(Convenience translation of a report and financial statements originally issued in Turkish)

BİM Birleşik Mağazalar Anonim Şirketi

Interim consolidated financial statements for the period between January 1 - June 30, 2010 together with independent auditors' review report

(Convenience translation of a report and financial statements originally issued in Turkish)

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

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Independent auditors' review report on the financial statements for the period between January 1- June 30, 2010

To the Shareholders of
BİM Birleşik Mağazalar Anonim Şirketi

Introduction

We have reviewed the accompanying interim consolidated balance sheet of BİM Birleşik Mağazalar Anonim Şirketi (the Company) and its Subsidiary (together will be referred to as "the Group") as of June 30, 2010 and the interim consolidated comprehensive income statement, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with financial reporting standards published by the Capital Market Board. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

Our review was conducted in accordance with auditing standards published by the Capital Market Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by the Capital Market Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion as a result of our review.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements do not present fairly, in all material respects, the financial position of BİM Birleşik Mağazalar Anonim Şirketi as of June 30, 2010, and its financial performance and cash flows for the six-months period then ended in accordance with financial reporting standards issued by Capital Market Board.

Additional paragraph for convenience translation to English :

As of June 30, 2010, the accounting principles described in Note 2 (defined as financial reporting standards published by the Capital Market Board) to the accompanying interim consolidated financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying interim consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Metin Canoğulları, SMMM
Partner

August 19, 2010
Istanbul, Turkey

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Interim consolidated balance sheet
as at June 30, 2010
(Currency – Thousands of Turkish Lira)

Assets

	Notes	Current period Reviewed June 30, 2010	Prior period Audited December 31, 2009
Current assets		**677.317**	612.110
Cash and cash equivalents	6	**155.660**	166.542
Trade receivables	10	**169.200**	161.357
Inventories	13	**307.309**	257.851
Other current assets	26	**45.148**	26.360
Non-current assets		**537.894**	487.551
Property, plant and equipment	18	**515.176**	479.093
Intangible assets	19	**3.399**	3.532
Other non-current assets	26	**19.319**	4.926
Total assets		**1.215.211**	1.099.661

The accompanying policies and explanatory notes on pages 7 through 38 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Interim consolidated balance sheet
as at June 30, 2010
(Currency – Thousands of Turkish Lira)

Liabilities and equity

	Notes	Current period Reviewed June 30, 2010	Prior period Audited December 31, 2009
Current liabilities		**831.505**	693.078
Financial liabilities	8	**34.913**	-
Trade payables			
- Due to related parties	37	**93.928**	104.826
- Other trade payables	10	**666.751**	548.619
Other current liabilities	26	**19.342**	20.726
Income tax payable	35	**9.963**	11.634
Accrued liabilities	22	**6.608**	7.273
Non-current liabilities		**16.946**	18.528
Reserve for employee termination benefits	24	**8.373**	7.567
Deferred tax liability	35	**8.573**	10.961
Equity		**366.760**	388.055
Equity attributable to parent		**366.760**	388.055
Paid-in share capital	27	**151.800**	75.900
Inflation adjustment on paid-in share capital	27	**-**	6.956
Revaluation surplus	18, 27	**15.704**	15.704
Currency translation difference		**789**	1.056
Restricted reserves allocated from profits	27	**51.599**	34.072
Prior year profits	27	**35.071**	41.425
Net income for the period		**111.797**	212.942
Total liabilities and equity		**1.215.211**	1.099.661

The accompanying policies and explanatory notes on pages 7 through 38 form an integral part of the financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Interim consolidated comprehensive income statement for the six-month period ended June 30, 2010

(Currency – Thousands of Turkish Lira)

	Notes	Current period Reviewed January 1 - June 30, 2010	Current period April 1 - June 30, 2010	Prior period Reviewed January 1 - June 30, 2009	Prior period April 1 - June 30, 2009
Continuing operations					
Net sales	28	**3.129.818**	**1.553.942**	2.509.611	1.286.342
Cost of sales (-)	28	**(2.608.624)**	**(1.300.253)**	(2.055.773)	(1.057.583)
Gross profit		**521.194**	**253.689**	453.838	228.759
Selling, marketing and distribution expenses (-)	29	**(339.932)**	**(176.362)**	(281.550)	(145.996)
General and administrative expenses (-)	29	**(50.630)**	**(25.944)**	(44.104)	(22.649)
Other operating income	31	**5.172**	**2.994**	5.975	4.048
Other operating expenses (-)	31	**(2.622)**	**(1.616)**	(2.325)	(1.593)
Operating profit		**133.182**	**52.761**	131.834	62.569
Financial income	32	**7.324**	**3.545**	2.837	2.193
Financial expense (-)	33	**(2.118)**	**(1.190)**	(1.051)	(372)
Net income before taxes from continuing operations		**138.388**	**55.116**	133.620	64.390
Tax income/(expense) for continuing operations					
- Tax expense for the period	35	**(28.979)**	**(11.588)**	(27.003)	(13.073)
- Deferred tax expense	35	**2.388**	**2.235**	(217)	(84)
Net income		**111.797**	**45.763**	106.400	51.233
Other comprehensive income:					
Currency translation difference		**(267)**	**(245)**	1.082	1.082
Other comprehensive income		**(267)**	**(245)**	1.082	1.082
Total comprehensive income		**111.530**	**45.518**	107.482	52.315
Profit for the period attributable to					
Minority interest		**-**	**-**	-	-
Share of the parent		**111.797**	**45.763**	106.400	51.233
				-	-
Total comprehensive income attributable to					
Minority interest		**-**	**-**	-	-
Share of the parent		**111.530**	**45.518**	107.482	52.315
Weighted average number of shares (each equals to TL 1)		**151.800.000**	**151.800.000**	151.800.000	151.800.000
Earnings per share (full TL)	36	**0,736**	**0,301**	0,701	0,338

The accompanying policies and explanatory notes on pages 7 through 38 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Interim consolidated statement of changes in equity for the six-month period ended June 30, 2010
(Currency – Thousands of Turkish Lira)

