recognized for the current year tax liability based on the period results of the Group at the balance sheet date (Note 14 and Note 24).

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 on the financial statements. Currently enacted tax rates are used to determine deferred income tax (Note 24).

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 offset current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

s) 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 15).

t) Statement of cash flows

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

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

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

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

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

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).

u) Discontinued operations

According to IFRS 5 "Non-current Assets held for Sale and Discontinued operations" a discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and represents a separate major line of business or geographical area of operations; is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.

With regard to the discontinued operations, the net assets related to the discontinued operations are measured by deducting the sales costs from the fair value, and the profit or loss before tax reflected in the financial statements during disposal of the asset or the group of assets composed of the suspended activities and the profit or loss after tax of the discontinued operations are explained in the footnotes and profit/loss before tax analysis is carried out along with the income/expenses. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the footnotes or the cash flow table.

v) Offsetting

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

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 1.2765=USD 1.00 for purchases of USD and YTL 2.0156=EUR 1.00 for purchases of Euro for 31 March 2008. Therefore, USD and Euro amounts do not form part of the consolidated financial statements prepared in accordance with CMB Accounting Standards for 31 March 2008. 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 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

w) Comparative information and restatement of prior period's financial statements

For the purpose of achieving consistency in the presentation of the current term consolidated financial statements, comparative information has been re-classified where necessary.

To permit determination of financial condition and performance trends, the Group's consolidated financial statements are prepared with comparison against the previous period. The Group has issued its consolidated balance-sheet dated 31 March 2008 in comparison with the consolidated balance-sheet dated 31 December 2007, the consolidated income statements of the interim period ended on 31 March 2008 in comparison with the consolidated balance-sheet for the interim fiscal term ended on 31 March 2007, the cash flow statement and shareholders' equity change statement for the interim fiscal term from 1 January through to 31 March 2008 in comparison with the consolidated financial statements for the interim fiscal term from 1 January through to 31 March 2007.

For the purpose of achieving consistency in the presentation of consolidated financial statements dated 31 March 2008, the Group has carried out necessary classifications in its consolidated balance-sheet dated 31 December 2007. Such changes have been described below:

In the consolidated balance-sheet dated 31 December 2007, the capital reserves amounting to YTL 71,932 which were classified under "extraordinary reserves" have been classified under "retained earnings" account. (Note 17).

In the consolidated balance-sheet dated 31 December 2007, the inflation adjustment differences amounting to YTL 252,923 consisting of legal reserves inflation valuation differences, extraordinary reserves inflation valuation differences and stock issuance premium inflation valuation differences which were classified under "shareholder's equity restatement differences" have been classified under "retained earnings" account (Note 17).

In the consolidated balance-sheet dated 31 December 2007, deposits and guarantees given, amounting to YTL 2, which were classified under "trade receivables" have been classified under "other receivables account", time deposits with a maturity longer than three months amounting to YTL 26,387 which were classified under "cash and cash equivalents" have been classified under "financial assets" account, securities with a maturity less than three months amounting to YTL 536 which were classified under "financial assets" have been classified under "cash and cash equivalents" account, the financial investment amounting to YTL 36,688 which were included under fixed assets have been classified under "financial assets" account included in current assets, deposits and guarantees given amounting to YTL 733 which were included in "long term trade receivables" have been classified under "other receivables" account, fixed asset advances given amounting to YTL 1,112 which were included in "property, plant and equipment" have been classified under "other current assets" account, a portion of YTL 10,022 which was included in "property, plant and equipment" has been classified under "investment property" account, and order advances given amounting to YTL 227 which were included in "inventories" have been classified under "other current assets" account.

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

In the consolidated balance-sheet dated 31 December 2007, deposits and guarantees received amounting to YTL 3,602 which were included in “long term trade payables” have been classified under “other liabilities” account. In the consolidated balance-sheet dated 31 December 2007, the employment termination benefits amounting to YTL 14,065 which was included in “provisions for long-term payables” has been classified under the “employment termination benefits” account.

The foreign exchange difference and interest incomes amounting to YTL 21,931 which took place under “other operating incomes” account in the financial statements pertaining to 1 January – 31 March 2007 are classified under the “financial incomes” account and the foreign exchange expenses amounting to YTL 4.766 which were included in “other operating expenses” are classified under the “financial expenses” account.

Due to the disposal of Ramenka shares on 9 November 2007 of which details are explained in Note 1 and Note 23, the net income after taxes of Ramenka for three months period pertaining to the interim financial statements of 1 January – 31 March 2007 is separately indicated in income statements and cash flow statements and not included in the footnotes of income statements.

Significant Accounting Evaluations, Estimates and Assumptions

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 reportedamounts of income and expense items in the fiscal period. Although these estimates and assumption are based on the management’s best knowledge of the exiting events and transactions, actual results may differ from those estimates. The estimations and assumptions which can cause significant adjustments in the recorded value of the assets and liabilities for the following financial reporting period are as follows:

Income from sale of joint-venture

The Group signed a share transfer agreement dated 11 September 2007 with Enka Holding InvestmentS.A. regarding the sale of all its shares in Ramenka, a joint-venture where the Group held 50% controlling interest, against USD 542.5 million, and the transfer of shares was completed on 9 November 2007 once the conditions precedent were fulfilled.

Of the mentioned amount, USD 25 million was collected on 11 September 2007, the date of such share transfer agreement, USD 362.2 million was collected on 9 November 2007, the transfer date of the shares. The remaining balance is subject to adjustment depending on the changes in financial net indebtedness and net operating capital and as a result of the studies conducted the final purchase price amount was determined as USD 127.4 million and was included in the consolidated financial statements at 31 December 2007 (Note 16). Remaining amount will be collected until 11 June 2008.

Mandatory Information Required by CMB

In accordance with CMB's Communiqué Series: XI No: 29 and the notices which explain it, the hedging ratio of the total foreign exchange obligation and the total export and total import amounts should be presented in financial statement footnotes.

(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 - SEGMENT INFORMATION

In these consolidated financial statements for the interim period on 31 March 2008, the primary reportable segments comprise the geographical segments.

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

Wholesale and rent income are not identified as 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 18). Within this framework, retailing is presented as the sole reportable business segment in these consolidated financial statements.

a) Net sales	**31 March 2008**	**31 March 2007**
Turkey	1,101,956	923,253
Kazakhstan	39,024	31,703
Bulgaria	6,851	7,741
Azerbaijan	4,526	4,076
Net sales from continuing operations	**1,152,357**	**966,773**
Net sales from discontinued operations	**-**	**122,714**

b) Net Operating profit	**31 March 2008**	**31 March 2007**
Turkey	50,019	37,362
Kazakhstan	3,567	2,812
Bulgaria	1,507	793
Azerbaijan	464	124
Net operating profit from continuing operations	**55,557**	**41,091**
Net operating profit from discontinued operations	**-**	**3,171**

