IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular (the "Offering Circular") attached to this electronic transmission and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

THE ATTACHED OFFERING CIRCULAR IS IN PRELIMINARY FORM ONLY, IS NOT COMPLETE AND CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. THE PRELIMINARY OFFERING CIRCULAR IS NOT AN OFFER TO SELL SHARES AND THE COMPANY IS NOT SOLICITING OFFERS TO BUY SHARES IN ANY JURISDICTION WHERE SUCH OFFER OR SALE IS NOT PERMITTED.

Confirmation of your representation: By accessing this Offering Circular you have confirmed to the Company and the Joint Global Coordinators (each as defined in the Offering Circular), that (i) you have understood and agree to the terms set out herein, (ii) (a) you and the electronic mail address you have given to us are not located in the United States, its territories and possessions or (b) you are a person that is a "qualified institutional buyer" ("QIB") within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"), (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the attached Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person, and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to purchase the securities described in the Offering Circular.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Circular, electronically or otherwise, to any other person and in particular to any address located in the United States. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

Restrictions: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

ANY SHARES BEING SOLD HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB THAT IS ACQUIRING SUCH SHARES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, IF AVAILABLE, OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

Under no circumstances shall this Offering Circular constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described in the Offering Circular in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This Offering Circular and the offer made pursuant thereto are addressed only to and directed only at persons in member states of the European Economic Area ("EEA"), who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (2003/71/EC) ("qualified investors"). In addition, in the United Kingdom, this Offering Circular is being distributed only to, and is directed only at, qualified investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) who fall within Article 49(2)(a) to (d) of the Order and (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Offering Circular must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not qualified investors. The securities described in the Offering Circular are only available to, and any investment or investment activity to which this Offering Circular relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, qualified investors, and will be engaged in only with such persons.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, neither the Joint Global Coordinators, any person who controls any of the Joint Global Coordinators or the Company, any director, officer, employee or agent of any of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version of the Offering Circular.

This Preliminary Offering Circular is not complete and may be changed. This Preliminary Offering Circular is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 17, 2011

PRELIMINARY OFFERING CIRCULAR **CONFIDENTIAL**

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.

(incorporated in and operating under the laws of the Republic of Turkey)

14,000,000 Shares

This Offering Circular contains information regarding the global offering of 14,000,000 shares, nominal value TL 1.00 per share (the "Shares," which term shall include the Additional Shares (as defined below), where appropriate) of Bizim Toptan Satış Mağazaları A.Ş. ("Bizim," the "Company" or "we"), a joint stock company organized under the laws of the Republic of Turkey, by Yıldız Holding A.Ş. ("Yıldız Holding") and Golden Horn Investments B.V. (together with Yıldız Holding and one individual shareholder, the "Selling Shareholders"), consisting of (i) an international offering of 11,200,000 Shares outside the United States and Turkey to institutional investors in offshore transactions in reliance on Regulation S ("Regulation S") under the Securities Act of 1933, as amended (the "Securities Act"), and in the United States only to qualified institutional buyers ("QIBs") as defined in, and in reliance on, Rule 144A under the Securities Act ("Rule 144A") or another exemption from the registration requirements of the Securities Act (the "International Offering") and (ii) a public offering of 2,800,000 Shares to retail and institutional investors in Turkey in offshore transactions in reliance on Regulation S (the "Domestic Offering" and, together with the International Offering, the "Offering"), in each case subject to the approval of the Turkish Capital Markets Board (the "CMB"). The allocation of Shares between the International Offering and the Domestic Offering is subject to change. See "Plan of Distribution."

The Domestic Offering is being made pursuant to a separate Turkish language offering document prepared in accordance with Turkish regulations (the "Domestic Prospectus"). This Offering Circular pertains only to the International Offering. Prospective investors proposing to subscribe in the Domestic Offering should procure a Domestic Prospectus from authorized institutions in due course.

In addition, up to 2,000,000 additional shares (the "Additional Shares") may be sold by Yıldız Holding on the Closing Date (as defined below) for the purpose of covering over-allotments and to permit Garanti Yatırım Menkul Kıymetler A.Ş. (the "Stabilizing Manager" or "Garanti Securities"), as the stabilizing manager, after prior consultation with Merrill Lynch International ("Merrill Lynch") to effect transactions with a view to supporting the market price of the Shares on the Istanbul Stock Exchange (the "ISE"), as described more fully under "Plan of Distribution – Over-Allotment and Stabilization."

No public trading market currently exists for any of our securities. We have applied for listing of the Shares on the ISE under the symbol "BIZIM." Trading in the Shares on the ISE is expected to commence on or about February 3, 2011. No application has been, or is currently intended to be, made for the Shares to be admitted to listing or dealt with on any other stock exchange.

Investing in the Shares involves risks. Prospective investors should read the entire document and, in particular, "Risk Factors" beginning on page 7 before making an investment decision with respect to the Shares.

Offer Price Range: TL 22.50 to TL 30.00 per Share

The Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to QIBs as defined in Rule 144A, or outside the United States in accordance with Regulation S. Prospective investors that are QIBs are hereby notified that the seller of Shares may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Shares, see "Plan of Distribution – Selling Restrictions" and "Transfer Restrictions."

The Shares in the International Offering are offered by Merrill Lynch and Standard Ünlü Menkul Değerler A.S. ("Standard" and, together with Merrill Lynch, the "Joint Global Coordinators") when, as and if delivered to and accepted by them, and subject to their right to reject orders in whole or in part. The Joint Global Coordinators expect to deliver the Shares by means of book-entry registration with accounts maintained by Merkezi Kayıt Kuruluşu A.Ş. (the "Central Registry"), the custody center for the ISE, against payment in İstanbul, Turkey on or about February 2, 2011 (the "Closing Date").

Joint Global Coordinator and International Bookrunner

BofA Merrill Lynch

Joint Global Coordinator and Co-Bookrunner

Standard Ünlü Menkul Değerler A.S.

Domestic Coordinator and Domestic Bookrunner

Garanti Securities

The date of this Offering Circular is [●], 2011.

NOTICE TO INVESTORS

In this Offering Circular, unless the context otherwise suggests, "Bizim," the "Company," "we," "our" and "us" refer only to Bizim Toptan Satış Mağazaları A.Ş. All references to "Yıldız Holding" are to Yıldız Holding A.Ş.

This Offering Circular is being furnished by us in connection with an offering exempt from registration under the Securities Act and applicable state securities laws in the United States solely for the purpose of enabling an investor to consider the purchase of the Shares offered hereby. Delivery of this Offering Circular to any other person or any reproduction of this Offering Circular, in whole or in part, without our consent and the consent of the Joint Global Coordinators is prohibited.

The International Offering is being made solely on the basis of this Offering Circular. Any decision to purchase the Shares in the International Offering must be based solely on the information contained in this Offering Circular. In making an investment decision, you should rely on your own examination, analysis and enquiry of us and the terms of the International Offering, including the merits and risks involved. Neither the delivery of this Offering Circular nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or that the information set forth in this Offering Circular is correct as of any date subsequent to the date hereof. See "Risk Factors."

We have not authorized any person to give any information or make any representation not contained in this Offering Circular in connection with the International Offering and, if given or made, such information or representation must not be relied upon as having been authorized by us, the Selling Shareholders or the Joint Global Coordinators. No representation or warranty, express or implied, is being made by the Joint Global Coordinators as to the accuracy, completeness or verification of information contained herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by us, the Selling Shareholders, the Joint Global Coordinators or any other Managers or any of their affiliates or advisors as to the past, present or future. You should not assume that the information contained in this Offering Circular is accurate as of any date other than the date on the front of this Offering Circular. The Joint Global Coordinators assume no responsibility for the accuracy, completeness or verification of this Offering Circular and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this document or any such statement.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to purchase Shares by any person in any jurisdiction where it is unlawful for such person to make such an offer or solicitation. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. The distribution of this Offering Circular and the offering or sale of the Shares in certain jurisdictions is restricted by law. This Offering Circular may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorized or is unlawful. Accordingly, neither this Offering Circular nor any advertisement or any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular may come are required by us and the Joint Global Coordinators to inform themselves about and to observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Further information with regard to restrictions on offers and sales of the Shares and the distribution of this Offering Circular is set out under "Plan of Distribution – Selling Restrictions" and "Transfer Restrictions." None of us, the Selling Shareholders or the Joint Global Coordinators are making any representation to any offeree or purchaser of the Shares regarding the legality of an investment therein by such offeree or purchaser.

The Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any State or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States to QIBs as defined in Rule 144A. Prospective purchasers are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on

offers, sales and transfers of the Shares and the distribution of this Offering Circular, see "Plan of Distribution – Selling Restrictions" and "Transfer Restrictions."

Neither the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission nor any other regulatory authority has approved or disapproved the securities nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

The Joint Global Coordinators will be acting exclusively for us and no one else in connection with the International Offering and will not regard any other person (whether or not a recipient of this document) as their clients in relation to the International Offering and will not be responsible to anyone other than us for providing the protections afforded to their respective clients or for providing advice in relation to the International Offering or any transaction or arrangement referred to in this Offering Circular.

In connection with the International Offering, the Joint Global Coordinators and any of their affiliates acting as investors for their own account may take up the Shares and in that capacity may retain, purchase or sell for their own account such securities and any securities of Bizim or related investments and may offer or sell such securities or other investments otherwise than in connection with the International Offering. Accordingly, references in this Offering Circular to the Shares being offered or placed should be read as including any issue, offering or placement of such securities to the Joint Global Coordinators and any of their respective affiliates acting in such capacity. The Joint Global Coordinators do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

None of the Company, the Selling Shareholders or the Joint Global Coordinators, or any of their respective representatives, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should consult its own advisors as to the legal, tax, business, financial and related aspects of a purchase of Shares needed to make its investment decision and to determine whether it is legally permitted to purchase the Shares offered hereby under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

The investors also acknowledge that: (i) they have not relied on the Joint Global Coordinators or any person affiliated with such Joint Global Coordinators in connection with any investigation of the accuracy of any information contained in this Offering Circular or their investment decision; and (ii) they have relied only on the information contained in this Offering Circular, and that no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Offering Circular) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company, the Selling Shareholders or the Joint Global Coordinators.

The Shares have been or will be registered with the CMB, pursuant to the provisions of the Capital Markets Law No. 2499, as amended, of the Republic of Turkey (the "Capital Markets Law"). Such registration does not constitute a guarantee by the CMB or any other public authority with respect to the Shares or us. The Domestic Prospectus has been or will be registered with and approved by the CMB. Neither this Offering Circular nor any other offering material related to the International Offering of Shares may be used in connection with any general offering to the public within the Republic of Turkey without the prior approval of the CMB. This Offering Circular has been prepared solely in connection with the International Offering of the Shares to certain institutional investors. The information in this document, which is in draft form, is subject to updating, completion, revision, verification and amendment. The final Domestic Prospectus in connection with listing will be published in due course. Recipients of this document who intend to subscribe for and/or purchase Shares in the International Offering are reminded that any such subscription or purchase may only be made on the basis of the information contained in the Offering Circular, once completed, and any supplementary prospectus, which may be different from the information contained in this document. No reliance may be placed for any purpose whatsoever on the completeness, accuracy or fairness of the information contained in this document. Although it is intended that the Domestic Prospectus will be approved by the CMB as a prospectus, this Offering Circular has not been and will not be so approved. Similarly, although it is intended that the Domestic Prospectus will be made available to the public in Turkey, this document has not been and will not be made so available.

No representation or warranty, express or implied, is made or given by or on behalf of the Company, any of the Selling Shareholders, the Joint Global Coordinators or any of their respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings or any of such person's directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document and no responsibility or liability is accepted by any person for such information or opinions.

STABILIZATION

Yıldız Holding has agreed to allocate the proceeds from the sale of Additional Shares or, if the Additional Shares are not sold, to allocate funds (calculated to be an amount equal to approximately 14% of the gross proceeds of the Offering) (in either case, the "Stabilization Funds") to the Stabilizing Manager, to conduct price stabilization activities. The Stabilizing Manager, after prior consultation with Merrill Lynch, may use the Stabilization Funds to effect transactions with a view to supporting the market price of the Shares on the ISE at levels higher than those which might otherwise prevail for a limited period after the offer price is announced. In accordance with the regulations of the CMB, stabilizing activities may be carried on for a maximum period of 30 days following the commencement of trading of the Shares on the ISE (the "Stabilization Period") and may be effected only on the ISE. Purchase orders can be given only to ensure price stabilization and, may not be given at prices above the offer price and must otherwise comply with the regulations of the CMB and the ISE. Such transactions must be brought to an end at the expiry of the Stabilization Period or, earlier, if the Stabilization Funds have been fully utilized. No representation is made as to the magnitude or effect of any such stabilizing or other transactions and any such activities or transactions would not constitute a guarantee of any share price. The Stabilizing Manager is not obliged to engage in stabilization activities and may, upon notice to the ISE and the CMB, discontinue any of these activities at any time. See "Plan of Distribution – Over-Allotment and Stabilization."

NOTICE TO EEA AND U.K. INVESTORS

This Offering Circular and the International Offering are only addressed to and directed at persons in member states of the European Economic Area, ("EEA") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (2003/71/EC), (the "Prospectus Directive"). In addition, in the United Kingdom, this Offering Circular is being distributed only to, and is directed only at, qualified investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "Order"), (ii) who fall within Article 49(2)(a) to (d) of the Order and (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Offering Circular must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not qualified investors. The Shares are only available to, and any investment or investment activity to which this Offering Circular relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, qualified investors, and will be engaged in only with such persons.

This Offering Circular has been prepared on the basis that all offers of the Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA from the requirement to produce a prospectus for offers of Shares. Accordingly, any person making or intending to make any offer within the EEA of Shares which are the subject of the Offering contemplated herein should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholders or the Joint Global Coordinators to produce a prospectus for such offer. None of the Company, the Selling Shareholders or the Joint Global Coordinators has authorized or does authorize the making of any offer of Shares through any financial intermediary, other than offers made by the Joint Global Coordinators which constitute the final placement of Shares contemplated herein.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN

EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

PRESENTATION OF FINANCIAL INFORMATION

Statutory Financial Statements

We maintain our books of account and prepare our statutory financial statements in Turkish Lira in accordance with the requirements of the Turkish Commercial Code (the "TCC") and Turkish tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of Turkey.

IFRS Financial Statements

Our audited interim financial statements as of and for the nine months ended September 30, 2010 and for the nine months ended September 30, 2009 and our audited annual financial statements as of and for the years ended December 31, 2009, 2008 and 2007 (the "IFRS Financial Statements") included elsewhere in this Offering Circular have been prepared and presented in Turkish Lira in accordance with International Financial Reporting Standards ("IFRS"), promulgated by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Accounting Standards Committee and Standing Interpretations Committee of the IASB ("IFRIC"). The significant IFRS accounting policies applied in the financial information of the Company are applied consistently in the financial information in this Offering Circular. In making an investment decision, prospective investors must rely on their own examination of the information regarding the Company, the terms of the Offering and the financial and other information in this Offering Circular.

Our IFRS Financial Statements have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., member of Deloitte Touche Tohmatsu Limited, independent accountant, as stated in their report included elsewhere in this Offering Circular. Unless otherwise indicated, the financial information presented in this Offering Circular is extracted or derived from our IFRS Financial Statements, which appear beginning on page F-1 of this Offering Circular.

Non-IFRS Measures

We have included certain measures in this Offering Circular that are not measures of performance under IFRS. These include earnings before interest, taxes, depreciation and amortization ("EBITDA"). The EBITDA disclosed in this Offering Circular is an unaudited supplementary measure of our performance and liquidity that is not required by, or presented in accordance with, IFRS. Non-IFRS measures should be considered as an alternative to the measures determined in accordance with IFRS. For a description of a reconciliation of EBITDA to the closest IFRS measure, see "Operating and Financial Review – Non-IFRS Measures."

Although EBITDA is not a measure of operating income, operating performance or liquidity under IFRS, we have presented EBITDA in this Offering Circular because we understand that EBITDA and indicators based on this measure are used by some investors to determine a company's ability to service indebtedness and fund ongoing capital expenditure. EBITDA should not, however, be considered in isolation or as a substitute for operating profit as determined in accordance with IFRS, or for cash flows from operating activities as determined in accordance with IFRS, or as an indicator of operating performance, or as a member of discretionary cash available to us to invest in the growth of our business. The EBITDA disclosed in this Offering Circular may not be comparable to EBITDA disclosed by other companies, as this term is not uniformly defined.

Some of the limitations of EBITDA as a measure are:

- it does not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments in respect of any borrowings;

- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and EBITDA measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate EBITDA differently than we do, limiting their usefulness as a comparative measure.

Accordingly, undue reliance should not be placed on the EBITDA presented in this Offering Circular.

Other Financial and Operating Information

Unaudited financial and operating data in relation to the business of the Company is extracted from the following sources: (i) the Company's management accounts for the relevant accounting periods presented; (ii) the Company's internal financial and operating reporting systems supporting the preparation of financial statements; or (iii) the Company's internal non-financial operating reporting systems. Our management accounts are prepared using information extracted from accounting records used in the preparation of our historical financial information, although they may also include certain other management assumptions and analyses. Unaudited financial and operating data extracted from management accounts or internal reporting systems in relation to the business of the Company is to be found principally in "Selected Financial and Other Data," "Operating and Financial Review" and "Business."

Unaudited financial and operating data presented in this Offering Circular includes: (i) net working capital; (ii) net capital expenditures; (iii) inventory days; (iv) accounts receivable ("A/R") days; (v) accounts payable ("A/P") days; (vi) free cash flow; (vii) return on capital employed ("ROCE"); (viii) average store sales area and (ix) average basket size. Definitions of these terms are available in "Selected Financial and Other Data."

CMB Financial Statements

The CMB requires that all public companies in Turkey prepare financial statements in accordance with the accounting principles of the CMB (the "CMB Principles"). In connection with the Domestic Offering and in accordance with CMB requirements, we have made public our audited interim financial statements as of and for the nine months ended September 30, 2010 and for the nine months ended September 30, 2009 and our audited annual financial statements as of and for the years ended December 31, 2009, 2008 and 2007 that have been prepared and presented in accordance with the CMB Principles.

MARKET AND INDUSTRY INFORMATION

This Offering Circular contains historical market data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain information regarding market size, market share, market position, growth rates and other industry data pertaining to us and our business contained in this document consist of estimates based on data compiled by professional organizations and on data from other external sources, such as Frost & Sullivan Limited ("Frost & Sullivan"), Euromonitor, Retail Planet, Organization for Economic Co-operation and Development ("OECD") and Economist Intelligence Unit, as well as the sources identified in "Market and Industry Overview." We retained Frost & Sullivan to provide certain market and industry information regarding the Turkish wholesale market which is reflected in "Market and Industry Overview" and other parts of this Offering Circular. Where information from the study prepared by Frost & Sullivan or from other third-party sources has been used, we have indicated the sources accordingly.

Industry publications and market research generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. We have not independently verified the information in industry publications or market research provided by third parties, including Frost & Sullivan, although we believe the information contained therein to be reliable. None of us, the Selling Shareholders or the Joint Global Coordinators represent that this information is accurate or comprehensive.

In some cases there is no readily available external information (whether from trade and business organizations and associations, government bodies or other organizations) to validate market related analyses and estimates, requiring us to rely on internally developed estimates. Although we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and we cannot assure investors as to its accuracy or that a third party using different methods to assemble, analyze or compute market data would obtain the same result. We do not intend, and do not assume any obligation, to update industry or market data set forth in this Offering Circular. Finally, because market behavior, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this document and estimates based on any data therein may not be reliable indicators of future market performance or our future results of operations.

Certain of the information contained herein under the headings "Risk Factors," "Exchange Rates" and "Turkish Securities Market" has been extracted from summaries of information and data publicly released by official sources in Turkey. We have not independently verified this information.

The information provided from the sources referred to in this Offering Circular has been accurately reproduced and, as far as we are aware and have been able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

CURRENCY PRESENTATION

In this Offering Circular, references to "TL" are to Turkish Lira; references to "U.S. dollars" and "$" are to United States dollars; and references to "euro" or "€" are to the currency of the member states of the European Union ("EU") participating in the European Economic and Monetary Union (Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Slovenia, Malta, Cyprus, Finland and Slovakia). As of January 1, 2005, the currency of Turkey was redenominated to New Turkish Lira. On January 1, 2009, the word "New" was eliminated from the name "Turkish Lira" and the currency is again called "Turkish Lira." TL 1.00 equals TL 1,000,000 as denominated prior to January 1, 2005. Unless otherwise indicated, all amounts in this Offering Circular are in Turkish Lira.

EXCHANGE RATE INFORMATION

The Federal Reserve Bank of New York does not report a noon buying rate for Turkish Lira. The official Turkish Lira ask rate announced by the Central Bank of the Republic of Turkey (the "Central Bank") on January 10, 2011 for euro and U.S. dollars respectively, (the "Central Bank exchange rate") was 2.0220 = €1.00 and 1.5571 = $1.00. We do not make any representation that the Turkish Lira, euro or U.S. dollar amounts in this Offering Circular have been, could have been or could be converted into any currency at any particular rate or at all. You should read "Exchange Rates" for historical information regarding the Central Bank exchange rates between the Turkish Lira and the euro and U.S. dollar. For a discussion of the effects on us of fluctuating exchange rates, see "Risk Factors – Risks Related to Turkey – The state of the current account deficit in Turkey could lead to exchange rate adjustments and inflation, which could lead to increased volatility in the Turkish economy."

OTHER INFORMATION

References to "Turkey" or the "Republic" are to the Republic of Turkey, references to the "Government" are to the Government of Turkey and references to the "Treasury" are to the Under Secretariat of Treasury of the Prime Ministry of the Republic of Turkey.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains "forward-looking statements" which relate to, without limitation, our plans, objectives, goals, strategies, future operational performance, and anticipated developments in the wholesale FMCG (as defined below) market in Turkey and the performance of the Turkish and global economies. These forward-looking statements are characterized by words such as "anticipate," "estimate," "believe," "intend," "plan," "predict," "may," "will," "would," "should," "continue," "expect" and similar expressions, but these expressions are not the exclusive means of identifying such statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause circumstances or our actual results, performance or achievements to be materially different from any future circumstances, results, performance or achievements expressed or implied by such statements. Such forward-looking statements are inherently based on numerous assumptions regarding, among other things:

- our ability to open new stores and achieve profitability of those stores in line with our historical record;
- our ability to adapt our business model to the changing structure of our customer base, and increase our numbers of registered and active customers;
- our expectations regarding the evolution of our product mix and product prices;
- development of rent levels for stores and warehouses;
- developments in the Turkish economy, including growth of gross national product ("GDP"), inflation and interest rates;
- levels of household consumption in Turkey of fast moving consumer goods ("FMCG");
- Turkish demographic trends, including population growth and urbanization levels;
- competition within the wholesale FMCG market;
- the effects of Turkish and international political events; and
- changes in laws, regulations or governmental policies to which our business is subject.

This list of important factors is not exhaustive. When relying on forward-looking statements, which may be found in "Summary," "Risk Factors," "Operating and Financial Review," "Market and Industry Overview," "Business" and elsewhere in this Offering Circular, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved. Such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

The forward-looking statements contained in this Offering Circular are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations are contained in cautionary statements in this Offering Circular, including, without limitation, in conjunction with the forward-looking statements included in this Offering Circular and specifically under the section entitled "Risk Factors." In addition, under no circumstances should the inclusion of such forward-looking statements in this Offering Circular be regarded as a representation or warranty by us or the Joint Global Coordinators or any other person with respect to the achievement of the results set out in such statements or the underlying assumptions used will in fact be the case. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected.

All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. Subject to the requirements of the ISE or as required by applicable law, we do not intend, and we do not assume any obligation, to update any forward-looking statement contained in this Offering Circular.

ENFORCEABILITY OF CIVIL JUDGMENTS

We are a joint stock company organized under the laws of Turkey. All of our directors, controlling shareholders and executive officers reside outside the United States, and substantially all of the assets of such persons are, and all of our assets are, located outside the United States.

The courts of Turkey will not enforce a judgment obtained in a court established in a country other than Turkey unless:

- there is in effect a treaty between such country and Turkey providing for reciprocal enforcement of court judgments;
- there is "de facto" enforcement in such country of judgments rendered by Turkish courts; or
- there is a provision in the laws of such country that provides for the enforcement of judgments of the Turkish courts.

There is no treaty between the United States and Turkey providing for reciprocal enforcement of judgments. Accordingly, there is uncertainty as to the enforceability in Turkish courts of judgments obtained in United States courts. Moreover, there is uncertainty as to the ability of a shareholder to bring an original action in Turkey based on the United States federal securities laws.

In addition, the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey if:

- the defendant was not duly summoned or represented or the defendant's fundamental procedural rights were not observed and the defendant appeals before a Turkish court against the request for enforcement on either of these grounds;
- the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the courts of Turkey;
- the court rendering the judgment did not have jurisdiction to render such judgment;
- the judgment was rendered by a foreign court which treated itself competent despite the lack of connection with parties or subject matter of the case and the defendant appeals before a Turkish court against the request for enforcement on this ground;
- the judgment is not of a civil nature;
- the judgment is clearly against public policy rules of Turkey; or
- the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered.

As a result, it may not be possible to:

- effect service of process within the United States upon any of the directors and executive officers named in this Offering Circular; or
- enforce, in Turkey, court judgments obtained in courts of the United States against the Company or any of the directors and executive officers named in this Offering Circular in any action, including actions under the civil liability provisions of federal securities laws of the United States.

In addition, it may be difficult to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon U.S. securities laws.

AVAILABLE INFORMATION

For so long as any of the Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which it is neither subject to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted Shares or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act to facilitate resales of the Shares pursuant to Rule 144A.

U.S. INTERNAL REVENUE SERVICE CIRCULAR 230

PURSUANT TO U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, THE COMPANY HEREBY INFORMS HOLDERS THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF

AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SHARES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NO INCORPORATION OF WEBSITE

The contents of our website do not form a part of this Offering Circular.

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SUMMARY

This summary highlights selected information from this Offering Circular and may not contain all of the information that is important to you. You should carefully read the entire Offering Circular, including the statements in "Risk Factors" and our IFRS Financial Statements and the notes thereto, before making an investment decision.

Overview

We are the largest cash and carry FMCG wholesaler in Turkey measured by the number of stores. We operate a chain of wholesale cash and carry stores throughout Turkey from which we sell mainly branded food products, non-alcoholic beverages, tobacco, household chemicals and personal hygiene products. Our customers include wholesalers, traders, "bakkals" (local small grocery stores with less than 50 square meters of floor space), markets (local markets, between 50 and 400 square meters of floor space), supermarkets (stores with more than 400 square meters of floor space), specialized retailers, corporate institutions, HoReCa (Hotels, Restaurants and Cafés) customers and others. As of the date of this Offering Circular, we have 109 stores located in 54 out of the 81 cities in Turkey with populations above 50,000. As of September 30, 2010, we had approximately 266,000 registered customers and, in the nine months ended September 30, 2010, we had an average of approximately 88,000 customers monthly and provided supplies to approximately 178,000 active customers (customers that purchased products from our stores at least once during the preceding 12-month period). For the nine months ended September 30, 2010, our sales revenue was TL 1,064.1 million.

As of September 30, 2010, our product range consisted of approximately 6,800 products, or stock keeping units ("SKUs"), nationwide. Our SKUs can be categorized as branded and private label products. As of September 30, 2010, approximately 97% of our SKUs were branded third-party products and approximately 3% were our branded private label products. Branded products are regularly stocked products carrying well-known international and national brands that we sell in our stores. In addition to these regularly stocked branded products, we also offer from time to time branded promotional products in our stores. We purchase our branded products from reputable international and national suppliers, and generally work with the market leader, the market follower as well as with convenience brands in each product category, which we believe reduces our dependence on any one product or brand. Private label products are products that carry our own brand names, but are manufactured in Turkey by well-known manufacturers we partner with. As of September 30, 2010, we worked with 22 different suppliers to offer six brands and 172 active products in our private label product line. Our current private label offering represented 3.6% of our domestic non-tobacco sales revenue during the nine months ended September 30, 2010.

Key Strengths

We believe we are well-positioned to retain and strengthen our leading position in the Turkish cash and carry market due to the following key strengths:

- Compelling cash and carry channel dynamics in Turkey;
- Leading cash and carry position with national footprint;
- Proven business model with high scalability and flexibility;
- Strong price leadership and high customer convenience;
- Demonstrated track record of profitable growth; and
- Highly-experienced management team with strong FMCG and retail credentials.

Strategy

Our principal business objective is to maintain sustainable profitable growth in the Turkish cash and carry market by focusing on our core regional markets, as well as expanding into new cities. The cornerstones of that strategy are the following:

- Continued focus on same-store sales growth;
- Continued rollout of new stores in line with our historical average; and
- Focus on cost management to further enhance our profitability.

THE OFFERING

Company	Bizim Toptan Satış Mağazaları A.Ş.
Selling Shareholders	Yıldız Holding, Golden Horn Investments B.V. and Mr. Taner Karamollaoğlu.
Offering	A total of 14,000,000 shares are being offered by the Selling Shareholders, of which 7,200,000 Shares are being offered by Yıldız Holding, 6,000,000 Shares are being offered by Golden Horn Investments B.V. and 800,000 Shares are being offered by Mr. Taner Karamollaoğlu. In addition, up to 2,000,000 Additional Shares may be sold by Yıldız Holding pursuant to the Over-allotment Option, as described below.
International Offering	11,200,000 Shares are being offered in the International Offering. These Shares are being offered and sold (i) outside the United States and Turkey to institutional investors in reliance on Regulation S under the Securities Act; and (ii) in the United States only to QIBs in reliance on Rule 144A or another exemption from the registration requirements of the U.S. Securities Act.
Domestic Offering	2,800,000 Shares are being offered in a public offering to retail and institutional investors in Turkey. The Domestic Offering will be open from January 27 to January 28, 2011, and will be conducted pursuant to an underwriting and consortium agreement with a syndicate of Turkish financial institutions led by Garanti Securities. The allocation of the Shares between the International Offering and the Domestic Offering is subject to change.
Share Capital	Our current issued share capital consists of 40,000,000 ordinary shares, all of which are fully paid, issued and outstanding, with a nominal value of TL 1.00 each. Our shares have the rights described under "Description of Our Share Capital." Our Board of Directors has the right to increase the share capital up to TL 100,000,000.
Over-Allotment and Stabilization	In connection with the Offering, up to 2,000,000 Additional Shares may be sold by Yıldız Holding on the Closing Date for the purpose of covering over-allotments. Yıldız Holding has agreed to allocate the proceeds from the sale of Additional Shares or, if Additional Shares are not sold, to allocate funds (calculated to be an amount equal to approximately 14% of the gross proceeds of the Offering) (in either case the "Stabilization Funds") to the Stabilizing Manager, to effect, after prior consultation with Merrill Lynch, transactions with a view to supporting the market price of the Shares on the ISE, as described more fully under "Plan of Distribution – Over-Allotment and Stabilization."
Offer Price Range	TL 22.50 to TL 30.00 per Share.
Use of Proceeds	We will not receive any proceeds from the Offering of Shares by the Selling Shareholders.
Lock-Up Arrangements	The Company, the directors, the Selling Shareholders and the other shareholders have agreed that, subject to certain exceptions, neither we nor they, nor any person acting on our or any of their behalf will, for a period of 180 days from the Closing Date, without the prior written consent of Merrill Lynch,

	(i) directly or indirectly, issue, offer, pledge, sell, contract to sell, or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of (or publicly announce any such transaction) any of our ordinary shares or any securities convertible into or exercisable or exchangeable for our ordinary shares, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of any of our ordinary shares, whether such transaction is to be settled by delivery of ordinary shares or other securities, in cash or otherwise, or (iii) publicly announce any such transaction. See "Plan of Distribution – Lock-Up Arrangements" for more information.
Disclosure of Beneficial Interests in Shares	Persons becoming direct or indirect holders of 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, 66⅔% or 75% or more of the issued share capital or voting rights of a public company in Turkey are required to notify the ISE of such acquisition and, thereafter, to notify the ISE of their transactions in the shares or voting rights of such public company when the total number of the shares or voting rights traded falls below or exceeds such thresholds. The name of the investor, date of the transaction, the nominal value of the shares subject to transaction and the value of the transaction, the ratio of the shares in the capital of the public company prior to and following the transaction should be included in the notice sent to ISE. The notices sent to ISE are made public through the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*), through its website. With respect to the disclosure to be made, the scope of the CMB regulations require that only persons who purchase 5% or more of the shares in a public offering, and the shares, without the minimum ratio requirement, as persons having access to information which might affect the share price, be disclosed to the CMB and the ISE by the lead manager of the domestic underwriting consortium. With regard to such persons, as a matter of market practice, the Joint Global Coordinators will disclose the following information to the public through the Public Disclosure Platform: (i) name; (ii) field of activity; (iii) nationality; (iv) whether the person has purchased or holds the shares on behalf of a client or as depositary; and (v) the nominal value of the purchased shares. See "Description of Our Share Capital – Disclosure of Special Events."
Dividends and Dividend Policy	Holders of the Shares will be entitled to receive dividends payable, if any, on the Shares in respect of the year ending December 31, 2010 and any dividends payable in subsequent years. Our policy is to pay pay dividends in accordance with the requirements of the CMB and at least the minimum percentage determined by the CMB in each financial year. The timing and

	amount of any such dividends will depend on our existing and future financial position, results of operations, investment and liquidity needs and other matters we consider relevant from time to time, including but not limited to the state of international financial markets and the FMCG wholesale market in Turkey. See "Dividends and Dividend Policy" and "Taxation" for further information.
Voting Rights	Our shareholders are entitled to one vote per share on all matters submitted to a shareholder vote. Votes in our general assembly of shareholders (the "General Assembly") meetings are taken by a show of hands. See "Description of Our Share Capital – Voting Rights" and "Management – Board of Directors."
Taxation	For a discussion of certain tax considerations relevant to an investment in the Shares, see "Taxation."
Proposed Listing and Trading	No public trading market currently exists for any of our securities. We have applied for listing of the Shares on the ISE under the symbol "BIZIM." Trading in the Shares on the ISE is expected to commence on or about February 3, 2011.
Settlement and Delivery	Payment for the Shares is expected to be in Turkish Lira in same-day funds. If you do not maintain a custody account in Turkey, you are required to open a custody account with a recognized Turkish depositary, and provide details of such custody accounts to the Joint Global Coordinators in order to make payments of Turkish Lira and receive Shares. You must provide details of such custody accounts to the Joint Global Coordinators no later than January 28, 2011. The Shares will be delivered to your Turkish custody account on or about the Closing Date by means of book-entry registration, subject to timely and satisfactory provision of account details. See "Plan of Distribution – Settlement and Trading."
Transfer Restrictions	The Shares will be subject to certain restrictions on transfer as described under "Transfer Restrictions."
Identification Number for the Shares	ISIN: [●] Common Code: [●]
Risk Factors	You should read "Risk Factors" for a discussion of factors that you should consider carefully before deciding to invest in the Shares.

SUMMARY HISTORICAL FINANCIAL DATA

The following table sets forth, for the periods indicated, our summary historical financial data. The following summary financial information should be read in conjunction with, and is qualified in its entirety by reference to, our IFRS Financial Statements and other relevant information included elsewhere in this Offering Circular. The summary financial information contained herein is presented in Turkish Lira and has been prepared and presented in accordance with IFRS. You should read the following information in conjunction with "Presentation of Financial Information," "Selected Financial and Other Data," "Operating and Financial Review" and our IFRS Financial Statements and the notes thereto included elsewhere in this Offering Circular.

	For the nine months ended September 30,		For the year ended December 31,		
	2010	2009	2009	2008	2007
			(audited)		
	(TL in millions, except earnings per share)				
COMPREHENSIVE INCOME STATEMENT DATA					
Sales revenue	1,064.1	911.0	1,237.1	1,264.3	1,040.1
Cost of sales	(971.4)	(834.9)	(1,133.1)	(1,172.2)	(967.3)
Gross profit	92.7	76.1	104.0	92.1	72.8
Marketing, sales and distribution expenses	(46.0)	(39.7)	(54.0)	(51.8)	(42.0)
General administrative expenses	(11.6)	(9.7)	(13.2)	(13.7)	(12.0)
Operating profit	35.1	26.9	37.0	26.9	19.5
Finance income	6.4	7.3	9.3	16.0	12.1
Finance expenses	(14.7)	(17.1)	(22.6)	(38,1)	(24.2)
Profit before tax	26.8	17.1	23.7	4.9	7.4
Net profit for the period	21.4	13.7	18.9	3.8	5.8
Earnings per share (TL)	1.0709	0.6849	0.9466	0.1923	0.2916

	As of September 30,	As of December 31,		
	2010	2009	2008	2007
		(audited)		
		(TL in millions)		
BALANCE SHEET DATA				
ASSETS				
Current assets:				
Cash and cash equivalent	31.6	10.5	11.3	8.5
Trade receivables				
Trade receivables from related parties	0.5	0.1	0.4	0.4
Other trade receivables	50.7	65.8	72.5	61.2
Inventory	103.2	88.7	85.4	66.4
Total assets	254.7	215.0	239.2	165.6
LIABILITIES AND EQUITY				
Current liabilities:				
Financial borrowings	0.9	1.1	18.8	1.4
Trade payables:				
Trade payables to related parties	42.0	37.4	29.9	17.6
Other trade payables	126.9	112.9	139.5	108.7
Non-current liabilities:				
Financial borrowings	–	0.2	5.1	1.7
Total equity	75.3	53.8	34.9	30.4
TOTAL EQUITY AND LIABILITIES	254.7	215.0	239.2	165.6

	As of and for the nine months ended September 30,		As of and for the year ended December 31,		
	2010	2009	2009	2008	2007
	(unaudited)				
	(TL in millions, unless otherwise indicated)				
OTHER FINANCIAL AND OPERATIONAL DATA					
EBIT(1)	35.1	26.9	37.0	26.9	19.5
EBIT margin (%)	3.3	3.0	3.0	2.1	1.9
EBITDA(2)	41.3	32.6	44.7	33.8	24.6
EBITDA margin(3) (%)	3.9	3.6	3.6	2.7	2.4
Net working capital(4)	(14.4)	–	4.2	(11.1)	1.7
Net capital expenditures(5)	6.1	2.3	6.5	19.3	14.1
Average inventory days(6)	29	–	29	27	25
A/R days(7)	13	–	19	21	22
A/P days(8)	47	–	48	53	48
Free cash flow(9)	27.5	22.6	27.7	(11.8)	(0.6)
ROCE (%)(10)	63	–	66	45	62
Number of stores, period-end	106	92	97	90	79
Aggregate average store sales area (m^2)(11)	91,058	84,784	86,245	77,508	62,972
Average sales revenue per store sales area (TL)(12)	11,686	10,745	14,344	16,312	16,517

(1) EBIT = Operating profit.

(2) EBITDA = EBIT + Depreciation of property, plant and equipment + Amortization of other intangible assets.

For reconciliation of EBITDA to our IFRS Financial Statements, see "Operating and Financial Review – Non-IFRS Measures."

(3) EBITDA margin $= \dfrac{\text{EBITDA}}{\text{Sales revenue}}$

(4) Net working capital = Trade receivables + Inventory – Trade payables.

(5) Net capital expenditure = Purchases of property, plant and equipment – Proceeds on disposal of property, plant and equipment + Purchases of other intangible assets.

For the years ended December 31, 2007 and 2008, net capital expenditure excludes TL 2.9 million and TL 0.9 million, respectively, of capital expenditures financed through leasing arrangements.

(6) Average inventory days $= \dfrac{\text{Inventory ending balance}}{\text{Cost of sales for corresponding year}} \times$ 365 (for full year numbers) or 270 (for nine month numbers)

(7) A/R days $= \dfrac{\text{Trade receivables ending balance}}{\text{Sales revenue for corresponding year}} \times$ 365 (for full year numbers) or 270 (for nine month numbers)

(8) A/P days $= \dfrac{\text{Trade payables ending balance}}{\text{Cost of sales for corresponding year}} \times$ 365 (for full year numbers) or 270 (for nine month numbers)

(9) Free cash flow = Operating cash flow – Net capital expenditure.

(10) ROCE (return on capital employed) $= \dfrac{\text{EBIT} \times (1 - \text{applicable Turkish corporate Tax Rate})}{\text{Capital employed}}$

Capital employed = Financial borrowings + Equity – Cash and cash equivalents.

(11) Aggregate average store sales area $= \dfrac{\text{Total sales area at the end of the period plus total sales are at the beginning of the period}}{2}$

Total sales area is calculated by deducting warehouse and open areas from the total square meters covered by all of our stores.

(12) Average sales revenue per store sales area $= \dfrac{\text{Sales revenue for the period}}{\text{Average store sales area}}$

RISK FACTORS

Prior to making an investment decision, you should carefully consider all of the information in this Offering Circular, including, without limitation, the risks described below. The risks and uncertainties described below are those that we currently believe could materially affect us and any investment you make in us. If any of these events occur, the trading price of the Shares could decline and you could lose all or part of your investment. Additional risks and uncertainties that do not currently exist or of which we are unaware or which we currently do not believe to be material may also become important factors that adversely affect us and your investment. You should refer to the other information set out in this Offering Circular, including our IFRS Financial Statements and the related notes thereto and the information in "Operating and Financial Review." For additional information concerning Turkey, its economy and other related matters, see "Exchange Rates," "Market and Industry Overview," "Business," "Turkish Securities Market" and "Foreign Investment and Exchange Controls."

Risks Related to Our Industry and Business

Although we have grown our store base rapidly in the past years, there can be no assurance that we will be able to continue to grow at the same pace in the future and maintain our profitability

We have grown rapidly since we started our operations in 2002. We have grown our store network from the initial 14 stores opened in 2002 (including eight stores operated under our now-discountinued franchising model) to our portfolio of 109 stores as of the date of this Offering Circular. We aim to pace the roll-out of new stores in line with our average since 2006 of 13 new stores per year, and therefore aim to add 10 to 15 new stores on average per year over the near- to medium-term. However, there can be no certainty that we will be able to open new stores in the future at the rate or at the same level of cost we have achieved in prior periods, and a decline in sales, difficulty in identifying suitable locations for new stores, or other factors could slow down the rate of our new store openings. Further, slower than expected growth of our store network could also result in failure to achieve volume and other performance related incentives included in our supply agreements, which would increase our cost of goods sold and have an adverse effect on our profit margins.

While expanding our store network and increasing the volume of products purchased from our suppliers, we have also improved our gross profit margin from 7.0% in 2007 to 8.4% in 2009. For the nine months ended September 30, 2010, our gross profit margin was 8.7%. As we grow further, we may face more intense competition, as a result of which we may be unable to achieve new store profitability within the timeframe we have achieved in the past, or at all, which may have an adverse effect on our results of operations. In addition, there can be no assurance that same-store sales of our existing stores will grow at a rate sufficient to compensate for any decline in the growth rate of our new store openings. As part of our strategy, we aim to further enhance our profitability by continuing to focus on the productivity of our existing stores, by using our purchasing power to achieve more favorable pricing terms from our suppliers and by closely monitoring our operating expenses, as well as seeking to optimize our product mix. Our failure to maintain or improve pricing terms from our suppliers or to maintain the profitability of our stores as our business grows would have an adverse effect on our profit margins in the future.

We may not be successful in adapting our business to address changes in the structure of our customer base and customer preferences

As a result of demographic changes in Turkey, there has been significant migration from rural areas and small cities to metropolitan areas. As a result, the number of traditional local grocery stores, called "bakkals," has been in decline. The decline has resulted from smaller stores being upgraded to larger supermarkets or, in some cases, closing. See "Market and Industry Overview" for more information. Bakkals form one of our key customer groups and represented 15.7% of our sales revenue in the nine months ended September 30, 2010 (excluding tobacco products, 12.5%). While we believe that the decrease in the number of bakkals will continue to be slow and gradual, the market shift to larger retailers could adversely effect our operations if we are not successful in adapting our business to these and other changes in our customer base, or if we fail to win new customers to replace lost bakkal customers. As our customer base is changing, we may also seek to broaden our customer base by expanding into new markets or by seeking to increase sales to existing customers. Expanding our customer base into new markets is subject to a number of risks, including the risk that we will fail to achieve market acceptance and the risk that we will be unable to provide an attractive product mix at competitive prices. Our past performance within given customer group should not be considered indicative of our future performance within any new customer group. See “Operating and Financial Review – Key Factors Affecting Our Results of Operations – Expansion of Our Customer Base.”

In addition, we may not be successful in accurately predicting customer preferences or demand for certain products. Failure to accurately identify or effectively respond to changing customer preferences or demand could negatively affect our relationship with our customers, the demand for our products and our market share. Further, if we misjudge the demand, we may build up excess inventory for certain products, which could result in a decrease in sales prices for those products and inefficient working capital management which, if material, could have an adverse effect on our business, financial condition and results of operations.

We may face challenges in identifying and leasing new store sites in a timely manner to meet our growth targets, and we may not be able to renew leases for our existing stores

An important part of our strategy includes a roll-out of new stores throughout Turkey. Our competitive position and our ability to retain and gain market share in the wholesale FMCG market in Turkey are influenced by the number of new stores we open and by the rate at which we open new stores and achieve profitability in new stores. Our ability to open new stores in locations that we deem attractive is dependent on identifying and leasing properties that are suitable for our needs and are available on commercially reasonable terms. The location of our stores is one of the most important factors influencing our future sales revenue and profit margins. The market for large surface area property in metropolitan areas in Turkey is increasingly competitive, and competition for high-quality sites at affordable prices may continue to increase in the future. Although we have not experienced significant problems in leasing properties for new stores in the past, the success of our growth strategy and the continued profitability of our operations will depend on our ability to successfully identify and secure attractive locations for our future stores in a timely and cost-efficient manner. If we fail to identify suitable locations for our new stores, we may fail to implement our strategy of opening 10 to 15 new stores per year over the near- to medium-term, which would adversely affect our business, financial condition and results of operations.

We currently rent the land and buildings for all our stores and plan to continue to do so in the future. We generally seek to execute lease agreements for new stores, or for renewals of existing stores, for terms of ten years or more, but many of our existing leases are in place with significantly shorter lease terms. There can be no assurance that we will continue to be able to renew our leases on commercially acceptable terms, or at all, as they expire. If we are unable to renew our lease agreements as they expire, or secure other favorable locations on acceptable terms, or if a significant number of our existing lease agreements are terminated for any reason, this could have a material adverse effect on our business, financial condition and results of operations.

Changes in our relationships with our suppliers or the operator of our distribution centers may have an adverse effect on our operations

As an FMCG wholesaler, we depend on a number of suppliers for the supply of goods and services. Our ability to offer a wide variety of products to our customers is dependent on our ability to obtain adequate product supplies from manufacturers and other suppliers. To prevent disruptions in the supply of goods, we obtain our products from various sources and typically enter into one-year supply agreements. While our supplier base is diversified, with our top ten suppliers accounting for 53.4% (excluding suppliers of tobacco products, 48.0% of our non-tobacco purchases) of our purchases in the nine months ended September 30, 2010, our largest supplier accounted for 9.7% (excluding suppliers of tobacco products, 12.0% of our non-tobacco purchases) of purchases during the same period. Although we believe that we would be able to replace each of our key suppliers with an alternative supplier, if required, there can be no assurance that we would be able to do so in a timely or cost-effective manner. Further, our interests may conflict with those of our suppliers and may damage our relationships with them. For example, as our customers grow in size, suppliers may be willing to increase direct deliveries to our customers’ stores, which may result in decreased demand for certain products from our customers. In addition, when developing our private label products, although we are careful to avoid substituting our private label brands for those of our third-party suppliers, there is no assurance that suppliers of such brands will continue to supply us with merchandise on terms we have previously enjoyed.

Our two distribution centers in Gebze and in Adana are operated under our supervision and staffed by our own employees (five employees in total as of September 30, 2010) and employees of a third-party logistics service provider, Netlog. In recent years, approximately 35% of our merchandise has been delivered to our stores through these distribution centers (measured by the total cost of sales). Although we believe that we would able to find an alternative distribution center provider, if necessary, a change of distribution center could result in a temporary disruption in the delivery of products to our stores and additional costs.

We derive significant revenue from sales of tobacco products and any decline in our sales of tobacco products could have an adverse effect on our business and results of operations

In the nine months ended September 30, 2010, we derived 28.5% of our domestic sales revenues from sales of tobacco products. There is no significant price competition between wholesalers in Turkey for sale of tobacco products to their customers, and as a result, tobacco products generally provide lower profit margins for the wholesalers compared to non-tobacco products due to the pricing power of large tobacco suppliers, their exclusive distribution and sales networks and the heavy taxation of tobacco products in Turkey. As a result, we are unable to differentiate ourselves on price, or benefit from our purchasing power in terms of pricing terms, with regard to tobacco products. As sales of tobacco products represents a relatively high portion of our sales revenues, any decline in the popularity of tobacco products in Turkey or government regulations that seek to change, limit or ban the use of tobacco products, including by the imposition of higher taxes on tobacco products, could have a material adverse effect on our business and results of operations, if we were unable to grow our non-tobacco business to compensate for such lost revenues.

Our future success is dependent on our senior management's experience and expertise

We rely on the efforts, diligence, skills, network of business contacts and close supervision of our business by our senior management team and other key personnel. The loss of any of these key individuals or other employees, who have specific knowledge relating to our business and our industry, could have an adverse effect on our business, financial condition and results of operations. Loss of insight into local conditions could have an adverse impact on our operations, in particular if we were to lose such an employee to a competitor. Our success also depends, to a great extent, on our ability to attract, motivate and retain quality employees throughout our organization as we grow our business. If one or more members of our senior management team or key personnel were to resign, the loss of such personnel could result in a failure or delay to achieve some or all of our commercial and strategic targets. This may result in additional duties for the remaining members of management which could have a material adverse effect on our business, financial condition and results of operations.

The Turkish wholesale FMCG market is highly competitive and there can be no certainty that we will be able to successfully compete against our existing and future competitors

According to Frost & Sullivan, the wholesale cash and carry market in Turkey represented 4.6% of the total Turkish wholesale FMCG market in 2009. We are the largest Turkish wholesale cash and carry operator based on the number of stores. Our main competitor within the wholesale cash and carry market is Metro and the remainder of the cash and carry market consists of smaller local and regional operators. For more information on the competition we face, see "Business – Competition." The performance of our competitors and changes in their operational and other business strategies, pricing, service introductions and the entry of local or national competitors into new markets or the introduction of competing new brands could cause us to experience lower sales revenue, higher operating expenses and/or lower profit margins. If we are unable to provide products at competitive prices, if customers are not satisfied with our product selection, or if our private label products do not provide an off-setting advantage, our customers may reduce or discontinue their purchases in favor of our competitors. These and other factors could cause us to experience lower sales revenues, lose market share or compel us to respond to aggressive pricing policies undertaken by our competitors, with a resulting decline in our profit margins.

We have entered, and expect to continue to enter, into a number of related party transactions and agreements which are material to our business

Prior to the Offering, Yıldız Holding holds 56.45% of our outstanding shares (33.45% after the completion of the Offering, assuming that all the Shares are sold and full exercise of the Over-Allotment Option). As a subsidiary of Yıldız Holding, some of our corporate departments have been sharing certain functions with Yıldız Holding. These shared functions have included our insurance coverage and cash pooling arrangements, as well as certain other functions, such as information technology support, personnel and administrative management functions and legal services. With the exception of cash pooling arrangements (as discussed further below), these arrangements will continue following the Offering and we are currently a party to service agreements with each of Yıldız Holding and with Oncu Iletsim Pazarlama Yapım ve Ticaret A.Ş. (“Oncu”), an affiliate of Yıldız Holding, governing the terms and scope of these services for 2011. Further, until recently, Yıldız Holding owned certain commercial trademarks we used under a license agreement with Yıldız Holding for the exclusive use of those trademarks. We recently purchased ownership to seven trademarks from Yıldız Holding, including those previously used under the license agreement, and we have currently registered our rights to five of those trademarks.

In addition, we have engaged in a number of other related party transactions with Yıldız Group companies in the past and expect to continue to do so in the future. For example, in the nine months ended September 30, 2010, 14.5% of our cost of sales related to products and services purchased from related parties. If any of these affiliated companies were to cease providing us with the goods or services they currently provide, or were to increase the cost of these goods or services, our profit margins would be lower. In addition, as a result of our status as related parties with certain key suppliers, we may face constraints on fully exercising our purchasing power when negotiating supply terms or deciding to terminate a supply relationship, or on deciding to procure and promote certain private label products to the extent these would have a detrimental effect on related party brands. See “Related Party Transactions.”

We believe that our prior and existing contracts and other transactions with related parties have been negotiated on an arm’s length basis. However, there can be no assurance that we would not have obtained better terms from third parties. Under the Turkish Corporate Tax Code, if a company engages in a transaction with related parties which is not at arm’s length, the profit is characterized as a disguised profit distribution and may be treated as a transfer pricing arrangement by tax authorities in Turkey. Any amounts that are subject to such transfer pricing would be deemed as distributed profit and this amount will be subject to dividend withholding tax along with a pecuniary penalty equivalent to up to three times the relevant tax arising. As is customary in Turkey, our articles of association provide that we may enter into commercial transactions with our directors without specific approval from the General Assembly.

In addition, we have to-date benefited from certain cash pooling arrangements with Yıldız Holding, which permitted us to pool our liquid cash and equivalents with that of Yıldız Holding, thereby generally earning a higher interest rate from deposit institutions than would otherwise have been the case. Subsequent to the Offering, we intend to discontinue these cash pooling arrangements and deposit our cash and equivalents on a stand-alone basis. Our agreement with Yıldız Holding regarding the cash pooling arrangement expired on December 31, 2010 and we do not intend to renew the agreement. As a result of the termination of these cash pooling arrangements, we may earn a lower rate of interest on our cash balances going forward. Further, subsequent to the Offering, we will no longer rely on guarantees from Yıldız Holding for under our credit lines, which may result in higher borrowing costs. See “Operating and Financial Review – Liquidity and Capital Resources.”

We are sensitive to changes in general macroeconomic conditions and consumer demand in Turkey

We are the largest cash and carry FMCG wholesaler in Turkey measured by the number of stores. The market in which we operate is sensitive to changes in general economic conditions and household consumption. Fluctuations in the Turkish wholesale FMCG market have historically been correlated with changes in the general economic conditions, with consumption generally growing in times of economic expansion and contracting during recessions. The recent economic slowdown in Turkey has also had an impact on general macroeconomic conditions as well as on levels of household consumption. Even though we believe the economic slowdown has not had a material impact on our growth rate during the past three years, if the Turkish economy does not recover from the economic slowdown as currently anticipated, this could result in a prolonged period of depressed household consumption and economic uncertainty, which could have a material adverse effect on our ability to successfully execute our growth strategy, or on our business, financial condition and results of operations. Reduction in consumer demand in Turkey could also result in a failure to meet certain performance-related discounts under our supply agreements, resulting in an adverse effect on our results of operations. For further information on macroeconomic conditions and industry trends, see “Market and Industry Overview.”