	Paid-in share capital	Inflation adjustment on paid-in share capital	Revaluation surplus	Currency translation difference	Restricted reserves allocated from profits	Prior year profits	Net income for the period	Total equity
At January 1, 2009	75.900	6.956	12.874	-	19.469	36.724	114.180	266.103
Transfer to prior year profits	-	-	-	-	-	114.180	(114.180)	-
Transfer to restricted reserves allocated from profits	-	-	-	-	11.187	(11.187)	-	-
Dividends paid	-	-	-	-	-	(60.720)	-	(60.720)
Net income for the period	-	-	-	-	-		106.400	106.400
Other comprehensive income	-	-	-	1.082	-	-	-	1.082
Total comprehensive income				1.082			106.400	107.482
At June 30, 2009	75.900	6.956	12.874	1.082	30.656	78.997	106.400	312.865
At January 1, 2010	**75.900**	**6.956**	**15.704**	**1.056**	**34.072**	**41.425**	**212.942**	**388.055**
Transfer to prior year profits	**-**	**-**	**-**	**-**	**-**	**212.942**	**(212.942)**	**-**
Transfer to restricted reserves allocated from profits	**-**	**-**	**-**	**-**	**17.527**	**(17.527)**	**-**	**-**
Capital issue (Note 27)	**75.900**	**(6.956)**	**-**	**-**	**-**	**(68.944)**	**-**	**-**
Dividends paid (Note 27)	**-**	**-**	**-**	**-**	**-**	**(132.825)**	**-**	**(132.825)**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**111.797**	**111.797**
Other comprehensive income	**-**	**-**	**-**	**(267)**	**-**	**-**	**-**	**(267)**
Total comprehensive income	**-**	**-**	**-**	**(267)**	**-**	**-**	**111.797**	**111.530**
At June 30, 2010	**151.800**	**-**	**15.704**	**789**	**51.599**	**35.071**	**111.797**	**366.760**

The accompanying policies and explanatory notes on pages 7 through 38 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Statement of consolidated cash flows
for the six-month period ended June 30, 2010
(Currency – Thousands of Turkish Lira)

	Notes	Current period Reviewed January 1- June 30, 2010	Prior period Reviewed January 1- June 30, 2009
Cash flows from operating activities			
Profit before tax		**138.388**	133.620
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation and amortization	18, 19	**31.271**	26.796
Profit share income from deposit accounts	32	**(7.025)**	(2.509)
Reserve for long-term defined employee benefit plan	24	**566**	389
Financial expense of long-term defined employee benefit plan	24	**1.218**	856
Loss on sale of property and equipment and intangibles	31	**853**	585
Provision / (reversal) for impairment of inventories	13	**299**	(471)
Operating income before working capital changes		**165.570**	159.266
Changes in operating asset and liabilities:			
Trade receivables		**(7.843)**	(32.897)
Inventories		**(49.757)**	(22.208)
Other current assets		**(18.788)**	(21.024)
Other non-current assets	26	**313**	4.169
Other trade payables		**118.132**	72.406
Trade payables to related parties		**(10.898)**	29.915
Accrued liabilities		**(665)**	152
Other current liabilities		**(1.384)**	3.500
Other non-current liabilities		**-**	(143)
Income taxes paid		**(30.650)**	(18.336)
Employee benefit payments	24	**(978)**	(576)
Net cash generated by operating activities		**163.052**	174.224
Cash flows from investing activities:			
Purchase of property, plant and equipment	18	**(85.197)**	(60.662)
Purchase of intangibles	19	**(529)**	(1.261)
Proceeds from sale of property, plant and equipment and intangibles		**2.433**	918
Profit share received from deposit accounts	32	**7.025**	2.509
Net cash used in investing activities		**(76.268)**	(58.496)
Cash flows from financing activities:			
Dividends paid		**(132.825)**	(60.720)
Repayment of bank borrowings		**-**	(21.778)
Proceeds from bank borrowings		**34.913**	-
Net cash used in financing activities		**(97.912)**	(82.498)
Currency translation differences		**246**	1.082
Increase/(decrease) in cash and cash equivalents		**(10.882)**	34.312
Cash and cash equivalents at the beginning of the period		**166.542**	56.447
Cash and cash equivalents at the end of the period		**155.660**	90.759

The accompanying policies and explanatory notes on pages 7 through 38 form an integral part of the financial statements.

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

1. Organization and nature of operations of the Company

BİM Birleşik Mağazalar Anonim Şirketi (BİM - the Company) was established on May 31, 1995 and commenced its operations in September 1995. The registered address of the Company is Ebubekir Cad. No: 289 Sancaktepe, İstanbul.

The Company is engaged in operating retail stores through its retail shops throughout Turkey, which sell an assortment of approximately 600 items, including a number of private labels. The Company is publicly traded in Istanbul Stock Exchange (ISE) since July 2005.

The Company established a new company named Bim Stores SARL as of May 19, 2008 with 100% ownership in Morocco which is engaged in hard discount retail sector and started to operate at April 11, 2009. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of June 30, 2010.

Hereinafter, the Company and its consolidated subsidiary together will be referred to as “the Group”.

The main and ultimate controlling party of the Group is Mustafa Latif Topbaş. The consolidated financial statements were authorized for issue on August 19, 2010 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.

For the six-month period ended June 30, 2010 and for the year ended December 31, 2009, the average number of workers is shown below:

	January 1- June 30, 2010	January 1 December 31, 2009
Office personnel	**1.096**	1.070
Warehouse personnel	**1.885**	1.802
Store personnel	**13.129**	11.669
Total	**16.110**	14.541

2. Basis of preparation of financial statements

Basis of preparation

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (TL) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance. The legal statutory financial statements of the subsidiary established outside of Turkey are prepared in accordance with law and tax legislation in the country it is domiciled.

2. Basis of preparation of financial statements (continued)

The financial statements of the Company have been prepared in accordance with accounting and reporting standards (the CMB Accounting Standards) as prescribed by the Turkish Capital Market Board (the CMB) until December 31, 2007. The CMB has issued communiqué no. XI-25 "Communiqué on Accounting Standards in Capital Markets" which sets out a comprehensive set of accounting principles. In this Communiqué, the CMB stated that alternatively application of accounting standards prescribed by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) will also be considered to be compliant with the CMB Accounting Standards. Beginning from January 1, 2008, the financial statements are prepared in accordance with International Accounting / Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB communiqué published in the official gazette dated April 9, 2008 and after became effective No:XI-29 "Communiqué on Financial Reporting Standards in Capital Markets" (Communiqué) and from the statutory financial statements with adjustments and reclassifications for the purpose of fair presentation. Such adjustments mainly comprise accounting for subsidiary on a consolidation basis, provision for impairment of stock, deferred taxation, employee termination benefits, fair value accounting of land and buildings and rediscount of trade receivables and payables.

The consolidated financial statements have been prepared under the historical cost convention, except for land and building which are carried at fair value.