(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 - SEGMENT INFORMATION (Continued)

c) Segmental analysis for the period of 1 January-31 March 2008

	Turkey	Azerbaijan	Bulgaria	Kazakhstan	Total Combined	Inter-segment elimination	Total	Discontinued operations
External revenues	1,101,956	4,526	6,851	39,024	1,152,357	-	1,152,357	-
Inter-segment revenues	1,145	-	-	-	1,145	(1,145)	-	-
Revenues	1,103,101	4,526	6,851	39,024	1,153,502	(1,145)	1,152,357	-
Cost of sales	(839,210)	(3,305)	(4,049)	(28,937)	(875,501)	1,145	(874,356)	-
Gross profit	263,891	1,221	2,802	10,087	278,001	-	278,001	-
Selling and marketing expenses	(169,899)	(300)	(840)	(4,780)	(175,819)	-	(175,819)	-
General and administrative expenses	(46,087)	(461)	(555)	(2,025)	(49,128)	-	(49,128)	-
Other income/expenses, net	2,114	4	100	285	2,503	-	2,503	-
Operating profit	**50,019**	**464**	**1,507**	**3,567**	**55,557**	**-**	**55,557**	**-**

d) Segmental analysis for the period of 1 January-31 March 2007

	Turkey	Azerbaijan	Bulgaria	Kazakhstan	Total Combined	Inter-segment elimination	Total	Discontinued operations
External revenues	923,253	4,076	7,741	31,703	966,773	-	966,773	122,714
Inter-segment revenues	1,282	-	-	-	1,282	(1,282)	-	-
Revenues	924,535	4,076	7,741	31,703	968,055	(1,282)	966,733	122,714
Cost of sales	(701,816)	(3,061)	(4,863)	(23,478)	(733,218)	1,282	(731,936)	(84,865)
Gross profit	222,719	1,015	2,878	8,225	234,837	-	234,837	37,849
Selling and marketing expenses	(143,711)	(300)	(1,169)	(3,830)	(149,010)	-	(149,010)	(23,265)
General and administrative expenses	(43,213)	(598)	(979)	(1,591)	(46,381)	-	(46,381)	(10,998)
Other income/expenses, net	1,567	7	63	8	1,645	-	1,645	(415)
Operating profit	**37,362**	**124**	**793**	**2,812**	**41,091**	**-**	**41,091**	**3,171**

(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 - SEGMENT INFORMATION (Continued)

e) Geographical segment assets employed

	31 March 2008	**31 December 2007**
Total assets		
Turkey	2,655,949	2,850,958
Bulgaria	42,575	35,866
Kazakhstan	72,108	67,005
Azerbaijan	9,964	8,971
Total combined	2,780,596	2,962,800
Less: Inter-segment elimination	(129,831)	(133,075)
Total assets as per consolidated financial statements	**2,650,765**	**2,829,725**

Net assets

	31 March 2008	**31 December 2007**
Turkey	1,562,126	1,522,493
Kazakhstan	45,605	35,729
Bulgaria	38,502	31,241
Azerbaijan	7,629	6,689
Total combined	1,653,862	1,596,152
Less: Inter-segment elimination	(126,757)	(126,819)
Total shareholder's equity as per consolidated financial statements	**1,527,105**	**1,469,333**

(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 - SEGMENT INFORMATION (Continued)

f) Capital expenditures, depreciation and amortisation

	31 March 2008	**31 March 2007**
Capital expenditures		
Turkey	15,063	23,885
Discontinued operations	-	12,156
Kazakhstan	416	175
Azerbaijan	-	24
Bulgaria	10	7
	15,489	**36,247**

	31 March 2008	**31 March 2007**
Depreciation and amortisation		
Turkey	22,815	22,388
Discontinued operations	-	5,090
Bulgaria	309	580
Kazakhstan	576	470
Azerbaijan	93	96
	23,793	**28,624**

g) Minority interest

	31 March 2008	**31 December 2007**
Bulgaria	328	265
	328	**265**

(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

	31 March 2008	31 December 2007
Cash	14,854	22,050
Banks		
-demand deposits	12,893	53,112
-time deposits	68,548	109,376
Available-for-sale financial assets	990	536
Cheques in collection	59	112
Other cash and cash equivalents	203,250	211,766
	300,594	**396,952**

Weighted average effective interest rates on YTL and USD denominated time deposits, with details as disclosed in Note 27, are 17.65% (31 December 2007: 17.65%), and 5.25% (31 December 2007: 9.47%), respectively. Weighted average effective interest rates on EUR denominated time deposits, with details as disclosed in Note 27, is 3.70% (31 December 2007: 3.58%). Other cash and cash equivalents mainly include receivables on credit card slips with a maturity of less than one month (31 December 2007: less than one month).

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

	31 March 2008	31 December 2007
1-30 days	68,548	97,680
31-90 days	-	11,696
	68,548	**109,376**

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

	31 March 2008	31 March 2007
Cash and cash equivalents	300,594	264,694
Marketable securities with a maturity less than 3 months	-	26,018
	300,594	**290,712**

NOTE 5 – FINANCIAL ASSETS

	31 March 2008	31 December 2007
Short term available-for-sale financial assets	575,425	602,380
Time deposits	-	26,387
Short term financial assets	**575,425**	**628,767**
Long term available-for-sale financial assets	1,706	1,706
Long term financial assets	**1,706**	**1,706**

(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 – FINANCIAL ASSETS (Continued)

Short term available-for-sale investments:

	31 March 2008		31 December 2007	
	Weighted average effective interest rate p.a.	Amount	Weighted average effective interest rate p.a.	Amount
Treasury bills and government bonds	17.74%	492,018	17.67%	537,992
Eurobond (USD)	9.27%	45,777	10.68%	26,847
Eurobond (Euro)	5.50%	942	5.50%	853
Time deposits	-	-	5.25%	26,387
		538,737		**592,079**

The analysis of debt securities by maturity at 31 March 2008 and 31 December 2007 is as follows:

	31 March 2008	31 December 2007
Period remaining to maturity:		
91-180 days	29,674	26,446
181 days-1year	79,252	104,872
Over 1 year	429,811	460,761
	538,737	**592,079**

Quoted financial assets:

	31 March 2008		31 December 2007	
	Share	Amount	Share	Amount
Tat Konserve San. A.Ş. (“Tat Konserve”)	2.87%	11,860	2.87%	11,860
		11,860		**11,860**

Unquoted financial assets:

	31 March 2008		31 December 2007	
	Share	Amount	Share	Amount
Koçtaş Yapı Marketleri A.Ş. (“Koçtaş”)	9.24%	23,099	9.24%	23,099
Tanı Pazarlama A.Ş.	32.00%	1,729	32.00%	1,729
Sanal Merkez Ticaret A.Ş.	69.99%	1,186	69.99%	1,186
Şok Marketler Ticaret A.Ş.	99.60%	520	99.60%	520
		26,534		**26,534**

(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 – FINANCIAL ASSETS (Continued)

Within the scope of sale of Migros shares by Koç Holding, the parent company, as laid out in Note 1, before the transfer of shares, Tat Konserve will be bought by Koç Holding or any one of the companies belonging to Koç Holding Group of companies in return for YTL 11,860 which is the fair value determined as of 30 September 2007. The amount of the said sales has been evaluated as the fair value of Tat Konserve. The difference between carrying amount and fair value of Tat Konserve is recognized in the financial assets fair value reserve in the consolidated shareholders' equity.

As of 31 March 2008, Koçtaş is stated at fair value determined by the discounted cash flow method in the consolidated financial statements.

Within the scope of sale of Migros shares by Koç Holding, the parent company, as laid out in Note 1, before the said transfer of shares, Tanı Pazarlama will be bought by Koç Holding or any one of the companies belonging to Koç Holding Group of companies in return for YTL 1,729 which is the carrying value determined as of 30 September 2007. Tanı Pazarlama that was previously within the scope of associate and was therefore accounted for by using the equity method was accounted for in the consolidated financial statements prepared as of 31 December 2007 as available-for-sale investment with its fair value of YTL 1,729.