After the completion of the Offering, our principal shareholders will continue to own a significant portion of our shares and their interests may not be aligned with our interests or those of other holders of shares

After the completion of the Offering, two of our three largest current shareholders will, together, continue to hold a majority of our shares. Accordingly, these shareholders, if acting together (or in the event one of our three largest shareholders purchases the stake of another), may have the power to elect a majority of our directors and will be able to control all matters requiring shareholder approval, such as approving significant transactions (including related party transactions), authorizing payments of dividends to the extent permissible under applicable rules and restricting the pre-emption rights of shareholders. The ownership of these shareholders may also have the effect of preventing a change in control or distribution of dividends and may adversely affect the value of the Shares.

In Turkey, the rights of minority shareholders and the fiduciary duties of directors and majority shareholders may not be as developed as those in other countries, such as the United States or the United Kingdom. Our principal shareholders may have interests that differ from the interests of other shareholders and may vote in a manner which may be adverse to the interests of our minority shareholders. This concentration of ownership may also have a material adverse effect on the market price of the Shares due to the belief in the market that either of the principal shareholders may sell a significant portion of its shareholding.

As a result of selling food products, we may face the risk of product liability claims, product recalls and adverse publicity

The packaging, marketing, distribution and sale of food products purchased from others, as well as production of foods under our private label brand names, entail a risk of contamination or deterioration, which could potentially lead to product liability, product recall and resultant adverse publicity as well as unanticipated costs and operational disruption. The flaws in the products may be introduced during the growing, manufacturing, storage, handling and transportation phases. Our suppliers are legally responsible for any contamination or damage to goods during the production phase. However, we may also become partially or fully liable to consumers as a result of being part of the product distribution chain. There can be no assurance that we will not face direct product liability claims from consumers or from our customers that may require us to make product recalls. In addition, we may be subject to inspections by government authorities monitoring the conformity of our products to Turkish food safety regulations, and the safety of our non-food products and, therefore, we may face administrative fines if we are found not to be in compliance with these regulations. We do not have product liability insurance, but we believe we are able to protect ourselves against product liability claims to some degree through pursuing claims against other parties in the distribution chain. However, these indemnification and other rights may not be adequate to cover all liabilities we may incur and claims relating to defective products could have a material adverse effect on our ability to market successfully our products and on our business, financial condition and operating results. Further, although we have not made any product recalls from customers due to our own fault in the past, if we face such a situation in the future, any such product recall could adversely affect both our reputation with existing and potential customers and our corporate and brand image, and any lost confidence on the part of our customers would be difficult and costly to reestablish.

An interruption in, or breach of, or a failure to update, our information systems may result in lost business and other losses

We rely on communications and information systems to conduct our business. We operate a centralized information system where data on all of our stores is collected. We also manage our inventory and logistical operations through a variety of electronic media, including networked personal computers and automated inventory management systems. These operations are heavily dependent on the integrity of the electronic systems supporting them. See "Business – Information Technology" for more information on our information systems. Any significant failure or interruption or breach in security of these systems or our back-up systems could result in failures or interruptions in our store management systems as well as our ordering and inventory systems. Our information systems, including our back-up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, intentional acts of vandalism, catastrophic events such as fires, earthquakes, and human error. We are in the process of establishing on offsite back-up location, but do not yet have it in place, and as a result damage to our headquarters could cause significant disruption to the management and operation of our stores. Also, significant systems failures and delays could cause unanticipated disruptions in data collection, inventory management, decreased customer service and customer satisfaction and harm to our reputation. Repairs and upgrades may require material investment during which our operations may be disrupted, which could have a material adverse effect on our business and financial condition.

Physical damage to our facilities could result in material losses in excess of insurance proceeds

Our properties could suffer physical damage from fire, floods, earthquakes, burglary or other causes, resulting in losses which may not be fully compensated by insurance. In addition, certain types of risks (such as war and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. All of our stores, inventory and other assets are located in Turkey. Almost all of Turkey is classified by seismologists as being in a high risk earthquake zone, and İstanbul is located in a first degree earthquake risk zone (the zone with the highest level of risk of damage from earthquakes). Turkey has experienced severe earthquakes in the recent past. Although we believe that our overall insurance coverage is sufficient, the occurrence of a severe fire, flood, earthquake or other similar hazardous event in or around any of the cities in which our stores and distribution centers are located could cause damage in excess of our insurance coverage and could have a material adverse effect on our business, results of operations and financial condition. See "Business – Insurance."

Failure to comply with existing regulations, or increased regulation of our operations, could result in substantial additional compliance costs or administrative penalties which would adversely affect our business, results of operations and financial condition

Our operations and properties are subject to regulation by various governmental and municipal entities and agencies, in connection with obtaining and renewing various licenses and permits and with respect to various environmental, quality, health and safety, packaging, labeling and distribution standards. New requirements imposed by these authorities may be costly and time consuming and may result in delays in the commencement or continuation of operations. The municipal license and permit processes may also be affected by changing government regulations which could affect our existing as well as our new stores. Moreover, our failure to comply with any of the requirements may result in the imposition of sanctions on us, including requirements that we cease certain of our business activities. Compliance with, or any violation of, current and future laws or regulations could require material expenditures by us or otherwise adversely affect our business or results of operations.

The Turkish Grand National Assembly has on its agenda a draft law regarding operations of shopping malls, grand stores and chain stores. As our stores would meet the proposed definition of a "chain store," we would be subject to the new law, if enacted in its current form. Among other things, the law would require us to obtain a new regulatory permit from the relevant municipality prior to opening a new store, as well as for each existing store. The draft law also sets forth certain provisions that we would be required to follow, governing working hours, portion of private label products (no more than 20% of total turnover), landscaping, agreements with and payments to suppliers and/or producers. Although we do not expect the proposed law to have a significant impact on our operations, there can be no certainty that there will not be additional requirements that may apply to our operations in any final law that may be passed, or that we would be able to obtain the new permit in a timely manner, if at all. See "Business – Regulation" for more information.

We are exposed to risks in currency fluctuations, in particular those affecting U.S. dollar and euro

Our main operational currency is the Turkish lira. However, we have limited exposure to currency exchange fluctuations as rents for certain of our stores are denominated in U.S. dollars or euros. In 2009, rent expense, which is predominantly rent paid for our stores (excluding the rent expense in general administrative expenses), represented 29.1% of our total marketing and sales expenses. In the past, approximately 20 to 25% of our rent expenses have been in currencies other than the Turkish Lira. As we prepare our financial statements in Turkish lira, appreciation of the value of these currencies against Turkish lira has a negative impact on our operating profit. We do not currently hedge our currency exposure.

Risks Related to Turkey

Even though in recent years Turkey has undergone significant political and economic transformation which has increased stability and led to economic growth, Turkey is generally considered by international investors to be an emerging market. In general, investing in the securities of issuers such as us that have operations primarily in emerging markets like Turkey involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, EU countries or other similar jurisdictions. Summarized below are a number of risks relating to operating in Turkey. Additional risks and uncertainties relating to Turkey that do not currently exist or of which we are unaware may also become important factors that could materially adversely affect our business, financial condition and results of operations and your investment. As with equity securities of many emerging market issuers, the market value of the Shares may be subject to significant fluctuation, which may not necessarily be related to our financial performance.

Economic instability in Turkey may have a material adverse effect on our business, financial condition and results of operations in the future

All of our operations are currently conducted in Turkey. Accordingly, the success of our operations is dependent on the economic conditions prevailing in Turkey and any downturn in Turkey's economy in the future could have a material adverse effect on our business, financial condition and results of operations.

Since the mid-1980's, the Turkish economy has undergone a transformation from a highly protected and regulated system to a free market system. Although the Turkish economy has responded well to this transformation, it has continued to experience severe macro-economic imbalances, including significant balance of payment deficits, a substantial budget deficit, high rates of inflation, high rates of interest and a considerable level of unemployment. Liquidity crises in the banking sector in November 2000 and February 2001 triggered the most severe economic crises in Turkey since 1994 and led to increased interest rates on Government borrowings. These factors contributed to a decline of 5.7% in Turkey's real GDP in 2001 compared to 2000.

In 2001, Turkey implemented a macroeconomic program, backed by a $19 billion stand-by agreement with the International Monetary Fund ("IMF"). The goal of this program was to bolster the Turkish economy and reduce its volatility in the short-term, as well as to achieve sustainable growth through fundamental structural reforms in the medium- to long-term. The Government signed a three-year stand-by agreement with the IMF in 2005 which ended in 2008. The program set macroeconomic targets such as an annual economic growth rate of 5% during the three-year period, decreasing the ratio of net public debt stock to GDP to 28.6% in 2008 and decreasing the Consumer Price Index ("CPI") to 4% by the end of 2007 and 7.5% by the end of 2008. Although there were continuous negotiations in 2009 on the conditions of a new stand-by agreement between Turkey and the IMF, the negotiations were unsuccessful and the Government has refrained from signing a new agreement with the IMF, citing disagreement over issues such as funding for local government. On July 30, 2010, the IMF concluded the so-called Article IV Consultation and post-program monitoring with Turkey. Under Article IV Consultation, IMF holds bilateral discussions with members, typically each year. GDP grew by 5.3% in 2003, 9.4% in 2004, 8.4% in 2005, 6.9% in 2006, 4.7% in 2007, and 0.7% in 2008; GDP declined by 4.7% in 2009 and increased by 8.9% in the first nine months of 2010. Turkey remains vulnerable to both external and internal shocks, including escalating oil prices and terrorist activity, as well as potential domestic political uncertainty and changing investor sentiment.

Turkey was negatively affected by the global economic downturn, which adversely affected GDP growth rates in 2008 and resulted in negative GDP growth in 2009. There can be no assurance that Turkey will be able to remain economically stable during the ongoing global economic downturn. Any downturn in Turkey's economy in the future could impact household consumption and overall demand for FMCG, which could have a material adverse effect on our prospects, business, financial condition and results of operations.

Political developments in Turkey may have a material adverse effect on our business, financial condition and results of operations in the future

Turkey has been a parliamentary democracy since 1923, although the military has in the past played a significant role in politics and the Government, intervening in the political process through coups in 1960, 1971 and 1980. At the end of April 2007, the military indicated that it might intervene in presidential elections to protect Turkey's secular values. Unstable coalition Governments have been common, and in the 87 years since its formation, the Republic of Turkey has had 60 Governments, with political controversies frequently resulting in early elections. After the November 2002 elections, the AKP, which has a conservative background, formed a single party Government. In the most recent national elections held on July 22, 2007, the AKP, led by Recep Tayyip Erdoğan, received 46.58% of the votes cast. The AKP's economic policies complied with the 2005-2008 IMF program and have been successful in bringing relative stability to the Turkish economy. The next general elections are expected to be held in June 2011 and a change in Government at the next election could lead to a change in its economic policies as well as political unrest.

In September 2009, the Government announced an initiative to ease tensions with the Kurdish community by introducing a series of political reforms and through engaging in dialogue. On December 11, 2009, the Constitutional Court of Turkey voted to dissolve the pro-Kurdish Democratic Society Party ("DTP"), ruling that the party had become the focal point for activities against the indivisible unity of the state, the country and the nation on the basis that the party had a connection to the Kurdistan Workers' Party (the "PKK"). Although the EU expressed regret over the DTP's continued refusal to distance itself from the PKK and condemn terrorism, it warned that the Constitutional Court's decision might disenfranchise a significant segment of the Turkish electorate. On December 23, 2009, a number of mayors and former members of the DTP formally joined the Peace and Democracy Party which they had already created prior to dissolution of the DTP.

Turkey has, historically and recently, experienced controversies between the Government and the military. In 2007, the Government commenced an investigation whose scope included military officers, scholars, journalists and others based on allegations that a coup was being planned. Increased tensions between the Government, on the one hand, and the judiciary or the military, on the other hand, may increase the level of political instability in Turkey.

The Government has also proposed changes to the Constitution affecting, among others, the judicial system in Turkey. On July 7, 2010, the Constitutional Court passed the majority of the amendments, but cancelled several sentences of the amendments when it published its decision in the Official Gazette on August 1, 2010, putting the amendments into effect. The remaining sections of the constitutional amendments were subject to a public referendum which was held on September 12, 2010. Pursuant to the final decision of the High Commission on Election (*Yüksek Seçim Kurulu*) published on September 14, 2010, 57.88% of the votes cast were in favor of the amendments, resulting in the approval of the constitutional amendments by the public.

Any negative changes in the political environment, including additional conflicts among senior politicians in Turkey, military intervention in the political process, further setbacks in the Kurdish initiative, the failure of the Government to devise or implement appropriate economic programs, or a continued failure to enter into a new stand-by agreement with the IMF, may individually or in the aggregate adversely affect the Turkish economy and, in turn, our business, financial condition and results of operations.

Terrorism within Turkey or conflicts in neighboring countries may have a material adverse effect on our business, financial condition and results of operations in the future

Political uncertainty and terrorism within Turkey and in certain neighboring countries has historically been one of the potential risks associated with investment in Turkish companies. Political instability in the Middle East and elsewhere remains an area of concern. In the last 10 years, there have been bombings in several Turkish cities and coastal holiday resorts. In addition, there have been several terrorist attacks against the Turkish armed forces in the southeast of Turkey. As a result, in October 2007, the GNA passed a resolution permitting the Turkish armed forces to defend itself against the terrorist groups located in Northern Iraq. Beginning from December 2007 and until early 2008, Turkish armed forces were involved in armed conflict with the terrorist groups located in Northern Iraq. In connection with these operations, the Turkish Chief of Staff declared that the operations would continue as long as necessary to defend Turkey. The terrorist attacks against the Turkish armed forces in several parts of Turkey continue, including in İstanbul in June 2010 when four people were killed by an explosive targeting a military bus.

The threat of future terrorism may adversely affect the Turkish economy. If attacks occur in the future, Turkey's capital markets, as well as the levels of tourism and foreign investment in Turkey, may suffer. These attacks or armed conflicts may directly impact our business, either directly through damage, destruction, loss or increased security costs, or indirectly by discouraging economic activity and GDP growth. In addition, certain losses resulting from these types of events may be uninsurable and others might not be covered by our existing terrorism insurance. Additional terrorism insurance may not be available at a reasonable price or at all.

Terrorist attacks remain a potential source of political instability, which may be exacerbated by continuing instability in Iraq and the uncertainty surrounding whether an independent Kurdistan state or federation will be formed. Although the Government announced the Kurdish initiative in September 2009, it has not yet outlined in detail how it intends to implement these reforms and both the Turkish public and opposition parties are skeptical about whether any such reforms would be beneficial to Turkey. The Constitutional Court's decision dated December 11, 2009 to dissolve the pro-Kurdish DTP political party angered the Kurdish population of neighboring Iraq. It is possible that further acts of terrorism may be conducted within Turkey, having a direct or indirect impact on us or our properties, or on the Turkish economy in general, which could have a material adverse effect on our business, financial condition and results of operations.

Uncertainties relating to EU membership may adversely affect our results of operations

Turkey has had a long relationship with the EU. In 1963, it signed an association agreement with the predecessor of the EU, and in 1970 signed a supplementary agreement was signed providing for a transitional second stage of Turkey's integration into the EU. The EU resolved on December 17, 2004 to commence accession negotiations with Turkey and affirmed that Turkey's candidacy will be judged on the same 28 criteria applied to other candidates. These criteria require a range of political, legislative and economic reforms to be implemented. Negotiations for Turkey's accession to the EU commenced in October 2005. During 2006, the EU issued several warnings in connection with Turkey's undertakings under the additional protocol dated July 2005 relating to the Customs Union and to recognition of Northern Cyprus. In December 2006, the EU Council passed a resolution setting forth that the negotiations concerning eight chapters under discussion be halted and that no chapter be closed until the EU Commission verifies that Turkey has fulfilled its commitments related to the additional protocol and that Turkey be closely monitored for a period of three years, until 2009. The EU Commission has not fully verified Turkey's fulfillment of these commitments. Although negotiations concerning two new chapters relating to taxation and the environment commenced in 2009 and one new chapter relating to food safety, veterinary medicine and plant health were commenced in 2010, these negotiations may not be sufficient to overcome the EU's stance on Turkey's non-fulfillment of commitments related to the additional protocols. These recent developments caused a significant deceleration in Turkey's EU membership accession process. There can be no assurance that Turkey will be able to meet the criteria applicable to becoming a member state of the EU, that the negotiations will be successfully completed, or that the EU will maintain its current approach regarding the candidacy of Turkey. A refusal by the EU to accept Turkey as a member of the EU or a material deviation by Turkey from meeting the criteria set by the EU for the membership may adversely affect the Turkish economy in general, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

The level of inflation in Turkey could adversely affect our business, financial condition and results of operations

The Turkish economy has experienced significant inflationary pressures. Over the five-year period ended December 31, 2001, the Turkish economy experienced annual inflation averaging approximately 71.6% per year as measured by the Turkish wholesale price index. In response, the Government implemented policies intended to combat these persistently high levels of inflation. However, as a result of the financial crises experienced in Turkey in November 2000 and February 2001, the wholesale price index increased by 88.6% in 2001. In line with the stand-by agreements with the IMF in 2000, 2002 and 2005, the Government implemented certain austerity measures to reduce public sector debt and to control inflation. The annual inflation rate based on the annual average consumer price index increased to 9.6% in 2006, then declined to 8.8% in 2007, increased to 10.4% in 2008, decreased to 6.3% in 2009, and increased to 8.6% in 2010. Although recent Central Bank policies have had some success in reducing inflation, there can be no assurance that they will continue to be successful in the future, especially given Turkey's substantial current account deficit, the high level of global oil prices and global capital market conditions. The high current account deficit, which stood at $14.0 billion at the end of 2009, is being financed by higher levels of foreign direct investment than have been experienced in the past. Foreign direct investment in Turkey leapt from $2.8 billion in 2004 to $10 billion in 2005 and continued to rise until it reached a record level of $22.2 billion in 2007 before receding to $18.3 billion in 2008 and to $7.6 billion in 2009.

If the level of inflation in Turkey were to fluctuate significantly, it is possible that our business, financial condition and results of operations as well as the market price of the Shares would be adversely affected. Further, the implementation of austerity measures by the Government to control inflation could have an adverse effect on the Turkish economy and on the value of Turkish equity securities. Although the rate of inflation has decreased in recent years, there can be no assurance that this trend will not reverse, particularly if the Turkish Government fails to continue its current economic policies or if those policies cease to be effective.

The state of the current account deficit in Turkey could lead to exchange rate adjustments and inflation, which could lead to increased volatility in the Turkish economy

The Turkish Lira appreciated by approximately 27% between the end of 2003 and the end of 2010, according to the Central Bank's CPI based Real Effective Exchange Rate Index. However, given the widening current account deficit and the resulting surge in external financing needs, some economists are concerned about currency stability. Following the current account deficit of $15.6 billion in 2004 (4.0% of GDP), in 2005 the current account deficit increased to $22 billion accounting for 4.7% of GDP, and to $31.8 billion, or 6.1% of GDP, in 2006. In 2007, the current account deficit was $38 billion, or 5.9%, of GDP and $42 billion, or 5.7%, of GDP in 2008. In 2009, the current account deficit was $14 billion, or 2.3% of GDP. As at September 30, 2010, current account deficit was $36 billion, compared to $9 billion as at September 30, 2009. In a period of global economic uncertainty, the persistent growth of Turkey's current account deficit may lead to a sudden adjustment in the Turkish Lira, with inflationary consequences. To date, Turkey's current account deficit has been funded largely through short-term foreign capital borrowing and foreign portfolio investments. If the downturn in the global financial markets continues, it could have an adverse effect on Turkey's ability to finance its deficits, leading to increased volatility in the Turkish economy.

Risks Related to the Shares and the Offering

There has been no prior public market for our shares, and as a result the Shares may experience price and volume fluctuations

Prior to this Offering, there has been no public market for any class of our securities. There can be no assurance that a market for the Shares will develop or, if such a market does develop, that it will continue. After the Offering, we expect that approximately 35% of our shares will be held by persons other than our existing shareholders (40%, if the Over Allotment Option is exercised in full). The limited public market for our shares may impair the ability of holders to sell them in the amount and at the price and time such holders may wish to do so, and may increase the volatility of the price of the shares.

The initial offer price of the Shares may not be indicative of their market price after the listing. Our operating results or financial performance may fail to meet the expectations of analysts or investors due to the circumstances described in these risk factors or otherwise. The trading price of the Shares could also be subject to significant fluctuations in response to variations in our and our competitors' financial performance, general market conditions and other factors as well as the circumstances described in these risk factors or otherwise. Fluctuations in our operating results or failure to meet the expectations of analysts or investors may cause the price of the Shares to decline, and investors may not be able to sell the Shares they purchased in the Offering at or above the price they paid for the Shares, or at all. As a result, investors who purchase Shares in this Offering could lose all or part of their investment in the Shares.

Like the equity securities of many emerging market issuers, the value of the Shares may be subject to significant fluctuation from time to time, which may not necessarily be related to our financial performance. Consequently, the general decline in the Turkish stock market or any declines in the market for similar securities could have a material adverse effect on the trading market for, and the liquidity of, the Shares.

Turkish disclosure standards differ in certain significant respects from those in more developed markets leading to a relatively limited amount of information being available

The accounting, financial and other disclosure standards applicable to public companies in Turkey are less extensive than those in the United States, the United Kingdom or other jurisdictions with major capital markets, and the level of publicly available information, responsibilities of board members and rights of securities holders in Turkey may be different in certain material respects from what is customary in jurisdictions with major capital markets. Certain disclosure rules and certain limited corporate governance standards have been adopted recently but their interpretation and application is still evolving. Many aspects of laws and regulations in Turkey relating to public companies and the capital markets have not yet been subject to judicial or regulatory interpretation or review and are therefore still subject to certain uncertainties with respect to their application which could have a material adverse effect on our business, financial condition and results of operations. See "Presentation of Financial Information," "Description of Our Share Capital" and "Turkish Securities Market."

The ISE is smaller and less liquid than major exchanges and may be more volatile, which may adversely affect your ability to trade the Shares purchased in the Offering

The only trading market for the Shares will be the ISE and we have no plans to list the Shares on any other stock exchange in the near future. The ISE is considerably smaller and thus less liquid than more developed securities markets, such as those in the United States or the United Kingdom. As of December 31, 2010, the total market capitalization of all of the companies with equity securities regularly traded on the ISE was approximately TL 473 billion and a disproportionately large percentage of the market capitalization and trading volume of the ISE is represented by a small number of companies. As of December 31, 2010, the shares of 347 companies were regularly traded on the ISE and the combined market capitalization of the 10 companies with the greatest market capitalizations was approximately 49.3% of the market capitalization of all companies trading on the ISE.

The ISE is also a highly volatile market. Trading on the ISE has traditionally been characterized by a high degree of short term speculative trading, which is at least partially attributable to the relatively underdeveloped institutional investor base in Turkey and to the relatively small size of the retail investor base. The average daily trading value of the shares of all companies whose shares were listed on the ISE was TL 1,895 million during 2008, TL 1,328 million during 2009 and TL 2,452 during 2010. As is the case for the equity securities of many emerging market issuers, the market value of the Shares may be subject to significant fluctuation, which may not necessarily be related to our financial performance. The relatively small size and low liquidity of the ISE in general and the limited public market for the Shares in particular may impair the ability of holders of the Shares to sell them in the amount and at the price and time such holder may wish to do so, and may increase the volatility of the price of the Shares. See "Turkish Securities Market – İstanbul Stock Exchange – Market Volatility."

The pre-emption rights granted to holders of our shares may be unavailable to holders of our shares in certain jurisdictions outside of Turkey

In the case of an increase in our capital, holders of our Shares are entitled to subscribe for new Shares in proportion to their respective holdings, though such pre-emption rights may be restricted by a decision of our shareholders meeting. To the extent that pre-emption rights are granted, holders of our shares in certain jurisdictions outside of Turkey, including the United States, may not be able to exercise such pre-emption rights unless registered under the laws of the relevant jurisdiction or an exemption from the registration requirement thereunder is available. We cannot assure you that any registration statement would be filed in such case. See "Description of Our Share Capital."

Future sales of substantial amounts of our shares, or the perception that such sales could occur, could adversely affect the market value of the shares

Immediately following the completion of the Offering, there will be 40,000,000 shares issued and outstanding. The Company, the directors, the Selling Shareholders and the other shareholders have agreed that, subject to certain exceptions, neither we nor they, nor any person acting on our or any of their behalf will, for a period of 180 days from the Closing Date, without the prior written consent of Merrill Lynch, (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any of our ordinary shares or any securities convertible into or exercisable or exchangeable for our ordinary shares, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of any of our ordinary shares, whether such transaction is to be settled by delivery of ordinary shares or other securities, in cash or otherwise, or (iii) publicly announce any such transaction. See "Plan of Distribution – Lock-Up Arrangements" for more information. Sales of substantial amounts of our shares after that period or the perception that such sales could occur, could adversely affect the market price of our Shares and our ability to raise capital through future capital increases.

Fluctuations in the value of the Turkish Lira could significantly affect the value of the Shares and any dividends we pay with respect to the Shares

The quoted price of the Shares will be in Turkish Lira. In addition, dividends, if any, that we pay in respect of our Shares will be paid in Turkish Lira. As a result, fluctuations in the value of the Turkish Lira in relation to other currencies can affect the value of the Shares and dividend payments upon conversion into other currencies for investors outside of Turkey. See "Dividends and Dividend Policy."

Pursuant to the Turkish Commercial Code, upon liquidation of the Company, proceeds paid to shareholders will be subordinated to payment of outstanding debt to the creditors of the Company

Under Article 455 of the Turkish Commercial Code (the "TCC"). shareholders of a joint stock company have the right to receive a pro rata share of any proceeds arising from the liquidation of such company. However, pursuant to Article 477 of the TCC, outstanding debt of such company will be paid prior to any distribution to the shareholders. Were the Company to be subject to liquidation, investors would receive their pro rata share of the proceeds only after the Company's creditors were fully paid. As a result, investors who purchase Shares in this Offering could lose all or part of their investment in the Shares.

We may decide not to declare any dividends in the future, subject to our articles of association and Turkish capital markets legislation

Public companies in Turkey are obliged to distribute a minimum dividend at a level that is defined by the CMB, if there is distributable profit in a given period. Public companies in Turkey may, at their discretion pay any required dividends to shareholders in the form of cash or bonus shares, or retain the mandatory dividend amount. Accordingly, there can be no certainty that we will pay any dividends to our shareholders in the future.

USE OF PROCEEDS

We will not receive any proceeds from the Offering of Shares by the Selling Shareholders. Commission, fees and other expenses (except for expenses related to the listing of the Shares on the ISE and registration of the Shares with the CMB, which will be paid by the Selling Shareholders) incurred in connection with the Offering amount to approximately TL [●] and will be paid by us, to the extent permitted by law.

DIVIDENDS AND DIVIDEND POLICY

The following is a description of our dividend policy and certain information relating to the payment of dividends, including requirements under the TCC, the Capital Markets Law, the CMB regulations and our articles of association.

Regulatory and Legal Framework

In accordance with Turkish law, the distribution of profits and the payment of any annual dividend in respect of the preceding financial year will be recommended by our board of directors each year for approval by the shareholders at the annual shareholders' meeting, which must be held within three months following the end of the preceding financial year. Dividends are payable on a date and in the form determined at the annual shareholders' meeting. Each share entitles its holder to a pro rata share of any dividends distributed. According to the requirements of the CMB, listed companies are required to distribute dividends by the end of the fifth month following the end of the preceding financial year. Listed companies have the option to distribute dividends in the form of cash or in the form of bonus shares to the shareholders, to retain the distribution amount or capital, to distribute a combination of cash and bonus shares, or not to distribute any cash dividend or bonus shares and include the full amount as legal reserves.

Under CMB regulations, the minimum dividend distribution ratio of public companies set out in their articles of association shall not be less than 20% of distributable profit calculated in accordance with the relevant CMB regulation. The CMB is authorized to waive or postpone the obligation to distribute dividends and, prior to the announcements of annual ordinary general assemblies of public companies, as a general practice, the CMB annually determines a minimum mandatory rate of dividends to be distributed to shareholders. For the year ended December 31, 2009, the CMB determined that public companies were not required to pay any mandatory cash dividends with respect to their 2009 profits. As of the date of this Offering Circular, the CMB has not yet determined the minimum mandatory rate of dividends to be distributed for the year ended December 31, 2010. The CMB may, from time to time, change the level of dividends required to be distributed by public companies.

Distributable profits are calculated in accordance with our articles of association after deducting general expenses and depreciation and setting aside legally required reserves, taxes and the previous year's losses, if any, from the revenues for the prior fiscal period. The amount of distributable profits is the lesser of the amounts derived by performing this calculation using (i) our statutory financial statements, which are prepared in accordance with the TCC and Turkish tax legislation and (ii) our accounts prepared in accordance with CMB Principles.

Distributable profits are then allocated in the following order:

- 5% of the distributable profit is allocated to a first legal reserve until the first legal reserve reaches 20% of our paid-in capital;
- from the remaining amount, our articles of association permit us to distribute to our shareholders as a first dividend an amount determined by reference to the mandatory level set by the CMB, as described above;
- the remainder of the distributable profit may be (i) distributed in full or in part as a second dividend or (ii) set aside as year-end profits or as part of the mandatory or other reserves pursuant to a resolution adopted at a meeting of our shareholders; and
- after deducting an amount equal to 5% of our paid-in capital from the amount to be distributed to shareholders and other persons participating in profit, we allocate 10% of the remaining amount as a second legal reserve and add it to the statutory reserve.

Unless and until the statutory funds and other financial obligations required by law are set aside, we cannot resolve (i) to set aside any reserve, (ii) to transfer a dividend to the next year or (iii) to make distributions to the members of our board of directors, managers, employees and foundations or similar institutions established for various purposes.

Pursuant to the Capital Markets Law, public companies may distribute interim dividends in accordance with the following criteria:

- interim dividends must be based on quarterly reviewed financial statements prepared in accordance with Turkish tax legislation;

- interim dividends cannot exceed 50% of the distributable profits for the relevant interim period: the aggregate amount of interim dividends in one fiscal year cannot exceed the lesser of (x) 50% of distributable profits for the previous fiscal year, or (y) the extraordinary reserves approved by the General Assembly;
- any interim dividends previously paid must be deducted from the amount used to calculate any subsequent interim dividend payments within the same fiscal year;
- the articles of association of the company must permit the distribution of interim dividends and the General Assembly must authorize the board of directors to declare such distributions for each year that they wish to have interim dividend distributions;
- the board of directors must decide on whether to distribute interim dividends within six weeks following the end of the relevant quarter and such decision is required to be disclosed to public; and
- holders of privileged classes of shares and any non-shareholders entitled to receive dividends are not allowed to receive interim dividends.

No dividends or additional interim dividends may be distributed until the interim dividends of the previous year are completely set off. As of the date of this Offering Circular, our articles of association permit us to distribute interim dividends in accordance with the respective CMB regulations.

Under Turkish law, the statute of limitations in respect of dividend payments including interim dividends is five years following the date of the General Assembly that approved the distribution, after which time uncollected dividends are transferred to the Treasury.

The CMB, through its decision dated January 18, 2007, requires public companies to submit their dividend distribution policies to their shareholders at the annual shareholders' meeting. Such dividend distribution policies must also be included in public companies' annual reports and announced to the public pursuant to the CMB's Corporate Governance Principles (as defined) and communiqués. See "Management – Corporate Governance."

Dividends Paid

We have not declared or paid any dividends during the period from January 1, 2007 to date.

Dividend Policy

Our policy is to pay dividends in accordance with the requirements of the CMB and at least the minimum percentage determined by the CMB in each financial year. The timing and amount of any such dividends will depend on our existing and future financial position, results of operations, investment and liquidity needs and other matters we consider relevant from time to time, including but not limited to the state of international financial markets and the FMCG wholesale market in Turkey. Because the value of the Turkish Lira fluctuates continuously, a holder of our shares will be exposed to currency fluctuations generally and particularly between the date on which dividends are declared and the date on which dividends are paid.

Taxation of Dividends

Under current Turkish regulations, any dividends or other distributions paid in respect of any of our shares will be subject to withholding taxes. See "Taxation."

EXCHANGE RATES

The Turkish Lira has historically been and continues to be a highly volatile currency. Although until February 2001 it was a stated policy of the Central Bank to devalue the Turkish Lira in line with the domestic inflation rate, the Central Bank has since adopted a floating exchange rate policy, resulting in increased volatility in the value of the Turkish Lira.

The following table sets forth the high, low, period average and period end exchange rates for U.S. dollars announced by the Central Bank, expressed as Turkish Liras per U.S. dollar, for the periods indicated:

Year ended December 31,	High	Low	Period Average(1)	Period End(2)
2005	1.4000	1.2541	1.3442	1.3430
2006	1.6934	1.2964	1.4345	1.4131
2007	1.4498	1.1626	1.2948	1.1647
2008	1.6956	1.1449	1.2929	1.5153
2009	1.7958	1.4365	1.5491	1.5057
2010	1.5978	1.3884	1.5071	1.5460
2011 (through January 10)	1.5571	1.5376	1.5445(3)	1.5571

Source: Central Bank.

(1) Represents the average of the daily Central Bank exchange rates for the relevant period. Averages were computed by using the average of the Central Bank's U.S. dollar buying rates on the last business day of each month during the relevant period.

(2) Represents the Central Bank's exchange rate on the last business day for the relevant period.

(3) The period average for 2011 is a daily average of the Central Bank's U.S. dollar buying rates and footnote (1) does not apply to this number.

The following table sets forth the high and low exchange rates for U.S. dollars announced by the Central Bank, expressed as Turkish Liras per U.S. dollar (based on the Turkish Lira amounts per U.S. dollar prevailing therein), for the periods indicated:

2010	High	Low
July	1.5770	1.5031
August	1.5253	1.4815
September	1.5209	1.4512
October	1.4434	1.3921
November	1.4863	1.3884
December	1.5567	1.4682

Source: Central Bank.

The Central Bank exchange rate for U.S. dollars on January 10, 2011 was TL 1.5571 = $1.00.

The following table sets forth the high, low, period average and period end exchange rates for euro announced by the Central Bank, expressed as Turkish Liras per euro, for the period indicated:

Year ended December 31,	High	Low	Period Average(1)	Period End(2)
2005	1.8460	1.5804	1.6674	1.5904
2006	2.1246	1.5495	1.8082	1.8576
2007	1.9015	1.6624	1.7790	1.7102
2008	2.2003	1.6928	1.9040	2.1408
2009	2.2999	2.0295	2.1561	2.1603
2010	2.1427	1.8939	1.9890	2.0491
2011 (through January 10)	2.0677	2.0201	2.0440(3)	2.0220

Source: Central Bank.

(1) Represents the average of the daily Central Bank exchange rates for the relevant period. Averages were computed by using the average of the Central Bank's euro buying rates on the last business day of each month during the relevant period.

(2) Represents the Central Bank's exchange rate on the last business day for the relevant period.

(3) The period average for 2011 is a daily average of the Central Bank's euro buying rates and footnote (1) does not apply to this number.

The following table sets forth the high and low exchange rates for euro announced by the Central Bank, expressed as Turkish Liras per euro (based on the Turkish Lira amounts per euro prevailing therein), for the periods indicated:

2010	High	Low
July	1.9857	1.9292
August	1.9728	1.9166
September	1.9803	1.9068
October	1.9843	1.9575
November	1.9805	1.9392
December	2.0491	1.9492

Source: Central Bank.

The Central Bank exchange rate for euro on January 10, 2011 was TL 2.0220 = EUR 1.00.

These rates are provided solely for the convenience of the reader. No representation is made that the euro or U.S. dollar amounts could have been converted into Turkish Lira at the rates shown or at any other rate for such periods or at such dates. Exchange rates for the Turkish Lira historically have been and continue to be volatile.

CAPITALIZATION

The following table sets forth, as of September 30, 2010, our (i) cash and cash equivalents and (ii) capitalization. You should read the following information in conjunction with "Presentation of Financial Information," "Summary Historical Financial Data," "Operating and Financial Review" and our IFRS Financial Statements and the notes thereto included elsewhere in this Offering Circular.

	As of September 30, 2010
	(TL millions)
Cash and cash equivalents[(1)]	31.6
Current financial borrowings	0.9
Non-current financial borrowings	–
Total financial liabilities	0.9
Shareholders' equity:	
Share capital	20.8
Legal reserves	1.3
Retained earnings	31.8
Net profit for the period	21.4
Total shareholders' equity	75.3
Total capitalization[(2)]	76.2

(1) This amount excludes TL 20.0 million that was deposited with Yıldız Holding as of September 30, 2010 and recorded as "Other receivables from related parties" in our balance sheet. Going forward, we plan to discontinue the cash pooling arrangement, and hold our cash balances independent of Yıldız Holding. For more information on this cash pooling arrangement, see "Related Party Transactions."

(2) Total capitalization is equal to total financial liabilities plus total shareholders' equity.

Except as described in this Offering Circular, there has been no material change in our capitalization since September 30, 2010.

SELECTED FINANCIAL AND OTHER DATA

The following table sets forth, for the periods indicated, our selected historical financial and other data. The following selected financial information should be read in conjunction with, and is qualified in its entirety by reference to, our IFRS Financial Statements and other relevant information included elsewhere in this Offering Circular. The selected financial information contained herein is presented in Turkish Lira and has been prepared and presented in accordance with the IFRS. You should read the following information in conjunction with "Presentation of Financial Information," "Summary Historical Financial Data," "Operating and Financial Review" and our IFRS Financial Statements and the notes thereto included elsewhere in this Offering Circular.

	For the nine months ended September 30,		For the year ended December 31,		
	2010	2009	2009	2008	2007
			(audited)		
	(TL in millions, except earnings per share)				
COMPREHENSIVE INCOME STATEMENT DATA					
Sales revenue	1,064.1	911.0	1,237.1	1,264.3	1,040.1
Cost of sales	(971.4)	(834.9)	(1,133.1)	(1,172.2)	(967.3)
Gross profit	92.7	76.1	104.0	92.1	72.8
Marketing, sales and distribution expenses	(46.0)	(39.7)	(54.0)	(51.8)	(42.0)
General administrative expenses	(11.6)	(9.7)	(13.2)	(13.7)	(12.0)
Other operating income	0.3	0.3	0.4	0.4	0.8
Other operating expenses	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)
Operating profit	35.1	26.9	37.0	26.9	19.5
Finance income	6.4	7.3	9.3	16.0	12.1
Finance expenses	(14.7)	(17.1)	(22.6)	(38,1)	(24.2)
Profit before tax	26.8	17.1	23.7	4.9	7.4
Tax charge	(5.4)	(3.4)	(4.8)	(1.0)	(1.5)
Net profit for the period	21.4	13.7	18.9	3.8	5.8
Earnings per share (TL)	1.0709	0.6849	0.9466	0.1923	0.2916
CASH FLOW DATA					
Cash generated from/(used in) operating activities	28.3	(5.8)	30.4	6.8	12.5
Net cash used in investing activities	(5.1)	(1.2)	(5.4)	(19.3)	(13.1)
Net cash (used in)/provided by financing activities	(2.1)	2.0	(25.8)	(15.3)	(1.6)
Net increase/(decrease) in cash and cash equivalents	21.1	(5.0)	(0.8)	2.8	(2.3)
Cash and cash equivalents at the beginning of period	10.5	11.3	11.3	8.5	10.8
Cash and cash equivalents at the end of period	31.6	6.3	10.5	11.3	8.5

	As of September 30,	As of December 31,		
	2010	2009	2008	2007
		(audited) (TL in millions)		
BALANCE SHEET DATA				
ASSETS				
Current assets:				
Cash and cash equivalent	31.6	10.5	11.3	8.5
Trade receivables				
Trade receivables from related parties	0.5	0.1	0.4	0.4
Other trade receivables	50.7	65.8	72.5	61.2
Other receivables				
Other receivables from related parties	20.0	3.8	26.9	–
Other receivables	0.1	0.1	0.0	0.1
Inventory	103.2	88.7	85.4	66.4
Other current assets	6.9	5.5	2.4	2.7
Total current assets	213.1	174.4	198.9	139.3
Non-current assets:				
Property, plant and equipment	38.8	38.7	39.8	26.1
Intangible assets	0.0	0.1	0.1	0.0
Other non-current assets	2.8	1.7	0.3	0.2
Total non-current assets	41.6	40.6	40.2	26.3
Total assets	254.7	215.0	239.2	165.6
LIABILITIES AND EQUITY				
Current liabilities:				
Financial borrowings	0.9	1.1	18.8	1.4
Trade payables:				
Trade payables to related parties	42.0	37.4	29.9	17.6
Other trade payables	126.9	112.9	139.5	108.7
Other payables:				
Other payables to related parties	–	–	5.4	0.1
Corporate tax liability	1.8	1.4	–	0.3
Provisions	0.1	0.1	–	–
Provisions for employment benefits	2.3	2.4	1.5	1.3
Other current liabilities	3.6	3.8	2.2	2.7
Total current liabilities	177.5	159.1	197.2	132.2
Non-current liabilities:				
Financial borrowings	–	0.2	5.1	1.7
Provision for employment benefits	0.5	0.3	0.2	0.1
Deferred tax liabilities (net)	1.4	1.6	1.8	1.2
Total non-current liabilities	1.9	2.1	7.0	3.1
Equity:				
Share capital	20.8	20.8	20.8	20.1
Legal reserves	1.3	0.3	0.2	0.1
Retained earnings	31.8	13.8	10.0	4.4
Net profit for the period	21.4	18.9	3.8	5.8
Total equity	75.3	53.8	34.9	30.4
TOTAL EQUITY AND LIABILITIES	254.7	215.0	239.2	165.6

	As of and for the nine months ended September 30,		As of and for the year ended December 31,		
	2010	2009	2009	2008	2007
	(unaudited)				
	(TL in millions, unless otherwise indicated)				
OTHER FINANCIAL AND OPERATIONAL DATA					
EBIT[1]	35.1	26.9	37.0	26.9	19.5
EBIT margin (%)	3.3	3.0	3.0	2.1	1.9
EBITDA[2]	41.3	32.6	44.7	33.8	24.6
EBITDA margin (%)[3]	3.9	3.6	3.6	2.7	2.4
Net working capital[4]	(14.4)	–	4.2	(11.1)	1.7
Net capital expenditures[5]	6.1	2.3	6.5	19.3	14.1
Average inventory days[6]	29	–	29	27	25
A/R days[7]	13	–	19	21	22
A/P days[8]	47	–	48	53	48
Free cash flow[9]	27.5	22.6	27.7	(11.8)	(0.6)
ROCE (%)[10]	63	–	66	45	62
Number of stores, period-end	106	92	97	90	79
Aggregate average store sales area (m^2)[11]	91,058	84,784	86,245	77,508	62,972
Average sales revenue per store sales area (TL)[12]	11,686	10,745	14,344	16,312	16,517

(1) EBIT = Operating profit.

(2) EBITDA = EBIT + Depreciation of property, plant and equipment + Amortization of other intangible assets.

For reconciliation of EBITDA to our IFRS Financial Statements, see "Operating and Financial Review – Non-IFRS Measures."

(3) EBITDA margin $= \dfrac{\text{EBITDA}}{\text{Sales revenue}}$

(4) Net working capital = Trade receivables + Inventory – Trade payables.

(5) Net capital expenditure = Purchases of property, plant and equipment – Proceeds on disposal of property, plant and equipment + Purchases of other intangible assets.

For the years ended December 31, 2007 and 2008 net capital expenditure excludes TL 2.9 million and TL 0.9 million, respectively, of capital expenditures financed through leasing arrangements.

(6) Average inventory days $= \dfrac{\text{Inventory ending balance}}{\text{Cost of sales for corresponding year}} \times$ 365 (for full year numbers) or 270 (for nine month numbers)

(7) A/R days $= \dfrac{\text{Trade receivables ending balance}}{\text{Sales revenue for corresponding year}} \times$ 365 (for full year numbers) or 270 (for nine month numbers)

(8) A/P days $= \dfrac{\text{Trade payables ending balance}}{\text{Cost of sales for corresponding year}} \times$ 365 (for full year numbers) or 270 (for nine month numbers)

(9) Free cash flow = Operating cash flow – Net capital expenditure.

(10) ROCE (return on capital employed) $= \dfrac{\text{EBIT} \times (1 - \text{applicable Turkish corporate Tax Rate})}{\text{Capital employed}}$

Capital employed = Financial borrowings + Equity – Cash and cash equivalents.

(11) Aggregate average store sales area $= \dfrac{\text{Total sales area at the end of the period plus total sales are at the beginning of the period}}{2}$

Total sales area is calculated by deducting warehouse and open areas from the total square meters covered by all of our stores.

(12) Average sales revenue per store sales area $= \dfrac{\text{Sales revenue for the period}}{\text{Average store sales area}}$

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the IFRS Financial Statements and the notes thereto included in this Offering Circular beginning on page F-1. For a description of the IFRS Financial Statements, see "Presentation of Financial Information." You should also read the following information in conjunction with "Summary Historical Financial Data," "Selected Financial and Other Data" and our IFRS Financial Statements and the notes thereto included elsewhere in this Offering Circular. The following discussion contains certain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results of operations may differ materially from those discussed in such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Offering Circular, including under "Risk Factors" and "Forward-Looking Statements."

Overview

We are the largest cash and carry FMCG wholesaler in Turkey measured by the number of stores. We operate a chain of wholesale cash and carry stores throughout Turkey from which we sell mainly branded food products, non-alcoholic beverages, tobacco, household chemicals and personal hygiene products. Our customers include wholesalers, traders, "bakkals" (local small grocery stores with less than 50 square meters of floor space), markets (local markets, between 50 and 400 square meters of floor space), supermarkets (stores with more than 400 square meters of floor space), specialized retailers, corporate institutions, HoReCa customers and others. We generate our revenues from sales of merchandise through our store network to our customers. Our expenses comprise mainly costs of goods sold, lease expenses for our stores and personnel expenses. For the nine months ended September 30, 2010, our sales revenue was TL 1,064.1 million.

As of the date of this Offering Circular, we have 109 stores located in 54 out of the 81 cities in Turkey with populations above 50,000. As of September 30, 2010, we had approximately 266,000 registered customers and, in the nine months ended September 30, 2010, we had an average of approximately 88,000 customers monthly and we provided supplies to approximately 178,000 active customers (customers that purchased products from our stores at least once during the preceding 12-month period). As of September 30, 2010, our product range consisted of approximately 6,800 SKUs nationwide, composed of branded and private label products. Approximately 97% of the SKUs were branded products and approximately 3% were private label products.

Key Factors Affecting Our Results of Operations

General

We believe that the key factors affecting our results of operations include the following:

- market dynamics of the Turkish wholesale cash and carry market;
- same-store sales growth;
- expansion of our store network by opening new stores in Turkey;
- evolution of our product mix;
- expansion of our customer base;
- efficient management of our purchasing, sourcing, inventory and logistics; and
- seasonality.

The discussion below describes how our results of operations have been affected by these key factors over the periods presented herein and, as applicable, their expected impact on our business going forward.

Market Dynamics of the Turkish Wholesale Cash and Carry Market

We operate a chain of wholesale cash and carry stores throughout Turkey. The market in which we operate is sensitive to changes in general economic conditions and the level of household consumption of FMCG products. Positive economic trends over the last decade have contributed to economic growth in Turkey. Between 2005 and 2009, Turkish GDP in local currency terms increased at an annual rate of 10.1% (Turkstat), reflecting in part Turkey's relatively high but, over time, decreasing rates of inflation. The global financial crisis resulted in slower economic growth in Turkey in 2008 (GDP growth was 0.7% in 2008) and economic contraction in 2009 (Turkstat). Removing the effects of inflation, real GDP growth has been more subdued (with growth rates of 5.3%, 9.4%, 8.4%, 6.9%, 4.7% and 0.7% for the years 2003 to 2008, respectively, according to the IMF), with a decline of 4.7% in 2009 as a result of economic difficulties caused by the global financial crisis.

Historically, Turkey has experienced high levels of inflation. According to the IMF, the annual inflation rate based on the wholesale price index declined from 13.9% at the end of 2003, to 13.8% at the end of 2004, to 4.5% at the end of 2005 and increased to 11.6% at the end of 2006 then declined to 8.0% at the end of 2007 before increasing to 10.1% at the end of 2008. More recently, Turkish inflation rates have begun to trend downwards. Annual inflation was 6.5% as of year end 2009 and 9.2% for the nine months ended September 30, 2010; the IMF projects year-end 2010 inflation of 7.6% in 2010 and 6.2% in 2011.

Based on key economic performance data, the Turkish economy appears to be recovering from recession. Turkish GDP growth rebounded during the six months ended June 3, 2010 to 10.3% (Turkstat) and OECD is projecting annual GDP growth of 6.3% for the years 2009 through 2012. This economic growth is expected to be driven in part by the increased purchasing power of the Turkish population. Increased purchasing power is, in turn, projected to contribute to growth in food spending of 13.4% per annum over the period from 2009 to 2012 (Planet Retail). Inflationary pressures have also weakened: the inflation rate for the six months ended June 30, 2010 was 8.4% and inflation rate targets are 6.5% for 2010 and 5.5% for 2011 (Treasury).

We expect our performance to benefit from the strength in the current overall Turkish macroeconomic environment in general and the FMCG wholesale market performance more specifically. We also aim to extract further efficiencies and improvements from our existing store base, as well as plan to continue to focus on opening new stores in Turkey.

Even though the economic slowdown has not had a material adverse impact on our growth rate during the past three years, if the Turkish economy does not recover from the economic slowdown as currently anticipated, this could result in a prolonged period of depressed household consumption and economic uncertainty, which could adversely affect our ability to successfully execute our growth strategy. For further information on macroeconomic conditions and industry trends, see "Market and Industry Overview."

Same-Store Sales Growth

Over the periods under review, growth in our sales revenue has been primarily attributable to improved sales by our existing stores. The following tables set forth our same-store sales revenue and the percentage of our domestic sales revenue that was attributable to same-store sales revenue for the periods indicated. Growth in same-store sales revenue has been calculated and presented on the basis of sales revenue generated by stores opened prior to the first day of a given period and which remained in operation on the last day of the subsequent period. In each period, stores that have been open for a minimum of 12 months are added to the same-store base.

The following table sets forth our same-store domestic sales revenue for the nine months ended September 30, 2010 and 2009 based on 90 stores in operation on January 1, 2009 which remained in operation on September 30, 2010, and the growth in same-store domestic sales revenue between the periods:

	For the nine months ended September 30,		
	2010	**2009**	**Growth**
	(unaudited)		**(%)**
Same-store domestic sales revenue (TL in millions)			
Tobacco	298.3	290.8	2.6
Non-Tobacco	715.1	622.3	14.9
Total	1,013.4	913.1	11.0
As a percentage of domestic sales revenue	95.0	99.8	

The following table sets forth our same-store domestic sales revenue for the years ended December 31, 2009 and 2008 based on 79 stores in operation on January 1, 2008 which remained in operation on December 31, 2009, and the growth in same-store domestic sales revenue between the periods:

	For the year ended December 31,		
	2009	2008	Growth
	(unaudited)		(%)
Same-store domestic sales revenue (TL in millions)			
Tobacco	380.7	531.4	(28.4)
Non-Tobacco	752.1	689.4	9.1
Total	1,132.8	1,220.8	(7.2)
As a percentage of domestic sales revenue	91.2	95.7	

The following table sets forth our same-store domestic sales revenue for the years ended December 31, 2008 and 2007 based on 59 stores in operation on January 1, 2007 which remained in operation on December 31, 2008, and the growth in same-store domestic sales revenue between the periods:

	For the year ended December 31,		
	2008	2007	Growth
	(unaudited)		(%)
Same-store domestic sales revenue (TL in millions)			
Tobacco	462.5	448.6	3.1
Non-Tobacco	569.1	527.3	7.9
Total	1,031.7	975.9	5.7
As a percentage of domestic sales revenue	80.9	93.0	

The key factors affecting our same-store sales include the number of customers visiting a given store, the average basket size spent by the customers, the prices we charge for our products and the frequency of customer visits. Initiatives to expand our customer base include marketing and direct contact of existing and potential new customers by our regional and store managers as well as customer representatives within their respective regions and cities. See "– Expansion of Our Customer Base" below. As of September 30, 2010 and December 31, 2009, we had approximately 266,000 and 233,000 registered customers, respectively. We changed the way we account for registered customers in 2009 and, therefore, there is no comparable registered customer data for earlier periods. Prior to 2009, we did not remove customers from our registered customer list if they did not visit our stores, but, since 2009, we have monitored our customers and remove from our registered customer list those that have remained passive for more than 12 months after us contacting them two to three times. In addition, we believe that product pricing is an important factor in growing our same-store sales, by increasing customer traffic to our stores, enhancing customer loyalty and increasing the purchase amount per customer. Our domestic sales revenue per aggregate average store sales area was TL 16,517 in 2007, TL 16,312 in 2008 and TL 14,344 in 2009 (excluding tobacco sales, TL 9,103 in 2007, TL 9,287 in 2008 and TL 9,666 in 2009). For the nine months ended September 30, 2010, our domestic sales revenue per aggregate average store sales area was TL 11,686 (excluding tobacco sales, TL 8,330). Our aggregate average store sales have declined mainly as a result of new store openings between the periods. The average basket size was TL 388 (excluding tobacco sales, TL 284) in 2007, TL 421 (excluding tobacco sales, TL 312) in 2008 and TL 376 (excluding tobacco sales, TL 311) in 2009. For the nine months ended September 30, 2009 and 2010, the average basket sizes were TL 371 (excluding tobacco sales, TL 311) and TL 394 (excluding tobacco sales, TL 324), respectively.

We aim to reach out to as many customers as possible with the lowest possible marketing expense. We typically conduct local promotional campaigns according to customer expectations and interests and also pursue product specific opportunities arising out of market conditions, such as seasonal changes in demand. Most of our stores have a dedicated customer representative who is responsible for both managing customer relationships as well as providing our centralized procurement and pricing team with information about the store's customer base and the changes in the competitive environment. Customer representatives pursue new customers for their dedicated store by promotional campaigns, advertising and personal meetings. We established our current customer representative system in 2009 and we believe that our sales for future periods will benefit from this initiative through expansion of our customer base.

The prices we charge for our products are mainly affected by general economic conditions and the level of household consumption in Turkey, as well as the level of competition we face. We have a disciplined pricing strategy which is managed on a product category basis:

- we first set a gross profit margin target for each product category;
- we then use third-party consultants to determine the prevailing market price for a given product;
- we attempt to negotiate with our suppliers a purchase price which is intended to achieve our gross profit margin target while offering a competitive price to our customers; and
- the result is generally a unified and competitive price across our store base that we believe is appealing to our customers.

Based on a study prepared by Efektif Akademetre Araştima ve Strateji Hizmetleri Ltd Şti, indexed prices for a basket of 300 products that we sell were, on average, approximately 4% lower than those of our major competitors in 2009.

Expansion of Our Store Network

We sell our products through a network of wholesale cash and carry stores we operate throughout Turkey. We have grown our store base from six stores in 2002 to a current portfolio of 109 stores and we currently operate in 54 out of the 81 cities in Turkey with populations above 50,000. As the demographics in Turkey change as a result of increasing urbanization, more cities are likely to meet this threshold, and with improved economic conditions we may also target smaller cities in the future.

