BİM Birleşik Mağazalar Anonim Şirketi

Financial Statements
September 30, 2006

BİM BİRLEŞİK MAĞAZALAR A.Ş.

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BİM Birleşik Mağazalar Anonim Şirketi

BALANCE SHEET
As at September 30, 2006
(Currency – Thousands of New Turkish Lira (YTL))

	Notes	September 30, 2006	December 31, 2005
ASSETS			
Current assets			
Cash and cash equivalents	3	**100,854**	60,335
Trade receivables, net	4, 9	**66,151**	41,682
Inventories, net	5, 9	**141,577**	105,632
Prepayments and other current assets	6	**4,761**	4,439
Total current assets		**313,343**	212,088
Property and equipment, net	7	**141,389**	112,763
Intangibles, net	8	**1,279**	1,608
Other non-current assets		**1,125**	605
Total non-current assets		**143,793**	114,976
Total assets		**457,136**	327,064
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, net	9	**299,970**	202,512
Income tax payable	11	**4,769**	4,397
Other payables and accrued liabilities	9, 10	**13,029**	9,926
Total current liabilities		**317,768**	216,835
Reserve for long-term defined employee benefit plan	12	**4,130**	3,239
Deferred tax liability	11	**7,504**	11,475
Total non-current liabilities		**11,634**	14,714
Equity			
Share capital	13	**33,721**	33,721
Revaluation surplus	7	**5,835**	5,316
Legal reserves and retained earnings	22	**88,178**	56,478
Total equity		**127,734**	95,515
Total liabilities and equity		**457,136**	327,064

The accompanying policies and explanatory notes on pages 5 through 28 form an integral part of the financial statements.

STATEMENT OF INCOME
For the nine-months period ended September 30, 2006
(Currency – Thousands of New Turkish Lira (YTL))

		January 1, 2006 - September 30, 2006	**July 1, 2006 - September 30, 2006**	January 1, 2005- September 30, 2005	July 1, 2005 - September 30, 2005
Net sales		**1,593,835**	**593,707**	1,235,464	434,097
Cost of sales	9, 15	**(1,308,655)**	**(488,281)**	(1,020,761)	(357,257)
Gross profit		**285,180**	**105,426**	214,703	76,840
Selling and marketing expenses	9, 16,18	**(189,990)**	**(71,223)**	(157,441)	(54,575)
General and administrative expenses	9, 17,18	**(34,048)**	**(11,753)**	(29,032)	(9,769)
Financial income / (expense), net	9, 19	**4,282**	**1,617**	(22)	(81)
Other income / (expense), net	20	**2,181**	**1,017**	(11,335)	(1,775)
Gain on net monetary position		**-**	**-**	7,522	3,672
Profit before tax		**67,605**	**25,084**	24,395	14,312
Tax charge					
- Current	11	**(14,057)**	**(5,028)**	(7,026)	(1,440)
- Deferred	11	**3,452**	**(77)**	(1,731)	(3,497)
Net profit		**57,000**	**19,979**	15,638	9,375
Weighted average number of shares (1 YTL par value each)		**25,300,000**	**25,300,000**	25,300,000	25,300,000
Basic earnings per share (full YTL)	21	**2.253**	**0.790**	0.618	0.371

The accompanying policies and explanatory notes on 5 through 28 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the nine-months period ended September 30, 2006
(Currency – Thousands of New Turkish Lira (YTL))

	Share Capital	Revaluation Surplus	Legal Reserves	Retained Earnings	Total
At January 1, 2005	33,721	5,316	-	47,347	86,384
Dividends paid	-	-	-	(21,047)	(21,047)
Transfer to legal reserves	-	-	3,042	(3,042)	
Net profit for the period	-	-	-	15,638	15,638
At September 30, 2005	33,721	5	3,042	38,896	80,975
At January 1, 2006	**33,721**	**5,316**	**3,042**	**53,436**	**95,515**
Dividends paid	**-**	**-**	**-**	**(25,300)**	**(25,300)**
Transfer to legal reserves	**-**	**-**	**3,911**	**(3,911)**	**-**
The effect of change in tax rate	**-**	**519**	**-**	**-**	**519**
Net profit for the period	**-**	**-**	**-**	**57,000**	**57,000**
At September 30, 2006	**33,721**	**5,835**	**6,953**	**81,225**	**127,734**

The accompanying policies and explanatory notes on pages 5 through 28 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
For the nine-months period ended September 30, 2006
(Currency – Thousands of New Turkish Lira (YTL))

