BİM Birleşik Mağazalar Anonim Şirketi

Financial Statements
March 31, 2005 and 2004,
December 31, 2004, 2003 and 2002

BİM BİRLEŞİK MAĞAZALAR A.Ş.

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
BİM Birleşik Mağazalar Anonim Şirketi

We have audited the accompanying balance sheets of BİM Birleşik Mağazalar Anonim Şirketi (the Company - a Turkish corporation) as of March 31, 2005 and December 31, 2004, 2003 and 2002 and the related statements of income, changes in equity and cash flows for the three-months period and for the years then ended, respectively, all expressed in the equivalent purchasing power of New Turkish Lira as of March 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We have also reviewed the translation of these statements into US Dollars on the basis described in Note 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements expressed in New Turkish Lira referred to in the first paragraph above present fairly, in all material respects, the financial position of the Company as of March 31, 2005 and December 31, 2004, 2003 and 2002 and the results of its operations and its cash flows for the three-months period and for the years then ended, respectively, in accordance with International Financial Reporting Standards. In our opinion, the financial statements expressed in US Dollars have been properly translated on the basis described in Note 2.

We have reviewed the accompanying interim balance sheet of the Company as of March 31, 2004 and the related interim statements of income, changes in equity and cash flows for the three-months period then ended, all expressed in the equivalent purchasing power of New Turkish Lira as of March 31, 2005. These interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim financial statements based on our review. We have also reviewed the translation of these statements into U.S. Dollars on the basis described in Note 2.

We conducted our review in accordance with the International Standard on Review engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion on the accompanying financial statements as of and for the three-months period ended March 31, 2004.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of and for the three-months period ended March 31, 2004, all expressed in the equivalent purchasing power of New Turkish Lira as of March 31, 2005, are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards. Further, nothing has come to our attention that causes us to believe that translation of interim financial statements expressed in US Dollars are not proper on the basis described in Note 2.

Without qualifying our opinion, we draw attention to the following matter:

As further disclosed in Note 2 to the accompanying financial statements, in 2004 the Company identified an error in the calculation of the reserve for long-term defined employee benefit plan as of December 31, 2003 and 2002 and made a restatement on the 2003 and 2002 financial statements retrospectively.

June 1, 2005
Istanbul, Turkey

BALANCE SHEETS
As at March 31, 2005 and 2004 and December 31, 2004, 2003 and 2002
(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 and thousands of U.S. Dollars (Note 2))

ASSETS

	Notes	**March 31, 2005 (Audited)**	**March 31, 2005 USD (Note 2)**	March 31, 2004 (Unaudited)	March 31, 2004 USD (Note 2)	December 31, 2004 (Audited)	December 31, 2004 USD (Note 2)	December 31, 2003 (Audited) (Restated)	December 31, 2003 USD (Note 2)	December 31, 2002 (Audited) (Restated)	December 31, 2002 USD (Note 2)
Current assets											
Cash and cash equivalents	3, 25	**29,689**	**21,661**	14,500	10,224	16,949	12,480	16,316	10,147	21,872	10,195
Trade receivables, net	4,9, 25	**36,115**	**26,350**	31,357	22,109	35,434	26,091	20,729	12,892	5,070	2,363
Inventories, net	5	**90,571**	**66,081**	74,217	52,329	89,975	66,252	67,996	42,289	51,716	24,107
Prepayments and other current assets	6, 9	**3,236**	**2,361**	2,382	1,679	2,220	1,635	1,396	868	2,245	1,046
Total current assets		**159,611**	**116,453**	122,456	86,341	144,578	106,458	106,437	66,196	80,903	37,711
Property and equipment, net	7	**107,520**	**78,447**	104,097	73,397	109,119	80,349	100,498	62,504	96,761	45,104
Intangibles, net	8	**1,930**	**1,408**	1,387	978	1,541	1,135	1,280	796	1,429	666
Other non-current assets		**1,456**	**1,062**	580	409	499	367	1,041	648	639	298
Total non-current assets		**110,906**	**80,917**	106,064	74,784	111,159	81,851	102,819	63,948	98,829	46,068
Total assets		**270,517**	**197,370**	228,520	161,125	255,737	188,309	209,256	130,144	179,732	83,779
LIABILITIES AND EQUITY											
Current liabilities											
Trade payables, net	9	**159,003**	**116,010**	140,301	98,923	149,964	110,424	131,291	81,656	116,146	54,140
Finance lease obligations	10	**-**	**-**	-	-	-	-	-	-	1,820	849
Income tax payable	12	**2,060**	**1,502**	2,800	1,974	2,191	1,613	-	-	-	-
Other payables and accrued liabilities	11	**7,983**	**5,824**	6,600	4,654	7,250	5,340	5,931	3,688	5,879	2,738
Total current liabilities		**169,046**	**123,336**	149,701	105,551	159,405	117,377	137,222	85,344	123,845	57,727
Reserve for long-term defined employee benefit plan	13	**2,692**	**1,964**	1,846	1,302	2,390	1,760	1,714	1,066	1,312	612
Deferred tax liability	12	**10,638**	**7,762**	10,483	7,391	10,332	7,607	11,214	6,974	8,249	3,845
Total non-current liabilities		**13,330**	**9,726**	12,329	8,693	12,722	9,367	12,928	8,040	9,561	4,457
Equity											
Share capital	14	**32,640**	**23,814**	32,640	23,014	32,640	24,034	32,640	20,300	32,640	15,215
Revaluation surplus	7	**5,146**	**3,755**	5,146	3,628	5,146	3,789	5,146	3,200	5,906	2,753
Retained earnings		**50,355**	**36,739**	28,704	20,239	45,824	33,742	21,320	13,260	7,780	3,627
Total equity		**88,141**	**64,308**	66,490	46,881	83,610	61,565	59,106	36,760	46,326	21,595
Total liabilities and equity		**270,517**	**197,370**	228,520	161,125	255,737	188,309	209,256	130,144	179,732	83,779

The accompanying policies and explanatory notes on pages 6 through 33 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi

STATEMENTS OF INCOME
For the three-months periods ended March 31, 2005 and 2004
and for the years ended December 31, 2004, 2003 and 2002
(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 and thousands of U.S. Dollars (Note 2))

	Notes	**March 31, 2005 (Audited)**	**March 31, 2005 USD (Note 2)**	March 31, 2004 (Unaudited)	March 31, 2004 USD (Note 2)	December 31, 2004 (Audited)	December 31, 2004 USD (Note 2)	December 31, 2003 (Audited) (Restated)	December 31, 2003 USD (Note 2)	December 31, 2002 (Audited) (Restated)	December 31, 2002 USD (Note 2)
Net sales		**380,063**	**277,297**	333,195	234,928	1,409,737	1,038,043	1,138,892	708,327	937,164	436,849
Cost of sales	16	**(316,912)**	**(231,221)**	(278,543)	(196,394)	(1,172,220)	(863,151)	(950,816)	(591,354)	(797,545)	(371,767)
Gross profit		**63,151**	**46,076**	54,652	38,534	237,517	174,892	188,076	116,973	139,619	65,082
Selling and marketing expenses	17, 19	**(49,434)**	**(36,067)**	(41,878)	(29,528)	(180,509)	(132,916)	(143,663)	(89,350)	(123,599)	(56,316)
General and administrative expenses	18, 19	**(9,972)**	**(7,276)**	(8,271)	(5,832)	(36,340)	(26,759)	(31,878)	(19,826)	(30,253)	(15,400)
Profit/(loss) from operations		**3,745**	**2,733**	4,503	3,174	20,668	15,217	12,535	7,797	(14,233)	(6,634)
Financial income / (expense), net	20	**191**	**139**	(512)	(361)	313	230	(2,176)	(1,353)	(2,401)	(1,119)
Other income / (expense), net	21	**557**	**406**	(295)	(208)	(38)	(28)	216	135	408	190
Gain on net monetary position		**2,526**	**1,843**	6,441	4,542	15,997	11,781	6,898	4,288	27,440	12,790
Profit before tax		**7,019**	**5,121**	10,137	7,147	36,940	27,200	17,473	10,867	11,214	5,227
Tax charge											
- Current	12	**(2,060)**	**(1,503)**	(2,800)	(1,974)	(11,957)	(8,805)	-	-	-	-
- Deferred	12	**(428)**	**(312)**	47	33	(479)	(352)	(3,933)	(2,446)	(1,663)	(775)
Net profit		**4,531**	**3,306**	7,384	5,206	24,504	18,043	13,540	8,421	9,551	4,452
Weighted average number of shares (1 YTL par value each)		**25,300,000**	**25,300,000**	25,300,000	25,3000,000	25,300,000	25,300,000	25,300,000	25,300,000	25,300,000	25,300,000
Basic earnings per share (full YTL, full USD)		**0.179**	**0.131**	0.292	0.206	0.969	0.713	0.535	0.333	0.378	0.176