The following table sets forth information on our store network as of and for the periods indicated:

	As of and for the nine months ended September 30,		As of and for the year ended December 31,		
	2010	**2009**	**2009**	**2008**	**2007**
Store network and other operating statistics					
Number of stores, beginning of period	97	90	90	79	59
Number of stores opened during the period	9	2	7	11	20
Number of stores closed during the period	–	–	–	–	–
Number of stores, end of period	106	92	97	90	79
Total store sales area, end of period (m^2)	96,470	85,646	88,568	83,921	71,095
Average store sales area (m^2)	91,058	84,784	86,245	77,508	62,972

We classify our stores into three types by size: A, B and C type. The average sales area of an A type store is 1,275 square meters, of a B type store is 808 square meters and of a C type store is 593 square meters. We believe these are the sizes required to properly display our chosen product range for each type of store. We also believe that our store size allows us to find suitable locations closer to our customers, which provides us with a competitive advantage over some of our competitors that operate larger store formats. See "Business – Our Business – Store Network."

The following table sets forth our sales revenue attributable to new stores and the percentage of our domestic sales revenue that was attributable to new stores for the periods indicated. The following table sets forth our domestic sales revenue for the nine months ended September 30, 2010 from the 16 new stores opened between January 1, 2009 and September 30, 2010 and, for the nine months ended September 30, 2009, from the two new stores opened between January 1, 2009 and September 30, 2009:

	For the nine months ended September 30,	
	2010	**2009**
	(unaudited)	
Domestic sales revenue from new stores (TL in millions)		
Tobacco	7.3	0.5
Non-Tobacco	46.4	1.6
Total	53.7	2.1
As a percentage of domestic sales revenue	5.0	0.2

The following table sets forth our domestic sales revenue for 2009 from the 18 new stores opened between January 1, 2008 and December 31, 2009 and, for 2008, from the 11 new stores opened between January 1, 2008 and December 31, 2008:

	For the year ended December 31,	
	2009	**2008**
	(unaudited)	
Domestic sales revenue from new stores (TL in millions)		
Tobacco	22.8	13.0
Non-Tobacco	87.0	41.9
Total	109.8	55.0
As a percentage of domestic sales revenue	8.8	4.3

The following table sets forth our domestic sales revenue for 2008 from the 31 new stores opened between January 1, 2007 and December 31, 2008, and for 2007, from the 20 new stores opened between January 1, 2008 and December 31, 2008:

	For the year ended December 31,	
	2008	**2007**
	(unaudited)	
Domestic sales revenue from new stores (TL in millions)		
Tobacco	81.9	18.3
Non-Tobacco	162.2	55.7
Total	244.1	74.0
As a percentage of domestic sales revenue	19.1	7.0

Since 2006, we have opened an average of 13 new stores per year, and we aim to continue this trend in the future. We intend to continue expanding our existing store network by opening new stores in our existing regions, as well as expanding into new cities. We aim to pace the roll-out of new stores in line with our historical average, and therefore aim to add 10 to 15 new stores on average per year over the near- to medium-term in order to maintain focus on our operations and achieve attractive lease terms with landlords. We expect, subject to availability of suitable locations, that there is potential to more than double the size of our current store base over the long-term.

The development of our sales revenue is affected, in part, by our ability to open new stores. Our ability to open new stores, in turn, depends on our ability to secure suitable locations on commercially attractive terms. Factors affecting the desirability of a specific location include its proximity to customer concentrations and other stores, the economic development prospects of the area, general rental levels in the area and the proposed terms of the lease for the store. In order to maximize our flexibility and minimize our capital expenditures, we rent all the buildings where our stores are located. We believe that one of the reasons for having secured favorable lease terms is the fact that we maintain a location pipeline of at least 10 to 15 stores at any given time, and are therefore not time-pressed to agree to terms with landlords that are not commercially attractive. See "Risk Factors – Risks Related to Our Industry and Business – We may face challenges in indentifying and leasing new store sites in a timely manner to meet our growth targets, and we may not be able to renew leases for our existing stores."

On average, our stores have been "4 wall EBITDA" positive within six months from opening, meaning each new store generally recovers related capital expenditures and marketing, sales and distribution expenses within than period. The average remaining lease period for our existing stores as of September 30, 2010 was approximately seven years. As our new stores continue to mature, we expect, based on past performance, that the number of customers visiting a given store, the average basket size spent by the customers, the frequency of their visits and sales per store on average will increase in the foreseeable future, subject to general market conditions. In the past, we have been able to start up new stores with relatively low upfront costs, thereby generating a payback period for investments in new stores of three to four years, on average. A typical expansion capital expenditure for a new store has on average been approximately TL 1 million and a start up inventory approximately TL 0.9 million. The amount of the capital expenditure and start-up inventory costs vary between three store types as discussed in "Business – Our Business – Store Network – Store Economics" and may also vary in any store type due to local factors.

Our store managers may suggest refurbishments of our existing stores to improve their performance, but our refurbishment expenses have been relatively low in recent years. See "– Capital Expenditures" below. In addition, landlords under most of our lease agreements are responsible for certain maintenance costs, mainly for those relating to the buildings and permanent fixtures.

Evolution of Our Product Mix

We offer two distinct types of products: branded and private label products. As of September 30, 2010, approximately 97% of our SKUs were branded products and approximately 3% were private label products. Our long-term aim is to increase the proportion of our revenues from private label products as percent of our non-tobacco domestic sales revenue to a maximum of approximately 10% to 12%. Planned new product categories for our private label offering include: ayran, yoghurt, fruit juice, canned foods, tea, pickles and baked goods. We believe our private label offering also provides us with additional negotiating leverage with our suppliers, by helping us secure more attractive terms, thereby further enhancing our overall profitability.

The mix of products we sell in our stores has had and will continue to have an impact on our profitability. We have grown gross profit from TL 72.8 million in 2007 to TL 104.0 million in 2009 (representing a CAGR of 20%), with corresponding gross margins growing from 7.0% in 2007 to 8.4% in 2009, a margin expansion of 141 basis points mainly driven by an improved product mix (with a lower proportion of less profitable tobacco products as percent of total sales) coupled with improved purchasing terms with our key non-tobacco suppliers. Our strategy is to continue to seek to optimize our product mix to further enhance our profitability. To that end, we plan to place less emphasis on lower margin categories such as tobacco and sugar while attempting to increase sales of higher-margin categories such as bakery products and hard goods. Tobacco products in particular generally provide low margins for wholesalers due to the pricing power of large tobacco suppliers and heavy taxation of tobacco products in Turkey, as a result of which there is no significant price competition between the wholesalers.

The following table sets forth a breakdown of our revenue from domestic sales for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,		
	2010	2009	2009	2008	2007
	(TL in millions)				
Non-tobacco	767.0	627.0	842.3	727.2	577.9
Tobacco products	305.6	291.3	403.4	544.5	466.9
Total	1,072.6	918.3	1,245.7	1,271.7	1,044.8

As sales of tobacco products represents a relatively high portion of our sales revenues, any change in the tobacco products distribution chain in Turkey due to factors outside our control may have a material adverse effect on our business and results of operations. For example, our tobacco sales peaked in 2008 as a result of structural changes in the Turkish tobacco product market when the Government-owned tobacco company was acquired by British American Tobacco ("BAT") in 2008. Immediately after the acquisition, BAT used our store network as its primary distribution channel in Turkey prior to building up its own distribution network. By 2009, BAT had established its own distribution network in Turkey and ceased using our store network as the primary distribution channel.

Expansion of Our Customer Base

To complement our store expansion plans, we are also focused on expanding our customer base and increasing the number of customers shopping at our existing stores, thereby contributing to same-store sales growth. Examples of targeted customer categories include existing categories such as bakkals, traditional markets and corporate institutions, as well as new customer categories such as farmers. HoReCa (Hotels, Restaurants and Cafés) businesses represent another customer category we believe has the potential for increased sales. We are targeting two- and three-star hotels, as well as cafes and kiosks, as our core HoReCa customer base. We currently service approximately 25,000 HoReCa customers, which represented 5.8% of our domestic sales revenue for the nine months ended September 30, 2010. Our current HoReCa customer base is located entirely in Istanbul, but going forward, we plan to expand into other Turkish cities. In the past, the majority of the our customer growth has been attributable to opening new stores.

For 2011, we have set a target for each regional manager to increase the number of registered customers for each region by 20%, with a goal of one-half of these new customers becoming active customers, *i.e.*, purchasing products from our store at least once in the preceding 12-month period.

Efficient Management of Our Sourcing, Inventory and Logistics

Sourcing

The improvement in our gross profit and gross profit margin from 2007 has in part been based on improved terms with our suppliers for the non-tobacco products we sell. Due to the fact that many of our supplies depend on us to distribute a significant proportion of their product volume in Turkey, we have generally been able to negotiate improved purchasing terms with our non-tobacco suppliers as our supply agreements come up for annual renewal. In 2009, our cost of sales as a percentage of sales revenue amounted to 91.6%, compared to 92.7% in 2008 and 93.0% in 2007. For the nine months ended September 30, 2010, our cost of sales as a percentage of sales revenue improved further to 91.3%, compared to 91.6% for the comparable period in 2009. Continuing to improve the terms with our non-tobacco suppliers is a key element of our strategy.

As a general rule, our procurement contracts with the non-tobacco suppliers include various types of discount and rebate provisions common to our industry. The agreements that include such discount provisions can be divided into those where the discount is not conditional, *i.e.*, we are always entitled to the discount, and those in which the discount we receive is conditional upon achieving certain agreed performance criteria, such as sales volume targets, growth in sales or as a result of promotional activities, new store openings and new product launches. In some instances we also receive marketing support from suppliers to promote their products. Although the majority of our discount arrangements are non-conditional, performance-related discounts are an integral part of our pricing strategy and failing to meet the performance criteria would have an adverse effect on our results of operations.

Inventory

We use an inventory management system for the inventory stored in the warehouses attached to our stores as well as the inventory we hold in our two distribution centers. Our inventory management system is designed to maximize merchandize profitability and to increase product turnover. Our average inventory days in 2009, 2008, 2007 and the nine months ended September 30, 2010 were 29, 27, 25 and 29 days, respectively.

Over the periods under review, our inventory write-down levels have been minimal, mainly due to the fact that the terms of our supply agreements typically provide us with a right to return to the supplier any products that we have not been able to sell by their expiry dates. We have also been able to limit inventory shrinkage to levels we believe are well below those typical for other wholesalers by controlling traffic in and out of our stores and warehouses, by limiting customers to members only and by using modern electronic surveillance technology.

Logistics

Approximately 65% of our merchandise (measured by cost) is delivered by our suppliers directly to our stores. The remaining approximately 35% is passed through one of our two distribution centers located in Gebze (Kocaeli) and Adana, operated by Netlog. For the products that are not delivered by our suppliers to our stores, we work together with Netlog to coordinate delivery to our stores.

On our comprehensive income statement, our logistics expenses are shown in the "Marketing, selling and distribution expenses" line item as amounts that have been netted against payments received from certain suppliers to cover these functions. Under the terms of our supply agreements, we agree with our non-tobacco suppliers the amount the suppliers will contribute to cover the transportation and logistics costs in connection with the delivery of their products to our stores. If the actual costs of delivery exceed this agreed upon amount, we incur the excess amount as an expense and record it under marketing and sales expenses (under the line item "Logistics expense"). If the amount received from suppliers to cover transportation and logistics costs is higher than the actual costs incurred, the excess is recorded under other operating income. For the financial years ended December 31, 2008 and 2007, our delivery costs exceeded the amounts recovered from suppliers, and as a result our logistics expenses netted under marketing, sales and distribution expense are TL 4.4 million and TL 2.6 million, respectively. For the nine months ended September 30, 2010 and for the financial year ended December 31, 2009, we had no logistics expense under marketing, sales and distribution since logistics income recovered from suppliers exceeded logistics expenses.

We aim to pass any increased transportation and logistics expenses to our suppliers when renegotiating our supply agreements. For example, increases in oil price may increase our transportation costs. There can be no certainty that we will be able to fully pass any increases to our suppliers and, in any case, there is a delay before new costs can be recovered from suppliers in the compensation we recover for these services. Therefore, our results of operations may be adversely affected by material increases in our transportation and logistics expenses.

Seasonality

The wholesale FMCG market in Turkey is typically not subject to significant seasonal fluctuations. However, our business has historically experienced seasonal fluctuation as regards religious holidays such as the month of Ramadan. In anticipation of Ramadan, our inventory levels typically increase, requiring additional working capital, but after Ramadan inventory levels are normalized and thereby reduce our working capital needs.

Recent Developments

Since September 30, 2010, our operations have continued in line with the first three quarters of 2010 and management expectations. We have opened three new stores since September 30, 2010. In addition, we closed one store at the end of 2010 and re-opened one store that had previously been closed. As at the date of this Offering Circular we therefore have 109 stores.

Non-IFRS Measures

We have included certain non-IFRS measures in this Offering Circular to enhance the understanding of our results of operations. These include EBITDA and indicators based on this measure, which we believe are commonly reported and widely used by investors in comparing performance on a consistent basis. Accordingly, we have disclosed non-IFRS measures in this Offering Circular to permit a more complete and comprehensive analysis of our results of operations relative to other companies. An investor should not, however, consider these non-IFRS measures in isolation or as a substitute for operating profit as determined by IFRS, or as an indicator of our operating performance or of our cash flows from operating activities as determined in accordance with IFRS. An investor should not use these non-IFRS measures as a substitute for the analysis provided in our statement of comprehensive income or cash flow statement. The non-IFRS measures disclosed here are not comparable to those disclosed by other companies because they are not uniformly defined. See "Presentation of Financial Information – Non-IFRS Measures."

The following table sets forth a reconciliation of EBITDA to our operating profit for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,		
	2010	2009	2009	2008	2007
	(TL in millions)				
Operating profit	35.1	26.9	37.0	26.9	19.5
Depreciation and amortization expenses					
Marketing, selling and distribution expenses	5.6	5.1	7.0	6.1	4.2
General administrative expenses	0.5	0.6	0.7	0.8	0.8
EBITDA (unaudited)	41.3	32.6	44.7	33.8	24.6

Description of Comprehensive Income Statement Line Items

Sales Revenue

Our sales revenue consists of domestic sales, export sales of our products outside of Turkey and other income. The vast majority of our sales revenue is derived from domestic sales of our products through our store network. The limited sales revenue from export sales in 2009 related to exports to one customer, who also operates outside of Turkey. Other income mainly comprises income from suppliers for marketing and customer relationship management ("CRM") support for their products sold in our stores, as well as any net transportation and logistics recovery payments from our suppliers. Our sales revenue is presented net of sales returns and sales discounts. Sales returns are products that our customers return to us. Sales discounts include discounts we give to our customers. See note 15 to our IFRS Financial Statements for a breakdown of our sales revenue.

Cost of Sales

Our cost of sales consists of the aggregate price we pay to our suppliers for the goods we sell to our customers, net of all conditional and non-conditional discounts and rebates.

Marketing, Sales and Distribution Expenses

Our marketing, sales and distribution expenses consist of personnel expenses for store employees and customer representatives, rent for our stores, depreciation and amortization of capitalized costs relating to our stores, utilities, logistics costs for 2008 and 2007 (for 2009 and the first nine months ended September 30, 2010 we did not have net logistics expenses, see "– Key Factors Affecting Our Results of Operations – Efficient Management of Our Sourcing, Inventory and Logistics – Logistics" above), cost of outsourced security services, cleaning and other similar functions, advertising, maintenance (including store maintenance costs not covered by landlords) and other expenses. Other expenses within this line item include customer activities, company vehicles, stationery, communication, traveling, insurance and similar items. See note 17 to our IFRS Financial Statements for a breakdown of our marketing, sales and distribution expenses.

General Administrative Expenses

Our general administrative expenses consist of personnel expenses for employees involved in administrative functions including sales and operations personnel in our headquarters, as well as consultancy and service costs (including payments made to related parties for shared functions), depreciation and amortization of capitalized costs relating to office equipment and furniture, computer hardware and system servers, rent for our headquarters and company cars, outsourcing security costs, cleaning and other similar functions, and other expenses. Other expenses include communication, stationary, travel and living, dues and insurance and similar items. See note 17 to our IFRS Financial Statements for a breakdown of our general administrative expenses.

Other Operating Income

Our other operating income consists of insurance compensation, gain on sale of plant property equipment, scrap sales, other income, released provisions and rent income. The rent income relates to rents paid by certain suppliers and Netlog for use of some floor space in some of our stores. The line item "Other" includes any excess amounts received from suppliers to cover our transportation and logistics costs. See note 18 to our IFRS Financial Statements for a breakdown of our other operating income.

Other Operating Expenses

Our other operating expenses consist of provisions for doubtful receivables, legal expenses related to lawsuits, and other expenses and losses. Other expenses and losses mainly comprise doubtful receivables. See note 18 to our IFRS Financial Statements for a breakdown of our other operating expenses.

Finance Income

Our finance income consists of finance income from sales, interest revenue, discount income and foreign exchange gains. Finance income from sales is calculated according to IAS 18, and represents the discounted value of the deferred payment terms we offer to our customers. These deferred payment terms represent a form of financing of our customers' purchases, and our finance income from sales represents the element of sales that is attributable to this financing under IFRS. The element of sales attributable to finance income from sales is determined by discounting the deferred receipts from our customers using an imputed rate of interest. The imputed rate of interest we use is based on market rates for loans of comparable term. The difference between the fair value and the nominal amount of the consideration is recognized as finance income from sales. Interest revenue is from money on deposit with banks and also under our cash pooling arrangement with Yıldız Holding, which earns interest at market rates. Discount income is the discounted value of trade payables on our balance sheet. Foreign exchange gains relate mainly to realized transactional gains and translation gains on cash balances held in foreign currencies at a given balance sheet date. See note 19 to our IFRS Financial Statements for a breakdown of our financial income.

Finance Expenses

Our finance expenses consist of finance expense from purchases, interest on bank overdrafts and loans, discount expense and foreign exchange loss. Finance expense from purchases is calculated according to IAS 18, and represents the discounted value of the deferred purchase terms we receive from our suppliers. These deferred purchase terms represent a form of financing of our purchases from our suppliers, and our finance expense from purchases represents the impact of deferred payment terms attributable to this financing under IFRS. The element of purchase prices attributable to finance expense from purchases is determined by discounting the deferred payment using an imputed rate of interest. The imputed rate of interest we use is based on market rates for loans of comparable term. Discount expense is the discounted value of trade receivables on our balance sheet. Foreign exchange losses relate mainly to realized translation losses on cash balances held in foreign currencies at a given balance sheet date. See note 20 to our IFRS Financial Statements for a breakdown of our financial expenses.

Tax Charge

Current and deferred taxes are generally recognized as an expense or income in our comprehensive income statement. The corporate tax rate in Turkey has been 20% over all the periods under review.

Results of Operations

The following table sets forth certain comprehensive income statement data for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,		
	2010	2009	2009	2008	2007
			(audited) (TL in millions)		
Sales revenue	1,064.1	911.0	1,237.1	1,264.3	1,040.1
Cost of sales	(971.4)	(834.9)	(1,133.1)	(1,172.2)	(967.3)
Gross profit	92.7	76.1	104.0	92.1	72.8
Marketing, sales and distribution expenses	(46.0)	(39.7)	(54.0)	(51.8)	(42.0)
General administrative expenses	(11.6)	(9.7)	(13.2)	(13.7)	(12.0)
Other operating income	0.3	0.3	0.4	0.4	0.8
Other operating expenses	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)
Operating profit	35.1	26.9	37.0	26.9	19.5
Finance income	6.4	7.3	9.3	16.0	12.1
Finance expenses	(14.7)	(17.1)	(22.6)	(38.1)	(24.2)
Profit before tax	26.8	17.1	23.7	4.9	7.4
Current tax charge	(5.6)	(4.0)	(5.0)	(0.4)	(1.1)
Deferred tax benefit/(charge)	0.2	0.5	0.2	(0.6)	(0.5)
Tax charge	(5.4)	(3.4)	(4.8)	(1.0)	(1.5)
Net profit for the period	21.4	13.7	18.9	3.8	5.8

For the Nine Months ended September 30, 2010, Compared to the Nine Months Ended September 30, 2009

Sales Revenue

Our sales revenue for the nine months ended September 30, 2010 was TL 1,064.1 million, an increase of TL 153.1 million, or 16.8%, compared to TL 911.0 million for the nine months ended September 30, 2009.

The following table sets forth our sales revenue for the periods indicated:

	For the nine months ended September 30,	
	2010	2009
	(TL in millions)	
Domestic sales revenue	1,072.6	918.3
Tobacco	305.6	291.3
Non-Tobacco	767.0	627.0
Export sales	–	0.2
Other income	1.8	1.3
Sales returns	(1.7)	(1.4)
Sales discounts	(8.5)	(7.4)
Total sales revenue	1,064.1	911.0

The increase was mainly attributable to an increase in same-store sales revenue, which increased to TL 1,013.4 million in the nine months ended September 30, 2010 from 913.2 million for the comparable period in 2009, representing an increase of TL 100.2 million, or 11.0%. Of this increase, TL 92.7 million, or 14.9%, was attributable to an increase in same-store sales revenue from sales of non-tobacco products. Sales volumes of non-tobacco products increased as a result of an increase in the average number of registered customers to those stores and an increase in the average amount purchased per customer. This increase in sales volume was partly offset by a decrease in prices for certain non-tobacco products resulting from lower prices from certain suppliers which we passed on to our customers. In addition, our same-store sales revenue benefited from a move to higher margin products. The remaining increase in same-store sales in the nine months ended September 30, 2010 was attributable to tobacco products. This increase was mainly attributable to a significant increase in prices of tobacco products. However, sales volumes decreased starting from February 2010 when prices were increased.

Opening of new stores in the nine months ended September 30, 2010 contributed further to the increase. We opened nine new stores during the nine months ended September 30, 2010, which contributed to an increase in the number of registered customers from approximately 233,000 as of December 31, 2009 to 266,000 as of September 30, 2010. There were no store closings during either period.

Increased sales revenue was partly offset by an increase in sales returns and sales discounts that grew in line with our sales revenue growth.

Cost of Sales

Our cost of sales for the nine months ended September 30, 2010 was TL 971.4 million, an increase of TL 136.5 million, or 16.3%, compared to TL 834.9 million for the nine months ended September 30, 2009. The increase was mainly attributable to an overall increase in the volume of products purchased from our suppliers and in line with growth in our sales revenue. The increase was slightly offset by improved pricing terms from certain of our suppliers and changes in product mix through increased sales of non-tobacco products as a proportion of our total sales. In addition, our cost of sales was lowered due to cash payment discounts received from our suppliers.

Gross Profit

As a result of the foregoing, our gross profit for the nine months ended September 30, 2010 was TL 92.7 million, an increase of TL 16.6 million, or 21.8%, compared to TL 76.1 million for the nine months ended September 30, 2009. The improvement in our gross profit was driven by growth in sales volume through existing stores. Our gross margin was 8.7% for the nine months ended September 30, 2010, compared to 8.4% for the nine months ended September 30, 2009. The improvement in gross margin was mainly attributable to a change in our product mix, in particular, an increase in the portion of sales attributable to non-tobacco products, as well as cash discounts that started in 2009 and reached their highest level in 2010.

Marketing, Sales and Distribution Expenses

Our marketing, sales and distribution expenses for the nine months ended September 30, 2010 were TL 46.0 million, an increase of TL 6.3 million, or 15.9%, compared to TL 39.7 million for the nine months ended September 30, 2009.

The following table sets forth a breakdown of our marketing, sales and distribution expenses for the periods indicated:

	For the nine months ended September 30,	
	2010	2009
	(TL in millions)	
Personnel expenses	(17.0)	(14.6)
Rent expenses	(13.1)	(11.6)
Depreciation and amortization expenses	(5.6)	(5.1)
Utility expenses	(3.1)	(2.8)
Outsourcing expenses	(1.9)	(1.4)
Advertising expenses	(0.9)	(0.6)
Maintenance expenses	(0.6)	(0.4)
Other	(3.8)	(3.0)
Total marketing, sales and distribution expenses	(46.0)	(39.7)

The increase in the nine months ended September 30, 2010 was mainly attributable to an increase in personnel expenses, rent expenses and other expenses. The increase in personnel expenses resulted from an increase in headcount as we opened nine new stores during the nine months ended September 30, 2010 and, to a lesser extent, from inflation adjustments made to salaries. As of September 30, 2010, we had 1,089 employees whose salaries are included under marketing, sales and distribution expenses, compared to 994 employees as of September 30, 2009. Our rent expenses increased primarily due to opening new stores and inflation adjustments. The increase in other expenses was mainly attributable to promotional activities. This increase was attributable to higher transportation costs, mainly as a result of increased fuel costs.

General Administrative Expenses

Our general administrative expenses for the nine months ended September 30, 2010 were TL 11.6 million, an increase of TL 1.9 million, or 19.6%, compared to TL 9.7 million for the nine months ended September 30, 2009.

The following table sets forth a breakdown of our general administrative expenses for the periods indicated:

	For the nine months ended September 30,	
	2010	2009
	(TL in millions)	
Personnel expenses	(6.7)	(5.4)
Consultancy and service expenses	(1.6)	(1.4)
Depreciation and amortization expenses	(0.5)	(0.6)
Rent expenses	(0.6)	(0.6)
Outsourcing expenses	(0.4)	(0.4)
Other	(1.7)	(1.3)
Total general administrative expenses	(11.6)	(9.7)

The increase was mainly attributable to higher personnel expenses, resulting primarily from an increase in headcount in our headquarters as we hired new personnel to correspond to the growth of our business and, to a lesser extent, from inflation adjustments made to salaries. As of September 30, 2010, we had 127 employees whose salaries were included under general administrative expenses, compared to 108 employees as of September 30, 2009.

Other Operating Income

Our other operating income for both the nine months ended September 30, 2010 and for the nine months ended September 30, 2009 was TL 0.3 million. The increase in our rent income in the nine months ended September 30, 2010, compared to the same period in 2009, was offset by decreases in income from insurance compensation, sales of plant property equipment and scrap sales in the nine months ended September 30, 2010.

Other Operating Expenses

Our other operating expenses for the nine months ended September 30, 2010 were TL 0.4 million, an increase of TL 0.3 million, compared to TL 0.1 million for the nine months ended September 30, 2009. The increase was mainly attributable to a provision for doubtful receivables recorded in the nine months ended September 30, 2010, compared to no such provision in the comparable period in 2009. This provision related to one customer.

Operating Profit

As a result of the foregoing, our operating profit for the nine months ended September 30, 2010 was TL 35.1 million, an increase of TL 8.2 million, or 30.5%, compared to TL 26.9 million for the nine months ended September 30, 2009.

Finance Income

Our finance income for the nine months ended September 30, 2010 was TL 6.4 million, a decrease of TL 0.9 million, or 12.3%, compared to TL 7.3 million for the nine months ended September 30, 2009. The decrease was mainly attributable to a decrease in finance income from sales due to a shorter average collection period for customer receivables, which results in lower portion of our sales being attributed to finance income. The discount rate applied to this income remained relatively stable over the periods compared. In addition, our interest revenue decreased due to a decrease in our cash balances and as a result of lower foreign exchange gains in the nine months ended September 30, 2010, mainly as a result of appreciation of the Turkish Lira against the U.S. dollar and euro. These decreases were partly offset by an increase in discount income resulting from a higher level of trade payables.

Finance Expenses

Our finance expenses for the nine months ended September 30, 2010 were TL 14.7 million, a decrease of TL 2.4 million, or 14.0%, compared to TL 17.1 million for the nine months ended September 30, 2009. The decrease was mainly attributable to a decrease in discount expenses and lower interest payments on bank overdrafts and loans. Our discount expenses decreased mainly as a result of a lower level of in trade receivables. Our interest expenses decreased mainly as a result of lower working capital financing needs and declining interest rates. The decrease was partly offset by an increase in finance expenses from purchases, mainly attributable to longer average payment periods from our suppliers.

Profit before Tax

As a result of the foregoing, our profit before tax for the nine months ended September 30, 2010 was TL 26.8 million, an increase of TL 9.7 million, or 56.7%, compared to TL 17.1 million for the nine months ended September 30, 2009.

Tax Charge

Our tax charge for the nine months ended September 30, 2010 was TL 5.4 million, an increase of TL 2.0 million, or 58.8%, compared to TL 3.4 million for the nine months ended September 30, 2009. The increase was mainly attributable to an increase in current tax charge, which was due to higher tax base as a result of higher profit before tax. The decrease in deferred tax benefits also contributed to the increase.

Net Profit for the Period

Our profit for the nine months ended September 30, 2010 was TL 21.4 million, an increase of TL 7.7 million, or 56.2%, compared to TL 13.7 million for the nine months ended September 30, 2009.

For the Year ended December 31, 2009, Compared to the Year Ended December 31, 2008

Sales Revenue

Our sales revenue for the year ended December 31, 2009 was TL 1,237.1 million, a decrease of TL 27.2 million, or 2.2%, compared to TL 1,264.3 million for the year ended December 31, 2008.

The following table sets forth our sales revenue for the periods indicated:

	For the year ended December 31,	
	2009	**2008**
	(TL in millions)	
Domestic sales revenue	1,245.7	1,271.7
Tobacco	403.4	544.5
Non-Tobacco	842.3	727.2
Export sales	0.2	–
Other income	1.8	1.6
Sales returns	(1.9)	(1.3)
Sales discounts	(8.8)	(7.7)
Total sales revenue	1,237.1	1,264.3

The decrease in sales revenue was attributable to a decrease in tobacco sales in 2009. Our tobacco sales peaked in 2008 as a result of structural changes in the Turkish tobacco product market when the Government-owned tobacco company was acquired by with BAT in 2008. Immediately after the acquisition, BAT used our store network as its primary distribution channel in Turkey prior to building up its own distribution network. By 2009, BAT established its own distribution network in Turkey and ceased using our store network as the primary distribution channel. Tobacco prices also increased slightly in 2009, compared to 2008, further reducing our volume of tobacco products sold. As result of these factors, our sales revenue from tobacco products decreased by 25.9% in 2009, compared to 2008. The increase in sales returns and sales discounts for non-tobacco products also contributed to the decrease. Same-store sales of tobacco products decreased from TL 531.4 million in 2008 to TL 380.7 million in 2009, representing a decrease of TL 150.7 million, or 28.4%.

However, the decrease in tobacco sales revenue was largely offset by an increase in sales revenue from non-tobacco products of 15.8% in 2009, compared to 2008. Excluding the impact of tobacco products, the increase was mainly attributable to an increase in same-store sales revenue. Same-store sales of non-tobacco products increased from TL 689.4 million in 2008 to TL 752.2 million in 2009, representing an increase of TL 62.7 million, or 9.1%. This increase in same-store sales revenue from non-tobacco products was mainly attributable to an increase in the average number of customers and an increase in the average amount purchased per customers.

Opening of new stores contributed further to our sales revenue in 2009. We opened seven new stores in 2009, but as these stores were opened towards the end of 2009 their contribution to for the 2009 was low. In 2008, we opened 11 new stores, which also contributed to a full year of sales revenue in 2009. There were no store closings during either period.

Cost of Sales

Our cost of sales for the year ended December 31, 2009 was TL 1,133.1 million, a decrease of TL 39.1 million, or 3.3%, compared to TL 1,172.2 million for the year ended December 31, 2008. The decrease was largely attributable to a decrease in sales volumes of tobacco products as well as improved pricing terms from certain of our suppliers.

Gross Profit

As a result of the foregoing, our gross profit for the year ended December 31, 2009 was TL 104.0 million, an increase of TL 11.9 million, or 12.9%, compared to TL 92.1 million for the year ended December 31, 2008. The improvement was mainly attributable to lower contribution from our sales from tobacco products in 2009, compared to 2008, and improved pricing terms with our suppliers. Our gross margin was 8.4% in 2009, compared to 7.3% in 2008. The improvement in gross margin was mainly attributable to a change product mix, particularly an increase in the portion of sales attributable to non-tobacco products.

Marketing, Sales and Distribution Expenses

Our marketing, sales and distribution expenses for the year ended December 31, 2009 were TL 54.0 million, an increase of TL 2.2 million, or 4.2%, compared to TL 51.8 million for the year ended December 31, 2008.

The following table sets forth a breakdown of our marketing, sales and distribution expenses for the periods indicated:

	For the year ended December 31,	
	2009	2008
	(TL in millions)	
Personnel expenses	(19.6)	(18.4)
Rent expenses	(15.7)	(13.6)
Depreciation and amortization expenses	(7.0)	(6.1)
Utility expenses	(3.9)	(2.7)
Logistics expenses[(1)]	–	(2.6)
Outsourcing expenses	(2.1)	(2.0)
Advertising expenses	(0.9)	(1.2)
Maintenance expenses	(0.7)	(0.7)
Other	(4.1)	(4.7)
Total marketing, sales and distribution expenses	(54.0)	(51.8)

(1) For 2008, we recorded net logistics expenses, but for 2009 we did not have net logistics expenses, see "– Key Factors Affecting Our Results of Operations – Efficient Management of Our Sourcing, Inventory and Logistics – Logistics" above.

The increase was mainly attributable to an increase in rent expenses and personnel expenses. Our rent expenses increased in 2009 as a result of opening of seven new stores in 2009 and eleven new stores during 2008, which resulted in higher rental expenses for the full year 2009. However, our average rent per store decreased in 2009 as we were able to re-negotiate rents upon certain lease renewals at a lower level in large part due to the economic slowdown. Our rent expenses were also higher in 2009 in part as a result of the depreciation of the Turkish lira against the U.S. dollar and euro as approximately 25% of our rents were denominated in these currencies.

These increases were partly offset by the fact that we changed the accounting treatment of logistics expenses in 2009 as discussed in "– Description of Comprehensive Income Statement Line Items – Marketing, Sales and Distribution Expenses" and "– Description of Comprehensive Income Statement Line Items – Other Operating Income" above. Our personnel expenses increased mainly due to a slight increase in headcount, partly offset by slight decrease in advertising and other expenses. As of December 31, 2009, we had 997 employees whose salaries were included under marketing and sales expenses, compared to 988 employees as of December 31, 2008.

General Administrative Expenses

Our general administrative expenses for the year ended December 31, 2009 were TL 13.2 million, a decrease of TL 0.5 million, or 3.6%, compared to TL 13.7 million for the year ended December 31, 2008.

The following table sets forth a breakdown of our general administrative expenses for the periods indicated:

	For the year ended December 31,	
	2009	2008
	(TL in millions)	
Personnel expenses	(7.8)	(7.2)
Consultancy and service expenses	(1.8)	(2.7)
Depreciation and amortization expenses	(0.7)	(0.8)
Rent expenses	(0.8)	(0.7)
Outsourcing expenses	(0.6)	(0.6)
Other	(1.5)	(1.7)
Total general administrative expenses	(13.2)	(13.7)

The decrease was mainly attributable to a decrease in consultancy and service expenses as we incurred lower fees for services from affiliated companies in 2009 due to lower costs for these services incurred by Yıldız Holding. The decrease was partly offset by higher personnel expenses, mainly attributable to inflation adjustments on salary levels. As of December 31, 2009, we had 108 employees whose salaries are included under general administrative expenses, compared to 109 employees as of December 31, 2008.

Other Operating Income

Our other operating income for the years ended December 31, 2009 and 2008 was TL 0.4 million. The positive impact of gain from sale of plant property equipment in our stores and warehouses in 2008 that was not repeated in 2009 was offset mainly by an increase in rent income from Netlog and certain new suppliers leasing space from us.

Other Operating Expenses

Our other operating expenses for the years ended December 31, 2009 and 2008 was TL 0.1 million. The increase in provision expenses arose primarily from increased legal proceedings.

Operating Profit

As a result of the foregoing, our operating profit for the year ended December 31, 2009 was TL 37.0 million, an increase of TL 10.1 million, or 37.5%, compared to TL 26.9 million for the year ended December 31, 2008.

Finance Income

Our finance income for the year ended December 31, 2009 was TL 9.3 million, a decrease of TL 6.7 million, or 41.9%, compared to TL 16.0 million for the year ended December 31, 2008. The decrease was mainly attributable to a decrease in finance income from sales and discount income. The decrease in finance income from sales was mainly due to lower interest rates and due to the fact that our average collection period on customer receivables in 2009 was shorter than in 2008, in part due to the financial crisis in 2008, which resulted in customers seeking longer payments terms. Our discount income also decreased, mainly due to lower interest rates in 2009 used to calculate discount income. The foreign exchange gain in 2008 was higher due to depreciation of Turkish lira.

Finance Expenses

Our finance expenses for the year ended December 31, 2009 were TL 22.6 million, a decrease of TL 15.5 million, or 40.7%, compared to TL 38.1 million for the year ended December 31, 2008. The decrease was mainly attributable to a decrease in finance expense from purchases and interest on bank overdrafts and loans and foreign exchange loss. Our interest expenses were higher in 2008 as we used our credit line for working capital purposes as collection periods on customer receivables were longer, on average, largely due to the financial crisis. The decrease in finance expenses from purchases is mainly due to lower interest rates in 2009 used to calculate discount income. Our discount expense also increased, also as a result of those lower prevailing interest rates.

Profit before Tax

As a result of the foregoing, our profit before tax for the year ended December 31, 2009 was TL 23.7 million, an increase of TL 18.8 million, compared to TL 4.9 million for the year ended December 31, 2008.

Tax Charge

Our tax charge for the year ended December 31, 2009 was TL 4.8 million, an increase of TL 3.8 million, compared to TL 1.0 million for the year ended December 31, 2008. The increase was mainly attributable to an increase in current tax charge. The increase was partly offset by an increase in deferred tax benefit.

Net Profit for the Year

Our profit for the year ended December 31, 2009 was TL 18.9 million, an increase of TL 15.1 million, compared to TL 3.8 million for the year ended December 31, 2008.

For the Year ended December 31, 2008, Compared to the Year Ended December 31, 2007

Sales Revenue

Our sales revenue for the year ended December 31, 2008 was TL 1,264.3 million, an increase of TL 224.2 million, or 21.6%, compared to TL 1,040.1 million for the year ended December 31, 2007.

The following table sets forth our sales revenue for the periods indicated:

	For the year ended December 31,	
	2008	2007
	(TL in millions)	
Domestic sales	1,271.7	1,044.8
Tobacco	544.5	466.9
Non-Tobacco	727.2	578.0
Other income	1.6	0.0
Sales returns	(1.3)	(1.7)
Sales discounts	(7.7)	(3.1)
Total sales revenue	1,264.3	1,040.1

The increase in sales revenue was mainly attributable to an increase in tobacco sales in 2008, due to the structural changes in the Turkish tobacco product market discussed above. As a result, sales revenue from tobacco products peaked in 2008, increasing by 16.6% in 2008, compared to 2007. Sales revenue from non-tobacco products also increased by 25.8% in 2008, compared to 2007. These increases were partly offset by an increase in sales discounts to customers that resulted mainly from volume growth and the impact of the global financial crisis in 2008.

Excluding the impact of tobacco products, the increase was mainly attributable to an increase in same-store sales revenue from non-tobacco products. Same store sales of non-tobacco products increased from TL 527.3 million in 2007 to TL 569.1 million in 2008, representing an increase of TL 41.8 million, or 7.9%. The increase in same-store sales revenue was mainly attributable to an increase in the average number of customers and, to a lesser extent, an increase in price levels.

Revenue from new stores, those open during all or part of 2008, contributed further to the increase in our sales revenue. We opened 20 new stores in 2007 and 11 in 2008. There were no store closings during either period.

Cost of Sales

Our cost of sales for the year ended December 31, 2008 was TL 1,172.2 million, an increase of TL 204.9 million, or 21.2%, compared to TL 967.3 million for the year ended December 31, 2007. The increase was mainly attributable to an overall increase in sales volumes. The increase was slightly offset by improved pricing terms with our suppliers in 2008, compared to 2007.

Gross Profit

As a result of the foregoing, our gross profit for the year ended December 31, 2008 was TL 92.1 million, an increase of TL 19.3 million, or 26.5%, compared to TL 72.8 million for the year ended December 31, 2007. Our gross margin was 6.3% in 2008, compared to 7.0% in 2007. The gross margin was adversely affected by higher sales of tobacco products in 2008.

Marketing, Sales and Distribution Expenses

The following table sets forth a breakdown of our marketing, sales and distribution expenses for the periods indicated:

	For the year ended December 31,	
	2008	2007
	(TL in millions)	
Personnel expenses	(18.4)	(14.3)
Rent expenses	(13.6)	(10.2)
Depreciation and amortization expenses	(6.1)	(4.2)
Utility expenses	(2.7)	(1.7)
Logistics expenses	(2.6)	(4.4)
Outsourcing expenses	(2.0)	(1.3)
Advertising expenses	(1.2)	(1.5)
Maintenance expenses	(0.7)	(0.8)
Other	(4.7)	(3.7)
Total marketing, sales and distribution expenses	(51.8)	(42.0)

The increase was mainly attributable to an increase in personnel expenses and rent expenses. Our employee expenses increased mainly due to the 11 new stores opened in 2008 and, to a lesser extent, as a result of inflation adjustments to salaries. As of December 31, 2008, we had 988 employees whose salaries were included under marketing and sales expenses, compared to 931 employees as of December 31, 2007. Our rent expense increased in 2008 mainly as a result of opening of new stores as well as due to depreciation of Turkish lira against the U.S. dollar and euro as approximately 25% and 21% of our rents were denominated in these currencies in 2008 and 2007, respectively. Also our depreciation and amortization expenses increased in 2008, compared to 2007, mainly due to the 20 new stores opened in 2007 incurring a full year of depreciation expense in 2008. Our utility expenses increased due to increased electricity costs, partially offset by decreased logistics expenses due to improved management of logistics expense compared to logistics recovery from our suppliers.

General Administrative Expenses

Our general administrative expenses for the year ended December 31, 2008 were TL 13.7 million, an increase of TL 1.7 million, or 14.2%, compared to TL 12.0 million for the year ended December 31, 2007.

The following table sets forth a breakdown of our general administrative expenses for the periods indicated:

	For the year ended December 31,	
	2008	2007
	(TL in millions)	
Personnel expenses	(7.2)	(5.3)
Consultancy and service expenses	(2.7)	(3.2)
Depreciation and amortization expenses	(0.8)	(0.8)
Rent expenses	(0.7)	(0.7)
Outsourcing expenses	(0.6)	(0.5)
Other	(1.7)	(1.4)
Total general administrative expenses	(13.7)	(12.0)

The increase was mainly attributable to an increase in personnel expenses, mainly attributable to inflation adjustments to salaries. We had 109 employees whose salaries were included under general administrative expenses as at December 31, 2008 and 2007. The increase was partly offset by a decrease in consultancy and service expenses due to lower fees and expenses from affiliated companies in 2008 due to lower costs for these services incurred by Yıldız Holding.

Other Operating Income

Our other operating income for the year ended December 31, 2008 was TL 0.4 million, a decrease of TL 0.4 million, or 50.0%, compared to TL 0.8 million for the year ended December 31, 2007. The decrease was mainly attributable to a decrease in insurance compensation in 2008 after a one-off insurance award in 2007, as well as a release of provisions and other income. The decrease was partly offset by an increase in gain on sale of plant property equipment as we sold company cars and replaced them with operating leases.

Other Operating Expenses

Our other operating expenses for the years ended December 31, 2008 and 2007 were TL 0.1 million. Other operating expenses decreased slightly in 2008, compared to 2007, mainly due to increase in other expenses and losses. This slight decrease was partly offset by higher provision expenses, resulting from additional provisions booked due to legal proceedings.

Operating Profit

As a result of the foregoing, our operating profit for the year ended December 31, 2008 was TL 26.9 million, a decrease of TL 7.4 million, or 37.9%, compared to TL 19.5 million for the year ended December 31, 2007.

Finance Income

Our finance income for the year ended December 31, 2008 was TL 16.0 million, an increase of TL 3.9 million, or 32.2%, compared to TL 12.1 million for the year ended December 31, 2007. The increase was mainly attributable to an increase in finance income from sales and discount income.

Finance Expenses

Our finance expenses for the year ended December 31, 2008 were TL 38.1 million, an increase of TL 13.9 million, or 57.4%, compared to TL 24.2 million for the year ended December 31, 2007. Our interest expenses were higher in 2008 as we used our credit line for working capital purposes. Our finance expenses from purchases also increased due to higher interest rates in 2008 used to calculate discount income. Our discount expense also increased, also as a result of those higher prevailing interest rates.

Profit before Tax

As a result of the foregoing, our profit before tax for the year ended December 31, 2008 was TL 4.9 million, a decrease of TL 2.5 million, or 33.8%, compared to TL 7.4 million for the year ended December 31, 2007.

Tax Charge

Our tax charge for the year ended December 31, 2008 was TL 1.0 million, a decrease of TL 0.5 million, or 33.3%, compared to TL 1.5 million for the year ended December 31, 2007. The decrease was mainly attributable to a decrease in tax charge. The decrease was partly offset by an increase in deferred tax charge.

Net Profit for the Period

Our profit for the year ended December 31, 2008 was TL 3.8 million, a decrease of TL 2.0 million, or 34.5%, compared to TL 5.8 million for the year ended December 31, 2007.

Liquidity and Capital Resources

Overview

Over the periods under review, we have financed our operations mainly from cash from operations and, in addition, have from time to time used our credit facilities for working capital needs, in particular during the financial crisis in 2008 when payment periods from many of our customers were extended. Our main uses of cash relate to the opening of new stores and the purchase of inventory. We intend to continue to finance our financing needs from cash flow from operations and use our credit facilities as necessary during times of peak working capital needs.

As of September 30, 2010, our cash and cash equivalents were TL 31.6 million. An addition, from time to time, pursuant to a group cash pooling arrangement, we have used Yıldız Holding's treasury to deposit funds that we have not needed for our daily operations. Under this cash pooling arrangement, we receive better interest for such deposits than we could have achieved with our own funds alone. The amounts held with Yıldız Holding under our cash pooling arrangement have been recorded under "Other receivables from related parties" on our balance sheet and amounted to TL 20.0 million as of September 30, 2010. For more information on this cash pooling arrangement, see "Related Party Transactions." Going forward, we plan to discontinue the cash pooling arrangement, and hold our cash balances independent of Yıldız Holding.

Cash Flows

The following table sets forth cash flow information for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,		
	2010	2009	2009	2008	2007
	(audited) (TL in millions)				
Cash Flows from Operating Activities					
Profit for the period	21.4	13.7	18.9	3.8	5.8
Depreciation of property, plant and equipment	6.1	5.7	7.7	6.9	5.1
Amortization of other intangible assets	0.0	0.0	0.0	0.1	0.0
Provision for employment termination benefits	0.4	0.2	0.3	0.4	0.2
Allowance for doubtful receivables	0.2	–	–	0.0	0.0
Gain on disposal of property, plant and equipment	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)
Change in unused vacation accrual	0.3	0.2	0.2	0.0	(0.0)
Finance expense	1.7	2.9	3.2	5.1	1.9
Finance income	(1.0)	(1.1)	(1.2)	(0.4)	(1.0)
Income tax expense	5.4	3.4	4.8	1.0	1.5
Operating cash flows provided before changes in working capital	34.6	25.0	33.9	16.9	13.4
Decrease in trade receivables	14.4	6.2	7.1	(11.3)	0.1
(Increase)/decrease in inventories	(14.5)	0.9	(3.3)	(19.0)	(11.4)
(Increase)/decrease in other receivable from related party	(16.2)	13.3	23.1	(26.9)	(0.4)
Increase in other receivables and current assets	(1.5)	(1.5)	(3.1)	0.4	1.7
Increase in other non-current assets	(1.0)	(1.0)	(1.4)	(0.2)	(0.1)
Increase/(decrease) in trade payables	13.9	(50.3)	(26.6)	30.8	20.0
Increase in related party trade payables	4.6	3.2	2.1	17.5	(10.7)
Decrease/(increase) in other payables and current liabilities	(0.6)	0.6	2.5	(0.3)	(1.0)
Cash generated from/(utilized in) operations	33.6	(3.5)	34.3	7.9	13.7
Income taxes paid	(5.2)	(2.2)	(3.6)	(0.7)	(1.0)
Retirement benefits paid	(0.2)	(0.1)	(0.3)	(0.4)	(0.1)
Cash generated from/(utilized in) operating activities	28.3	(5.8)	30.4	6.8	12.5
Cash Flows from Investing Activities					
Proceeds on property, plant and equipment disposed	0.0	0.0	0.0	0.6	0.1
Purchases of property, plant and equipment	(6.1)	(2.3)	(6.6)	(20.2)	(14.2)
Purchases of other intangible assets	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)
Interest received	1.0	1.1	1.2	0.4	1.0
Net cash used in investing activities	(5.1)	(1.2)	(5.4)	(19.3)	(13.1)
Cash Flows from Financing Activities					
Net borrowings raised	35.0	35.0	72.2	84.2	0.4
Repayment of borrowings	(34.3)	(29.2)	(93.0)	(64.0)	–
Raised obligations under finance lease	–	–	–	0.8	0.6
Repayment of obligations under finance lease	(1.0)	(1.3)	(1.8)	(1.5)	(0.7)
Capital increase	–	–	–	0.7	–
Interest paid	(1.7)	(2.5)	(3.2)	(5.0)	(1.9)
Net cash (utilized in)/provided by financing activities	(2.1)	2.0	(25.8)	15.3	(1.6)
Net increase/(decrease) in cash and cash equivalents	21.1	(5.0)	(0.8)	2.8	(2.3)
Cash and cash equivalents at the beginning of period	10.5	11.3	11.3	8.5	10.8
Cash and cash equivalents at the end of period	31.6	6.3	10.5	11.3	8.5
Free cash flow[(1)]	27.5	22.6	27.7	(11.8)	(0.6)

(1) Cash generated from operations less net capital expenditure (purchases of property, plant and equipment plus purchases of intangible assets less proceeds on property, plant and equipment disposed).

Net Cash from Operating Activities

In general, our cash flow from operating activities is subject to fluctuations resulting from the timing of closing of our books, which significantly impacts working capital increases and releases at a given period-end date. If the last day of any reporting period is in the middle of the week, our trade payables are generally higher as we pay our suppliers at the end of the week. Similarly, the product mix purchased and sold during the two-week period prior to the end of the reporting period has an impact on our accounts receivable and accounts payable between the periods.

Our net cash inflow from operating activities was TL 28.3 million for the nine months ended September 30, 2010, compared to a cash outflow of TL 5.8 million for the same period in 2009. The increase was mainly due to an increase in profit for the period and a decrease in trade receivables, which released working capital. The increase in trade payables in the nine months ended September 30, 2010 compared to a large decrease in trade payables in the nine months ended September 30, 2009 also contributed to the change. The decrease in trade payables in the nine months ended September 30, 2009 was mainly attributable to the fact that the reporting period ended on Thursday, *i.e.*, prior to our suppliers being paid that week. The increase was partly offset by an increase in inventories, which was mainly attributable to the opening of new stores at during the second half of 2009 and in the nine months ended September 30, 2010.

Our net cash inflow from operating activities was TL 30.4 million for the year ended December 31, 2009, compared to a cash inflow of TL 6.8 million for the year ended December 31, 2008. The increase was mainly due to an increase in profit for the period and a decrease in trade receivables and related party other receivables. Lower inventories also contributed to the change. The change was partly offset by a decrease in trade payables.

Our net cash flow inflow from operating activities was TL 6.8 million for the year ended December 31, 2008, compared to a cash inflow of TL 12.5 million and for the year ended December 31, 2007. The decrease was mainly due to an increase in trade receivables, related party other receivables and inventories. This decrease was partly offset by an increase in trade payables and related party payables.

Our free cash improved over the periods under review. For the year ended December 31, 2007, our free cash flow was adversely affected by opening of new stores and refurbishment of existing stores. For the year ended December 31, 2008, our free cash flow was adversely affected by the economic crisis and opening of new stores. Our free cash flow situation has improved in 2009 and during the nine months ended September 30, 2010, largely as a result of higher profits.

Net Cash Used in Investing Activities

In general, our cash flows used in investing activities mainly depend on opening of new stores during a particular period, maintenance expenses for existing stores. Our cash flows from investing activities primarily consist of interest received and proceeds on disposed property, plant and equipment.

Our net cash flow used in investing activities was TL 5.1 million for the nine months ended September 30, 2010, compared to cash flow of TL 1.2 million used in investing activities for the same period in 2009. The increase was mainly due to a higher number of new store openings, resulting in an increase in purchases of property, plant and equipment in the months ended September 30, 2010, partly offset by a decrease in interest received.

Our net cash flow used in investing activities was TL 5.4 million for the year ended December 31, 2009, compared to a cash flow of TL 19.3 million used in investing activities for the year ended December 31, 2008. The change was mainly due to a reduced number of new store openings, a decrease in purchases of property, plant and equipment, as well as an increase in interest received. The decrease in purchases of property mainly related to the fact that we opened four large A-type stores as well as the Bizim Academy for training of our employees in 2008, whereas the new stores opened in 2009 were mostly smaller B and C formats. This change was partly offset by a decrease in proceeds on disposed property, plant and equipment.

Our net cash flow used in investing activities was TL 19.3 million for the year ended December 31, 2008, compared to a cash flow of TL 13.1 million used in investing activities for the year ended December 31, 2007. The change was mainly due to a higher number of new store openings, resulting in an increase in purchases of property, plant and equipment and a decrease in interests received. The increase in purchases of property mainly related to the fact that we opened four large A-type stores as well as the Bizim Academy for training of our employees in 2008. This change was partly offset by an increase in proceeds on disposed property, plant and equipment.

Net Cash (Used in)/Provided by Financing Activities

Our cash flows related to financing activities are primarily driven by our working capital needs, cash on deposit and the rates of borrowing and deposits.

Our net cash used in financing activities was TL 2.1 million for the nine months ended September 30, 2010, compared to a cash flow of TL 2.0 million provided by financing activities for the same period in 2009. The decrease was due to an increase in repayment of borrowings in the nine months ended September 30, 2010. This increase was partly offset by a decrease in interest paid and repayment of obligations under finance lease.

Our net cash flow used in financing activities was TL 25.8 million for the year ended December 31, 2009, compared to a cash flow of TL 15.3 million provided by financing activities for the year ended December 31, 2008. The change was mainly due to a decrease in new borrowings raised in 2009. This decrease was partly offset by a decrease in repayment of borrowings.

Our net cash flow provided by financing activities was TL 15.3 million for the year ended December 31, 2008, compared to a cash flow of TL 1.6 million used in financing activities for the year ended December 31, 2007. The change was mainly due to an increase in new borrowings raised. This increase was partly offset by an increase in repayment of borrowings and interests paid.

Credit Lines

To fund our working capital needs, and for general corporate purposes, we have entered into a number of general credit agreements with 12 Turkish banks on an uncommitted basis. Yıldız Holding has provided guarantees and therefore is jointly liable for the majority of our general credit agreements, although we expect the Yıldız guarantees will be eliminated upon renewal of these agreements once we are a public company. Our other related party, Ülker Gıda Sanayi ve Tic. A.Ş. ("Ülker"), an affiliate of Yıldız Holding, is jointly liable with Yıldız Holding for one of the general credit agreements, and we expect the Ülker guarantee to likewise be eliminated upon renewal.