The Group sold its shares in KFS where the Group held 0.37% interest on 28 December 2007 to Koç Holding A.Ş. in return for YTL 32,014 which is the carrying value determined as of 30 September 2007. The profit in the amount of YTL 18,418 was obtained due to the mentioned sale transaction.

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.

NOTE 6 - FINANCIAL LIABILITIES

	31 March 2008			
	Weighted average effective interest rates p.a.	**USD**	**Euro**	**YTL**
Current portion of long-term bank borrowings				
With fixed interest rates	6.59%	1,820	130	2,585
With floating interest rates	5.96%	67,147	-	85,713
Current portion of long-term bank borrowings		**68,967**	**130**	**88,298**
Long-term bank borrowings				
With fixed interest rates	6.59%	928	992	3,183
With floating interest rates	5.96%	55,882	-	71,334
Long-term bank borrowings		**56,810**	**992**	**74,517**
Total bank borrowings		**125,777**	**1,122**	**162,815**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

	31 December 2007			
	Weighted average effective interest rates p.a.	**USD**	**Euro**	**YTL**
Current portion of long-term bank borrowings				
With fixed interest rates	6.80%	1,753	124	2,254
With floating interest rates	6.24%	70,827	19,344	115,574
Current portion of long-term bank borrowings		**72,580**	**19,468**	**117,828**
Long-term bank borrowings				
With fixed interest rates	6.80%	1,048	992	2,916
With floating interest rates	6.24%	64,706	37,647	139,747
Long-term bank borrowings		**65,754**	**38,639**	**142,663**
Total bank borrowings		**138,334**	**58,107**	**260,491**

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

	USD	**Euro**	**YTL**
1 April 2009-31 March 2010	36,102	124	46,334
1 April 2010-31 March 2011	20,708	124	26,684
1 April 2011-31 March 2012	-	124	250
1 April 2012-31 March 2013	-	124	250
1 April 2013-31 March 2014	-	124	250
1 April 2014 and after	-	372	749
	56,810	992	74,517

As of 31 March 2008, fair value of bank borrowings is YTL 175,275. (31 December 2007: YTL 268,189)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	31 March 2008	**31 December 2007**
Receivables from tenants and wholesale activities	33,083	26,363
Doubtful trade receivables	7,136	6,541
Notes receivable	1,172	1,736
	41,391	**34,640**
Less: Provision for doubtful receivables	(7,014)	(6,332)
Unearned finance income on term sales	(605)	(500)
Short-term trade receivables, net	**33,772**	**27,808**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The maturities of trade receivables are generally less than one month (31 December 2007: Less than one month) and they are discounted with the annual rate of 16.98% (31 December 2007: 16.15%) as of 31 March 2008.

The trade receivables in the amount of YTL 154 (31 December 2007: YTL 1.602) as of 31 March 2008 have not been evaluated as doubtful receivables although they are overdue. The said receivables are overdue for 17 days (31 December 2007: 13 days).

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

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

	2008	**2007**
1 January	**6,332**	**6,651**
Current year provision (Note 20)	763	474
Collections and reversal of provisions	(103)	(20)
Currency translation difference	22	(14)
31 March	**7,014**	**7,091**

Trade payables:

	31 March 2008	**31 December 2007**
Trade payables	775,211	885,060
Less: Unincurred financial expense on due date purchases	(12,278)	(13,571)
Short-term trade payables, net	**762,933**	**871,489**

The maturity of trade payables is generally less than three months (31 December 2007: less than three months) and they are discounted with annual rate of 16.90% as of 31 March 2008 (31 December 2007: annual rate of 15.96%).

(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 – OTHER RECEIVABLES AND PAYABLES

Other Receivables

	31 March 2008	31 December 2007
Receivables from personnel	618	591
Deposits and guarantees given	2	2
Other short-term receivables	**620**	**593**

	31 March 2008	31 December 2007
Deposits and guarantees given	742	733
Other long-term receivables	**742**	**733**

Other Payables:

	31 March 2008	31 December 2007
T, Garanti Bankası A,Ş, ("Garanti Bankası")		
-Credit card collection account	17,349	20,702
Other short-term payables	**17,349**	**20,702**

	31 March 2008	31 December 2007
Deposits and guarantees received	3,959	3,602
Other long-term payables	**3,959**	**3,602**

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

NOTE 9 - INVENTORIES

	31 March 2008	31 December 2007
Finished goods and merchandise stocks	377,944	396,671
Work in process	1,726	1,197
Raw materials	1,584	1,541
Other	2,403	1,108
	383,657	**400,517**

Cost of inventory included in the cost of sales for the interim period ended on 31 March 2008 is YTL 864,517 (31 March 2007: YTL 807,877).

(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 - INVESTMENT PROPERTY

	Opening 1 January 2008	Additions	Transfers (Note 11)	Effect of changes in foreign exchange rates	Closing 31 March 2008
Cost					
Land and Buildings	12,057	-	-	(41)	12,016
Accumulated Depreciation					
Land and Building	(2,035)	(60)	-	5	(2,090)
Net Book Value	**10,022**				**9,926**

	Opening 1 January 2006	Additions	Transfers (Note 11)	Effect of changes in foreign exchange rates	Closing 31 March 2007
Cost					
Land and Buildings	110,266	-	1,538	(669)	111,135
Accumulated Depreciation					
Land and Buildings	(7,303)	(567)	-	44	(7,826)
Net Book Value	**102,963**				**103,309**

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

Investment properties are comprised of those portions of Ramstore Samal shopping center and Tastak supermarket in Kazakhstan that are leased to various retailers. The average leased area as of 31 March 2008 is 7,775 square meters (31 December 2007: 7,620)

The investment properties owned by the Company as at 31 March 2007 are the store areas owned by Ramenka, the joint-venture, which are rented under lease contracts. The result of the work completed by an independent appraisal firm in order to estimate the fair value of the investment properties at 31 December 2006 amounts to YTL 230,466 (31 March 2006: YTL 127,970). The valuation includes land that is under operating lease by the Company as it cannot be separated from the valuation of investment properties.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	Opening 1 January 2008	Additions	Disposals	Impairment Loss (Note 20)	Transfers	Effect of changes in foreign exchange rates	Closing 31 December 2007
Cost							
Land and buildings	260,358	176	(36)	-	22	7,506	268,026
Leasehold improvements	514,134	1,888	-	(72)	285	-	516,235
Machinery and equipment	452,665	2,549	(2,584)	-	1,020	1,350	455,000
Furniture and fixtures	160,934	1,078	(814)	-	333	568	162,099
Motor vehicles	1,344	11	(68)	-	-	36	1,323
Construction in progress	2,409	9,150	-	-	(1,660)	-	9,899
	1,391,844	**14,852**	**(3,502)**	**(72)**	**-**	**9,460**	**1,412,582**
Accumulated depreciation							
Buildings	(41,068)	(1,089)	-	-	-	(842)	(42,999)
Leasehold improvements	(241,252)	(11,291)	-	9	-	1	(252,533)
Machinery and equipment	(300,515)	(8,210)	2,576	-	-	(104)	(306,253)
Furniture and fixtures	(76,514)	(2,540)	806	-	-	(622)	(78,870)
Motor vehicles	(843)	(67)	59	-	-	-	(851)
	(660,192)	**(23,197)**	**3,441**	**9**	**-**	**(1,567)**	**(681,506)**
Net Book Value	**731,652**						**731,076**