	Notes	**January 1, 2006 - September 30, 2006**	January 1, 2005 - September 30, 2005
Cash flows from operating activities			
Net income before monetary gain and tax charge		**67,605**	16,873
Adjustments to reconcile net income to net cash provided by operating activities :			
Depreciation and amortization	7, 8	**19,984**	18,681
Reserve for long-term defined employee benefit plan	12, 16, 17, 18	**645**	543
Financial expense of long-term defined employee benefit plan	12, 19	**246**	172
Profit share income from deposit accounts	19	**(4,428)**	(19)
Loss on sale of property and equipment and intangibles	7, 8, 20	**340**	521
		84,392	36,771
Changes in working capital			
Trade receivables	4, 9	**(24,346)**	(4,111)
Inventories	5	**(35,945)**	(14,954)
Prepayments and other current assets	6	**(445)**	(1,985)
Other non-current assets		**(520)**	(697)
Trade payables	9	**97,091**	56,647
Other payables and accrued liabilities	10	**3,103**	(460)
Profit share received from deposit account	19	**4,428**	19
Taxes paid	11	**(13,685)**	(7,678)
Net cash generated by operating activities		**114,073**	63,552
Cash flows from investing activities:			
Capital expenditure	7, 8	**(50,181)**	(19,802)
Proceeds from sale of property and equipment and intangibles	7, 8	**1,560**	1,119
Net cash used in investing activities		**(48,621)**	(18,683)
Cash flows from financing activities:			
Dividends paid	9, 21	**(24,933)**	(21,048)
Net cash used in financing activities		**(24,933)**	(21,048)
Net effect of monetary loss on cash and cash transactions		**-**	(2,041)
(Decrease)/increase in cash and cash equivalents	3	**40,519**	21,780
Cash and cash equivalents at the beginning of the period	3	**60,335**	17,511
Cash and cash equivalents at the end of the period	3	**100,854**	39,291

The accompanying policies and explanatory notes on pages 5 through 28 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 November 2, 2006 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 September 30, 2006, the Company operated through 14 warehouses (December 31, 2005 - 13) in various cities. As of September 30, 2006, the number of stores is 1,372 (December 31, 2005 - 1,194).

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except for land and building which are carried at fair value.

The Company maintains its books of account and prepares its statutory financial statements in New Turkish Lira (YTL) in accordance with Turkish Commercial Code and Tax Legislation and the generally accepted accounting principles issued by the Turkish Capital Market Board (CMB). These financial statements have been prepared from the statutory financial statements of the Company 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, fair value accounting for land and building and accounting for leasing transactions.

2.2 Changes in Accounting Policies

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",
- IFRS 6 "Exploration for and Evaluation of Mineral Resources",
- IFRS 7 "Financial Instruments : Disclosures",

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.

IFRSs and IFRIC Interpretations Not Yet Effective

The Company has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

IFRIC 4 "Determining Whether an Arrangement Contains a Lease"- This Interpretation is required to be applied for annual periods beginning on or after January 1, 2006 but is not expected to be relevant for the activities of the Company.

IFRIC 5 "Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds"- This Interpretation is required to be applied for annual periods beginning on or after January 1, 2006 but is not expected to be relevant for the activities of the Company.

IFRIC 6 "Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment".

IFRIC 7 "Applying the Restatement Approach Under IAS 29 Financial Reporting in Hyperinflationary Economies".

IFRIC 8 "Scope of IFRS 2".

The Company expects that adoption of the pronouncements listed above will have no impact on the Company's financial statements in the period of initial application other than presentation of additional disclosures on financial instruments as required by IFRS 7.

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

2.3 Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities within the next financial year. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimation

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date that has a significant risk of causing a material adjustment to the carrying amounts liabilities within the next financial year is discussed below:

Employee termination benefits:

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees upon termination of their employment based on certain conditions. In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Company uses independent actuaries and also makes assumptions and estimations relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed regularly. The carrying value of employee termination benefit provisions as of September 30, 2006 is YTL 4,130 (December 31, 2005 - YTL 3,239).

2.4 Functional and Presentation Currency

The restatement for the changes in the general purchasing power of YTL as of December 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/year 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%. As of September 30, 2006, the three-year cumulative rate has been 36.6% (December 31, 2005 – 35.6%) based on the Turkish countrywide wholesale price index published by the State Institute of Statistics. Based on the current trends and developments and since the positive trends are confirmed as “other than temporary”, Turkey came of hyperinflationary status effective from January 1, 2006. Therefore, application of the inflation accounting have been ceased effective from January 1, 2006.

