BİM Birleşik Mağazalar Anonim Şirketi

Financial Statements
March 31, 2008

BİM BİRLEŞİK MAĞAZALAR A.Ş.

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BİM Birleşik Mağazalar Anonim Şirketi

BALANCE SHEET
As at March 31, 2008
(Currency – Thousands of New Turkish Lira (YTL))

	Notes	March 31, 2008	December 31, 2007
ASSETS			
Current assets			
Cash and cash equivalents	3	**104,319**	83,039
Trade receivables, net	4	**127,055**	97,993
Inventories, net	5	**273,848**	184,127
Prepayments and other current assets	6	**8,057**	4,928
Total current assets		**513,279**	370,087
Property and equipment	7	**291,812**	264,708
Intangibles, net	8	**1,889**	1,996
Other non-current assets		**1,012**	1,671
Total non-current assets		**294,713**	268,375
Total assets		**807,992**	638,462
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, net	9	**515,967**	388,920
Income tax payable	11	**8,894**	6,876
Other payables and accrued liabilities	10	**31,359**	26,187
Total current liabilities		**556,220**	421,983
Reserve for long-term defined employee benefit plan	12	**5,853**	5,715
Deferred tax liability	11	**8,973**	8,970
Other non-current liabilities		**300**	184
Total non-current liabilities		**15,126**	14,869
Equity			
Share capital	13	**33,721**	33,721
Revaluation surplus	7	**12,776**	12,776
Legal reserves and retained earnings	22	**190,149**	155,113
Total equity		**236,646**	201,610
Total liabilities and equity		**807,992**	638,462

The accompanying policies and explanatory notes on pages 5 through 30 form an integral part of the financial statements.

STATEMENT OF INCOME
For the three-months period ended March 31, 2008
(Currency – Thousands of New Turkish Lira (YTL))

	Notes	March 31, 2008	March 31, 2007
Net sales		**967,036**	648,973
Cost of sales	15	**(806,545)**	(534,108)
Gross profit		**160,491**	114,865
Selling and marketing expenses	16,18	**(100,474)**	(76,459)
General and administrative expenses	17,18	**(17,354)**	(12,595)
Other income	20	**1,837**	1,649
Other expense	20	**(598)**	(657)
Financial income	19	**1,173**	1,738
Financial expense	19	**(1,142)**	(160)
Profit before tax		**43,933**	28,381
Tax charge			
- Current	11	**(8,894)**	(5,829)
- Deferred	11	**(3)**	103
Taxes on income		**(8,897)**	(5,726)
Net profit		**35,036**	22,655
Weighted average number of shares (1 YTL par value each)		**25,300,00**	25,300,000
Basic and fully diluted earnings per share (full YTL)	21	**1.385**	0.895

The accompanying policies and explanatory notes on 5 through 30 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the three-months period ended March 31, 2008
(Currency – Thousands of New Turkish Lira (YTL))

	Share Capital	Revaluation Surplus	Legal Reserves	Retained Earnings	Total
At January 1, 2007	**33,721**	**12,776**	**7,894**	**95,064**	**149,455**
Net profit for the period	-	-	-	22,655	22,655
At March 31, 2007	**33,721**	**12,776**	**7,894**	**117,719**	**172,110**
At January 1, 2008	**33,721**	**12,776**	**21,376**	**133,737**	**201,610**
Net profit for the period	**-**	**-**	**-**	**35,036**	**35,036**
At March 31, 2008	**33,721**	**12,776**	**21,376**	**168,773**	**236,646**

The accompanying policies and explanatory notes on pages 5 through 30 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
For the three-months period ended March 31, 2008
(Currency – Thousands of New Turkish Lira (YTL))

