MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001
TOGETHER WITH AUDITORS' REPORT

AUDITORS' REPORT

To the Board of Directors of
Migros Türk Ticaret Anonim Şirketi

1. We have audited the accompanying consolidated balance sheet of Migros Türk Ticaret Anonim Şirketi ("the Company") at 31 December 2001 and the related consolidated statements of income and of cash flows for the year then ended, all expressed in the equivalent purchasing power of the Turkish lira as of 31 December 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the consolidated financial position of Migros Türk Ticaret Anonim Şirketi at 31 December 2001 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with International Accounting Standards.

Başaran Nas Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi
a member of
PricewaterhouseCoopers

Zeynep Uras, SMMM
Istanbul, 19 April 2002

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	2001	2000
ASSETS			
Current assets			
Cash and cash equivalents	5	99,158	109,869
Available-for-sale investments	6	73,868	89,250
Trade receivables	7	20,818	34,791
Due from related parties	8	3,248	5,812
Inventories	9	73,113	79,821
Other current assets	10	22,736	14,556
Total current assets		**292,941**	**334,099**
Non-current assets			
Available-for-sale investments	11	1,006	10,026
Investments in associates	11	733	23,364
Investment property	14	21,254	-
Property, plant and equipment	12	395,472	288,057
Intangible assets	13	2,227	5,781
Other non-current assets	15	7,463	10,125
Total non-current assets		**428,155**	**337,353**
Total assets		**721,096**	**671,452**

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	2001	2000
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank borrowings	16	25,445	14,742
Lease obligations	24	7,979	6,587
Trade payables	17	186,482	244,977
Due to related parties	8	23,026	10,411
Taxes on income	18	4,144	6,331
Other current liabilities	19	18,055	16,392
Total current liabilities		**265,131**	**299,440**
Non-current liabilities			
Bank borrowings	16	90,563	41,747
Lease obligations	24	7,613	11,584
Provision for employment termination benefits	20	2,379	3,599
Deferred tax liability	18	40,829	19,195
Other non-current liabilities		2,854	1,933
Total non-current liabilities		**144,238**	**78,058**
Total liabilities		**409,369**	**377,498**
Minority interest	4, 21	4,114	2,566
Shareholders' equity			
Share capital	22	9,180	9,180
Adjustment to share capital	22	26,488	26,488
Capital surplus	23	90,066	90,066
Translation reserve		2,263	3,138
Retained earnings	25	179,616	162,516
Total shareholders' equity		**307,613**	**291,388**
Total liabilities and shareholders' equity		**721,096**	**671,452**
Commitments and contingent liabilities	31		

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	2001	2000
Net sales	4, 26	1,176,268	1,284,140
Cost of sales		(914,913)	(1,037,380)
Gross profit		**261,355**	**246,760**
Sales and marketing expenses		(30,558)	(23,194)
General and administrative expenses	27	(219,091)	(225,992)
Other expenses - net	28	(1,364)	(14,056)
Operating profit/(loss)	4	**10,342**	**(16,482)**
Financial (expense)/income - net	29	(16,175)	20,172
Income from associates		3,932	3,056
Fair value loss of available-for-sale investments		(560)	-
Loss from sales of investments		-	(176)
Gain on net monetary position		57,831	36,044
Profit before taxation on income		**55,370**	**42,614**
Taxes on income	18	(25,978)	1,770
Profit from ordinary activities		**29,392**	**44,384**
Extraordinary item	30	(4,749)	-
Income before minority interest		**24,643**	**44,384**
Net loss attributable to minority interest	21	1,734	456
Net income		**26,377**	**44,840**
Weighted average number (000's) of Shares with face value of TL 1,000 value each	3	9,180,000	7,591,475
Basic and diluted earnings per share in full TL	3	2,873	5,907
Basic and diluted earnings per share excluding extraordinary item in full TL	3	3,391	5,907

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

					Retained earnings			
	Share capital	Adjustments to share capital	Capital surplus	Translation reserve	General and legal reserves	Unappropriated net income	Total	Shareholders' equity
Balances at 1 January 2000	**3,060**	**19,435**	**90,066**	**-**	**82,378**	**57,676**	**140,054**	**252,615**
Dividends	-	-	-	-	(22,378)	-	(22,378)	(22,378)
Transfers	-	-	-	-	57,676	(57,676)	-	-
Increase in share capital	6,120	7,053	-	-	-	-	-	13,173
Currency translation difference	-	-	-	3,138	-	-	-	3,138
Income for the year	-	-	-	-	-	44,840	44,840	44,840
Balance at 31 December 2000								
- as previously reported	**9,180**	**26,488**	**90,066**	**3,138**	**117,676**	**44,840**	**162,516**	**291,388**
Effect of adopting IAS 39	-	-	-	-	-	(1,438)	(1,438)	(1,438)
Balances at 31 December 2000 - as restated	**9,180**	**26,488**	**90,066**	**3,138**	**117,676**	**43,402**	**161,078**	**289,950**
Transfers	-	-	-	-	43,402	(43,402)	-	-
Dividends	-	-	-	-	(7,489)	-	(7,489)	(7,489)
Addition to scope of consolidation - Ramstore Bulgaria	-	-	-	-	(350)	-	(350)	(350)
Currency translation differences	-	-	-	(875)	-	-	-	(875)
Income for the year	-	-	-	-	-	26,377	26,377	26,377
Balances at 31 December 2001	**9,180**	**26,488**	**90,066**	**2,263**	**153,239**	**26,377**	**179,616**	**307,613**

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

MİGROS TÜRK TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Notes	2001	2000
OPERATING ACTIVITIES			
Net income		26,377	44,840
Adjustments to reconcile net income to net cash (used in) / provided by operating activities:			
Minority interest		1,548	2,566
Depreciation and amortisation	12, 13	48,439	43,303
Employment termination benefits-net		(1,221)	1,042
Taxation expense		21,634	(9,472)
Interest expense		98,874	59,341
Profit on sales of property, plant and equipment		407	396
Translation reserves		(875)	1,828
Effect of adoption of IAS 39 and addition of new subsidiary to scope of consolidation		(1,788)	-
Cash flows from operating profits before changes in operating assets and liabilities		**193,392**	**143,844**
Changes in operating assets and liabilities-net (excluding the effects of acquisitions and disposals):			
Decrease/(increase) in trade receivables		13,973	(18,786)
Decrease/(increase) in due from related parties		2,563	(1,629)
Decrease in inventories		6,708	6,327
Increase in other current assets		(8,180)	(5,091)
(Decrease)/increase in trade payables		(58,494)	2,098
Increase/(decrease) in due to related parties		12,615	(1,286)
Increase in current liabilities		1,662	2,205
Increase in other non-current liabilities		922	331
Income taxes paid net of recovery of withholding taxes		(2,187)	(16,688)
Decrease/(increase) in other non current assets		2,663	(16,157)
Net cash provided by operating activities		**165,637**	**95,168**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(166,054)	(99,598)
Proceeds from sale of property, plant and equipment		10,274	28,379
Addition of investment property-net	14	(21,254)	-
Decrease/(increase) in investments and investments in associates		31,652	(6,628)
Decrease in goodwill-net	13	4,452	-
Decrease in available-for-sale investments		15,382	71,642
Purchase of other intangible assets-net		(1,375)	(621)
Net cash used in investing activities		**(126,923)**	**(6,826)**
FINANCING ACTIVITIES			
Increase in short-term loans and short-term portion of long-term investment credits		58,937	20,296
Decrease in lease obligations		(2,580)	(5,910)
Cash injection to share capital		-	13,173
Dividends paid		(7,489)	(22,378)
Interest paid		(98,293)	(59,279)
Net cash used in financing activities		**(49,425)**	**(54,098)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(10,711)**	**34,244**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**109,869**	**75,625**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**99,158**	**109,869**