The total amount available for us under these general credit agreements amounted to TL 256,5 million plus $10.0 million as of the date of this Offering Circular. As per the terms of our general credit agreements, we have borrowing limits allocated to us by Yapı ve Kredi Bankası A.Ş. (TL 61,405,120.68), Asya Katılım Bankası A.Ş. (TL 37,500,000), Finansbank A.Ş. (TL 35,100,000), Türkiye Finans Katılım Bankası A.Ş. (TL 20,000,000), Türkiye Garanti Bankası A.Ş. (TL 13,900,000), Türkiye Halkbankası A.Ş. (TL 30,000,000), Türkiye Vakıflar Bankası A.Ş. (TL 4,550,000), Denizbank (TL 20,000,000), Albaraka Türk Katılım Bankası A.Ş. (TL 20,000,000), Kuveyt Türk Katılım Bankası A.Ş. (TL 3,000,000 and $10,000,000), HSBC Bank A.Ş. ($1,500,000) and with Türk Ekonomi Bankası A.Ş. (TL 9,500,000). We can request borrowing from each bank under these agreements up to the limit amounts, without any specified conditions precedent or set covenants restricting our operations or financial performance. In general, the terms of these credit lines require the lending banks to approve the terms of each draw down and there is no obligation for the banks to lend us the amount requested. Many of the general credit agreements provide the banks with broad rights to demand payment prior to the maturity of the drawdown.

The amounts available to us to draw under these credit agreements are reduced by the amount of guarantees to our suppliers backed by the credit agreements, which, as of September 30, 2010, was TL 59.9 million (TL 60.6 million as of December 31, 2010). These guarantees represent letters of credit to certain of our suppliers in accordance with industry practice. For our tobacco products and sugar procurement we are required to provide these letters of guarantee to our suppliers, and the suppliers of certain other products often require us to provide similar letters of guarantee. Furthermore, we are required to provide letters of guarantee to electricity distribution companies and we have provided three letters of guarantee to Milli Piyango Administration for non-cash lottery drawings. To date, we have generally utilized and will continue to utilize our general credit agreements primarily for the purpose of issuing letters of guarantee to our suppliers. Therefore, the amount currently owed by us is the outstanding amount under these guarantees, plus any cash borrowings to fund working capital needs or general corporate purposes.

As a member of the Yıldız Group, we may also benefit from general group borrowing limits allocated to Yıldız Holding. From time to time, we may apply to use these facilities should the terms be better that under the general credit agreements discussed above. There is no obligation for Yıldız Holding or the banks to honor our request.

Capital Expenditures

Our principal capital expenditures relate to fixtures, equipment and furniture required for the opening of new stores, repair and renewal costs for our tangible assets, relocation costs, maintenance costs not borne by landlords, and IT hardware and software costs. We capitalize maintenance costs relating to leasehold improvements made to the stores we lease if such improvements are expected to provide future economic benefits.

The following table sets forth our net capital expenditures (net of disposals) for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,		
	2010	2009	2009	2008	2007
Net capital expenditures for new stores	4.4	0.8	2.5	14.8	10.0
Net capital expenditures for existing stores	1.7	1.5	4.0	4.5	4.1
Total	6.1	2.3	6.5	19.3	14.1

The amounts in the table above reflect our purchases of property, plant and equipment and also of other intangible assets, net of any disposal of property, plant and equipment in that period. The table above excludes TL 2.9 million and TL 0.9 million of capital expenditures financed through leasing arrangements in 2007 and 2008, respectively.

Our capital expenditures increased for the nine months ended September 30, 2010 as we increased the pace of opening of new stores and opened nine new stores, compared to two stores in the comparable period in 2009. For the year ended December 31, 2009, our capital expenditures decreased from 2008 as we opened fewer stores in reaction to the global economic uncertainty. For the year ended December 31, 2008, our capital expenditures increased from 2007, mainly as a result of opening of eleven new stores, including four large type A stores and our Bizim Academy training center. In 2007, our capital expenditures were driven by the opening of 20 new stores, comprising mainly smaller B and C type stores.

Contractual Obligations and Contingencies

The following table sets forth our contractual obligations and contingencies as of September 30, 2010:

	Less Than Three Months	Between Three and 12 Months	Between One and Five Years	Total
		(TL in millions)		
Bank borrowings	0.6	–	–	0.6
Finance lease liabilities	0.1	0.2	–	0.3
Total	0.7	0.2	–	0.9

Our finance lease payables relate to stores opened in 2007 for which equipment was purchased using finance leases. Our operational lease commitments relate mainly to our store leases and amounted to TL 8.9 million as at September 30, 2010 (of which TL 4.8 million was payable in the following 12 months). The average remaining lease period for our existing stores as of September 30, 2010 was approximately seven years. The majority of our lease agreements include a fixed rent clause, subject to annual adjustments to take changes in inflation into account. We also have contractual obligations towards our suppliers, but these agreements are short-term obligations as most of the supply agreements are entered into for terms of one year. As a result, the amounts we owe to our suppliers are included in trade payables rather than contractual obligations.

Off-balance Sheet Liabilities

Our off-balance sheet liabilities include guarantees, pledges and liens that as of September 30, 2010 amounted to TL 59.9 million. These include mostly letters of credit to certain of our suppliers in accordance with industry practice, and as described above. In addition, our liabilities under operational leases for our stores and car rentals are not reflected on our balance sheet. Our total liabilities under non-cancellable operational lease agreements amounted to TL 9.0 million as of September 30, 2010.

Market Risk

Financial Risk Management

The risks we face in our operations include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. Our risk management policies generally seek to minimize the effects of uncertainty in financial market on our financial performance. Risk management is implemented by our finance department according to the policies approved by our Board of Directors. Our finance department provides services to the business, coordinates access to domestic and international financial markets and monitors and manages financial risks relating to our operations through internal risk reports which analyze exposures by degree and magnitude of risks.

Credit Risk

Our credit risk is generally related to credit extended to our customers as trade receivables in connection with their purchase of our products, and in particular from those trade receivables which are not in the form of credit card collections. The trade receivable balance shown in our balance sheet is shown net of the amount of our provision for doubtful receivables. Our non-trade receivables from related parties are mostly due from Yıldız Holding, which also are a source of credit risk. In addition, we have deposits in banks and are subject to the credit risk that these banks fail. See note 24(b-1) to our IFRS Financial Statements for further information on our credit risk pursuant to our cash pooling arrangements.

We manage our credit risk from trade receivable counterparties by requiring those customers who do not pay by credit card to post collateral in some cases. We manage our credit risk on bank deposits by holding our cash and equivalents and bank deposits with sound and reputable financial institutions.

Liquidity Risk

We manage liquidity risk by maintaining general credit agreements with multiple banks, and by continuously monitoring our forecast and actual cash flows to match the maturity profiles of our financial assets and liabilities. See note 24(b-2) to our IFRS Financial Statements for further information on our liquidity risk.

Foreign Currency Risk

Translation of foreign currencies into Turkish Lira exposes us to foreign currency risk. We hold small amounts of our cash and equivalents in U.S. dollars and euro, and as a result we bear currency risk arising from fluctuations in the exchange rates used to convert these foreign currency denominated assets into Turkish lira.

We are mainly exposed to the translation impact of foreign currency risk in U.S. dollars and euro, as approximately 20% to 25% of our rental payments during recent years have been denominated in these currencies.

In the nine months ended September 30, 2010, a 10% change in the value of the U.S. dollar against the Turkish lira would have had an impact of TL 1,792 on our finance expense. Similarly, a 10% change in the value of the euro against the Turkish lira would have had an impact of TL 51,196 on our finance expense. See note 24(b-3.1) to our IFRS Financial Statements for further information on our foreign currency risk.

Interest Risk

Our financial liabilities all feature a fixed interest rate, and as a result our primary interest rate risk relates to market interest rates being substantially higher at the date of renewal of our borrowings. The resulting risk can be controlled by interest rate swap agreements, although we do not currently have any in place.

Inflation Risk

Inflation in Turkey may affect certain of our expenses. In the past, Turkey has experienced high rates of inflation which we believe would, if renewed, have a positive impact on sales revenue over the short-term, but potentially cause overall sales volumes to decline over the medium- to long-term due to a decline in household consumption, if inflation were very high and protracted.

High levels of sustained inflation could also have a negative impact on our gross profit and operating profit margins, as our cost of sales as well as certain marketing, sales and distribution expenses could increase significantly. We believe, however, that we would be able to mitigate most or all of the margin impact of high levels of inflation by a combination of negotiating favorable rates of price increases with our suppliers, increasing prices to our customers and outsourcing certain operating expenses. Also, in the past, the positive impact that inflation-driven sales price increases have had on our margins has been bigger compared to the negative impact of increased cost of sales.

Critical Accounting Policies

Critical accounting policies are those policies that require the application of our management's subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies involve judgments and uncertainties that are sufficiently sensitive to result in materially different results under different assumptions and conditions. We believe that our most critical accounting policies are those described below.

A detailed description of certain of the principal accounting policies we use in preparing our financial statements are set forth in Note 2 to our IFRS Financial Statements.

Inventories

We value our inventories at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than its cost, the inventory is written down to the net realizable value and the expense is included as cost of sales in the period the write-down or loss occurred. If the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed, up to the amount of the original write-down.

Provisions

We recognize a provision only when we have a present obligation as a result of a past event, and it is probable that we will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. Our provisions have in the past mainly related to legal proceedings. In addition, we have made provision for doubtful receivables when we have an objective indication of non-collectability. The amount of the provision is the difference between the carrying amount and our estimate of the recoverable amount. We calculate the recoverable amount as the present value of all expected cash flow, including amounts recoverable from customer guarantees and collaterals discounted based on using the original effective interest rate of the trade receivables occurred. See note 5 to our IFRS Financial Statements for more information.

Useful life of property, plant and equipment

We have calculated the depreciation amounts regarding the useful lives specified on note 8 and note 9 to our IFRS Financial Statements.

Depreciation is charged so as to write off the cost of assets, other than land and construction in progress, over their estimated useful lives, using the straight line method. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, when shorter, the term of the relevant lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Termination and Retirement Benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving our company. Such payments are considered as being part of defined retirement benefit plan in accordance with IAS No. 19 (revised) "Employee Benefits." The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation using a discount rate chosen by management. All the actuary gains and losses are recognized in the comprehensive income statements.

MARKET AND INDUSTRY OVERVIEW

Turkish Demographic Profile

The population of Turkey grew by 2.8% between the years 2007 and 2009 to reach 75.9 million at year end 2009, representing the second largest population in Europe (OECD, November 2010). According to IMF projections, the Turkish population is forecasted to grow at an annual rate of 1.3% over the period from 2009 to 2012.

Turkey has a relatively young population with a median age of 28.8. Approximately 52.2% of the population was below 30 years of age as of December 31 2009, while just over 7.0% of the population was aged 65 or over (Turkstat). As of December 31, 2009, Turkey had 18.2 million households (Euromonitor, November 2010).

Turkey is becoming increasingly urbanized, with approximately 69.1% of its population living in urban centers and with 19 cities above 1 million in population (Turkstat 2009). There are now approximately 230 districts in Turkey that have more than 50,000 inhabitants and the population of urban areas in Turkey continues to increase. The Marmara region, which contains Istanbul and the Bosporus, is the economic and population center of Turkey and accounts for the largest share of the country's GDP. The majority of large Turkish and international companies' corporate management and production facilities are located in this region.

Turkish Macroeconomic Data

Between the years 2005 and 2009, Turkish GDP in local currency terms increased at an annual rate of 10.1% (Turkstat, 2009), reflecting in part Turkey's relatively high but, over time, decreasing rates of inflation.

Removing the effects of inflation, real GDP growth has been more subdued (with growth rates of 5.3%, 9.4%, 8.4%, 6.9%, 4.7% and 0.7% for the years 2003-2008, respectively, according to the IMF), with a (4.7%) decline in 2009 as a result of economic difficulties caused by the global financial crisis. GDP increased by 10.3% for the first half of 2010 according to the IMF.

Historically, Turkey has experienced high levels of inflation. According to the IMF, the annual inflation rate based on the wholesale price index declined from 13.9% at the end of 2003, to 13.8% at the end of 2004, to 4.5% at the end of 2005 and increased to 11.6% at the end of 2006 then declined to 8.0% at the end of 2007 before increasing to 10.1% at the end of 2008. More recently, Turkish inflation rates have begun to trend downwards. Annual inflation was 6.5% as of year end 2009 and 9.2% for the nine months ended September 30, 2010; the IMF projects year end inflation of 7.6% in 2010 and 6.2% in 2011. Turkstat announced an inflation rate of 8.9% based on producer price index for 2010. The Central Bank projects an inflation rate of 5.5% for 2011 and 5.0% for the following years.

Unemployment in Turkey was impacted by the economic difficulties in 2009 and reached 14.0%, up from 11.0% in 2008. However, it has subsequently decreased, to 10.6% in July 2010, with the easing of the economic situation in Turkey (Treasury, November 2010).

Going forward, the economy is expected to continue its expansion, with the OECD projecting annual GDP growth of 6.3% for the years 2009 through 2012. This economic growth is expected to be driven in part by the increased purchasing power of the Turkish population. Increased purchasing power is, in turn, projected to contribute to growth in food spending of 13.4% per annum over the period from 2009 to 2012 (Planet Retail November 2010).

Turkish Cash and Carry Market

Cash and carry operators' principal market is that of retail FMCG distribution via traditional distribution channels. The market consists primarily of the wholesale supply of food products, beverages and tobacco products, as well as household and hygiene articles, to small shops with less than 50 square meters of retail space, traders, specialized traders, households, HoReCa and corporate.

The FMCG wholesale market in Turkey remains highly fragmented, with traditional wholesale distributors representing 95.4% of the total market (Frost & Sullivan 2010). The remaining 4.6% is controlled by cash and carry wholesalers. The aggregate size of the FMCG wholesale market in Turkey in 2009 was estimated at approximately TL 76 billion, including cash and carry (converted from euro to Turkish Lira at 1.9952) and is projected to grow at an annual rate of 9.6% between 2009 and 2015 (Frost & Sullivan 2010). In 2009, in revenue terms, 45% of the market consisted of sales of food and beverages, 42% of tobacco, 8% of personal care and 4% of cleaning products (Frost & Sullivan 2010).

The cash and carry market is forecasted to grow at 12.9% per annum for the years 2009 through 2015 (Frost & Sullivan 2010), driven in part by the opportunity which cash and carry wholesalers have to professionalize and consolidate the remaining FMCG wholesale market. The cash and carry market in Turkey is highly consolidated, with the top two participants – Metro and BTT – accounting for 83% of the market in terms of revenue in 2009 (total 2009 market size of TL 3.5 billion) (Frost & Sullivan 2010). Metro accounted for 48% of cash and carry market revenues in 2009, while BTT accounted for 35% of the market; the only other pure cash and carry operator of significant size, Tespo, accounted for 5% of the market.

In addition to market consolidation, the Turkish cash and carry market is also growing as a result of demand side and supply side factors. On the demand side, growth in all customer categories is expected over the medium- to long-term, according to Frost & Sullivan, which also estimates that this growth will be more rapid especially in customer groups whose portions are increasing in cash and carry sales. According to Euromonitor and Frost & Sullivan, the growth rate is expected to be 19.9%, 14%, 15.5% and 10.5%, respectively, at HORECA, bakkals and markets, corporate customers, direct households and wholesalers. Again, on the demand side, the cash and carry market is expected to benefit from robust growth in its key end-user groups: traditional retailers (known as "bakkals" – bakkals are expected to grow in value terms, albeit at a slower rate than the overall market losing market share over time but expected to stabilize around 40% of the market over the long term according to Frost & Sullivan), the HoReCa (Hotels, Restaurants and Cafés) sector and the corporate sector are all expected to benefit from the macroeconomic environment and to grow significantly over the next several years (Frost & Sullivan 2010). According to Frost & Sullivan, in 2009 approximately 37% of FMCG wholesale revenues came from sales to bakkals and markets, 20% from sales directly to households, 19% from sales to the HoReCa sector, 13% from sales to wholesalers and 11% from sales to the corporate sector.

Supply-driven growth factors include the consolidation of the distributors, which is requiring suppliers to streamline their operations and to seek alternative channels such as organized wholesale and, in particular, cash and carry. Cash and carry operators provide suppliers with a wider and more professional distribution network across Turkey's cities which enables suppliers to reach retail customers more efficiently and conveniently. An additional supply-related growth driver is Turkish consumers' evolving requirements and, particularly, a growing preference for international products, well-known and highly recognizable brands, improved customer service and greater convenience, flexibility and price certainty. By satisfying these requirements, cash and carry operators thus act as a "one-stop-shop" for retailers.

Despite the growing importance of modern retail channels (*i.e.*, hypermarkets, supermarkets and other large modern retailers) traditional retail channels (*i.e.*, small grocery shops, food/drink/tobacco specialists and other small- to mid- sized grocery and specialist shops) continue to capture a dominant share in the Turkish market in terms of revenues: 62% in 2009 (Frost & Sullivan 2010). According to Frost & Sullivan's projections, these traditional channels are expected to continue to play a substantial role in the retail distribution markets in Turkey; the long term market share of such retailers is expected to stabilize at around 40% within 10 to 12 years, in line with comparable countries with a similar retail structure.

The substantial market share controlled by traditional retail channels in Turkey is a product of the demographic characteristics of the Turkish consumer base and resulting consumer preferences:

- A significant portion of the Turkish population lives in rural areas, where traditional retail distribution channels continue to prevail: in 2009 30.9% of the population inhabited rural areas (Turkstat 2009); Turkey has a total of 34,367 towns and villages, which are generally characterized by populations of less than 10,000 and where traditional retail distribution channels predominate.

- The limited mobility of the Turkish population restricts the radius available for day-to-day shopping: according to a year end 2009 survey, 3.1% of Turkish people had moved homes to another province during the prior year and the number of cars per one thousand persons was 98, compared to 443 in Western European countries (Turkstat 2009 and Euromonitor November 2010).

- Large families living together tends to limit the capacity for food storage, encouraging more frequent and smaller purchases: in 2009, the number of households per one thousand persons was 256, compared to 406 in Western European countries (Euromonitor November 2010).

BUSINESS

Overview

We are the largest cash and carry FMCG wholesaler in Turkey measured by the number of stores. We operate a chain of wholesale cash and carry stores throughout Turkey from which we sell mainly branded food products, non-alcoholic beverages, tobacco, household chemicals and personal hygiene products. Our customers include wholesalers, traders, "bakkals" (local small grocery stores with less than 50 square meters of floor space), markets (local markets, between 50 and 400 square meters of floor space), supermarkets (stores with more than 400 square meters of floor space), specialized retailers, corporate institutions, HoReCa customers and others. As of the date this Offering Circular, we have 109 stores located in 54 out of the 81 cities in Turkey with populations above 50,000. As of September 30, 2010, we had approximately 266,000 registered customers and, in the nine months ended September 30, 2010, we had an average of approximately 88,000 customers monthly and provided supplies to approximately 178,000 active customers (customers that purchased products from our stores at least once during the preceding 12-month period). For the nine months ended September 30, 2010, our sales revenue was TL 1,064.1 million.

As of September 30, 2010, our product range consisted of approximately 6,800 products, or SKUs, nationwide. Our SKUs can be categorized as branded and private label products. As of September 30, 2010, approximately 97% of our SKUs were branded third-party products and approximately 3% were our branded private label products. Branded products are regularly stocked products carrying well-known international and national brands that we sell in our stores. In addition to these regularly stocked branded products, we also offer from time to time branded promotional products in our stores. We purchase our branded products from reputable international and national suppliers, and generally work with the market leader, the market follower as well as with convenience brands in each product category, which we believe reduces our dependence on any one product or brand. Private label products are products that carry our own brand names, but are manufactured in Turkey by well-known manufacturers we partner with. As of September 30, 2010, we worked with 22 different suppliers to offer six brands and 172 active products in our private label product line. Our current private label offering represented 3.6% of our non-tobacco domestic sales revenue during the nine months ended September 30, 2010.

History

Our company was incorporated in 2001 and we started our operations in 2002 with the opening of 14 stores (including eight stores operated by Renk Gida Ltd. ("Renk Gida") and certain other third parties under a franchising arrangement), six of which were located in Istanbul and eight in Ankara, Izmir, Adana, Bursa, Kocaeli, Adapazari, Trabzon and Kayseri. Certain stores located in Istanbul, Trabzon and Bursa, were operated by four different third party companies under franchising arrangements. In 2005, the stores in Bursa, Adana and Izmir were closed due to being unproductive and, in 2006, we redeemed the ownership of the franchised stores and started operating them ourselves. As of December 31, 2006, we were operating with 59 stores, located mainly in the Marmara, Black Sea and Central Anatolia regions and, in addition, in some parts of the Aegean, Mediterranean and Southeastern Anatolia regions of Turkey. Of the 59 stores, 37 stores were being operated by third parties under a franchising business model and our income from those stores was based on franchising fees. One of these franchisees was our previous subsidiary, Renk Gida, with which we merged in 2006. At the end of 2006, we discontinued the operation of stores under the franchising business model and have, since the merger with Renk Gida, operated all of our stores ourselves.

In 2007, Strategic Investment Fund became our shareholder by acquiring 20% of our shares from Yıldız Holding. In the same year, we opened 20 new stores and the number of stores we operated increased to 79. In 2008, Golden Horn Investment B.V. acquired 20% of our shares from Yıldız Holding and we opened 11 new stores. In 2009 and 2010, we opened seven and twelve new stores, respectively, and have increased our total store number to 109. As of the date of this Offering Circular, Yıldız Holding owns 56.45% of our outstanding shares and Strategic Investment Fund and Golden Horn Investment B.V. each own 20%. Certain individuals own the balance of our outstanding Shares. See "Principal and Selling Shareholders."

Key Strengths

We believe we are well-positioned to retain and strengthen our leading position in the Turkish cash and carry market due to the following key strengths:

Compelling Cash and Carry Channel Dynamics in Turkey

We believe that the macroeconomic outlook and the overall economic environment in Turkey represent an attractive market opportunity for us: Turkey is one of the fastest growing markets in Europe, with a projected real GDP compounded annual growth rate ("CAGR") of 6.3% between 2009 and 2012 annually according to OECD, combined with rapidly increasing consumer purchasing power and household consumption trends. The growth in food expenditure is also expected to be one of the highest in Europe, with an estimated CAGR of 13.4% between 2009 and 2012 according to Planet Retail. In addition to its attractive growth prospects, Turkey is also characterized by favorable demographic trends, including increasing urbanization, which is expected to grow from 69% in 2009 to reach 84% by 2050 according to the latest United Nations statistics. Further, Turkey has a young population where 52.2% of people are aged 30 years or younger according to Euromonitor, which we believe benefits our business in that younger aged people tend to spend a higher portion of their income on consumables.

According to Frost & Sullivan, the cash and carry market size in Turkey was EUR 1.75 billion as of December 31, 2009 and is projected to grow at 12.9% CAGR between 2009 and 2015. Cash and carry is a leading channel within a highly fragmented FMCG wholesale industry in Turkey. According to Frost & Sullivan, the cash and carry sector currently represents approximately 4.6% of the total FMCG wholesale market. Frost & Sullivan estimates that the penetration of the cash and carry market as a portion of the total FMCG wholesale market will reach 8.0% in 2015. We believe that we are well positioned to benefit from this market expansion given our significant share of the various FMCG product categories.

The Turkish wholesale market is highly fragmented, dominated by small independent distributors who lack significant leverage over suppliers and are often unable to maintain adequate profitability if they offer their customers the payment terms that they require. As a result of this fragmentation, we believe that there is a significant opportunity for us to consolidate the wholesale channel and support our growth strategy by opening stores in additional locations as well as acquiring new customer points.

In addition, we believe the growth in demand by Turkish retail stores will also drive the growth profile of the cash and carry market. According to Frost & Sullivan, the FMCG retail market size was EUR 50.0 billion as of December 31, 2009. Frost & Sullivan estimates that the FMCG retail market will grow at the historical rate or slightly ahead, having grown 9.5% between 2008 and 2009.

Bakkals currently represents 60% of total grocery retailers in Turkey in terms of retail values, according to Frost & Sullivan. Bakkals are a unique and important aspect of the Turkish retail market and currently one of our primary customer groups and accounted for 15.7% of our sales revenue for the nine months ended September 30, 2010. As of December 31, 2009, there were approximately 112,000 bakkals and Frost & Sullivan estimates that the bakkals' market share will stabilize at approximately 40% within the next 10 to 12 years. The reduction in the number of bakkals is due to the upgrade of traditional retailers to small supermarkets, which also represent an important customer group for us. These small supermarkets tend to have higher purchasing volume, which we believe has a potential to offset any potential decrease in the absolute number of bakkal operators. In addition, urbanization of the population also affects sustainability on bakkals.

In addition to the upgrade of some traditional retailers, we believe the cash and carry sector will also benefit from the growth in the HoReCa (Hotels, Restaurants, and Cafés) market in Turkey. The Turkish restaurant industry remains highly fragmented. We believe that targeting restaurants, cafés and some of the smaller hotel establishments also represents an opportunity for growth.

Leading Cash and Carry Position with National Footprint

We are currently the largest Turkish cash and carry FMCG wholesaler measured by the number of stores. As of September 30, 2010, we operated 106 stores, compared to 15 stores operated by Metro. Since September 30, 2010, we have opened three additional stores.

We believe that our small store format coupled with our three standard store types that are geared to cater to specific customer groups, provide flexibility in targeting a wider market by allowing us to open stores in cities with population of 50,000 or larger, significantly expanding the number of potential cities where we are able to operate. We position ourselves as a local operator operating throughout Turkey and seek to provide our customers with a strong neighborhood feel, which we believe helps differentiate our company from our competitors. Since 2006, we have opened an average of 13 stores per year, and we expect that trend to continue in the near- to medium-term. We currently operate in 54 cities in Turkey and we estimate, subject to the availability of suitable locations, that there is potential to more than double our current store base over the long-term.

The locations and sizes of our stores are of great importance to us: they seek to provide the convenience of small formats coupled with close proximity to our customers. Based on our customer surveys, we believe that proximity is one the key factors which makes a store attractive to wholesale customers, since many customers are not able or willing to travel more than 20 minutes to reach a given store. Our small store sizes also generally allow us the flexibility to relocate stores at relatively low cost, once we have identified a suitable relocation site. We believe our small store format also provides us with an advantage against any potential new cash and carry entrants into the market that operate larger stores and need a higher level of population density in the cities in which they operate.

Proven Business Model with High Scalability and Flexibility

We have developed a highly scalable business model supported by a flexible distribution structure, low startup costs, short payback periods and low working capital needs. We believe our business model is highly flexible due to a focused SKU offering which limits start-up inventory requirements for new stores and reduces the time and expense required to open a new store. In addition, our business model features a customizable store layout, a rapid and highly efficient decision making process, as well as the efficiency advantage of operating small, standardized store formats.

In terms of distribution, approximately 65% (measured by cost of sales) of our merchandize goes directly from our suppliers to our stores. The remaining approximately 35% is passed through one of our two distribution centers. For the products that are not delivered directly to our stores, we have outsourced our distribution center function to a third party provider, Netlog. We closely monitor and actively manage Netlog's distribution activities to ensure conformity with our company's standards and quality control procedures. We only pay for the specific areas that we lease within the two distribution centers operated by Netlog and generally may agree to reduce or increase the area we use. As a result, and given the current capacity of the two distribution centers that serve as the centers of our distribution network, we believe we are currently able to expand our store network with limited new infrastructure investment.

We also operate in an industry with high barriers to entry. With 109 stores spread across Turkey in high population density locations, we believe that we enjoy a first mover advantage in a market typically characterized by high start-up costs for new-comers. By being the local provider of choice for many FMCG retailers, we believe we have established a strong and close relationship with a loyal customer base that values the close and personalized customer service we offer. We have also established strong and long-standing relationships with several key suppliers, as a result of which we are able to leverage our scale and provide our customers with a strong value proposition by being the price leader on most of our product categories. Our private label offering (currently manufactured by 24 different suppliers) covering multiple product categories has also been successful.

Strong Price Leadership and High Customer Convenience

By being the industry cost leader, we are able to provide our customers with the most competitive prices for most of our products. Our operating expenses as percent of our total sales for 2009 were 5.4%. In addition to our low cost structure, we are focused on maintaining a highly disciplined pricing strategy which is managed on a product category basis:

- we first set a gross profit margin target for each product category;
- we then use third-party consultants to determine the prevailing market price for a given product;
- we attempt to negotiate with our suppliers a purchase price which is intended to achieve our gross profit margin target while offering a competitive price to our customers; and
- the result is generally a unified and competitive price across our store base that we believe is appealing to our customers.

We are also focused on providing our customers with the highest convenience. To that end, (i) our locations' close proximity to customers' attempts to minimize their travel times, (ii) our small store formats and optimized store layouts aims to simplify our customers' shopping experience and (iii) our regional managers seek to maintain close and personal relationships with our customer base at the store level.

As a local operator, we pride ourselves on maintaining a strong neighborhood feel with our customers. To that end, our ten regional managers, our 106 store managers and our 102 customer representatives are tasked with establishing and maintaining close relationships with our customers by frequently visiting them (generally on a monthly basis) and attending to their individual needs. Our employees communicate any voiced customer requests or concerns to our headquarters so that any required changes or actions can be subsequently taken to address any such requests or concerns.

Demonstrated Track Record of Profitable Growth

Since we started our operations in 2002, we have grown our store base from six stores in 2002 to a current portfolio of 109 stores. We operated 59 stores as of December 31, 2006 and as of December 31, 2009 had 97 stores, which implies an annual growth rate of new store openings of 18% (a CAGR of 49% since 2002). As a result of our strong store network growth, we have also grown our sales from TL 1,040 million in 2007 to TL 1,237 million in 2009, an annual growth rate of 9.5%. We believe that this growth in sales has been driven by strong same-store sales performance due to increase in number of active customers as well as an increase in average basket size spent by customers. Our growth in sales has also been coupled with a strong growth in our profitability. We have grown gross profit from TL 73 million in 2007 to TL 104 million in 2009 (a 20% CAGR), with corresponding gross margins growing from 7.0% in 2007 to 8.4% in 2009, a margin expansion of 141 basis points mainly driven by an improved product mix (with a lower proportion of less profitable tobacco products as percent of total sales) coupled with improved purchasing terms with our key suppliers. Importantly, despite the challenging environment in 2009 and our weakness in tobacco sales which weighed on overall top-line performance, we were able to expand our EBITDA margin from 1.7% in 2008 to 3.6% in 2009, an expansion of 194 basis points, mainly driven by an improved product mix.

We believe there remains significant upside and untapped potential for our company. We expect our performance to benefit from the strength in the overall Turkish macroeconomic environment in general and the FMCG wholesale market performance more specifically. We also aim to extract further efficiencies and improvements from our existing store base, as well as plan to continue to focus on opening new stores in Turkey.

Highly Experienced Management Team with Strong FMCG and Retail Credentials

Our management team has demonstrated the ability to adapt and successfully develop our business. Most of our senior managers have established track records having previously worked for both cash and carry, as well as retail formats. Many of the members of our senior management team have also been working for us since we started our operations in 2002, which we believe has contributed to a strong and stable corporate culture. Our corporate culture is based on valuing our employees. We believe that this is demonstrated through the high level of responsibility we impart to every individual employee. Our policy is to place a high level of trust in our regional and store managers, and allow them to exercise a certain degree of decision-making autonomy with regards to meeting their customers' needs. We believe that this helps to ensure our employees and management feel a greater degree of ownership in, and responsibility for, how our business develops.

Strategy

Our principal business objective is to maintain sustainable profitable growth in the Turkish cash and carry market by focusing on our core regional markets, as well as expanding into new cities. The cornerstones of that strategy are the following:

Continued Focus on Same-store Sales Growth

We focus on increasing sales in our existing stores through expansion of our customer base, growing basket size spent by customers, competitive pricing and increased frequency of customer visits. To that end, we plan to continue our CRM initiative, which we believe provides us with unique insights on our customers' habits and purchasing trends. We use our CRM capability to track three different types of customers: (i) we monitor our new customers and follow closely their purchasing routines, attitudes and behaviors, which helps us to tailor both general and customer-based promotional campaigns; (ii) we pursue close relationships with our most profitable active customers to ensure we are meeting their needs and taking necessary actions in terms of personal visits and tailored promotional campaigns; and (iii) we study the behavior of those customers who have visited our stores and did not return, with the goal of understanding the potential reasons for failing to convert them into regular customers. Our central CRM team is in charge of monitoring our customers on a monthly basis.

To reinforce this strategy, our regional and store managers are in charge of identifying and contacting new potential customers within their respective regions and cities. Examples of targeted customer categories include existing categories such as bakkals, traditional markets and corporate institutions, as well as new customer categories such as farmers. HoReCa businesses represent another customer category we believe has the potential for increased sales. We believe the cash and carry sector will benefit from the growth in the HoReCa market in Turkey. The HoReCa market is highly fragmented, as a according to Euromonitor data, 98% of the owners of the restaurants and cafes in Turkey are independent operators. We currently service 25,000 HoReCa customers, which represented 5.8% of our domestic sales revenue in the nine months ended September 30, 2010 (and 13.8% of our customer base by number of active customers at September 30, 2010). We believe that there is potential for growth within this market. Our current HoReCa customer base is solely based in Istanbul, but going forward we plan to expand into other Turkish cities, in particular, tourist destinations. We have hired an experienced senior manager to assist us with the HoReCa initiative, and also working with Unilever Food Solutions Group to help us implement this strategy by providing employee training. We are targeting two- and three-star hotels, as well as cafes and kiosks, as our core HoReCa customer base. We are also working on financial models with potential bank partners to provide HoReCa customers with attractive terms.

As of September 30, 2010, we worked with 22 different suppliers to offer six brands and 172 active products in our private label product line. Our current private label offering represented 3.6% of our non-tobacco domestic sales revenue during the nine months ended September 30, 2010. In the long-term, our goal is to increase the portion of our sales revenue from private label products as a percent of our non-tobacco sales to a maximum of approximately 10 to 12% of our total domestic sales revenue. Planned new product categories for our private label offering include: ayran, yoghurt, fruit juice, canned foods, tea, pickles and baked goods. We believe our private label offering also provides us with additional negotiating leverage with our suppliers, by helping us secure more attractive terms, thereby further enhancing our overall profitability.

Continued Rollout of New Stores

We intend to continue expanding our existing store network by opening new stores in our existing regions, as well as expanding into new cities. We attempt to pace the roll-out of new stores in line with our historical average of 13 stores per year (since 2006), and therefore aim to add 10 to 15 new stores on average per year over the near- to medium-term in order to maintain focus on our operations and obtain attractive lease terms from landlords. We aim to maintain this pace of new store openings over the near- to medium-term and estimate, subject to availability of suitable locations, that there is potential to more than double the size of our current store base over the long term.

We are able to dynamically revise our store expansion plans to adapt to any macroeconomic changes, as evidenced by our low number of new store openings in 2009 during a period of economic uncertainty. Due to the challenging environment in 2009, we completely halted our store expansion program for the entire first half of the year and subsequently opened seven new stores during the second half of the year, re-initiating our store opening plans on relatively short notice once we observed signs of economic improvement. We believe our rigorous and highly standardized real estate process allows us the flexibility to dynamically adjust our store opening plans as needed to react to any exogenous trends.

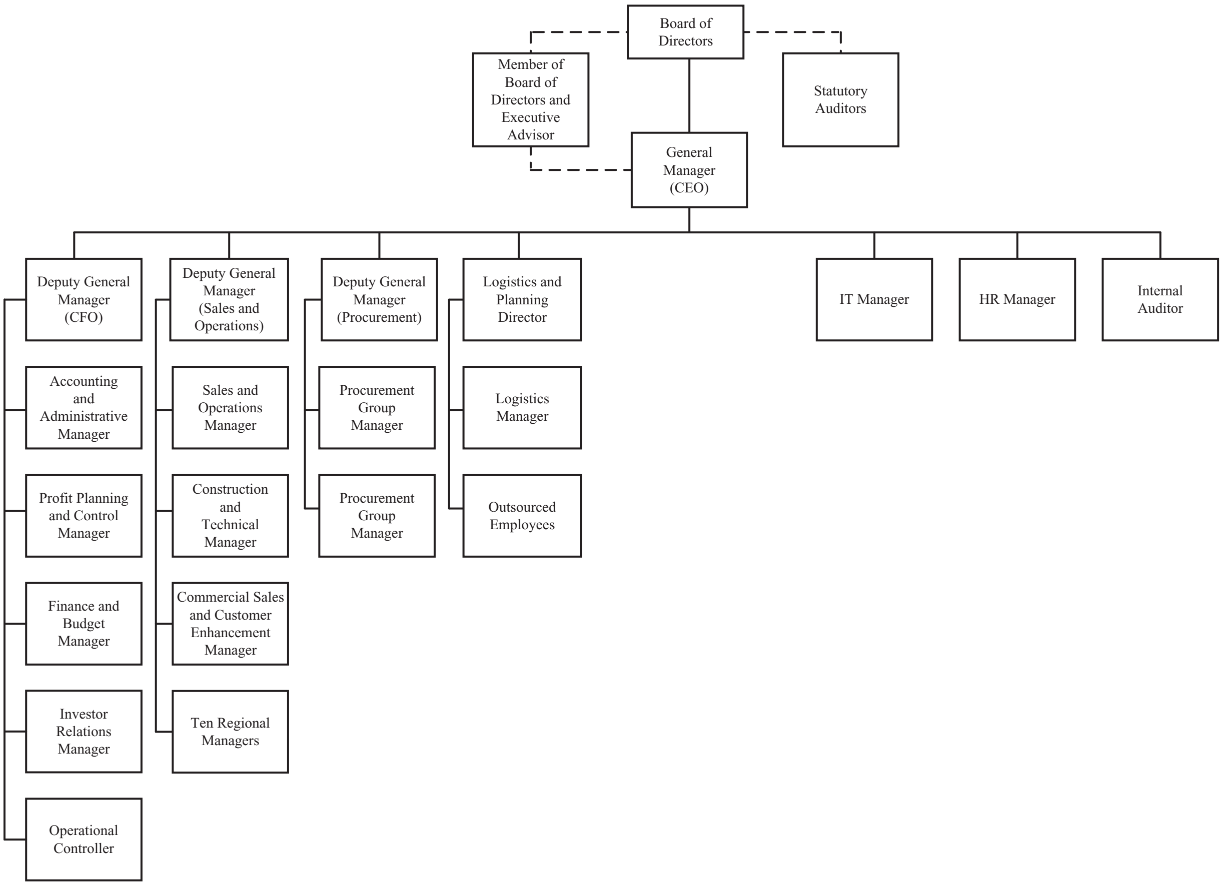
Cost Structure Management

In addition to our focus on revenue growth, we also aim to reinforce our position as the industry cost leader, and are consistently focused on initiatives to continue improving our margins and profitability. We intend to further enhance our profitability by (i) using our increased purchasing power to seek further cost efficiencies, (ii) improving our product mix by attempting to reduce the proportion of our sugar and tobacco products, (iii) continuing to focus on productivity and (iv) working to increase the proportion of private label goods in our product range.

Our strong cost discipline and related advantages and efficiencies resulting from our increased scale will, we believe, continue to drive our profitability as we grow our business. We also aim to continue to focus on optimizing our merchandising mix to further enhance our profitability. To that end, we plan to place less emphasis on such lower-margin categories as tobacco and sugar whilst according increased focus and attention to expanding higher-margin categories such as bakery products and hard goods.

Organizational Structure

The following chart sets forth our organizational structure:



In order to make efficient use of our resources, we operate in accordance with our internal management plan and our operations are subject to supervision by committees under our board of directors (including our audit and corporate risk management committees). As part of our planning, we prepare annual business plans and detailed budgets and targets, including targets set for each individual store. Our internal control and reporting functions are an integral part of our organization. We have obtained ISO 9001:2000 quality management systems accreditation.

Our senior management is located in our headquarters in Istanbul. Our primary central management functions are grouped as follows: (i) procurement, (ii) sales and operations, (iii) financial and administrative department (under our deputy General Manager), (iv) marketing, (v) human resources, (vi) IT and systems security, (vii) logistics and planning and (viii) internal controls.

We have a centralized procurement function. Our Procurement Department is responsible for relationships with our suppliers, determining product sale prices for our stores and coordinating promotional activities with our suppliers. Our Sales and Operations Department coordinates between the stores and our central administration, as well as supervises sourcing of new store locations, technical purchasing and development activities for the stores, customer relations, and corporate sales. Our Financial and Administrative Department coordinates our operations between Yıldız Holding, our board of directors and our senior management. The Financial and Administrative Department also conducts work relating to our financial systems, budgeting system, profitability and the establishment of financial growth models as part of our strategic plan, annual business plan and budget. Other departments operating under the Sales and Operations Department provide support for major functions of management in order to provide efficiency for our operations.

Our stores are divided into ten regions within Turkey and each region has a regional manager covering approximately eleven stores. Each of our stores has its own store manager and most of our stores have a dedicated customer representative. Our regional managers work closely with our customers to tailor our local product and category mix to reflect our customers' needs, in line with our strategic aim of increasing average purchase amounts per customer.

Our regional managers work closely together with the customer representatives assigned to most of our stores. Customer representatives provide information about the local customer base and the changes in the competitive environment in each store's immediate vicinity. Customer representatives pursue new customers for each store through promotional campaigns, advertising and personal meetings. We established our current CRM system in 2010 and we believe that the increase in our number of registered customers since that time is partly attributable to this initiative.

Our Business

General

We operate a chain of wholesale cash and carry stores throughout Turkey from which we sell mainly branded food products, non-alcoholic beverages, tobacco, household chemicals and personal hygiene products. Our customers include wholesalers, traders, bakkals, markets, supermarkets, specialized retailers, corporate institutions, HoReCa customers and others. We believe that we have developed a flexible business model that incorporates tailored and standardized store type with local expertise, supported by our own employee training program.

Our customers are required to participate in a membership based system called "Bizim Kart," through which the customers become eligible to buy products from us and benefit from certain advantages by becoming a member. Only commercial tax payers may become members and, accordingly, we generally do not sell any products to retail consumers. Our stores are open year-around, seven days a week generally open from 9 a.m. to 9 p.m. and on Sundays from 9 a.m. to 7 p.m.

Store Network

Store Locations

As of September 30, 2010, we had 106 stores located in 54 cities out of the 81 cities in Turkey with populations above 50,000. The following table sets forth the number stores by region as of September 30, 2010:

Region	Number of Stores
Adana region	8
Ankara region	10
Antalya region	8
Gaziantep region	13
South Marmara region	13
Istanbul Asian side	9
Istanbul European side	17
Izmir region	11
Kayseri region	8
Samsun region	9
Total	106

Since September 30, 2010, we have opened three new stores located in the European side of Istanbul in Tarabya, in the Adana Region in Silifke (Mersin) and in the South Marmara Region in Gemlik (Bursa). As of September 30, 2010, our store base was approximately seven times larger than our closest competitor's.

We classify our stores into three types by the number of SKUs they offer and the available net sales area: A type, B type and C type. As of September 30, 2010, we had 37 A type stores, 39 B type stores and 30 C type stores. See "– Store Layout" below. Each of our stores maintains a minimum level of SKUs in their inventory. Out of the total of approximately 6,800 SKUs that we have available nationwide, each store carries a minimum of 2,250 SKUs and a maximum of 4,500 SKUs in their product offering. On average, our stores carry approximately 3,000 SKUs per store. Brands and package sizes vary from store to store depending on local customer demand, supply availability and the local competitive environment. On average, we have 1,600 SKUs standardized across our store base and an average of 1,400 SKUs tailored to meet the needs of specific regions or stores. We are able to customize our store layout depending on the specific store location or area.

The following table sets forth the number of stores opened in each period (net of any closings) and the cumulative number of stores operating at the end of each period since we began operating on December 26, 2002 to September 30, 2010:

	2002–2006	2007	2008	2009	2010[2]
Net number of stores opened[1]	59	20	11	7	9
Cumulative stores at period-end	59	79	90	97	106

(1) Net of stores closed over the period; does not include relocated stores as "opened" during a given period. We have not closed any stores since the year ended December 31, 2006.

(2) As of September 30, 2010.

Since 2006, we have been opening an average of 13 stores per year and, in line with this historical growth rate, our target is to open 10 to 15 stores per year over the near- to medium-term.

The following table sets forth the regional and store type breakdown of our stores as of September 30, 2010:

	Type A Stores	Type B Stores	Type C Stores
Adana	4	1	3
Ankara	3	4	3
Antalya	3	2	3
Gaziantep	3	6	4
Güney Marmara	3	7	3
Istanbul Asya	7	2	–
Istanbul Avrupa	7	3	7
İzmir	2	6	3
Kayseri	2	4	2
Samsun	3	4	2

Store Opening Process

The locations of our stores are of great importance to our strategy. Based on our customer surveys, we believe that proximity is one the key factors which make a store attractive to wholesale customers, since many customers are not able or willing to travel more than 20 minutes to reach a given store. To open a new type A store, we must believe there are at least 1,500 potential customers in the local area, a new type B store between 800 and 1,500 potential customers and a new type C store between 500 and 800 potential customers.

To gain close proximity to our targeted customer base with our new stores, we have developed and implemented a rigorous site selection process. When determining suitable locations for new stores, the store development team in our headquarters in Istanbul first determines a region where we are looking to open a new store and prepares a store opening report. Following the preparation of the report, a team of two employees coordinates with the regional manager to identify a list of potential new locations within the target region. When suitable locations have been identified, we initiate negotiations with the property owners and our engineering team is sent to study the selected locations in more detail. Prior to the final decision, we prepare an economic feasibility study on each proposed location. Each pending lease agreement is subject to the final approval by our General Manager after which the construction of the store may commence.

In order to minimize our capital expenditures, we rent all the land and buildings where our stores, distribution centers and headquarters are located. For the nine months ended September 30, 2010, our rental expenses for our stores, warehouses and headquarters amounted to 1.3% of our sales revenue. We believe that one of the reasons we are able to generally secure favorable lease terms is the fact that we seek to maintain a new location pipeline by having at least 10 to 15 new stores in process at any given time, so that we can avoid being time-pressed to agree to terms with landlords that are not commercially attractive. If the situation requires, we may extend the negotiation period for a specific new store lease by up to a year to get the best possible lease terms. All our lease agreements also include a termination clause that gives us the right to terminate our leases on three or six months' notice. Generally, the lease agreements do not include termination rights for the landlord before the end of the contract term.

We carry out an economic feasibility study of all of our proposed new stores to assess the feasibility of achieving our target maximum of 4.8 year payback period. In case the study indicates that the payback period is equal to or less than 3.8 years, the opening of the store will require our General Manager's approval. In case the study indicates that the payback period is equal to or less than 4.3 years, the opening of the store will require our Chairman's and General Manager's approval. Should the study indicate that the payback period is equal or less than 4.8 years, the opening of the store will require the approval of our Board of Directors', Chairman's and General Manager's approval.

The average remaining lease period for our existing stores as of September 30, 2010 was approximately seven years. Our aim is to enter into lease agreements with a lease period varying between 10 and 15 years. We have our own standard form lease agreement which we seek to use for all new lease agreements. The majority of our lease agreements include a fixed rent clause, subject to annual adjustments to take inflation into account (Turkish Lira based agreements). Generally, the currency of our lease agreements is Turkish Lira but we also have certain euro and U.S. dollar based lease agreements. The continuation of our lease agreements is protected against any potential sale of property by existing land owners.

Store Economics

We manage each store on a stand-alone basis and our Sales and Operations unit monitors sales, costs, customer volume and inventory turn-around budgets for each store monthly. In line with these monthly budgets, each store's performance is also reviewed quarterly against budgets for sales, EBITDA, number of customers and number of stock-days. Those store managers whose stores satisfy the assigned performance criteria are eligible for bonuses. If a store does not reach our target performance levels, we generally keep the store open for a limited period of time during which we seek to increase sales through new promotional and advertising campaigns. In certain cases, we may change the location of a store to a new location within the same city or region that we believe has more potential.

In the past, we have been able to start up new stores with relatively low upfront costs, thereby generating a payback period for investments in new stores of three to four years, on average. A typical expansion capital expenditure for a new store has on average been approximately TL 1 million and a start up inventory approximately TL 0.9 million. Below is certain store economics information for each of our store type:

- *A type stores.* A typical expansion capital expenditure for a new type A store is approximately TL 1.2 to TL 1.3 million and a start up inventory approximately TL 1 to 1.2 million. The average domestic sales revenue per store sales area for the nine months ended September 30, 2010 amounted to TL 16,050. On average, each new type A store reaches positive "4 wall EBITDA," meaning each new store generally recovers related capital expenditures and marketing, sales and distribution expenses, within six months from its opening.
- *B type stores.* A typical expansion capital expenditure for a new type B store is approximately TL 1.2 to TL 1.3 million and a start up inventory approximately TL 1 to 1.2 million. The average domestic sales revenue per store sales area for the nine months ended September 30, 2010 amounted to TL 13,171. On average, each new type B store reaches positive "4 wall EBITDA" within six months from its opening.
- *C type stores.* A typical expansion capital expenditure for a new type C store is approximately TL 0.9 million and a start up inventory approximately TL 0.8 million to TL 0.9 million. The average domestic sales revenue per sales area in 2009 amounted to TL 9,657. On average, each new type C store reaches positive "4 wall EBITDA" within six months from its opening.

Our store managers may suggest refurbishments of our existing stores to improve their performance, but, to date, our refurbishment capital expenditures have been relatively low. See "Operating and Financial Review – Capital Expenditures."

The following table sets forth information on our store network for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,		
	2010	2009	2009	2008	2007
Aggregate average store sales area (m^2)[(1)]	91,058	84,784	86,245	77,508	62,972
Number of store employees, period end[(2)]	1,084	989	992	983	926
Average sales revenue per sales area (TL)[(2)]	11,686	10,745	14,344	16,312	16,517

(1) (Total sales area at the end of the period plus total sales are at the beginning of the period)/2. Total sales area is calculated by deducting warehouse and open areas from the total square meters covered by all of our stores.

(2) Average sales area/sales revenue for the period.

Store Layout

We classify our stores into A, B and C types depending on the number of SKUs and selling area. As of September 30, 2010, our average store sales area was approximately 1,500 square meters. Each of our stores has standardized specifications as regards work procedures and policies and car parking. Our stores have a clean hygienic shopping area and with effective lighting and good heating and ventilation systems for comfortable shopping experience during all seasons.

The A type stores are the largest, with an average store size of 2,000 square meters per store and an average sales area of 1,275 square meters per store as of September 30, 2010. A type stores have an average of 219 meters of shelf space to display its products. They carry approximately 3,500 SKUs (including food, beverage, household chemicals, sugar and prepaid cards). We offer meat in three of our type A stores and fruit and vegetables in five of our type A stores and 13 type A stores have non-food categories. As of September 30, 2010, 35% of our store base consisted of type A stores (in total 37 stores).

The B type stores had an average store sixe of 1,500 square meters per store and an average selling area of 808 square meters per store as of September 30, 2010. B type stores have an average of 153 meters of shelf space to display its products. They carry approximately 3,000 SKUs (including food, beverage, household chemicals, sugar and prepaid cards). Five of our type B stores have non-food categories. As of September 30, 2010, 37% of our store basis consisted of type B stores (in total 39 stores).

The C type stores have an average store size of 1,000 square meters and an average selling area of 594 square meters per store. C type stores have an average of 112 meters of shelf space to display its products. They carry approximately 2,500 SKUs (including food, beverage, household chemicals, sugar and prepaid cards). As of September 30, 2010, 28% of our store basis consisted of type C stores (in total 30 stores).

We have developed standards for each store type in order to optimize the net sales and warehouse area as well as the number of shelves and coolers. Our store layout is determined on a nationwide basis according to the standards set forth in our "Store Institutional Guide." With certain local exceptions, the presentation of products in the shelves is identical in each of our stores. Our customers enter our stores from the right side of the store, and our product category layout in stores is very similar nationwide, with the order of the shelves running counter clock wise.

In general, our store layout is as follows:

- Our snack food category, where we believe our customers make their purchasing decisions spontaneously, is located on the right side of the store, adjacent to the wall in order to increase sales intensity. We have placed our snack food products to encourage customers to purchase snack foods immediately after entering a store.

- We have placed our beverage category after the snack food category in our stores. Departments that are located in the middle of the store, include our staple food category. Generally, the area adjacent to the store wall continues, after beverages, with UHT milk and charcuterie and breakfast food categories. Charcuterie and breakfast food categories include our refrigerated food categories, containing packaged meat and milk products as well as butter and margarine, among others.

- Our cigarettes and other tobacco products are stored in a separate room of approximately 20 square meters. The room is generally located on the left side and at the back of the store. After the room reserved for cigarettes and tobacco products our departments continue with the paper category.

Our paper category includes mainly cleaning products. Towards the exit of the store, we have placed our detergent and cosmetics departments which contain the classic non-food, liquid cleaners, detergents as well as cosmetics and personal-care products.

- At the beginning and end of each department, we have placed exhibition space that we call "gondolheads" (*gondolbaşı*). Each store type has different number of gondolheads in their stores (type A has 23 gondolheads, type B has 17 gondolheads and type C has 11 gondolheads per store). These display areas are equipped with illuminated signboards to attract the interest of our customers. We place our best priced products of the nearby departments into these display areas. The selection of products to be placed into these areas is done carefully taking into account the seasonal shopping trend variations (such as national holidays, Ramadan and school holidays).
- In suitable places near our detergent and cosmetic departments, we have reserved places for pallets. Each store type has different number of pallets (type A store has 54 pallets, type B store has 29 pallets and type C store has 27 pallets). We use this area to present different product categories to our customers. Products in these areas are generally sold quickly and are targeted to attract the attention of our customers coming in at different times of the day.

Seasonal activities and activities done in accordance with our supply agreements are carried out at these pallet sites and gondolhead areas. These pallet sites are enriched with visual marketing materials and display products that are similar to the products in the neighboring departments (*e.g.*, biscuits in front of fast food snacks and powder detergents in front of the cleansing agents departments). Products and brands are changed periodically in the pallet sites. From time to time, products complementing one another are displayed together to support cross-selling (*e.g.*, tea products are displayed with sugar cubes or rice is displayed with oil pallets).

Customers

General

As of September 30, 2010, we had approximately 266,000 registered customers and, in the nine months ended September 30, 2010, we had an average of approximately 88,000 customers monthly and provided supplies to approximately 178,000 active customers (customers that purchased products from our stores at least once during the preceding 12-month period).

We believe we are able to provide our customers with the best value by having convenient store sizes and store layouts that facilitate our customers' shopping experience. We are also at close proximity to our customers and aim to minimize their travel time to our stores. We believe that maintaining close, personal relationships with our customer base assists us in tailoring the product selection for each store and better predicting changes in our customers' purchase patterns. It also assists us in providing each of our individual customers with more personal service. We have developed three different standardized store types designed to cater to the specific needs of our targeted customer groups and to provide flexibility to best penetrate targeted regions. See "– Our Business – Store Network" above for more information about our store types.

Our main customer groups are:

- *Wholesalers.* Local wholesalers resell our products to bakkals and specialized retailers.
- *Markets.* Local markets, which have between 50 to 400 square meters of floor space that resell our products to consumers.
- *Bakkals.* "Bakkals" or corner grocery stores are the most frequently visited type of consumer FMCG outlet in Turkey due to their convenient location in residential neighborhoods. Until recently, bakkals accounted for the majority of all food retail sales in Turkey. Bakkals have a limited sales space (often less than 50 square meters) often without self-service and product barcode systems and, as a result, they offer a more limited product range. Bakkals resell our products to consumers.
- *Specialized retailers.* Specialized retailers that include pharmacies, convenience stores and retailers selling household chemicals to consumers.
- *Corporate institutions.* Corporate institutions include factories and offices.
- *HoReCa.* HoReCa customers include hotels, restaurants and cafés that use our products.