The accompanying policies and explanatory notes on 6 through 33 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the three-months periods ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 ad 2002
(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 and thousands of U.S. Dollars (Note 2))

	Share Capital	Revaluation Surplus	Retained Earnings	Total (YTL)	Total USD (Note2)
At January 1, 2002 (Restated)	32,640	14,814	(1,771)	45,683	18,491
Impairment on revalued assets (net of deferred tax)	-	(8,908)	-	(8,908)	(4,152)
Net profit for the year (Restated)	-	-	9,551	9,551	4,452
Effect of change in YTL / US Dollar conversion rate	-	-	-	-	2,804
At December 31, 2002 (Restated)	32,640	5,906	7,780	46,326	21,595
Reversal of inflation accounting on revaluation surplus	-	(721)	-	(721)	(448)
Effect of change in tax rate	-	(39)	-	(39)	(24)
Net profit for the year (Restated)	-	-	13,540	13,540	8,421
Effect of change in YTL / US Dollar conversion rate	-	-	-	-	7,216
At December 31, 2003 (Restated)	32,640	5,146	21,320	59,106	36,760
Net profit for the year	-	-	24,504	24,504	18,043
Effect of change in YTL / US Dollar conversion rate	-	-	-	-	6,762
At December 31, 2004	32,640	5,146	45,824	83,610	61,565
At January 1, 2004 (Restated)	32,640	5,146	21,320	59,106	36,760
Net profit for the period	-	-	7,384	7,384	5,206
Effect of change in YTL / US Dollar conversion rate	-	-	-	-	4,915
At March 31, 2004	32,640	5,146	28,704	66,490	46,881
January 1, 2005	32,640	5,146	45,824	83,610	61,565
Net profit for the period			4,531	4,531	3,306
Effect of change in YTL / US Dollar conversion rate	-	-	-	-	(563)
At March 31, 2005	32,640	5,146	50,355	88,141	64,308

The accompanying policies and explanatory notes on pages 6 through 33 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
For the three-months periods ended March 31, 2005 and 2004
and for the years ended December 31, 2004, 2003 and 2002
(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 and thousands of U.S. Dollars (Note 2))

	Notes	March 31, 2005 (Audited)	March 31, 2005 USD (Note 2)	March 31, 2004 (Unaudited)	March 31, 2004 USD (Note 2)	December 31, 2004 (Audited)	December 31, 2004 USD (Note 2)	December 31, 2003 (Audited) (Restated)	December 31, 2003 USD (Note 2)	December 31, 2002 (Audited) (Restated)	December 31, 2002 USD (Note 2)
Cash flows from operating activities											
Net income/(loss) before monetary gain and tax charge		**4,493**	**3,278**	3,696	2,605	20,943	15,419	10,575	6,579	(16,226)	(7,563)
Adjustments to reconcile net income to net cash provided by operating activities :											
Depreciation and amortisation	**7, 8**	**6,283**	**4,584**	5,552	3,914	23,266	17,132	18,698	11,629	19,208	8,954
Reserve for long-term defined employee benefit plan	**13, 17, 18, 19**	**274**	**200**	199	140	742	547	467	290	339	158
Interest expense	**20**	**56**	**41**	40	28	150	110	168	106	700	326
Interest income	**20**	**(13)**	**(9)**	(15)	(11)	(109)	(80)	(242)	(150)	(181)	(84)
Loss / (gain) on sale of property and equipment and intangibles	**7, 21**	**(47)**	**(34)**	(117)	(82)	429	316	966	601	135	63
Change in revaluation surplus			-	-	-	-	-	(39)	(24)	-	-
		11,046	**8,060**	9,355	6,594	45,421	33,444	30,593	19,031	3,975	1,854
Changes in operating assets and liabilities											
Trade receivables	**4, 9**	**(1,113)**	**(812)**	(12,123)	(8,547)	(18,048)	(13,290)	(16,647)	(10,354)	(1,227)	(572)
Inventories	**5**	**(596)**	**(435)**	(6,221)	(4,387)	(21,979)	(16,184)	(16,280))	(10,124)	2,498	1,164
Prepayments and other current non-current assets and other payables and accrued liabilities	**6, 11**	**(1,206)**	**(880)**	368	260	3,827	2,818	889	552	775	362
Trade payables	**9**	**10,954**	**7,992**	17,351	12,234	36,290	26,721	30,017	18,669	25,627	11,945
Interest paid	**20**	**-**	**-**	(2)	(2)	(8)	(6)	(76)	(47)	(642)	(299)
Interest received	**20**	**13**	**9**	15	11	109	80	242	150	181	84
Taxes paid	**12**	**(2,165)**	**(1,580)**	-	-	(9,766)	(7,191)	-	-	-	-
Net cash generated by operating activities		**16,933**	**12,354**	8,743	6,163	35,846	26,392	28,738	17,877	31,187	14,538
Cash flows from investing activities:											
Capital expenditures	**7, 8**	**(5,450)**	**(3,976)**	(9,539)	(6,725)	(34,753)	(25,591)	(26,397)	(16,418)	(21,263)	(9,911)
Proceeds from sale of property and equipment and intangibles	**7, 8**	**424**	**309**	398	281	2,176	1,603	1,694	1,054	2,463	1,148
Net cash used in investing activities		**(5,026)**	**(3,667)**	(9,141)	(6,444)	(32,577)	(23,988)	(24,703)	(15,364)	(18,800)	(8,763)
Cash flows from financing activities:											
Payment of lease payables	**10**	**-**	**-**	-	-	-	-	(1,634)	(1,017)	(3,989)	(1,859)
Net cash used in financing activities		**-**	**-**	-	-	-	-	(1,634)	(1,017)	(3,989)	(1,859)
Net effect of monetary gain/(loss) on cash and cash transactions		**833**	**608**	(1,418)	(999)	(2,636)	(1,938)	(7,957)	(4,952)	(7,299)	(3,405)
Increase / (decrease) in cash and cash equivalents	**3**	**12,740**	**9,295**	(1,816)	(1,280)	633	466	(5,556)	(3,456)	1,099	511
Effect of change in YTL/US Dollar conversion rate		**-**	**(114)**	-	1,357	-	1,867	-	3,408	-	1,276
Cash and cash equivalents at the beginning of the year/period	**3**	**16,949**	**12,480**	16,316	10,147	16,316	10,147	21,872	10,195	20,773	8,408
Cash and cash equivalents at the end of year/period		**29,689**	**21,661**	14,500	10,224	16,949	12,480	16,316	10,147	21,872	10,195

The accompanying policies and explanatory notes on pages 6 through 33 form an integral part of the financial statements.

1. CORPORATE INFORMATION

General

BİM Birleşik Mağazalar Anonim Şirketi (a Turkish joint stock company - the Company) was established on May 31, 1995 and commenced its operations in September 1995. The registered address of the Company is Samandıra Ebubekir Cad. No.289 Kartal, İstanbul.

The financial statements prepared in accordance with International Financial Reporting Standards (IFRS) were authorized for issue on June 1, 2005 by the Board of Directors of the Company. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issue.

Nature of activities of the Company

The Company is engaged in operating retail stores of fast moving basic consumer goods through its retail shops throughout Turkey, which sell an assortment of approximately 600 items, including a number of private labels. As of March 31, 2005, the Company operated through 13 warehouses (March 31, 2004 -11) in various cities. The number of warehouses as of December 31, 2004 was 13 (December 31, 2003 - 11, December 31, 2002 - 9). As of March 31, 2005, the number of stores is 1,097 (March 31, 2004 - 949). The number of stores as of December 31, 2004 was 1,077 (2003 - 921, 2002 - 767).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the Company have been prepared in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect. The financial statements have been prepared under the historical cost convention, except for land and building which are carried at fair value.