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

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL 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 beverage, consumer and durable goods through its Migros and Şok stores, shopping centers, Ramstores abroad and on-line shopping. The Company also rents floor space of the shopping malls to other trading companies. The average number of people employed in Migros during 2001 is 6,000 (2000: 6,315). Migros and its subsidiaries are operating in 461 supermarkets with net retail space of 336,018 square metres. Retailing is the sole business segment of Migros and its subsidiaries. Reportable segments comprise the geographical segments (Note 4).

The address of the registered office is as follows:

Migros Türk T.A.Ş.
Caferağa Mah. Damga Sok.
No:23-25 Kadıköy 81300
İstanbul

Subsidiary undertakings

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 3 on Group accounting):

Subsidiary	Country of incorporation	Geographical segment	Nature of business
Ramstore Sınırlı Sorumlu Türk Gıda Müessesesi ("Ramstore")	Azerbaijan	Azerbaijan	Retail
Ramstore Bulgaria A.D.("Ramstore Bulgaria")	Bulgaria	Bulgaria	Retail
Limited Liability Company Rambutya ("Rambutya")	Kazakhstan	Kazakhstan	Retail
Şok Marketler Ticaret A.Ş. ("Şok Marketler")	Turkey	(*)	Trading
Sanal Merkez Ticaret A.Ş. ("Sanal Merkez")	Turkey	(*)	Trading

(*) Not included in the scope of consolidation on the grounds of materiality (see Note 3.b).

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

- Ramstore Qapali Tipli Sehmdar Cemiyeti
  Xatai Reyonu Babek Prospekt Mehelle 1129
  Baku, Azerbaijan

- Ramstore Bulgaria A.D.
  BG – 2030, Kostenetz, 24 Jantra St.
  Sofia, Bulgaria

- TOO Rambutya
  Samal-1, Furmanova Street
  Almaty, Kazakhstan

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Interests in joint ventures

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

Joint-venture	Joint-venture Partner	Country of incorporation	Geographical segment	Nature of business
Limited Liability Company Ramenka ("Ramenka")	ENKA Holding Yatırım A.Ş. ("Enka")	Russian Federation	Russia	Retail

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

OOO Ramenka
Yartsevskaya Street 19, 121552 Kuntsevo
Moscow, Russian Federation.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a) Turkish lira financial statements

The consolidated financial statements have been prepared in accordance with, and comply with, International Accounting Standards ("IAS"). The Company and its Subsidiaries and Associates registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in Turkish lira in accordance with the requirements of the Capital Market Board of Turkey ("CMB"), Turkish Commercial Code (the "TCC"), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign Subsidiaries, Joint-venture and Associates maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

These consolidated financial statements are based on the statutory records, which are maintained under the historical cost convention (except for the fiscal revaluation of property, plant and equipment as discussed in Note 12), with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish lira, for the purpose of fair presentation in accordance with IAS, issued by the International Accounting Standards Board.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

The restatement for the changes in the general purchasing power of the Turkish lira as of 31 December 2001 is based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The restatement was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index ("WPI") published by the State Institute of Statistics ("SIS"). Such indices and conversion factors used to restate the financial statements at 31 December are given below:

Dates	Index	Conversion factors
31 December 2001	**4,951.7**	**1.000**
31 December 2000	2,626.0	1.886
31 December 1999	1,979.5	2.501

The main procedures for the above mentioned restatement are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and the corresponding figures for previous periods are restated in the same terms.

- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant monthly conversion factors.

- Comparative financial statements are restated by applying general inflation indices to the currency purchasing power at the latest balance sheet date.

- All items in the statement of income are restated by applying the relevant (monthly) conversion factors.

- The effect of inflation on the net monetary position of the Company is included in the statement of income as gain on net monetary position.

b) Translation of foreign undertakings' financial statements

The results of Company’s foreign undertakings are translated into Turkish lira at the average rate for the period except for the foreign Joint-venture reporting in the currency of a hyperinflationary economy, for which closing rates are applied to local currency amounts, and then restated in accordance with IAS 29 from the date of the transaction. The assets and liabilities of the Company’s foreign undertakings are translated into Turkish lira at the closing rate for the year. Exchange differences arising on retranslation of the opening net assets of foreign undertakings and differences between the average and year-end rates are included in translation reserve.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

c) Adoption of IAS 39

With effect from 1 January 2001, the Company adopted IAS 39 ("Financial Instruments: Recognition and Measurement"). The effects of adopting IAS 39 are reported in the consolidated statement of shareholders' equity (also see Note 18). Further information is disclosed in accounting policies for investments and in related notes. IAS 39 has been applied prospectively in accordance with the requirements of this standard and therefore comparative financial information has not been restated. The effects of prospective adoption of IAS 39 on the Company's consolidated retained earnings at 31 December 2000 is disclosed in the statement of changes in shareholders' equity.

d) Adoption of IAS 40

IAS 40, Investment property, also became effective in 2001. With effect from 1 January 2001, the Company adopted this standard retrospectively for the current financial statements (Note 3). The Company applied the cost model and therefore there is no effect of adopting IAS 40 that is reported in the consolidated statements of changes in shareholders' equity as an adjustment to the consolidated opening retained earnings at 1 January 2001.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these consolidated financial statements are summarized below:

Group accounting

a) The consolidated financial statements include the accounts of the parent company, Migros Türk Ticaret A.Ş., its Subsidiaries, Joint Venture and its Associates (altogether referred as the "Group") on the basis set out in sections (b), (c) and (d) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with IAS 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. Goodwill arising on the consolidation of subsidiary undertakings, joint-venture or associates is reported with intangible assets on the balance sheet.