Index and conversion factors for the three-year period ended December 31, 2005 and for the nine months period ended September 30, 2005 as they are applied for IAS 29 restatement until December 31, 2005 (based on the Turkish Countrywide Wholesale Price Index - WPI - published by the SIS) are provided below:

Dates	Index	Conversion Factors
December 31, 2005	8,785.7	1,0000
September 30, 2005	8,950.2	0,9816
December 31, 2004	8,403.8	1,0454
December 31, 2003	7,382.1	1,1901

2.4 Functional and Presentation Currency (continued)

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

- all items of income statement for the period ended September 30, 2005, which were previously reported in terms of the measuring unit current at the end of that period are restated in their entirety to the measuring unit current at December 31, 2005.

- the inflation adjusted share capital was derived by indexing cash contributions from the date they were contributed through December 31, 2005.

- 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 through December 31, 2005.

- all items in the income statement for the period ended September 30, 2006 are presented with their historical values with the exception of depreciation, amortization, gain or loss an disposal of non-monetary assets which have been calculated based on the restated gross book values and accumulated depreciation / amortization until December 31, 2005.

- the amount of non-monetary assets, liabilities and components of equity expressed in the measuring unit current at the end of December 31, 2005 are treated as the basis for the carrying amounts of these items in the financial statements as of September 30, 2006 without further restatement in 2006.

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.

2.5 Summary of Significant Accounting Policies

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 original maturities of three months or less.

Trade Receivables

Trade receivables, which generally have an average of 9 day term (December 31, 2005 - 9 day) are carried at amortized cost less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

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.

2.5 Summary of Significant Accounting Policies (continued)

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 is initially credited to revaluation reserve in shareholders' equity net of the related deferred tax.

Depreciation is provided on cost or revalued amount of property 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	7, 10
Furniture and fixtures	5
Vehicles	5
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. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight line basis over the best estimate of their useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

2.5 Summary of Significant Accounting Policies (continued)

Intangible asset with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use 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.

2.5 Summary of Significant Accounting Policies (continued)

Related Parties

Parties are considered related to the Company if;

(a) directly, or indirectly through one or more intermediaries, the party:

   (i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
   (ii) has an interest in the Company that gives it significant influence over the Company; or
   (iii) has joint control over the Company;

(b) the party is an associate of the Company;

(c) the party is a joint venture in which the Company is a venturer;

(d) the party is member of the key management personnel of the Company or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Trade Payables

Trade payables which generally have an average of 51 day term (December 31, 2005 – 47 day) 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

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

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

2.5 Summary of Significant Accounting Policies (continued)

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.

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 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 12, 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 discount rate estimate of qualified actuaries.

2.5 Summary of Significant Accounting Policies (continued)

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

(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 date. All differences are taken to the income statement.

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

Dates	USD / YTL (full)	EUR / YTL (full)
September 30, 2006	1.4971	1.8964
December 31, 2005	1.3418	1.5875
September 30, 2005	1.3406	1.6161

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be reliably measured.

Sale of goods

Revenue is recognised net of discounts and Value Added Tax (VAT) when delivery has taken place and transfer of risks and rewards has been completed.

Profit share income

Revenue is recognised as profit share accrues.

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 year/period concerned.

In Turkey, companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without a consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the EPS calculation, such Bonus Share distributions are regarded as stock dividends.

Subsequent Events

Post year/period-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/period-end events that are not adjusting events are disclosed in the notes when material.

2.5 Summary of Significant Accounting Policies (continued)

Borrowing Costs

Borrowing costs are expensed as incurred.

Investments and Other Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate re-evaluates this designation at each financial year/period-end.

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 the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and Recivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

2.5 Summary of Significant Accounting Policies (continued)

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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 return 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.

3. Cash and Cash Equivalents

	September 30, 2006	December 31, 2005
Cash at banks (time deposits) (*)	**68,735**	31,574
Cash at banks (demand deposits)	**10,515**	8,915
Cash on hand	**12,391**	11,112
Cash in transit	**9,213**	8,734
	100,854	60,335

(*) Time deposits are profit/loss participation accounts in New Turkish Lira and are opened on the basis of profit/loss participation whereby the funds invested are directly used in interest – free financing of trade and industry. Profit share amounts are collected at maturity. Profit share rate of time deposits at September 30, 2006 is 12.4% per annum (December 31, 2005 - 11.7%) and maturity of time deposits is 30 days (December 31, 2005 - 30 days).