Changes in accounting policies

The accounting policies adopted in the preparation of the Group's interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of January 1, 2010, noted below:

New standards, amendments and interpretations that will be valid for the yearend financial statements dated 31 December 2010:

IFRS 1 (Amendment) 'First-time Adoption of International Financial Reporting Standards' - Additional exemptions for first time adopters,

IFRS 2 (Amendment) 'Share Based Payment Transactions' - Group cash settled share based payment transactions,

IFRS 3 (Amendment), 'Business Combinations' and IAS 27(Revised) 'Consolidated and separate financial statements',

New standards and changes that do not have an effect on the financial position or the performance of the Group are summarized below;

IFRIC 17 'Distributions of Non-cash Assets to Owners',

Improvements to IFRSs (issued in 2008),

Improvements to IFRSs (issued in 2009),

New and amended standards and interpretations issued that are effective subsequent to December 31, 2010 year-ends (these amendments have not been endorsed by European Union yet):

IFRS 1 (Amendment) - Limited exemption for comparative IFRS 7 Disclosures (effective for the periods beginning on or after July1, 2010. Early application is permitted.)

2. Basis of preparation of financial statements (continued)

IFRS 9, 'Financial Instruments: Classification and measurement' (effective for the periods January 1, 2013 and after): The Group is assessing the effects of the amendment.

IAS 24 (Revised) Related Party Disclosures (Effective for periods beginning on or after January 1, 2011): The Group will apply the amendment in the notes to the consolidated financial statements for the periods beginning on and after January 1, 2011.

IAS 32 (Amendment) 'Classification of Rights Issues' (Effective for periods beginning on or after February 1, 2010): The amendment does not have an impact on Group's financial performance.

IFRIC 14 (Amendment) 'Prepayments of a Minimum Funding Requirement' (Effective for periods beginning on or after January 1, 2011, with earlier application permitted): The amendment does not have an impact on Group's financial performance.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (Effective for periods beginning on or after July 1, 2010, with earlier application permitted). The amendment does not have an impact on Group's financial performance.

Improvements to IFRSs (issued in May 2010):

In May 2010, International Accounting Standards Board (IASB) made 11 changes in 7 standards. These changes have no impact on the financial performance of the Group. The revised standards are as below:

IFRS 1: Accounting policy changes in the year of adoption
IFRS 1: Revaluation basis as deemed cost
IFRS 1: Use of deemed cost for operations subject to rate regulation
IFRS 3: Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised standard
IFRS 3: Measurement of non-controlling interests
IFRS 3: Un-replaced and voluntarily replaced share-based payment awards
IFRS 7: Clarification of disclosures
IAS 1: Clarification of statement of changes in equity
IAS 27: Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements
IAS 34: Significant events and transactions
IFRIC 13: Fair value of award credits

Functional and presentation currency

The functional and presentation currency of the Company is Turkish Lira (TL).

The functional currency of the Company's subsidiary, BIM Stores SARL, is Maroc Dirham (MAD). In the consolidated financial statements, MAD amounts presented in the balance sheet are translated into Turkish Lira at the official TL exchange rate for purchases of MAD announced by the Central Bank of the Republic of Turkey at the balance sheet date, MAD 1,00 (full) = TL 5,736, MAD amounts in the statement of comprehensive income have been translated into TL, at the average TL exchange rate for purchases of MAD, is MAD 1,00 (full) = TL 5,547. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

2. Basis of preparation of financial statements (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary prepared as for the six-month ended June 30, 2010. Subsidiary is consolidated from the date on which control is transferred to the Group. The consolidated financial statements cover BİM and the subsidiary with 100% control.

Subsidiary is consolidated by using the full consolidation method; therefore, the carrying value of subsidiary is eliminated against the related shareholders' equity.

Intercompany balances and transactions between BİM and its subsidiary, including intercompany unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

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.

Accounting estimates

The preparation of financial statements in accordance with the CMB Accounting Standards require the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are mainly related with the accounting of employee termination benefits, provision for inventories, revaluation of land and buildings, assessment of economic useful lives of property, plant and equipment and intangibles and provision for income taxes.

Summary of significant accounting policies

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. 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 shares income from participations banks are recognized according to the accrual basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, cash in transit and time deposits generally having original maturities of three months or less.

2. Basis of preparation of financial statements (continued)

Trade receivables

Trade receivables, which generally have an average of 10 day term (December 31, 2009 – 10 days) as of balance sheet date, are carried at amortized cost less an allowance for any uncollectible amounts. Estimate is made for the doubtful provision when the collection of the trace receivable is not probable.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined by the first in first out method.

Net realizable value is the estimated selling price less estimated costs necessary to realize 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 cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the related accounts and any gain or loss resulting from their disposal is included in the statement of income. 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 ready for 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. If the asset recognition criteria are met, 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 and equipment on a straight-line basis. The depreciation periods for property and equipment, which approximate the estimated economic useful lives of such assets, are as follows:

	Year
Land improvements	5
Building	25
Machinery and equipment	4, 5, 6, 7, 10
Furniture and fixtures	5, 10
Vehicles	5, 10
Leasehold improvements	5, 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.

2. Basis of preparation of financial statements (continued)

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 statement of income in the expense category consistent with the function of the intangible asset.

The Group 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.

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. The recoverable amount of property and equipment is the greater of net selling price and value in use. 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 while the net selling price is the amount obtainable from the sale of an asset after cost of sales deducted.

Trade payables

Trade payables which generally have an average of 49 days term (December 31, 2009 - 49 days) are initially recorded at original invoice amount and carried at amortized cost. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2. Basis of preparation of financial statements (continued)

Financial instruments

Financial asset and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

When a financial instrument gives rise to a contractual obligation on the part of the Group to deliver cash or another financial asset or to exchange another financial instrument under conditions that are potentially unfavorable, it is classified as a financial liability. The instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

(a) The instrument includes no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer,

(b) If the instrument will or may be settled in the Group's own equity instruments, it is a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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. 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 Group 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 recognized on the trade date, which is the date that the Group commits to purchase/sell the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

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.

Recognition and derecognition of financial assets and liabilities

The Group recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Group committed to purchase or sell.

2. Basis of preparation of financial statements (continued)

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortized 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.

The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in the consolidated statement of income.

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.

Provision for impairment is provided when there is an objective evidence of uncollectibility of trade receivables. Reserve is provided for the overdue uncollectible receivables. Also portfolio reserve is provided for the not due receivables based on certain criteria. The carrying amount of the receivable is reduced through use of an allowance account.