As of March 31, 2005, the Company maintains its books of account and prepares its statutory financial statements in New Turkish lira (YTL) (March 31, 2004, December 31, 2004, 2003 and 2002 – TL) in accordance with Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The financial statements have been prepared from the statutory financial statements of the Company and presented in New Turkish Lira (YTL) with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. Such adjustments mainly comprise effects of restatement for the changes in the general purchasing power of YTL, deferred taxation, employee termination benefits and accounting for leasing transactions.

The Company adopted all standards, which were mandatory as of March 31, 2005. No standards were adopted before their effective date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements

Effective January 1, 2005, the following represent the revised International Accounting Standards and other new standards in the IFRS series:

- IAS 1 "Presentation of Financial Statements,"
- IAS 2 "Inventories,"
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors,"
- IAS 10 "Events after the Balance Sheet Date,"
- IAS 16 "Property, Plant and Equipment,"
- IAS 17 "Leases,"
- IAS 21 "The Effects of Changes in Foreign Exchange Rates,
- IAS 24 "Related Party Disclosures,"
- IAS 27 "Consolidated and Separate Financial Statements,"
- IAS 28 "Investments in Associates,"
- IAS 31 "Interests in Joint Ventures,"
- IAS 32 "Financial Instruments: Disclosures and Presentations"
- IAS 33 "Earnings per Share," and
- IAS 39 "Financial Instruments: Recognition and Measurement"
- IAS 40 "Investment Property."
- IFRS 2 "Share-based payment"
- IFRS 4 "Insurance Contracts"
- IFRS 5 "Non-current assets held for sale and discontinued operations"

There was no impact on opening retained earnings of the Company at January 1, 2005 from the adoption of any of the above mentioned standards.

Use of Estimates

The preparation of financial statements in conformity with IFRS require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Functional and Presentation Currency for the Company

As a result of a long period of high inflation, the Turkish Lira (TL) has ended up in large denominations, creating difficulty in expressing and recording transactions. A new law was enacted on January 31, 2004 to introduce Yeni Türk Lirası (New Turkish Lira, YTL), as the new currency unit for the Republic of Turkey effective January 1, 2005. Conversion rate for TL against YTL is fixed at YTL 1 to TL 1,000,000 throughout the one year period until complete phase-out of TL. Effective January 1, 2005 the Company's functional and presentation currency is YTL and financial statements including comparative figures for the prior period / year(s) are presented in thousands of YTL.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The functional currency of the Company is New Turkish Lira (YTL). The restatement for the changes in the general purchasing power of YTL as of March 31, 2005 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 the corresponding figures for previous period/years be restated in the same terms. Determining whether an economy is hyperinflationary in accordance with IAS 29 requires judgment as the standard does not establish an absolute rate, instead it considers the following characteristics of the economic environment of a country to be strong indicators of the existence of hyperinflation : (a) the general population prefers to keep its wealth in non monetary assets or in a relatively stable currency; amounts of local currency held are immediately invested to maintain purchasing power, (b) the general population regards monetary amounts not in terms of local currency but in terms of a relatively stable currency; prices may be quoted in that currency, (c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short, (d) interest rates, wages and prices are linked to a price index and (e) the cumulative inflation rate over three years is approaching, or exceeds 100%. Although as of March 31, 2005, the three-year cumulative rate has been 57.8 % (December 31, 2004 – 69.72 %) based on the Turkish countrywide wholesale price index published by the State Institute of Statistics, considering the economic characteristics indicated above, IAS 29 is continued to be applied in the preparation of the current period financial statements. Index and conversion factors as of the end of the three years period and the first quarter of 2005 ended March 31, 2005 are given below:

Dates	Index	Conversion Factors
December 31, 2002	6,478.8	1.3125
December 31, 2003	7,382.1	1.1519
March 31, 2004	7,862.2	1.0816
December 31, 2004	8,403.8	1.0119
March 31, 2005	8,503.6	1.0000

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

- the financial statements of the prior period/years, including monetary assets and liabilities reported therein, which were previously reported in terms of the measuring unit current at the end of that period/years are restated in their entirety to the measuring unit current at March 31, 2005.

- monetary assets and liabilities reported in the balance sheet as of March 31, 2005 are not restated because they are already expressed in terms of the monetary unit current at that balance sheet date.

- the inflation adjusted share capital was derived by indexing cash contributions from the date they were contributed.

- non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and other components of equity are restated by applying the relevant conversion factors.

- the effect of general inflation on the net monetary position is included in the income statement as monetary gain (loss).

- all items in the income statement are restated by applying appropriate month end conversion factors with the exception of depreciation, amortisation, gain or loss on disposal of non-monetary assets (which have been calculated based on the restated gross book values and accumulated depreciation/amortisation).

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restatement of balance sheet and income statement items through the use of a general price index and relevant conversion factors does not necessarily mean that the Company could realize or settle the same values of assets and liabilities as indicated in the balance sheets. Similarly, it does not necessarily mean that the Company could return or settle the same values of equity to its shareholders.

Restatement to the 2003 and 2002 Financial Statements

In 2004, the Company identified an error in the calculation of the reserve for the long-term defined employee benefit plan as of December 31, 2003 and 2002 and made a restatement on the 2003 and 2002 financial statements retrospectively.

The effects of such restatement are summarized below:

Balance Sheet	December 31, 2003 (restated)	December 31. 2003 (previously reported)	December 31, 2002 (restated)	December 31, 2002 (previously reported)
Long-term employee benefit plan	1,714	5,354	1,312	3,880
Deferred tax liability	11,214	10,122	8,249	7,401
Net profit for the year	13,540	12,712	9,551	8,759
Retained earnings/(accumulated deficits)	7,780	6,060	(1,771)	(2,699)
Statement of Income				
Selling and marketing expenses	(143,663)	(144,810)	(123,599)	(121,976)
General and administrative expenses	(31,878)	(32,256)	(30,253)	(33,446)
Financial expenses	(2,176)	(2,081)	(2,401)	(2,342)
Monetary gain	6,898	7,151	27,440	27,660
Tax expense	(3,933)	(3,585)	(1,663)	(1,164)
Earnings per share	0.535	0.502	0.378	0.346

Reclassification on Prior Years' Financial Statements

For the purpose of consistent presentation with March 31, 2005 and 2004 and December 31, 2004 certain reclassifications have been made on the balance sheets as of December 31, 2003 and 2002 and statements of income and cash flow for the years then ended. To ensure comparability, credit card receivables as of December 31, 2002 (included in cash and cash equivalents) amounting to YTL 3,934 have been reclassified to trade receivables. In addition, bank overdrafts as of December 31, 2003 and 2002 (included in short-term borrowings) amounting to YTL 1,714 and YTL 1,214, respectively have been reclassified to cash and cash equivalents, financial expenses for the years ended December 31, 2003 and 2002 amounting to YTL 1,351 and YTL 1,521 have been reclassified to general and administrative expenses. Further, a reclassification amounting to YTL 1,612 between the share capital and retained earnings have been made on the opening balance of the year 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Convenience Translation of Financial Statements to U.S. Dollars

U.S. Dollar ("USD") amounts shown in the financial statements as of and for the three months period ended March 31, 2005 have been included solely for the convenience of the reader and are translated from New Turkish Lira ("YTL") as a matter of arithmetic computation only, at the official YTL exchange rate ("Official Exchange Rate") for purchases of USD announced by the Central Bank of the Republic of Turkey on March 31, 2005 of YTL 1.3706 (full) = USD1.00. Comparative USD amounts presented in the financial statements related to the prior period/years are those that were presented as current period/years amounts in the relevant prior period/years financial statements (i.e. not adjusted for subsequent changes in the price level and subsequent changes in exchange rates). Such translation should not be construed as a representation that YTL amounts have been or could be converted into USD at these or other rates.