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

NOTE 11- PROPERTY, PLANT AND EQUIPMENT (Continued)

	Opening 1 January 2007	Additions	Disposals	Impairment Loss (Note 20)	Transfers	Transfers to Investment Property (Note 10)	Effect of Changes in Foreign Exchange Rates	Closing 31 March 2007
Cost								
Land and buildings	547,235	16	(240)	-	3,105	-	(177)	549,939
Leasehold improvements	460,127	1,161	(148)	(26)	3,722	-	(1)	464,835
Machinery and equipment	458,570	2,496	(715)	-	3,389	-	(312)	463,428
Furniture and fixtures	178,805	2,570	(561)	-	2,262	-	(217)	182,859
Motor vehicles	2,035	8	(40)	-	-	-	(26)	1,977
Construction in progress	35,434	28,087	-	-	(12,478)	(1,538)	(164)	49,341
	1,682,206	**34,338**	**(1,704)**	**(26)**	**-**	**(1,538)**	**(897)**	**1,712,379**
Accumulated Depreciation								
Buildings	(61,228)	(2,922)	37	-	-	-	101	(64,012)
Leasehold improvements	(198,031)	(11,817)	88	26	-	-	2	(209,732)
Machinery and equipment	(298,421)	(8,580)	523	-	-	-	135	(306,343)
Furniture and fixtures	(79,451)	(3,965)	381	-	-	-	75	(82,960)
Motor Vehicles	(1,152)	(87)	29	-	-	-	2	(1,208)
	(638,283)	**(27,371)**	**1,058**	**26**	**-**	**-**	**315**	**(664,255)**
Net book value	**1,043,923**							**1,048,124**

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

	31 March 2008	31 December 2007
Net book value	**13,547**	**15,725**

NOTE 12 - INTANGIBLE ASSETS

	Opening 1 January 2008	Additions	Disposals	Effect of changes in foreign exchange rates	Closing 31 March 2008
Trademark	174,158	-	-	-	174,158
Rights	17,059	637	-	178	17,874
Other intangible assets	88	-	-	-	88
Accumulated amortisation	(11,679)	(536)	-	(113)	(12,328)
Net book value	**179,626**				**179,792**

	Opening 1 January 2007	Additions	Disposals	Effect of changes in foreign exchange rates	Closing 31 March 2007
Trademark (Tansaş) (*)	174,158	-	-	-	174,158
Rights	16,328	371	(22)	(6)	16,671
Other intangible assets	88	-	-	-	88
Accumulated amortisation	(9,751)	(686)	22	2	(10,413)
Net book value	**180,823**				**180,504**

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

NOTE 12 - 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 YTL 174.158 in its report dated 6 March 2006. This amount has been accounted for as an intangible asset in the consolidated financial statements. Since the trademark does not have a definite useful life and it is foreseen that certain expenses will be incurred each year in order to maintain its value, it is considered as an intangible asset with an indefinite useful life and therefore has not been amortised. Additionally, as mentioned in "Accounting Policies", the Group assesses the intangible assets with indefinite useful lives annually for any indication of impairment.

NOTE 13 - GOODWILL

	Opening 1 January 2008	Impairment Loss	Transfers	Closing 31 March 2008
Goodwill	237,060	-	-	237,060
Accumulated amortisation	(2,594)	-	-	(2,594)
Net book value	**234,466**			**234,466**

	Opening 1 January 2006	Impairment Loss	Transfers	Closing 31 March 2007
Goodwill	238,074	-	-	238,074
Accumulated amortisation	(2,594)	-	-	(2,594)
Net book value	**235,480**			**235,480**

NOTE 14 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions

	31 March 2008	31 December 2007
Tax and legal provisions	12,918	45,846
Less: Prepaid corporation tax	(600)	(9,483)
Tax provisions, net	**12,318**	**36,363**
Provision for litigation (Note 14.e)	6,795	6,795
Other provisions	**6,795**	**6,795**
Total short-term provisions	**19,113**	**43,158**

(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 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities

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

	31 March 2008	31 December 2007
Letters of guarantees given	**30,013**	**71,860**

Migros is the guarantor of loan agreements signed by Ramstore Kazakhstan and IFC on 30 July 1999 and 22 November 2001 in the amount of USD 11 million and USD 1.9 million, respectively, as per the agreements signed on the same date. In the event the Migros ceases to be a guarantor, Ramstore Kazakhstan Samal shopping mall and hypermarket (25,050 sqm) and the assets in Astana (3,194 sqm) and Tastak (2,020 sqm) supermarkets will be pledged.

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

	31 March 2008	31 December 2007
Guarantees obtained from customers	58,956	49,569
Guarantees obtained due to the sale of joint-venture	148,379	148,379
Pledges received	6,772	192
	214,107	**198,140**

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

	31 March 2008	31 December 2007
Payable within 1 year	2,313	2,074
Payable in 1 to 2 years	2,313	2,074
Payable in 2 to 5 years	6,940	6,222
Payable in 5 to 10 years	6,366	7,161
Payable after 10 years	-	-
	17,932	**17,531**

d) 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 Ramstore Kazakhstan may not coincide with that of the management. As a result transactions may be challenged by tax authorities and Ramstore Kazakhstan may be assessed for additional taxes, penalties and interest, which can be significant. The period remains open to review by Kazakh tax authorities for five years.

(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 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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 31 March 2008 such provisions amount to YTL 6,795 (31 December 2007: YTL 6,795).

f) As of 31 March 2008, 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 YTL 3,342 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-31 March 2008.

NOTE 15 - EMPLOYMENT TERMINATION BENEFITS

	31 March 2008	31 December 2007
Employment Termination Benefits	**15,251**	**14,065**

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 YTL 2,087.92 (31 December 2007: YTL 2,030.19) for each year of service at 31 March 2008.

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

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

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

	31 March 2008	31 December 2007
Discount rate	5.71%	5.71%
The probability of retirement	84.80%	86.60%

The principal assumption is that the maximum liability of YTL 2,087.92 as of 31 March 2008 (31 December 2007: YTL 2,030.19) 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 YTL 2,087.92 (1 January 2007:1,960.69) which is effective from 1 January 2008 has been taken into consideration for the calculation of the provision for employment termination benefits.

(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 - EMPLOYMENT TERMINATION BENEFITS (Continued)

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

	2008	2007
1 January	**14,065**	**11,757**
Increase during the period	3,348	3,522
Payments in the period	(2,162)	(1,160)
31 March	**15,251**	**14,119**

NOTE 16 – OTHER ASSETS AND LIABILITIES

Other current assets

	31 March 2008	31 December 2007
Receivables from sale of joint-venture (Note 2)	162,622	148,379
Prepaid expenses	12,556	13,812
Migros Club discount cheques	1,823	1,577
Advances given for fixed assets	1,446	1,112
Advances given for purchases	763	227
Deductible tax and funds	543	162
Interest receivables from Enka Holding B.V	84	2,139
VAT receivables	78	102
Other	2,463	1,085
	182,378	**168,595**

Prepaid expenses mainly consist of insurance premium and store rentals.