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of such transactions. Exchange rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in the comprehensive income statement in the period in which they arise.

Foreign currency conversion rates used by the Group for the related period ended are as follows:

	USD / TL (full)	EUR / TL (full)
June 30, 2010	**1,5747**	**1,9217**
December 31, 2009	1,5057	2,1603

Earnings per share

Earnings per share (EPS) are determined by dividing net income by the weighted average number of shares that have been outstanding during the period concerned. The weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding increase in resources.

2. Basis of preparation of financial statements (continued)

Subsequent events

Post year/period-end events that provide additional information about the Group'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, contingent assets and contingent liabilities

i) Provisions

Provisions are recognised when the Group 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.

ii) Contingent assets and liabilities

Contingent liabilities are not recognised in the financial statements but 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

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 statement of income on a straight-line basis over the lease term.

Related parties

Parties are considered related to the Group if;

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

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

2. Basis of preparation of financial statements (continued)

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

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

(d) the party is member of the key management personnel of the Group 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);

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

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 recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and recorded 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 utilized.

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

Reserve for 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 detailed in Note 24, the employee benefit liability is provided for in accordance with IAS 19 “Employee Benefits” and is based on an independent actuarial study.

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

In the consolidated financial statements, the Group has recognized a liability using the "Projected Unit Credit Method". Actuarial gains and losses, as long as the cumulative unrecognized portion exceed 10% of the present value of the defined benefit obligation, are recognized in the comprehensive statement of income 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.

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.

3. Business combinations

As of June 30, 2010 and December 31, 2009, there is no business combination.

4. Business associations

None (December 31, 2009 - None).

5. 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. Although the subsidiary of the Group operates in Morocco, the sales revenue portion of the subsidiary in the consolidated operations is 0,40% which is less than 10%, therefore the amendment does not have any effect on Group's financial statements.

6. Cash and cash equivalents

	June 30, 2010	December 31, 2009
Cash on hand	**27.525**	31.173
Banks		
-profit share deposits	**82.765**	111.692
-demand deposits	**35.866**	17.472
Cash in transit	**9.504**	6.205
	155.660	166.542

There is no restricted cash as of June 30, 2010 and December 31, 2009. As of June 30, 2010 gross profit share of participation banks for TL amounts is 9% (December 31, 2009 – gross 9,5%).

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

7. Financial investments

The Group does not have any security as of June 30, 2010 and December 31, 2009.

8. Financial liabilities

As of June 30, 2010, the Group has short term interest free bank borrowings from various banks amounting to TL 34.913 for the payment of social security premiums. These financial liabilities are closed as of July 2, 2010.

As of December 31, 2009, the Group does not have any financial liabilities.

9. Other financial liabilities

None (December 31, 2009 - None).

10. Trade receivables and payables

a) Trade receivables, net

	June 30, 2010	December 31, 2009
Credit card receivables	**168.016**	160.905
Trade receivables	**1.195**	871
Other receivables	**687**	105
Less: provision for doubtful receivables	**(698)**	(524)
	169.200	161.357

As of June 30, 2010 the average term of trade receivables is 10 days (December 31, 2009 - 10 days).

As of June 30, 2010 and December 31, 2009, the Group does not have any overdue trade receivables except provision for doubtful receivables.

b) Trade payables, net

	June 30, 2010	December 31, 2009
Other trade payables	**666.751**	548.619
	666.751	548.619

As of June 30, 2010 letters of guarantee and cheque amounting to TL 11,478 and mortgages amounting to TL 12.535 received from its supplier firms (December 31, 2009 – TL 9.677 letters of guarantee and cheque, TL 14.420 mortgages).

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

11. Other receivables and payables

a) **Other receivables –** As of June 30, 2010 and December 31, 2009, the Group does not have any short-term and long-term receivables.

b) **Other payables-** As of June 30, 2010 and December 31, 2009, the Group does not have any short-term and long-term payables.

12. Liabilities to and receivables from finance sector operations

None (December 31, 2009 - None).

13. Inventories

	June 30, 2010	December 31, 2009
Trade goods, net	**287.417**	255.527
Other inventory	**19.892**	2.324
	307.309	257.851

As of June 30, 2010, a provision for impairment of inventory amounting to TL 2.498 was recorded (December 31, 2009 – TL 2.199).

14. Biological assets

None (December 31, 2009 - None).

15. Assets related with construction projects in progress

None (December 31, 2009 - None).

16. Investment in associates

None (December 31, 2009 - None).

17. Investment properties

None (December 31, 2009 - None).

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

18. Property, plant and equipment

The movements of property, plant and equipment and the related accumulated depreciation for the six month period ended June 30, 2010 and June 30, 2009 are as follows:

	December 31, 2009	Additions	Disposals	Transfers	Effect of change in foreign currencies	June 30, 2010
Cost or revalued amount						
Land	**70.752**	**3.411**	**-**	**-**	**-**	**74.163**
Land improvements	**1.784**	**149**	**-**	**-**	**-**	**1.933**
Buildings	**118.454**	**4.954**	**-**	**217**	**-**	**123.625**
Machinery and equipment	**229.907**	**19.332**	**(1.187)**	**-**	**(176)**	**247.876**
Vehicles	**46.117**	**6.811**	**(2.650)**	**-**	**(24)**	**50.254**
Furniture and fixtures	**95.855**	**9.894**	**(357)**	**-**	**(46)**	**105.346**
Leasehold improvements	**163.617**	**18.957**	**(3.510)**	**-**	**(238)**	**178.826**
Construction in progress	**17**	**6.983**	**-**	**(217)**	**-**	**6.783**
	726.503	**70.491**	**(7.704)**	**-**	**(484)**	**788.806**
Less: Accumulated depreciation						
Land improvements	**(584)**	**(166)**	**-**	**-**	**-**	**(750)**
Building	**-**	**(2.732)**	**-**	**-**	**-**	**(2.732)**
Machinery and equipment	**(108.804)**	**(9.344)**	**692**	**-**	**19**	**(117.437)**
Vehicles	**(22.762)**	**(4.358)**	**2.106**	**-**	**1**	**(25.013)**
Furniture and fixtures	**(62.646)**	**(6.176)**	**330**	**-**	**4**	**(68.488)**
Leasehold improvements	**(52.614)**	**(7.896)**	**1.290**	**-**	**10**	**(59.210)**
	(247.410)	**(30.672)**	**4.418**	**-**	**34**	**(273.630)**
Net book value	**479.093**					**515.176**