4. Trade Receivables

	September 30, 2006	December 31, 2005
Credit card receivables	**64,384**	40,911
Trade receivables	**1,027**	967
Advances given	**683**	308
Other receivables	**512**	178
Provision for doubtful receivables	**(455)**	(682)
	66,151	41,682

As of September 30, 2006 and December 31, 2005, the average term of trade receivables is 9 days.

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

5. Inventories, net

	September 30, 2006	December 31, 2005
Trade goods	**131,810**	98,428
Advances given	**9,445**	6,666
Other stocks	**322**	538
	141,577	105,632

6. Prepayments and Other Current Assets

As of September 30, 2006, prepayments and other current assets mainly include prepaid rent, prepaid insurance premiums and due from personnel totalling to YTL 4,761 (December 31, 2005 - YTL 4,439).

7. Property and Equipment, net

The movements of property and equipment and the related accumulated depreciation for the nine-months period ended September 30, 2006 and for the year ended December 31, 2005 are as follows:

	December 31, 2005	Additions	Disposals	Transfers	**September 30, 2006**
Cost or revalued amount					
Land	3,836	1,919	-	-	**5,755**
Land improvements	180	7	-	-	**187**
Building	9,102	-	-	-	**9,102**
Machinery and equipment	109,070	13,596	(159)	2,132	**124,639**
Vehicles	18,617	7,899	(3,485)	-	**23,031**
Furniture and fixtures	45,789	7,277	(99)	-	**52,967**
Leasehold improvements	51,394	10,714	(410)	-	**61,698**
Construction in progress	-	2,318	-	-	**2,318**
Advances given	1,279	6,228	-	(2,132)	**5,375**
	239,267	49,958	(4,153)	*	**285,072**
Accumulated depreciation					
Land improvements	164	10	-	-	**174**
Building	2,999	267	-	-	**3,266**
Machinery and equipment	63,062	7,642	(54)	-	**70,650**
Vehicles	7,446	2,868	(1,973)	-	**8,341**
Furniture and fixtures	31,642	4,671	(72)	-	**36,241**
Leasehold improvements	21,191	3,976	(156)	-	**25,011**
	126,504	19,434	(2,255)	*	**143,683**
Net book value	112,763				**141,389**

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

7. Property and Equipment (continued)

	December 31, 2004	Additions	Disposals	Transfers	**December 31, 2005**
Cost or revalued amount					
Land	3,712	280	(156)	-	**3,836**
Land improvements	180	-	-	-	**180**
Building	9,102	-	-	-	**9,102**
Machinery and equipment	100,728	5,025	(607)	3,924	**109,070**
Vehicles	17,483	4,309	(3,175)	-	**18,617**
Furniture and fixtures	42,076	3,858	(145)	-	**45,789**
Leasehold improvements	44,515	8,406	(1,527)	-	**51,394**
Advances given	644	4,559	-	(3,924)	**1,279**
	218,440	26,437	(5,610)	-	**239,267**
Accumulated depreciation					
Land improvements	152	12	-	-	**164**
Building	2,627	372	-	-	**2,999**
Machinery and equipment	53,438	9,947	(323)	-	**63,062**
Vehicles	6,197	3,438	(2,189)	-	**7,446**
Furniture and fixtures	25,837	5,826	(21)	-	**31,642**
Leasehold improvements	17,452	4,676	(937)	-	**21,191**
	105,703	24,271	(3,470)	-	**126,504**
Net book value	112,737				**112,763**

Land and building are carried at revalued amounts based on an independent valuation performed in 2002. Valuations for those assets were made in USD 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 the carrying amounts of land and buildings that would have been included in the financial statements as of September 30, 2006 and December 31, 2005 are as follows :

	Land and buildings	
	September 30, 2006	December 31, 2005
Cost	**6,959**	6,959
Accumulated depreciation	**(2,290)**	(2,086)

Movements of the revaluation reserve of land and buildings are as follows :

December 31, 2005	5,316
The effect of change in tax rate	519
September 30, 2006	**5,835**

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

7. Property and Equipment (continued)

As of September 30, 2006 and December 31, 2005, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	September 30, 2006	December 31, 2005
Furniture and fixtures	**20,618**	17,223
Machinery and equipment	**22,868**	21,497
Intangibles	**5,129**	4,673
Vehicles	**1,083**	1,044
Land improvements	**123**	119
	49,821	44,556