Cash and Cash Equivalents

For the purposes of the cash flows statement, cash and cash equivalents comprise cash at banks and on hand and cash in transit. Cash and cash equivalents consist of short-term highly liquid investments including time deposits generally having maturities of three months or less.

Trade Receivables

Trade receivables are carried at amortized cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first in first out method.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Property and Equipment

All property and equipment is initially recorded at cost. Land and building are subsequently measured at revalued amounts which are the fair value at the date of the revaluation, based on valuations by external independent valuers, less subsequent depreciation for building. All other property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement. On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Increases in the carrying amount arising on revaluation of property and equipment are initially credited to revaluation reserve in shareholders' equity net of the related deferred tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is provided on cost or revalued amount of property and equipment on a straight-line basis. The depreciation periods for property and equipment, which approximate the estimated economic useful lives of such assets, are as follows:

	Years
Land improvements	5
Building	25
Machinery and equipment	10
Furniture and fixtures	5
Vehicles	5
Leased assets	7
Leasehold improvements	10

The useful life and deprecation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Intangible Assets

Intangible assets which mainly comprise software rights are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of Assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income for items carried at cost and treated as a revaluation decrease for items carried at revalued amount to the extent that impairment loss does not exceed the amount held in the revaluation surplus. The recoverable amount of property and equipment is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or has decreased. The reversal is recorded in income or as a revaluation increase.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Finance Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the estimated useful life of the asset.

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Related Parties

Parties are considered related when one party either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party. Related parties also include individuals that are shareholders, members of the Company's management and employees. Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

Trade Payables

Trade payables which generally have an average of 45 day (December 31, 2004 – 46 day, 2003 – 50 day, 2002 – 53 day, March 31, 2004 – 46 day) term are carried at amortized cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Income Taxes

Income tax is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent Assets and Liabilities

Contingent liabilities are not recognised in the financial statements. They are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Long-term Employee Benefits

(a) Defined Benefit Plans:

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

As discussed in Note 13, the reserve for employee termination benefits is provided for in accordance wit IAS 19 “Employee Benefits” and is based on an independent actuarial study.

In the financial statements, the Company has recognised a liability using the “Projected Unit Credit Method”. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses exceed 10% of the present value of the defined benefit obligation, in accordance with the valuation made by the qualified actuaries. Actuarial gains and losses are recognized over the average remaining working lives of employees. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate estimate of qualified actuaries.

(b) Defined Contribution Plans:

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

Foreign Currency Transactions

Transactions in foreign currencies during the period/years have been translated at the exchange rates prevailing at the dates of such transactions. Monetary balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. All differences are taken to the income statement.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation rates used by the Company as of respective year-ends are as follows:

Dates	USD / YTL (full)	EUR / YTL (full)
December 31, 2002	1.6345	1.7035
December 31, 2003	1.3958	1.7451
March 31, 2004	1.3113	1.5998
December 31, 2004	1.3421	1.8268
March 31, 2005	1.3706	1.7757

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of discounts and Value Added Tax (VAT) when delivery has taken place and transfer of risks and rewards has been completed.

Interest income is recognized on an accrual basis.

Earnings Per Share

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

In Turkey, companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and statutory revaluation fund (statutory revaluation fund which was applicable only for the periods prior to January 1, 2004 has been eliminated by introduction of a tax law related with inflation accounting). For the purpose of the EPS calculation, such Bonus Share issues are regarded as stock dividends. Accordingly, the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares in 2003.

Subsequent Events

Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

Borrowing Costs

Borrowing costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is:

- cash,
- a contractual right to receive cash or another financial asset from another enterprise,
- a contractual right to exchange financial instruments from another enterprise under conditions that are potentially favourable, or,
- an equity instrument of another enterprise.

A financial liability that is a contractual obligation:

- to deliver cash or another financial asset to another enterprise, or
- to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

When a financial asset or financial liability is recognized initially, it is measured at its cost, which is the fair value of the consideration given (in the case of an asset) or received (in case of a liability) for it. Transaction costs are included in the initial measurement of all financial assets and liabilities.

After initial recognition, financial assets are measured at their fair values, without any deduction for transaction costs that it may incur on sale or other disposal.

Fair value is the amount for which as asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Fair values of certain financial assets and liabilities carried at cost, including cash and cash equivalents, trade receivables and payables, leasing obligations and short-term borrowings are considered to approximate their respective carrying values due to their short term nature.

Recognition and Derecognition of Financial Assets and Liabilities

The Company recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of a financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of a financial asset. The Company derecognizes a financial liability when and only when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expires.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase or to sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. As the Company operates in a single business segment and in a single geographic location, there is no basis for segment reporting.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

3. CASH AND CASH EQUIVALENTS

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Cash at banks (demand deposits)	**20,711**	7,232	5,721	7,503	13,800
Cash on hand	**6,738**	4,986	8,108	6,341	5,276
Cash in transit	**2,240**	2,282	3,120	2,472	2,796
	29,689	14,500	16,949	16,316	21,872

4. TRADE RECEIVABLES

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Credit card receivables	**35,037**	30,191	34,087	20,428	3,934
Trade receivables	**1,390**	1,426	455	407	907
Advances given	**-**	-	1,030	100	187
Other receivables	**181**	97	210	67	71
Provision for doubtful receivables	**(493)**	(357)	(348)	(273)	(29)
	36,115	31,357	35,434	20,729	5,070

As of March 31, 2005, the average term of trade receivables is 9 days. (March 31, 2004 - 9 days, December 31, 2004 - 9, 2003 - 7, 2002 - 2 days).

5. INVENTORIES

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Trade goods	**75,772**	64,482	79,431	62,508	46,374
Advances given	**11,252**	8,554	9,919	4,928	4,983
Goods in transit	**3,298**	1,030	-	142	142
Other stocks	**249**	151	625	418	217
	90,571	74,217	89,975	67,996	51,716

6. PREPAYMENTS AND OTHER CURRENT ASSETS

As of March 31, 2005, prepayments and other current assets mainly include prepaid rent and prepaid insurance premiums amounting to YTL 1,851 (March 31, 2004 - YTL 1,210; December 31, 2004 - YTL 1,911; December 31, 2003 - YTL 1,215; December 31, 2002 - YTL 1,409).

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

7. PROPERTY AND EQUIPMENT

The movement of property and equipment and the related accumulated depreciation and impairment losses for the periods ended March 31, 2005 and March 31, 2004 is as follows:

	December 31, 2003 (Audited)	Additions	Disposals	March 31, 2004 (Unaudited)
Cost or revalued amount				
Land	10,547	-		10,547
Land improvements	175	-		175
Building	10,106	-		10,106
Machinery and equipment	44,389	2,511	(12)	46,888
Furniture and fixtures	34,819	1,451	(5)	36,265
Vehicles	14,148	1,807	(552)	15,403
Leasehold improvements	36,141	1,417	(44)	37,514
Leased assets (*)	39,475	-	-	39,475
Advances given	1,073	2,105	(83)	3,095
	190,873	9,291	(696)	199,468
Accumulated depreciation				
Land improvements	131	6	-	137
Building	2,181	90	-	2,271
Machinery and equipment	14,341	1,142	(4)	15,479
Furniture and fixtures	19,258	1,408	(3)	20,663
Vehicles	4,886	686	(394)	5,178
Leasehold improvements	13,346	925	(14)	14,257
Leased assets	27,980	1,154	-	29,134
	82,123	5,411	(415)	87,119
Reserve for impairment of land and building	(8,252)	-	-	(8,252)
Net book value	100,498			104,097