Other non-current assets

	31 March 2008	31 December 2007
Prepaid expenses	8,283	6,995
	8,283	**6,995**

(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 – OTHER ASSETS AND LIABILITIES (Continued)

Other short-term liabilities

	31 March 2008	31 December 2007
VAT payable	28,038	12,726
Expense accruals	17,131	7,332
Payables to personnel	13,160	22,774
Other taxes and funds payable	12,925	20,561
Merchandise coupons	4,035	6,872
Deferred income	960	1,223
Other	1,360	719
	77,609	**72,207**

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

NOTE 17 – SHAREHOLDERS' EQUITY

The shareholders of Migros and their shareholdings to capital with historical figures as at 31 March 2008 and 31 December 2007 are stated below:

	31 March 2008		31 December 2007	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
Koç Holding A.Ş. (Note 1)	50,83	90,497	50,83	90,497
Publicly held	49,17	87,533	49,17	87,533
Total capital	**100,00**	**178,030**	**100,00**	**178,030**
Adjustment to share capital (*)		(77,165)		(77,165)
Total paid-in capital		**100,865**		**100,865**

(*) Adjustment to share capital represents the restatement effect of cash contributions to share capital .

There is a pledge on 8,085,305,000 units of shares which Koç Holding A.Ş. owns in the Company and that has been given in favour of J.P. Morgan Europe Limited, pursuant to the share pledge agreement entered into between Koç Holding A.Ş. and J.P. Morgan Europe Limited on 20 January 2006 within the terms of the Secured Term Facility Agreement signed on 20 January 2006 between Koç Holding A.Ş., J.P. Morgan Europe Limited and J.P. Morgan Chase Bank N.A..

(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 – SHAREHOLDERS' EQUITY (Continued)

Restricted Reserves Assorted From Profits

The joint-venture and available-for-sale financial asset sales profit amounting to YTL 398,409 that have been recognized under net profit for the term in the consolidated financial statements prepared by the Group as of 31 December 2007 as per the CMB Financial Reporting Standards are kept in a separate fund account in Migros's tax financial statements which have been prepared as of the same date in order to benefit from a financial asset sales revenue exception of YTL 420,195. To benefit from the exemption, such account should be kept in that fund account for 5 years and should not be withdrawn from the corporation.

The above mentioned amounts should be classified under "Restricted Reserves Assorted from Profits" in accordance with CMB Financial Reporting Standards. The amount of the Company's restricted reserves assorted from the profits as of 31 March 2008 is YTL 438,682 (31 December 2007: 18.487).

The details of the Company's restricted reserves assorted from the profits as of 31 March 2008 and 31 December 2007 are given below:

	31 March 2008	31 December 2007
Income from sale of joint-venture	406,477	-
Legal reserves	18,487	18,487
Income from sale of available-for-sale financial assets	13,718	-
	438,682	**18,487**

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 paidin 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.

In accordance with the CMB neccessities effective until the date of 1 January 2008, the retained loss that may arise as the balancing figure in the financial statements as a result of the first-time application of inflation accounting used to 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 could be made according to the related CMB Communiqué.

Again in accordance with CMB neccessities effective until the date of 1 January 2008, when an entity adopts inflation accounting for the firsttime, items of statutory shareholders' equity such as share capital, capital surplus, legal reserves,statutory reserves, special reserves and extraordinary reserves used to be presented at their historical amounts.The difference between the restated and historical amounts of these items used to be presented in shareholders' equity in full as restatement difference.

NOTE 17 – SHAREHOLDERS' EQUITY (Continued)

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

According to the communiqué Series: XI and No.29 that became effective on 1 January 2008 and CMB notices that explain it, "Paid-in Capital", "Restricted Reserves Assorted From Profits" and "Share Premiums" should be shown at values in legal records. Differences that arise during the application of such communiqué (such as differences stemming from inflation adjustment) should be related with:

- the "Capital Adjustment" that should succeed the "Paid-in Capital" item if they are attributable to the "Paid-in Capital" and have not yet been added to the capital;

- "Retained Earnings/Loss" if they are attributable to the "Restricted Reserves Assorted from Profits" and "Share Premiums" and have not yet been subject to profit distribution or capital increase.

Other shareholders' equity items should be shown at amounts valued under CMB Financial Reporting Standards.

Capital adjustment differences are only used for addition to the capital.

In accordance with the decree of the Capital Markets Board dated 8 February 2008, Number 4/138, incorporated companies listed at the stock exchange shall apply a minimum profit distribution rate of 20% effective from 1 January 2008 (31 December 2007: 20%). Hence, subject to a decision to be taken by the general shareholders meetings of such companies, such distribution may be realized by the distribution of free stock to shareholders with the contribution of cash or dividends to the capital, or distribution of cash at a certain ratio and free stock at a certain ratio, or if the first dividend amount to be established proves to be less than 5% of the existing paid-in/issued capital, then such amount may be withheld by the company without any distribution, but incorporated companies that undertake a capital increase without performing any dividend distribution for the just preceding term and thus classify their shares as "old" and "new" are obliged to distribute a first dividend to be calculated in cash if they elect to distribute dividends out of the term profit they obtain as a result of their 2007 operations.

Furthermore, according to CMB Decision dated 25 February 2005 and number 7/242, if the profit distribution amount calculated as per CMB's minimum profit distribution requirement over the net distributable profit calculated pursuant to CMB arrangements can be wholly covered from the distributable profits shown in the legal records, then such amount shall be distributed in whole, or failing which, the whole of the net distributable amount as shown in the legal records shall be distributed. If either the financial statements or legal records prepared as per CMB arrangements shows a loss, then no profit distribution shall take place.

(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 – SHAREHOLDERS' EQUITY (Continued)

Shareholders' equity items that are shown at historical values in the consolidated financial statements are shown with their adjusted values as of 31 March 2008 and 31 December 2007, along with the shareholders' equity inflation adjustment differences:

	Historical Amounts	Restated Amounts	Shareholders' Equity Restatement Differences
Share capital	178,030	100,865	(77,165)
Capital surplus	18,854	152,855	134,001
Legal reserves	18,487	43,741	25,254
Extraordinary reserves	71,932	165,600	93,668
Total	**287,303**	**463,061**	**175,758**

The composition of the Company's shareholders' equity as of 31 March 2008 and 31 December 2007 is as follows:

	31 March 2008	31 December 2007
Share capital	178,030	178,030
Share equity restatement differences	(77,165)	(77,165)
Share premium	18,854	18,854
Financial assets fair value reserves	13,623	24,543
Translation reserves	7,179	(6,457)
Restricted Reserves Assorted From Profits	438,682	18,487
Additional contribution to shareholder's equity related to the merger	119,422	119,422
Retained earnings	773,159	640,479
Income for the period	54,993	552,875
Minority interest	328	265
	1,527,105	**1,469,333**

(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 – SALES AND COST OF SALES

	31 March 2008	**31 March 2007**
Domestic sales	1,116,605	939,947
Foreign sales	49,596	42,591
	1,116,201	**982,538**
Other sales	1,221	1,420
	1,167,422	**983,958**
Less: Discounts and returns	(15,065)	(17,185)
Sales revenue - net	**1,152,357**	**966,773**
Cost of sales	(874,356)	(731,936)
Gross profit	**278,001**	**234,837**