	Notes	March 31, 2008	March 31, 2007
Cash flows from operating activities			
Profit before tax		**43,933**	28,381
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation and amortization	7, 8	**9,574**	7,640
Reserve for long-term defined employee benefit plan	12, 16, 17	**310**	485
Financial expense of long-term defined employee benefit plan	12, 19	**126**	113
Profit share income from deposit accounts	19	**(1,114)**	(1,692)
Reserve for inventories, net	5	**(208)**	1,064
Provision for doubtful receivables		**-**	-
Recoveries from provision for doubtful receivables		**-**	-
Loss on sale of property and equipment and intangibles	7, 8, 20	**366**	70
		52,987	36,061
Changes in working capital			
Trade receivables	4, 9	**(29,051)**	(11,394)
Inventories	5	**(89,513)**	(434)
Prepayments and other current assets	6	**(3,140)**	(1,369)
Other non-current assets		**655**	(490)
Trade payables	9	**127,047**	13,904
Other payables and accrued liabilities	10	**(237)**	3,463
Other non-current liabilities		**5,525**	(517)
Profit share received from deposit account	19	**1,114**	1,692
Income taxes paid	11	**(6,876)**	(3,368)
Employee benefit payments	12	**(294)**	(216)
Net cash generated by operating activities		**58,217**	37,764
Cash flows from investing activities:			
Purchase of property and equipment and intangibles	7, 8	**(37,311)**	(26,246)
Proceeds from sale of property and equipment and intangibles	7, 8	**374**	592
Net cash used in investing activities		**(36,937)**	(25,654)
Increase in cash and cash equivalents		**21,280**	12,110
Cash and cash equivalents at the beginning of the year	3	**83,039**	81,085
Cash and cash equivalents at the end of the year	3	**104,319**	93,195

The accompanying policies and explanatory notes on pages 5 through 30 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 May 20, 2008 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, 2008, the Company operated through 16 warehouses (December 31, 2007 - 16) in various cities in Turkey. As of March 31, 2008, the number of stores is 1,834 (December 31, 2007 - 1,734). 17^{th} regional warehouse of the Company has started its operation in Gebze district of Kocaeli city on May 2, 2008

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 (until December 31, 2005), provision for inventories, deferred taxation, employee termination benefits and revaluation of land and building.

Reclassifications on 2007 Financial Statements

Certain reclassifications have been made in the income statement for the period ended March 31, 2007 to be consistent with the current year presentation. These are advertising expenses in general and administrative expenses amounting to YTL 930 is reclassified to selling and marketing expenses and sales premiums gain in other income amounting to YTL 1,281 is reclassified to cost of sales.

2.2 Changes in Accounting Policy and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures, including income in some cases, revisions to accounting policies.

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Amendment - Presentation of Financial Statements
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives

2.2 Changes in Accounting Policies (continued)

- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 12 - Service Concession Arrangements
- IFRIC 14 - IAS 19

The principal effects of these changes are as follows:

IFRS 7 - Financial Instruments Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 - Presentation of Financial Statements

This amendment requires the Company to make new disclosures to enable the users of the financial statements to evaluate the company's objectives, policies and processes for managing capital.

IFRIC 8 - Scope of IFRS 2

This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically same or all of the goods received in particular where equity instruments are issued for consideration which appears to be less than fair value. The interpretation had no impact on the financial position or performance of the Company.

IFRIC 9 - Reassessment of Embedded Derivatives

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, which reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Company has no embedded derivatives, the interpretation had no impact on the financial position or performance of the Company.

IFRIC 10 - Interim Financial Reporting and Impairment

The Company adopted IFRIC Interpretation 10 starting from January 1, 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the Company had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Company.

IFRIC 12 - Service Concession Arrangements (effective for financial years beginning on or after January 1, 2008)

The interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. IFRIC 12 is not relevant to the Company's operations.

IFRIC 14 - IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for financial years beginning on or after 1 January 2008)

This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. IFRIC 14 will not have any effect on the Company's operations.

2.2 Changes in Accounting Policies (continued)

Standards and Interpretations issued but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for later periods, but which the Company has not early adopted, as follows:

IFRS 8 - Operating Segments (effective for financial years beginning on or after January 1, 2009).

This standard requires disclosure of information about the Company's operating segment and replace requirement to determine primary (business) and secondary geographical segments. IFRS 8 is not relevant to the Company's operations.

IAS 23 Revised - Borrowing Costs (effective for financial years beginning on or after January 1, 2009)

IAS 23 revised requires capitalisation of borrowing costs that relate to a qualifying asset. The transitional requirements of the standard require it to be adopted as a prospective change from the effective date.

IFRIC 11- IFRS 2-Group and Treasury Share Transactions (effective for financial years beginning on or after March 1, 2007)

This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. IFRIC 11 is not relevant to the Company's operations.

IFRIC 13- Customer Loyalty Programmes (effective for financial years beginning on or after 1 July 2008)

This Interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. The Company is going to assess the impact of this interpretation, if any.