	December 31, 2004 (Audited)	Additions	Disposals	Transfers	March 31, 2005 (Audited)
Cost or revalued amount					
Land	**10,547**	**-**	**-**	**-**	**10,547**
Land improvements	**175**	**-**	**-**	**-**	**175**
Building	**10,106**	**-**	**-**	**-**	**10,106**
Machinery and equipment	**58,016**	**1,679**	**(22)**	**176**	**59,849**
Furniture and fixtures	**40,726**	**889**	**(92)**	**3**	**41,526**
Vehicles	**16,922**	**832**	**(576)**	**-**	**17,178**
Leasehold improvements	**43,086**	**1,495**	**(123)**	**-**	**44,458**
Leased assets (*)	**39,475**	**-**	**-**	**-**	**39,475**
Advances given	**624**	**63**	**-**	**(257)**	**430**
	219,677	**4,958**	**(813)**	**(78) (*)**	**223,744**
Accumulated depreciation					
Land improvements	**146**	**-**	**-**	**-**	**146**
Building	**2,541**	**360**	**-**	**-**	**2,901**
Machinery and equipment	**19,384**	**1,475**	**-**	**-**	**20,859**
Furniture and fixtures	**25,007**	**1,455**	**(3)**	**-**	**26,459**
Vehicles	**5,997**	**792**	**(405)**	**-**	**6,384**
Leasehold improvements	**16,891**	**1,076**	**(34)**	**-**	**17,933**
Leased assets	**32,340**	**950**	**-**	**-**	**33,290**
	102,306	**6,108**	**(442)**	**-**	**107,972**
Reserve for impairment of land and building	**(8,252)**	**-**	**-**	**-**	**(8,252)**
Net book value	**109,119**				**107,520**

(*) Comprises YTL 78 of transfers made from advances given to intangibles.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

7. PROPERTY AND EQUIPMENT (continued)

The movement of property and equipment and the related accumulated depreciation and impairment losses for the years ended December 31, 2004, December 31, 2003 and December 31, 2002 was as follows:

	January 1, 2002 (Audited)	Additions	Disposals	December 31, 2002 (Audited)	Adjustment to reverse the effect of inflation accounting	Additions	Disposals	December 31, 2003 (Audited)	Additions	Disposals	Transfers	December 31, 2004 (Audited)
Cost or revalued amount												
Land	13,378	-	(1,537)	11,841	(1,445)	151	-	10,547	-	-	-	10,547
Land improvements	122	53	-	175	-	-	-	175	-	-	-	175
Building	11,495	16	-	11,511	(1,405)	-	-	10,106	-	-	-	10,106
Machinery and equipment	31,292	6,551	(52)	37,791	-	6,780	(182)	44,389	11,820	(167)	1,974	58,016
Furniture and fixtures	22,097	6,013	-	28,110	-	6,830	(121)	34,819	6,135	(77)	(151)	40,726
Vehicles	9,435	3,017	(1,410)	11,042	-	6,086	(2,980)	14,148	5,946	(3,172)	-	16,922
Leasehold improvements	28,327	4,242	(145)	32,424	-	5,151	(1,434)	36,141	7,983	(1,038)	-	43,086
Leased assets (*)	38,442	1,033	-	39,475	-	-	-	39,475	-	-	-	39,475
Advances given	90	-	(83)	7	-	1,073	(7)	1,073	2,021	(647)	(1,823)	624
	154,678	20,925	(3,227)	172,376	(2,850)	26,071	(4,724)	190,873	33,905	(5,101)	-	219,677
Accumulated depreciation												
Land improvements	74	32	-	106	-	25	-	131	15	-	-	146
Building	1,614	460	-	2,074	(253)	360	-	2,181	360	-	-	2,541
Machinery and equipment	7,290	3,452	(14)	10,728	-	3,638	(25)	14,341	5,080	(37)	-	19,384
Furniture and fixtures	10,590	4,340	-	14,930	-	4,351	(23)	19,258	5,799	(50)	-	25,007
Vehicles	3,255	1,836	(613)	4,478	-	1,900	(1,492)	4,886	3,124	(2,013)	-	5,997
Leasehold improvements	7,833	3,006	(18)	10,821	-	3,049	(524)	13,346	3,941	(396)	-	16,891
Leased assets	17,448	5,632	-	23,080	-	4,900	-	27,980	4,360	-	-	32,340
	48,104	18,758	(645)	66,217	(253)	18,223	(2,064)	82,123	22,679	(2,496)	-	102,306
Reserve for impairment of land and building	-	(9,398)	-	(9,398)	1,146	-	-	(8,252)	-	-	-	(8,252)
Net book value	106,574			96,761				100,498				109,119

(*) Leased assets comprise machinery and equipment.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

7. PROPERTY AND EQUIPMENT (continued)

Land and building are carried at revalued amounts based on an independent valuation performed in 2002. Valuations for those assets were made in U.S. Dollars on the basis of market value for existing use. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the shareholders' equity. Revaluation surplus is not available for distribution to shareholders.

Had the revalued assets been carried at cost less accumulated depreciation and any accumulated impairment losses, the carrying amounts of land and building in Samandıra that would have been included in the financial statements as of March 31, 2005 are as follows :

	Land	Building
Cost	149	6,508
Accumulated depreciation	-	(478)

Movements in revaluation surplus for the periods ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002 were as follows:

January 1, 2002	14,814
Impairment on revalued assets (net of deferred tax)	(8,908)
December 31, 2002	5,906
Adjustment to reverse the effect of inflation accounting	(721)
The effect of change in tax rate	(39)
December 31, 2003	5,146

There is no change in revaluation surplus since December 31, 2003.

As of March 31, 2005 and 2004 and December 31, 2004, 2003 and 2002, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Furniture and fixtures	**13,284**	**8,650**	**12,414**	**7,499**	**4,682**
Machinery and equipment	**317**	**-**	**317**	**-**	**-**
Leased assets	**13,712**	**8,038**	**12,038**	**6,879**	**2,244**
Intangibles	**2,190**	**765**	**2,165**	**423**	**131**
Vehicles	**1,431**	**874**	**1,384**	**418**	**503**
Land improvements	**114**	**52**	**114**	**52**	**52**
	31,048	**18,379**	**28,432**	**15,271**	**7,612**

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

8. INTANGIBLES

The movement of intangibles and related accumulated amortisation for the periods ended March 31, 2005 and 2004 is as follows:

	December 31, 2003 (Audited)	Additions	March 31, 2004 (Unaudited)
Cost			
Rights	2,835	244	3,079
Other intangibles	431	4	435
	3,266	248	3,514
Accumulated amortization			
Rights	1,555	141	1,696
Other intangibles	431	-	431
Net book value	1,280		1,387

	December 31, 2004 (Audited)	Additions	Disposals	Transfers	March 31, 2005 (Audited)
Cost					
Rights	3,677	488	(6)	78	4,237
Other intangibles	437	4	-	-	441
	4,114	492	(6)	78	4,678
Accumulated amortization					
Rights	2,142	175	-	-	2,317
Other intangibles	431	-	-	-	431
Net book value	1,541				1,930

The movement of intangibles and related accumulated amortisation for the years ended December 31, 2004, 2003 and 2002 is as follows:

	January 1, 2002 (Audited)	Additions	Disposals	December 31, 2002 (Audited)	Additions	Disposals	December 31, 2003 (Audited)	Additions	December 31, 2004 (Audited)
Cost									
Rights	2,191	338	(20)	2,509	326	-	2,835	842	3,677
Other intangibles	440	-	-	440	-	(9)	431	6	437
	2,631	338	(20)	2,949	326	(9)	3,266	848	4,114
Accumulated amortization									
Rights	634	450	(4)	1,080	475	-	1,555	587	2,142
Other intangibles	440	-	-	440	-	(9)	431	-	431
Net book value	1,557			1,429			1,280		1,541

The estimated useful lives of intangibles is 5 years.
Rights mainly comprise software licenses.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

9. RELATED PARTY BALANCES AND TRANSACTIONS

The balances with related parties at March 31, 2005 and 2004 and December 31, 2004, 2003 and 2002 and a summary of the major transactions made with them during the periods/years then ended were as follows:

Balances

(a) As of December 31, 2004 and 2003 the Company does not have any due from related party balances included in trade receivables. As of March 31, 2005 and 2004 and December 31, 2002, due from related party balances included in trade receivables amount to YTL 66, YTL 14 and YTL 841, respectively.

(b) As of March 31, 2005 and 2004 and December 31, 2004, 2003 and 2002 the Company has advance receivables related to the inventory purchases from Teksu Ticaret A.Ş. (1) amounting to YTL 916, YTL 1,254, YTL 541, YTL 1,339 and YTL 588, respectively.