8. Intangibles

The movements of intangibles and related accumulated amortisation for the nine months period ended September 30, 2006 and for the year ended December 31, 2005 are as follows:

	December 31, 2004	Additions	Disposals	December 31, 2005	Additions	Disposals	**September 30, 2006**
Cost							
Software rights	3,799	735	(7)	4,527	223	(2)	**4,748**
Other intangibles	452	-	(109)	343	-	-	**343**
	4,251	**735**	**(116)**	**4,870**	**223**	**(2)**	**5,091**
Accumulated amortization							
Software rights	2,214	712	-	2,926	550	-	**3,476**
Other intangibles	444	1	(109)	336	-	-	**336**
	2,658	**713**	**(109)**	**3,262**	**550**	**-**	**3,812**
Net book value	**1,593**			**1,608**			**1,279**

The estimated useful lives of intangibles are 5 years. Rights mainly comprise software licences.

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

9. Related Party Balances and Transactions

The balances with related parties at September 30, 2006 and December 31, 2005 are as follows:

Balances

(a) As of September 30, 2006 and December 31, 2005, the Company has advances given related to the inventory purchases from Teksu Ticaret A.Ş. (1) included in inventories, amounting to YTL 71 and YTL 347, respectively.

(b) Amounts due to related parties arising from the purchase of goods, which are included in trade payables comprise the following balances:

	September 30, 2006	December 31, 2005
Ak Gıda A.Ş. (Ak Gıda) (1)	**17,990**	17.099
Nimet Gıda Sanayi ve Ticaret A.Ş. (Nimet) (1)	**8,292**	6.168
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. (Biskot) (1)	**4,169**	4.034
Noble Pazarlama Satış ve Dağıtım A.Ş. (Noble) (1)	**2,122**	2.153
Ahsen Plastik Sanayi ve Ticaret A.Ş. (Ahsen) (1)	**5,020**	2.110
ZTH Zincir Mağazalar Tedarik Hizmetleri (ZTH) (2)	**3,655**	51
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) (1)	**1,991**	-
Baharsu San. Ve Tic. A.Ş. (Baharsu) (1)	**1.980**	614
Pak Kağıtçılık San. ve Tic. A.Ş. (Pak Kağıtçılık) (1)	**1,075**	802
Plas Plastik ve Ambalaj Sanayi ve Ticaret Ltd. Şti. (Plas Plastik) (1)	**1,064**	461
Çizmeci Gıda Sanayi ve Ticaret A.Ş. (Çizmeci) (1)	**954**	584
Nice İç ve Dış Ticaret Ltd. Şti. (Nice) (1)	**-**	-
Teksu Ticaret A.Ş. (1)	**-**	37
Sağlık Gıda Ürünleri San. Ve Tic. A.Ş. (Sağlık Gıda) (1)	**-**	-
ETM Ev Tüketim Malları Sanayi ve Ticaret A.Ş. (ETM) (1)	**-**	427
Bahariye Tekstil San. Tic. A.Ş. (Bahariye) (1)	**69**	-
	48,381	34.540

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

As of September 30, 2006, the Company has dividend payable to its shareholders amounting to YTL 367, which is included in other payables and accrued liabilities (December 31, 2005 - nil).

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

9. Related Party Balances and Transactions (continued)

Transactions

For the periods ended September 30, 2006 and 2005, summary of the major transactions with related parties are as follows :

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

	January 1 - September 30, 2006	January 1 - September 30, 2005
Ak Gıda (1)	**118,132**	103,279
Nimet (1)	**45,624**	32,786
Noble (1)	**17,771**	15,961
Biskot (1)	**14,302**	15,501
Pak Kağıtçılık (1)	**15,066**	12,313
ZTH Zincir Mağazalar Tedarik Hizmetleri A.Ş. (2)	**14,426**	-
Ahsen (1)	**15,285**	10,289
Plas Plastik (1)	**8,860**	8,860
Baharsu (1)	**8,409**	5,830
Natura (1)	**7,967**	5,283
Çizmeci (1)	**2,420**	1,114
Teksu Ticaret A.Ş. (1)	**896**	1,491
Nice (1)	**579**	597
Bahariye (1)	**2,576**	2,226
Diğer	**-**	70
	272,313	215,600

(b) Consultancy services provided by related parties are as follows :

	September 30, 2006	September 30, 2005
ZTH Zincir Mağazalar Tedarik Hizmetleri (2) (*)	**-**	1,119

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

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

(c) For the period ended September 30, 2006, the Company received consultancy services amounting to YTL 27 (September 30, 2005 – YTL 106) from Dieter Brandes.