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

The table below sets out all Subsidiaries and shows their shareholding structure at 31 December:

	Direct and indirect shareholding by Migros and its Subsidiaries (%)	
Subsidiary	2001	2000
Ramstore (1)	79.75	72.75
Ramstore Bulgaria (1)	99.95	99.95
Rambutya (1)	51.00	41.79
Şok Marketler (2)	99.60	99.60
Sanal Merkez (2)	69.99	89.99

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(1) The balance sheets and statements of loss and income 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) Şok Marketler and Sanal Merkez are excluded from scope of consolidation on the grounds of materiality. These subsidiaries are accounted for as if they are available-for-sale investments (see Notes 3 and 11).

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

The table below sets out the Joint-venture and shows its shareholding structure at 31 December:

	Direct and indirect shareholding by Migros and its Subsidiaries (%)	
Joint-venture	2001	2000
Ramenka	50.00	40.00

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

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The table below sets out all Associates and the proportion of ownership interest shows at 31 December 2001:

	Proportion of ownership interest (%)	
Associate	2001	2000
Temel Gıda GmbH ("Temel Gıda")	20.00	20.00
Koç Ece Proje Yönetimi ve Tic. A.Ş. ("Koç Ece")	25.00	-

Investments in these associates are not accounted for by the equity method of accounting on the grounds of materiality, instead they are stated at cost.

e) Investments, in which Migros has controlling interests below 20%, or over which the Company does not exercise a significant influence, are carried at cost and restated to the equivalent purchasing power at 31 December 2001 less any provision for diminution in value (Note 6). Effective from 1 January 2001, due to the adoption of IAS 39, all other investments are classified as available-for-sale equity securities (see Notes 3 and 6).

f) The results of foreign Subsidiaries, Joint-venture and Associates are translated into Turkish lira at average rates for the period (except for foreign joint-venture reporting in the currency of a hyperinflationary economy, for which closing rates are used) and then restated in accordance with IAS 29 from the date of the transaction. The assets and liabilities of foreign undertakings of the Company are translated into Turkish lira at the closing rate for the year. Exchange differences arising on retranslation of the opening net assets of foreign Subsidiaries and Joint Venture and differences between the average and year-end rates are included in translation reserve.

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

Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them and investments are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of business (Note 8).

Investment securities

At 1 January 2001 Migros and its subsidiaries, joint-venture and associates adopted IAS 39 and classified its investments into the following categories: trading, held-to-maturity and available-for-sale. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity. During the period the Group did not hold any investments in these categories.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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; 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.

Trade receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortised cost. Short duration receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Company 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 and provisions for loan impairment

Loans originated by the Company by providing money directly to a borrower, other than those that are originated with the intent to be sold immediately or in the short term, are classified as loans originated by the Company. All loans are recognized when cash is advanced to the borrowers and measured at amortized cost.

When the loan is originated by the Company 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 Company. 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.

Loans originated by the Company that have a fixed maturity are measured at amortized cost using the effective interest rate method.

A credit risk provision for loan impairment is established if there is objective evidence that the Company 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 loan 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 the bad and doubtful debt expense.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories include mainly merchandise stocks are valued at the lower of cost restated to equivalent purchasing power at 31 December 2001. Cost is determined by the weighted average method or net realizable value (Note 9).

Investment property

Land and buildings that are held to earn rentals 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 (Note 14).

Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation in each case restated to equivalent purchasing power at 31 December 2001. Depreciation is provided on the restated amounts for property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Buildings	10-50
Leasehold improvements	Over period of lease
Machinery and equipment	4-10
Furniture and fixtures	5-6
Motor vehicles	4

Where the carrying amount of an asset is greater than its estimated 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 restated amounts and are included in the related income and expense accounts, as appropriate.

Goodwill

Goodwill arising on consolidation, which represents the difference between the acquisition price and the attributable share of Migros and its Subsidiaries in the fair value of the underlying net assets of the company acquired, is capitalised and amortised. Goodwill is amortised using the straight-line method over its estimated useful life, generally 5 years, and is included in intangible assets. The carrying value of goodwill is reviewed annually and adjusted for permanent impairment where it is considered necessary (Note 13).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Other intangible assets 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 date of acquisition. Where an indication of impairment exists, the carrying amount of any intangible assets including goodwill are assessed and written down immediately to its recoverable amount (Note 13).

Leases

Leases of property, plant and equipment where the Company assumes substantially 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 so as 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 shorter of the useful life of the asset or the lease term (Note 12).

Obligations under finance leases are stated in the financial statements at the acquisition values of the related fixed assets. Future interest payments inherent in the lease contract are charged to income over the period of the lease (Note 24).

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.

Deferred taxes

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from the restatement of property, plant and equipment and inventory over their historical cost, the portion of allowance for unearned credit finance income and expense that is currently non-tax deductible /taxable, provision for employment termination benefits and carry forward tax losses.

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.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employment termination benefits

Employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labor Law (Note 20).

Foreign currency transactions and translation

Transactions in foreign currencies during the year 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 year-end. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the statements of income.

The results of overseas Subsidiary undertakings and joint-venture are translated into Turkish lira at the average rate for the period (except for joint-venture reporting in the currency of hyperinflationary economy, for which closing rates are used). The assets and liabilities of overseas undertakings are translated into Turkish lira at the closing rate for the period. Exchange differences arising on retranslation of the opening net assets of overseas subsidiaries and differences between the average and period-end rates are included in cumulative translation adjustment.

Revenue recognition

Revenues are recognized on an accrual basis at the time deliveries are made, at the invoiced values. Net sales represent the invoiced value of goods sold less sales returns and commission, and exclude sales taxes (Note 26).

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

Royalty and rental income-on an accrual basis.
Interest income-on an effective yield basis.
Dividend income-when the Company's right to receive payment is established.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Financial instruments and financial risk management

The Company'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 Company'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 Company.

Risk management is carried out by individual Subsidiaries and Associates under policies approved by their Board of Directors.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest rate risk

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

Funding risk

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

Credit risk

Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and limiting the aggregate risk from any individual counter party. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases and their dispersion across many different industries.

Foreign currency risk

The Company is exposed to the foreign exchange risk through the impact of rate changes at the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by the analysis of foreign currency position (Note 32).

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 Company 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 Company can realize 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:

Monetary assets

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

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Monetary liabilities

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

Trading liabilities have been estimated at their fair values.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings per share

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings and revaluation surplus (Note 25). For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration.
No such bonus shares were issued during the period:

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shared in issue.