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

	31 March 2008	**31 March 2007**
Retail sales	1,134,148	950,516
Rent income	18,751	18,646
Wholesale	13,302	13,376
	1,166,201	**982,538**

(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 – EXPENSES RELATED TO THEIR NATURE

	31 March 2008			31 March 2007		
	General and Administrative Expenses	Selling and Marketing Expenses	Total	General and Administrative Expenses	Selling and Marketing Expenses	Total
Staff costs	18,860	65,893	84,753	13,220	56,608	69,828
Rent expense	16	38,468	38,484	637	32,522	33,159
Depreciation and amortisation	23,793	-	23,793	23,555	-	23,555
Transportation, porterage and cleaning expenses	-	22,483	22,483	-	18,373	18,373
Energy expenses	255	15,543	15,798	146	11,184	11,330
Repair, maintenance and security expenses	261	8,508	8,769	982	5,311	6,293
Advertising expenses	-	7,891	7,891	-	8,791	8,791
Warehouse expenses	-	3,925	3,925	-	3,280	3,280
Taxes and other fees	712	2,800	3,512	1,421	1,241	2,662
Communication expenses	527	1,975	2,502	606	1,280	1,886
Mechanisation expenses	323	1,414	1,737	228	1,550	1,778
Travelling expenses	1,372	320	1,692	1,302	301	1,603
Insurance premiums	56	1,272	1,328	38	1,136	1,174
Employment termination benefits-net	252	934	1,186	423	1,939	2,362
Stationary expense	53	479	532	149	719	868
Donations	257	-	257	310	-	310
Parent company service charges	-	-	-	493	-	493
Other	2,391	3,914	6,305	2,871	4,775	7,646
Total	**49,128**	**175,819**	**224,947**	**46,381**	**149,010**	**195,391**

NOTE 20 – OTHER OPERATING INCOME/EXPENSES

Other operating income and gains

	31 March 2008	31 March 2007
Cash discount	1,706	369
Income from scrap good sales	659	1,043
Unutilised provisions	103	8
Income from sales of property, plant and equipment	29	24
Other	1,557	729
	4,054	**2,173**

(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 – OTHER OPERATING INCOME/EXPENSES (Continued)

Other operating expenses and losses

	31 March 2008	31 March 2007
Bad debt provision expenses (Note 7)	(763)	(329)
Closed store expenses	(63)	-
Credit cards commission expense	(32)	(34)
Other	(693)	(165)
	(1,551)	**(528)**

NOTE 21 – FINANCIAL INCOMES

	31 March 2008	31 March 2007
Foreign exchange gain	21,500	8,533
Interest income on marketable securities	21,380	4,759
Due date charges on credit sales	6,695	848
Interest income on bank deposits	2,832	5,027
	52,407	**19,167**

NOTE 22 - FINANCIAL EXPENSES

	31 March 2008	31 March 2007
Interest expense on term purchases	(22,546)	(6,819)
Foreign exchange loss	(15,567)	(4,804)
Interest expense on bank borrowings	(3,416)	(8,426)
Other	(388)	(396)
	(41,917)	**(20,445)**

NOTE 23 - AVAILABLE FOR SALE ASSETS AND DISCONTINUED OPERATIONS

a) The Group signed a share transfer agreement dated 11 September 2007 with Enka Holding Investment S.A. regarding the sale of all its shares in Ramenka, a joint-venture where the Group held 50% controlling interest, in return for USD 542.5 million. After the permit was obtained from the Competition Board of Federation of Russia and the other conditions precedent were fulfilled, the transfer of shares was completed on 9 November 2007. The profit in the amount of YTL 379,991 that arose out of the said transaction was recorded under the field of "other operating income and gains" in the financial statements pertaining to the period of 1 January-31 December 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 23 - AVAILABLE FOR SALE ASSETS AND DISCONTINUED OPERATIONS (Continued)

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

	1 January 2007- 31 March 2007
Income	125,541
Expenses	(124,187)
Income before tax from discontinued operations	1,354
Taxes on income	(683)
Loss after tax from discontinued operations	**671**

b) Ramstore Bulgaria closed down its three stores and stopped its retailing operations as of March 2007. The Group sold the land of its Sophia store and the whole building including the equipment and installations, which are seen among its assets, in return for 8.500 Euro (YTL11.625), VAT excluded. The profit that was earned in the amount of 2.400 Euro (YTL4.157) due to such sale was classified under the field of "income and profit from other activities" in the financial statements pertaining to the period of 1 January-31 December 2007.

NOTE 24 – TAX ASSETS AND LIABILITIES

	31 March 2008	**31 December 2007**
Tax and legal provisions	12,918	45,846
Less: Prepaid corporation tax	(600)	(9,483)
Tax provisions, net	**12,318**	**36,363**

	31 March 2008	**31 December 2007**
Deferred tax assets	8,946	7,501
Deferred tax liabilities	(27,324)	(27,516)
Deferred tax liabilities, net	**(18,378)**	**(20,015)**

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

NOTE 24 – TAX ASSETS AND LIABILITIES (Continued)

Turkey

Corporation tax rate for the year 2008 is 20% (2007: 20%). Corporation tax is applied to the total income of the companies after adjusting for certain disallowable expenses, exempt income, investment and other allowances. No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional article 61).

In accordance with Tax Law No.5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (TSI WPI increase rate). Since these conditions in question were not fulfilled during the years 2006, 2007 and 2008 no inflation adjustments were performed.

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

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2007: 20%) on their corporate income. Advance tax is declared by the 14th and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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

Domestic participation exemption

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

Preferential right certificate sales and issued premiums exemption

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

NOTE 24 – TAX ASSETS AND LIABILITIES (Continued)

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.

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.

Transfer pricing

Article 13 of Corporation Tax Law numbered 5520 introduces new arrangements about the transfer pricing came into force as of 1 January 2007. Significant changes took place in the arrangements related to the transfer pricing following the respective article based on the transfer pricing guidance of EU and OECD. In this framework, the entities are required to use the prices or amounts to be determined according to the peers for the purpose of sales or service buy and sale transactions carried out with affiliated persons. The principle of suitability with the peers means that the price or amount to be used for the purpose of goods or service buy and sale carried out with the affiliated persons is suitable for the price or amount that would have arisen if there had been no relation between them. The entities will determine the prices or amounts suitable for the peers that will be applied for the purpose of transactions carried out with the affiliated persons by using the methods laid out in the respective law according to the nature of the transaction. The records, tables and documents related to the calculation of the prices or amounts determined in accordance with the principle of suitability with the peers must be kept by the entities as the evidencing documents. Also, the entities will draw up a report containing the information and documents related to the transactions carried out with the affiliated persons during a fiscal 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 24 – TAX ASSETS AND LIABILITIES (Continued)

In the event goods or services are bought or sold over the prices or amounts determined in breach of the principle of suitability with the peers, the profit will be deemed to have been partially or fully distributed as disguised by means of transfer pricing. The profit partially or fully distributed as disguised by means of transfer pricing will be deemed to be the profit share distributed on the last day of the fiscal year when the conditions listed in article 13 have been fulfilled or the amount transferred to the head office for the limited tax payers. A tax withholding will be made over the amount calculated as a result of assuming the profit share distributed by means of transfer pricing as the net profit share and completing such amount to gross amount according to the legal quality of the shareholders. The taxation transactions previously made will be adjusted in the tax payers who are party to such transactions. However, the taxes imposed on the entity that uses disguised capital should have become final and should have been paid-in to be able to make such correction. The amount to be taken into consideration in case of adjustment to be carried out for the entities distributing disguised profit should be finalized and paid-in amount.