(d) For the periods ended September 30, 2006 and 2005, bonus and payroll expenses of the board members and key management personnel amounted to YTL 4,459 and YTL 10,374 (including the bonus payment for senior management amounting to YTL 5,900) respectively.

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

10. Other Payables and Accrued Liabilities

	September 30, 2006	December 31, 2005
Payroll withholdings, social security taxes and other taxes	**10,107**	7,614
VAT payable	**1,702**	1,222
Other	**1,220**	1,090
	13,029	9,926

11. Taxes

General Information

In Turkey, the corporation tax rate for the fiscal year ending December 31, 2005 was 30%. Effective from January 1, 2006 corporate tax rate is reduced to 20%. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2005 - 30%) 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, the statutory financial statements from which taxable income is derived are adjusted for inflation. Accumulated earnings arising from the first application of inflation accounting on the December 31, 2003 balance sheet are not subject to corporation tax, and similarly accumulated deficits arising from such application are not deductible for tax purposes. Moreover, accumulated tax loss carry-forwards related to 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years. Inflation accounting application has ceased effective from January 1, 2005.

In addition, the Turkish government offers investment incentives to companies that make certain qualifying capital investments in Turkey. Prior to April 24, 2003, the total amount of qualifying capital investments was deducted from taxable income and the remainder of taxable income, if any, was taxed at the corporate rate. A withholding tax of 19.8% was applied to the total amount of qualifying capital investments. With effect from April 24, 2003, the investment incentives scheme was amended such that companies are no longer subject to a withholding tax, but rather directly deduct 40% of qualifying capital investments from their annual taxable income. In addition, corporations that had unused qualifying capital investment amounts from periods prior to April 24, 2003 were entitled to carry forward these and apply the 19.8% withholding tax to these amounts in the manner described above. With the new law enacted, effective from January 1, 2006, Turkish government ceased to offer investment incentives for capital investments. Companies having unused qualifying capital investment amounts from periods prior to December 31, 2005 will be able to deduct such amounts from corporate income until the end of December 31, 2008; however, the corporate tax rate will be 30% for them. Furthermore, qualifying capital investments to be made until the end of December 31, 2008 within the scope of the investment projects started before December 31, 2005 will be subject to investment incentive until the end of December 31, 2008.

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.

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

11. 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 September 30, is as follows:

	September 30, 2006	September 30, 2005
Net income before tax	**67,605**	24,395
Income tax at 20% (September 30, 2005 – 30%)	**(13,521)**	(7,319)
The effect of change in tax rate	**3,191**	-
Effect of non tax deductible and tax exempt items, net	**(275)**	(1,438)
Provision for taxes	**(10,605)**	(8,757)
- current	**(14,057)**	(7,026)
- deferred	**3,452**	(1,731)

Deferred income tax

Deferred income taxes at September 30, 2006 and September 30, 2005 relate to the following:

	Balance Sheet		Income Statement and Revaluation Surplus	
	September 30, 2006	December 31, 2005	**September 30, 2006**	September 30, 2005
Deferred tax liability				
Restatement effect on non-monetary items	**8,933**	13,474	**(4,541)**	1,148
Deferred tax asset				
Reserve for long term defined employee benefit plan	**(826)**	(972)	**146**	(161)
Fair value decrease on building	**(268)**	(402)	**134**	(1)
Others	**(335)**	(625)	**290**	94
	7,504	11,475		
Deferred tax income, including monetary gain			**(3,971)**	1,080

Movement of net deferred tax liability is presented as follows:

	September 30, 2006	December 31, 2005
Balance at January 1	**11,475**	10,674
Deferred tax (credit) / charge recognized in income statement	**(3,452)**	1,265
Deferred tax credit recognized in revaluation surplus (Note 7)	**(519)**	-
Monetary gain		(464)
Balance at the end of period/year	**7,504**	11,475

12. Long-term Defined Employee Benefit Plan

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

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 1,857 and YTL 1,727 at September 30, 2006 and December 31, 2005, 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:

	September 30, 2006	December 31, 2005
Beginning balance	**3,239**	2,470
Actuarial loss	**68**	50
Financial expense of long-term defined employee benefit plan	**246**	227
Service cost	**1,049**	1,060
Payments	**(472)**	(449)
Monetary gain	**-**	(119)
Ending balance	**4,130**	3,239

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

	September 30, 2006	December 31, 2005
Discount rate	**6.5%**	6.5%
Expected rate of salary/limit increases	**4%**	4%

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

13. Share Capital

As of September 30, 2006 and December 31, 2005 the Company's paid in share capital was YTL 25,300 (historical terms) comprising 25,300,000 shares of YTL one nominal value each. Each shareholder has voting rights equivalent to their number of shares.