2.3 Significant Accounting Judgments and Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. 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 and as judgment changes become necessary, they are accounted in the periods in which they become known.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of liabilities within the next financial year and the significant judgments with the most significant effect on amounts recognized in the financial statements are discussed in the relevant sections of Note 2.4 and 2.5, below, which are mainly related with the application of IAS 29, accounting of employee termination benefits, provision for inventories, revaluation of land and buildings, assessment of economic useful lives of property and equipment and intangibles, impairment of assets and adequacy of provision for income taxes.

2.4 Functional and Presentation Currency

Functional and presentation currency of the Company is YTL. Until December 31, 2005, the financial statements were restated for the changes in the general purchasing power of YTL based on IAS 29 ("Financial Reporting in Hyperinflationary Economies"). Since the objective conditions for the restatement in hyperinflationary economies was no longer available at that time, Turkey came off hyperinflationary status effective from January 1, 2006. The financial statements were restated until December 31, 2005 in accordance with IAS 29. Therefore, the non-monetary assets and liabilities and components of shareholders' equity including share capital reported in the balance sheet As of March 31, 2008 and 2007 are derived by indexing the additions occurred until December 31, 2005 to December 31, 2005 and carrying the additions after this date with their nominal amounts.

2.5 Summary of Significant Accounting Policies

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.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, 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 10 day term (December 31, 2007 - 10 days) 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.

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.

2.5 Summary of Significant Accounting Policies (continued)

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 unless the asset recognition criteria are met which case the expenditures are capitalized as an additional cost of property and equipment.

Increases in the carrying amount arising on revaluation of property are 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 depreciation 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 are 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.

The Company does not have any intangible assets with indefinite useful lives.

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.

2.5 Summary of Significant Accounting Policies (continued)

Impairment of Non-Financial 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.

Trade Payables

Trade payables which generally have an average of 50 day term (December 31, 2007 – 51 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.

Borrowing Costs

Borrowing costs are expensed as incurred.

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.

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.

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 or 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 Receivables

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.

Impairment of Financial Assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account.

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

2.5 Summary of Significant Accounting Policies (continued)

As of March 31, 2008 and December 31, 2007, the Company does not have any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Foreign Currency Transactions

Transactions in foreign currencies during the 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 conversion rates used by the Company As of March 31, 2008 are as follows:

Dates	USD / YTL (full)	EUR / YTL (full)
March 31, 2008	1.2765	2.0156
December 31, 2007	1.1647	1.7102

Earnings per Share

Earnings per share (EPS) 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 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.

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.

2.5 Summary of Significant Accounting Policies (continued)

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.

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.

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.

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 except;

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 except;

- where the deferred income tax asset relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extend that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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.

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 indemnity payments 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 with IAS 19 “Employee Benefits” and is based on an independent actuarial study.

In the financial statements, the Company has recognized 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 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 estimated by qualified actuaries.

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

2.5 Summary of Significant Accounting Policies (continued)

(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.

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.

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 one country, there is no basis for segment reporting.

3. Cash and Cash Equivalents

	March 31, 2008	December 31, 2007
Cash on hand	**22,354**	21,455
Cash at banks (demand deposits)	**36,661**	37,694
Cash at banks (time deposits) (*)	**40,019**	19,470
Cash in transit	**5,285**	4,420
	104,319	83,039

(*) Time deposits are profit/loss participation accounts in New Turkish Lira and in foreign currencies 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 YTL and foreign currency time deposits at March 31, 2008 is 12.7% and 4.5% per annum, respectively (December 31, 2007 – is 13.4% and 4.4% per annum) and maturity of time deposits is 30 days (December 31, 2007 - 30 days).

There is no restricted cash As of March 31, 2008 and December 31, 2007.

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

4. Trade Receivables

	March 31, 2008	December 31, 2007
Credit card receivables	**125,206**	96,032
Trade receivables	**1,196**	2,020
Advances given	**958**	331
Other receivables	**221**	134
Provision for doubtful receivables	**(526)**	(524)
	127,055	97,993

As of March 31, 2008 and December 31, 2007, the average term of trade receivables is 10 days.