	2001	2000
Net income attributable to shareholders	26,377	44,840
Weighted average number of ordinary shares in issue	9,180,000,000	7,591,475,410
Earnings per share (expressed in full TL per share)	2,873	5,907

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

NOTE 4 - SEGMENT INFORMATION

In these consolidated financial statements at 31 December 2001 the reportable segments comprise the geographical segments, whilst retailing is the sole business segment. Segment information is not displayed comparatively, as geographical segments other than Turkey and Azerbaijan were added to the scope of consolidation in 2001.

a) External revenues

	2001
Turkey	1,033,622
Russian Federation	102,354
Kazakhstan	28,016
Bulgaria	7,492
Azerbaijan	4,784
	1,176,268

b) Operating profit/(loss)

Russian Federation	15,178
Kazakhstan	1,268
Azerbaijan	(1,217)
Turkey	(3,659)
Bulgaria	(1,228)
	10,342

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT INFORMATION (Continued)

c) Segmental analysis for the year ended 31 December 2001

	Turkey	Russian Federation	Kazakhstan	Bulgaria	Azerbaijan	Total Combined	Inter Segment Elimination	Total
External revenues	1,033,622	102,354	28,016	7,492	4,784	1,176,268	-	1,176,268
Intra segment Revenues	4,365	-	-	-	-	4,365	(4,365)	-
Revenues	1,037,987	102,354	28,016	7,492	4,784	1,180,633	(4,365)	1,176,268
Cost of sales	(814,593)	(75,055)	(20,174)	(5,801)	(3,655)	(919,278)	4,365	(914,913)
Gross profit	**223,394**	**27,299**	**7,842**	**1,691**	**1,129**	**261,355**	**-**	**261,355**
Sales and marketing expenses	(19,073)	(7,750)	(1,731)	(1,997)	(7)	(30,558)	-	(30,558)
General and administrative expenses	(205,966)	(4,990)	(4,843)	(922)	(2,370)	(219,106)	-	(219,091)
Other (expense)/ income	(2,014)	619	-	-	31	(1,364)	-	(1,364)
Operating profit/(loss)	**(3,659)**	**15,178**	**1,268**	**(1,228)**	**(1,217)**	**10,342**	**-**	**10,342**

d) Segment assets employed

	2001
Total assets	
Turkey	595,578
Russian Federation	135,312
Kazakhstan	34,043
Bulgaria	16,561
Azerbaijan	6,100
Total combined	787,594
Less: inter segment elimination	(66,498)
Total assets as per the consolidated financial statements	**721,096**
Net assets	
Turkey	292,398
Russian Federation	64,241
Bulgaria	7,718
Kazakhstan	5,629
Azerbaijan	5,458
Total combined	375,444
Less: inter segment elimination	(63,717)
Total shareholders' equity and minority interest	**311,727**
Less: Minority interest	**(4,114)**
Total net assets as per the consolidated financial statements	**307,613**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT INFORMATION (Continued)

e) Capital expenditures and depreciation

	2001
Capital expenditures	
Turkey	38,469
Russian Federation	36,211
Bulgaria	8,391
Azerbaijan	2,820
Kazakhstan	157
	86,048
Depreciation charge	
Turkey	44,653
Russian Federation	1,957
Kazakhstan	833
Bulgaria	589
Azerbaijan	404
	48,436

f) Minority interest

Kazakhstan	2,758
Azerbaijan	1,352
Bulgaria	4
	4,114

NOTE 5 - CASH AND CASH EQUIVALENTS

	2001	2000
Banks		
- time deposits	24,033	72,699
- demand deposits	23,469	41,490
Loan to banks	-	285
Cash in hand	5,994	4,692
Cheques in collection	472	420
Cheques given	(981)	(10,757)
Other liquid assets	46,171	1,040
	99,158	**109,869**

Weighted average effective interest rates on TL denominated time deposit accounts and on USD denominated bank accounts varies between 60% and 61% p.a., and 5.71% and 11.75% p.a, respectively. Time deposits have an average maturity of two months (2000: two months). Other liquid assets mainly include receivables on credit card slips with average maturity of 13 days.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 6 - CURRENT AVAILABLE-FOR-SALE INVESTMENTS

	2001	2000
Debt securities	69,960	82,970
Equity securities	3,908	6,280
	73,868	**89,250**

The details of debt securities at 31 December are as follows:

	2001		2000	
	Interest rate p.a.	**Amount**	**Interest rate p.a.**	**Amount**
Treasury bills and government bonds	51.75%-78.46%	42,203	60 %	81,798
Foreign currency bonds (USD)	8%-10.8%	15,622	-	-
Eurobond (USD)	11.75%-12.375%	12,135	12.375%	1,172
		69,960		**82,970**

Analysis of debt securities by maturity at 31 December is as follows:

	2001	2000
Period remaining to maturity		
1-30 days	10,726	-
30-90 days	11,462	51,607
90-180 days	13,760	8,025
180 days-one year	21,877	22,166
Over one year	12,135	1,172
	69,960	**82,970**

Details of equity securities as at 31 December are as follows:

	2001		2000	
	Shareholding	**Amount**	**Shareholding**	**Amount**
Listed				
Maret Marmara Bes. Et. San. Tic. A.Ş. ("Maret")	5%	677	5%	3,049
Unlisted				
Koçbank A.Ş. ("Koçbank")	less than 1%	3,231	less than 1%	3,231
		3,908		**6,280**

Koçbank, that does not have a quoted market price in an active market and whose fair values can not be reliably measured is stated at cost and restated to the equivalent purchasing power at 31 December 2001.

For Maret, which is traded in an active market, fair value is determined by reference to Istanbul Stock Exchange quoted bid price at 31 December 2001.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES

	2001	2000
Trade receivables	20,880	34,868
Less: provision for doubtful receivables	(62)	(77)
	20,818	**34,791**

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

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Bank balances:	2001	2000
Koçbank - demand deposits	5,770	28,649
- time deposits	5,582	40,043
- other liquid assets (credit card slip accounts)	28,790	1,040
	40,142	**69,732**

Due from related parties:	2001	2000
Ram Dış Ticaret A.Ş.	1,893	1,112
Sanal Merkez	660	1,345
Garanti Balfour Beatty Cons. Ind & Trading Co Inc.-Bulgaria	402	-
Arçelik A.Ş.	15	261
Ramenka (*)	-	1,348
Rambutya (*)	-	964
Tofaş Türk Otomobil Fab. A.Ş.	-	125
Marmaris Altınyunus Turistik Tes. A.Ş. ("Mares")	-	44
Other	278	613
	3,248	**5,812**