- *Supermarkets.* Local supermarkets, which have more than 400 square meters of floor space that resell our products to consumers.
- *Traders.* Traders resell our products to bakkals and customers in the areas in Turkey where we do not have stores.

The following table sets forth each customer category's share of our total sales revenue for the nine months ended September 30, 2010:

	Share of Sales Revenue	
	All products	Excluding Tobacco
	(%)	
Wholesalers	22.9	20.7
Markets	18.6	16.5
Bakkals	15.7	12.5
Specialized retailers	15.2	11.1
Corporate institutions	9.8	17.6
HoReCa	5.8	7.5
Supermarkets	4.5	4.7
Traders	6.5	8.1
Others	1.0	1.3
Total	100.0	100.0

For 2011, we have set a goal for each regional manager to increase the number of registered customers in his region by 20%, with a goal of one-half of these new customers becoming active customers, *i.e.*, visiting our store more than once.

Sales Organization

Our sales organization consists of a central Sales and Operations Department, field units, regions and stores. The central Sales and Operations Department operates with four main units: (i) Sales Operations, (ii) Commercial Sales and Customer Enhancement, (iii) Construction and Technical Procurement and (iv) Store Development.

Sales Operations unit. Our Sales Operations unit is responsible for coordinating our sales activities from our headquarters in Istanbul. It coordinates its work with our Procurement Department. Our Sales Operations unit is responsible for the communication with our suppliers, allocating stores to different regions and assisting the Procurement Department with its orders. It also functions as an informational link between our stores and all central sales departments and controls our stores performance. The Sales Operations unit also monitors individual store budgets and assesses their progress against targets on a quarterly basis. If there is an issue that needs to be addressed, it serves as a coordination link between the relevant regional manager and the store manager.

Commercial Sales and Customers Enhancement unit. Our Commercial Sales and Customer Enhancement unit operates as a sub-unit of the Sales Operations unit for the management of and sales to customers. The Commercial Sales and Customer Enhancement unit coordinates with the customer representatives working within the stores to implement CRM-based work plans.

Construction and Technical Procurement unit. Our Construction and Technical Procurement unit is responsible for new investments and for coordinating with landlords for maintenance and restoration carried out in our stores, as well as the opening of new stores. Maintenance, restoration and additional investments are carried out according to a renovation schedule, or upon requests by store managers. Store managers have discretion to spend small amounts in store refurbishment within the scope of the budgets prepared by and controlled by the Sales Operations unit. Generally, landlords are responsible for all major repair work in the stores. We only engage in minor maintenance.

Store Development unit. Our Store Development unit has primary responsibility for determining the location of our new stores. It is responsible for the lease agreement negotiations, preparation of feasibility reports. This unit is also responsible for lease renewals under existing agreements, and in particular for negotiating amendments to rent provisions in existing leases.

Regional Managers

Each of our stores is assigned to a regional manager. Each of the ten regional managers is responsible for, on an average, eleven stores. Regional managers act under the direction of our headquarters and one of their most important tasks is to ensure that our standards are applied in all stores in their regions. We hold regional manager meetings regularly, in general once or twice a month. The meetings are organized by the Sales Operations unit and are an important forum for assessing the performance of our stores and making coordinated decisions regarding our entire store network.

Customer Monitoring

We believe customer contact is very important in order to meet customer expectations on an ongoing basis. Therefore, in 2010, we formed a CRM unit, and started employing customer representatives, typically one per store. We analyze customer data received from regional managers and store managers through our integrated information systems by undertaking the following activities regarding three customer categories:

- we monitor our new customers and follow closely their purchasing routines, attitudes and behavior, which helps us to tailor both general and customer-based promotional campaigns;
- we pursue close relationships with our most profitable active customers to ensure we are meeting their needs and taking necessary actions in terms of personal visits and tailored promotional campaigns; and
- we study the behavior of those customers who have visited our stores and did not return, with the goal of understanding the potential reasons for failing to convert them into registered customers.

Customer representation is organized and managed centrally by our Sales and Operations unit but is handled locally by the in-store customer representatives. In general, there is one customer representative in each store. Upon instructions from the Sales and Operations unit, the store customer representatives visit or telephone local customers frequently, with the number of daily contacts determined by our sales operations department. Customer representation sometimes also includes marketing to potential customers.

Currently, we employ approximately 102 customer representatives around Turkey. When we contemplate a new store opening at a location, customer representatives can be assigned with market research to determinate customer interest and behavior specific to that location.

The Sales and Operations unit collects and stores customer to assess increases or decreases in demand and gives assignments to the customer representatives to visit or call customers. We assess customer contact by tracking:

- hourly, daily, weekly, monthly, annual customer spending and shopping reports (year-to-date comparisons are also available, upon demand);
- customer profitability reports (total, according to customer type, according to store or regions);
- products which have not been preferred by customers (in terms of supplier, product, category, brand, region and stores);
- SMS and campaign analyses; and
- supplier-customer reports (customers who do or do not prefer a given supplier's products and customers who purchase products from competing suppliers).

Products

Product Range

As of September 30, 2010, our product range consisted of approximately 6,800 SKUs nationwide. We offer mainly food products, non-alcoholic beverages, tobacco, household chemicals and personal hygiene products. Our SKUs can be categorized as branded and private label products:

- *Branded products* are regularly stocked products carrying well-known international and national brands that we sell in our stores. In addition to our regularly stocked branded products, we also offer from time to time branded promotional products in our stores.

- *Private label products* are products that carry our own brand names, but are manufactured by well-known manufacturers chosen by us.

Our branded products can be categorized as food, beverage, household items, sugar and tobacco. Approximately 65% of our products are sourced from international suppliers based in Turkey and 35% from Turkish domestic suppliers. Excluding tobacco, we source approximately 50% of our products from international suppliers based in Turkey and 50% from Turkish domestic suppliers. We offer only a limited selection of fruits, vegetables and frozen foods. We only offer fresh meat in six of our stores and vegetables in four of our stores. We sell tobacco in almost all of our stores. For the nine months ended September 30, 2010, tobacco sales accounted for 29% of our sales revenue. In 2009, tobacco sales accounted for 31.7% of our sales revenue.

The following table sets forth a breakdown of our sales revenue by principal category of the products that we sold in the nine months ended September 30, 2010:

	For the nine months ended September 30,		For the year ended December 31,		
	2010	2009	2009	2008	2007
			(%)		
Food	28	27	27	24	23
Beverage	18	16	15	12	13
Household chemicals	14	15	15	13	12
Tobacco	29	32	32	43	44
Sugar	9	9	9	7	6
Other	3	1	1	1	1
Total	100	100	100	100	100

Branded Products

We generally work with both the market leader, the market follower as well as with convenience brands in each product category, which we believe reduces our dependence on any key product or brand. Convenience brands are brands that are favored by our customers due to their competitive prices. Market leaders include brands such as Yudum (edible oil), Coca-Cola (soda), Pınar (milk), Ülker (cakes and snacks), Frito Lay (potato and corn chips), Kent (candy and chocolate) and P&G (shampoo). Market followers include brands such as Pepsi (soda), Eti (cakes and snacks), Ülker – İçim (milk), Kraft (potato and corn chips), Şölen (candy and chocolate), Unilever (shampoo) and convenience brands include brands such as Cola Turka (soda), Danone (milk). Ülker brands are supplied to us by related parties. See "Related Party Transactions."

We work with multiple suppliers in each major product category, and we believe we have the ability to supplement or replace most key suppliers with an alternative if necessary. Although we stock most of our branded products on a regular basis, we also feature promotional products from time to time in our stores, in addition to the regularly stocked branded products.

Private Label Products

As of September 30, 2010, we worked with 22 different suppliers, of whom one was a related party, to produce our private label brand offering. Private label products are products that carry our own brand names, but are manufactured by well-known manufacturers we partner with. Our private label product portfolio currently consists of six brands and 172 SKUs. In the long-term, our goal is to increase the proportion of our sales revenues from private label products as a percent of our non-tobacco sales to a maximum of 10% to 12% of our domestic sales revenue.

Our primary private label brands include Besler, Sealady, Besler Mutfak, Dolphin, BTT Profesyonel, BalTürk and Bahar. See "– Intellectual Property" below.

Procurement and Pricing

Procurement Department

We have centralized all product procurement to our Procurement Department located in our headquarters in Istanbul. Our Procurement Department is responsible for evaluating, searching and selecting appropriate suppliers, as well as negotiating supplier contracts with our suppliers. The department tracks and manages product orders according to our pricing strategy and competitive situation. Further, the Procurement Department follows-up on customer complaints and makes alterations, if necessary, to our policies and procurement based on the complaints.

Suppliers

We select our products and suppliers according to our customers' needs. Currently, we have approximately 370 active suppliers, excluding tobacco and sugar suppliers, and we have an additional 200 suppliers that we use from time to time. Our top ten suppliers accounting for approximately 53% (excluding tobacco, approximately 48% of our non-tobacco purchases) of our purchases in the nine months ended September 30, 2010, and our largest supplier accounted for approximately 9.7% (excluding tobacco, approximately 12.0% of our non-tobacco purchases) of purchases during the same period. We do not have any exclusive suppliers and we have at least three alternative suppliers for each product category. We seek to be a preferred partner for our suppliers. We aim to support local and regional suppliers to be able to offer products that meet local tastes.

For the nine months ended September 30, 2010, our ten largest suppliers by cost of sales consisted of Pasifik Tüketim Ürünleri Satış ve Ticaret A.Ş. ("Pasifik"), Unilever San. Ve Ticaret Türk A.Ş., Pepsi Cola Servis Ve Dağıtım, Procter & Gamble Satış Ve Dağ, Esas Pazarlama Ve Tic. A.Ş. ("Esas"), Türk Henkel Kim. San. Ve Tic. A.Ş, Hayat Kimya San. A.Ş., Eti Pazarlama Ve San. A.Ş., Coca Cola Satış Ve Dağitim A.Ş. and Seher Gida Paz. San Ve Tic. A.Ş. ("Seher"). Of these suppliers, Pasifik, Seher and Esas are our related parties.

We receive deliveries from our suppliers at least once a week and the largest suppliers deliver products twice a week. We negotiate with each supplier whether they will deliver products to our distribution center or directly to our stores. We monitor our supplier relationships by arranging weekly or monthly meetings with the suppliers based on level of activity.

Purchasing

We use four different types of supplier contracts: (i) contracts with tobacco companies, (ii) contracts concerning sugar purchases, (iii) contracts concerning manufacturing of our private label products, and (iv) general non-tobacco supplier contracts. The majority (by cost of sales) of our general supplier contracts are based on our standard form agreement (excluding tobacco, sugar, prepaid card and private label supplier contracts), and are typically entered into for a period of one year.

As a general rule, our procurement contracts with non-tobacco suppliers include various types of discount and rebate provisions common to our industry. The agreements that include such discount provisions can be divided into those where the discount is not conditional, (*i.e.*, we are always entitled to the discount), and those in which the discount we receive is conditional upon achieving certain agreed performance criteria, such as sales volume targets, growth in sales or as a result of promotional activities, new store openings and new product launches. In some instances we also receive marketing support from suppliers to promote their products. Although the majority of our discount arrangements are non-conditional, performance-related discounts are an integral part of our pricing strategy and failing to meet the performance criteria would have an adverse effect on our results of operations.

In addition, the terms of some of our agreements with our suppliers allow us to return to the supplier the products that we have not been able to sell or products that have passed their expiry dates. This diminishes our risk of excess inventory and inventory write-downs.

Product Category Management

We have established a team to manage our product categories, purchase conditions and conditions of local and regional markets. The employees on this team generally have retail market work experience.

Product Quality Control

Managing quality control is an important part of our procurement process. Within our procurement department, we have a quality team that determines quality control procedures for both our private label and branded products. For our private label products, the procurement department also determines production specifications.

The selection of our products is based on price and quality and we choose among suppliers based in part on quality standards in addition to price and delivery conditions. We monitor also our private label supplier manufacturing processes and advise them on quality improvement matters, if necessary. We also provide all our suppliers information on optimal product packaging (*e.g.,* optimal pallet size and use of packaging materials) to enable efficient inventory management.

We subject new suppliers and products to our quality control process. Customer complaints also trigger quality control checks. Our customers can submit their complaints to us by using special complaint forms available in our stores. In addition, we also have a call center through which our customers may leave complaints. We also use Yıldız Holding Costumer Communication Center's ISO 10002 approved system to monitor the handling of our customer complaints.

According to our supply agreements, should any of our customers suffer any damage based on the products that we sell, we compensate the damage caused by the products and, in most cases, are reimbursed by the supplier of the product. See "Risk Factors – Risks Related to Our Industry and Business – As a result of selling food products, we face the risk of product liability claims, product recalls and adverse publicity."

Pricing

Our aim is to offer competitively priced products in all of our stores. Our pricing strategy also aims to increase purchase value per customer to reach our sales revenue and profit margin targets. Our Sales Operations Department is responsible for the pricing of our products. We use outside consultants to conduct market research of product prices. We also rely on our own sales teams, including our store managers and customer representatives, to gather information on the pricing and markets in each legion and locality. In general, we aim to keep the pricing of our products similar nationwide, but we reserve the flexibility to change prices of certain products according to the region based on competition. Our Sales Operations Department sets the nationwide prices for our products but the store managers have the authority to make certain changes to the prices within a set range depending on the amount of products the customers purchase.

Distribution and Logistics

In terms of distribution, approximately 65% of our merchandise measured by cost of sales goes directly from our suppliers to our stores. The remaining 35% is passed through one of our two distribution centers located in Gebze and Adana. For the products that are not delivered directly to our stores, we work together with a service provider Netlog Lojistik Hizmetleri Anonim Şirketi ("Netlog"). We maintain several short-term agreements with Netlog pursuant to which Netlog is responsible for planning orders and routes, handling the loading of the trucks, storage and delivery of products from two distribution centers to our stores in accordance with the instructions that it receives from our distribution staff. Under the Netlog agreements, Netlog is responsible for acceptance, unloading, lodging, storage, distribution and delivery of products to our stores. Netlog is also responsible for transportation of expired and damaged products as well as for providing packaging material, such as pallets and boxes, where needed. Furthermore, Netlog is responsible for the protection and security of our products when they are stored in the distribution centers or en route to our stores, and is also required to procure sufficient insurance coverage to manage the distribution center operations. The main agreement with Netlog regarding the distribution centers is a two-year agreement with a one-year trial period for warehousing and handling services. We pay Netlog monthly storage payments, monthly handling service payments and weekly transportation payments all of which are subject to increases based on inflation and diesel fuel prices. Netlog invoices us on (i) monthly basis for storage (warehousing lease); (ii) monthly basis handling services; and (iii) weekly basis for logistics services. Amounts charged by Netlog are subject to review every six months in line with inflation and diesel fuel price levels. Netlog is also liable for the protection and security of our products until they are delivered to our stores, and as a result, Netlog is required to have the goods insured by financial liability insurance and insurance that covers transportation risks. On the other hand, we are responsible for obtaining insurance for our goods against certain risks, such as fire, terrorism, earthquake, flood or water damage.

For deliveries direct to our stores by suppliers, our store managers send orders to our procurement department that, in turn, delivers consolidated orders to our suppliers. Suppliers then deliver the products to our stores. Frozen products are all delivered directly to the stores by the suppliers.

For delivery to the distribution centers, the order process begins when the distribution center's inventory data indicates the level of inventory of a given item at the distribution center is below our desired stock level for that item, either in the distribution center itself or in our store warehouses. The suppliers deliver products to the distribution centers, then our procurement department sends the consolidated orders from the stores to the distribution centers that, in turn, deliver the products to the stores. Except for certain gas stations, we do not provide delivery services to our customers. Customers purchase the products directly from our stores.

Gebze Distribution Center. The Gebze distribution center was established in November 2006 and began to be operated by Netlog as of January 2010. As of September 30, 2010, the distribution center employed 50 Netlog employees. In addition, we had four of our own employees working at the distribution center (two of whom also work part-time at the Adana distribution center). The Gebze distribution center served 74 of our stores as of September 30, 2010 and has the capacity to stock 1,400 SKUs. Currently, we have reserved 7,000 pallets of warehouse space in the Gebze distribution center (6,000 square meters). The average distance from the Gebze distribution center to our stores is approximately 342 kilometers. The current agreement with Netlog covering the operations of our Gebze distribution center will expire on January 1, 2012.

Adana Distribution Center. The Adana distribution center was established in October 2009 is also operated by Netlog. As of September 30, 2010, the distribution center employed 33 Netlog employees. In addition, we had one of our own full-time employees working at the distribution center. The Adana distribution center served 32 of our stores as of September 30, 2010 and has the capacity to stock 1,200 SKUs. Currently, we have reserved 3,500 pallets of warehouse space in the distribution center (4,250 square meters). The average distance from the Adana distribution center to our stores is approximately 338 kilometers. The agreement with Netlog covering the operations in our Adana distribution center will expire on September 30, 2011.

Inventory Management

We seek to efficiently manage our worklog capital needs by optimizing replenishment of our inventory. We employ information systems to minimize our inventory levels, while at the same time seeking to ensure that we have enough stock to meet customer demand. We do this by holding a minimum number of SKUs that is in each store, and keeping them regularly replenished. Store managers monitor the inventory of their stores and make changes to the minimum product level if required due to increased demand (due to, among others, seasonal cyclicality of a product, price movements and local demand). If any changes are needed, the relevant requests are sent to the Procurement Department in order to be placed as orders with our suppliers. Store managers are responsible for ordering sufficient volumes of products in order to avoid being out of stock while simultaneously avoiding having excess inventory. Inventory management in the warehouses attached to each store is monitored by the store manager, who is acting together with our procurement and sales operations departments.

Marketing and Customer Relations Management

General

Our marketing team is responsible for development and execution of our customer strategy. The team aims to reach out to as many customers as possible with the lowest possible marketing expense. As of September 30, 2010, our marketing and CRM team consisted of six full-time employees: one marketing group manager, two managers responsible for communication, organization and costumer services management, and three manager assistants responsible for data analysis-reporting, application and client developing. We conduct our marketing and CRM activities within the Customer Attraction, Retention and Enhancement, the "CARE" program which we have developed in recent years. The main purpose of the program is to have satisfied customers and to focus on critical success factors in our rapid store expansion, including gaining new customers, maintaining our current customers on "active" customer status, increasing our customers' basket size, offering new products/brands, increasing our customers' shopping frequency, steering our customers towards more profitable products and maintaining and increasing customer satisfaction.

We typically design our promotional campaigns according to local customer expectations and interests, supplier relations and product specific opportunities arising out of market conditions, such as raw material inventories or shortages as well as seasonal changes.

Our strategy within CRM is to increase our turnover by using cost effective marketing tactics and emphasize our collaboration with our suppliers. In order to use CRM to increase our margins, we encourage several and high margin category buying and include high margin products in our product range. In addition, we encourage our customers to frequently visit our stores and aim to maintain affinity by offering leading brands in our product range. To personalize our marketing efforts, our store managers visit our customers frequently. See "– Marketing Tools" below.

Our marketing department prepares a monthly marketing report for our management where marketing data and the results of our marketing efforts are analyzed.

Marketing Tools

Our most common marketing tools are the following:

- *Campaigns.* We plan our promotional campaigns by taking into consideration local customer expectations and interests, supplier relations, product stocks and opportunities arising from local market conditions, such as seasonal changes in consumer preferences. We organize target campaigns offering volume discounts. In addition, we use product discounts which are valid for a certain time period only and promotional gifts for specific products or product groups. Further, we have store specific or nation-wide lottery drawings among customers who purchase above defined thresholds. Finally, in certain cases we cross sell our products by giving a customer a price discount on one product upon the purchase of another product.
- *Customer card.* All of our registered customers have a Bizim Kart customer card which includes their name and a customer number. Our customers are able to enter our stores only with their Bizim Kart. We started a new project in June 2010 called "Bizim Smart Kart." Bizim Smart Kart will be a chip card that will enable us to further tailor campaigns for each customer. Currently, we have been working on developing two new campaign methods called credit campaign and brand associations. Following the roll-out of the Bizim Smart Kart system, our customers will earn credit from their purchases. In this credit campaign, such credit will be recorded to the customer's Bizim Smart Kart automatically at the time of the purchase. Customers will be able to use these credits as payment in our stores. The credits earned will vary depending on the customer category and by product, category, period or day, providing us the opportunity incentivize customers' purchases towards certain product, category, period or days. Also, following the completion of Bizim Smart Kart, we plan to develop promotional campaigns covering all or certain products and brands of certain suppliers.
- *Communication.* Our customer base is very diverse. Therefore, instead of using mass media channels which reach out to all consumers, we prefer more efficient communication methods such as local, regional, professional publications and interior channels or PR, WOM, SMS, Telephone, Direct Mailing for reaching out to our target customers (approximately one million people).

  Because our customer representatives have individual relationships with customers, telephone is one of our mostly used advertising media. Our customer representatives contact our existing customers and possible future customers by telephone.

  Another frequent means of communicating with our customers is the use of brochures or "inserts" that include information on prices, promotional campaigns and products. In Turkey, retailers often use newspaper inserts to inform and attract consumers. However, since our customers are not end-users (consumers), in the past, the same activity has not provided the same positive outcomes for us. Given that our customers are usually small traders, we instead send the inserts along with our delivery notes or invoices to the customer.

  In addition, we use SMS messages to communicate with our customers. On an annual basis, we send approximately three million SMS messages. We also use local radio stations to reach out to our local customers. Based on our experience, local communication is more efficient than nationwide radio communication. In 2007, we launched our website for marketing. Our web page gets an average of 10,000 monthly visits. We are in the process of developing our website to cover comprehensive possibilities to shop online.

  Inside and outside our stores, we use banners and billboards. We also perform spontaneous lottery drawings and have announcements in our stores to advertise our in-store promotions.

In order to select the most effective way to communicate with our customers, we first consider the location of the store. We perform a study on the location of the store which enables us to designate other regions and/or provinces that we can reach out by that same store. Second, we study local market interests by looking into customers' habits and preferences which helps us to determine the most suitable way to approach customers. Finally, we consider whether certain communication tool or campaign can be used nationwide. Although nationwide application is does not always benefit us due to its costs, we try to take a use of the opportunities to reach out to our customers nationwide when we can. Suitable times include, for example, during the month of Ramadan or religious holidays or events like New Year's Eve, anniversaries of company incorporation or store openings. We also pursuit nationwide campaigns, which require nationwide announcements.

Competition

Our main competitors can generally be classified as other cash and carry operators, such as Metro, and large regional wholesalers, such as Canerler and Pehlivanoğlu, which are large retailers with local operations in Ankara and Izmir, respectively.

According to Frost & Sullivan, the wholesale cash and carry market in Turkey represented 4.6% of the total Turkish wholesale FMCG market in 2009. We are the largest Turkish cash and carry operator based on the number of stores. Our main competitor within the cash and carry market is Metro. In addition, we face competition from larger, more traditional wholesalers. In this competitive market place, we believe that success is largely based on factors such as store location, product prices and product variety. We believe that one of our competitive advantages is that we operate throughout Turkey, which allows us to service our customers' needs locally. Also, we believe that distance from our customers' store premises to our stores is an important factor when choosing their provider: our smaller store size has allowed us to secure store locations closer to city centers where available properties are scarcer, allowing us to be closer to our customers.

We believe that small or medium-size supermarkets and other retailers do not constitute a significant competitive threat to us. This is due to the fact that purchasing goods from us instead of directly from the producers or the distributors has certain advantages, including use of credit cards, payment in installments and competitive pricing. We are also able to compete with traditional wholesalers because they usually sell only one or two products and they do not have supermarkets similar to us that offer a whole range of products. When the bakkal owners come to our stores, they are able to buy all the products they need from one store. If the bakkal owner would rely on the product range of the traditional wholesalers, it would need to visit several stores.

We compete with the distributors of big suppliers who also target our customers. We believe we can successfully compete with the distributors due to our economies of scale. We are also more committed than distributors as we work close together with our customers (suppliers are customer of the distributors), we do not have to post security, we have quotas similarly to the distributors and we distribute products everywhere in Turkey and are not restricted to a certain region.

Information Technology

As of September 30, 2010, we had eight full-time employees in our IT department, of whom four are responsible for systems development and software, and four are responsible for technical support. Our IT system is a developed and tailored system designed to manage all our operations. The IT system is designed and the software is developed using Yıldız Holding infrastructure pursuant to a Services Agreement with Yıldız Holding (the "Services Agreement"). See "Related Party Transactions – Yıldız Holding Agreements – IT Services." The system controls the processes in our headquarters and stores, as well as inventory in the warehouses that are attached to our stores, including our accounting, orders, procurement, sales, logistics, inventory, stocks, budget, financing, payrolls, and other processes. Central administration of our stores is conducted through this system online and, at the end of each day, detailed information regarding sales and inventory are communicated automatically to our headquarters.

At the store level, systems record data daily, and the operation of each store's IT system can be kept online in case of store-level failure through our central backup system. The central system has an on-site disaster recovery backup in which information is recorded in real time. In addition, the central system is updated daily, monthly and annually. Our central system and backup storage utilize IBM System I servers equipped with a DB2 database. We procure technical 24/7 technical support and maintenance services for all servers, including spare parts. Network installations and support, domains, e-mail systems, information security, internet processes, anti-virus and firewall applications are conducted in accordance with the supervision and instructions of the Yıldız Holding IT department. We also use an external service provider that evaluates the adequacy or our IT systems periodically.

Health, Safety and Environment

Our policy is to implement our business strategy in an ethically and socially responsible manner and we consider the social and environmental impact of our efforts regarding our daily business operations. Our operations are subject to health, safety and environmental laws and regulations, and we have incurred and will continue to incur expenditure to comply with such requirements. Under Turkish regulations regarding control of package waste, we are considered a producer of package waste and are obliged to collect package waste separately from other waste in accordance with the regulations. The amount of package waste we release is made public through a government website. Our management believes that our business, operations and stores have been and are being operated in compliance in all material respects with applicable environmental and health and safety laws.

Regulation

Our operations and properties are subject to regulation by various governmental and municipal entities and agencies, in connection with obtaining and renewing various licenses and permits and with respect to various environmental, quality, health and safety, packaging, labeling and distribution standards. Below is a general overview of certain main regulations that affect our operations.

To commence operations we are required to obtain a workplace opening and operation permit ("WOOP") from local municipalities or special provincial administrations which is in charge in the relevant province. If we commence or continue operations in the absence of a WOOP, or if we fail to operate in compliance with the terms and conditions set out in the relevant WOOP, we may be subject to monetary fines and/or suspension of operations. In general, issuance of a WOOP is subject to the fulfillment of certain requirements and obtaining certain preliminary permits. For instance, if the applicant does not own the property in which the operations will be conducted, a lease agreement entered into with the owner of the property is often required. As a preliminary permit, a building use permit is also often required by the municipalities based on their discretion. Generally WOOPs are issued for indefinite periods of time. However, municipalities may decide to issue trial WOOPs to be valid for certain periods of time upon their discretion in the event of certain deficiencies (i.e. in the absence of a building use permit). In such cases, the deficiencies must be remedied until the expiration of the trial period and a permanent WOOP must be obtained.

A building use permit is required to be obtained prior to the occupancy of a building upon the completion of its construction. Under Turkish Zoning Law, no buildings can be occupied in the absence of a building use permit otherwise the occupants may be subject to monetary fines, may be required to evacuate the building and furthermore, in the absence of a building use permit, municipalities will not utilize the local water and electricity system connections to buildings. Apart from the consequences set forth under Turkish Zoning Law, under Turkish Criminal Law, allowing performance of industrial operations in buildings without building use permit is considered as a crime that is subject to imprisonment of two to five years. However buildings which were built before October 2004 are exempt from such rule.

Most of our stores are under operation during weekends. However, under Turkish laws, at least one day in a week must be a day off for employees as weekend holiday. Therefore to conduct non-stop operations in a week, we are required to obtain a weekend work permit from local municipalities and notify the relevant provincial directorates of Ministry of Labor, otherwise we may be subject to monetary fines and certain administrative sanctions. Weekend work permits are issued for one-year periods and subject to annual renewals.

The sale of tobacco products are subject to annual permissions. Such permissions are granted to us under the name of our relevant personnel as "the seller." We are required to obtain such permission for each and every one of our stores in which we sell tobacco products and renew them every year in January. Tobacco products sale permission is granted either for wholesale or retail sale. Therefore our permissions are granted for wholesale and we are not allowed to retail sale of tobacco products. For the wholesale of tobacco products, we are also required to meet with certain requirements regarding advertisement, storage, invoicing during our operations at all times.

Based on local practice, in territories where a commodity exchange is established, sale and/or purchase of certain goods (determined by the Ministry of Industry and Trade) in certain amounts (determined by the Ministry of Industry of Trade) must be registered with the relevant local commodity exchanges. The registration is realized with the payment of a certain fee determined by the relevant local commodity exchange assembly based on the purchase price (maximum of 0.2% of the purchase price). Furthermore, purchase of fruits, vegetables and based on their supply and demand depth certain; meat and meat products, milk and dairy, water and fishery products, other food products such as honey and eggs, cut flower and other decoration plants from their producers are required to be declared to local wholesale market administrations.

In addition, although we do not sell our products directly to end-consumers, due to our role in the supply-chain, we are bound with the consumer protection rules of the Consumer Protection Law No. 4077 and Technical Law No. 4703 on the Preparation and Implementation of Technical Legislation on Products, which envisages the market-put of products only which meet with the minimum safety conditions set out under relevant laws and regulations.

In addition to our aforementioned current obligations arising out of numerous laws, there is also a draft law on shopping malls, grand stores and chain stores in the agenda of Turkish Grand National Assembly to be enacted. The draft law defines; grand stores as any kind of wholesale or retail sale stores of consumption materials and perishable commodities with a space over than 400 square meters; and chain stores (regardless of their actual sales area amount) any wholesale or retail sale stores of consumption materials and perishable commodities with a space of 400 square meters at most under the same commercial title or as a part of one business network and which has at least ten commercial establishments under the control of one central unit or chains of grand stores without taking into consideration of the number of commercial establishments. Therefore, if the Turkish Grand National Assembly decides to enact the draft law, we believe that our operation will become subject to the law, both our existing stores and the stores we will open in the future. The draft law envisages a permission requirement prior to the establishment of each grand store and chain store from the relevant municipality or governorship and, therefore, we will become required to obtain an establishment permit each and every time we want to open a new store. The draft law also sets forth certain provisions governing work hours, landscaping, agreements with and payments to the suppliers and/or producers. Furthermore, a limitation for the amount of products which are produced under toll-manufacturing and sold as private label products will be imposed upon store owners (no more than 20% of the turnover of the total products under sale). The requirements (including the establishment permit requirement) envisaged by the draft law will also be applicable for our existing stores within six months upon its enactment.

Intellectual Property

We rely on trademarks to protect our product names. We are unable to protect our private label recipes in this manner, however, and we rely on nondisclosure and other contractual restrictions with our suppliers on copying or distributing the recipes of our private label products. Our trademarks are protected in Turkey, and we are currently looking into registering our product names internationally.

We currently own the trademarks of our following private label trademarks: Sealady, Dolphin and BTT Profesyonel trademarks.

On October 7, 2010, we concluded two trademark transfer agreements with our principal shareholder, Yıldız Holding, and another related party Besler Gıda ve Kimya Sanayi ve Ticaret A.Ş. ("Besler Gıda"). The trademark transfer agreement with Yıldız Holding was entered into regarding the transfer of seven trademarks mainly focused on the "Bahar" trademark. The trademark transfer agreement with Besler Gıda was entered into regarding the transfer of seven trademarks mainly focused on the "Besler" trademark. As of the date of this Offering Circular, the transfer transactions of the majority of the aforementioned trademarks have been completed.

We seek to take appropriate and reasonable measures under the intellectual property laws of all applicable jurisdictions to protect our intellectual property. Our policy is to regularly identify patentable products developed in line with the creation of our private label products and systematically seek to acquire patent rights on such products. As of the date of this Offering Circular, we did not have any patents registered at the Turkish Patent Institute.

Insurance

We maintain customary insurance policies, including fire and theft, safe deposit, liability insurances and employer's liability insurance and any other matters that we believe a company undertaking business operations and activities similar to ours would take. We have combined insurance policies which cover our inventory and goods against risks including earthquake, fire, flood and storm, among others. Our landlords are typically responsible for obtaining the obligatory earthquake and natural disaster insurance for the stores. In addition, we insure all our equipment subject to financial lease agreements in accordance with our obligations arising from these agreements. We also have obtained insurance against risks such as abuse of confidence, burglary, third person liability and employer financial liability. However, we do not have insurance against liabilities arising from the sale of our products. We believe that we maintain insurance in a manner and for amounts that are in accordance with customary industry and commercial practices in Turkey.

Human Resources

General

As of September 30, 2010, we employed 1,216 people. Most of our employees are full-time employees. We only use part time employees during certain holiday periods. None of our employees belong to trade unions, labor or workers' syndicates, and there are no collective bargaining agreements between us and our employees.

Before opening a new store, we determine the number of required employees for that store based on certain defined criteria. An A type store usually has approximately 15 employees, a B type store approximately nine employees and a C type store approximately seven employees.

The following table sets forth information about our employees as of September 30, 2010:

	Employees
Stores:	
A type store	523
B type store	365
C type store	196
Stores total	1,084
Headquarters	127
Distributions centers	5
Total	1,216

Our employees go through intensive trainings before their actual employment commences. Both the headquarters' employees and the employees in the sales and other field operations are required to fulfill certain professional or self development trainings. In the nine months ended September 30, 2010, the average training hours per each employee in the headquarters was approximately 22 and 19 hours per employee in the field sales and other operations, respectively.

Bizim Academy

The Bizim Academy serves as the centralized training center for all of our employees. Facilities include classrooms, accommodation facilities as well as a training room that is equipped with the same machines that we use in each of our stores. Training programs provide our employees practical training and instructions which are designed to contribute to their skills and enhance their dedication to us as well as to strengthen our corporate culture. We believe that our emphasis on training and retaining high quality of employees is important for our long-term success and we are committed to the ongoing development of our employees.

Compensation of the Employees

Our employees are divided into different salary and other benefit categories based on their responsibilities within our company.

In addition to their monthly salaries, our headquarters' employees are entitled to an annual bonus corresponding to four months' salary paid quarterly and to various allowances, such as up to three months' bonus calculated in accordance with their capabilities and performance realization (except for procurement group managers, category managers, category directors, who are included within the procurement targets performance scheme). Furthermore, our headquarters' employees in the procurement department are entitled to an annual sales premium which can amount to up to six months' salary based on their individually set targets.

In addition to their monthly salaries, our field sales and operation employees such as store managers, deputy managers, assistant managers and employees in charge of stores are entitled to an annual bonus payment corresponding to their two months' salary and to various allowances. Furthermore, our employees in our field sales and operations, who are members of our store management team, are entitled to an annual sales premium which can amount to up to six months' salary based on their individually set targets.

Career Path

We have a system called the "Career Path" which is designed to ensure continuity within our company. The system determines replacement employees for each member of our senior management team as well as other key employees. The system is designed to ensure the continuity of our operations in case certain key employees either leave the Company or are otherwise unable to take care of their assignments.

Legal Proceedings

We have not during the 12 months preceding the date of this Offering Circular been and is not currently involved in any other administrative, legal or arbitral proceedings (including any such proceedings which are pending or threatened of which we are aware) which have had or could have had material effects on our financial position or profitability. In the ordinary course of our business, we are from time to time subject to trademark, product liability and labor law related lawsuits as well as lawsuits initiated by us to collect payables from our customers. In addition, we from time to time are party to administrative proceedings in relation to permitting of our stores.

Material Agreements

There are no agreements (other than contracts entered into in the ordinary course of business) which are, or may be, material and which have been entered into by us during the two years immediately preceding the date of this Offering Circular, or which contain any provision under which we have any obligation or entitlement which is material to our company as of the date hereof.

MANAGEMENT

Board of Directors

Pursuant to the TCC and our articles of association, our board of directors is responsible for our management. According to our articles of association, the board of directors shall consist of at least four members appointed by our shareholders and two of them need to be independent (as such term is defined by the CMB). As of the date of this Offering Circular, our board of directors consists of 11 members and one of these have been appointed as an independent board member. We intend to appoint another independent director following the Offering when electing a new board of directors. All board members serve for three year terms and may be re-appointed.

Under our articles of association, Golden Horn Investments B.V. and/or its subsidiaries are entitled to nominate one board member for appointment by General Assembly provided that Golden Horn Investments B.V. and/or its subsidiaries holds at least 20% of our share capital. If the member nominated by Golden Horn Investments B.V. is not present in the board meeting, a resolution including agenda items not stated in the prior written notice cannot be adopted. Assuming that the shareholding of Golden Horn Investments B.V (which is a selling shareholder) and/or its subsidiaries decreases from the current 20% as a result of the Offering, Golden Horn Investments B.V. will no longer be entitled to nominate a board member.

Pursuant to our articles of association, we have established audit and corporate governance committees as committees of the board of directors and although the board of directors retains final decision making authority our board of directors may establish other committees if necessary.

Under Turkish law, directors are required to own at least one share in order to serve on the board of directors, except the directors nominated as representing a legal entity shareholder. See "Description of Our Share Capital – Board of Directors."

The following table sets forth certain information regarding each member of our board of directors as of the date of this Offering Circular:

	Year of Birth	Position	Year First Elected to Position	Year Term Ends
Murat Ülker	1959	Chairman	2010	2011
Mustafa Yaşar Serdengeçti	1959	Executive Vice Chairman	2007	2011
Mustafa Büyükabacı	1961	Member	2007	2011
Mehmet Atila Kurama	1960	Member	2007	2011
Hüseyin Avni Metinkale	1963	Member	2009	2011
Güven Obalı	1943	Member	2007	2011
Tahsin Pamir	1942	Member	2005	2011
Rıfat Saban	1939	Member	2007	2011
Mahmut Levent Ünlü	1967	Member	2008	2011
Ahmet Özokur	1980	Member	2010	2011
Cengiz Solakoğlu	1943	Independent Member	2011	2011

Murat Ülker

Murat Ülker has been a member of our board of directors since 2008 and the Chairman since 2010. He has also been the Chairman of Executive Board of Ülker Group since 2000 and he is also the Chairman of Yıldız Holding. Mr Ülker has worked in exportation field in the Middle East for a period of two years and conducted reviews in approximately 60 factories and facilities in biscuit-chocolate-food sector in the United States and in Europe. He has served in various positions in the Ülker Group, including as the Control Coordinator, as the Deputy General Manager responsible for Operations and as the General Manager. He has also served as a member of the Executive Committee and board of directors in various Ülker Group companies. Mr. Ülker graduated from the Business Administration Department of the Administrative Sciences Faculty at Boğaziçi University.

Mustafa Yaşar Serdengeçti

Mustafa Yaşar Serdengeçti has been a member of our board of directors since 2005 and the Executive Vice Chairman since 2007. He has also been the Chairman of the Retail Group of Yıldız Holding since 2010. He is also the Vice President of the board of directors of Pasifik Tüketim Ürünleri Satiş ve Tic. A.Ş. and a member of the board of directors and of the Audit Committee of Kerevitaş Gıda San. Tic. A.Ş. Mr. Serdengeçti has previously also worked at Deva Holding Financial Controls Department and as the Deputy General Manager of İstanbul Gıda Dış Ticaret A.Ş. between 1992 and 1998 and as the General Manager of İstanbul Gıda Dış Ticaret A.Ş. between 1998 and 2004. He is also the founder of Pasifik Tüketim Ürünleri A.Ş. Mr. Serdengeçti served as a member of the board of directors of Netlog Lojistik Hizmetleri A.Ş. between 2004 and 2006. Mr. Serdengeçti graduated from İstanbul University School of Economics.

Mustafa Büyükabacı

Mustafa Büyükabacı has been a member of our board of directors since 2007. In addition, he is the Managing Member of Sağlam İnşaat Taahhüt ve Ticaret A.Ş and a member of the board of directors in real estate, finance companies and various other companies. Mr. Büyükabacı has previously served as the Manager in capital markets and investment companies, as the Founder General Manager of Ülker Group, as the Capital Market and Finance Consultant of Ülker and as the Founder General Manager of Bizim Menkul Değerler. He is also the founder of the Real Estate Group in Yıldız Holding. Mr. Büyükabacı has served as the Chairman of Real Estate Group of Yıldız Holding and as a member of the board of directors of Taç Investment Trust Family Finans and Bizim Menkul Değerler A.Ş. Mr. Büyükabacı graduated from the Industrial Engineering Department of the Engineering Faculty at Boğaziçi University.

Mehmet Atila Kurama

Mehmet Atila Kurama has been a member of our board of directors since 2007. In addition, he has been a member of the board of directors and the Executive Director of Yıldız Holding since 2010 and is also the Chairman of the board of directors of Fon Finansal Kiralama A.Ş. and of Bizim Menkul Değerler A.Ş., the Vice President of Gözde Finansal Hizmetler A.Ş. and Sağlam İnsaat Taahhüt ve Ticaret A.Ş, and a member of the board directors of Sağlam Gayrimenkul Yatırım Ortaklığı A.Ş. ("Sağlam GYO"), Türkiye Finans Katılım Bankası and Turkey Basketball Federation. Mr. Kurama has served as the Product Development Manager of National Commercial Bank, as the Credit Risk Management Director of Swiss Bank Corporation, as the EMEA region Credit Risk Officer of UBS Warburg, as the Chairman of the Executive Board of Family Finans Kurumu in Ülker Group, as the General Director of Family Finans Kurumu in Ülker Group and as the Chairman of the Finance Group of Yıldız Holding. Mr. Kurama has a BA degree from the Administrative Sciences Department at Boğaziçi University and a MBA degree from Cardiff Business School.

Hüseyin Avni Metinkale

Hüseyin Avni Metinkale has been a member of our board of directors since 2009. In addition, he is the Vice President of FFK Fon Finansal Kiralama A.Ş., a member of the board of directors and of Investment Committee of Gözde Finansal Hizmetler A.Ş. and a member of board of directors of Öncü Marketing and of Medya Soft. Mr. Metinkale has also been a member of the Executive Board of Yıldız Holding, the General Manager of Yıldız Holding and the Executive Vice President of FKK Fon Finansal Kiralama. Mr. Metinkale served as the Project Specialist at Albaraka Turk Bank between 1986 and 1989. Mr. Metinkale co-founded Pripack A.Ş. in 1989 where he worked as the General Manager between 1997 and 2001. After the partnership of Yıldız Holding and Pripack A.Ş., he served in various executive positions at Yıldız Holding, including as the Executive Vice-President of the Packaging Business Group and as the President of the Packaging Business Group. Mr. Metinkale graduated from the Department of Management Engineering at İstanbul Technical University.

Güven Obalı

Güven Obalı has been a member of our board of directors since 2007. Mr. Obalı is a member of the board of directors and and of the Audit Committee of Ülker Bisküvi San. A.Ş., and a member of board of directors of Ülker Çikolata A.Ş., of Atlas Gıda Pazarlama ve Tic. A.Ş., and of Atlantik Gıda Pazarlama ve Tic. A.Ş. In addition, he has been a member of the board of auditors of Kyveyt Türk Katılım Bankası. Previously, Mr. Obalı has served as the Accounting Expert Assistant of Turkey Treasury, as the Accounting Expert of Turkey Treasury, as the Financial Analyst of Türkiye Sinai Kalkınma Bankası, as the Manager of Türkiye Sinai Kalkınıma Bankası and the founder and Chartered Accountant of ABC Chartered Accountants Company. Mr. Obalı has also served as a member of board of directors and auditors of Şişe

Cam Grubu, of Koruma Tarım İlaçları A.Ş., of Çelik Halat A.Ş. and of Bakırsan A.Ş. Mr. Obalı graduated from the Political Science Department and the Finance and Economy Department at Ankara University.

Tahsin Pamir

Tahsin Pamir has been a member of our board of directors since 2005. In addition, he is a member of the board of directors of Bizim Toplu Tüketim A.Ş. and a member of the Consulting Council of Shopping Malls and Retailers Association. Mr. Pamir served as a manager in several positions in Yaşar Holding between 1973 and 1989. Mr. Pamir opened the first METRO Cash & Carry Grosmarket in Turkey in 1989. He then served as the Chairman of the board of directors and the Country Director of Metro between 1989 and April 1995 and as a member of the board of directors, the General Manager and Coordinator of Fiba Holding between 1995 and 1996 and as the general manager of Perdema, a company under EGS Holding, between 1996 and 1998 and as the Secretary General of Shopping Malls and Retailers Association. Mr. Pamir founded Pamir Consultancy Company in 1999 and served as an academic instructor in Galatasaray, Koç and Yeditepe MBA programs. Mr. Pamir graduated from the Chemistry Department at Robert College and has a PhD degree from the Physical Chemistry Department at İstanbul University.

Rıfat Saban

Rıfat Saban has been a member of our board of directors since 2007. In addition, he is a member of the board of directors of several commercial and industrial corporations. Mr. Saban has worked as an attorney since 1964. He also served as the Chairman of the Executive Board of Bereç Pil (Battery) Factory between 1968 and 1980. Mr. Saban graduated from the Faculty of Law at İstanbul University.

Mahmut Levent Ünlü

Mahmut Levent Ünlü was nominated by Golden Horn Investments B.V., and has been a member of our board of directors since 2008. Mr. Ünlü worked as an associate of İktisat Bankası between 1991 and 1992 and subsequently as the Assistant General Manager of Yatırımbank between 1992 and 1995. He co-founded Dundas, Ünlü & Company in 1996. Due to a strategic partnership with Standard Bank Group Limited, the name of the company was changed into Standard Ünlü in 2007. Mr. Ünlü has served as the Deputy Chairman of the board of directors and the CEO of Standard Ünlü Menkul Değerler A.S. since 2007 and as a member of the Executive Committee of Standard Bank International since 2008. Mr. Ünlü graduated from the Mechanical Engineering Department at Georgia Institute of Technology and has a MBA degree from Rice University.

Ahmet Özokur

Ahmet Özokur has been a member of our board of directors since 2010. Mr. Özokur has been a member of the Executive Board of Hızlı Sistem A.Ş. since 2004, the Assistant Chairman of the board of directors of Yıldız Holding since 2008 and he is also a member of board of directors of various Ülker Group companies. In addition, he has been the Project Leader of Yıldız Holding Gayrimenkul Yatırımları Grubu since 2008, the Executive Director of Beta Marina İşletmeciliği A.Ş. since 2008 and the General Manager of Sağlam GYO since 2010. Mr. Özokur has served as the General Manager of Datateknik Bilgisayar Sistemleri Ticaret ve Sanayi A.Ş. ("Datateknik") and the CEO of Datateknik Bilisim Group. Mr. Özokur graduated from the Business Administration Faculty at Indiana University and has a master's degree in business administration and marketing field from the European Business School.

Cengiz Solakoğlu

Cengiz Solakoğlu has been a member of our board of directors since January 2011 as an independent director. Mr. Solakoğlu worked at Beko Ticaret A.Ş. form 1969, where he was appointed as regional sales manager in 1975, general sales manager in 1975 and general manager in 1977 and worked as a general manager until 1983. Mr. Solakoğlu then served as the general manager of Atılım Şirketi for 8 years. He served as the vice president of Koç Holding Consumption Group and appointed as the general manager of the group in 2002, where he retired following 37 years of service. Mr. Solakoğlu is in the founders of 1907 Fenerbahçeliler Derneği and Eğitim Gönüllüleri Vakfı. He was awarded Leader of Civil Society by the Ekonomist magazine in 2003. Mr. Solakoğlu graduated from Istanbul Economic Trade Sciences Academy (currently known as Marmara University).

Statutory Auditors

The following table sets forth certain information regarding each of our statutory auditors as of the date of this Offering Circular:

	Year of Birth	Position	Year First Elected to Position	Year Term Ends
Sinan Şahin	1957	Member	2010	2011
Abdullah Muslu	1985	Member	2010	2011

Sinan Şahin

Sinan Şahin was appointed as an auditor in 2010. Mr. Sahin worked as the Accounts Expert of Ministry of Finance between 1980 and 1990 and as the Assistant General Manager of Yatırımbank between 1992 and 1995. Mr. Şahin graduated from the Political Sciences Department at Ankara University in 1980.

Abdullah Muslu

Abdullah Muslu was appointed as an auditor in 2010. Mr. Muslu worked as an intern in Bizim Menkul Değerler A.Ş. from 2006 and as the Assistant Auditor in Yıldız Holding from August 2008. Mr. Muslu graduated from the Management (English) Department at Marmara University in 2008 and currently pursuing an undergraduate degree from Bahçeşehir University on Strategic Marketing and Trademark Management.

Senior Management

Our senior management is responsible for the day-to-day management of our company in accordance with the instructions, policies and operating guidelines set by our board of directors. Pursuant to our articles of association, our board of directors may delegate some of its powers to one or more of its members or to other senior managers.

	Year of Birth	Position	Year First Appointed to Position
Recep Özalp	1961	General Manager (CEO)	2005
Nevzat Şahin	1973	Deputy General Manager (CFO)	2010
Bayramali Yildirim	1966	Deputy General Manager – Sales & Operations	2006
Recep Çalişkan	1973	Deputy General Manager – Procurement	2009
Ahmet Ahlatlı	1974	Logistics & Planning Director	2010
Oral Çoşkun	1972	Accounting and Administrative Manager	2002
İsa Çelik	1969	Finance and Budget Manager	2002
Ali Üyük	1973	HR Manager	2009
Yunus Özkan	1978	Internal Auditor	2008
Muhsin Metin	1970	IT Manager	2007

Recep Özalp

Recep Özalp is our General Manager. Mr. Özalp served in the Human Resources department of Yaparlar A.Ş. in 1989, as the Budget Specialist Assistant of Ülker A.Ş. between 1989 and 1991, as the Budget Chief of Ülker A.Ş. between 1991 and 1996, as the Budget Manager of Yıldız Holding between 1996 and 2004, as the acting General Manager of Birlik Un Factory in 2004 and as the Deputy General Manager responsible for financial affairs of our company between January 2005 and August 2005. In addition, he served as a consultant to the Chairman of board of directors of Yıldız Holding between 2002 and 2004. Mr. Özalp graduated from the Faculty of Political Science and Public Administration at İstanbul University and he has a post-graduate degree from the School of Business Administration Management Organization at İstanbul University.

Nevzat Şahin

Nevzat Şahin is our Deputy General Manager (Chief Financial Officer) responsible for financial and administrative matters. Mr. Şahin served as the Auditor in Deloitte & Touche between August 1996 and

August 1997, as the Accounting Manager and SAP/FI leader of P&G between August 1997 and June 1998, as the Financial and Administrative Affairs Manager of Polat Holding Seramik Group, as the Senior Finance Manager of Nortel Network NETAŞ between September 2000 and February 2005, as a member of the board of directors and as the Finance and Supply Chain Director of Rexam Paketleme Sanayi between March 2005 and June 2009, as the Finance and Logistics Coordinator of Datateknik between and of Mersa Sistem between July 2009 and May 2010. Mr. Şahin graduated from the Management Department at Bilkent University with honors.

Bayramali Yıldırım

Bayramali Yıldırım is our Deputy General Manager responsible for sales and operations. Mr. Yıldırım served as the Customer Representative of Real Hipermerketler Zinciri A.Ş. and then as the senior store Manager of Gaziantep store of Real Hipermerketler Zinciri A.Ş. between 1998 and 2001, as Regional Sales Director of Tansaş A.Ş. between 2001 and 2005 and as the Deputy CEO responsible for sales, operations, investments and marketing in our company since 2005. Mr. Yıldırım graduated from Financial Accounting at Atatürk University and from the Political Sciences and Public Administration Department at Bilkent University.

Recep Çalışkan

Recep Çalışkan is our Deputy General Manager responsible for procurement. Mr. Çalışkan served as Chief of Purchasing Category of İsmar Group between 1994 and 1995, as Purchasing Category Manager of Planet Group between 1995 and 1996, as Purchasing Category Manager of Buggy Alişveriş Hizmetleri A.Ş. in 1996, as Purchasing Category Manager of Maxi Alişveriş Hizmetleri A.Ş. between 1997 and 2001 and as the Purchasing Group Manager of our company between 2001 and 2009. Mr. Çaliskan graduated from the Business Administration Department at Boğaziçi University and from the Faculty of Economic and Administrative Sciences at Anadolu University and he completed an international economy master program at Marmara University.

Ahmet Ahlatlı

Ahmet Ahlatlı is our Logistics and Planning Director. Mr. Ahlatlı served as the Planning and Logistics Chief of Intersun Holding between 1996-1998, as the Quality and Planning Chief of Çalık Holding in Turkmenistan between 1998 and 2000, as the Assistant to the Vice President of Ülker Group and as the Deputy Material and Planning Manager of Ülker Gıda between 2001 and 2006 and as the Warehouse and Material Manager of Ülker Bisküvi A.Ş. between 2006 and 2010. Mr. Ahlatlı graduated from Bilkent University Industry Engineering and has a MBA degree from Marmara University.

Oral Çoşkun

Oral Coşkun graduated from Marmara University Business Administration Department in 1995. He started working in Elektro Heat Kat Kaloriferleri Ltd. Şirketi as the Accounting officer in 1993. He worked in Kurtlar İnşaat between 1994 and 1995 as the Accounting Chef, in Daewoo Motor between 1995 and 1997 as the Accounting officer and in Atlas Gıda A.Ş. between 1997 and 2002 as the Accounting Manager. He has been working in our company as the Accounting and Administrative Manager since 2002. Mr. Coşkun graduated from Marmara University Department of Business Administration and holds Financial Consultancy Certificate.

İsa Çelik

İsa Çelik started working in Yıldız Holding in 1996 as the Finance Officer and he has been working in our company as the Finance and Budget Manager since 2002. Mr. Çelik graduated from Istanbul University, Faculty of Economics, Department of International Relations and has a MBA degree from Maltepe University.

Ali Üyük

Ali Üyük is our HR Manager. Mr. Üyük worked as Human Resources Specialist in the Human Resources Department of Beğendik Stores between 1997 and 1998 and as Human Resources Deputy Manager of Gima T.A.Ş. Stores in 1998. In addition, he served as the HR Department Manager of Aras Kargo A.Ş. in 1999, the Deputy HR Manager of Gima T.A.Ş between 1999 and 2005, the Responsible HR Manager of

Carefoursa Supermarkets between 2005 and 2009 and the HR Director of Toys r us in 2009. Mr. Üyük graduated from the Management Faculty at Atatürk University.

Yunus Özkan

Yunus Özkan is our Internal Auditor. Mr. Özkan served as the Accounting officer in our company between 2002 and 2003. During this time, he participated in various projects, including the establishment of the Stock Control and Management unit and the installment of logistics-storage services. In addition, Mr. Özkan served as the Team Coach in Learning Organization Works Project Groups, as the Project Leader of the installment of the Company Order System and as the Leader of the installment of ISO 9001 Quality Management System. He also ensured the installment of the Internal Auditing System. In 2009, Mr. Özkan participated in the project coordination of Yalın Enstitü Project Company Phases. Mr. Özkan graduated from the Management Faculty in Dokuz Eylül University.