5. Inventories, net

	March 31, 2008	December 31, 2007
Trade goods	**199,273**	166,066
Advances given	**597**	874
Other stocks	**73,978**	17,187
	273,848	184,127

As of March 31, 2008, reserve provision to reflect the inventories at their net realizable values and for the slow moving trade goods amounted to YTL 1,654 (December 31, 2007 – YTL 1,862).

6. Prepayments and Other Current Assets

As of March 31, 2008 and December 31, 2007, the breakdown of prepayments and other current is as follows:

	March 31, 2008	December 31, 2007
Prepaid expenses	**6,722**	4,703
Due from personnel	**103**	114
Other	**1,232**	111
	8,057	4,928

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

7. Property and Equipment

The movements of property and equipment and the related accumulated depreciation and impairment losses for the periods ended March 31, 2008 and December 31, 2007 respectively are as follows:

	December 31, 2007	Additions	Disposals	**March 31, 2008**
Cost or revalued amount				
Land	40,257	1,079	-	**41,336**
Land improvements	411	6	-	**417**
Building	42,614	-	-	**42,614**
Machinery and equipment	153,543	11,041	(137)	**164,447**
Vehicles	31,914	3,413	(781)	**34,546**
Furniture and fixtures	68,540	3,624	(14)	**72,150**
Leasehold improvements	90,965	6,670	(697)	**96,938**
Construction in progress	2,312	223	-	**2,534**
Advances given	8,490	11,183	-	**19,674**
	439,046	37,239	(1,629)	**474,656**
Accumulated depreciation				
Land improvements	226	12	-	**238**
Building	1,228	468	-	**1,696**
Machinery and equipment	83,644	2,970	(68)	**86,546**
Vehicles	11,849	1,625	(519)	**12,955**
Furniture and fixtures	45,468	2,139	(12)	**47,595**
Leasehold improvements	31,923	2,180	(289)	**33,814**
	174,338	9,394	(888)	**182,844**
Net book value	264,708			**291,812**

	December 31, 2006	Additions	Disposals	March 31, 2007
Cost or revalued amount				
Land	14,961	1,061	-	16,022
Land improvements	353	-	-	353
Building	17,598	118	-	17,716
Machinery and equipment	130,131	5,607	(162)	135,576
Vehicles	24,618	2,423	(1,153)	25,888
Furniture and fixtures	56,017	4,171	(25)	60,163
Leasehold improvements	67,588	6,927	(380)	74,135
Construction in progress	34	236	-	270
Advances given	4,597	5,616	-	10,213
	315,897	26,159	(1,720)	340,336
Accumulated depreciation				
Land improvements	181	12	-	193
Building	-	177	-	177
Machinery and equipment	73,256	2,629	(88)	75,797
Vehicles	8,818	1,201	(822)	9,197
Furniture and fixtures	37,740	1,842	(15)	39,567
Leasehold improvements	25,726	1,646	(138)	27,234
	145,721	7,507	(1,063)	152,165
Net book value	170,176			188,171

The land and buildings were revalued originally based on independent valuation performed in 2002. 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 equity.

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

7. Property and Equipment (continued)

A second revaluation was made for the land and the buildings by independent valuers licensed by the CMB in January 2007. The valuation made on the basis of the market value in YTL was reflected to the accounts as of December 31, 2006. Accumulated depreciation of the revalued land and building has been eliminated against the gross carrying amounts of related assets as of December 31, 2006 and the net amount is restated to the revalued amount. The resulting surplus net of deferred income tax was credited to revaluation surplus in the equity.

The 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 building that would have been included in the financial statements As of March 31, 2008 and December 31, 2007 respectively are as follows:

	Land and buildings	
	March 31, 2008	December 31, 2007
Cost	**7,515**	7,515
Accumulated depreciation	**(3,263)**	(3,078)
Carrying amount	**4,252**	4,437

As of March 31, 2008 and December 31, 2007, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	March 31, 2008	December 31, 2007
Furniture and fixtures	**29,253**	27,560
Machinery and equipment	**47,624**	42,528
Intangibles and leasehold improvements	**10,990**	10,633
Vehicles	**1,134**	825
Land improvements	**176**	176
	89,177	81,722

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

8. Intangibles

The movements of intangibles and related accumulated amortization for the years ended March 31, 2008 and December 31, 2007 are as follows:

	January 1, 2008	**Additions**	**Disposals**	**March 31, 2008**
Cost				
Software licenses	6,107	**71**	**-**	**6,178**
Other intangibles	344	**1**	**-**	**345**
	6,451	**72**	**-**	**6,523**
Accumulated amortization				
Software licenses	4,118	**179**	**-**	**4,297**
Other intangibles	337	**-**	**-**	**337**
	4,455	**179**	**-**	**4,634**
Net book value	1,996			**1,889**

	January 1, 2007	Additions	Disposals	March 31, 2007
Cost				
Software licenses	4,806	87	-	4,893
Other intangibles	343	-	-	343
	5,149	87	-	5,236
Accumulated amortization				
Software licenses	3,509	133	-	3,642
Other intangibles	337	-	-	337
	3,846	133	-	3,979
Net book value	1,303			1,257

The estimated useful lives of intangibles are 5 years.

9. Trade Payables

a) Trade Payables

	March 31, 2008	December 31, 2007
Trade Payables	**445,920**	341,695
	445,920	341,695

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

9. Trade Payables (continued)

As of March 31, 2008 the Company has letters of guarantee amounting to YTL 25,089 (December 31, 2007 - YTL 12,851) and mortgages amounting to YTL 18,357 (December 31, 2007 - YTL 16,635) received from its supplier firms.

b) Related Party Balances

The balances with related parties As of March 31, 2008 and December 31, 2007, included in trade payables, are as follows:

	March 31 2008	December 31 2007
Ak Gıda A.Ş. (Ak Gıda)	**40,297**	33,351
Teközel Gıda Tem.Sağ.Mar.Ltd.Şti (Teközel)	**16,402**	12,790
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak)	**8,939**	-
Gıdasa Sabancı Gıda San. ve Tic. A.Ş. (Gıdasa)	**2,296**	1,044
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura)	**2,096**	-
Seher Gıda Paz. San. ve Tic. A.Ş. (Seher)	**17**	40
	70,047	47,225

As of March 31, 2008, the Company does not have any dividend payable (December 31, 2007- null).

c) Related Party Transactions

For the period ended March31, 2007 and December 31, 2006, summary of the major transactions with related parties are as follows:

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

	March 31 2008	March 31 2007
Ak Gıda	**79,105**	53,932
Başak	**10,743**	-
Gıdasa	**2,898**	873
Teközel	**20,029**	-
Natura	**2,063**	1,246
Seher	**25**	18
	114,863	56,069

(ii) For the period ended March31, 2008 and 2007, bonus and payroll expenses of the board members and key management personnel amounted to YTL 2,556 (36 persons) and YTL 1,971 (33 persons) respectively.

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

10. Other Payables and Accrued Liabilities

	March 31, 2008	December 31, 2007
Payroll withholdings, social security taxes and other taxes	**10,123**	9,255
VAT payable	**6,533**	2,875
Other (*)	**14,703**	14,057
	31,359	26,187

(*) Includes the notes payable amounting to (i) YTL 11,489 (December 31, 2007 - YTL 10,482) that was issued to acquire a land in Esenyurt, (ii) YTL 400 (December 31, 2007 - YTL 700) that was issued to acquire a land in Kayseri, (iii) USD 134,400 (December 31, 2007 – USD 78,400) that was issued to acquire a land in Balıkesir.

11. Taxes

General Information

The Company is subject to taxation in accordance with the tax procedures and the legislation effective in Turkey.

In Turkey, the corporation tax rate for the fiscal periods ending March 31, 2008 and December 31, 2007 is 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% 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.

15% (December 31, 2007 - 15%) withholding 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.

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.

With the new law enacted, effective from January 1, 2006, if the ratio of the borrowings from shareholders of a Company or from its related parties exceeds three times the shareholders' equity of the borrower company at any time within the relevant year, the exceeding portion of the borrowing will be considered as disguised capital. In addition to the interest paid or accrued, foreign exchange losses and other similar expense calculated over the borrowed amount exceeding the above mentioned criteria are treated as non-deductible for corporate income tax purposes. Such interest expense will be considered as non-deductible expenses when calculating the corporate tax base of the borrower company.