(*) Added to the scope of consolidation in 2001.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Due to related parties:	2001	2000
Ram Dış Ticaret A.Ş. ("Ram") - trade	8,753	158
Ram - finance	2,640	-
Düzey Tük. Mal. San. Paz. ve Tic. A.Ş.	3,335	4,277
Maret Marmara Besicilik ve Et San. ve Tic. A.Ş.	2,993	1,028
Sek Süt Endüstrisi Kurumu San. ve Tic.	2,086	1,483
Other	3,219	3,465
	23,026	**10,411**

Sales of Goods:	2001	2000
Mares	396	-
Türk Traktör ve Ziraat Makinaları A.Ş.	267	606
Setur Divan Sütlüce	229	-
Setur Divan Otel	203	-
Arçelik A.Ş.	159	765
Setur Divan Kuruçeşme	158	-
Garantibalfour Beatty İnş. San. Ve Tic. A.Ş.	144	-
Koç Üniversitesi	47	-
Koçbank	45	-
Vehbi Koç Vakfı Amerikan Hastanesi	38	-
İzocam A.Ş.	37	67
Aygaz A.Ş.	29	42
Ark İnşaat San. Ve Tic. A.Ş.	26	-
Demir Export A.Ş.	23	-
Koç Lisesi	23	-
Döktaş	22	-
Rambutya	-	1,722
Ramenka	-	1,567
Other	250	3,458
	2,096	**8,227**

Fixed asset purchases:	2001	2000
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	1,544	978
Tek-İz İzolasyon ve Yapı Elemanları A.Ş.	339	-
Other	281	753
	2,164	**1,731**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Inventory purchases:	2001	2000
Maret	20,012	6,733
Sek Süt Endüstrisi Kurumu San. ve Tic. A.Ş.	17,206	17,041
Düzey Tük. Mal. San. Paz. ve Tic. A.Ş.	13,624	18,870
Ram Dış Ticaret A.Ş.	8,835	532
Pastavilla Makarnacılık San. ve Tic. A.Ş.	1,438	1,193
Tat Konserve Sanayi A.Ş.	1,299	1,491
Other	1,368	1,491
	63,782	**47,351**

Service purchases:	2001	2000
Garanti Balfour Beatty Cons. Ind. And Trading Co Inc, Bulgaria	9,614	-
Ram Sigorta Aracılık Hizmetleri A.Ş.	1,875	1,947
Koç Ece	1,718	-
Koç Finansal Kiralama A.Ş.	96	8,302
Other	2,620	1,644
	15,923	**11,893**

Borrowings:	2001	2000
Koçbank A.Ş.		
Short-term borrowing	6,000	-

Rent Expense:	2001	2000
Temel Ticaret ve Yatırım A.Ş.	916	1,300
Koç Allianz Sigorta A.Ş.	349	-
	1,265	**1,300**

Interest income:

	2001	2000
Koçbank A.Ş	**8,628**	**4,258**

Interest expense:

	2001	2000
Koçbank A.Ş	**1,061**	**-**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Dividend received:

	2001	2000
Maret	41	22
Koçbank A.Ş	-	940
	41	**962**

Dividend paid:

	2001	2000
Temel Ticaret ve Yatırım A.Ş.	3,805	5,044
Koç Holding A.Ş.	19	36
	3,824	**5,080**

NOTE 9 - INVENTORIES

	2001	2000
Merchandise stock	72,202	79,056
Advances given	-	17
Other	1,584	748
	73,786	79,821
Less: Provision for obsolescence	(673)	-
	73,113	**79,821**

NOTE 10 - OTHER CURRENT ASSETS

	2001	2000
Prepaid expense	12,669	9,568
Rent receivable	3,607	3,602
Value added tax (“VAT”) receivable	3,125	8
Prepayments and accrued income	1,362	-
Advances given	541	1,240
Due from employees	384	77
Prepayments for land leases	178	-
Taxes and funds deductible	85	21
Other	785	40
	22,736	**14,556**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 11 – NON-CURRENT AVAILABLE-FOR-SALE INVESTMENTS AND INVESTMENTS IN ASSOCIATES

	2001		2000	
		Shareholding		Shareholding
	TL billion	%	TL billion	%
Non-current available-for-sale investments				
Sanal Merkez (*)	699	69.99	639	89.99
Şok Marketler Ticaret A.Ş. (*)	307	99.60	307	99.60
Ramstore Bulgaria A.D. (**)	-	99.95	9,080	99.95
	1,006		**10,026**	

(*) Şok Marketler Ticaret A.Ş. and Sanal Merkez are subsidiaries exempted from scope of consolidation on the grounds of materiality. They have been accounted for as if they were available-for-sale investments and are stated at cost as they do not have quoted market prices in active markets and their fair values cannot be reliably measured.

(**) Ramstore Bulgaria A.D. began to operate on 18 May 2001. The financial statements of Ramstore Bulgaria have been consolidated in the Company's financial statements for the first time in year 2001 on a line-by-line basis.

	2001		2000	
		Shareholding		Shareholding
	TL billion	%	TL billion	%
Investments in associates				
Koç Ece	732	25.00	-	-
Temel Gıda GmbH	1	20.00	1	20.00
Rambutya (1)	-	-	2,942	41.79
Ramenka (2)	-	-	20,421	40.00
	733		**23,364**	

The percentage of ownership in amounts are computed over the nominal value of shares.

(1) Rambutya is incorporated in the Republic of Kazakhstan. It operates the first modern supermarket in Kazakhstan, located in Almaty. The Company commenced trading through its supermarket on May 14, 1999. The financial statements of Rambutya have been consolidated in the Company's financial statements for the first time in year 2001 on a line-by-line basis.

(2) Joint venture Ramenka is incorporated in the Russian Federation and runs a network of hyperstores and shopping malls in Moscow. It started its operations on November 28, 1997. The financial statements of Ramenka have been consolidated proportionally in the Company's financial statements for the first time in year 2001 on a line-by-line basis.