Muhsin Metin

Muhsin Metin is our IT Manager. Mr. Metin worked as the Programmer of Datateknik between 1990 and 1997. Until 2007, he was responsible for integration of personnel and production programs and development-support of sales-stock programs, of master-transfer-allocation programs and of stock-logistics software in various companies, including Ülker, Taç Yatırım Ortaklığı, Beynelminel Nakliyat, Yıldız Holding and Bizim Toptan. Mr. Metin graduated from Computer Programming at İnönü University and Economics Department of Distant Education Faculty.

Corporate Governance

As a privately controlled company, we have not historically implemented certain aspects of corporate governance for public companies such as the establishment of audit and remuneration committees of the board of directors. As of the date of this Offering Circular, we do not have a policy imposing heightened requirements for the approval of related party transactions. We intend to implement certain measures, such as appointing corporate governance personnel, described below, after the completion of the Offering in order to strengthen our corporate governance standards. We also intend to appoint another independent director following the Offering when electing a new board of directors.

CMB Corporate Governance Principles

There are limited mandatory corporate governance rules in Turkey. The CMB issued in 2003 (and revised in 2005) a set of recommended, non-binding principles for public companies (the "Corporate Governance Principles"). On June 16, 2010, the CMB announced that is has initiated the revision of Corporate Governance Principles, in accordance with the EU legislation, international developments and the market demand. Although implementation of the Corporate Governance Principles is not currently mandatory, the CMB requires public companies to disclose the extent to which they have been implemented and, if they have not been fully implemented, to explain the reasons therefore in their annual reports. The CMB may decide to make such principles mandatory for public companies in the future. In addition, annual reports filed by public companies must disclose contingency plans for dealing with any conflicts that may arise in the future and the implementation of the principles. In order to support implementation of the Corporate Governance Principles, the CMB issued a rating communiqué which enables rating agencies to rate companies on the basis of their compliance with the principles.

Audit Committee

We amended our articles of association in January 2011 to include an audit committee in accordance with the Corporate Governance Principles. Our audit committee is responsible for ensuring implementation of adequate measures for transparent and appropriate internal controls and independent auditing. The duties of the audit committee include overseeing and approving financial tables and footnotes to be disclosed to public, the efficiency and adequacy of our internal controls, and any related accounting, reporting or legal matters. The audit committee's duties also include evaluating audit firms in the selection of our external audit firm and submitting them to the Board of Directors after pre approval. The audit committee is responsible for the continuous monitoring of the compliance of our financial statements with domestic legislation as well as international accounting principles. The audit committee is also responsible for investigating and concluding any complaints regarding our internal controls and independent auditing.

The audit committee convenes quarterly, but may also convene more often, as the need arises. The audit committee may summon any director, manager, statutory or independent external auditor to its meetings and collect information. The audit committee may also present any issues to our General Assembly.

The audit committee is composed of at least two members. At least, one of the members of Audit Committee must be selected from among non-executive board members. However, the persons, who are not members of the board but are experts in their field may also be appointed to the audit committee, if necessary. We established the audit committee in May 2010 and the current members of the audit committee are Mahmut Levent Ünlü, Güven Obalı ve Halil Cem Karakaş. However, in accordance with the Corporate Governance Principles, a new audit committee will be appointed following the amendment of our articles of association in January 2010.

Corporate Governance Committee

We amended our articles of association in January 2011 to include a corporate governance committee, for strengthening the consistency with the Corporate Governance Principles, is especially responsible to follow and determine their application and in the case of failure of these principles, is responsible to find solutions and submit reformative proposals, by determining their reasons, negative factors. Further, it will give support to the Board of Directors by doing wage, award and performance evaluations, works regarding career planning, investor relations and public disclosure.

Corporate Governance Committee is composed of at least two members. The persons, who are not members of the board but are experts in their field may also be appointed to the corporate governance committee. At least, one of the members of the corporate governance committee must be selected from among non-executive board members.

Corporate Governance Personnel

Public companies in Turkey are required to employ at least one employee to coordinate corporate governance practices and performance of the obligations arising from the capital markets legislation. Such employee must have received the relevant licenses from the CMB and must be employed as a full-time manager reporting directly to the most senior executive manager. However, personnel hired by public companies whose value announced by the relevant stock exchange is below TL 200,000,000 are not required to have corporate governance reporting specialist license. The same exception applies to public companies that are controlled by a holding company if the holding company exercising control over the public company employs the personnel with the above mentioned license and qualities. We are currently in the process of seeking a qualified and experienced person to coordinate our corporate governance practices and performance and establishing the necessary internal structures for the education of the corporate governance personnel and intend to hire such a person after the Offering.

Shareholder Relations

Public companies in Turkey must establish a shareholder relations department whose mandate includes protecting the rights of shareholders and coordinating communication among shareholders and which reports directly to the board of directors. This department must have the following duties:

- to keep updated records of each shareholder;
- to respond to queries by the shareholders to the extent that such queries do not relate to matters that could be classified as commercial secrets or confidential information;
- to ensure that shareholders' meetings are convened in accordance with applicable laws, the articles of association and other internal regulations of the public company;
- to prepare relevant documents that may be distributed to shareholders at the shareholders' meeting;
- to record the results of voting at any shareholders' meeting and to send reports regarding such results to the shareholders; and
- to monitor public disclosure policies of the company and compliance therewith.

We formed a shareholder relations department in December 2010.

Compensation

The compensation (including salaries and short-term employee benefits) we paid to our directors and senior management for the years ended December 31, 2009, 2008 and 2007 amounted to TL 1.1 million, TL 1.4 million and TL 0.9 million. For the nine months ended September 30, 2010, the compensation was TL 1.1 million.

PRINCIPAL AND SELLING SHAREHOLDERS

As of the date of this Offering Circular, we are 56.45% controlled by Yıldız Holdıng. The following table sets forth certain information with respect to the ownership of our outstanding shares.

	Shares Owned Prior to the Offering		Shares Owned After the Offering (Including Additional Shares)	
	Number	percent of Outstanding Share Capital	Number	percent of Outstanding Share Capital
Yıldız Holding	22,579,213.84	56.45	13,379,213.84	33.45
Golden Horn Investments B.V.(1)	8,000,000.00	20.00	2,000,000.00	5.00
Strategic Investment Fund	8,000,000.00	20.00	8,000,000.00	20.00
Taner Karamollaoğlu	1,200,000.00	3.00	400,000.00	1.00
Orhan Özokur	207,205.20	0.52	207,205.20	0.52
Ali Ülker	6,245.22	0.02	6,245.22	0.02
Murat Ülker	5,152.82	0.01	5,152.82	0.01
Hüseyin Avni Metinkale	1,091.46	0.003	1,091.46	0.003
Ahsen Özokur	1,091.46	0.003	1,091.46	0.003
Public Shareholders	–	–	16,000,000.00	40.00
Total	40,000,000.00	100.000	40,000,000.00	100.00

(1) An affiliate of Standard.

A total of 14,000,000 Shares are being offered by the Selling Shareholders, of which 7,200,000 Shares are being offered by Yıldız Holding, 6,000,000 Shares are being offered by Golden Horn Investments B.V. and 800,000 Shares are being offered by Mr. Taner Karamollaoğlu. In addition, up to 2,000,000 Additional Shares may be sold by Yıldız Holding pursuant to the Over-allotment Option.

At the time Golden Horn purchased its stake from Yildiz, Yıldız Holding and Golden Horn Investments B.V. entered into a shareholders' agreement. All substantive provisions of the shareholders' agreement have been reflected in the current version of our articles of association, including the following:

- Golden Horn Investments B.V. and/or its subsidiaries are entitled to nominate one board member for appointment by General Assembly provided that Golden Horn Investments B.V. and/or its subsidiaries holds at least 20% of our share capital. If the member nominated by Golden Horn Investments B.V. is not present in the board meeting, a resolution including agenda items not stated in the prior written notice cannot be adopted. Assuming that the shareholding of Golden Horn Investments B.V (which is a selling shareholder) and/or its subsidiaries decreases from the current 20% as a result of the Offering, Golden Horn Investments B.V. will no longer be entitled to nominate a board member.
- Certain decisions of our General Assembly require the attendance of shareholders or proxies representing more than 80% of the share capital provided that Golden Horn Investments B.V. and/or its subsidiaries holds at least 20% of our share capital. These decisions are capital increases, mergers, liquidation or dissolution, restriction of the pre-emption rights of the shareholders and amendments to be to the scope of these certain decisions requiring a supermajority of more than 80% of our share capital. However, if following the Offering, the shareholding of Golden Horn Investments B.V. (which is a Selling Shareholder) and/or its subsidiaries decrease from 20% of our share capital, a supermajority vote will not be necessary for such decisions and the general rules will apply.
- Furthermore, under our articles of association, certain resolutions of our Board of Directors require the attendance and affirmative vote of the board member nominated by Golden Horn Investments B.V. These resolutions are: (i) submitting proposals to the General Assembly on the decisions requiring a supermajority of more than 80% of our share capital; (ii) appointment of the independent auditor; (iii) a decision to restrict the pre-emption rights of the shareholders upon a capital increase and execution of an agreement regarding the sale or transfer of a material asset (having a value of $2,500,000); or (iv) providing an option for such a transaction and the execution of an agreement to purchase an asset excluding ordinary operations. However, if following the Offering, the shareholding of Golden Horn Investments B.V (which is a Selling Shareholder) and/or its subsidiaries decrease from 20% of our share capital, the attendance and the affirmative vote of the member nominated by

Golden Horn Investments B.V. will not be necessary for such decisions and the general rules will apply.

- The independent audit firm of the Company will be elected from the "Big Four" audit firms with the affirmative vote of the of the board member nominated by Golden Horn Investments B.V provided that Golden Horn Investments B.V. and/or its subsidiaries holds at least 20% of our share capital. However, if following the Offering, the shareholding of Golden Horn Investments B.V (which is a Selling Shareholder) and/or its subsidiaries decrease from 20% of our share capital, the requirement to select the independent audit firms among the "Big Four" audit firms and the requirement for the affirmative vote of the board member appointed by Golden Horn Investments B.V. will cease. In addition, following the Offering, we will be required to follow CMB Regulations when electing our independent auditor.
- In addition, the shareholders' agreement includes a provision that in the event of a contemplated bona-fide and arm's length transaction including a merger, acquisition and tender offer, (but excluding an initial public offering or a sale to an affiliate), which will result in Yıldız Holding and/or its affiliates losing the majority of the shares in us or the right to nominate the majority of the members of our board of directors, or otherwise the management control over our Company, Golden Horn will be entitled to a "tag along right" pursuant to which it can sell a portion or all of its shares in the Company, subject to the same terms as apply to Yıldız Holding. However, in the event that the value of the transaction is below a certain pre-determined calculation between the parties, Golden Horn will not be entitled to such right, and instead will have a so-called "right to match" pursuant to which it will be entitled to acquire the shares from Yıldız Holding to the contemplated transaction and on the same terms.

Under the Shareholders Agreement, the parties have agreed that the Company will pay costs relating to the Company's initial public offering.

RELATED PARTY TRANSACTIONS

Introduction

We are controlled by Yıldız Holding. Currently, Yıldız Holding holds 56.45 percent of our shares, and will continue to hold approximately 33.45% after the Offering (assuming that all the Shares are sold in the Offering). Set forth below is a summary of our material transactions and arrangements with Yıldız Holding as well as with persons and companies affiliated with Yıldız Holding:

	As of and for the nine months ended September 30,		As of and for the year ended December 31,		
	2010	2009	2009	2008	2007
	(audited) (TL in millions)				
Receivables from related parties					
Trade receivables	0.5	n/a	0.1	0.4	0.4
Non-trade receivables	20.0	n/a	3.8	26.9	–
Payables to related parties					
Trade payables	42.0	n/a	37.4	29.9	17.6
Non-trade payables	–	n/a	–	5.4	0.1
Purchases and sales from related parties					
Purchases	140.8	113.2	153.8	105.6	92.6
Sales	1.6	1.2	1.5	1.0	0.9
Other income and expense from/to related parties					
Interest income	1.0	1.0	1.1	0.4	1.0
Interest expense	–	–	–	0.1	0.0
Rent income	0.1	0.1	0.1	0.0	0.0
Rent expense	1.8	1.2	1.9	1.2	1.0
Service income	0.0	0.0	0.1	–	0.1
Service expense	2.5	2.1	3.4	3.0	6.6

For more detailed information on transactions with related parties, see note 23 to our IFRS Financial Statements. The following is a brief summary of the main categories of arrangements with related parties.

The Communiqué Regarding the Principles to be Applied to Publicly Held Companies Serial. IV No. 41 applies to related party transactions involving transfers of assets, services or obligations between publicly held companies whose shares are listed on a stock exchange. If the amount of the relevant related party transaction is anticipated to be 10% or greater of either (i) the aggregate of balance sheet assets disclosed in the previous year's financial statements or (ii) total gross sales, then prior to the conclusion of the transaction, a valuation must be carried out in accordance with the valuation standards of the CMB, including an opinion on whether the transaction is occurring on fair market terms which is to be presented to the board of directors. If the board of directors decides to proceed with the transaction, then the shareholders must be informed of the relationship between the parties and the nature of the transaction, they must be provided with a summary of the report and if the transaction is not concluded in line with the results indicated in the appraisal report then they must be informed of the reasons for the difference. The same information shall be submitted to the ISE and disclosed to the public in accordance with the regulations of the CMB. If the company engages in frequent and continuous related party transactions which in the aggregate exceed the 10% threshold described above, then these transactions are also subject to these valuation and disclosure requirements. The distribution of profit, the use of preemptive rights, the compensation of directors and managers as well as related party transactions of REICs for the provision of portfolio management services, investment consultancy services and intermediary services for the sale and purchase of securities are exempt from these appraisal requirements. The CMB is authorized to grant further exemptions or to require the appraisal of exempt transactions.

The CMB is authorized to impose sanctions on publicly traded companies if the transactions they conclude with related parties are not on an arm's length basis. In addition to the sanctions that may be imposed by the CMB on related party transactions, Turkish tax regulations also impose certain sanctions on related party transactions which are governed by the transfer pricing and disguised profit distribution rules.

Service Agreements

We have entered into a "general goods and/or service sale/purchase agreements" with each of Yıldız Holding and Öncü, each valid for one year from January 1, 2010, subject to automatic renewal at the expiration date unless terminated by one of the parties with a 15 days prior notice. On December 31, 2010, we entered into a replacement "general goods and/or service sale/purchase agreement" with each of Yıldız Holding and Öncü, each valid for one year from January 1, 2011.

Under the agreements, Yıldız Holding and Öncü provide us with services upon our request with appropriate prior notification. Under the agreement with Öncü, we obtain corporate management (communication) services which include conduct of our communication strategy, press surveillance and management of relations with the press, managing public opinion, and planning and organizing public relations activities to reach to target groups. Under the agreement with Yıldız Holding, we obtain legal counseling, human resources, data processing, auditing and control, general management and direction services.

Cash Pooling Agreements

On December 31, 2009, we entered into a cash pooling agreement with Yıldız Holding for a one-year term. The agreement was entered into by various Yıldız Holding affiliates to govern intra-group cash holding between the parties. According to the agreement, certain of the Company's cash was held in a current account by the Treasury Unit of Yıldız Holding Group, earning an interest rate at least equal to fair market rates. Upon the receipt of interest, Yıldız Holding provided us with an invoice for our share of interest based on market interest rates. When the agreement expired on December 31, 2010, we did not renew it. Going forward, we intend to hold our cash balances independent of Yıldız Holding.

Lease Agreements

Altunizade Headquarters and Store Lease Agreement

On April 1, 2006, we entered into a sub-lease agreement with Sağlam GYO concerning the premises where our headquarters and our Altunizade store are located. The lease agreement is valid until April 1, 2014. Since April 2010, our rent has been adjustable according to the annual inflation rate. The lease agreement may be unilaterally terminated with three months' prior notice.

Antalya Store Lease Agreement

On June 21, 2007, we entered into a sub-lease agreement with Sağlam GYO concerning the premises where our Antalya store is located. The lease agreement is valid until April 1, 2014. Since April 2010, our rent has been adjustable according to the annual inflation rate. The lease agreement may be unilaterally terminated with three months' prior notice.

Sub-Lease Agreements with Pasifik Tüketim Ürünleri Satış ve Ticaret A.Ş.

We have entered into two sub-lease agreements with Pasifik for a partial lease of the property where the Zeytinburnu store is located. Each party has the right to unilaterally terminate the lease agreement with one month prior notification.

Yıldız Holding Agreements

Yıldız Holding has entered into various agreements from which we derive certain benefits.

Health Services

Yıldız Holding provides health services for certain of our employees, specifically those (i) whose seniority level is an assistant manager or higher, and (ii) who have been working for us for more than ten years or who are older than 45 years.

Agreement with Hisar Sağlık Hizmetleri Eğitim Araştırma ve Tıbbi Cihazlar A.Ş. ("Hisar Intercontinental Hospital")

On June 20, 2008, Yıldız Holding entered into an agreement with Hisar Intercontinental Hospital concerning annual check-up services for Yıldız Holding employees, including our employees. The agreement may be terminated with a written notice in the event of suspension of operations or change in the management of either one of the parties and if not accepted by the other party.

Agreement with Medicalpark Sağlık Hizmetleri A.Ş. Göztepe Şubesi ("Medicalpark Göztepe")

On June 19, 2008, Yıldız Holding entered into an agreement with Medicalpark Göztepe concerning annual check-up services for Yıldız Holding employees, including our employees. The agreement may be terminated with a written notice in the event of suspension of operations or change in the management of either one of the parties and if not accepted by the other party.

Agreement with Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("Acıbadem")

On April 7, 2010, Yıldız Holding entered into an agreement with Acıbadem. The agreement is in force until December 31, 2010 and is automatically renewed for another one year period unless terminated by one of the parties with a 30 days prior notice. The agreement governs treatment of Yıldız Holding employees in certain hospitals in Turkey, including our employees. The agreement may be terminated with a written notice in the event of suspension of operations or change in the management of either one of the parties if not accepted by the other party.

IT Services

On November 5, 2010, Yıldız Holding entered into an agreement with IBM Global Services İş ve Teknoloji Hizmetleri ve Ticaret Ltd. Şti. The agreement is valid until December 31, 2011. Under the agreement, we obtain maintenance and/or upgrade services for the machinery installed and under usage at our stores.

GSM Lines Management Services

On September 1, 2009, Yıldız Holding entered into an agreement with Global İletişim Hizmetleri A.Ş. ("Global İletişim") regarding management services. The agreement was valid for a year but automatically renewed for an additional year, subject to termination by either party with a 30 days prior written notice. Under the agreement, Global İletişim provides us and other Yıldız Holding Group companies with certain services related to GSM lines, including new GSM line purchases, entering into contracts with GSM operators, providing subscriber identity module (SIM) cards and any other related data or material to be provided by GSM operators to the relevant companies, and delivering the invoices of the GSM operators to the relevant companies.

Supplier Contracts and Toll Manufacturing Contracts for Our Private Label Products

Supplier Contracts

We have entered into standard form supplier commercial contracts with Pasifik Tüketim Ürünleri Satış ve Ticaret Ürünleri A.Ş., Esas Pazarlama ve Ticaret A.Ş., Seher Gıda Pazarlama A.Ş., Marsan Gıda Pazarlama A.Ş., Rekor Gıda Pazarlama Sanayi ve Ticaret A.Ş., Komili Temizlik Ürünleri Pazarlama A.Ş., Bahar Su ve Sanayi Ticaret A.Ş., PNS Pendik Sanayi ve Ticaret A.Ş., Natura Gıda Sanayi ve Ticaret A.Ş. Teközel Gıda Temizlik Sağlık Marka Hizmetleri Sanayi ve Ticaret A.Ş., Exper Bilgisayar Sistemleri A.Ş. and Unmaş Unlu Mamüller Sanayi ve Ticaret A.Ş for the supply of non-tobacco products we sell in our stores. The terms of these standard form contracts include commercial provisions regarding payment terms, as well as conditional and unconditional discounts. Unconditional discounts are those under which we are always entitled to the discount, and conditional discounts are those in which the discount we receive is conditional upon achieving certain agreed performance criteria, such as sales volume targets, growth in sales or as a result of promotional activities, new store openings and new product launches. In addition to our standard form supplier commercial contracts, we have entered into our contracts with two of our related party suppliers, Komili and Bahar Su, under which we are entitled to provide written orders to them and reserve the right to cancel or return the purchase order in case of non-delivery, delivery of defective goods and delivery of goods not complying with the quality and quantity requirements specified in the product order. Some of our standard form supplier contracts have expired at the end of 2010, but we expect to renew these contracts for 2011.

Toll Manufacturing Contracts for our Private Label Products

On March 18, 2010, we entered into a standard toll manufacturing contract with Birlik Pazarlama Sanayi ve Ticaret A.Ş., a subsidiary of Yıldız Holding, regarding certain of the private label products we sell in our stores. This toll manufacturing contract has a one year term but will be automatically renewed if neither of the parties provides a one-month prior termination notice before the expiry of its term. We also have a right to unilaterally terminate the agreement with 45-day prior notice, without cause.

Under this agreement, the toll manufacturer is responsible for the production of the products in accordance with the Turkish Food Codex and is obligated to fulfill all obligations arising from all relevant legislation and the mandatory standards set forth by the Turkish Standards Institution. The manufacturer is also liable for all expenses with regard to the raw materials used and the production of goods, and will produce the goods exclusively for us.

IT Services

On July 10, 2009, we entered into an agreement with Datateknik, a subsidiary of Yıldız Holding until December 31, 2010. The agreement was valid until September 30, 2009, but was renewed when neither party terminated. Under the agreement, Datateknik is responsible for the establishment of our entire CRM system and completion of all necessary studies and works related to CRM, including analyzing our customers, products, product categories, stores, reporting about customer visits to our customer representatives, and comparing the customers in terms of segmentation, store, region, endorsement, profitability and basket size.

DESCRIPTION OF OUR SHARE CAPITAL

The following is a description of the rights attaching to our shares, which rights are derived from the TCC, the Capital Markets Law, CMB regulations and our articles of association.

As of the date of incorporation, our initial share capital was TL 5,000. The following table sets forth the changes in our capital during the past five years:

Date of Registration	Capital (TL)	Action
March 3, 2007	15,001,695	Increase*
November 29, 2007	20,000,000	Increase
November 12, 2010	40,000,000	Increase

(*) The capital increase was made because of the merger with Renk Gıda Sanayi ve Ticaret A.Ş.

Our current share capital is TL 40,000,000 divided into 40,000,000 shares each having a nominal value of TL 1.00. Our shares are in bearer form and following the Offering will be registered in the Central Registry in dematerialized form. Our Board of Directors has the right to increase the share capital up to TL 100,000,000 in scope of the authorized capital system.

Term, Object and Purpose

We were incorporated in 2001 as a private company with the trade name Bizim Toplu Tüketim Pazarlama Sanayi ve Ticaret Anonim Şirketi. In 2007, Strategic Investment Fund has acquired 20% of our shares from our primary shareholder, Yıldız Holding. In 2008 Golden Horn Investments B.V. acquired 20% of our shares from Yıldız Holding and became our shareholder.

We are incorporated as a joint stock company under Turkish law and registered with the İstanbul Trade Registry number 455179. Since May 2010, we have been operating under the trade name Bizim Toptan Satış Mağazaları Anonim Şirketi. We are incorporated for a perpetual term.

Pursuant to Article 3 of our articles of association, our primary objective is to engage in retail or wholesale purchase, preparation, packaging, storing and retail or wholesale purchase of goods including but not limited to food and beverages, all sorts of durable consumer goods, garments, all kinds of technological equipment and home and office equipments and establish store chains to meet these objectives. We may also engage in retail or wholesale purchase, sale, exportation, importation and production of all sorts of industrial, agricultural and commercial products and services and engage in the distribution and marketing of tobacco products. The company is also permitted to obtain or provide franchise rights.

Pre-emption Rights

Turkish companies may increase their capital through the issuance of new shares, and such issuance may be in the form of a rights issue or a bonus issue. Holders of shares are entitled to subscribe for new shares in proportion to their respective shareholdings each time the issuer thereof undertakes a capital increase. The boards of directors of Turkish companies generally recommend that new shares be issued at prices equal to their nominal value, which entitles the existing shareholders to subscribe for shares at a significant discount from their current market price. However, such shares also may be issued at prices higher than their nominal values. Absent a General Assembly resolution or, for companies such as Bizim which have adopted the authorized capital system, a resolution of the board of directors stating otherwise, holders of shares may exercise pre-emption rights pro rata to their shareholding. Pre-emption rights entitle holders of shares to the same class of share.

Holders must exercise their pre-emption rights within a subscription period announced by the company, which may not be less than 15 days, nor more than 60 days. Any shares not subscribed by the existing shareholders are sold on the ISE at the market price. Any differences between the rights issue price and the price realized for the shares at the market price accrue to the surplus account of the issuing company.

Pre-emption rights of shareholders may be restricted wholly or in part either (i) by an affirmative vote of the holders of a majority of the outstanding shares at an ordinary or extraordinary general meeting of shareholders or (ii) for companies that have adopted the authorized capital system, by a resolution adopted by the board of directors to such effect, provided that such authority has been conferred upon the board of directors pursuant to the company's articles of association.

Under Turkish law, bonus issues may be undertaken in order to convert all or a portion of the revaluation fund and reserves of a company, distributable profits and profits from the sale of equity participations and fixed assets, into share capital. Shareholders' rights to receive bonus shares may not be restricted.

Dividends

Annual dividends, if any, are calculated and distributed in accordance with our articles of association after setting aside certain reserves prescribed by the TCC.

In accordance with Turkish law, the distribution of profits and the payment of any annual dividend in respect of the preceding financial year will be recommended by our board of directors each year for approval by the shareholders at the annual shareholders' meeting, which must be held within three months following the end of the preceding financial year. Dividends are payable on a date and in the form determined at the annual shareholders' meeting. Each share entitles its holder to a pro rata share of any dividends distributed. According to the requirements of the CMB, listed companies are required to distribute dividends by the end of the fifth month following the end of the preceding financial year. Listed companies have the option to distribute dividends in the form of cash or in the form of bonus shares by retaining the distribution amount or capital to the shareholders, to distribute a combination of cash and bonus shares or not to distribute any cash dividend or bonus shares and include the full amount as legal reserves. Public companies must complete the dividend distribution by the end of the fifth month following the end of the relevant fiscal period.

Under the CMB regulations, the minimum dividend distribution ratio of the public companies determined in the articles of association shall not be less than 20% of the distributable profit calculated in accordance with the relevant CMB regulation. The CMB is authorized to revoke or postpone the obligation to distribute dividends and prior to the announcements of annual ordinary general assemblies of public companies, as a market practice, the CMB annually determines a minimum mandatory rate of dividends to be distributed to shareholders. For 2009, the CMB determined that public companies were not required to pay any mandatory cash dividends with respect to their 2009 profits. As of the date of this Offering Circular, the CMB has not yet determined the minimum mandatory rate of dividends to be distributed for the year ended December 31, 2010. The CMB may, from time to time, change the level of dividends required to be distributed by public companies.

Distributable profits are calculated in accordance with our articles of association after deducting general expenses and depreciation and setting aside legally required reserves, taxes and the previous year's losses, if any, from the revenues for the prior fiscal period. The amount of distributable profits is the lesser of the amounts derived by performing this calculation using (i) our statutory financial statements, which are prepared in accordance with the TCC and Turkish tax legislation and (ii) our accounts prepared in accordance with CMB Principles.

Distributable profits are then allocated in the following order:

- 5% of the distributable profit is allocated to a first legal reserve until the first legal reserve reaches 20% of our paid-in capital;
- from the remaining amount, our articles of association permit us to distribute to our shareholders as a first dividend an amount determined by reference to the mandatory level set by the CMB, as described above;
- the remainder of the distributable profit may be (i) distributed in full or in part as a second dividend or (ii) set aside as year-end profits or as part of the mandatory or other reserves pursuant to a resolution adopted at a meeting of our shareholders; and
- after deducting an amount equal to 5% of our paid-in capital from the amount to be distributed to shareholders and other persons participating in profit, we allocate 10% of the remaining amount as a second legal reserve and add it to the statutory reserve.

Unless and until the statutory funds and other financial obligations required by law are set aside, we cannot resolve (i) to set aside any reserve, (ii) to transfer a dividend to the next year or (iii) to make distributions to the members of our board of directors, managers, employees and foundations or similar institutions established for various purposes.

Pursuant to the Capital Markets Law, public companies may distribute interim dividends in accordance with the following criteria:

(a) interim dividends must be based on quarterly reviewed financial statements prepared in accordance with Turkish tax legislation;

(b) interim dividends cannot exceed 50% of the distributable profits for the relevant interim period: the aggregate amount of interim dividends in one fiscal year cannot exceed the lesser of (x) 50% of distributable profits for the previous fiscal year, or (y) the extraordinary reserves approved by the General Assembly;

(c) any interim dividends previously paid must be deducted from the amount used to calculate any subsequent interim dividend payments within the same fiscal year;

(d) the articles of association of the company must permit the distribution of interim dividends and the General Assembly must authorize the board of directors to declare such distributions for each year that they wish to have interim dividend distributions;

(e) the board of directors must decide on whether to distribute interim dividends within six weeks following the end of the relevant quarter and such decision is required to be disclosed to public; and

(f) holders of privileged classes of shares and any non-shareholders entitled to receive dividends are not allowed to receive interim dividends.

No dividends or additional interim dividends may be distributed until the interim dividends of the previous year are completely set off. As of the date of this Offering Circular, our articles of association permits us to distribute interim dividends.

Under Turkish law, the statute of limitations in respect of dividend payments, including interim dividends, is five years following the date of the General Assembly that approved the distribution, after which time uncollected dividends are transferred to the Treasury.

The CMB, through its decision dated January 18, 2007, requires public companies to submit their dividend distribution policies to their shareholders at the annual shareholders' meeting. Such dividend distribution policies must also be included in public companies' annual reports and announced to the public pursuant to the CMB's Corporate Governance Principles and related communiqués. See "Dividends and Dividend Policy."

Liquidation Rights

Pursuant to the TCC, shareholders of a joint stock company have the right to receive a pro rata share of any proceeds arising from the liquidation of such company. The articles of association, however, may restrict this right of the shareholders. As of the date of this Offering Circular, no privileged rights with regard to any surplus in case of liquidation have been granted to any of our shareholders.

General Assembly

Under the TCC, the General Assembly of a public company shall convene for ordinary meetings and may convene for extraordinary meetings when necessary. Ordinary meetings shall be held at least once per year within three months of the end of each financial year.

The General Assembly convenes upon at least two weeks' prior notice by our chairman of the board of directors to each of our shareholders. Notices including postponements and re-scheduling of the General Assembly meetings and including the agenda of such General Assembly meeting must be published in a nationwide Turkish newspaper determined by us at least 15 days before the date of the meeting.

Pursuant to our articles of association, the General Assembly of our shareholders is to be held at our head office in İstanbul or in any other convenient location in Turkey determined by our board of directors.. Extraordinary meetings may be convened by our board of directors upon the request of shareholders representing at least 5% of our share capital or upon the request of the internal auditor. If the board of directors or the internal auditors do not fulfill such request, such shareholders may ask permission from the court to convene the meeting.

The following matters are required by the TCC to be included in the agenda of each ordinary General Assembly meeting:

- review of the reports of our board of directors and statutory auditors;
- the approval, amendment or rejection of the balance sheet and profit and loss account prepared for the preceding financial year;
- the release of our board of directors from liability in respect of actions taken by them in the preceding financial year;
- the approval of the compensation of the members of our board of directors and statutory auditors; and
- the appointment or re-election of members of our board of directors and our statutory auditors.

Shareholders representing at least 5% of our share capital may, by written notice, require any additional matters to be included on the agenda for discussions at any of our General Assembly meetings. If the board of directors or the internal auditors do not fulfill such request, such shareholders may ask permission from the court to include additional items on the agenda.

Any shareholder holding shares in bearer form wishing to attend our General Assembly meetings in person must deposit its share certificates or its receipt from the Central Registry, evidencing the deposit of the shares, for shares that are held in book-entry form at our head office not less than a week before the date of the meeting in order to obtain an entry permit for that meeting. Any shareholder not wishing to attend a General Assembly meeting in person may appoint another person as a proxy. Under Turkish law, proxies for representation in a General Assembly meeting can only be granted to individuals and cannot be granted to the board of directors of the company.

With respect to our shares which are entered in the book-entry system, the shares owned by the shareholders wishing to attend a General Assembly meeting shall be blocked in the accounts maintained by the Central Registry. The Central Registry prepares a list indicating such shareholders wishing to attend the General Assembly meeting. On the first business day following the General Assembly meeting, the Central Registry automatically releases the blocked shares.

Save where otherwise ordered by the TCC, the presence in person or by proxy of the shareholders representing 25% of the outstanding shares constitutes the meeting quorum at any duly convened ordinary or extraordinary meetings of our General Assembly. If such quorum is not met in the first meeting, no quorum is required for the second meeting, which shall be called for at least 15 days as of the date of the first meeting. Except as otherwise required by law, all actions of the shareholders are taken by affirmative vote of the simple majority of the shareholders present in General Assembly meetings.

Notwithstanding the foregoing, a General Assembly meeting called to consider any of the following matters requires the indicated supermajority quorum:

- Change of the jurisdiction of incorporation, increase in the obligations of the shareholders – attendance and unanimous affirmative decision of shareholders or proxies representing 100% of the share capital is required.
- Dissolution or the changes to the scope of activity of company – attendance of shareholders or proxies representing 66⅔% of the share capital is required. If the first attempt to reach a quorum fails, then the meeting quorum falls to 50% for the second attempt. Decisions are taken by the affirmative vote of the simple majority of the shareholders that are present in the duly convened meeting.
- Issuing debt securities – attendance of shareholders or proxies representing 50% of the share capital is required. If the first attempt to reach a quorum fails, then the meeting quorum falls to 33⅓% for the second attempt.
- All other amendments to the articles of association, including but not limited to, capital increase or capital decrease, approving the sale of all of the assets during a liquidation and issuing debt securities – attendance of shareholders or proxies representing 50% of the share capital is required. If the first attempt to reach a quorum fails, then the meeting quorum falls to 33⅓% for the second attempt. Decisions are taken by the affirmative vote of the simple majority of the shareholders that are present in the duly convened meeting. According to the TCC, resolutions adopted in a duly convened General Assembly meeting shall also be valid and binding on the shareholders who have not attended the meeting.

In addition to the supermajority requirements set forth for amendments to the articles of association, under the CMB regulations for public companies, all amendments to the articles of association of Bizim require an approval of CMB and the Ministry of Commerce and Industry.

Furthermore, under our articles of association, certain decisions of our General Assembly require the attendance of shareholders or proxies representing more than 80% of the share capital provided that Golden Horn Investments B.V. and/or its subsidiaries holds at least 20% of our share capital. These decisions are capital increases, mergers, liquidation or dissolution, restriction of the pre-emption rights of the shareholders and amendments to be to the scope of these certain decisions requiring a supermajority of more than 80% of our share capital. However, if following the Offering, the shareholding of Golden Horn Investments B.V. (which is a Selling Shareholder) and/or its subsidiaries decrease from 20% of our share capital, a supermajority vote will not be necessary for such decisions and the general rules will apply.

According to the TCC, resolutions adopted in a duly convened General Assembly meeting shall also be valid and binding on the shareholders who have not attended the meeting.

Voting Rights

Our shareholders are entitled to one vote per share on all matters submitted to a shareholder vote. Votes in General Assembly meetings are taken by a show of hands.

Transfer of Shares

The transfer of our shares is permitted under our articles of association and must be made in accordance with the relevant legislation. The transfer of our shares is effective upon book-entry registration with accounts maintained by the Central Registry and registration of the transfer to our share ledger.

Turkish law requires non-resident investors to trade Turkish equity securities through a licensed Turkish bank or a licensed brokerage firm. In addition, the CMB regulations require banks or brokerage firms to trade shares of a company listed on a Turkish stock exchange exclusively on such exchange. Accordingly, following the Offering, non-resident investors may transfer our shares only on the ISE, through a licensed bank or a licensed brokerage firm.

Mandatory Offer

If any party or parties acting together acquire management control, such party or parties are required to make an offer to the other shareholders to buy their shares and apply to the CMB within six business days and start the actual offer transactions within 45 business days following the acquisition. Acquisition of management control occurs when a person individually or acting together with others, owns, directly or indirectly, at least 50% of the share capital and voting rights of a company, or, regardless of share capital and voting rights owned directly or indirectly, acquires privileged shares which grant the power to elect directors constituting the simple majority of the board of directors or to nominate such number of directors for election at the General Assembly. Certain share acquisitions are not deemed to result in the acquisition of management control, such as when management control is shared equally between the acquirers and the previous holders of management control, or when shares are transferred within a group of companies controlled by the same person or when the acquisition of at least 50% of share capital is made by persons already having management control by way of their privileged shares. The CMB may grant an exemption from the mandatory offer obligation under certain circumstances.

Protection of Minority Shareholders

Under Turkish law, a minority shareholder in a public company that holds, either as a single shareholder or as a group of shareholders, 5% or more of the company's outstanding share capital has certain rights, including, among others, to require the board of directors:

- to call an extraordinary General Assembly meeting;
- to include a particular matter on the agenda for an ordinary or extraordinary General Assembly;
- to request the appointment of special statutory auditors; and
- to require that the company take action against directors who have violated the TCC or its articles of association or who have otherwise failed to perform their duties.

However, the board of directors may decline such request and in such case, the minority shareholder may initiate a court action.

In 2003, the CMB issued a communiqué regarding cumulative voting principles at shareholders' meetings of public companies. The objective of this communiqué was to enable minority shareholders to elect a representative to the board of directors and to the statutory auditors of their companies. Under normal voting principles, a shareholder is entitled to one vote per share for each director to be elected, and may use that vote only to vote for or against the particular director. Under the principle of cumulative voting, a shareholder may use all the votes to which it is entitled to vote for any one (or more) of the directors. For example, if five directors are to be elected, each shareholder will be entitled to five votes per share. Under normal voting principles the shareholder may cast only one vote for (or against) each of the five directors. Under cumulative voting principles, the shareholder may cast all five votes for a single director or may split the five votes among as many of the five directors as it chooses. As a result, such shareholder would have a better chance to have a candidate elected to the relevant board membership. According to CMB regulations, the articles of association of a public company must contain a clear provision allowing for cumulative voting for the provisions of this communiqué to apply. Currently, our articles of association do not provide for cumulative voting at General Assembly meetings.

Board of Directors

Pursuant to our articles of association and the TCC, our board of directors is responsible for our management. Our articles of association provide for our board to comprise of at least four members appointed by our shareholders, of which two must be independent. Currently, we have one director that has been appointed as independent. We intend to appoint another independent director following the Offering when electing a new board of directors.

One or more board members can be elected to represent each legal entity shareholder. The CMB requires independent directors to have the ability to execute their duties without being influenced under any circumstances. According to the Corporate Governance Principles, to qualify as an independent board member:

- a board member, his or her spouse or other relative may not have had any direct or indirect shareholding relationship with or employment or commercial interest in a company, its subsidiaries, affiliates or any other group company within the last two years;
- a board member may not have been elected to the board of directors as a representative of a certain group of shareholders;
- a board member may not be employed by, or be a member of the management within the past two years in, a separate company, particularly an audit or consultancy firm, which is managing the operations and organization of the company or which is providing significant services and products to the company under a contract;
- a board member may not have been employed by the external auditor of the company or have been included in the external audit process within the last two years;
- a board member, his or her spouse or other relative may not be a controlling shareholder or a shareholder holding more than 5% of the total share capital of the company; and
- a board member may not receive any compensation other than board membership compensation including for attendance and may not hold a shareholding greater than 1% (excluding preferred shares) if such director is a shareholder only for the purposes of performing duties as a director.

If an independent board member is appointed for seven years, his/her independency will cease to exist.

Under Turkish law, directors are required to own at least one share in order to serve on the board of directors. However, if a director is elected to the board of directors as a representative of a legal entity shareholder, such requirement does not apply.

Under Turkish law, directors cannot attend negotiations or vote on matters in which the directors themselves, their spouses or their relatives (up to and including their cousins) have an interest. According to the TCC, members of our board of directors cannot enter into commercial relationships with us or engage in any competing activities, unless permitted by the General Assembly or articles of association. As is customary in Turkey, our articles of association provide that we may enter into commercial transactions with our directors without specific approval from the General Assembly.

Under our articles of association, Golden Horn Investments B.V. is entitled to nominate one board member for appointment by General Assembly provided that Golden Horn Investments B.V. and/or its subsidiaries holds at least 20% of our share capital. If the member nominated by Golden Horn Investments B.V. is not present in the board meeting, a resolution including agenda items not stated in the prior written notice cannot be adopted. However, if following the Offering, the shareholding of Golden Horn Investments B.V (which is a Selling Shareholder) and/or its subsidiaries decrease from 20% of our share capital, Golden Horn Investments B.V. will not be entitled to nominate a board member.

Furthermore, under our articles of association, certain resolutions of our Board of Directors require the attendance and affirmative vote of the board member nominated by Golden Horn Investments B.V. These resolutions are:

- submitting proposals to the General Assembly on the decisions requiring a supermajority of more than 80% of our share capital;
- appointment of the independent auditor;
- decision to restrict the pre-emption rights of the shareholders upon a capital increase and execution of an agreement regarding the sale or transfer of a material asset (having a value of $2,500,000); or
- providing an option for such a transaction and the execution of an agreement to purchase an asset excluding ordinary operations.

However, if following the Offering, the shareholding of Golden Horn Investments B.V (which is a Selling Shareholder) and/or its subsidiaries decrease from 20% of our share capital, the attendance and the affirmative vote of the member nominated by Golden Horn Investments B.V. will not be necessary for such decisions and the general rules will apply.

Recently Enacted Turkish Commercial Code

The new Turkish Commercial Code was enacted by the Turkish Grand National Assembly on January 13, 2011, with an effective date of July 1, 2012. The new code includes several provisions which would significantly impact the rights and obligations of shareholders of joint stock companies and change the management structure of Turkish companies. One of the aims of the new code is to improve corporate governance practices of Turkish corporations, to improve transparency and to ensure that Turkish legislation does not conflict with any relevant EU legislation. Certain key elements of the enacted TCC include, among other things, (i) permitting corporate entities to serve as board members, (ii) single shareholder companies, (iii) increased squeeze-out rights for majority shareholders, (iv) increased minority shareholder rights, such as improved information rights, (v) exit rights in the event of mergers or other corporate restructurings, (vi) rights to initiate actions against spin-offs, (vii) rights to redeem shares for companies to avoid losses up to a certain limit, (viii) the right to appoint independent or institutional representatives as a proxy at the General Assembly and (ix) extensive new requirements for mandatory annual audit reports and selection of audit firms.

Reports to Shareholders

As a public company, we will produce an annual activity report in Turkish, including audited accounts prepared in accordance with the rules and regulations of the CMB. Copies of such report may be obtained on request within 15 days preceding the date of each annual General Assembly meeting as required by Turkish law. In addition, we will prepare an English translation of the activity report following the Offering and will make the translation available to our shareholders upon request. Public companies are also reguired to make public disclosures in the public disclosure platform with regards to the General Assembly meetings and dividend distribution amonths other matters mentioned in "– Disclosure of Special Events" below.

Pursuant to the provisions of the TCC, the balance sheet, the profit and loss account, the annual report and proposals regarding the distribution of profits, as well as the statutory auditors' report, are made available to the shareholders at our head office at least 15 days in advance of a General Assembly meeting. The balance sheet, the profit and loss account and the annual report are to be kept at the disposal of the shareholders at the company's head office for a period of one year from the date of such General Assembly meeting.

We will also prepare unaudited quarterly profit and loss accounts and balance sheets for the first and third quarters and reviewed semi-annual profit and loss account and balance sheets for the first six months of each financial year, which will be available to our shareholders in accordance with ISE regulations and the public disclosure platform.

Disclosure of Special Events

On February 6, 2009, the CMB published a new communiqué numbered VIII/54 on the principles regulating public disclosure of special events (the "Disclosure Communiqué"). The Disclosure Communiqué regulates disclosure requirements for publicly traded companies. With the Disclosure Communiqué, the CMB makes a distinction between "inside information" and "continuous information." Rather than identifying each special event requiring disclosure in the Disclosure Communiqué, the CMB left specific disclosure decisions regarding inside information to the companies' individual discretion on a case-by-case basis. To aid publicly traded companies in applying the new disclosure requirements, the CMB published a supplementary guideline (the "Guideline"), which defines and discusses the disclosure requirements in detail and provides various illustrative examples.

Inside Information

The Disclosure Communiqué requires publicly traded companies to disclose inside information, which is defined as information that (i) is related to a specific event; (ii) may be considered significant or important by an investor in making an investment decision; (iii) is related to events not disclosed to the public; (iv) would provide holders of such information an advantage over others in the sale and purchase of the company's capital markets instruments; and (v) may influence the value of the relevant capital markets instrument or the investment decisions of the company's investors. Examples of inside information provided by the Guideline include, among others:

- material administrative or legal proceedings;
- extraordinary income and profit;
- mergers and acquisitions;
- material changes in the company's financial position;
- material changes related to financial assets such as acquisition or disposal of 10% or more of another company's shares or total voting rights, or addition of profits to the share capital of the company following sale of financial assets;
- acquisition of shares by non-shareholders or shareholders without management control over the company in a manner which would give them management control; and
- change of independent auditors and senior management.

Publicly traded companies may suspend the disclosure of inside information by taking full responsibility for any non-disclosure in order to protect its legitimate interests, provided that (i) such suspension is not misleading; (ii) the company is able to keep any related inside information confidential; and (iii) a written approval of the board of directors, or an officer authorized by the board of directors. Inside information must be publicly disclosed if its confidentiality cannot be preserved.

Continuous Information

The following changes in share ownership or management control in a company must be publicly disclosed under the Disclosure Communiqué by persons conducting the relevant transactions:

- any direct or indirect acquisition of 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, 66⅔% or 75% or more of the issued share capital or voting rights of the company by a person or persons acting together, and thereafter of their transactions in the shares or voting rights of the company when their total number of shares or voting rights of the company falls below such thresholds;
- any direct or indirect acquisition of 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, 66⅔% or 75% or more of the issued share capital or voting rights of the company by investment funds belonging to a founding shareholder, and thereafter of those transactions in the shares or voting rights of the company that cause their total number of shares or voting rights of the company to fall below such thresholds; and
- persons with managerial responsibility in a publicly traded company or persons with close relations to any such persons must publicly disclose their transactions relating to the shares or other capital markets instruments of such company as of the date when the aggregate value of the transactions performed by such persons reach TL 10,000 over a 12-month period.

In addition, companies must publicly disclose the changes in their total number of voting rights or their amount of share capital on the first business day of the month following the change.

Timing of Disclosures

Disclosures regarding (i) changes related to ownership structure and management control; (ii) capital markets instruments attached to shares; and (iii) a company's acquisition of its own shares must be made no later than 9:00 a.m. on the third business day following the occurrence of the event triggering the disclosure requirement. Disclosures regarding other events (including the disclosure of inside information) must be made immediately upon the occurrence or discovery of the relevant event.

Auditors

Statutory Auditors

According to our articles of association, our General Assembly has the right to appoint one to three statutory auditors. Under the TCC, in the event that one of the auditors leaves his duty due to resignation, expiry of term of office, death or ineligibility, the other auditor(s) shall appoint another person to replace him to hold office until the next General Assembly meeting. The duties of statutory auditors are defined in the TCC. They are obliged to take precautions to protect the interests of the company which they are auditing. They may attend meetings of the board of directors, but they may not become directors and have no voting rights.

External Auditors

CMB regulations require us to conduct external audits. The Corporate Governance Principles of the CMB allow the appointment of the same external audit firm for seven consecutive fiscal years, after which a different audit firm must be appointed for at least two fiscal years. For fiscal years ending after January 1, 2011, this requirement will not apply to larger audit firms which fulfill, among other criteria, the conditions of employing at least 75 auditors, 25 of whom must be partners. However, in any case, the same audit partner is not permitted to carry out audit services for the same client company for more than seven consecutive fiscal years, after which another audit partner must be appointed for at least two fiscal years.

Although non-public companies are not required to prepare financial statements in accordance with the CMB principles nor IFRS, according to our articles of association we have historically prepared financial statements in accordance with the IFRS. Pursuant to our articles of association, the independent audit firm will be elected from the "Big Four" audit firms with the affirmative vote of the of the board member nominated by Golden Horn Investments B.V provided that Golden Horn Investments B.V. and/or its subsidiaries holds at least 20% of our share capital. However, if following the Offering, the shareholding of Golden Horn Investments B.V (which is a Selling Shareholder). and/or its subsidiaries decrease from 20% of our share capital, the requirement to select the independent audit firms among the "Big Four" audit firms and the requirement for the affirmative vote of the board member appointed by Golden Horn Investments B.V. will cease to exist.

The Audited Financial Statements have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., member of Deloitte Touche Tohmatsu Limited, independent auditor, as stated in their reports appearing herein.

TURKISH SECURITIES MARKET

The following information has been derived from publicly available information and has not been independently verified by us or the Joint Global Coordinators.

Introduction

There has been an organized securities market in Turkey since 1866, although until the late 1970s the markets had been substantially dormant for many years. In 1981, the Capital Markets Law was enacted, which established the CMB as the main regulatory body with responsibility for supervision and regulation of the Turkish securities markets. The ISE was re-established in 1985 and recommenced operations in early 1986.

The Capital Markets Board

The principal function of the CMB is to assist the development of the securities markets in Turkey and thereby contribute to the efficient allocation of financial resources in the Turkish economy and to ensure adequate protection for investors. The CMB supervises and regulates, among others, public companies, banks and other financial intermediaries, mutual funds, investment corporations, investment consulting firms, real estate appraisal companies and rating firms that offer their services to institutions operating in the capital markets.

As the capital markets regulator, the CMB promulgates regulations relating to Turkish capital markets and the rules which participants in such markets are required to observe. CMB regulations require registration with the CMB of all securities to be publicly offered in Turkey, as well as certain private placements. A prospectus filed with the CMB for registration must include all information reasonably necessary to enable a prospective investor to assess the merits of the issuer and the proposed investment. The CMB may refuse registration in the event that it is not satisfied with the level of disclosure in the prospectus. The type and scope of information required to be disclosed to the public under CMB regulations is considerably less detailed than disclosure requirements in more developed markets such as the United States or the United Kingdom. In connection with its supervisory role, the CMB requires companies subject to its jurisdiction to prepare and publish balance sheets, income statements and annual reports, all of which must be prepared in accordance with accounting principles and standards laid down by the CMB. In addition, unaudited quarterly reports must be filed in respect of each financial period ending in March and September, and a semi-annual report, subject to limited review by the independent auditors, must be filed with the CMB in respect of the first six months of each year. In the event of any special circumstances, such as a merger or acquisition, the CMB may require that additional information be disclosed by a public company or by directors or major shareholders of a public company in order to protect the interests of minority investors. Furthermore, each situation which may have a material effect on the operations and the financial situation of a company participating in the capital markets must be immediately disclosed to the CMB.

The board of the CMB is composed of seven members, one of which is the president and one of which is the vice-president of the CMB. The term of office of the members of the CMB is six years. The members whose terms have expired can be re-appointed.

The quorum for the meetings of the CMB is five, including chairman, and resolutions can be adopted in such meetings with the affirmative votes of the majority of the members present at the meeting. The headquarters of the CMB is located in Ankara, the capital of the Republic of Turkey, and the CMB has an office in İstanbul.

İstanbul Stock Exchange

Governance

The ISE is governed by an Executive Council composed of five members. After nomination by the CMB, the President, who also acts as the chief executive officer, of the Executive Council is appointed by the Government. Four other members of the Executive Council represent the four categories of the ISE members, the investment and the development banks, the corporate banks, the brokerage houses and the CMB-approved securities brokers. The ISE is the only stock exchange in Turkey.

Trading and Settlement

In December 1993, the ISE launched a computerized trading system known as Electronic Purchase and Sale System. The ISE operates two computer dealing rooms at its new premises and approximately 150 brokers are eligible to trade through the auspices of the ISE. The brokers, after receiving orders by telephone, enter positions and transact sales by computer, just as would be done in the treasury departments of most investment banks. Since December 2001, ISE members have also been able to route their orders directly to the ISE automated trading system through interface software, called Ex-API. Through Ex-API, members route the orders (either collected or derived by their own back office systems) directly to the ISE automated trading system and instantaneously receive order and trade confirmations. The electronic communication acts as a sales contract. At the end of each trading session the ISE gives all brokers a breakdown of all the transactions that they have completed.

Updated trading prices for stocks traded on the ISE are conveyed in real time to data vendors such as Bloomberg and Reuters for international dissemination. After each trading session, the ISE publishes a daily bulletin, which sets out for each security, amongst other information, the high and low sales price, the closing sales price, trading volume and weighted average sales price. The information contained in the bulletin is customarily extracted and published on the following day in major newspapers in Turkey. All transactions are on a cash basis and settlement must take place on the second business day after the execution of a trade. Most equity securities traded on the ISE are in bearer form. In practice, shares in registered form, which are traded on the ISE are represented by share certificates endorsed in blank, enabling such shares to be transferred as if they were in bearer form.

Trading on the ISE is conducted on each business day in Turkey, with the morning session taking place from 9:30 a.m. to 12:30 p.m., and the afternoon session taking place from 2:00 p.m. to 5:30 p.m. İstanbul time. There are currently eight markets on the ISE. The first is the National Market, which includes all the companies that comply with the listing requirements set by the ISE. Shares of 100 companies chosen from this market form the ISE National 100 index. The second market is the Second National Market, which has been formed to provide capital to companies that cannot meet the quotation conditions set by the ISE and to small and medium sized companies with growth potential. The third market is the New Economy Market, which has been formed in order to allow companies in telecommunications, information, electronics, Internet, computers and other technology sectors to raise capital. The fourth market is the Watch List Companies Market, which is for companies under special surveillance and investigation due to extraordinary situations with respect to stock transactions on the ISE. The fifth market is the Wholesale Market permitting the block sale of stocks which are traded on the National Market and the Second National Market, as well as those which are not traded on the ISE, through capital increase or sale of shares held by existing shareholders to predetermined or unidentified buyers. In the Wholesale Market, the session takes place on each business day between 11:00 a.m. and noon. The sixth market is the Primary Market which includes the shares of companies being publicly offered and trading for the first time in the ISE and the additional shares offered following rights offerings of companies trading on the ISE. The seventh market is the Corporate Products Market where the participation notes of investment funds and the shares of venture capital investment companies, real estate investment companies and capital market investment companies are traded and the intermediary institution warrants will be traded. The final market is the Funds Markets where Stock Exchange Investment Funds and Type A Investment Fund Participation Certificates are traded.

The ISE was closed on December 30, 2004 and December 31, 2004 in order to enable its members to carry out necessary preparations relating to the introduction of the Turkish Lira. Based on an ISE decision, in line with the implementation of the Turkish Lira, all arrangements based on TL 1,000,000 (nominal) = 1,000 shares = 1 lot were amended to TL 1.00 (nominal) = 1 share = 1 lot.