The composition of income tax payable As of March 31, 2008 and December 31, 2007 is as follows:

	March 31, 2008	December 31, 2007
Corporate tax payable	**8,894**	26,936
Prepaid tax	**-**	(20,060)
Income tax payable	**8,894**	6,876

(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 March 31, 2008 and 2007 is as follows:

	March 31, 2008	March 31, 2007
Net income before tax	**43,933**	28,381
Income tax at 20%	**(8,787)**	(5,676)
Effect of non tax deductible and tax exempt items, net	**(110)**	(50)
Provision for taxes	**(8,897)**	(5,726)
- current	**(8,894)**	(5,829)
- deferred	**(3)**	103

Deferred income tax

Deferred income taxes relate to the following:

	Balance Sheet		Income Statement and Revaluation Surplus	
	March 31, 2008	December 31, 2007	**March 31 2008**	March 31, 2007
Deferred tax liability				
Restatement effect on non-monetary items	**11,025**	11,206	**(181)**	(228)
Deferred tax asset				
Reserve for long term defined employee benefit plan	**(1,171)**	(1,143)	**(28)**	77
Others	**(881)**	(1,093)	**212**	(202)
	8,973	8,970		
Deferred tax charge / (benefit)			**3**	(103)

Movement of net deferred tax liability is presented as follows:

	March 31, 2008	December 31, 2007
Balance at January 1	**8,970**	8,641
Deferred tax charge/(credit) recognized in income statement	**3**	329
Deferred tax charge recognized in revaluation surplus (Note 7)		-
Balance at the end of year	**8,973**	8,970

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

12. 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 2,088 and YTL 2,030 at March 31, 2008 and December 31, 2007, 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.

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

	March 31, 2008	December 31, 2007
Discount rate	**11%**	**11%**
Expected rate of salary/limit increases	**5%**	**5%**

The following tables summarize the components of net benefit expense recognized in the income statement and amounts recognized in the balance sheet:

	March 31, 2008	December 31, 2007
Current service cost	**310**	1,860
Financial expense of long-term defined employee benefit plan	**126**	454
Actuarial loss recognized in the year	**(1)**	79
Net benefit expense	**435**	2,393

Benefit Liability:

	March 31, 2008	December 31, 2007
Defined benefit obligation	**5,243**	5,101
Unrecognized actuarial gains / (losses)	**610**	614
Benefit liability	**5,853**	5,715

12. Long-term Defined Employee Benefit Plan (continued)

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

Changes in the present value of defined benefit obligation are as follows:

	March 31, 2008	December 31, 2007
Defined benefit obligation at January 1	**5,101**	7,036
Financial expense of long-term defined employee benefit plan	**126**	454
Current service cost	**310**	1,860
Benefits paid	**(294)**	(985)
Actuarial (gain)/loss on obligation	**-**	(3,264)
Defined benefit obligation at the end of the year	**5,243**	5,101

13. Share Capital

As of March 31, 2008 and December 31, 2007, the Company's paid in share capital was YTL 25,300 (historical terms) comprising 25,300,000 shares of YTL 1 nominal value each. Each shareholder has voting rights equivalent to their number of shares.

As of March 31, 2008 and December 31, 2007, the breakdown of shareholders and their ownership percentages in the Company (all in historical terms) can be summarized as follows:

	March 31, 2008		December 31, 2007	
	Historical Amount	**%**	Historical Amount	%
Mustafa Latif Topbaş	**5,064**	**20.0**	5,064	20.0
Abdulrahman A. El Khereiji	**4,702**	**18.6**	4,702	18.6
Ahmet Afif Topbaş	**1,609**	**6.4**	1,609	6.4
Zuhair Fayez	**998**	**4.0**	998	4.0
İbrahim Halit Çizmeci	**300**	**1.1**	300	1.1
Ömer Hulusi Topbaş	**30**	**0.1**	30	0.1
Public	**12,597**	**49.8**	12,597	49.8
	25,300	**100**	25,300	100
Effect of restatement	**8,421**		8,421	
Total	**33,721**		33,721	

14. Risk Management Policy

The Company's principal financial instruments comprise 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 receivables and payables which arise directly from its operations. The Company manages its capital through cash provided by its operations and review of the maturities of the trade payables.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Since the Company is engaged in the retail sector and transactions are mainly on a cash basis, the exposure to credit, liquidity and price risk is minimal. Trade receivables mainly consist of credit card receivables from reliable banks therefore credit risk exposure is at minimal level.

14. Risk Management Policy (continued)

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

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.