As of September 30, 2006 and December 31, 2005, the breakdown of shareholders and their ownership percentages in the Company (all in historical terms) can be summarized as follows:

	September 30, 2006		December 31, 2005	
	Historical Amount	**%**	Historical Amount	%
Mustafa Latif Topbaş	**5,564**	**22.0**	6,703	26.5
Abdulrahman A. El Khereji	**4,952**	**19.6**	5,205	20.6
Ahmet Afif Topbaş	**1,139**	**4.5**	-	-
Zuhair Fayez	**1,048**	**4.1**	1,301	5.1
İbrahim Halit Çizmeci	**665**	**2.6**	745	2.9
Dieter Brandes	**-**	**-**	1	-
Gregson Limited	**-**	**-**	182	0.7
Publicly held	**11,932**	**47.2**	11,163	44.2
	25,300	**100.0**	25,300	100.0
Effect of restatement	**8,421**		8,421	
Total	**33,721**		33,721	

14. Risk Management Policy

The Company's principal financial instruments comprise cash, short-term deposits, trade receivables and trade payables. 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.

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.

15. Cost of Sales

Cost of sales for the periods ended September 30, 2006 and 2005 is as follows:

	January 1 - September 30, 2006	July 1 - September 30, 2006	January 1 - September 30, 2005	July 1 - September 30, 2005
Beginning inventory	**98,428**	97,536	82,063	82,887
Purchases	**1,342,037**	522,555	1,042,532	378,204
Ending inventory	**(131,810)**	(131,810)	(103,834)	(103,834)
	1,308,655	488,281	1,020,761	357,257

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

16. Selling and Marketing Expenses

The breakdown of selling and marketing expenses for the periods ended September 30, 2006 and 2005 is as follows:

	January 1 - September 30, 2006	July 1 - September 30, 2006	January 1 - September 30, 2005	July 1 - September 30, 2005
Personnel expenses	**75,947**	29,095	61,168	21,626
Rental expenses	**45,425**	16,326	37,381	12,607
Depreciation and amortisation expenses	**17,586**	6,400	15,951	5,233
Water, electricity and communication expenses	**12,977**	5,040	11,603	4,402
Packaging expenses	**10,778**	4,130	8,500	2,993
Maintenance and repair expenses	**5,384**	2,192	3,370	1,233
Advertising expenses	**4,944**	2,007	3,584	1,046
IT expenses	**973**	375	973	283
Provision for employee termination benefits	**912**	310	661	215
Other	**15,064**	5,348	14,250	4,937
	189,990	71,223	157,441	54,575

17. General and Administrative Expenses

The breakdown of general and administrative expenses for the periods ended September 30, 2006 and 2005 is as follows:

	January 1 - September 30, 2006	July 1 - September 30, 2006	January 1 - September 30, 2005	July 1 - September 30, 2005
Personnel expenses	**18,152**	6,404	15,952	5,259
Depreciation and amortisation expenses	**2,398**	726	2,730	784
Advertising expenses	**2,801**	1,162	2,331	607
Motor vehicle expenses	**1,647**	554	1,416	473
Money collection expenses	**1,645**	605	1,394	1,071
Legal and consultancy expenses	**904**	246	785	270
Water, electricity and communication expenses	**703**	234	707	228
Office supplies expenses	**244**	84	196	59
Provision for employee termination benefits	**205**	63	178	59
Other	**5,349**	1,675	3,343	959
	34,048	11,753	29,032	9,769

18. Personnel Expenses

	January 1 - September 30, 2006	July 1 - September 30, 2006	January 1 - September 30, 2005	July 1 - September 30, 2005
Staff costs				
Wages and salaries	**79,246**	29,866	64,915	22,601
Provision for employee termination benefits	**1,117**	373	839	274
Cost of defined contribution plan (employer's share of social security premiums)	**14,853**	5,633	12,205	4,284
	95,216	35,872	77,959	27,159

Average number of employees for the periods ended September 30, 2006 and 2005 is 7,797 and 6,667, respectively.