Turkish capital markets legislation requires shares of a company listed on a Turkish securities exchange to be traded exclusively on that exchange. The CMB has announced that this requirement applies only to brokerage firms licensed to trade on the stock exchange and to orders placed with them by investors; transfers between principals that do not involve a public offering may be transacted outside a stock exchange. However, as Turkish foreign exchange legislation requires non-resident investors to execute their trades in listed securities through a duly licensed brokerage firm or a bank, the exemption may be limited in scope as a practical matter.

Dematerialization of Shares and the Central Registry

Since November 2005, shares traded on the ISE and physically held by İMKB Takas ve Saklama Bankası A.Ş., the central securities depositary of Turkey, have been dematerialized in their entirety and are now held through the Central Registry, a private entity owned by various market participants and regulated by the CMB. Newly issued shares are no longer printed but entered into the book-entry system of the Central Registry.

Trading Prices and Fluctuations

Trading prices for securities listed on the ISE are generally limited to a daily range established by the ISE. Accordingly, traders are not permitted to place orders at prices which are 10% higher or 10% lower than the base price of the relevant security for the preceding trading session. The base price is the price, which is taken as the basis for determining the highest and lowest price limits within which the stock may be traded in one trading session. The base price is determined by rounding to the nearest price step the average weighted price at which trades were realized and recorded in the immediately preceding trading session. The stock market director, however, may double, and the chairman of the ISE may lift, the limits for a particular trading session either ex officio or upon application by a certain number of exchange members. In the absence of such actions by ISE officials, price fluctuations of stocks traded on the ISE must be within the range established for each session. If required by extraordinary adverse circumstances, the chairman of the ISE may suspend trading in any listed security for up to seven days and suspend operations of the ISE entirely for a period of up to three days. The CMB may suspend the operations of the ISE for a period of up to 15 days upon the request of the Executive Council, and the relevant Minister of State may order a suspension of up to one month upon the request of the CMB. Only the Council of Ministers of Turkey may suspend the operations of the ISE for a period exceeding one month. Since the ISE recommenced operations in 1986, its operations have been suspended four times: first, due to the 1999 earthquake for six working days (August 17, 1999 to August 24, 1999); second, after the terrorist attacks of September 11, 2001, for one day; third, following the terrorist attacks in İstanbul on November 11, 2003, for two days; and fourth, for preparations relating to the introduction of the Turkish Lira on December 30, 2004, for two days.

Listing Requirements

The ISE requires that a company meet certain profitability and minimum shareholding standards as a condition to listing securities on the ISE. Certain important listing requirements for securities are set out below:

- The last three calendar years annual and the latest quarterly financial statements must have been independently audited and, for group companies, consolidated financial statements must have been prepared.
- A minimum of three calendar years must have elapsed since the company's incorporation and the financial statements for the last three calendar years should be available.
- The company must have earned profits before taxes in the last two consecutive years (in the previous year if the market value of the offered shares is at least TL 45 million or the ratio of the nominal value of the publicly offered shares to the paid-in or issued capital is at least 35%) (this amount is increased by the Executive Council of the ISE in accordance with the revaluation rate that is announced annually).
- The company's minimum net equity must be TL 16 million as shown in its latest independently audited balance sheet (this amount is increased by the Executive Council of the ISE in accordance with the revaluation rate that is announced annually).
- The free float rate must be a minimum of 25% (the free float rate can be less than 25% if the market value of the offered shares amounts to a minimum of TL 45 million) and the market value of the offered shares must amount to a minimum of TL 24 million (this amount is increased by the Executive Council of the ISE in accordance with the revaluation rate that is announced annually).
- The Executive Council must have had the company's financial situation examined and accepted its ability to continue as a going concern.
- The articles of association should not include any provision limiting the transfer and trading of the security or any provision preventing a shareholder from exercising his or her rights.

- There should not be any material legal dispute which will affect the production and activity of the corporation.
- The company should not have stopped production for more than three months within the last year for reasons other than those that are acceptable by the Executive Council of the ISE and there should not be any requests or proceedings for the liquidation or arrangements in bankruptcy of the corporation or any other related process identified by the ISE.
- The securities must comply with the ISE Executive Council's criteria of current and possible trading volume in the market.
- It must be documented that the establishment and activities of the corporation and the legal status of the share certificates comply with the legislation to which they are subject.

Public Disclosure Platform

All listed companies are required to disclose their financial statements, explanatory notes, material events and all other disclosures through the "Public Disclosure Platform" (*Kamuyu Aydınlatma Platformu*) (valid from 1 June 2009) which is an electronic system developed jointly by the CMB, the ISE and TUBITAK (The Scientific and Technological Research Council of Turkey) that uses internet and electronic signature technologies. The system is operated and managed by the ISE. Pursuant to the resolutions of CMB and ISE, the transition period for the "Public Disclosure Platform" has ended on December 31, 2009.

The system enables all users to access both current and past notifications of a listed company, to obtain current announcements and up-to-date general information about listed companies in an open and timely manner and to make basic comparisons among and analysis of listed companies. The internet address of the system is www.kap.gov.tr. While for the time being the website is only in Turkish, an English version is being developed.

Disclosure Requirements

In addition to the reporting requirements of the CMB, companies whose shares are listed on the ISE are required to comply with the information and disclosure requirements of the ISE. There are two types of disclosure requirements, one relating to financial statements and the other relating to special situations. Disclosure requirements regarding financial statements are set out below:

Financial statements must be presented on a quarterly basis according to CMB standards.

- Audited year-end financial statements and reports prepared in accordance with CMB accounting standards must be submitted to the ISE within a period of ten weeks following the end of the accounting period (if companies are required to submit consolidated financial statements, the period extends to 14 weeks following the end of the accounting period),
- Reviewed six-month results must be submitted to the ISE within six weeks following the end of the accounting period (if companies are required to submit consolidated financial statements, the period is extended to eight weeks following the end of the accounting period),
- Unaudited first quarter and third quarter financial statements must be submitted within four weeks (six weeks for banks and companies preparing consolidated financial statements) following the end of the accounting period. If the first and third quarter financial statements are independently audited, then such financial statements must be submitted within six weeks and eight weeks, respectively, for companies preparing unconsolidated and consolidated financial statements.

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 as an alternative, application of accounting standards prescribed by the IASB and the IFRIC will also be considered to be compliant with CMB accounting standards. However, on March 17, 2005, the CMB issued a resolution and declared that the application of inflation accounting is no longer required for companies operating in Turkey. Reporting in accordance with CMB accounting standards became effective from January 1, 2005.

Disclosure of Special Events

See "Description of Our Share Capital – Disclosure of Special Events."

Disclosure of Beneficial Interests in Shares

Persons becoming direct or indirect holders of 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, 66⅔% or 75% or more of the issued share capital or voting rights of a public company in Turkey are required to notify the ISE of the such acquisition and, thereafter, to notify the ISE of their transactions in the shares or voting rights of the public company when the total number of the shares or voting rights traded falls below or exceeds these thresholds. The name of the investor, date of the transaction, the nominal value of the shares subject to transaction and the value of the transaction, the ratio of the shares in the capital of the public company prior to and following the transaction should be included in the notice sent to ISE. The notices sent to ISE are made public through the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*), through its website.

Insider Trading

Insider trading is defined in the Capital Markets Law as benefiting from, or permitting others to benefit from, or avoiding losses through, or enabling others to avoid losses through, the use of non-public information which may affect the value of securities. Benefiting from non-public information is the essential component for this crime. For an act to constitute an insider trading violation, the information must be utilized in a manner which provides an unfair advantage over other investors. Insider trading violations are punishable by prison terms of two to five years and by fines ranging from TL 100,000 to TL 1,000,000. However, the minimum monetary fine imposed may not be less than three times the monetary benefit obtained through such actions. Also administrative fines may be prescribed by the CMB ranging from TL 17,170 to TL 114,464. Activities such as market manipulation, disseminating misleading information and engaging in activities unauthorized by the CMB are also punishable by the same penalties applicable to insider trading. Notwithstanding these sanctions, the effectiveness of this legislation depends largely on the extent to which its provisions are observed by intermediaries and investors and enforced by the CMB. To the extent these provisions are not observed or enforced, prices of securities traded on the ISE may be affected by trading based on material non-public information. Recently, a number of court decisions have imposed insider trading sanctions.

Market Volatility

The ISE is also a highly volatile market, and the ISE-100 has fluctuated between U.S. cent 0.51 to U.S. cent 4.71 from January 1, 2002 to December 31, 2009. Trading on the ISE has traditionally been characterized by a high degree of short-term speculative trading, which is at least partially attributable to the relatively underdeveloped institutional investor base in Turkey and to the relatively small (but growing) size of the retail investor base, which is composed of mainly high net worth individuals. The average daily trading volume in the shares of the ten most traded companies on the ISE was TL 427,562 thousand during 2004, TL 437,760 thousand during 2005, TL 556 million during 2006, TL 705 million during 2007, TL 740 million during 2008 and TL 535 million during 2009.

As of December 31, 2010, 347 Turkish companies were listed on the ISE and a total of three classes of shares of those companies were regularly traded (six companies and classes of shares were suspended from trading). As at December 31, 2010, the total market capitalization of all companies with equity securities regularly traded on the ISE was approximately TL 473 billion. The average daily trading value of the stocks of all companies whose shares were listed on the ISE was approximately TL 837,040 thousand in 2004, TL 1,045 million in 2005, TL 1,278 million in 2006, TL 1,539 million in 2007, TL 1,328 million in 2008, TL 1,895 million in 2009 and TL 2,452 million. The free float market capitalization of shares listed on the ISE is approximately TL 119,319 million, with approximately 66% of this amount held by persons or institutions not resident in Turkey as of December 31, 2010.

A disproportionately large percentage of the market capitalization and trading value of the ISE is represented by a small number of listed companies that are mainly listed on the ISE 30 Index. The total market capitalization of the companies trading on the ISE-30 index at December 31, 2007 was TL 241 billion, representing approximately 69% of the market capitalization of all companies trading on the ISE as of such date. As of December 31, 2010, the combined market capitalization of the ten companies with the greatest market capitalizations whose shares regularly trade on the ISE was approximately TL 233 billion, which represented approximately 49% of the market capitalization of all companies regularly trading on the ISE as of such date.

In 1997, the ISE began to calculate a new series of stock market indices. The 12 major indices are listed below:

- the National-All Shares index, which is composed of all National Market companies except investment trusts;
- the ISE National-30, which is composed of the 30 largest National Market companies based, in part, on market and trading values;
- the ISE National-50, which is composed of the 50 largest National Market companies based, in part, on market and trading values except investment trusts;
- the ISE National-100, which has been calculated since the inception of the ISE and is composed of the 100 largest National Market companies in terms of market and trading values;
- the ISE National Industrials Index, which is a sectorial index composed of food, beverage; textile, leather, wood, paper, printing, chemical, petroleum, plastic, non-metal mineral products, basic metals, metal products and machinery manufacturers;
- the ISE National Services Index, which is a sectorial index composed of electricity, transportation, tourism, wholesale and retail trade, telecommunications and sports companies;
- the ISE National Financials Index, which is a sectorial index composed of banks, insurance, leasing, factoring, holding and investment, and real estate investment trust companies;
- the ISE National Technology Index, which is a sectorial index composed of information technology and defense companies;
- the ISE Investment Trusts Index, which is a sectorial index composed of investment trust companies;
- the ISE Second National Index, which comprises companies trading on the Second National Market;
- the ISE New Economy Index, which is a sectorial index composed of companies trading in the new economy market; and
- the Corporate Governance Index, which is composed of companies voluntarily complying with the Corporate Governance Principles of the CMB.

All of the indices are weighted by the publicly-held portion of each constituent company and, for the convenience of foreign investors, are also computed and maintained in U.S. dollar terms. The composition of the ISE National-30 and ISE National-100 are adjusted quarterly, on the first trading day of January, April, July and October. In order to be included in the ISE National-30, at the end of the evaluation period, the market value of a stock must be greater than the median market value of all stocks traded in the National Market (among the top 75% in the case of the ISE National-100), and the daily average traded value of the stock, excluding primary, special and block sales, must be greater than the median daily average traded value of the National Market (among the top 75% in the case of the ISE National-100). The ISE indices are displayed on the screens of various domestic and international data vendors.

The total trading value of the ISE between 2007 and 2009 was an average of $291,416 million per year and ranged from $260,679 million in 2008 to $312,729 million in 2009. The average daily trading value between 2007 and 2009 was an average of $1,107 million per quarter and ranged from $394 million in 2007 to $1,519 million in 2009 on to $1,548 million in 2010.

The following table sets forth, for each period indicated, the number of trading days on the ISE during such period, the total trading value during such period and the average daily trading value during such period, in both nominal Turkish Lira and U.S. dollars:

Period	Number of Trading Days	Total Trading Value	Average Daily Trading Value	
		(in $ millions)	(in nominal TL)	(in $ millions)
2000				
1st quarter	58	62,647	603,507,084	1,080
2nd quarter	64	50,881	481,369,487	795
3rd quarter	64	31,058	312,889,366	485
4th quarter	60	37,347	422,156,984	622
2001				
1st quarter	59	24,208	306,960,209	410
2nd quarter	64	24,246	433,225,336	379
3rd quarter	63	11,737	256,532,949	186
4th quarter	62	20,209	491,615,874	326
2002				
1st quarter	60	18,670	421,388,660	311
2nd quarter	64	13,432	289,081,644	210
3rd quarter	65	12,436	314,713,025	191
4th quarter	63	26,219	667,642,086	416
2003				
1st quarter	58	13,487	382,011,381	233
2nd quarter	63	20,926	502,601,213	332
3rd quarter	66	21,878	457,656,581	331
4th quarter	59	43,875	1,061,340,604	744
2004				
1st quarter	60	45,346	1,003,955,937	757
2nd quarter	63	28,814	654,305,579	457
3rd quarter	65	33,648	763,787,015	518
4th quarter	61	39,857	939,642,324	653
2005				
1st quarter	62	54,910	1,168,591,716	886
2nd quarter	64	35,376	749,257,673	553
3rd quarter	65	53,530	1,097,846,225	824
4th quarter	63	57,947	1,240,731,915	920
2006				
1st quarter	60	74,208	1,638,098,413	1,238
2nd quarter	64	63,707	1,439,764,859	997
3rd quarter	64	42,656	1,040,419,012	698
4th quarter	65	47,071	1,104,734,309	763
2007				
1st quarter	62	62,427	1,415,092,902	1,001
2nd quarter	64	63,610	1,325,491,144	394
3rd quarter	64	90,040	1,796,812,313	1,407
4th quarter	62	84,765	1,619,658,098	1,367
2008				
1st quarter	63	79,777	1,514,261,653	1,266
2nd quarter	63	63,315	1,264,390,542	1,005
3rd quarter	65	69,602	1,290,009,547	1,071
4th quarter	59	47,984	1,243,723,397	813
2009				
1st quarter	63	42,438	1,108,713,532	674
2nd quarter	62	85,346	2,146,608,594	1,377
3rd quarter	64	89,269	2,077,581,827	1,395
4th quarter	63	95,677	2,246,612,558	1,519
2010				
1st quarter	63	175,589	2,787,133,957	1,860
2nd quarter	63	97,205	2,411,438,775	1,580
3rd quarter	63	80,309	1,924,980,590	1,280
4th quarter	61	112,403	2,683,352,672	1,843

The following table sets forth, for each of the quarters indicated, the ISE National-100 Index on the first business day of each quarter, the lowest and highest levels of the ISE National-100 Index during such quarter, the ISE National Industrials Index on the first business day of such quarter and the lowest and highest levels of the ISE National Industrials Index during such quarter, in both nominal Turkish Lira and U.S. cents:

	ISE National-100 Index						ISE National-Industrial Index					
	First Business Day of Quarter		Low During Quarter		High During Quarter		First Business Day of Quarter		Low During Quarter		High During Quarter	
	(TL)	(cents)	(TL)	(cents)	(TL)	(cents)	(TL)	(cents)	(TL)	(cents)	(TL)	(cents)
2002												
1st quarter	14,078	0.98	10,594	0.78	15,000	1.08	11,578	0.80	8,985	0.66	12,409	0.89
2nd quarter	11,622	0.87	8,627	0.53	12,606	0.97	9,385	0.70	8,234	0.51	9,960	0.77
3rd quarter	9,565	0.61	8,748	0.53	10,782	0.65	9,017	0.57	8,532	0.52	10,242	0.62
4th quarter	9,057	0.55	8,809	0.54	14,058	0.89	8,736	0.53	8,644	0.53	13,183	0.84
2003												
1st quarter	10,599	0.64	8,893	0.51	11,775	0.73	10,100	0.61	9,055	0.52	11,394	0.70
2nd quarter	9,774	0.58	9,774	0.58	11,579	0.82	10,018	0.59	10,018	0.59	12,062	0.77
3rd quarter	10,750	0.77	10,352	0.74	14,031	1.04	10,803	0.77	10,405	0.74	13,372	0.99
4th quarter	13,444	0.97	13,444	0.97	18,625	1.34	12,800	0.92	12,800	0.92	16,299	1.17
2004												
1st quarter	19,148	1.38	16,966	1.27	20,887	1.59	16,651	1.20	15,207	1.15	18,376	1.40
2nd quarter	20,322	1.56	15,922	1.04	20,485	1.57	18,193	1.39	14,586	0.96	18,401	1.41
3rd quarter	18,290	1.25	18,077	1.26	22,307	1.50	15,807	1.08	15,690	1.09	19,900	1.33
4th quarter	21,723	1.45	21,613	1.44	24,972	1.85	19,626	1.31	19,589	1.31	21,375	1.46
2005												
1st quarter	25,445	1.90	24,423	1.77	28,396	2.22	21,046	1.57	20,399	1.48	23,385	1.83
2nd quarter	25,741	1.92	23,286	1.70	27,136	2.02	21,586	1.61	18,820	1.37	22,129	1.65
3rd quarter	27,617	2.08	27,378	2.04	33,864	2.54	22,195	1.67	22,108	1.65	27,489	2.06
4th quarter	34,301	2.53	30,767	2.25	39,837	2.96	26,915	1.99	24,740	1.84	31,290	2.33
2006												
1st quarter	39,791	2.96	39,791	2.96	47,729	3.64	30,938	2.30	30,938	2.30	35,245	2.70
2nd quarter	44,028	3.29	31,951	1.90	44,284	3.44	33,289	2.49	32,753	1.54	34,351	2.67
3rd quarter	35,456	2.26	32,702	2.06	38,433	2.66	28,168	1.80	26,284	1.76	30,000	2.08
4th quarter	36,983	2.45	36,389	2.41	40,683	2.84	28,075	1.86	27,838	1.85	31,467	2.22
2007												
1st quarter	39,006	2.77	36,630	2.54	44,253	3.21	30,790	2.19	29,352	2.03	35,689	2.59
2nd quarter	43,542	3.15	48,570	3.67	43,116	3.13	35,454	2.57	33,801	2.48	39,004	2.96
3rd quarter	47,731	3.68	56,310	4.56	43,291	3.13	38,252	2.95	34,580	2.50	42,222	3.49
4th quarter	54,198	4.52	58,864	5.03	50,940	4.20	41,470	3.46	37,796	3.12	42,880	3.64
2008												
1st quarter	54,708	4.71	39,015	2.99	54,708	4.71	4,220	3.46	32,022	2.55	40,220	3.47
2nd quarter	40,674	3.09	34,864	2.86	43,996	3.51	34,259	2.60	32,799	2.49	38,275	3.12
3rd quarter	33,208	2.70	30,971	2.43	43,602	3.80	31,341	2.55	25,542	2.00	37,074	3.23
4th quarter	39,457	3.35	20,912	1.23	36,051	2.77	33,090	2.81	16,546	0.98	28,573	2.20
2009												
1st quarter	27,006	1.77	22,583	1.26	28,733	1.90	20,140	1.32	18,101	1.05	21,196	1.40
2nd quarter	25,944	1.58	25,558	1.55	37,719	2.47	20,124	1.22	19,774	1.21	28,255	1.85
3rd quarter	37,246	2.44	36,262	2.34	48,990	3.32	28,066	1.84	27,032	1.74	35,812	2.42
4th quarter	46,936	3.13	44,679	3.00	53,155	3.58	33,908	2.26	32,550	2.19	37,951	2.60
2010												
1st quarter	53,368	3.60	48,080	3.09	55,911	3.80	38,454	2.60	37,145	2.98	41,799	2.87
2nd quarter	57,708	3.82	51,757	3.26	59,772	4.06	43,089	2.85	38,840	2.45	44,872	3.04
3rd quarter	54,534	3.46	53,911	3.42	66,122	4.58	40,866	2.59	40,453	2.57	49,055	3.40
4th quarter	64,883	4.48	62,437	3.97	71,777	5.07	48,861	3.38	47,483	3.15	52,911	3.44

FOREIGN INVESTMENT AND EXCHANGE CONTROLS

Until the promulgation of Decrees 28 and 30 on the Protection of the Value of the Turkish Currency in 1983, which granted Turkish citizens limited rights to hold and trade foreign currencies, Turkish exchange regulations strictly controlled exchange movements. After the establishment of a foreign exchange market in August 1988, the exchange rate of the Turkish Lira began to be determined by market forces, and, today, banks in Turkey set their own foreign exchange rates independently of those announced by the Central Bank. Pursuant to Decree 32, issued in August 1989 and amended in June 1991 and February 2008, the Government abolished restrictions on the convertibility of the Turkish Lira by facilitating exchange of the proceeds of transactions in Turkish securities by foreign investors, enabling Turkish citizens to purchase securities on foreign securities exchanges, permitting residents and non-residents to buy foreign exchange without limitation and to transfer such foreign exchange abroad, and permitting Turkish companies to invest abroad, without ministerial approval.

Decree 32 provides that persons not resident in Turkey may purchase and sell shares of Turkish companies provided that such transactions are effected through a bank or broker authorized under applicable legislation and the relevant gains and the purchase price are transferred via a bank licensed in Turkey. Decree 32 further provides that a non-resident person may freely repatriate dividends received and proceeds of their sale in respect of such shares. Decree 32 requires that the dividends received and the proceeds of sale of the shares be transferred through Turkish banks.

Law No. 4875 requires a public Turkish company to notify the Foreign Investment Directorate in the event non-resident holders acquire 10% or more of the share capital or voting rights of such public company. Also, the Communiqué on the Disclosure of Special Events (Serial: VIII; No:54) of the CMB requires shareholders that become direct or indirect holders of 5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, 66⅔% or 75% or more of the issued share capital or voting rights of a public company in Turkey must disclose this information through public disclosure platfrorm in relation to such acquisition and of their subsequent transactions in the shares or voting rights of such company until the total number of shares or voting rights of such public company traded falls below such thresholds. The name of the investor, date of the transaction, the nominal value of the shares subject to transaction and the value of the transaction, the ratio of the shares in the capital of the public company prior to and following the transaction should be included in the notice sent to ISE. The notices sent to ISE are made public through the Public Disclosure Platform (*Kamuyu Aydınlatma Platformu*), through its website.

TAXATION

The following discussion is a summary of certain Turkish and United States tax considerations relating to an investment in the Shares. The discussion is based on current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Shares. You should consult your own tax advisors concerning the tax consequences of your particular situation. The discussion is based upon laws and relevant interpretations thereof in effect as of the date of this Offering Circular, all of which are subject to change, possibly with retroactive effect.

Turkish Taxation

Tax Status of Shareholders

Under Turkish income tax laws, there are two types of tax status in determination of income tax liabilities of taxpayers. Those who are residents in Turkey ("Residents") are liable to Turkish income taxation on their worldwide income. Those who are not residents in Turkey ("Non-Residents") are subject to Turkish income taxation on their income sourced in Turkey only.

Real persons are considered Residents in Turkey, if, (i) they are domiciled in Turkey in accordance with the Turkish Civil Code, or, (ii) they stay in Turkey for more than six months in a calendar year. Real persons are considered Non-Residents if they are not Residents.

Legal persons are treated as Residents in Turkey if they are incorporated in Turkey under relevant Turkish laws, or, if their effective places of management are in Turkey despite they are incorporated outside Turkey. Legal persons are considered Non-Residents in the case that neither they are incorporated in Turkey nor their effective places of management are in Turkey.

As far as the dividend income is concerned, it is considered Turkish source income where the capital is invested in Turkey. As for the capital gains, they are treated as Turkish source income if the transaction leading to the gains is concluded in Turkey, or, the payment for consideration is made in Turkey, or, the payment is accounted for in Turkey even the payment is made outside Turkey.

Dividends to be paid under the Shares and capital gains to arise upon disposal of the Shares at the ISE will be considered as Turkish source income.

Taxation of Dividends

Resident Shareholders – Real Persons

One-half of the dividends received from a Turkish resident corporation is exempt from Turkish individual income taxation in accordance with Article 22/2 of The Turkish Income Tax Law 193 ("The Law 193"). Where the taxable dividends in a year exceed a ceiling (TL 22 thousand for 2010), an annual income tax return is required to be filed for all taxable dividends. Individual income tax rates vary from 15% to 35%, based on a progressive income tax tariff.

Bonus shares, issued by a Turkish corporation due to increase of share capital by using the profits instead of a dividend distribution, are not considered earned dividend income and therefore they are not subject to filing requirements.

Resident Shareholders – Corporate Taxpayers

Dividends received from another Turkish resident corporation are exempt from Turkish corporate income taxation in the hands of the recipient shareholder (The Law 5520, Article 5/1-a-1).

Non-Resident Shareholders

Withholding tax applied at source on income from movable capital invested into Turkey (*i.e.*, interest, dividends, and alike) is normally a final Turkish tax for Non-Residents. Turkish source income which has not been taxed as such is subject to taxation in Turkey through filing by the Non-Residents.

Where the shares are held by a non-resident corporation through a permanent establishment in Turkey, taxation of dividends from a Turkish corporation is subject to the same rules governing the taxation of Turkish resident corporations.

The current rate of withholding tax in Turkey is 15% for both non-resident individuals and entities.

Taxation of Capital Gains

Until the end of 2015, taxation of the capital gains arising from the disposal of shares traded at the ISE will be governed by Temporary Article 67 of the Law 193 (Tem.Art 67).

Tem.Art 67 envisages a withholding tax mechanism whereby intermediary banks and brokerage firms operating in Turkey are held responsible for implementing the withholding tax on the capital gains arising from sale of shares through those banks and brokerage firms. For Non-Resident investors of the Shares, the responsibility for the withholding tax will normally be with their custodians in Turkey.

Statutory withholding tax rate is 15%. Nevertheless, due to a change made in the Tem.Art 67 in 2006 by the Code 5527, the rate of withholding tax on the capital gains for Non-Residents is zero percent, whereas, due to the Government Decree 2006/10731, it is also zero percent for Residents to an extend that gains are due to disposal of shares traded at the ISE. The rate of withholding tax on capital gains of Turkish securities investment funds, pension funds, and Turkish securities investment corporations are also zero percent under the Government Decree 2006/10731.

The withholding tax paid, albeit at zero percent currently, at the level of intermediary banks or brokerage houses, including the custodians in Turkey, is a final Turkish tax for Non-Residents, provided that the gains are not related to the shares that are held through their permanent establishments in Turkey.

The withholding tax is also a final tax for individual investors who are Residents in Turkey. They may file voluntarily a special tax return on annual basis if they wish to offset capital losses arising from sale of a capital market instrument against capital gains from another capital market instrument, provided that capital market instruments are the same type of instruments (*i.e.* fixed income securities, variable income securities, etc.). Capital losses of a year may not be carried forward.

Where the shares are held as business asset by individual investors resident in Turkey, the interest income and the gains will be subject to full Turkish income taxation through annual filing with a tax credit for the withholding tax.

Corporate taxpayers who are Residents in Turkey will be subject to corporate income taxation in the usual manner, for their gains arising from disposal of the shares with a tax credit for the withholding tax, if any. The same treatment will be valid for Non-Resident corporate taxpayers who hold and sell the shares through their permanent establishments in Turkey.

Investors are urged to consider that the Turkish Constitutional Court ruled, as of January 2010, that the zero percent taxation for Non-Residents was unconstitutional on the basis of tax equality and provided a 9-month cure period. Based on this, the Turkish Parliament has passed the Law 6009 under which, generally, the rate of withholding tax will be zero percent for corporate investors (Resident or Non-Residents). The change by 6009 will become effective as of October 1, 2010. On the other hand, the Government is authorized to regulate and amend the rates applicable under the Tem.Art 67 at any time. Therefore, there can be no guarantee that the zero percent withholding tax will be maintained in the future.

Note that if the rate is increased above zero percent in the future, Non-Resident real persons may voluntarily file a special tax return on annual basis to be able to offset capital losses arising from sale of capital market instrument against capital gains of another sale, provided that the assets sold are in the same category for that purpose (*i.e.*, fixed income securities, variable income securities, etc.). Capital losses of a year may not be carried forward.

Taxation of Investment and Mutual Funds

As of January 1, 2006, non-resident investment funds will be subject to same taxation principles as other Non-Resident entities.

Turkish Tax Treaties

Turkey has double taxation treaties in effect with certain countries. Many of these treaties provide, subject to a one-year holding period, for non-taxation in Turkey of capital gains on the Shares. Additionally, some treaties provide an exemption regardless of the length of the holding period for capital gains derived by residents of these countries as a result of sale of the shares of a Turkish corporation to a Turkish resident, provided that the shares are quoted on the ISE. As of September 30, 2010, Turkey has relevant double taxation treaties in effect with the following countries:

Albania	Georgia	Macedonia	South African Republic
Algeria	Germany	Malaysia	South Korea
Austria	Greece	Moldova	Spain
Azerbaijan	Hungary	Mongolia	Sudan
Bahrain	India	Morocco	Sweden
Bangladesh	Indonesia	The Netherlands	Syria
Belarus	Iran	Norway	Tajikistan
Belgium	Ireland	Oman	Thailand
Bosnia and Herzegovina	Israel	Pakistan	Tunisia
Bulgaria	Italy	Poland	Turkmenistan
China	Japan	Portugal	Turkish Republic of Northern Cyprus
Croatia	Jordan	Qatar	Ukraine
Czech Republic	Kazakhstan	Romania	United Arab Emirates
Denmark	Kuwait	Russian Federation	United Kingdom
Estonia	Kyrgyzstan	Saudi Arabia	United States of America
Egypt	Latvia	Serbia	Uzbekistan
Ethiopia	Lebanon	Singapore	Yemen
Finland	Lithuania	Slovakia	
France	Luxembourg	Slovenia	

United States Federal Income Taxation

Introduction

The following is a description of the principal U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of the Shares by a U.S. Holder (as defined below). This description addresses only the U.S. federal income tax considerations of holders that are initial purchasers of the Shares pursuant to the International Offering and that will hold such Shares as capital assets. This description does not address tax considerations applicable to holders that may be subject to special tax rules, including:

(i) banks, financial institutions or insurance companies;

(ii) real estate investment trusts, regulated investment companies or grantor trusts;

(iii) dealers or traders in securities, commodities or currencies;

(iv) tax-exempt entities;

(v) persons that received the Shares as compensation for the performance of services;

(vi) persons that will hold the Shares as part of a "hedging," "conversion" or constructive sale transaction or as a position in a "straddle" for United States federal income tax purposes;

(vii) certain former citizens or residents of the United States;

(viii) persons that have a "functional currency" other than the U.S. dollar; or

(ix) holders that own or are deemed to own 10% or more, by voting power or value, of the Shares.

Moreover, this description does not address the U.S. federal estate and gift or alternative minimum tax consequences of the acquisition, ownership and disposition of the Shares.

This description is based on the Internal Revenue Code of 1986, as amended, United States Treasury Regulations and judicial and administrative interpretations thereof, as well as on the income tax treaty between the United States and Turkey, (the "Treaty") in each case as in effect and available on the date of this Offering Circular.

All the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this description, a "U.S. Holder" is a beneficial owner of the Shares that, for U.S. federal income tax purposes, is:

(i) an individual citizen or resident of the United States;

(ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof, including, the District of Columbia;

(iii) an estate, the income of which is subject to U.S. federal income taxation, regardless of its source; or

(iv) a trust if such trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more U.S. persons have the authority to control all of the substantial decisions of such trust.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Shares, the tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to the U.S. federal income tax consequences of acquiring, holding, retiring or otherwise disposing of Shares.

You should consult your own tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of Shares.

U.S. INTERNAL REVENUE SERVICE CIRCULAR 230

PURSUANT TO U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, THE COMPANY HEREBY INFORMS HOLDERS THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SHARES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Distributions on the Shares

Subject to the discussion below under "– Passive Foreign Investment Company Considerations," the gross amount of any distribution of cash or property (other than certain distributions, if any, of our Shares distributed pro rata to all our shareholders), with respect to the Shares, before reduction for any Turkish taxes withheld therefrom, will be included in a U.S. Holder's income as dividend income to the extent such distributions are paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. So long as we are eligible for benefits under the Treaty, non-corporate U.S. Holders generally will be taxed on such dividends received before January 1, 2013 at the lower U.S. federal income tax rates applicable to long-term capital gains. However, a U.S. Holder will be eligible for this reduced rate only if it has held the Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. Further, the reduced rate will not apply if we are classified as a PFIC (as defined) for the taxable year in which the dividend was paid, or the preceding tax year. See "– Passive Foreign Investment Company Considerations" below. Additionally, our dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders. Subject to the discussion below under "– Passive Foreign Investment Company Considerations," to the extent, that the amount of any distribution by us exceeds our current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of your adjusted tax basis in your Shares and thereafter as capital gain. We do not maintain calculations of our earnings and profits under U.S. federal income tax principles. Accordingly, U.S. Holders should assume that any distribution made by us (other than, as discussed above, a distribution of shares) will be treated as a dividend for U.S. federal income tax purposes.

If you are a U.S. Holder, the amount of any cash dividend paid in Turkish Lira to you will be included in your gross income in an amount equal to the U.S. dollar value of the Turkish Lira received, calculated by reference to the exchange rate in effect on the date the dividend is actually or constructively received by you, regardless of whether the payment in Turkish Lira is in fact converted into U.S. dollars at that time. If the Turkish Lira received as a dividend is converted into U.S. dollars on the date of receipt, you generally should not recognize foreign currency gain or loss with respect to such dividend. If the Turkish Lira received as a dividend is not converted into U.S. dollars on the date of receipt, you will have a tax basis in the Turkish Lira equal to the U.S. dollar value on the date of receipt. Any foreign currency gain or loss realized on a subsequent conversion or other disposition of the Turkish Lira will be treated as U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

As discussed in "– Turkish Taxation – Taxation of Dividends" above, under current law, payments of dividends by us to foreign investors may be subject to a 15% Turkish withholding tax in certain circumstances. A U.S. Holder will be entitled, subject to a number of complex limitations and conditions (including a minimum holding period requirement), to claim a U.S. foreign tax credit in respect of any Turkish income taxes withheld on dividends received on the Shares. Dividends received with respect to the Shares generally will be treated as foreign source income. For purposes of the U.S. foreign tax credit limitation, dividends received with respect to the Shares should generally constitute "passive category income." The rules governing foreign tax credits are complex and you are urged to consult your independent tax advisors regarding the availability of foreign tax credits under your particular circumstances.

Sale or Exchange of Shares

Subject to the discussion below under "– Passive Foreign Investment Company Considerations," a U.S. Holder will generally recognize gain or loss on the sale or exchange of Shares equal to the difference between the amount realized on such sale or exchange and such holder's adjusted tax basis in such Shares. Such gain or loss will generally be capital gain or loss. Such capital gain or loss will be long-term capital gain or loss if such holder's holding period for the Shares exceeds one year. The deductibility of capital losses is subject to significant limitations.

A U.S. Holder's initial tax basis in Shares will be the U.S. dollar value of the Turkish Lira denominated purchase price determined on the date of purchase. If the Shares are treated as traded on an "established securities market," a cash basis U.S. Holder or, if it elects, an accrual basis U.S. Holder, will determine the U.S. dollar value of the cost of such Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the Internal Revenue Service ("IRS"). If a U.S. Holder converts U.S. dollars to Turkish Lira and immediately uses that currency to purchase Shares, such conversion generally will not result in taxable gain or loss.

With respect to the sale or exchange of Shares, the amount realized generally will be the U.S. dollar value of the payment received determined on (1) the date of receipt of payment in the case of a cash basis U.S. Holder and (2) the date of disposition in the case of an accrual basis U.S. Holder. If the Shares are treated as traded on an "established securities market," a cash basis taxpayer, or, if it elects, an accrual basis taxpayer, will determine the U.S. dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale.

Passive Foreign Investment Company Considerations

We believe that we were not a "passive foreign investment company" (a "PFIC") for U.S. Federal income tax purposes for our 2010 taxable year, and we do not expect to become a PFIC in the current year or the foreseeable future. However, because PFIC status depends on the composition of a company's income and assets and the market value of its assets from time to time, there can be no assurance that we will not be a PFIC for any taxable year. In general, a non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either:

(i) at least 75% of its gross income is "passive income;" or

(ii) at least 50%, of the average value of its gross assets is attributable to assets that produce "passive income" or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents and certain gains from commodities (other than commodities sold in an active trade or business) and securities transactions.

Although we currently do not have any subsidiaries, under certain attribution rules, if we were determined to be a PFIC and had subsidiaries that were also determined to be PFICs, U.S. Holders would be deemed to own their proportionate share of our PFIC subsidiaries (such subsidiaries referred to as "lower-tier PFICs"), and would be subject to U.S. federal income tax in the manner discussed below on (1) a distribution to us on the shares of a lower-tier PFIC and (2) a disposition by us of shares of a lower-tier PFIC, both as if the holder directly held the shares of such lower-tier PFIC.

If an entity is treated as a PFIC for any taxable year during which a U.S. Holder holds (or, as discussed in the previous paragraph, is deemed to hold) its common shares, the holder will be subject to adverse U.S. federal income tax rules. In general, if a U.S. Holder disposes of shares of a PFIC (including an indirect disposition or a constructive disposition of shares of a lower-tier PFIC), gain recognized or deemed recognized by the holder would be allocated ratably over the holder's holding period for the shares. The amounts allocated to the taxable year of disposition and to years before the entity became a PFIC, if any, would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for such taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the tax attributable to such allocated amounts. Further, any distribution in respect of shares of a PFIC (or a distribution by a lower-tier PFIC to its shareholders that is deemed to be received by a U.S. Holder) in excess of 125% of the average of the annual distributions on such shares received or deemed to be received during the preceding three years or the holder's holding period, whichever is shorter, would be subject to taxation in the manner described above.

Where a company that is a PFIC meets certain reporting requirements, a U.S. shareholder can avoid certain adverse PFIC consequences described above by making a "qualified electing fund" ("QEF") election to be taxed currently on its proportionate share of the PFIC's ordinary income and net capital gains. However, if our company were a PFIC for a given taxable year, such QEF election would not be available to U.S. Holders since we do not intend to comply with the necessary accounting and record keeping requirements that would allow a U.S. Holder to make a QEF election with respect to us.

If we were treated as a PFIC for any taxable year and our Shares were "regularly traded" on a "qualified exchange," a U.S. Holder may be able to make a mark-to-market election with respect to its Shares (but not the shares of any lower-tier PFICs), which may help to mitigate the adverse tax consequences resulting from our PFIC status (but not that of any lower-tier PFICs). The Shares will be treated as "regularly traded" in any calendar year in which more than a *de minimis* quantity of Shares are traded on a qualified exchange on at least 15 days during each calendar quarter (or a certain lesser amount of days for the quarter that includes our initial public offering). A "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in which the exchange is located and with respect to which certain other requirements are met. The IRS has not yet identified specific foreign exchanges that are "qualified" for this purpose. There can be no assurance that trading volumes will be sufficient to permit a mark-to-market election. In addition, because a mark-to-market election with respect to us would not apply to any equity interests in lower-tier PFICs (if we were to own such equity interests), a U.S. Holder generally would continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that was treated as equity interests in a PFIC for U.S. federal income tax purposes.

If we were treated as a PFIC for any taxable year and a U.S. Holder made the mark-to-market election, for each year in which we are a PFIC, the holder will generally include as ordinary income the excess, if any, of the fair market value of the Shares at the end of the taxable year over their adjusted tax basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted tax basis of the Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder were to make the election, the holder's tax basis in the Shares would be adjusted to reflect any such income or loss amounts. Any gain recognized on a sale or other disposition of Shares would be treated as ordinary income. If our company were a PFIC for a given taxable year, then U.S. Holders should consult their own tax advisers regarding the availability and consequences of making a mark-to-market election in their particular circumstances. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to their Shares if we have lower-tier PFICs for which such election is not available.

U.S. Holders should consult their tax advisors regarding whether we are a PFIC and the potential application of the PFIC rules.

Backup Withholding Tax and Information Reporting Requirements

U.S. backup withholding tax and information reporting requirements may apply to certain payments to certain non-corporate holders of stock. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, Shares made within the United States, or by a U.S. payor or U.S. middleman, to a holder of Shares, other than an exempt recipient (a payee that is not a U.S. person that provides an appropriate certification and certain other persons). A payor will be required to withhold backup withholding tax from any payments of dividends on, or the proceeds from the sale or redemption of, Shares within the United States, or by a U.S. payor or U.S. middleman, to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. The backup withholding tax rate is currently 28%.

Any amounts withheld under the backup withholding tax rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished to the IRS.

New Legislation

Newly enacted legislation requires certain U.S. Holders who are individuals, estates or trusts to pay a 3.8% tax on, among other things, dividends and capital gains from the sale or other disposition of shares of common stock for taxable years beginning after December 31, 2012. In addition, for taxable years beginning after March 18, 2010, new legislation requires certain U.S. Holders who are individuals to report information relating to an interest in our Shares, subject to certain exceptions (including an exception for Shares held in accounts maintained by certain financial institutions). U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of new U.S. federal income tax legislation on their ownership and disposition of our Shares.

PLAN OF DISTRIBUTION

The Offering

The Selling Shareholders are offering 14,000,000 Shares in the Offering, of which 7,200,000 shares are being offered by Yıldız Holding, 6,000,000 Shares are being offered by Golden Horn Investments B.V. and 800,000 Shares are being offered by Mr. Taner Karamollaoĝlu. The Offering consists of (i) an international offering of 11,200,000 Shares outside the United States and Turkey to institutional investors in offshore transactions in reliance on Regulation S under the Securities Act and in the United States only to QIBs, as defined in, and in reliance on, Rule 144A or another exemption from the registration requirements of the Securities Act (the "International Offering") and (ii) a public offering of 2,800,000 Shares to retail and institutional investors in Turkey in offshore transactions in reliance on Regulation S (the "Domestic Offering" and, together with the International Offering, the "Offering"). The allocation of Shares between the International Offering and the Domestic Offering is subject to change.

Subject to the terms and conditions set out in the international underwriting agreement expected to be executed on or about January 31, 2011 (the "Underwriting Agreement") among the Company, the Selling Shareholders, Merrill Lynch International and Standard Ünlü Menkul Değerler A.Ş. (together, the "Joint Global Coordinators"), the Selling Shareholders have agreed to sell to the Joint Global Coordinators, and the Joint Global Coordinators have severally, and not jointly, agreed to procure purchasers for, or, failing which, to purchase themselves from the Selling Shareholders, the Shares to be sold in the International Offering.

Concurrently with the International Offering, the Selling Shareholders are offering Shares in the Domestic Offering pursuant to the Domestic Prospectus. The Domestic Offering is being made pursuant to an underwriting and consortium agreement with a syndicate of Turkish financial institutions led by Garanti Yatırım Menkul Kıymetler A.Ş. ("Garanti Securities").

The following table sets forth the number of shares that the Joint Global Coordinators and Garanti have agreed to severally, and not jointly, procure purchasers for, or, failing which to purchase themselves, in the Offering pursuant to the underwriting agreements described above:

Manager	Number of Shares
Merrill Lynch International	8,960,000
Standard Ünlü Menkul Değerler A.Ş.	2,240,000
Domestic underwriting syndicate (led by Garanti Securities, as Domestic Coordinator and Domestic Bookrunner)	2,800,000
Total	14,000,000

The offer price will be determined by the Selling Shareholders following recommendations from the Joint Global Coordinators on the basis of the order book prepared during the bookbuilding process. Prior to the Offering, there has been no public market for our securities. No assurance can be given as to the liquidity of the trading market for the Shares. See "Risk Factors – Risks Related to the Shares and the Offering – There has been no prior public market for our shares, and as a result the Shares may experience price and volume fluctuations" and "– The ISE is smaller and less liquid than other major exchanges and may be more volatile, which may adversely effect on your ability to trade the Shares purchased in the Offering."

The Joint Global Coordinators have the right to terminate the Underwriting Agreement in certain circumstances on or prior to the Closing Date. The Underwriting Agreement provides that the Joint Global Coordinators' obligations are subject to certain conditions precedent.

We and the Selling Shareholders have agreed to indemnify the Joint Global Coordinators against certain liabilities in connection with the offer and sale of the Shares, or to contribute to payments that the Joint Global Coordinators may be required to make because of any of those liabilities.

The Joint Global Coordinators may resell Shares in the United States to QIBs in reliance on Rule 144A. Any offer or sale of the Shares in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act.

Over-Allotment and Stabilization

In connection with the Offering, up to 2,000,000 additional shares (the "Additional Shares") may be sold by Yıldız Holding on the Closing Date for the purpose of covering over-allotments.

Yıldız Holding has agreed to allocate the proceeds from the sale of Additional Shares or, if the Additional Shares are not sold, to allocate funds (calculated to be an amount equal to approximately 14% of the gross proceeds of the Offering) (in either case, the "Stabilization Funds") to Garanti Securities, as stabilizing manager (the "Stabilizing Manager"), to conduct price stabilization activities. On or prior to the Closing Date, Yıldız Holding will deposit the Stabilization Funds in a special investment account at the Stabilizing Manager and grant to the Stabilizing Manager exclusive discretionary authority to undertake stabilization activities with the Stabilization Funds.

The Stabilizing Manager, after prior consultation with Merrill Lynch, may use the Stabilization Funds to effect transactions with a view to supporting the market price of the Shares on the ISE at levels higher than those which might otherwise prevail for a limited period after the offer price is announced. In accordance with the regulations of the CMB, stabilizing activities may be carried on for a maximum period of 30 days following the commencement of trading of the Shares on the ISE (the "Stabilization Period") and may be effected only on the ISE. Purchase orders can be given only to ensure price stabilization and decline in the share price, may not be given at prices above the offer price and must otherwise comply with the regulations of the CMB and the ISE. Such transactions must be brought to an end at the expiry of the Stabilization Period or, earlier, if the Stabilization Funds have been fully utilised. No representation is made as to the magnitude or effect of any such stabilising or other transactions and any such activities or transactions would not constitute a guarantee of any share price. The Stabilizing Manager is not obliged to engage in stabilization activities and may, upon notice to the ISE and the CMB, discontinue any of these activities at any time.

Following the Stabilization Period, the Stabilizing Manager will transfer to Yıldız Holding (i) if no stabilization activities were conducted, the total amount of Stabilization Funds, or (ii) if stabilization activities were conducted, the shares purchased through stabilization activities together with the remaining amount of Stabilization Funds.

Settlement and Trading

Payment for the Shares is expected to be in Turkish Lira in same-day funds. If you do not maintain a custody account in Turkey, you are required to open a custody account with a recognised Turkish depositary, and provide details of such custody accounts to the Joint Global Coordinators, in order to make payments of Turkish Lira and receive Shares. You must provide details of such custody accounts to the Joint Global Coordinators no later than January 28, 2011. The Shares will be delivered to your Turkish custody account on or about the Closing Date by means of book-entry registration, subject to timely and satisfactory provision of account details.

Lock-Up Arrangements

The Company, the directors, the Selling Shareholders and the other shareholders have agreed that, subject to certain exceptions, neither we nor they, nor any person acting on our or any of their behalf will, for a period of 180 days from the Closing Date, without the prior written consent of Merrill Lynch, (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any of our ordinary shares or other shares of the Company (including any Shares acquired in the Offering or after the Offering), or any securities convertible into or exercisable or exchangeable for our ordinary shares or other shares of the Company, or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any of our ordinary shares or other shares of the Company (including any Shares acquired in the Offering or after the Offering), whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of ordinary shares or other securities, in cash or otherwise, or (iii) publicly announce such an intention to effect any such transaction. With respect to the Selling Shareholders, the foregoing restriction does not apply to (i) the sale of Shares in the Offering or (ii) any inter-company transfers of ordinary shares between the Selling Shareholders and companies that are their affiliates, provided that any such transferee would also be subject to the restrictions described above. The foregoing restrictions shall also apply to ordinary shares which are acquired or agreed to be acquired by the persons subject to the lock-up agreements from the Closing Date until the expiration of the 180-day period.

Selling Restrictions

No action has been or will be taken in any jurisdiction other than Turkey that would permit a public offering of our Shares, or the possession, circulation or distribution of this Offering Circular or any other material relating to us or our Shares in any jurisdiction where action for that purpose is required.

Each purchaser of Shares will be deemed to have made certain acknowledgements, representations and agreements as described under "Transfer Restrictions."

European Economic Area

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any Shares which are the subject of the offering contemplated by this Offering Circular may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by us, the Selling Shareholders or the Joint Global Coordinators of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/7I/EC and includes any relevant implementing measure in each Relevant Member State.

Each purchaser of Shares in the offering contemplated by this Offering Circular located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive. In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the offering contemplated by this Offering Circular have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Joint Global Coordinators and their affiliates and others will rely (and the Company and the Selling Shareholders acknowledge that the Joint Global Coordinators and their affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Coordinators of such fact in writing may, with the consent of the Joint Global Coordinators, be permitted to purchase Shares in the offering contemplated by this Offering Circular.

United Kingdom

This Offering Circular and any other material in relation to the Shares described herein is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospective Directive ("qualified investors") that are also

(i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, relevant persons. This Offering Circular and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

United States

The Shares have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act.

The Shares are proposed to be sold within the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act, and outside the United States in reliance on Regulation S.

Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "FIEL"). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

DIFC

This Offering Circular relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This Offering Circular is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers, as defined by the DFSA. The DFSA has not approved this Offering Circular nor taken steps to verify the information set forth herein and has no responsibility for the Offering Circular. The Shares to which this Offering Circular relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares. If you do not understand the contents of this Offering Circular you should consult an authorized financial advisor.

Switzerland

The Rights and the Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Offering Circular has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Rights or the Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the Offering, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Offering Circular will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

TRANSFER RESTRICTIONS

As a result of the following restrictions, we advise you to contact legal counsel prior to making any resale pledge or transfer of the Shares.

The Offering is being made in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act and Regulation S. The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction and, accordingly, may not be offered or sold within the United States, except to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or another exemption from the registration requirements of the Securities Act or outside the United States in accordance with Regulation S. Terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as so defined.

Regulation S

Each purchaser of the Shares outside the United States, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged as follows:

(1) It (a) is aware that the sale of the Shares to it is being made pursuant to and in accordance with Rule 903 or 904 of Regulation S; (b) is, or at the time such Shares are purchased will be, the beneficial owner of those Shares; and (c) is located outside the United States (within the meaning of Regulation S) and it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S.

(2) It is not our or any of the Selling Shareholders' affiliate or a person acting on behalf of such an affiliate.

(3) It understands that the Shares have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred except (a) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; or (b) to a person whom the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A or another exemption from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

(4) It acknowledges that we, the Selling Shareholders, the Joint Global Coordinators and our respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

We will not recognize any resale or other transfer, or attempted resale or other transfer, in respect of the Shares made other than in compliance with the above stated restrictions.

Rule 144A

Each purchaser of the Shares within the United States, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged as follows:

(1) It acknowledges that the Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer.

(2) It is:

  (i) a QIB;

  (ii) aware, and each beneficial owner of such Shares has been advised, that the sale to it is being made in reliance on Rule 144A; and

  (iii) acquiring such Shares for its own account or for the account of a QIB.

(3) It agrees (or if it is acting for the account of another person, such person, has confirmed to it that such person agrees) that it (or such person) will not offer, resell, pledge or otherwise transfer those Shares except (a) to a person whom it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (b) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; or (c) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with

any applicable securities laws of any state of the United States. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of those Shares of the resale restrictions referred to in (a), (b) and (c) above. No representation can be made as to the availability of the exemption provided by Rule 144 for resale of the Shares.

(4) Notwithstanding anything to the contrary in the foregoing paragraphs, the Shares may not be deposited into any unrestricted depositary facility established or maintained by a depositary bank, unless and until such time as those Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

(5) If it is acquiring Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(6) It acknowledges that we, the Selling Shareholders, the Joint Global Coordinators and our respective affiliates will reply upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

We will not recognize any resale or other transfer, or attempted resale or other transfer, in respect of the Shares made other than in compliance with the above stated restrictions.

Prospective purchasers are hereby notified that sellers of our Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Shares

Subject to the limitations described herein, the Shares may be sold and transferred by means of book-entry registration with accounts maintained with the Central Registry.

Turkish law requires non-resident investors to trade Turkish equity securities through a licensed Turkish bank or a brokerage firm. In addition, the CMB regulations require banks or brokerage firms to trade shares of a company quoted on a Turkish stock exchange exclusively on such exchange. The CMB has indicated that this requirement applies only to intermediary institutions (banks or brokers) licensed for trading on the stock exchange and to trade orders placed with them by investors. Accordingly, following the Offering, our shareholders that are not resident in Turkey may transfer the Shares only on the ISE, through a bank or a brokerage firm.

The Shares being offered in the Offering will be registered with the CMB under the provisions of the Capital Markets Law. This registration does not constitute a guarantee by the CMB or any other public authority with respect to the Shares or us, as a public company. Neither this Offering Circular nor any other offering material related to the International Offering may be utilized in connection with any general offering of Shares to the public within the Republic of Turkey without prior approval of the CMB.

LEGAL MATTERS

Certain legal matters with respect to the Offering will be passed upon for the Company by White & Case LLP as to English law and United States law. Certain legal matters relating to Turkish law will be passed upon for the Company by Akol Avukatlık Bürosu. Certain legal matters with respect to the Offering will be passed upon for the Joint Global Coordinators by Herbert Smith LLP as to English law and United States law. Certain legal matters relating to Turkish law will be passed upon for the Joint Global Coordinators by Paksoy Ortak Avukatlık Bürosu.

INDEPENDENT AUDITORS

The Audited IFRS Financial Statements as at and for the years ended December 31, 2009, 2008 and 2007 and as at and for the nine months ended September 30, 2010 and for the nine months ended September 30, 2009 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., member of Deloitte Touche Tohmatsu Limited, independent auditor, as stated in their reports appearing herein.

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BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
(FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM
PAZARLAMA SANAYİ VE TİCARET A.Ş.")

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 SEPTEMBER 2010

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bizim Toptan Satış Mağazaları A.Ş.
İstanbul

We have audited the accompanying financial statements of Bizim Toptan Satış Mağazaları A.Ş. ("the Company") comprising the balance sheet as of 30 September 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards ("IFRS").This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Company as of 30 September 2010 and of its financial performance and its cash flows for the period then ended in accordance with the International Financial Reporting Standards.

İstanbul, 14 January 2011

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

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BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
(FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM PAZARLAMA SANAYİ VE TİCARET A.Ş.")