Other investments in which Migros has attributable interests of 20% or more, which are immaterial to the overall consolidated financial statements, are carried at cost and restated to equivalent purchasing power at 31 December 2001. These companies have not been accounted for using the equity method due to the insignificance of their combined impact on the consolidated net worth, financial position and results of the Company.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT-NET

	Opening 1 January 2001	Addition of Ramstore Bulgaria,Rambutya and, Ramenka to scope of consolidation	Additions	Disposals	Transfers	Effect of changes in foreign exchange rates	Closing 31 December 2001
Cost							
Land and buildings	64,032	59,711	25,646	(4,246)	24,500	(694)	168,949
Leasehold improvements	138,126	-	1,913	-	36,953	-	176,992
Machinery and equipment	153,922	8,527	9,546	(1,964)	18,582	102	188,715
Furniture and fixtures	34,439	4,265	778	(1,270)	3,823	83	42,118
Motor vehicles	1,903	-	1,250	(229)	40	4	2,968
Construction in progress	34,880	18,092	35,076	(1,482)	(83,898)	(104)	2,564
Advances given	381	-	3,361	-	-	-	3,742
	427,683	**90,595**	**77,570**	**(9,191)**	**-**	**(609)**	**586,048**
Accumulated depreciation							
Buildings	(7,129)	(2,107)	(4,243)	90	-	3	(13,386)
Leasehold improvements	(44,911)	-	(12,583)	-	-	-	(57,494)
Machinery and equipment	(70,992)	(1,614)	(24,554)	1,358	(363)	(108)	(96,273)
Furniture and fixtures	(15,898)	(993)	(6,550)	542	363	4	(22,532)
Motor vehicles	(696)	-	(356)	168	-	(7)	(891)
	(139,626)	**(4,714)**	**(48,286)**	**2,158**	**-**	**(108)**	**(190,576)**
Net book value	**288,057**	**85,881**	**29,284**	**(7,033)**	**-**	**(717)**	**395,472**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT-NET (Continued)

Since 1984, using an option granted under Turkish tax legislation, the Company has revalued in its statutory books of account its property, plant and equipment that has been in use for more than one year (excluding land, which can not be revalued), and the related accumulated depreciation at each year-end, by using the rates and procedures prescribed by the legislation. The resulting increases in the net book values of the assets are included under shareholders' equity as revaluation surplus in the statutory records. The Company may use the revaluation surplus for issuance of free capital shares to existing shareholders. However, if the revaluation increment is included in an account other than the revaluation surplus account, the amount is subject to corporation tax.

At 31 December 2001 the historical amounts of revaluation surplus included in equity of the Company are as follows:

	Historical amount of revaluation surplus TL billion
31 December 2001	2,774
31 December 2000	2,774

In the statutory books of account, depreciation is provided on revalued amounts, except for the net revaluation increment applicable to buildings, and such depreciation is deductible in the computation of income subject to corporation tax.

All entries related to such revaluation which were recorded in the statutory books of account of the Company have been eliminated in the accompanying financial statements as part of the restatement process referred to in Note 2.

Leased assets included in property, plant and equipment where the Company is under a finance lease, comprise following machinery and equipment:

	2001	**2000**
Cost- capitalised finance leases	34,145	31,407
Accumulated depreciation	(11,481)	(8,065)
Net book amount	**22,664**	**23,342**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 13 – INTANGIBLE ASSETS

	Opening 1 January 2001	Addition of Ramstore Bulgaria,Rambutya, Ramenka to scope of consolidation	Additions	Closing 31 December 2001
Rights	1,905	473	903	3,281
Other intangible assets	2,062	-	-	2,062
Accumulated amortisation	(1,256)	(69)	(409)	(1,734)
Net book value	**2,711**	**404**	**494**	**3,609**
Goodwill	3,247	-	-	3,247
Negative goodwill	-	-	(4,287)	(4,287)
Accumulated amortisation	(177)	-	(165)	(342)
Net book value	**3,070**	**-**	**(4,452)**	**(1,382)**
Total net book value	**5,781**			**2,227**

Migros purchased 9.21% of the issued share capital of Rambutya for a cash consideration of TL4,696 billions and 10% of the issued share capital of Ramenka for a cash consideration of TL10,800 billions and 7% of the issued share capital of Ramstore for a cash consideration of TL5,103 billions from Ram Dış Tic. A.Ş. in 2001.

Details of total net assets acquired during the year ended 31 December 2001 and 31 December 2000 and related goodwill and negative goodwill are as follows:

	2001	2000
Total cash consideration (net of cash acquired)	20,599	-
Less: net assets acquired at fair value	(24,886)	-
Negative Goodwill	**(4,287)**	**-**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 14 – INVESTMENT PROPERTY

	Opening 1 January 2001	Addition of Ramenka to scope of consolidation 2001	Additions	Closing 31 December 2001
Cost				
Land and buildings	-	14,859	7,575	22,434
Total	**-**	**14,859**	**7,575**	**22,434**
Accumulated depreciation				
Land and buildings	-	(722)	(458)	(1,180)
Net book value	**-**	**14,137**	**7,117**	**21,254**

NOTE 15 - OTHER NON- CURRENT ASSETS

	2001	2000
Prepayments for land leases	4,727	-
Prepaid expenses	2,659	9,985
Deposits and guarantees given	77	140
	7,463	**10,125**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 16 - BANK BORROWINGS

	2001			2000		
	Interest rate p.a.	U.S. Dollars	TL billion	Interest rate p.a.	U.S. Dollars	TL billion
Short-term bank borrowings	7%-12%	5,616	8,105	8.69%-8.93%	5,000	6,364
Current portion of long-term bank borrowings	8%-11%	12,019	17,339	9.00%-12.64%	5,939	8,378
Short-term bank borrowings		**17,635**	**25,445**		**10,939**	**14,742**
Long term bank borrowings	**8%-11%**	**62,798**	**90,563**	**9.00%-12.64%**	**32,799**	**41,747**
Total bank borrowings		**80,433**	**116,008**		**43,738**	**56,489**

The redemption schedule of long term bank borrowings is as follows:

	U.S. Dollars	TL billion
2003	15,068	21,692
2004	14,604	21,023
2005	15,981	23,006
2006 and over	17,145	24,842
	62,798	**90,563**

NOTE 17 - TRADE PAYABLES

	2001	2000
Supplier current accounts	183,550	231,646
Notes payable	2,932	-
Payables with regard to construction-in- progress	-	11,046
Other	-	2,285
	186,482	**244,977**

NOTE 18 - TAXES ON INCOME

	2001	2000
Corporation and income taxes currently payable	7,928	6,331
Less: prepaid taxes	(3,784)	-
Taxes on income	**4,144**	**6,331**

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

In Turkey corporation tax is payable at the rate of 33% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

The applicable income tax rate was 35% in Russia in 2001. An income tax rate of 24% has been enacted in August 2001 which becomes effective starting from 1 January 2002.

NOTE 18 - TAXES ON INCOME (Continued)

Rambutya is exempt from income tax for five years beginning 1999 on income received from the Ramstore cinema skating rink, skate rental shop, gymnasium and parking place and a 50% exemption for the same income for one year thereafter. Rambutya also has exemptions over property tax and land tax for 5 years starting from 1999.

Income exempt from corporation tax (except dividend income received from Turkish companies) is subject to withholding tax at the rate of 16.5% regardless of whether the profits are distributed.

Dividends paid by the Company are subject to a withholding tax calculated on the gross dividend to be paid at the rate of 16.5% for private companies and 5.5% for quoted companies. An increase in capital using distributable profit or by issuing bonus shares is not considered as a profit distribution and thus there is no withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance tax is payable by the 15th 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.