	December 31, 2008	Additions	Disposals	June 30, 2009
Cost or revalued amount				
Land	44.136	3.682	-	47.818
Land improvements	1.145	421	(2)	1.564
Buildings	104.730	4.487	-	109.217
Machinery and equipment	198.219	17.612	(615)	215.216
Vehicles	42.317	2.691	(1.403)	43.605
Furniture and fixtures	85.511	5.587	(1.010)	90.088
Leasehold improvements	135.154	16.990	(951)	151.193
Construction in progress	210	393	-	603
	611.422	51.863	(3.981)	659.304
Less: Accumulated depreciation				
Land improvements	(319)	(112)	-	(431)
Buildings	(3.854)	(2.179)	-	(6.033)
Machinery and equipment	(92.797)	(7.896)	264	(100.429)
Vehicles	(17.172)	(4.045)	969	(20.248)
Furniture and fixtures	(52.901)	(5.278)	936	(57.243)
Leasehold improvements	(40.167)	(6.726)	309	(46.584)
	(207.210)	(26.236)	2.478	(230.968)
Net book value	404.212			428.336

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

18. Property, plant and equipment (continued)

The land and buildings were revalued and reflected to financial statements with fair value. 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. 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 buildings that would have been included in the financial statements as of June 30, 2010 and December 31, 2009 respectively are as follows:

	Land and buildings	
	June 30, 2010	December 31, 2009
Cost	**193.977**	185.395
Accumulated depreciation	**(14.756)**	(12.024)

As of June 30, 2010 and December 31, 2009, the gross carrying amount of property, plant and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	June 30, 2010	December 31, 2009
Furniture and fixtures	**40.418**	38.915
Machinery and equipment	**56.580**	54.513
Intangible assets and leasehold improvements	**18.624**	16.561
Vehicles	**4.476**	3.932
Land improvements	**173**	173
	120.271	114.094

Pledges and mortgages on assets

As of June 30, 2010 and December 31, 2009, there are no pledges or mortgages on property, plant and equipment of the Group.

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

19. Intangible assets

The movements of intangible assets and related accumulated amortization for the six month periods ended June 30, 2010 and June 30, 2009 are as follows:

	December 31, 2009	**Additions**	**Effect of change in foreign currencies**	**June 30, 2010**
Cost				
Rights	**8.328**	**434**	**(10)**	**8.752**
Other intangibles	**1.262**	**95**	**(103)**	**1.254**
	9.590	**529**	**(113)**	**10.006**
Accumulated amortization				
Rights	**(5.434)**	**(457)**	**1**	**(5.890)**
Other intangibles	**(624)**	**(142)**	**49**	**(717)**
	(6.058)	**(599)**	**50**	**(6.607)**
Net book value	**3.532**			**3.399**

	December 31, 2008	Additions	June 30, 2009
Cost			
Rights	7.386	322	7.708
Other intangibles	329	1.237	1.566
	7.715	1.559	9.274
Accumulated amortization			
Rights	(4.603)	(414)	(5.017)
Other intangibles	(324)	(448)	(772)
	(4.927)	(862)	(5.789)
Net book value	2.788		3.485

The intangible assets are amortized over estimated useful lives which is 5 years.

Major part of the rights is software licenses.

20. Goodwill

None (December 31, 2009 - None).

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

21. Government incentives and grants

Investment incentives

As of June 30, 2010 and December 31, 2009, the Group does not have any investment incentive.

22. Provisions, contingent assets and liabilities

Other provisions for debts

As of June 30, 2010 and December 31, 2009, the Group has TL 1.752 and TL 2.873 provisions for telephone, electricity, water and other short term liabilities, respectively.

Legal issues

As of June 30, 2010 and December 31, 2009, the total amount of outstanding lawsuits filed against the Group is TL 7.939 and TL 7.547 in historical terms, respectively. The Group set provisions amounting TL 4.586 and TL 4.400 for the related periods, respectively.

Letter of guarantees, mortgages and pledges given by the Group

As of June 30, 2010 and December 31, 2009, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	June 30, 2010	31 December, 2009
A. Total amount of guarantees, mortgages and pledges provided by the Group on behalf of itself	**11.626**	1.268
B. Total amount of guarantees, mortgages and pledges provided on behalf of the associates accounted under full consolidation method	**2.063**	1.702
C. Provided on behalf of third parties in order to maintain operating activities to secure third party payables	**-**	-
D. Other guarantees, mortgages and pledges given	**-**	-
Total	**13.689**	2.970

Insurance coverage on assets

As of June 30, 2010 and December 31, 2009, insurance coverage on assets of the Group is TL 512.915 and TL 441.254 respectively.

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

23. Commitments

As of June 30, 2010 and December 31, 2009, the Group has operating lease commitments for each of the following years:

	June 30, 2010	December 31, 2009
Not later than one year	**-**	-
Later than one year and not later than five years	**100**	108
Later than five years	**-**	28

24. Employee termination benefits

Reserve for employee termination benefits

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 TL 2.427 (full TL) and TL 2.365 (full TL) at June 30, 2010 and December 31, 2009, 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 Group 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, as long as the cumulative unrecognized portion exceeds 10% of the present value of defined benefit obligation, are recognized in the statement of comprehensive income over the average remaining working lives of employees. Reserve for employee termination benefits are calculated as of June 30, 2010 and December 31, 2009.

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

	January 1 – June 30, 2010	January 1 – June 30, 2009
Current service cost	**1.218**	856
Financial expense of employee termination benefit	**566**	389
Total expense	**1.784**	1.245

Provision for employee termination benefits:

	January 1 – June 30, 2010	January 1 – June 30, 2009
Defined benefit obligation	**11.235**	10.429
Unrecognized actuarial (gains) / losses	**(2.862)**	(2.862)
	8.373	7.567

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

24. Long-term defined employee benefit plan (continued)

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

	January 1 – June 30, 2010	January 1 – June 30, 2009
Beginning balance	**10.429**	6.629
Financial expense of employee termination benefit	**566**	389
Current service cost	**1.218**	856
Benefits paid	**(978)**	(576)
Balance at period end	**11.235**	7.298

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

	June 30, 2010	December 31, 2009
Discount rate	**11 %**	11 %
Expected rate of salary/limit increases	**4,8 %**	4,8 %

25. Employee pension plans

None (December 31, 2009 - None).