In order to clarify the application after the provisions related to transfer pricing came into force as of January 1, 2007, the Ministry of Finance published on November 18 , 2007 General Communiqué On "Disguised Profit Distribution through Transfer Pricing" (Series No: 1).

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

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

	31 March 2008	31 March 2007
Current period taxation charge	(12,825)	(1,173)
Deferred tax income/ (charge)	1,787	(6,644)
Taxation on income	**(11,038)**	**(7,817)**

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, Kazakhstan, Bulgaria, Azerbaijan and Macedonia are 20%, 30%, 10%, 22% and 12% respectively as of 31 March 2008 and 31 December 2007.

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

(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 – TAX ASSETS AND LIABILITIES (Continued)

	Cumulative Temporary differences		**Deferred tax Assets/(liabilities)**	
	31 March 2008	**31 December 2007**	**31 March 2008**	**31 December 2007**
Unrealised financial cost	5,566	7,422	1,113	1,484
Provision for expenses and other provisions	6,795	6,795	1,359	1,359
Provision for employment termination benefits	15,251	14,065	3,050	2,813
Net difference between the tax base and the carrying value of inventories	16,470	7,071	3,300	1,419
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	(120,660)	(118,836)	(24,310)	(24,091)
Allowance for unincurred interest expense	(12,278)	(13,571)	(2,456)	(2,714)
Deferred prepaid expenses	(1,192)	(1,311)	(238)	(262)
Adjustment for fair value of financial assets	(18,056)	(18,702)	(320)	(449)
Other	620	1,814	124	426
Deferred tax assets			8,946	7,501
Deferred tax liabilities			(27,324)	(27,516)
Deferred tax liabilities-net			**(18,378)**	**(20,015)**

Movements in deferred taxes can be analysed as follows:

	Deferred tax (liabilities)/ assets	
	2008	**2007**
1 January	**(20,015)**	**(7,444)**
Current period deferred tax expense due to continuing operations	1,787	(6,644)
Current period deferred tax income due to discontinued operations	-	1,263
Foreign currency translation difference	(279)	(26)
Current period associated amount in shareholders' equity (Note 2- Financial Instruments)	129	2
31 March	**(18,378)**	**(12,849)**

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NOTE 25 - EARNINGS PER SHARE

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

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

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

	31 March 2008	**31 March 2007**
Net income attributable to the shareholders	54,993	32,658
Weighted average number of shares with YKr 1 face value each ('000)	17,803,000	17,803,000
Earnings per share (YKr)	0.31	0.18

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

NOTE 26: DUE FROM AND DUE TO RELATED PARTIES

(i) Balances with related parties

Due from related parties:	**31 March 2008**	**31 December 2007**
Sanal Merkez T.A.Ş.	5,179	3,669
Palmira Turizm Tic. A.Ş.	1,858	932
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	810	710
Ford Otosan San. A.Ş	2	2,492
Koç Holding A.Ş. (*)	1	31,899
Other	478	1,591
	8,328	**41,293**

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

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

Due to related parties:

Due to shareholders:	**31 March 2008**	**31 December 2007**
Dividend liabilities to other shareholders	42	42
	42	**42**

Due to group companies:	**31 March 2008**	**31 December 2007**
Düzey Tüketim Mal. San. Paz ve Tic. A.Ş.	16,759	15,141
Zer Merkezi Hizmetler ve Ticaret A.Ş	14,129	20,924
Tat Konserve Sanayi A.Ş	10,714	8,825
Palmira Turizm Tic. A.Ş	1,574	1,305
Ram Sigorta Aracılık Hizmetleri A.Ş	1,463	4,918
Other	1,572	3,508
	46,211	**54,621**
Total due to related parties	**46,253**	**54,663**

Bank balances:	**31 March 2008**	**31 December 2007**
Yapı ve Kredi Bankası A.Ş. ("Yapı ve Kredi")		
- demand deposit	1,822	7,927
- time deposit	27,500	74,432
- other cash and cash equivalents (credit card slip receivables)	67,918	75,348
Yapı Kredi Bankası Azerbaijan		
- demand deposit	3,314	2,376
	100,554	**160,083**

(ii) Significant transactions with related parties

Sales of goods:	**31 March 2008**	**31 March 2007**
Sanal Merkez T.A.Ş.	5,585	4,406
Tat Konserve Sanayi A.Ş.	4,250	3,822
Palmira Turizm Tic. A.Ş.	2,092	2,193
Other	1,602	1,105
	13,529	**11,526**

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NOTE 26: DUE FROM AND DUE TO RELATED PARTIES (Continued)

Purchases of property, plant and equipment:	31 March 2008	31 March 2007
Ark İnşaat San. ve Tic. A.Ş.	2,242	7,314
Koç Sistem Bilgi ve İlet. Hizm. A.Ş.	673	1,817
Other	114	135
	3,029	**9,266**

Inventory purchases:	31 March 2008	31 March 2007
Tat Konserve Sanayi A.Ş	25.741	20.217
Düzey Tük. Mal. San. Paz. ve Tic. A.Ş.	20.577	19.047
Palmira Turizm Tic. A.Ş.	2.848	2.875
Other	400	3.816
	49.566	**45.955**

Service purchases:	31 March 2008	31 March 2007
Zer Merkezi Hizmetler ve Tic. A.Ş. (*)	43,015	29,776
Koçnet Haberleşme Tekn. ve İlet. Hizm. A.Ş.	2,214	949
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş	589	405
Entek Elektrik Üretimi A.Ş.	-	6,255
Eltek Elektrik Enerjisi İth. İhr. ve Tic. A.Ş.	-	2,813
Other	2,435	2,829
	48,253	**43,027**

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

Interest Income:	31 March 2008	31 March 2007
Yapı ve Kredi	2,036	2,312
Yapı Kredi Nederland N.V	-	181
Yapı Kredi Azerbaycan	8	-
	2,044	**2,493**

(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: RELATED PARTY ANNOUNCEMENTS (Continued)

Interest Expense:	**31 March 2008**	**31 March 2007**
Yapı ve Kredi	-	2,206
Yapı Kredi Nederland N.V.	-	211
Yapı Kredi Azerbaycan	6	4
	6	**2,421**

Dividends paid:	**31 March 2008**	**31 March 2007**
Koç Holding A.Ş.	**-**	**20.332(*)**

(*) The dividend amount calculated over Year 2006 profits has been paid in May 2007.

Other related party transactions are as follows:

	31 March 2008	**31 March 2007**
Rent income	404	289
Rent expense	976	501
Management fee received	102	102
Donations	-	141

	31 March 2008	**31 March 2007**
Salaries and other benefits provided to the Board of Directors and the key management of Migros	**1,043**	**1,165**

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

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.

NOTE 27 - NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

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

Liquidity and Funding risk

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

The funding risk of the current and future debt requirements is managed through rendering the availability of the qualified lenders. As of 31 March 2008, the Group's financial debt with a maturity longer than 1 year is YTL 74,517 (31 December 2007: 142,663) (Note 6).

Credit risk

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

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to borrowings denominated in foreign currencies (Note 29). Aforementioned foreign exchange risk is followed through foreign currency position and limited.