Interest income on Turkish government bonds and treasury bills is subject to corporation tax.

Capital gains derived from the sale of investments in subsidiaries and immovable assets held for not less than two years are tax exempt if such gains are added to paid in capital in the year in which they are sold.

Capital expenditures and projected capital expenditures for the following year are eligible for investment allowance incentives. Such allowance is available to companies for specific capital investments and are deductible from taxable income prior to the calculation of the corporate income tax. Investment allowance incentives utilised are subject to withholding tax at the rate of 19.8% (2000: 19.8%).

In May 2000, Council of State resolved to cancel the payment of withholding tax on investment incentive allowance. Further to this resolution, the Company filed a court case for the refund of the withholding tax, amounting to TL 2,687,463 million, on investment incentive allowance paid for 1999. As the court case was finalised in favour of the Company, no withholding tax provision is accounted for in 31 December 2001 financial statements. The Company will recognise the amount of TL 2,687,463 million as income following the final resolution of the General Assembly of Tax Courts Office.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

Under the Russian taxation system tax losses can generally be carried forward to offset future taxable profits over the subsequent 5 year. The maximum offset in any one year is limited to 50% of the total taxable profit of the year. Losses not offset in the eligible periods are lost.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing. During this 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.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 18 - TAXES ON INCOME (Continued)

The taxation on income for the year ended 31 December, expressed in terms of the purchasing power of the Turkish lira at 31 December 2001, is summarised as follows:

	2001	2000
Deferred tax (expense)/credit	(13,428)	9,472
Current tax expense	(12,550)	(7,702)
Taxation on income	**(25,978)**	**1,770**

Deferred taxes

The Company recognises deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported for IAS purposes and the statutory tax financial statements. Such temporary differences usually result in the recognition of revenue and expenses in different reporting periods for IAS and tax purposes.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) provided at 31 December, using the expected future tax rates, are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	2001	**2000**	**2001**	**2000**
Unused investment incentive allowances (unused tax credits)	69,130	78,612	9,125	10,377
Lease obligations	15,592	18,172	5,145	5,997
Tax losses carried forward	8,287	-	1,989	-
Provision for employment termination benefits	2,379	3,599	785	1,188
Accounts payable	1,838	-	441	-
Allowance for unearned interest income	825	42	272	14
IAS 39 effect on investments	572	-	189	-
Effects of restatement of property, plant and equipment	(176,283)	(108,563)	(54,725)	(35,826)
Allowance for unincurred interest expense	(10,961)	(1,451)	(3,617)	(479)
Prepayments for land lease	(710)	-	(170)	-
Effects of restatement of inventory	(479)	(1,412)	(100)	(466)
Trade receivables	(433)	-	(105)	-
Non current assets	(278)	-	(77)	-
Other	78	-	19	-
	(90,443)	**(11,001)**	**(40,829)**	**(19,195)**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 18 - TAXES ON INCOME (Continued)

Movements in deferred taxes can be analysed as follows:

	Deferred tax assets/(liabilities)
1 January 2000	(28,667)
Credit to statement of income	9,472
31 December 2000	**(19,195)**
Effect of adopting IAS 39 (Note 2)	374
Deferred tax liability arising through the addition of new subsidiaries to scope of consolidation (Note 2)	(8,580)
Charge to statement of income	(13,428)
31 December 2001	**(40,829)**

NOTE 19 - OTHER CURRENT LIABILITIES

	2001	**2000**
Taxes and funds payable	9,539	8,906
Payable to personnel	2,434	3,902
Miscellaneous accrued expenses	1,806	1,743
Deferred income	1,312	-
Security deposits	1,031	-
Other	1,933	1,841
	18,055	**16,392**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 20 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

There are no agreements for pension commitments other than the legal requirement as explained below.

Under Turkish Labor 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 after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 2000 there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TL978,020,000 (2000: TL587,720,000) for each year of service at 31 December 2001.

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.

International Accounting Standards require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	2001	**2000**
Discount rate	7%	7%
Turnover rate to estimate the probability of retirement	80.67%	84.50%

The principal assumption is that the maximum liability of TL 978,020,000 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 TL 978,020,000 (2000: TL 587,720,000-historic amount) has been taken into consideration in calculating the provision for employment termination benefit of the Company.

Movements of the provision for employment termination benefits during the year were as follows:

	2001	**2000**
Balance - 1 January	3,599	2,558
Increase for the year	608	2,008
Less: monetary gain	(1,828)	(967)
Balance - 31 December	**2,379**	**3,599**

The average number of people employed by the Company, its Subsidiaries and Joint-venture during 2001 was 8,108 (2000: 6,440).

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 21– MINORITY INTEREST

Changes in minority interest during the year are as follows:

Year	1 January	Increase in share capital	Increase in minority interest due to subsidiaries added to scope of consolidation	Decrease in minority interest due to share acquisitions	Net loss attributable to minority interest	31 December
2000	**-**	534	2,488	-	(456)	**2,566**
2001	**2,566**	-	3,669	(387)	(1,734)	**4,114**

Increase in minority interest due to subsidiaries added to scope of consolidation in 2001 is attributable to the initial consolidation of Rambutya and Ramstore Bulgaria.

NOTE 22- SHARE CAPITAL

Migros adopted the registered share capital system available to companies registered with the Capital Market Board ("CMB") and set a limit on its registered share capital representing registered type shares with a nominal value of TL1,000. The Company's historical authorised and paid-in share capital at 31 December was as follows:

	2001	**2000**
Limit on registered share capital (historical)	9,180	9,180
Historical authorised and paid-in share capital	9,180	9,180

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

The Company decided to increase its registered share capital limit on its Board of Directors meeting at 12 September 2001 to TL100,000 billion. This decision has been subsequently approved by the Company's General Assembly (Note 33).

The shareholders of the Company and their shareholders to capital with historical figures as at 31 December 2001 and 2000 are stated below:

	2001		**2000**	
Shareholders		**Share %**		**Share %**
Temel Ticaret ve Yatırım A.Ş	4,664	50.81	4,664	50.81
Public quotation	4,493	48.94	4,493	48.94
Koç Holding A.Ş.	23	0.25	23	0.25
	9,180	**100.00**	**9,180**	**100.00**

Adjustment to share capital represents the restatement effect of the cash contributions to share capital in year-end equivalent purchasing power.

There are 9,180,000,000 (2000: 9,180,000,000) unit of shares with face value of TL1,000 (2000: TL1,000) each. There are no privileged shares.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 23 – CAPITAL SURPLUS

Capital surplus represents the net proceeds from the offering of the Company's shares remaining unutilised pre-emptive rights at the share capital increase in 1997. This surplus was recorded in shareholders' equity and is not available for distribution. In addition to that in accordance with the Board of Directors Resolution dated August 5, 1998, the Company sold 75,000,000 shares in foreign stock exchange markets and obtained funds at a net amount of TL 90,066 billion expressed in terms of the purchasing power of the TL at 31 December 2001. This surplus was also recorded in shareholders' equity and was not available for distribution.