26. Other assets and liabilities

a) Other current assets

	June 30, 2010	December 31, 2009
Advances given	**35.548**	18.402
Prepaid expenses	**6.965**	5.694
VAT receivable	**2.220**	1.826
Other	**415**	438
	45.148	26.360

b) Other non-current assets

	June 30, 2010	December 31, 2009
Advances given for tangible asset purchases	**16.430**	1.724
Other	**2.889**	3.202
	19.319	4.926

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

26. Other assets and liabilities (continued)

c) Other short-term liabilities

	June 30, 2010	December 31, 2009
Income tax and social security taxes payable	**7.495**	6.343
VAT payable	**3.804**	6.317
Other tax and funds payable	**7.016**	7.165
Other	**1.027**	901
	19.342	20.726

As of June 30, 2010 and December 31, 2009, the Group does not have any other long-term liability.

27. Shareholders' equity

a) Share capital and capital reserves

As of June 30, 2010 and December 31, 2009, the breakdown of shareholders and their ownership percentages in the Company (all in historical terms) are summarized as follows:

	June 30, 2010		December 31, 2009	
	Historical amount	**%**	Historical amount	%
Mustafa Latif Topbaş	**27.266**	**18,0**	14.133	18,6
Abdulrahman A. El Khereiji	**20.623**	**13,6**	10.311	13,6
Ahmet Afif Topbaş	**12.771**	**8,4**	5.886	7,8
Zuhair Fayez	**5.990**	**3,9**	2.994	3,9
Firdevs Çizmeci	**1.800**	**1,2**	900	1,2
Ömer Hulusi Topbaş	**180**	**0,1**	90	0,1
Publicly traded	**83.170**	**54,8**	41.586	54,8
	151.800	**100**	75.900	100

The Company's share capital is fully paid and consists of 151.800.000 shares of TL 1 nominal value.

As decided at the General Assembly meeting held on April 22, 2010, the Group has increased paid in share capital from inflation adjustment on paid-in share capital amounting to TL 6.956 and from retained earning amounting to TL 68.994 with a total of TL 75.900 and paid in share capital reached to TL 151.800.

Revaluation fund

As of June 30, 2010, Group has revaluation surplus amounting TL 15.704 (December 31, 2009 – TL 15.704) related to revaluation of land and buildings. The revaluation surplus is not available for distribution to shareholders.

27. Shareholders' equity (continued)

Inflation adjustment on equity items

As of June 30, 2010 inflation adjustment on paid-in share capital amounting to TL 6.956 is used in free share capital increase. As of December 31, 2009 inflation adjustment on equity items amounting TL 6.956 is related with inflation adjustment on paid-in share capital as of December 31, 2004.

b) Restricted reserves allocated from profits / prior year profits

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

The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above and Turkish Capital Market Board (CMB) requirements related to profit distribution.

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

In accordance with the Capital Market Board decision number 1/6 dated January 9, 2009, during the calculation of distributable profits by the companies obliged to prepare financial statements; the companies can determine the amount of distributable profits by taking into account the net profit on the financial statements that are prepared and announced to the public according to No:XI-29 "Communiqué on Financial Reporting Standards in Capital Markets" which includes profits from associates, joint ventures and subsidiaries that are transferred to the profit of the Company, regardless of whether these companies' general assembly approved any dividend distributions, as soon as these distributable profits can be funded by the reserves in the statutory accounts of the companies.

In accordance with the Capital Market Board decision in January 27, 2010, it is decided that there is no dividend distribution requirements for the listed companies whose shares are traded on the stock exchange.

Inflation adjustment to shareholders' equity and book value of extraordinary reserves can be used as an internal source in capital, dividend distribution in cash or net-off against prior years' loss. In case the inflation adjustment to shareholders' equity is used for dividend distribution in cash, the distribution is subject to corporate tax.

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

27. Shareholders' equity (continued)

As of June 30, 2010 and December 31, 2009 legal reserves, prior year profits and net income for the period in statutory accounts of the parent are as follows:

	June 30, 2010	December 31, 2009
Legal reserves	**51.599**	34.072
Prior year profits	**5.826**	9.023
Net income for the period	**114.705**	216.098
	172.130	259.193

As decided at the General Assembly meeting, the Group has distributed gross dividend from 2009 profit amounting to TL 132.825 as of May 18, 2010.

28. Sales and cost of sales

a) Net sales

The Group's net sales for the six months period ended June 30, 2010 and June 30, 2009 are as follows:

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Domestic sales	**3.128.042**	**1.552.856**	2.516.952	1.289.419
Sales in abroad	**12.549**	**6.787**	1.909	1.909
Sales return (-)	**(10.773)**	**(5.701)**	(9.250)	(4.986)
	3.129.818	**1.553.942**	2.509.611	1.286.342

b) Cost of sales

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Beginning inventory	**255.527**	**271.769**	229.342	237.458
Purchases	**2.640.514**	**1.315.901**	2.066.855	1.060.549
Ending inventory	**(287.417)**	**(287.417)**	(240.424)	(240.424)
	2.608.624	**1.300.253**	2.055.773	1.057.583

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

29. Selling, marketing and distribution and general and administrative expenses

a) Selling, marketing and distribution expenses

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Personnel expenses	**144.735**	**75.044**	120.224	62.670
Rent expenses	**84.300**	**43.228**	71.843	37.048
Depreciation and amortisation expenses	**28.347**	**14.666**	23.723	12.071
Water, electricity and communication expenses	**23.714**	**13.002**	20.321	10.309
Packaging expenses	**15.800**	**7.752**	11.789	5.835
Advertising expenses	**10.890**	**5.458**	8.775	4.948
Maintenance and repair expenses	**7.887**	**4.268**	7.160	3.740
Provision for employee termination benefit	**1.003**	**496**	701	354
Trucks fuel expense	**10.574**	**5.446**	6.997	3.712
Other selling and marketing expenses	**12.682**	**7.002**	10.017	5.309
	339.932	**176.362**	281.550	145.996

b) General and administrative expenses

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Personnel expenses	**32.338**	**16.294**	28.622	14.686
Depreciation and amortisation expenses	**2.924**	**1.342**	3.073	1.634
Money collection expenses	**1.941**	**1.019**	1.715	826
Legal and consultancy expenses	**1.755**	**979**	1.460	821
Motor vehicle expenses	**2.297**	**1.185**	1.751	979
Communication expenses	**486**	**246**	573	289
Office supplies expenses	**267**	**152**	224	131
Provision for employee termination benefits	**215**	**105**	155	74
Other general and administrations expenses	**8.407**	**4.622**	6.531	3.209
	50.630	**25.944**	44.104	22.649