(c) Due to related party balances related to purchase of goods, which are included in trade payables comprise the following balances:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Ak Gıda A.Ş. (Ak Gıda) (1)	**14,947**	13,287	8,212	9,892	7,850
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. (Biskot) (1)	**4,579**	1,798	3,923	-	-
Nimet Gıda Sanayi ve Ticaret A.Ş. (Nimet) (1)	**4,353**	2,591	3,453	2,195	1,574
Pak Kağıtçılık San. ve Tic. A.Ş. (Pak Kağıtçılık) (1)	**2,206**	-	-	-	-
Noble Pazarlama Satış ve Dağıtım (Noble) (1)	**1,091**	-	1,542	-	-
Çizmeci Gıda Sanayi ve Ticaret A.Ş. (Çizmeci) (1)	**302**	760	246	975	823
Ahsen Plastik Sanayi ve Ticaret A.Ş. (Ahsen) (1)	**898**	2,236	2,700	3,411	363
Plas Plastik ve Ambalaj Sanayi (Plas Plastik) (1)	**328**	1,551	1,793	1,491	-
Rekor Gıda Pazarlama Sanayi ve Ticaret A.Ş. (Rekor Gıda (1)	-	-	-	1,552	2,251
Sağlıklı Gıda Ürünleri Sanayi ve Ticaret A.Ş. (Sağlıklı Gıda) (1)	-	492	-	1,049	-
Oyaş Okyanus Gıda Yatırım Sanayi A.Ş. (Oyaş Gıda) (1)	**752**	646	484	-	-
Nice İç ve Dış Ticaret Limited Şirketi (Nice Ticaret) (1)	**4**	-	140	-	-
F.M.C.G. Ticaret A.Ş. (F.M.C.G. Ticaret) (1)	-	68	-	2	-
Others	**127**	-	35	27	5
	29,587	23,429	22,528	20,594	12,866

(1) Companies owned by Shareholders.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

9. RELATED PARTY TRANSACTIONS (continued)

Transactions

a) Major purchases from related parties in the normal course of business are as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Ak Gıda (1)	**34,592**	25,477	119,903	82,799	63,801
Nimet (1)	**10,244**	8,185	35,419	27,096	12,708
Biskot (1)	**6,291**	3,085	16,913	-	-
Noble (1)	**4,082**	-	11,369	-	-
Pak Kağıtçılık (1)	**3,672**	-	-	-	-
Ahsen (1)	**3,315**	5,256	24,344	22,411	19,971
Plas Plastik (1)	**2,707**	2,336	10,992	4,174	-
Teksu Dağıtım Hizmetleri A.Ş. (1)	**664**	1,093	3,593	5,649	1,120
Çizmeci (1)	**315**	705	1,944	3,338	2,515
Balsu Gıda San. A.Ş. (1)	-	-	-	-	938
Rekor Gıda (1)	-	136	290	11,201	12,938
Sağlıklı Gıda (1)	-	2,480	4,664	7,614	-
Oyaş Gıda (1)	**1,214**	550	8,410	-	-
Nice Ticaret (1)	**258**	-	130	-	-
F.M.C.G. Ticaret (1)	**-**	87	85	59	116
Bahariye Tekstil Sanayi ve Ticaret A.Ş. (1)	**19**	-	588	-	-
Others	-	-	5,042	859	4,210
	67,373	49,390	243,686	165,200	118,317

b) Consultancy services obtained from related parties are as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
ZTH Zincir Mağazalar Tedarik Hizmetleri (2) (*)	**154**	77	616	6	-

(*) Consultancy services given to the Company in suppliers' management.

c) Maintenance services obtained from related parties are as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Sağlam İnşaat Sanayi ve Ticaret Ltd. Şti. (2)	-	-	-	-	1,281
Çizmeci İnşaat ve Otomotiv Ltd. Şti. (1)	-	-	-	-	13

(1) Companies owned by Shareholders
(2) Companies owned by the members of Board of Directors.

9. RELATED PARTY TRANSACTIONS (continued)

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

(d) For the period ended March 31, 2005, the Company received consultancy services amounting to YTL 30 (March 31, 2004 - YTL 33, December 31, 2004 - YTL 153, December 31, 2003 - YTL 113, December 31, 2002 - YTL 106) from Dieter Brandes (shareholder). In addition, for the year ended December 31, 2004, the Company received consulting services from Merrill Lynch Global Markets & Investment Banking Group, (a related party) amounting to YTL 234.

(e) For the periods ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002 bonus and payroll expenses of the board members and key management personnel amounted to YTL 1,454, YTL 1,224, YTL 5,441, YTL 4,718 and YTL 3,739, respectively.

10. FINANCE LEASE OBLIGATIONS

As of March 31, 2005 and 2004 and December 31, 2004 and 2003, the Company has no finance lease obligation. As of December 31, 2002 future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments are as follows:

	December 31, 2002 (Audited)
2002	-
2003	1,965
Total minimum lease obligations	1,965
Less: finance charges	(145)
Present value of minimum lease obligations	1,820

11. OTHER PAYABLES AND ACCRUED LIABILITIES

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Payroll withholdings and social security taxes	**4,523**	3,734	4,500	3,505	2,869
VAT payable	**1,819**	1,065	1,629	1,086	2,299
Accrued expenses	**1,200**	1,565	1,121	1,340	711
Other	**441**	236	-	-	-
	7,983	6,600	7,250	5,931	5,879

12. TAXES

General Information

In Turkey, the corporation tax rate for the fiscal year ended December 31, 2004 is 33% (2003 - 30%, 2002 - %33). The corporate tax rate effective from December 1, 2005 was announced as 30%. Corporate tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the fourth month. The tax legislation provides for a temporary tax of 33% (2003 - 30%, 2002 - %33) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In 2003 and prior years, corporation tax was computed on the statutory income tax base without any adjustment for inflation accounting. Starting from January 1, 2004, taxable income will be derived from the financial statements which are adjusted for inflation accounting. Accumulated earnings arising from the first application of inflation accounting on December 31, 2003 balance sheet will not be subject to corporation tax, and similarly accumulated deficits arising from such application will not be deductible for tax purposes. Moreover, accumulated tax loss carry-forwards related with 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years. Ministry of Finance ceased the inflation accounting in statutory books of accounts effective from January 1, 2005.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years. (A tax amnesty law, which was enacted in 2003 provided immunity for tax inspection and additional assessments to those taxpayers who utilized the option. According to the law, companies, who accepted to use this option, also accepted a 50% reduction from their corporate tax losses incurred in the same year.)

10% withholding tax applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

12. TAXES (continued)

Tax Reconciliation

A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the periods ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002 is as follows :

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Net income before tax	**7,019**	**10,137**	36,940	17,473	11,214
Income tax at 30% (March 31, 2004 - 33%, December 31, 2004 - 33%, 2003 – 30%, 2002 - 33%)	**(2,105)**	**(3,345)**	(12,190)	(5,242)	(3,701)
Change in tax rate	-	-	-	1,199	-
Effect of non tax deductible and tax exempt items	**(383)**	**592**	(246)	110	2,038
Provision for taxes	**(2,488)**	**(2,753)**	(12,436)	(3,933)	(1,663)
- current	**(2,060)**	(2,800)	(11,957)	-	-
- deferred	**(428)**	47	(479)	(3,933)	(1,663)

Deferred income tax

The breakdown of cumulative temporary differences and resulting deferred tax assets / (liabilities) provided at March 31, 2005 and 2004 and December 31, 2004, 2003 and 2002 using the current effective tax rates, are as follows:

	March 31, 2005 (Audited)		March 31, 2004 (Unaudited)		December 31, 2004 (Audited)		December 31, 2003 (Audited)		December 31, 2002 (Audited)	
	Gross Amount of Temporary Differences	**Deferred Tax (Asset) / Liability**	Gross Amount of Temporary Differences	Deferred Tax (Asset) / Liability	Gross Amount of Temporary Differences	Deferred Tax (Asset) / Liability	Gross Amount of Temporary Differences	Deferred Tax (Asset) / Liability	Gross Amount of Temporary Differences	Deferred Tax (Asset) / Liability
Restatement effect on non-monetary items	**41,324**	**12,397**	39,067	11,720	38,517	11,555	42,087	12,626	49,354	16,287
Reserve for long term defined employee benefit plan	**(2,692)**	**(808)**	(1,846)	(554)	(2,390)	(716)	(1,714)	(515)	(1,312)	(433)
Financial lease obligations	-	-	-	-	-	-	-	-	(1,820)	(601)
Tax loss carry forwards	-	-	-	-	-	-	(770)	(275)	(19,228)	(6,345)
Fair value decrease on building	**(1,301)**	**(390)**	(1,301)	(390)	(1,301)	(390)	(1,301)	(390)	(1,301)	(429)
Others	**(1,870)**	**(561)**	(977)	(293)	(390)	(117)	(918)	(232)	(693)	(230)
	35,461	**10,638**	34,943	10,483	34,436	10,332	37,384	11,214	25,000	8,249

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

12. TAXES (continued)

Movement of net deferred tax liability is presented as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Balance at January 1	**10,332**	11,214	11,214	8,249	9,255
Deferred income charge/(credit) recognized in income statement	**428**	(47)	479	3,933	1,663
Charge to revaluation surplus	**-**	-	-	(39)	(490)
Monetary gain	**(122)**	(684)	(1,361)	(929)	(2,179)
Balance at December 31	**10,638**	10,483	10,332	11,214	8,249

13. LONG-TERM DEFINED EMPLOYEE BENEFIT PLAN

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of historical YTL 1.649, YTL 1,485, YTL 1.575, YTL 1.390 and YTL 1.260 (historical YTL) at March 31, 2005, March 31, 2004, December 31, 2004, December 31, 2003 and December 31, 2002, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination. The cost of providing those benefits is accrued over the employees' service period. The Company accounts for the employee termination benefits in accordance with the provisions of IAS 19 including the application of actuarial methods and assumptions by professional actuaries. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses exceed 10% of the present value of defined benefit obligations, in accordance with the valuation made by the qualified actuaries. Actuarial gains and losses are recognized over the average remaining working lives of the employees.

Movements in the reserve for employee termination benefits are as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Beginning balance	**2,390**	1,714	1,714	1,312	1,197
Actuarial loss	**12**	9	31	11	-
Interest cost	**56**	38	142	94	59
Service cost	**262**	190	711	456	339
Monetary gain	**(28)**	(105)	(208)	(159)	(283)
Ending balance	**2,692**	1,846	2,390	1,714	1,312

The principal actuarial assumptions used at each balance sheet date are as follows:

Discount rate	**6.5%**
Expected rate of salary/limit increases	**4%**

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

14. SHARE CAPITAL

As of March 31, 2005, 2004 and December 31, 2004 and 2003 the Company's paid in share capital was YTL 25,300 (historical terms) comprising 25,300,000 shares of YTL one nominal value each. (December 31, 2002 YTL 2,300 (historical terms), comprising 2,300,000 shares of YTL one nominal each).

As of March 31, 2005 and 2004 and December 31, 2004, 2003 and 2002 the breakdown of shareholders and their ownership percentages in the Company (all in historical terms) can be summarized as follows:

	March 31, 2005		March 31, 2004 and December 31, 2004		December 31, 2003		December 31, 2002	
	Historical Amount	%	Historical Amount	%	Historical Amount	%	Historical Amount	%
Mustafa Latif Topbaş	6,703	26.5	6,703	26.5	6,703	26.5	609	26.5
World Wide LTD.	-	-	6,689	26.4	6,689	26.4	608	26.4
Merrill Lynch Global Emerging Markets Partners L.P.	6,325	25.0	6,325	25.0	6,325	25.0	575	25.0
Abdulrahman A. El Khereji	5,205	20.6	-	-	-	-	-	-
BankAmerica International Investment Corporation	2,530	10.0	2,530	10.0	2,530	10.0	230	10.0
Geylan Abdülaziz Zapsu	-	-	-	-	1,834	7.3	167	7.3
Albaraka Türk Özel Finans Kurumu A.Ş.	1,455	5.8	1,455	5.8	-	-	-	-
Zuhair Fayez	1,301	5.1	-	-	-	-	-	-
İbrahim Halit Çizmeci	745	2.9	745	2.9	745	2.9	68	2.9
Kuveyt Türk Evkaf Finans Kurumu A.Ş.	600	2.4	600	2.4	-	-	-	-
Dieter Brandes	253	1.0	253	1.0	253	1.0	23	1.0
Gregson Limited	183	0.7	-	-	-	-	-	-
Warnham Finance Ltd.	-	-	-	-	221	0.9	20	0.9
	25,300	100.0	25,300	100.0	25,300	100.0	2,300	100.0

15. RISK MANAGEMENT POLICY

The Company's principal financial instruments comprise finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has other financial instruments such as trade debtors and creditors which arise directly from its operations.

The Company's exposure to interest risk is minimal. Since the Company is engaged in the retail sector and transactions are mainly on a cash basis, the exposure to credit and price risk is minimal.

Considering that the foreign currency denominated assets and liabilities are not material, the Company does not enter into derivative or hedging transactions to mitigate its exposure to foreign exchange risk.

16. COST OF SALES

Movement of cost of sales for the three months period ended March 31, 2005 and March 31, 2004 and for the years ended December 31, 2004, 2003 and 2002 is as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Beginning inventory	**79,431**	62,650	62,650	46,516	52,474
Purchases	**316,551**	281,405	1,189,001	966,950	791,587
Ending inventory	**(79,070)**	(65,512)	(79,431)	(62,650)	(46,516)
	316,912	278,543	1,172,220	950,816	797,545

17. SELLING AND MARKETING EXPENSES

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

The breakdown of selling and marketing expenses for the three months periods ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002 is as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Personnel expenses	**19,142**	16,039	69,369	51,557	40,566
Rental expenses	**11,879**	10,266	43,362	37,169	33,680
Depreciation and amortisation expenses	**5,296**	4,628	20,241	16,266	17,001
Water, electricity and communication expenses	**3,578**	3,432	13,921	13,008	11,630
Packaging expenses	**2,742**	2,163	8,500	6,756	5,890
Advertising expenses	**1,013**	697	3,673	2,407	895
Maintenance and repair expenses	**708**	620	3,090	4,291	3,632
IT expenses	**375**	425	1,858	1,774	1,942
Provision for employee termination benefits	**216**	149	585	351	251
Other	**4,485**	3,459	15,910	10,084	8,112
	49,434	41,878	180,509	143,663	123,599

18. GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of general and administrative expenses for the three months periods ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002 is as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Personnel expenses	**5,163**	4,410	18,966	15,581	14,085
Depreciation and amortisation expenses	**987**	924	3,025	2,432	2,207
Advertising expenses	**826**	909	3,822	3,914	4,532
Vehicle and car expenses	**432**	348	1,583	1,330	1,356
Money collection expenses	**421**	291	1,608	1,351	1,519
Legal and consultancy expenses	**339**	426	1,264	1,168	1,029
Communication expenses	**237**	275	1,078	1,120	1,034
Office supplies expenses	**154**	189	728	777	840
Provision for employee termination benefits	**58**	50	157	116	88
Other	**1,355**	449	4,109	4,089	3,563
	9,972	8,271	36,340	31,878	30,253

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

19. PERSONNEL EXPENSES

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Staff costs					
Wages and salaries	**20,525**	17,324	72,738	58,224	43,399
Provision for employee termination benefits	**274**	199	742	467	339
Cost of defined contribution plan (employer's share of social security premiums)	**3,780**	3,125	15,597	8,914	11,252
	24,579	20,648	89,077	67,605	54,990

Average number of personnel for the three months period ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002 are 6,294, 5,462, 5,762, 4,762 and 3,922, respectively.