NOTE 24 - LEASE OBLIGATIONS

	2001			2000		
	EURO	**USD**	**TL equivalent**	**DM**	**USD**	**TL equivalent**
Short-term lease obligations	455	5,142	7,979	47	5,118	6,587
Long-term lease obligations	1,594	3,885	7,613	252	9,027	11,584
	2,049	**9,027**	**15,592**	**299**	**14,145**	**18,171**

Repayment plan of long-term lease obligations is as follows:

	EUR	**USD**	**TL equivalent**
2003	497	3,384	5,501
2004	544	423	1,299
2005	553	78	813
	1,594	**3,885**	**7,613**

Leasing agreements were signed with Koç Finansal Kiralama A.Ş. and Siemens Finansal Kiralama A.Ş. Effective interest rates vary between 8-13% p.a.

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 25 - RETAINED EARNINGS AND LEGAL RESERVES

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

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

Dividend distribution is made by the Company in Turkish lira in accordance with its Articles after deducting taxes and setting aside the legal reserves as discussed above.

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

According to CMB regulations quoted companies have the following two options; they may either distribute dividends in cash or in Company's shares or they may elect not to distribute any dividends at all. However, the CMB may require the company to distribute dividends in cash. If the company makes a decision to distribute any dividends, distribution should be made in the five months following the year-end.

Composition of prior periods' earnings and dividends (per Statutory Financial Statements) at 31 December (not adjusted for inflation) are as follows:

	2001	**2000**
Legal reserves	2,300	1,512
Undistributed general reserve	32,521	30,393
Unappropriated net income	17,776	7,506
	52,597	**39,411**
Historical amounts of dividends distributed during year from previous periods' net income per statutory financial statements	**4,590**	**10,710**

NOTE 26 - NET SALES

	2001	**2000**
Domestic sales	1,183,134	1,304,635
Export sales	195	3,427
Other	17,368	9,057
Gross sales	**1,200,697**	**1,317,119**
Less: discounts and returns from sales	(24,429)	(32,979)
Net sales	**1,176,268**	**1,284,140**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 27 - GENERAL AND ADMINISTRATIVE EXPENSES

	2001	**2000**
Staff costs	79,476	95,135
Depreciation	48,436	41,814
Rent	37,074	37,448
Energy	21,048	15,902
Repair, maintenance, and cleaning	10,175	9,500
Telecommunication	3,475	3,121
Food	3,308	4,400
Mechanisation	3,054	2,222
Stationary	1,380	1,266
Travel	1,169	640
Taxes and other fees	786	1,261
Employment termination benefits	607	2,033
Parent company service charges	587	584
Other	8,516	10,666
	219,091	**225,992**

NOTE 28 - OTHER EXPENSES

Other expense for the year ended 31 December 2001 included taxes with regard to the earthquake in 1999 amounting to TL2,286 billion (2000: TL14,653 billion).

NOTE 29 - FINANCIAL (EXPENSE)/INCOME - NET

	2001	**2000**
Financial income:		
Foreign exchange gain	53,173	16,461
Interest on debt securities	34,165	53,886
Due date difference on credit sales	20,074	1,026
Interest income from time deposits	17,768	9,824
Dividend income	-	950
Other interest income	1,051	5
Total financial income	**126,231**	**82,152**
Financial expense:		
Due date difference on credit purchases	(48,713)	(40,347)
Interest expense on bank borrowings	(47,755)	(10,999)
Foreign exchange loss	(43,495)	(2,640)
Interest expense on lease obligations	(2,406)	(7,978)
Other financial expenses	(37)	(16)
Total financial expense	**(142,406)**	**(61,980)**
Net financial (expense)/income	**(16,175)**	**20,172**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 30 – EXTRAORDINARY ITEM

There was a fire in Ramstore Baku superstore in 2001. As a result certain property and machinery were damaged. The resulting extraordinary expense amounts to TL 4,749 billion.

NOTE 31 - COMMITMENTS AND CONTINGENT LIABILITIES

a) Other guarantees given were as follows at 31 December:

	2001	2000
Pledges (*)	169,355	47,573
Letters of guarantee and commitments	29,229	15,726
Letters of guarantee given to banks	16,449	-

* All assets of Ramenka and Rambutya are pledged as security for IFC loans.

b) Other guarantees taken were as follows at 31 December:

Long-term commitments obtained from customers	11,698	12,560
Commitments obtained from banks	3,109	7,758
Commitments with respect to investment incentive certificates	-	115,741

c) As at 31 December 2001 Ramenka had contractual commitments for capital construction services from ENKA for construction of the new Belyaevo supermarket. The total contract amounts to USD 15,791,000, expected date of completion is 1 September 2002.

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

NOTE 32 - FOREIGN CURRENCY POSITION

Historical amounts of assets and liabilities denominated in foreign currency held by the Parent Company at 31 December are as follows:

	2001	2000
Assets	42,174	48,491
Liabilities	(56,244)	(58,295)
Net foreign currency position	**(14,070)**	**(9,804)**

(Amounts expressed in billions of Turkish lira (TL) in terms of the purchasing power of the TL at 31 December 2001 unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 32 - FOREIGN CURRENCY POSITION (Continued)

TL equivalents of foreign currency amounts

		2001	**2000**
Cash and cash equivalents	USD	7,554	42,008
	DM	-	204
	EUR	115	-
Investment securities			
- Foreign currency bonds	USD	15,622	-
- Eurobond	USD	12,135	1,172
Trade receivables and due from related parties	USD	6,748	5,107
Bank borrowings	USD	48,133	55,403
Trade payables, due to related parties and other liabilities	USD	7,524	1,791
	ITL	304	778
	FRF	50	169
	DM	43	20
	EURO	8	-
	CHF	-	95
	GBP	-	39
	NLG	182	-

NOTE 33 – SUBSEQUENT EVENTS

a) On 9 April 2002 the Company's General Assembly approved the decision of Board of Directors to increase the registered share capital limit of the Company to TL 100,000 billion.

b) As a result of the changes in the Russian tax legislation, an income tax rate of 24% has been enacted starting from 1 January 2002 (Note 18).

c) In March 2002 Ramenka signed two agreements with global USA chain stores for setting up supermarkets in the Global USA premises. The Company will use the premises of Global USA stores for selling consumer goods. The effect of opening of the stores can not be reliably predicted, though this expected to lead to an increase in revenue and operating profit.