At 31 March 2008, if USD had gained 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 arising out of assets and liabilities denominated in USD would have been higher in the amount of YTL 7,926.

At 31 March 2008, if Euro had gained 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 arising out of assets and liabilities denominated in Euro would have been higher in the amount of YTL 578.

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

NOTE 27 - THE NATURE AND DEGREE OF RISK DUE TO FINANCIAL INSTRUMENTS (Continued)

	31 March 2008	31 December 2007
Assets	283,784	321,421
Liabilities	(188,300)	(288,743)
Net foreign currency assets position	**95,484**	**32,678**

YTL equivalent of foreign currency amounts

	31 March 2008				
	USD	**Euro**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
Cash and cash equivalents	30,462	7,212	9,884	7,364	54,922
Trade receivables	84	-	6,056	1,552	7,692
Financial assets	46,767	943	-	-	47,710
Other receivables and other current assets	165,947	-	780	203	166,930
Other non-current assets	-	-	6,530	-	6,530
Total assets denominated in foreign currencies	**243,260**	**8,155**	**23,250**	**9,119**	**283,784**

	31 March 2008				
	USD	**Euro**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
Short-term financial liabilities	88,037	261	-	-	88,298
Long-term financial liabilities	72,518	1,999	-	-	74,517
Trade payables	56	111	14,183	4,410	18,760
Other liabilities	3,191	3	-	722	3,916
Other current liabilities	197	-	1,733	879	2,809
Total liabilities denominated in foreign currencies	**163,999**	**2,374**	**15,916**	**6,011**	**188,300**

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

NOTE 27 - THE NATURE AND DEGREE OF RISK DUE TO FINANCIAL INSTRUMENTS (Continued)

	31 December 2007				
	USD	**Euro**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
Cash and cash equivalents	79,991	6,151	12,806	4,610	103,558
Trade receivables	426	-	2,193	1,318	3,937
Financial assets	53,770	853	-	-	54,623
Other receivables and other current assets	153,558	-	529	194	154,281
Other non-current assets	-	-	5,022	-	5,022
Total assets denominated in foreign currencies	**287,745**	**7,004**	**20,550**	**6,122**	**321,421**

	31 December 2007				
	USD	**Euro**	**Kazakhstan tenge**	**Other currencies**	**Total YTL**
Short-term financial liabilities	84,534	33,294	-	-	117,828
Long-term financial liabilities	76,584	66,079	-	-	142,663
Trade payables	3,582	-	12,889	5,404	21,875
Other liabilities	2,941	3	-	614	3,558
Other current liabilities	610	-	1,530	679	2,819
Total liabilities denominated in foreign currencies	**168,251**	**99,376**	**14,419**	**6,697**	**288,743**

	31 March 2008	**31 March 2007**
Total import	**3,127**	**1,036**

The hedging ratio of the total foreign currency obligation is as follows:

	31 March 2008	**31 March 2007**
USD	148%	171%
Euro	344%	7%
Kazakhstan tenge	146%	143%
Other currencies	152%	91%

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

NOTE 27 - THE NATURE AND DEGREE OF RISK DUE TO FINANCIAL INSTRUMENTS (Continued)

Capital risk management

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

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

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

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

	31 March 2008	**31 December 2007**
Total liabilities	1,123,660	1,360,392
Cash and cash equivalents	(300,594)	(396,952)
Financial assets	(575,425)	(628,767)
Deferred tax liabilities	(18,378)	(20,015)
Net debt	229,263	314,658
Shareholders' equity	1,527,105	1,469,333
Shareholders' equity + net debt	1,756,368	1,783,991
Net debt / (Shareholders' equity + net debt) ratio	13%	18%

NOTE 28 – FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

NOTE 28 – FINANCIAL INSTRUMENTS (Continued)

Financial assets

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

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

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

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

Financial liabilities

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

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

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

NOTE 29 – SUBSEQUENT EVENTS

a) At the Ordinary General Shareholders Meeting of Migros held on 29 April 2008, it has been decided to allocate, out of the consolidated after-tax net profit of YTL 552,875 obtained from Year 2007 operations, a 1st Legal Reserve of YTL 14,555 at the rate of 5%, a gross dividend of YTL 105,495 for shareholders, a 2nd Legal Reserve of YTL 9,659 at the rate of 10%, and to set aside the remaining amount as an extraordinary reserve, and to start dividend payments effective from 1 May 2008.

b) The Company has sold its 9.24% stake in Koçtaş Yapı Marketleri A.Ş. ("Koçtaş") which has been classified as available-for-sale financial asset to the Koç Holding A.Ş. on 22 May 2008 over YTL 23,099 in cash taking into account the value which has been derived as a result of the stock valuation study performed by Deloitte Danışmanlık A.Ş. dated 24 December 2007 and which is shown in the financial statements dated 31 December 2007 prepared according CMB Financial Reporting Standards. The said sale amount was collected in cash. As a result of the sale of the stake, an affiliate sales profit of YTL 20,155 has occurred.

NOTE 29 – SUBSEQUENT EVENTS (Continued)

c) The Company has sold its 2.84% stake in Tat Konserve Sanayi A.Ş. ("Tat Konserve") which has been classified as available-for-sale financial asset to Koç Holding A.Ş. on 22 May 2008 over YTL 11,860 in cash taking into account the value shown in the financial statements dated 31 December 2007 prepared as per CMB Financial Reporting Standards. The said sale amount was collected in cash. As a result of the sale of the stake, an affiliate sales profit of YTL 1,090 has occurred.

d) The Company has sold its 32% stake in Tanı Pazarlama ve İletişim Hizmetleri A.Ş. ("Tanı Pazarlama") which has been classified as available-for-sale financial asset to Koçtaş Yapı Marketleri A.Ş., Aygaz A.Ş. and Opet Petrolcülük A.Ş. on 21 May 2008 over YTL 1,729 in cash taking into account the value shown in the financial statements dated 31 December 2007 prepared as per CMB Financial Reporting Standards.

e) The Company has purchased 9,004,496 shares of Sanal Merkez Ticaret A.Ş. ("Sanal Merkez") where it already held 69.99% stake and which has been classified as an available-for-sale financial asset from Temel Ticaret ve Yatırım A.Ş., Koçsistem Bilgi ve İletişim Hizmetleri A.Ş. and Koç Yapı Malzemeleri T.A.Ş. on 21 May 2008 at a price of YTL 339 in cash. After the purchase of such stake, the Group's stake in Sanal Merkez T.A.Ş. has become 89.99%. The Company has purchased 4,500,000 shares owned by Koç Holding A.Ş. on 22 May 2008 at a price of YTL 170 in cash, which has been calculated at the value as shown in the financial statements dated 31 December 2007 prepared as per CMB Financial Reporting Standards. After the purchase of such stake, the Group's stake in Sanal Merkez T.A.Ş. has become 99.99%.

f) On 22 May 2008, the pledge on Koç Holding's stake in Migros amounting to 50.83259% has been released (Note 17).

NOTE 30 - DISCLOSURE OF MATTERS THAT HAVE SIGNIFICANT EFFECTS ON FINANCIAL STATEMENTS OR THAT NEED TO BE EXPLAINED FOR THE CLEAR INTERPRETATION AND COMPREHENSION OF THE FINANCIAL STATEMENTS

None.