The table below summarizes the maturity profile of the Company's financial liabilities at March 31, 2008 and December 31, 2007 based on contractual undiscounted payments.

	On demand	1 to 3 months	3 to 12 months	1-5 years	Total
March 31, 2008					
Trade payables	**329,070**	**122,942**	**-**	**-**	**452,012**
Due to related parties	**60,354**	**10,611**	**-**	**-**	**70,965**
December 31, 2007					
Trade payables	318,818	27,790	-	-	346,608
Due to related parties	41,840	6,026	-	-	47,866

The table below summarizes the maturity profile of the Company's trade receivables at December 31, 2007 and December 31, 2006 based on contractual undiscounted receivables.

	On demand	Up to 1 months	1 to 3 months	3 to 12 months	1-5 years	Total
March 31, 2008						
Trade receivables	**-**	**128,084**	**-**	**-**	**-**	**128,084**
December 31, 2007						
Trade receivables	-	98,572	-	-	-	98,572

As of March 31, 2008 and December 31, 2006, the Company does not have any interest bearing liabilities.

The following table demonstrates the sensitivity to a reasonably possible changes in U.S dollar, Euro and GBP exchange rates, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities.

		Increase in foreign exchange rates		Decrease in foreign exchange rates	
March 31, 2008	**USD**	**+5%**	**(590)**	**(5%)**	**590**
	EUR	**+5%**	**1**	**(5%)**	**(1)**
	GBP	**+5%**	**-**	**(5%)**	**-**
December 31, 2007	USD	+5%	(527)	(5%)	527
	EUR	+5%	1	(5%)	1
	GBP	+5%	-	(5%)	-

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

15. Cost of Sales

Cost of sales for the period ending March 31, 2008 and 2007 is as follows:

	March 31, 2008	March 31, 2007
Beginning inventory	**166,066**	138,524
Purchases	**839,752**	523,447
Ending inventory	**(199,273)**	(127,863)
	806,545	534,108

16. Selling and Marketing Expenses

The breakdown of selling and marketing expenses for the period ending March 31, 2008 and 2007 is as follows:

	March 31, 2008	March 31, 2007
Personnel expenses	**41,594**	30,175
Rental expenses	**24,207**	18,689
Depreciation and amortisation expenses	**8,329**	6,723
Water, electricity and communication expenses	**6,411**	4,963
Packaging expenses	**5,437**	4,451
Advertising expenses	**3,141**	2,470
Maintenance and repair expenses	**2,559**	2,109
Provision for employee termination benefit	**251**	391
Trucks fuel expense	**3,864**	2,413
Other	**4,681**	4,075
	100,474	76,459

17. General and Administrative Expenses

The breakdown of general and administrative expenses for the period ending March 31, 2008 and 2007 is as follows:

	March 31, 2008	March 31, 2007
Personnel expenses	**10,416**	7,557
Depreciation and amortisation expenses	**1,245**	917
Money collection expenses	**715**	643
Legal and consultancy expenses	**546**	360
Motor vehicle expenses	**781**	563
Water, electricity and communication expenses	**312**	222
Office supplies expenses	**102**	100
Provision for employee termination benefits	**58**	94
Other	**3,179**	2,139
	17,354	12,595

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

18. Personnel and Depreciation Expenses

(a) Personnel Expenses

	March 31, 2008	March 31, 2007
Staff costs		
Wages and salaries	**43,841**	31,759
Provision for employee termination benefits	**309**	485
Cost of defined contribution plan (employer's share of social security premiums)	**8,169**	5,973
	52,319	38,217

Average number of employees for the period ended March 31, 2008 and 2007 is 10,980 and 8,916, respectively.

(b) Depreciation and amortization expenses

	March 31, 2008	March 31, 2007
Selling and marketing expenses	**8,329**	6,723
General and administrative expenses	**1,245**	917
	9,574	7,640

19. Financial Income and Expense

Financial income for the period ended March 31, 2008 and 2007 can be summarized as follows:

	March 31, 2008	March 31, 2007
Foreign exchange gains	**59**	46
Income from deposits	**1,114**	1,692
Financial Income	**1,173**	1,738

Financial expenses for the period ended March 31, 2008 and 2007 can be summarized as follows:

	March 31, 2008	March 31, 2007
Financial expense of long-term defined employee benefit plan	**(126)**	(113)
Foreign exchange losses	**(1,011)**	(31)
Other financial expense	**(5)**	(16)
Financial Expense	**(1,142)**	(160)