30. Expenses as to nature

a) Depreciation and amortization expenses

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Selling, marketing and distribution expenses	**28.347**	**14.666**	23.723	12.071
General and administrative expenses	**2.924**	**1.342**	3.073	1.634
	31.271	**16.008**	26.796	13.705

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

30. Expenses as to nature (continued)

b) Personnel expenses

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Wages and salaries	**154.767**	**79.951**	129.745	69.651
Employee termination benefits	**1.218**	**601**	856	428
SSK provisions employee contribution	**22.306**	**11.387**	19.101	7.705
	178.291	**91.939**	149.702	77.784

31. Other operating income and expense

a) Other operating income

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Gain on sale of scrap materials	**2.123**	**1.083**	1.539	766
Other income	**3.049**	**1.911**	4.436	3.282
	5.172	**2.994**	5.975	4.048

b) Other operating expense

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Loss on sale of property and equipment	**(853)**	**(582)**	(585)	(364)
Provision expenses	**(597)**	**(51)**	(715)	(399)
Other	**(1.172)**	**(983)**	(1.025)	(830)
	(2.622)	**(1.616)**	(2.325)	(1.593)

32. Financial income

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Financial income				
Income on profit share account - deposits	**7.025**	**3.439**	2.509	1.879
Foreign exchange gains	**299**	**106**	328	314
Total financial income	**7.324**	**3.545**	2.837	2.193

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

33. Financial expenses

	January 1 - June 30, 2010	**April 1 - June 30, 2010**	January 1 - June 30, 2009	April 1 - June 30, 2009
Financial expense				
Finance charge on employee termination benefit	**(566)**	**(283)**	(389)	(195)
Banking charges	**-**	**-**	(476)	(14)
Foreign exchange losses	**(1.495)**	**(878)**	(165)	(158)
Other financial expense	**(57)**	**(29)**	(21)	(5)
Total financial expenses	**(2.118)**	**(1.190)**	(1.051)	(372)

34. Asset held for resale and discontinued operations

None (December 31, 2009 - None).

35. Tax assets and liabilities

As of June 30, 2010 and December 31, 2009, provision for taxes of the Group is as follows:

	June 30, 2010	December 31, 2009
Current period tax provision	**28.979**	54.777
Prepaid taxes	**(19.016)**	(43.143)
Corporate tax payable	**9.963**	11.634

In Turkey, as of June 30, 2010 corporate tax rate 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.

Corporate tax losses can be carried forward for a maximum period of 5 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.

15% withholding applies to dividends distributed by resident corporations resident real persons except for, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

35. Tax assets and liabilities (continued)

As of June 30, 2010 and 2009, temporary differences based for deferred tax and deferred tax asset/liability calculated by using applicable tax rates are as follows:

	Balance sheet		Comprehensive income statement	
	June 30, 2010	December 31, 2009	**January 1- June 30, 2010**	January 1- June 30, 2009
Deferred tax liability				
Differences in tangible and intangible assets	**13.292**	15.192	**(1.900)**	424
Deferred tax asset				
Reserve for employee termination benefit	**(1.667)**	(1.500)	**(167)**	(134)
Other adjustments	**(3.052)**	(2.731)	**(321)**	(73)
Deferred tax	**8.573**	10.961	**(2.388)**	217

Movement of net deferred tax liability for the six months period ended June 30, 2010 and 2009 is presented as follows:

	January 1- June 30, 2010	January 1- June 30, 2009
Opening balance	**10.961**	10.207
Deferred tax expense/(income) recognized in statement of comprehensive income	**(2.388)**	217
Balance at the end of period	**8.573**	10.424

Tax reconciliation

	January 1- June 30, 2010	January 1- June 30, 2009
Net income before tax	**138.388**	133.620
Corporation tax at effective tax rate of 20%	**(27.678)**	(26.724)
Disallowable expenses	**(273)**	(227)
Effect of non-tax deductible and tax exempt items	**30**	10
Other	**1.330**	(279)
Provision for taxes	**(26.591)**	(27.220)
- Current	**(28.979)**	(27.003)
- Deferred	**2.388**	(217)

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

36. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. The basic EPS for the period ended June 30, 2010 and 2009 are 0,736 (full TL) and 0,701 (full TL), respectively. All shares of the Company are in same status.

As decided at the General Assembly meeting held on April 22, 2010, the Group has finalized the distribution of dividend amounting to gross TL 132.825 (1,75 (full TL) per share) and distribution of free share capital amounting to TL 75.900 at nominal value as of report period.

The movements of number of shares as of June 30, 2010 and June 30, 2009 are as follows;

Number of shares	**June 30, 2010**	June 30, 2009
Beginning of the period	**75.900.000**	75.900.000
Number of free shares issued by using internal sources	**75.900.000**	-
Period end	**151.800.000**	75.900.000

37. Related party disclosures

a) Due to related parties

Due to related parties balances as of June 30, 2010 and December 31, 2009 are as follows:

Payables related to goods and services received

	June 30, 2010	December 31, 2009
Ak Gıda A.Ş. (Ak Gıda) (1)	**57.698**	50.939
Teközel Gıda Tem.Sağ.Mar.Ltd. Şti. (Teközel) (1) (*)	**-**	29.874
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) (1)	**14.081**	14.089
Hedef Tüketim Ürün ve Dış Ticaret A.Ş.(Hedef) (1)	**6.141**	6.283
Marsan Gıda San. ve Tic. A.Ş. (Marsan) (1)	**2.786**	2.281
Natura Gıda San. ve Tic. A.Ş. (Natura) (1)	**11.938**	998
Seher Gıda Paz. San. ve Tic. A.Ş. (Seher) (1)	**231**	353
Bahariye Tekstil San. Tic. A.Ş. (1)	**1.053**	9
	93.928	104.826

(1) Companies owned by shareholders of the Company or the companies that the shareholders have shares

(*) Excluded from the list of companies owned by shareholders as of April 1, 2010.

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

37. Related party disclosures (continued)

b) Related party transactions

For the six month periods ended June 30, 2010 and 2009, summary of the major transactions with related parties are as follows:

(i) Major purchases from related parties during the six month periods ended June 30, 2010 and 2009 are as follows:

	January 1- June 30, 2010	January 1- June 30, 2009
Ak Gıda (1)	**232.127**	185.679
Başak (1)	**84.833**	67.316
Teközel (*)	**50.706**	83.771
Natura (1)	**19.582**	13.132
Marsan (1)	**7.384**	6.668
Hedef (1)	**17.431**	7.761
Bahariye (1)	**991**	1.868
Seher (1)	**843**	434
	413.897	366.629

(1) Companies owned by shareholders of the Company or the companies that the shareholders have shares

(*) Excluded from the list of companies owned by shareholders as of April 1, 2010. Indicates the purchase amounts between January 1, 2010 and April 1, 2010.