20. FINANCIAL INCOME / (EXPENSE), net

Financial income and expenses for the three months period ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002 can be summarized as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Interest expense	**(56)**	(40)	(150)	(168)	(700)
Interest income	**13**	15	109	242	181
Foreign exchange gains	**465**	3	1,829	1,883	3,341
Foreign exchange losses	**(208)**	(467)	(1,368)	(2,226)	(2,572)
Other financial expense	**(23)**	(23)	(107)	(1,907)	(2,651)
	191	(512)	313	(2,176)	(2,401)

21. OTHER INCOME/ (EXPENSE), net

The breakdown of other income/ (expense), net for the three months period ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002 is as follows:

	March 31, 2005 (Audited)	March 31, 2004 (Unaudited)	December 31, 2004 (Audited)	December 31, 2003 (Audited)	December 31, 2002 (Audited)
Gain/(loss) on sale of fixed assets	**47**	117	(429)	(966)	(135)
Gain on sale of scrap materials	**420**	377	1,554	1,100	805
Other income/(expense), net	**90**	(789)	(1,163)	82	(262)
	557	(295)	(38)	216	408

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

22. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the period/year by the weighted average number of ordinary shares outstanding during the period/year. The EPS for the three months period ended March 31, 2005 and 2004 and for the years ended December 31, 2004, 2003 and 2002 are 0.179 (full YTL) 0.292 (full YTL), 0.969 (full YTL), 0.535 (full YTL), 0.378 (full YTL), respectively. The shareholders of the Company do not have any diluted shares.

The movement of paid in share capital and the number of shares during the three months period ended March 31, 2005 and 2004 and during the years ended December 31, 2004, 2003 and 2002 (number of shares and historical terms in YTL) is as follows:

	March 31,2005 (Audited)		March 31,2004 (Unaudited)		December 31, 2004 (Audited)		December 31, 2003 (Audited)		December 31, 2002 (Audited)	
	Number	**YTL**	Number	YTL	Number	YTL	Number	YTL	Number	YTL
At the beginning	**25,300,000**	**25,300**	25,300,000	25,300	25,300,000	25,300	2,300,000	2,300	2,300,000	2,300
Bonus shares:										
From statutory revaluation surplus of property and equipment	-	-	-	-	-	-	23,000,000	23,000	-	-
At the end	**25,300,000**	**25,300**	25,300,000	25,300	25,300,000	25,300	25,300,000	25,300	2,300,000	2,300

23. LEGAL RESERVES AND RETAINED EARNINGS

Legal Reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code (TCC). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's restated share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's restated share capital.

Companies of whose shares are quoted to Istanbul Stock Exchange Market (ISEM) perform their dividend appropriation in accordance with the Turkish Capital Market Board regulations as follows:

Regarding the profit resulting from 2004 operations presented in the financial statements prepared in accordance with the Communiqué Serial: XI No: 25 or IFRS, dividend distribution of at least 30% (2003 - 20%) of the distributable profit is obligatory. This distribution will be performed in cash, or as non paid-up stocks amounting to not less than 30% of the distributable income, or as a combination of cash and non-paid up stocks with certain portions in cash depending on the decisions of the companies' general assemblies. Distributable profit can not exceed the amount that is calculated according to the Turkish Commercial Code and Tax Procedural Law.

In Turkey, the concept of the payment of interim dividends does not exist.

The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above.

As of March 31, 2005, the Company is not a public company.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

23. LEGAL RESERVES AND RETAINED EARNINGS (continued)

As of March 31, 2005 and 2004 and December 31, 2004, 2003 and 2002, retained earnings / (accumulated deficit) and net profit / (loss) for the period / years (as per statutory financial statements of the Company) are as follows (YTL):

	March 31, 2005 (Audited) *(4)*	March 31, 2004 (Unaudited) *(4)*	December 31, 2004 (Audited) *(2, 3)*	December 31, 2003 (Audited) *(2, 3)*	December 31, 2002 (Audited) *(1)*
Retained earnings / (Accumulated deficit)	**23,145**	(5,364)	(490)	(17,283)	(17,419)
Net profit / (loss) for the period/year	**6,529**	9,221	23,910	16,793	(2,523)

(1) Historical amounts.
(2) In equivalent purchasing power at March 31, 2005.
(3) The Company has applied inflation accounting during the period/year.
(4) The Company has not applied inflation accounting during the period.

24. CONTINGENCIES AND COMMITMENTS

(i) Letters of guarantee obtained from banks and given to various institutions amounted to YTL 636 at March 31, 2005 (March 31, 2004 - YTL 177) and YTL 644 at December 31, 2004 (2003 - YTL 280 and 2002 - YTL 1,760), in historical terms.

(ii) As of March 31, 2005 the Company has operating lease commitments for each of the following periods:

		Foreign Currency (full)	YTL Equivalent
Not later than one year	EUR	229,422	407
Later than one year and not later than five years	EUR	354,561	630

(iii) On June 1, 2005, the Company's Board of Directors decided to make a one-time bonus payment to its senior management amounting to YTL 6,000 in gross which is conditioned on closing of the Initial Public Offering and the purchase of shares during the Initial Public Offering.

(iv) The tax and other government authorities (Social Security Institution) can request to inspect the Company's tax returns and accounting records for the past five fiscal years. The Company has not recorded a provision for any additional taxes for the fiscal years that remained unaudited, as the amount cannot be estimated with any degree of certainty. The Company's management believes that no material assessment will arise from any future inspection for unaudited fiscal years.

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at March 31, 2005 unless otherwise indicated and thousands of U.S. Dollars (Note 2))

25. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES

a) Foreign Currency Position

As of March 31, 2005, 2004 and December 31, 2004, 2003 and 2002, foreign currency position of the Company is summarized below:

				March 31, 2005 (Audited)			
	USD	**YTL Equivalent**	**Euro**	**YTL Equivalent**	**GBP**	**YTL Equivalent**	**Total YTL Equivalent**
Total foreign currency denominated assets	3,251,089	4,456	150	-	6,99	18	4,47
Total foreign currency denominated liabilities	49,661	68	-	-	-	-	68
Net foreign currency position		**4,388**		**-**		**18**	**4,40**

			March 31, 2004 (Unaudited)		
	USD	YTL Equivalent	Euro	YTL Equivalent	Total YTL Equivalent
Total foreign currency denominated assets	6,388,403	9,061	-	-	9,061
Total foreign currency denominated liabilities	1,417,767	2,011	516	-	2,011
Net foreign currency position		7,050		-	7,050

				December 31, 2004 (Audited)			
	USD	YTL Equivalent	Euro	YTL Equivalent	GBP	YTL Equivalent	Total YTL Equivalent
Total foreign currency denominated assets	3,604,381	4,895	150	-	7,44	19	4,91
Total foreign currency denominated liabilities	1,447,990	1,966	632	1	-	-	1,96
Net foreign currency position		2,929		(1)		**19**	**2,94**

			December 31, 2003 (Audited)		
	USD	YTL Equivalent	Euro	YTL Equivalent	Total YTL Equivalent
Total foreign currency denominated assets	4,510,621	7,252	1,278	3	7,255
Total foreign currency denominated liabilities	166,217	267	499	1	268
Net foreign currency position		6,985		2	6,987

25. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES (continued)

	December 31, 2002 (Audited)				
	USD	YTL Equivalent	Euro	YTL Equivalent	Total YTL Equivalent
Total foreign currency denominated assets	4,951,060	10,621	261,919	586	11,207
Total foreign currency denominated liabilities	318,137	682	260,189	582	1,264
Net foreign currency position		9,939		4	9,943

26. SUBSEQUENT EVENTS

i) **Initial Public Offering :** On April 1, 2005, the Company commenced preparation for an initial public offering of its common shares to be listed in the Turkish Stock Exchange and an international offering to institutional investors.

ii) At the Ordinary General Assembly Meeting dated April 14, 2005, the shareholders decided to distribute dividend amounting to YTL 20,103 (historical terms) after allocating YTL 3,042 (historical terms) of legal reserves from the net income of the year 2004.

iii) On May 5, 2005, the Board of Directors decided to propose to the shareholders to convert all classes of shares which are currently ranging from A type to G type and having different rights (million 1 TL nominal) to only one class of shares as part of the initial public offering process. However, such change was not approved by the General Assembly as of the date of the preparation of the financial statements.

iv) On May 5, 2005, the Board of Directors decided to propose to the shareholders to increase the paid-in share capital from YTL 25,300 to YTL 25,450 (all historical terms). However, as of the date of the preparation of the financial statements, the General Assembly has not been held yet.