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

19. Financial Income, net

Financial income and expenses for the periods ended September 30, 2006 and 2005 can be summarized as follows:

	January 1 - September 30, 2006	July 1 - September 30, 2006	January 1 - September 30, 2005	July 1 - September 30, 2005
Finanical expense of long-term defined employee benefit plan	**(246)**	(82)	(172)	(57)
Profit share income	**4,428**	1,732	19	-
Foreign exchange gains	**319**	51	673	112
Foreign exchange losses	**(84)**	(21)	(491)	(128)
Other financial expense	**(135)**	(63)	(51)	(8)
	4,282	1,617	(22)	(81)

20. Other Income / (Expense), net

The breakdown of other income / (expense), net for the periods ended September 30, 2006 and 2005 is as follows:

	January 1 - September 30, 2006	July 1 - September 30, 2006	January 1 - September 30, 2005	July 1 - September 30, 2005
Bonus accrual for senior management (Note 10)			(5,900)	(43)
IPO related expenses (Note 10)			(5,802)	(2,178)
Gain on sale of scrap materials	**1,587**	602	1,294	437
Loss on sale of property and equipment and intangibles	**340**	210	(521)	118
Other income / (expense), net	**254**	205	(406)	(109)
	2,181	1,017	(11,335)	(1,775)

21. Earnings Per Share

Basic earnings per share (EPS) are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the year. The basic EPS for the period ended September 30, 2006 and 2005 are 2.253 (full YTL) and 0.618 (full YTL), respectively. There are no dilutive instruments outstanding hence fully diluted earnings per share are the same.

There has not been any change to paid in share capital and the number of shares outstanding during the periods ended September 30, 2006 and during the year ended December 31, 2005.

For the nine months period ended September 30, 2006, the Company has made a dividend distribution to its shareholders amounting to YTL 25,300 (full YTL 1.000 per share) out of its net profit for the year ended December 31, 2005.

22. 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 whose shares are quoted on the Istanbul Stock Exchange Market (ISEM) perform their dividend appropriation in accordance with the Turkish Capital Market Board regulations.

22. Legal Reserves and Retained Earnings (continued)

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

As of September 30, 2006 and December 31, 2005, retained earnings, extraordinary reserves and legal reserves and net profit for the period (as per the statutory financial statements of the Company) are as follows (YTL):

	September 30, 2006	December 31, 2005
Retained earnings	**-**	-
Extraordinary reserves	**941**	-
Legal reserves	**6,953**	3,042
Net profit for the period/year	**68,938**	41,833

23. Contingencies and Commitments

(i) Letters of guarantee obtained from banks and given to various institutions amounted to YTL 456 at September 30, 2006 and YTL 533 at December 31, 2005, in historical terms.

(ii) As of September 30, 2006 the Company has operating lease commitments for each of the following periods:

	Thousands of YTL
Not later than one year	454
Later than one year and not later than five years	1,324
Later than five years	46

(iii) As of September 30, 2006 the Company has letters of guarantee amounting to YTL 2,013 received from its supplier firms (December 31, 2005 – YTL 2,196).

(iv) As of September 30, 2006 the total amount of the mortgages obtained from the supplier firms is YTL 12,498 (December 31, 2005 – YTL 10,704).

(v) The tax and other government authorities (Social Security Institution) have the right 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.

24. Foreign Currency Denominated Assets and Liabilities

As of September 30, 2006 and December 31, 2005, the foreign currency position of the Company is summarized below:

	September 30, 2006						
	USD	**Thousands of YTL Equivalent**	**EUR**	**Thousands of YTL Equivalent**	**GBP**	**Thousands of YTL Equivalent**	**Total YTL Equivalent**
Total foreign currency denominated assets	**183.684**	**275**	**120.826**	**229**	**1.608**	**4**	**508**
Total foreign currency denominated liabilities	**66.925**	**100**	**-**	**-**	**-**	**-**	**100**
Net foreign currency position		**175**		**229**		**4**	**408**

	December 31, 2005						
	USD	Thousands of YTL Equivalent	EUR	Thousands of YTL Equivalent	GBP	Thousands of YTL Equivalent	Total YTL Equivalent
Total foreign currency denominated assets	746,731	1,002	758,437	1,204	1,548	4	2,210
Total foreign currency denominated liabilities	29,270	39	-	-	-	-	39
Net foreign currency position		963		1,204		4	2,171