(ii) For the six months periods ended June 30, 2010 and 2009 salaries, bonuses and compensations provided to board of directors and key management comprising of 73 and 68 personnel, respectively, are as follows:

	January 1- June 30, 2010	January 1- June 30, 2009
Short-term benefits	**6.402**	6.297
Long-term defined benefits	**489**	448
Total benefits	**6.891**	6.745

iii) For the six months periods ended June 30, 2010 and 2009 the Company received service from the related party, Proline Bilişim Sistemleri ve Ticaret A.Ş. amounting TL 498 and TL 202, respectively.

38. Nature and level of risks arising from financial instruments

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and profit share rates. These risks are market risk (including foreign currency risk and profit share rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The Group's principal financial instruments comprise cash and short-term bank loans. The main purpose of using these financial instruments is to raise finance for the Group's operations. The Group has other financial instruments such as trade receivables and payables which arise directly from its operations. The Group manages its capital through cash provided by its operations and review of the maturities of the trade payables.

Price risk

Price risk is a combination of foreign currency, profit share and market risk. The Group naturally manages its price risk by matching the same foreign currency denominated receivable and payables and assets and liabilities bearing profit share. The Group closely monitors its market risk by analyzing the market conditions and using appropriate valuation methods.

Profit share rate risk

The Group does not have material profit share rate sensitive asset. The Group's income and cash flows from operations are independent from profit share rate risk.

The Group's profit share rate risk mainly comprises of outstanding short-term borrowings in the prior period. The Group's forthcoming loans in order to continue its operating activities are effected from forthcoming profit share ratios.

Profit share rate position table

According to IFRS 7 "Financial Assets", the profit share rate position of the Group is as follows:

Profit share position table		**Current period**	Prior period
	Fixed-profit share bearing financial instruments		
Financial assets	Financial assets at fair value through profit/loss	**82.765**	111.692
	Available for sale financial assets	**-**	-
Financial liabilities		**-**	-
	Variable profit share bearing financial instruments		
Financial assets		**-**	-
Financial liabilities		**-**	-

Credit risk

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 Group is engaged in the retail sector and transactions are mainly on a cash basis or has 1 month maturity credit card collections, the exposure to credit and price risk is minimal.

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

Credit risk table (Current period)

	Credit card receivable		Bank deposits	
	Related party	**Other party**	**Related party**	**Other party**
Maximum credit risk exposures as of report date	-	**168.016**	-	118.631
Maximum risk secured by guarantees	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	**168.016**	-	118.631

Credit risk table (Prior period)

	Credit card receivable		Bank deposits	
	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date	-	160.905	-	129.164
Maximum risk secured by guarantees	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	160.905	-	129.164

Since the Company does not have material assets and liabilities denominated in foreign currency, the Company does not use derivative instruments or forward contracts for hedging foreign currency risks.

Foreign currency position

As of June 30, 2010 and December 31, 2009, the Group's foreign currency position is as follows:

	June 30, 2010				December 31, 2009			
	TL equivalent	**USD**	**Euro**	**GBP**	TL equivalent	USD	Euro	GBP
Assets								
Banks	**17**	**1.243**	**7.759**	**-**	9	1.171	3.204	-
Other current assets	**33**	**19.100**	**1.273**	**-**	12	6.100	1.278	-
Total assets	**50**	**20.343**	**9.032**	**-**	21	7.271	4.482	-
Liabilities								
Other short-term liabilities	**68**	**43.160**	**-**	**-**	213	141.532	-	-
Other long-term liabilities	**-**	**-**	**-**	**-**	-	-	-	-
Total liabilities	**68**	**43.160**	**-**	**-**	213	141.532	-	-
Net foreign currency position	**(18)**				(192)			

(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

38. Nature and level of risks arising from financial instruments (continued)

Exchange rate risk

The following table demonstrates the sensitivity to a possible change of 10% in the U.S Dollar, Euro and GBP exchange rates, with all other variables held constant, of the Group's profit before tax as of June 30, 2010 and December 31, 2009:

		Increase in exchange rate		Decrease in exchange rate	
June 30, 2010	**USD**	**+10%**	**(3)**	**(10%)**	**3**
	Euro	**+10%**	**2**	**(10%)**	**(2)**
	GBP	**+10%**	**-**	**(10%)**	**-**
December 31, 2009	USD	+10%	(20)	(10%)	20
	Euro	+10%	1	(10%)	(1)
	GBP	+10%	-	(10%)	-

Liquidity risk

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

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

As of June 30, 2010 and December 31, 2009, maturities of undiscounted trade payables and financial liabilities are as follows (accrual amounts are not included):

June 30, 2010

Contractual maturities	Book value	Total cash outflow	Less than 3 months	Between 3-12 months	Between 1-5 year	More than 5 years
Non derivative financial liabilities						
Bank borrowings	**34.913**	**34.913**	**34.913**	**-**	**-**	**-**
Trade payables	**670.946**	**670.946**	**670.946**	**-**	**-**	**-**
Due to related parties	**94.516**	**94.516**	**94.516**	**-**	**-**	**-**

December 31, 2009

Contractual maturities	Book value	Total cash outflow	Less than 3 months	Between 3-12 months	Between 1-5 year	More than 5 years
Non derivative financial liabilities						
Bank borrowings	-	-	-	-	-	-
Trade payables	552.263	552.263	552.263	-	-	-
Due to related parties	105.525	105.525	105.525	-	-	-

39. Financial instruments (fair value disclosures and disclosures in the frame of hedge accounting)

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

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

The Group considers that carrying amounts reflect fair values of the financial instruments.

Financial assets

The fair values of certain financial assets carried at cost including cash and cash equivalents profit share accruals and other short term financial assets are considered to approximate their respective carrying values due to their short-term nature. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

Financial liabilities

Financial liabilities of which fair values approximate their carrying values:

Fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings with variable rates are considered to approximate their respective carrying values since the profit share rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

40. Subsequent events

None.

41. Other matters that significantly affect financial statements or are necessary for openness, interpretability and clearness of the financial statements

There is no other matters having significant impact on or requiring explanation in order to provide the clarity, interpretability and perceptibility of the financial statements as of June 30, 2010 and December 31, 2009.