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

20. Other Income / (Expense), net

a) Other Income

The breakdown of other income / (expense), net for the period ended March 31, 2008 and 2007 is as follows:

	March 31, 2008	March 31, 2007
Gain on sale of scrap materials	**1,079**	1,062
Other	**758**	587
Other income	**1,837**	1,649

b) Other Expense

	March 31, 2008	March 31, 2007
Loss on sale of property and equipment and intangibles	**366**	70
Provision expense	**34**	287
Other	**198**	300
Other expense	**598**	657

21. Earnings per Share and Dividends

Basic earnings per share (EPS) are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year/period. The basic EPS for the period ended March 31, 2008 and 2007 are 1.385 (full YTL) and 0.895 (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 period ended March 31, 2008 and 2007.

At Annual General Meeting dated April 30, 2008, the Company has decided to distribute dividend from profit of 2007 to its shareholders amounting to YTL 48,070 (full YTL 1.90 per share) in gross and capital bonus amounting to YTL 50,600 (full YTL 2.00 per share).

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.

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

22. Legal Reserves and Retained Earnings (continued)

Listed companies are subject to dividend requirements regulated by the Turkish Capital Market Board as follows:

In addition, based on the CMB Decree 7/242, dated February 25, 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be accordance with CMB regulations or in the statutory financial statements.

In accordance with the Capital Market Board regulations, the accumulated deficit amounts arising from the first application of inflation adjustment, in line with CMB's profit distributions are considered to be deductible when computing the distributable profit. The accumulated deficit will first be netted-off from net income and retained earnings and the remaining amount of deficit from extraordinary reserves, legal reserves and adjustment to share capital.

In accordance with the Capital Market Board regulations the quoted companies are required to distribute a minimum of 20% of their distributable profits over financial statements prepared in accordance with CMB Accounting Standards. This distributable may be made by either cash or bonus shares or as a combination of both over the minimum limit of 20% depending on the decisions of the General Assemblies of the companies.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders.

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, 2008 and December 31, 2007, extraordinary reserves, legal reserves and net profit for the year (as per the statutory financial statements of the Company) are as follows (YTL):

	March 31, 2008	December 31, 2007
Extraordinary reserves	**6,588**	6,588
Legal reserves	**14,788**	14,788
Net profit for the year	**35,021**	105,341

23. Contingencies and Commitments

(i) As of March 31, 2008 and December 31, 2007, the total amount of outstanding lawsuits filed against the Company is YTL 1,283 and YTL 1,274 in historical terms, respectively, which is recorded as provision and presented in other payables and accrued liabilities.

(ii) Letters of guarantee obtained from banks and given to various institutions amounted to YTL 10,734 at March 31, 2008 and YTL 10,839 at December 31, 2007.

23. Contingencies and Commitments (continued)

(iii) As of March 31, 2008 the Company has operating lease commitments for each of the following periods:

	Thousands of YTL
Not later than one year	345
Later than one year and not later than five years	260
Later than five years	37

(iv) 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 March 31, 2008 and 2007, the foreign currency position of the Company is summarized below:

	March 31, 2008			December 31, 2007		
Foreign Currency Denominated Assets	Fx type	USD Amount	Thousands of YTL Equivalent	Fx type	USD Amount	Thousands of YTL Equivalent
	USD	423,935	541	USD	421.531	491
	Euro	1,831	4	Euro	1.638	3
	GBP	960	3	GBP	-	-
TOTAL			**548**	**TOTAL**		**494**
Foreign Currency Denominated Liabilities	USD	9,683,397	12,361	USD	9.479.574	11,041
	Euro	-	-	Euro	-	-
	GBP	-	-	GBP	-	-
TOTAL			**12,361**			**11,041**

25. Subsequent Events

At Annual General Meeting dated April 30, 2008, the Company has decided to distribute dividend from profit of 2007 to its shareholders both in cash and as free shares amounting to gross YTL 48,070 (full YTL 1.90 per share) and YTL 50,600 (full YTL 2.00 per share), respectively

At Annual General Meeting dated April 30, 2008 Jos Simons , CEO of the Company, has elected as Member of Board.

17.th region of the Company has opened within the Gebze district of Kocaeli city.