BALANCE SHEET AS OF 30 SEPTEMBER 2010

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Current Period 30 September 2010	Prior Period 31 December 2009
ASSETS			
Current Assets		**213,078,045**	**174,443,671**
Cash and Cash Equivalent	3	31,597,386	10,538,369
Trade Receivables			
Trade Receivables from Related Parties	5	501,778	50,149
Other Trade Receivables	5	50,670,507	65,791,373
Other Receivables			
Other Receivables from Related Parties	6	20,049,109	3,805,220
Other Receivables	6	141,978	90,540
Inventory	7	103,226,100	88,683,150
Other Current Assets	13	6,891,187	5,484,870
Non-Current Assets		**41,594,126**	**40,561,322**
Property, Plant and Equipment	8	38,762,789	38,745,693
Intangible Assets	9	47,717	78,378
Other Non-Current Assets	13	2,783,620	1,737,251
TOTAL ASSETS		**254,672,171**	**215,004,993**

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
(FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM PAZARLAMA SANAYİ VE TİCARET A.Ş.")

BALANCE SHEET AS OF 30 SEPTEMBER 2010 (Continued)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Current Period 30 September 2010	Prior Period 31 December 2009
LIABILITIES			
Current Liabilities		**177,542,434**	**159,104,789**
Financial Borrowings	4	930,970	1,088,884
Trade Payables			
Trade Payables to Related Parties	5	41,959,343	37,391,869
Other Trade Payables	5	126,852,700	112,914,421
Corporate Tax Liability	21	1,757,772	1,351,608
Provisions	11	144,344	90,852
Provision for Employment Benefits	12	2,291,129	2,434,986
Other Current Liabilities	13	3,606,176	3,832,169
Non-Current Liabilities		**1,870,732**	**2,059,626**
Financial Borrowings	4	–	210,798
Provision for Employment Benefits	12	451,150	254,497
Deferred Tax Liabilities (net)	21	1,419,582	1,594,331
EQUITY		**75,259,005**	**53,840,578**
Share Capital	14	20,793,738	20,793,738
Legal Reserves	14	1,286,963	304,285
Retained Earnings	14	31,759,877	13,809,985
Net Profit for the Year		21,418,427	18,932,570
TOTAL EQUITY AND LIABILITIES		**254,672,171**	**215,004,993**

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
(FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM PAZARLAMA SANAYİ VE TİCARET A.Ş.")

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	1 January-30 September 2010	1 January-30 September 2009
Sales Revenue	15	1,064,131,192	910,968,657
Cost of Sales (-)	15	(971,418,052)	(834,868,575)
GROSS PROFIT		**92,713,140**	**76,100,082**
Marketing, Sales and Distribution Expenses (-)	16-17	(45,957,559)	(39,652,561)
General Administrative Expenses (-)	16-17	(11,578,006)	(9,677,859)
Other Operating Income	18	335,397	276,885
Other Operating Expenses (-)	18	(380,161)	(120,559)
OPERATING PROFIT		**35,132,811**	**26,925,988**
Finance Income	19	6,400,456	7,295,809
Finance Expenses (-)	20	(14,721,677)	(17,103,417)
PROFIT BEFORE TAX		**26,811,590**	**17,118,380**
Tax Charge		**(5,393,163)**	**(3,420,052)**
Current Tax Charge	21	(5,567,912)	(3,958,031)
Deferred Tax Benefit	21	174,749	537,979
NET PROFIT FOR THE PERIOD		**21,418,427**	**13,698,328**
OTHER COMPREHENSIVE INCOME		–	–
TOTAL NET COMPREHENSIVE INCOME		**21,418,427**	**13,698,328**
Earnings per share	22	1.0709	0.6849

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Share Capital	Restricted Reserves Appropriated from Profits	Retained Earnings	Net Profit	Total
Balance as of 1 January 2009	**20,793,738**	**238,382**	**10,029,218**	**3,846,670**	**34,908,008**
Transfers	–	65,903	3,780,767	(3,846,670)	–
Total comprehensive income	–	–	–	13,698,328	13,698,328
Balance as of 30 September 2009	**20,793,738**	**304,285**	**13,809,985**	**13,698,328**	**48,606,336**
Balance as of 1 January 2010	**20,793,738**	**304,285**	**13,809,985**	**18,932,570**	**53,840,578**
Transfers	–	982,678	17,949,892	(18,932,570)	–
Total comprehensive income	–	–	–	21,418,427	21,418,427
Balance as of 30 September 2010	**20,793,738**	**1,286,963**	**31,759,877**	**21,418,427**	**75,259,005**

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
(FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM PAZARLAMA SANAYİ VE TİCARET A.Ş.")

STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 SEPTEMBER 2010

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Current Period 1 January– 30 September 2010	Prior Period 1 January– 30 September 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**21,418,427**	**13,698,328**
– Depreciation of property, plant and equipment	8	6,085,862	5,669,118
– Amortization of other intangible assets	9	44,896	32,967
– Provision for employment termination benefits	12	400,005	194,786
– Allowance for doubtful receivables	5	236,000	–
– Gain on disposal of property, plant and equipment	18	(30,353)	(31,668)
– Change in unused vacation accrual	12	273,197	172,802
– Finance expense	20	1,719,797	2,935,419
– Finance income	19	(975,971)	(1,086,061)
– Income tax expense	21	5,393,163	3,420,052
Operating cash flows provided before changes in working capital		**34,565,023**	**25,005,743**
– Decrease in trade receivables	5	14,433,237	6,237,668
– (Increase)/decrease in inventories	7	(14,542,950)	869,349
– (Increase)/decrease in other receivables from related party	6	(16,243,889)	13,315,155
– Increase in other receivables and current assets	6–13	(1,457,755)	(1,479,020)
– Increase in other non-current asset	13	(1,046,369)	(1,047,044)
– Increase/(decrease) in trade payables	5	13,938,279	(50,301,734)
– Increase in related party trade payables	5	4,567,474	3,243,798
– (Decrease)/increase in other payables and current liabilities	6-13	(589,555)	642,398
Cash generated from/(utilized in) operations		**33,623,495**	**(3,513,687)**
– Income taxes paid	21	(5,161,748)	(2,168,291)
– Retirement benefits paid	12	(203,352)	(135,618)
Cash generated from/(utilized in) operating activities		**28,258,395**	**(5,817,596)**
CASH FLOWS FROM INVESTING ACTIVITIES			
– Proceeds on property, plant and equipment disposed		32,689	32,730
– Purchases of property, plant and equipment	8	(6,105,294)	(2,344,908)
– Purchases of other intangible assets	9	(14,235)	(17,523)
– Interest received	19	975,971	1,086,061
Net cash used in investing activities		**(5,110,869)**	**(1,243,640)**
CASH FLOWS FROM FINANCING ACTIVITIES			
– New borrowings raised		34,973,900	35,030,080
– Repayment of borrowings		(34,344,962)	(29,184,683)
– Interest paid		(1,719,797)	(2,545,237)
– Repayment of obligations under finance lease		(997,650)	(1,284,432)
Net cash (utilized in)/provided by financing activities		**(2,088,509)**	**2,015,728**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**21,059,017**	**(5,045,508)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**10,538,369**	**11,315,445**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**31,597,386**	**6,269,937**

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

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Bizim Toptan Satış Mağazaları A.Ş. (the "Company"), formerly known as "Bizim Toplu Tüketim Pazarlama Sanayi ve Ticaret A.Ş." was established in 2001 and registered in Istanbul in accordance with Turkish Commercial Code. The head office of the Company is located in Kuşbakışı Cad. No.19 Altunizade-Üsküdar/Istanbul.

The main operation of the Company is to wholesale fast moving consumer goods to tax payers and legal entities such as; small dealers, small markets, canteens, catering companies and corporate customers. The Company sells goods only to taxpayers who owns the Company's membership card, and no sales is being made to end consumers.

The Company has 106 stores in 54 cities as of 30 September 2010 (31 December 2009: 54 cities 97 stores).

As of 30 September 2010 the number of personel during 2010 is 1,216 (31 December 2009: 1,105).

The Company's ultimate parent and the party controls the Company is Yıldız Holding A.Ş.

As of 30 September 2010 the names and percentages of the shareholders of the Company's share capital are as follows:

	30 September 2010		31 December 2009	
Name of the Shareholders	**Share**	**%**	**Share**	**%**
Yıldız Holding A.Ş.	11,737,655	56%	12,332,148	59%
Strategic Investment Fund	4,158,748	20%	4,158,748	20%
Golden Horn Investment B.V.	4,158,748	20%	4,158,748	20%
Other	738,587	4%	144,094	1%
	20,793,738	100%	20,793,738	100%

Approval of Financial Statements

The financial statements have been presented for the approval of the Board of Directors. The General Assembly has the authority to amend/modify the statutory financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 *Basis of the presentation*

Basis of the Preparation of the Financial Statements and Accounting Policies

The Company maintains books of account and prepare statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Financial statements are prepared on the basis of historical cost principal.

Determination of Functional Currency

Financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the entity is expressed in TL, which is the functional and presentation currency of the Company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Inflation accounting

The financial statements of the Company for the periods before 1 January 2006 were adjusted to compensate for the effect of changes in the general purchasing power of the Turkish Lira based on IAS 29 "Financial Reporting in Hyperinflationary Economies". Turkish Economy is accepted to come off its highly inflationary status as of 1 January 2006. Based on this consideration, IAS 29 has not been applied in the preparation of the financial statements since 1 January 2006. Amounts expressed in the measuring unit current at 31 December 2005 were treated as the basis for the carrying amounts after 1 January 2006.

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 liability simultaneously.

2.2 *Changes in the Accounting Policies*

Financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. The Company has not made any changes to its accounting policies in the current period.

2.3 *Changes and Errors in Acccounting Estimates*

If the changes in the accounting polices are related to one period they are applied in the current year; if they are related with the future period they are applied both in the current period and future periods. The Company did not have any changes in the accounting estimates in the current period.

2.4 *Adoption of New and Revised International Financial Reporting Standards*

The following new and revised standards and interpretations were implemented in the current period and this implementation had no impact on the reported amounts and disclosures of financial statements. Other standards and interpretations that implemented in the financial statements but had no effect on reported amounts are also explained in the further parts of this article.

Standards and Interpretations that are issued in 2010

IFRS 3 (revised), "Business Combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The main impact of the adoption is as follows:

(a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire,

(b) to change the recognition and subsequent accounting requirements for contingent consideration,

(c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred,

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(d) in step acquisitions, previously held interests are to be remeasured to fair value at the date of the subsequent acquisition with the value included in goodwill calculation. Gain or loss arising from the re-measurement shall be recognized as part of profit or loss.

IFRIC 17, "Distributions of non-cash assets to owners"

IFRIC 17, effective for annual periods beginning on or after 1 July 2009. This interpretation presents the relevant information about the application of the accounting procedures in case of the distribution of non-cash assets to owners to its shareholders instead of dividend.

IFRIC 18, "Transfers of assets from customers"

IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Company, as it has not received any assets from customers.

"Additional exemptions for first-time adopters" (Amendment to IFRS 1)

"Additional exemptions for first-time adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Company, as it is an existing IFRS preparer.

Improvements to International Financial Reporting Standards 2009

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The improvements cover 12 main standards/intepretations as follows: IFRS 2 Share-based Payments, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 8 Operating Segments, IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows, IAS 17 Leases, IAS 18 Revenue, IAS 36 Impairment of Assets, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 16 Hedges of Net Investment in a Foreign Operation. The effective dates vary standard by standard but most are effective 1 January 2010.

IFRS 2, "Share-based Payments – Company Cash-settled Share Payment Arrangements"

IFRS 2, "Share-based Payments – Company Cash-settled Share Payment Arrangements" is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Company, as the Company does not have share-based payment plans.

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

IAS 24 (Revised 2009) Related Party Disclosures

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

IAS 32 (Amendments) Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. The Company does not expect any impact of the adoption of this amendment on the financial statements.

IFRIC 14 (Amendments) Pre-payment of a Minimum Funding Requirement

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made. The Company does not expect any impact of the adoption of this amendment on the financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Company does not expect any impact of the adoption of this amendment on the financial statements.

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/intepretations as follow: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 7 Financial Instruments: Disclosures; IAS 1 Presentation of Financial Statements; IAS 27 Consolidated and Separate Financial Statements; IAS 34 Interim Financial Reporting and IFRIC 13 Customer Loyalty Programmes. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. Early adoption of these amendments are allowed.

2.5 *Summary of Significant Accounting Policies*

The accounting policies applied in preparation of the accompanying financial statements are as follows:

Revenue

Revenue from sale of goods is recognised at the fair value of the cash consideration to be received, when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.Revenue is reduced for estimated customer returns and discounts. Rebates and supplier discounts are accrued and deducted from the cost of goods sold at the time when the suppliers are rendering the services. Sales are mainly generated by cash, or credit card.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Sale of goods

The Company sells food and beverage, cleaning products, tobacco and sugar as a wholesaler in its stores. The sale of goods is recorded when the goods were delivered to the wholesaler and there is no unfullfilled liability to prevent acceptance of the delivery by the wholesaler .Delivery of the goods is made within the store. Sales are recorded as the sales price less any estimated discounts and returns.

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales discounts are granted at the point of sale based on a percentage and are recorded as a reduction of revenue in the period of the sale. Sale discount percentages vary depending on the product sold. Sales returns are granted based on agreements with the third party distributors, sales agents, and chain grocery stores and recorded as a reduction of revenue in the period of sale.

Other income

Other income consists of the services that the Company provides to its suppliers and it is recognised as sales (except for the rebates and supplier discounts, income from field usage, advertisement and listing income and income from participation to the store openings) on accrual basis for the periods that the suppliers benefit from the services. Income from suppliers, rebates and supplier discounts, advertisement participation income are recognized and deducted from the cost of goods on accrual basis for the periods that the suppliers benefit from the services.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Inventories

Inventories are stated at the lower of cost and net realizable value. Inventories are valued using first in first out method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of comprehensive income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Tangible Assets

Tangible assets that are acquired before 1 January 2005 are carried at their restated costs adjusted to the effects of inflation as of 31 December 2004, less any accumulated depreciation and any impairment loss

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

and tangible assets that are acquired after 1 January 2005 are carried at cost of acquisition, less any accumulated depreciation and any impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land and construction in progress, over their estimated useful lives, using the straight line method. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, when shorter, the term of the relevant lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasehold improvements

Leasehold improvements of the Company generally consists of permanent improvements made to the stores leased by the Company, that are expected to provide future economic benefits. The Company records any leasehold improvements made at the date of the improvement as tangible assets and carries these at the cost of acquisition, less any accumulated depreciation and any impairment loss.

Leasing Transactions

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Information on operational leases of the Company was given in Note 11.

The Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless in accordance with the Company's general policy on borrowing costs.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Intangible Assets

Intangible assets that are acquired before 1 January 2005 are carried at their restated costs adjusted to the effects of inflation as of 31 December 2004, less any accumulated amortization and any impairment loss and intangible assets that are acquired after 2005 are carried at cost of acquisition, less any accumulated

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

amortization and any impairment loss. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Borrowing Costs

All borrowing costs are recorded in the comprehensive income statement in the period in which they are incurred. According to IAS 23 (Revised), the Company does not have any borrowing cost that should be included in assets.

Financial Instruments

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investments under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, 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 recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which have an original maturity of three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Foreign Currency Transactions

The individual financial statement of the Company is presented in the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the entity, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Earnings Per Share

Earnings per share disclosed in the accompanying statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

Events After Balance Sheet Date

Events after balance sheet date are those events are any announcement that is related with the profit for the year or other chosen financial information declared to the public , that occur between the balance sheet date and the publication date of the balance sheet. Should any evidence about the events that are prior to the balance sheet date or any related events arise subsequent to the balance sheet date, should be explained in the relevant disclosure.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Provisions, Contingent Liabilities and Contingent Assets

Provisions

The Company shall recognise a provision only when it has a present obligation as a result of a past event, and it is probable that the entity will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably (Note 11).

Contingent assets and liabilities

A contingent assets and liabilities are defined as a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, and are disclosed where an inflow or outflow of economic benefits is probable (Note 11).

Related Parties

For the purpose of these financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and referred to as related parties.

Government Grants and Incentives

In the current period, the Company has utilized grants given under the "Law No. 5084 Governing the Changes Made to Certain Laws Regarding Investment and Employment Grants" issued on 6 February 2004 at the Official Gazette Numbered 25365, allowing for various tax and insurance premium grants to increase investment and employment at certain cities. The Company deducts the goverment grants with regards to employment premiums from its social securities payments, and records the net amount as payable and expense.

Taxation and deferred income taxes

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Employee Benefits/Retirement Pay Provision

Benefits such as bonus, allowance for heating, marriage allowance, leave of absence, religious holidays, education incentive, birth and death allowance are provided to the Company employees. Moreover, under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 (revised) "Employee Benefits." The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation.

Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

Future retirement payments are discounted to their present value at the balance sheet date at an interest rate determined as net of an expected inflation rate and an appropriate discount rate.

Cash Flow Statement

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from the Company's wholesale operations.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Capital and Dividends

Ordinary shares are classified as equity. Dividends distributed over the ordinary shares are classified as dividend liability after deducting retained earnings at the period in which the dividend distribution decision is made.

2.6 *Critical Accounting Judgments and Key Sources of Estimation Uncertainty*

Company's Critical Accounting Judgments

In the process of applying the entity's accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

Useful life of property, plant and equipment:

Company has calculated the depreciation amounts regarding the useful lives specified on Note 8 and Note 9.

Doubtful receivables provision:

Provision is allocated for doubtful receivables when the Company has an objective indication over the collectability. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivables occurred.

As of 30 September 2010, a provision for TL 312,719 of the trade receivables (Note 5) have been provided for as doubtful receivable provision (31 December 2009: TL 76,719).

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. All the actuary gains and losses are recognized in the income statements.

The estimations relating to the calculation have been described in Note 12.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

3. CASH AND CASH EQUIVALENTS

	30 September 2010	31 December 2009
Cash on hand	3,262,030	3,409,157
Demand deposits	28,329,625	7,001,625
Other cash equivalents (*)	5,731	127,587
	31,597,386	**10,538,369**

(*) Other cash equivalents consist of the receivables for the gift cards that some related companies acquire for their own employees for usage at the stores of the Company.

4. FINANCIAL BORROWINGS

Short Term Borrowings	30 September 2010	31 December 2009
(a) Bank loans	628,938	–
(b) Finance lease payables	302,032	1,088,884
	930,970	**1,088,884**

Long Term Borrowings	30 September 2010	31 December 2009
(a) Finance lease payables	–	210,798
	–	**210,798**

30 September 2010

Currency Type	Maturity	Weighted Average Effective Interest Rate	30 September 2010 Current	30 September 2010 Non-current
TL	October 2010	Spot	628,938	–
			628,938	**–**

31 December 2009

There are no bank loans as of 31 December 2009.

The borrowings are repayable as follows:

	30 September 2010	31 December 2009
To be paid within 1 year	628,938	–
	628,938	**–**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

4. FINANCIAL BORROWINGS (Continued)

(a) The detail of short term finance lease payables is as follows:

Short term Finance Lease Payables	30 September 2010	31 December 2009
Finance lease payables	311,782	1,132,979
Future finance charges (–)	(9,750)	(44,095)
	302,032	**1,088,884**

(b) The detail of long term finance lease payables is as follows:

Long term Finance Lease Payables	30 September 2010	31 December 2009
Finance lease payables	–	215,541
Future finance charges (–)	–	(4,743)
	–	**210,798**

The maturity detail of the finance lease payables is as follows:

	30 September 2010	31 December 2009
To be paid within 1 year	302,032	1,088,884
To be paid within 2–3 years	–	210,798
	302,032	**1,299,682**

The net book value of assets which is subject to financial leasing transactions is TL 1,867,352 as of 30 September 2010 (31 December 2009: TL 2,527,197).

The interest rates of finance lease operations are constant during the lease contract period. The average USD current interest rate 6.5% annually (31 December 2009: USD: 6.5%).

5. TRADE RECEIVABLES AND PAYABLES

	30 September 2010	31 December 2009
Credit card receivables	38,171,249	61,023,706
Trade receivables	11,761,463	4,732,628
Notes receivable	1,050,514	111,758
Allowance for doubtful receivables (–)	(312,719)	(76,719)
	50,670,507	**65,791,373**
Trade receivable from related parties		
Trade receivables from related parties (Note 23)	501,778	50,149
Total current trade receivables	**51,172,285**	**65,841,522**

As of 30 September 2010, the average collection period of credit card receivables of the company is 20 days (31 December 2009: 24 days).

As of 30 September 2010, the average period for the sale of goods is 13 days (31 December 2009: 19 days).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

5. TRADE RECEIVABLES AND PAYABLES (Continued)

Trade receivables are carried at amortized cost. Trade receivables are calculated over discount rate of 11% (31 December 2009: 11%). The allowance for trade receivables is provided based on the estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

The movement of the allowance for doubtful receivables as of 30 September 2010 and 2009 are as follows:

Movement of allowance for doubtful receivables	**1 January-30 September 2010**	**1 January-30 September 2009**
Balance at beginning of the year	(76,719)	(76,719)
Current period charge	(236,000)	–
Closing balance	**(312,719)**	**(76,719)**

The nature and risk level derived from trade receivables are disclosed in Note 24.

Short term trade payables	**30 September 2010**	**31 December 2009**
Trade payables	126,852,700	112,914,421
	126,852,700	**112,914,421**

Trade payables to related parties	**30 September 2010**	**31 December 2009**
Trade payables to related parties (Note 23)	41,959,343	37,391,869
	41,959,343	**37,391,869**
Total current trade payables	**168,812,043**	**150,306,290**

Average payment period for trade payables varies depending on the sector and suppliers. As of 30 September 2010, the average payment period, although varies as per the product categories, is 48 days (31 December 2009: 48 days).

6. OTHER RECEIVABLES AND PAYABLES

Other receivables	**30 September 2010**	**31 December 2009**
Other receivables from related parties (Note 23)	20,049,109	3,805,220
Receivables from personnel	130,397	83,905
Other sundry receivables	11,581	6,635
	141,978	90,540
Total other receivables	**20,191,087**	**3,895,760**

The nature and risk level derived from other receivables are disclosed in Note 24.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

7. INVENTORIES

The detail of inventories is as follows:

	30 September 2010	31 December 2009
Trade goods	103,157,307	88,144,830
Other inventory	68,793	538,320
	103,226,100	**88,683,150**

Inventory is presented on cost value and there is no impairment on inventory.

8. TANGIBLE ASSETS (NET)

Movements of tangible assets between 1 January 2010 and 30 September 2010 are as follows:

	Motor Vehicles	Furniture and Fixture	Other Tangible Fixed Assets	Leasehold Improvements	Total
Cost Value					
Opening balance as of 1 January 2010	58,866	33,048,559	2,536,052	29,866,467	65,509,944
Additions	–	3,228,305	303,283	2,573,706	6,105,294
Disposals	–	–	–	(4,771)	(4,771)
Closing balance as of 30 September 2010	58,866	36,276,864	2,839,335	32,435,402	71,610,467
Accumulated Depreciation					
Opening balance as of 1 January 2010	(54,892)	(17,869,380)	(1,028,899)	(7,811,080)	(26,764,251)
Charge of the year	(3,974)	(3,098,619)	(277,946)	(2,705,323)	(6,085,862)
Disposals	–	–	–	2,435	2,435
Closing balance as of 30 September 2010	(58,866)	(20,967,999)	(1,306,845)	(10,513,968)	(32,847,678)
Carrying value as of 30 September 2010	**–**	**15,308,865**	**1,532,490**	**21,921,434**	**38,762,789**

Depreciation expense of TL 5,597,496 has been charged in marketing and selling expenses and TL 488,366 in general administrative expenses.

For the period 1 January 2010 and 30 September 2010, there is not any tangible asset acquired by finance lease.

There are no pledges or any other restrictions over tangible assets.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

8. TANGIBLE ASSETS (NET) (Continued)

Movements of tangible assets between 1 January 2009 and 30 September 2009 are as follows:

	Motor Vehicles	Furniture and Fixture	Other Tangible Fixed Assets	Leasehold Improvements	Total
Cost Value					
Opening balance as of 1 January 2009	139,456	29,201,104	2,219,254	27,461,171	59,020,985
Additions	–	1,325,321	136,819	882,768	2,344,908
Disposals	(65,938)	–	–	–	(65,938)
Closing balance as of 30 September 2009	73,518	30,526,425	2,356,073	28,343,939	61,299,955
Accumulated Depreciation					
Opening balance as of 1 January 2009	(132,544)	(13,867,234)	(711,837)	(4,479,924)	(19,191,539)
Charge of the year	(2,568)	(2,957,397)	(232,572)	(2,476,581)	(5,669,118)
Disposals	64,876	–	–	–	64,876
Closing balance as of 30 September 2009	(70,236)	(16,824,631)	(944,409)	(6,956,505)	(24,795,781)
Carrying value as of 30 September 2009	**3,282**	**13,701,794**	**1,411,664**	**21,387,434**	**36,504,174**

Depreciation expense of TL 5,126,345 has been charged in marketing and selling expenses and TL 542,773 in general administrative expenses.

For the period 1 January 2009 and 30 September 2009, there is not any tangible asset acquired by finance lease.

There are no pledges or any other restrictions over tangible assets.

The useful lives of tangible assets are as follows:

	Useful Life
Motor Vehicles	4–5 years
Furniture and Fixture	2–50 years
Other Tangible Fixed Assets	2–7 years

Useful life of the leasehold improvements is determined by the shorter of rent period or economic life.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

9. INTANGIBLE ASSETS (NET)

Movements of intangible assets between 1 January 2010 and 30 September 2010 are as follows:

Cost Value	Rights	Total
Opening balance as of 1 January 2010	227,117	227,117
Additions	14,235	14,235
Closing balance as of 30 September 2010	241,352	241,352
Accumulated Amortization		
Opening balance as of 1 January 2010	(148,739)	(148,739)
Charge of the year	(44,896)	(44,896)
Closing balance as of 30 September 2010	(193,635)	(193,635)
Carrying value as of 30 September 2010	**47,717**	**47,717**

Amortization expense of TL 44,896 has been charged in general administrative expenses.

Movements of intangible assets between 1 January 2009 and 30 September 2009 are as follows:

Cost Value	Rights	Total
Opening balance as of 1 January 2009	171,945	171,945
Additions	17,523	17,523
Closing balance as of 30 September 2009	189,468	189,468
Accumulated Amortization		
Opening balance as of 1 January 2009	(102,871)	(102,871)
Charge of the year	(32,967)	(32,967)
Closing balance as of 30 September 2009	(135,838)	(135,838)
Carrying value as of 30 September 2009	**53,630**	**53,630**

Amortization expense of TL 32,967 has been charged in general administrative expenses.

Amortization for intangible assets is charged on a straight-line basis over their estimated useful lives

	Useful Life
Rights	3–5 years

10. GOVERNMENT GRANTS AND INCENTIVES

The Company received government incentive in 2010 amounting TL 137,909 (31 December 2009: TL 168,592) in line with law 5084.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions	**30 September 2010**	**31 December 2009**
Lawsuit provision	144,344	90,852
	144,344	**90,852**

The movement of the legal case provision for the period ended 30 September 2010 and 2009 as follows.

	1 January-30 September 2010	**1 January-30 September 2009**
Balance at beginning of the year	90,852	–
Current period charge	53,492	90,852
Closing balance	**144,344**	**90,852**

A significant portion of the legal case provision as of 30 September 2010 and 31 December 2009 are relating to legal filings made by the personnel.

(a) Guarantees Given

Total Guarantees Pledges and Liens

	30 September 2010	**31 December 2009**
A. Total Guarantees Pledges and Liens ("GPL") Given in the Legal Name of the Company	59,920,029	67,291,449
B. Total GPL Given in the Name of Fully Consolidated Companies	–	–
C. Total GPL Given to Manage Trading Operations of Entity in the name of 3rd parties	–	–
D. Total – Other GPL Given		
i. Total GPL Given in the Name of the Parent	–	–
ii. Total GPL Given in the name of other Group Companies not included in (B) and (C)	–	–
iii. Total GPL given in the name of 3rd parties not included in (C)	–	–
Total	**59,920,029**	**67,291,449**

(b) Lawsuits Filed by and Against to the Company

Lawsuits filed by the Company:

	30 September 2010	**31 December 2009**
Execution files	394,665	83,296
Tax litigations	29,072	29,872
Penalty proceedings	400	400
	424,137	**113,568**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Lawsuits filed against to the Company:

	30 September 2010	31 December 2009
Execution files (*)	30,675	30,675
Compensation ligitations (*)	115,821	165,871
	146,496	**196,546**

(*) A provision of TL 144,344 has been provided for various court cases filed against the Company (31 December 2009: TL 90,852). For the rest of the lawsuits it is decided not to adjust any provision because no cash outflow is projected.

(c) Operational Lease Agreements

The operating leases of the company are for 5-15 year period. Operating leases, by giving prior notice to lessor can be canceled by the lessee and the lessee has committed to pay the amount of rental will take place only during the period of notice. All operational leasing agreements include a clause allowing the re-arrangement of the terms of the lease had the lessee renewed the contract under the current market conditions. The lessee does not have a right to purchase the asset at the end of the term.

Company's rental income from its operational leasing agreements for assets leased are TL 230,591 in the year (30 September 2009: TL 20,890). In the current year opeational leasing expenses related to fixed assets is TL 13,760,683 (30 September 2009: TL 12,216,990).

The rental expense to be incurred if the lessee cancel the operational lease agreements and not uses the asset in notice period is as follows:

	30 September 2010	31 December 2009
Within 1 year	4,842,230	4,422,793
Within 1–2 year	1,053,178	922,448
Within 2–3 year	1,006,189	869,046
Within 3–4 year	2,064,000	1,080,000
	8,965,597	**7,294,287**

12. EMPLOYEE BENEFITS

Short term accruals	30 September 2010	31 December 2009
Due to personnel	925,042	926,329
Performance premium accrual	235,899	662,600
Provision of bonuses	375,345	386,605
Unused vacation provision	732,649	459,452
Other	22,194	–
	2,291,129	**2,434,986**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

12. EMPLOYEE BENEFITS (Continued)

Long term provisions	30 September 2010	31 December 2009
Retirement pay provision	451,150	254,497
	451,150	**254,497**

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay who retired by gaining right to receive according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered with 60th article that has been changed. The amount payable consists of one month's salary limited to a maximum of TL 2,517.01 for each period of service at 30 September 2010 (31 December 2009: TL 2,365.16).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 September 2010, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 4.80% and a discount rate of 11%, resulting in a real discount rate of approximately 5.92% (31 December 2009: 5.92%). As the maximum liability is revised semi annually, the maximum amount of TL 2,517.01 effective from 1 January 2010 has been taken into consideration in calculation of provision from employment termination benefits. As of 31 December 2009, the probability rate of intentional resignment of employees is 10.91% (31 December 2009: 12.99%).

Movement of retirement pay provision is as follows:

	1 January-30 September 2010	1 January-30 September 2009
Provision at 1 January	254,497	180,472
Service cost	388,745	186,334
Interest cost	11,260	8,452
Retirement pay paid	(203,352)	(135,618)
Provision at 30 September	**451,150**	**239,640**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

12. EMPLOYEE BENEFITS (Continued)

Movement of unused vacation provision is as follows:

	1 January-30 September 2010	1 January-30 September 2009
Provision at 1 January	459,452	286,650
Increase in the period	810,108	610,833
Used in the period	(536,911)	(438,031)
Provision at 30 September	**732,649**	**459,452**

13. OTHER ASSETS AND LIABILITIES

Other Current Assets	30 September 2010	31 December 2009
Advances given for inventory	3,769,548	3,696,568
Prepaid expenses	3,112,955	1,787,151
Business advances given	8,684	1,151
	6,891,187	**5,484,870**

Other Non-Current Assets	30 September 2010	31 December 2009
Prepaid expenses	2,573,375	1,540,250
Advances and deposits given	210,245	197,001
	2,783,620	**1,737,251**

Other Current Liabilities	30 September 2010	31 December 2009
Taxes payables	1,965,828	2,557,624
VAT payable	601,868	580,912
Social security premiums payable	727,860	591,662
Order advances taken	258,507	72,707
Deferred revenue	46,340	24,000
Other liabilities	5,773	5,264
	3,606,176	**3,832,169**

14. EQUITY

The Company’s paid-in share capital as of 30 September 2010 and 31 December 2009 as follows:

Shareholders	%	30 September 2010	%	31 December 2009
Yıldız Holding A.Ş.	56%	11,737,655	59%	12,332,148
Strategic Investment Fund	20%	4,158,748	20%	4,158,748
Golden Horn Investment B.V.	20%	4,158,748	20%	4,158,748
Other	4%	738,587	1%	144,094
Share Capital	**100%**	**20,793,738**	**100%**	**20,793,738**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

14. EQUITY (Continued)

The total number of ordinary shares authorized and issued by the Company consist of 16 million Group A shares (2009: 16 million shares) and 4 million Group B shares (2009: 4 million shares) totaling a share capital of 20 million shares each with a par value of TL 1 per share (2009: TL 1 per share). All issued shares are fully paid. The articles of association of the Company state that the Company be governed by at a minimum 4 Board of Directors's members, only one of which can be elected by Group B shares.

It is not applicable to discuss and take desicion the matter which is not declared to members of the Board of Directors, in the absence of member of the Board of directors who represents B Group shares.

It is essential to attend Board of Directors meeting and vote the desicion about current issues for member of the Board of Directors who represents B Group shares on condition of holding 20 percent in total shares of the Company, in case of increasing the capital determined in association of the Company, merger of liquadition or revocation of the Company, making decision on issue of shares, to enter a proposal about to participate another company, to assign an auditor and making decision on assets which values are over USD 2,500,000.

(a) Legal Reserves

	30 September 2010	31 December 2009
Legal reserves	1,286,963	304,285
	1,286,963	**304,285**

Restricted reserves appropriated from profit are composed of legal reserves.

Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turki sh Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 5% per annum of all cash dividend distributions.

Profit Distribution:

Legal Reserves, have been presented at their values in legal books. Thus, the inflation adjustment differences from the valuation studies for IFRS purposses for those as of the balance sheet date that have not been subject to profit distribution or capital increase have been presented under retained earnings.

Resources Available for Profit Distribution:

The Company has in its legals books after the netting of retained earnings a profit for the period of TL 20,633,772 (31 December 2009: TL 18,670,866) and other reserves of TL 22,815,238 (31 December 2009: TL 4,144,371) that can be utilized for profit distribution.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

14. EQUITY (Continued)

(b) Retained Earnings

Details of the retained earnings is as follows:

	30 September 2010	31 December 2009
Retained earnings	8,944,639	9,665,614
Extraordinary reserves	22,815,238	4,144,371
	31,759,877	**13,809,985**

15. REVENUE AND COST OF SALES

(a) Sales

The detail of operating income is as follows:

	1 January- 30 September 2010	1 January- 30 September 2009
Domestic sales	1,072,584,503	918,276,013
Tobacco	*305,586,337*	*291,277,367*
Non-tobacco	*766,998,166*	*626,998,646*
Export sales	–	217,210
Other income	1,787,585	1,314,705
Sales returns (–)	(1,739,607)	(1,418,435)
Sales discounts (–)	(8,501,289)	(7,420,836)
	1,064,131,192	**910,968,657**

(b) Cost of sales

Cost of Sales	1 January- 30 September 2010	1 January- 30 September 2009
Cost of merchandises sold	(971,418,052)	(834,868,575)
Tobacco	*(294,720,483)*	*(282,186,154)*
Non-tobacco	*(676,697,569)*	*(552,682,421)*
	(971,418,052)	**(834,868,575)**

16. MARKETING, SELLING AND DISTRIBUTING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January- 30 September 2010	1 January- 30 September 2009
Marketing, selling and distribution expenses (–)	(45,957,559)	(39,652,561)
General administrative expenses (–)	(11,578,006)	(9,677,859)
	(57,535,565)	**(49,330,420)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

17. EXPENSES BY NATURE

The detail of operating expenses are as follows:

Marketing Selling and Distribution Expenses

The detail of Marketing, Selling and Distribution Expenses	1 January-30 September 2010	1 January-30 September 2009
Personnel expenses	(16,952,143)	(14,620,244)
Rent expenses	(13,118,752)	(11,630,862)
Depreciation and amortization expenses	(5,597,496)	(5,126,345)
Utility expenses	(3,096,533)	(2,775,644)
Outsourcing expenses	(1,850,855)	(1,436,917)
Advertising expenses	(912,075)	(649,196)
Maintenance expenses	(643,720)	(418,770)
Other	(3,785,985)	(2,994,583)
	(45,957,559)	**(39,652,561)**

The detail of General Administrative Expenses	1 January-30 September 2010	1 January-30 September 2009
Personnel expenses	(6,689,557)	(5,373,259)
Consultancy and service expenses	(1,594,719)	(1,399,177)
Depreciation and amortization expenses	(533,262)	(575,740)
Rent expenses	(641,931)	(586,128)
Outsourcing expenses	(449,748)	(409,484)
Other	(1,668,789)	(1,334,071)
	(11,578,006)	**(9,677,859)**

18. OTHER OPERATING INCOME/(EXPENSES)

(a) The detail of other operating income is as follows;

Other Operating Income	1 January-30 September 2010	1 January-30 September 2009
Rent income	230,951	172,292
Insurance compensation	61,936	63,064
Gain on sale of plant property equipment	30,353	31,668
Scrap sales	–	5,433
Other	12,157	4,428
	335,397	**276,885**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

18. OTHER OPERATING INCOME/(EXPENSES) (Continued)

(b) The detail of other operating expenses is as follows;

Other Operating Expenses	1 January-30 September 2010	1 January-30 September 2009
Provision for doubtful receivables	(236,000)	–
Lawsuit expenses	(53,492)	(90,852)
Other expenses and losses (–)	(90,669)	(29,707)
	(380,161)	**(120,559)**

19. FINANCE INCOME

	1 January-30 September 2010	1 January-30 September 2009
Finance income from sales	4,747,710	5,642,306
Interest revenue	975,971	1,086,061
Discount income	521,269	276,762
Foreign exchange gain	155,506	290,680
	6,400,456	**7,295,809**

20. FINANCE EXPENSES

	1 January-30 September 2010	1 January-30 September 2009
Finance expense from purchases	(12,777,739)	(11,919,582)
Interest on bank overdrafts and loans	(1,719,797)	(2,935,419)
Discount expense	(63,942)	(1,893,420)
Foreign exchange loss	(160,199)	(354,996)
	(14,721,677)	**(17,103,417)**

21. TAX ASSETS AND LIABILITIES

The Company, accounts deferred tax assets and liabilities for temporary timing differences rooted from differences between legal financial statements and financial statements prepared in accordance with IFRS. Those differences in question are caused generally by the fact that some profit and loss accounts come up in different periods in legal financial statements and financial statements prepared in accordance with IFRS.

The rate applied in the calculation of deferred tax assets and liabilities is 20% (2009: 20%).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

21. TAX ASSETS AND LIABILITIES (Continued)

***Deferred tax bases*:**

	30 September 2010	31 December 2009
Restatement and depreciation/amortization differences of property, plant and equipment and other intangible assets	(6,966,909)	(7,138,567)
Provision for employment termination benefits	451,150	254,497
Unpaid vacation provision	732,649	459,452
Discount on trade receivables and payables	(2,318,686)	(1,931,268)
Discount on credit card receivables	150,446	220,355
Lawsuit provision	144,344	90,852
Other	709,094	73,030
	(7,097,912)	**(7,971,649)**

Deferred tax assets/(liabilities)	30 September 2010	31 December 2009
Restatement and depreciation/amortization differences of property, plant and equipment and other intangible assets	(1,393,382)	(1,427,713)
Provision for employment termination benefits	90,230	50,899
Unpaid vacation provision	146,530	91,890
Discount on trade receivables and payables	(463,738)	(386,254)
Discount on credit card receivables	30,089	44,071
Lawsuit provision	28,869	18,170
Other	141,820	14,606
	(1,419,582)	**(1,594,331)**

Movement of deferred tax (asset)/liabilities:	1 January-30 September 2010	1 January-30 September 2009
Opening balance at 1 January	1,594,331	1,801,551
Charged to income statement	(174,749)	(537,979)
Closing balance at 30 September	**1,419,582**	**1,263,572**

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2010 (31 December 2009: 20%).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

21. TAX ASSETS AND LIABILITIES (Continued)

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. The companies with special accounting periods, file their tax returns between 1st-25th of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income witholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for resident companies in Turkey which include this dividend income in their taxable profit for the related period and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 June 2006. However until the resolution of council of ministers, it was used as 10%. After the resolution, declared in Official Gazette in 23 July 2006, this rate is changed to 15% effective from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

As the Company did not use any investment incentives, the Company has used 20% corporate tax rate.

Provision for taxation as of 30 September 2010 and 31 December 2009 are as follows:

	1 January-30 September 2010	January-31 December 2009
Current corporate tax provision	5,567,912	4,959,639
Less: prepaid taxes and funds	(3,810,140)	(3,608,031)
Taxation in the balance sheet	**1,757,772**	**1,351,608**

	1 January-30 September 2010	1 January-30 September 2009
Current tax charge	5,567,912	3,958,031
Deferred tax benefit	(174,749)	(537,979)
Tax charge	**5,393,163**	**3,420,052**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

21. TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of taxation as of 30 September 2010 and 30 September 2009 are as follows:

Reconciliation of taxation	**1 January-30 September 2010**	**1 January-30 September 2009**
Profit before tax	26,811,590	17,118,380
Effective tax rate	20%	20%
Calculated tax	5,362,318	3,423,676
Tax effects of:		
– Non-deductible expenses	30,845	43,245
– Other	–	(46,869)
Tax charge	**5,393,163**	**3,420,052**

22. EARNINGS PER SHARE

A summary of the Company's weighted average number of shares outstanding for the periods ended 30 September 2010 and 30 September 2009 and computation of earnings per share set out here as follows:

Basic earnings per share	**1 January-30 September 2010**	**1 January-30 September 2009**
Weighted average number of ordinary shares outstanding during the period (in full)	20,000,000	20,000,000
Net profit for the year attributable to equity holders of the parent	21,418,427	13,698,328
Earnings per share	**1.0709**	**0.6849**

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) The detail of receivables from related parties is as follows:

	30 September 2010	**31 December 2009**
Trade receivables	501,778	50,149
Non-trade receivables	20,049,109	3,805,220
	20,550,887	**3,855,369**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The detail of trade and non-trade receivables is as follows:

	30 September 2010		31 December 2009	
Balances with related parties	**Trading**	**Non-trading**	**Trading**	**Non-trading**
Principle Shareholder				
Yıldız Holding A.Ş.	–	20,049,109	–	3,805,220
Other Related Parties				
Polinas Plastik Sanayi ve Ticaret A.Ş.	61,339	–	–	–
Güzeliş Gıda İmalat ve Paz.A.Ş.	50,775	–	–	–
Mersa Elektronik ve Teknolojik Ürünler A.Ş.	36,463	–	–	–
Atlantik Gıda Pazarlama San. Tic. A.Ş.	32,593	–	–	–
Merkez Gıda Pazarlama San. Tic. A.Ş.	29,890	–	–	–
Mondi Tire Kutsan Kağıt ve Ambalaj San. A.Ş.(*)	27,456	–	–	–
Ak Gıda San.ve Tic. A.Ş.	25,607	–	7,876	–
Ülker Family and Board Members	24,147	–	–	–
Atlas Gıda Pazarlama San. Tic. A.Ş.	21,928	–	3,411	–
Natura Gıda Sanayi ve Tic. A.Ş.	20,335	–	–	–
Ülker Çikolata San. A.Ş.	15,344	–	–	–
Medyasoft Bilgi Sis. San. ve Tic. Ltd. Şti.	12,863	–	–	–
İstanbul Gıda Dış Tic. A.Ş.	10,903	–	–	–
Önem Gıda San. ve Tic A.Ş.	8,943	–	–	–
Fresh Cake San. ve Tic. A.Ş.	8,840	–	–	–
Ülker Bisküvi Sanayi A.Ş.	8,698	–	–	–
Birlik Pazarlama San. ve Tic. A.Ş.	7,384	–	–	–
Farmamak Amb.Mad.ve Mak. San. Tic A.Ş.	7,350	–	–	–
İdeal Gıda San. Tic. A.Ş.	7,228	–	4,315	–
Global İletişim Hizmetleri A.Ş.	6,877	–	–	–
Öncü Pazarlama Ticaret A.Ş.	–	–	13,698	–
Other	76,815	–	20,849	–
	501,778	**20,049,109**	**50,149**	**3,805,220**

(*) Formerly known as Tire Kutsan Oluklu Mukavva Kutu ve Kağıt San. A.Ş..

In addition to the balances above, there are bank deposits amounting to TL 440,059 at Türkiye Finans Katılım Bankası A.Ş. which is a related party (31 December 2009: TL 96,990).

(b) The detail of payables to related parties is as follows:

	30 September 2010	31 December 2009
Trade payables	41,959,343	37,391,869
	41,959,343	**37,391,869**

Payables to related parties is due to purchases and approximately matured in between 30 and 60 days.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The detail of trade and non-trade payables is as follows:

	30 September 2010		31 December 2009	
Balances with related parties	**Trading**	**Non-trading**	**Trading**	**Non-trading**
Principle Shareholder				
Yıldız Holding A.Ş.	307,770	–	–	–
Other Related Parties				
Pasifik Tüketim Ürünleri Satiş ve Tic. A.Ş.	18,818,767	–	25,587,414	–
Esas Pazarlama ve Ticaret A.Ş.	8,199,027	–	–	–
Seher Gıda Pazarlama San. ve Tic. A.Ş.	6,095,765	–	4,849,798	–
Marsan Gıda San ve Tic. A.Ş.	2,090,229	–	–	–
Teközel Gıda Temiz. Sağlık Marka Hiz. San. ve Tic. A.Ş.	1,154,890	–	1,422,147	–
Rekor Gıda Pazarlama Sanayi ve Tic. A.Ş.	1,152,864	–	1,527,571	–
Birlik Pazarlama San. ve Tic. A.Ş.	1,096,782	–	938,485	–
Komili Temizlik Ürünleri Pazarlama A.Ş.	1,079,193	–	1,766,823	–
Besler Gıda ve Kim. Tic. A.Ş.	946,533	–	–	–
Bahar Su San. ve Tic. A.Ş.	574,307	–	–	–
PNS Pendik Sanayi ve Tic. A.Ş.	303,964	–	–	–
Natura Gıda Sanayi ve Tic. A.Ş.	47,152	–	–	–
Datateknik Bilgisayar Sistemleri Tic. ve San. A.Ş.	31,094	–	–	–
Mersa Elektronik ve Teknolojik Ürünleri A.Ş.	18,043	–	–	–
Öncü Pazarlama Ticaret A.Ş.	12,957	–	–	–
Unmaş Unlu Mamülleri San. ve Tic. A.Ş.	12,645	–	–	–
Milford Yıldız Gıda San. ve Tic. A.Ş.(*)	9,686	–	–	–
Etkin Gıda Paz. A.Ş.	3,012	–	279,418	–
Other	4,663	–	1,020,213	–
	41,959,343	**–**	**37,391,869**	**–**

(*) Formerly known as Enfes Gıda İmalat ve Ticaret A.Ş.

The non-trade payables to related parties mainly comprises the treasury service, the information service, management and corporate support received from Yıldız Holding A.Ş.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(c) The detail of purchases from and sales to related parties is as follows:

	1 January-30 September 2010		1 January-31 December 2009	
Transactions with related parties	**Purchases**	**Sales**	**Purchases**	**Sales**
Principle Shareholder				
Yıldız Holding A.Ş.	–	9,459	–	17,772
Other Related Parties				
Pasifik Tüketim Ürünleri Satiş ve Tic. A.Ş.	88,423,858	2,039	87,826,044	16,615
Esas Pazarlama ve Ticaret A.Ş.	18,261,763	4,913	–	5,395
Seher Gıda Paz. San. Tic. A.Ş.	13,639,296	4,569	9,450,954	6,039
Marsan Gıda San ve Tic. A.Ş.	4,267,717	7,485	–	–
Teközel Gıda Temizlik, Sağlık Marka Hizmetleri San. ve Tic. A.Ş.	3,933,483	–	3,131,726	–
Komili Temizlik Ürünleri Paz. A.Ş.	3,383,685	–	3,987,149	–
Rekor Gıda Pazarlama Sanayi Ticaret A.Ş.	2,338,551	2,468	2,866,482	326
Birlik Pazarlama Sanayi ve Tic. A.Ş.	2,001,276	16,348	2,835,871	13,581
Bahar Su Sanayi ve Tic. A.Ş.	1,878,408	1,347	643,858	1,341
PNS Pendik Sanayi ve Tic. A.Ş.	1,340,728	8,367	578,408	8,460
Besler Gıda ve Kim. Tic. A.Ş.	720,375	21,177	159	26,472
Exper Bilgisayar Sistemleri A.Ş.	337,959	–	–	–
Milford Yıldız Gıda San. ve Tic. A.Ş.(*)	–	–	402,494	–
Güzeliş Gıda İmalat ve Paz. A.Ş.	–	136,635	–	1,436
İdeal Gıda Sanayi ve Ticaret A.Ş.	–	18,704	78,058	98,939
Netlog Lojistik Hizmetler A.Ş.(**)	–	4,139	–	80,540
Reform Gıda San. ve A.Ş.	–	131,758	–	2,477
Ülker Ailesi ve Yönetim Kurulu Üyeleri	–	491,977	–	433,270
Ülker Bisküvi Sanayi A.Ş.	–	45,871	32,524	84,371
Ülker Çikolata San. A.Ş.	–	26,233	–	27,084
Doğa Bitkisel Ürünler San. ve Tic. A.Ş.	–	139,312	2,286	35,105
Unmaş Unlu Mamülleri San. ve Tic. A.Ş.	53,799	90,918	48,344	–
Ak Gıda San. ve Tic. A.Ş.	–	90,838	43,250	142,485
Other	218,062	336,302	1,255,702	212,280
	140,798,960	**1,590,859**	**113,183,309**	**1,213,988**

(*) Formerly known as Enfes Gıda İmalat ve Ticaret A.Ş.

(**) Netlog Lojistik Hizmetler A.Ş is no longer a related party from 29 March 2010.

The company purchases finished goods from the related parties. Sales to related parties include premium revenues, service expenses and sales of various goods.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(d) The detail of income and expenses pertaining to interest, rent and services arising from transactions with related parties is as follows:

For the nine months period ended 30 September 2010;

	1 January-30 September 2010					
Transactions with related parties	**Interest received**	**Interest given**	**Rent income**	**Rent expense**	**Service income**	**Service expense**
Principle Shareholder						
Yıldız Holding A.Ş.	975,971	–	–	–	–	(1,736,152)
Other Related Parties						
Pasifik Tüketim Ürünleri Sat. ve Tic. A.Ş.	–	–	27,630	–	8,647	–
Global İletişim Hizmetleri A.Ş.	–	–	–	–	–	(365,120)
Netlog Lojistik Hizmetleri A.Ş.(*)	–	–	94,924	(782,152)	18,442	–
Datateknik Bilgisayar Sis. Tic. ve San. A.Ş.	–	–	–	–	–	(226,265)
Sağlam Gayrimenkul Yatırım Ortaklığı A.Ş.	–	–	–	(924,926)	–	–
Other	–	–	12,375	(67,433)	–	(136,363)
	975,971	**–**	**134,929**	**(1,774,511)**	**27,089**	**(2,463,900)**

(*) Netlog Lojistik Hizmetler A.Ş is no longer a related party as of 29 March 2010.

For the nine months period ended 30 September 2009;

	1 January-30 September 2009					
Transactions with related parties	**Interest received**	**Interest given**	**Rent income**	**Rent expense**	**Service income**	**Service expense**
Principle Shareholder						
Yıldız Holding A.Ş.	510,488	–	1,360	–	–	(1,389,547)
Other Related Parties						
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	486,301	–	9,210	–	27,140	(1,382)
Global İletişim Hizmetleri A.Ş.	–	–	–	–	–	(358,433)
Netlog Lojistik Hizmetleri A.Ş.	–	–	44,257	(93,732)	16,508	–
Datateknik Bilgisayar Sistemleri Tic. ve San. A.Ş.	–	–	–	–	–	(292,281)
Sağlam Gayrimenkul Yatırım Ortaklığı A.Ş.	–	–	–	(858,000)	–	–
VİP Tağıt Araçları Kiralama A.Ş.	–	–	–	(158,865)	–	(3,722)
Other	–	–	10,900	(63,479)	–	(37,787)
	996,789	**–**	**65,727**	**(1,174,076)**	**43,648**	**(2,083,152)**

Trade receivables from related parties is mainly composed of sales transactions and approximate maturity is 30–60 days. Non-trade receivables are loans given to related parties, and interest is received as quarterly based on effective market interest rate. The interest rate used in 30 September 2010 is 9% for TL (31 December 2009: 10% for TL).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(e) Benefits provided to board members and key management personnel:

	1 January-30 September 2010	1 January-30 September 2009
Salaries and other short term benefits	1,069,496	755,692
	1,069,496	**755,692**

(f) As of 30 September 2010, there are no guarantees, commitments and advances given in favor of related parties (31 December 2009: None).

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 4, cash and cash equivalents disclosed in Note 3 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 14.

The management of the Company considers the cost of capital and the risks associated with each class of capital. The management of the Company aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Company controls its capital with the liability/total capital ratio.Net liability is divided by total capital in this ratio. Cash and cash equivalents is substracted from total liabilities to calculate the net liability. The shareholder's equity is added to net liabilties to calculate the total capital.

Net liability/Total capital ratio as of 30 September 2010 and 31 December 2009 is as follows;

	30 September 2010	31 December 2009
Total liabilities	169,743,013	151,605,972
Negative: Liquid assets	31,597,386	10,538,369
Net liabilities	138,145,627	141,067,603
Total shareholder's equity	75,259,005	53,840,578
Total capital	213,404,632	194,908,181
Net Liability/Total Capital Ratio	65%	72%

(b) Financial Risk Factors

The risks of the Company, resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Company.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Risk management is implemented by finance department according to the policies approved by Board of Directors. The Company's finance department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. The written procedures are formed by Board of Directors to manage the foreign currency risk, interest risk, credit risk, use of derivative and non-derivative financial instruments and the assessment of excess liquidity.

(b-1) Credit Risk Management

Credit Risk of Financial Instruments

	Receivables				
	Trade Receivables		Other Receivables		
30 September 2010	Related Party	Third Party	Related Party	Third Party	Deposits in Bank
Maximum net credit risk as of balance sheet date(*)	501,778	50,670,507	20,049,109	141,978	28,329,625
– The part of maximum risk under guarantee with collateral etc.(**)	–	1,870,699	–	–	–
A. Net book value of financial assets that are neither past due nor impaired	501,778	50,159,376	20,049,109	141,978	28,329,625
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	–	–	–	–	–
C. Carrying value of financial assets that are past due but not impaired	–	511,131	–	–	–
– The part under guarantee with collateral etc.	–	–	–	–	–
D. Net book value of impaired assets					
– Past due (gross carrying amount)	–	312,719	–	–	–
– Impairment (–)	–	(312,719)	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
– Not past due (gross carrying amount)	–	–	–	–	–
– Impairment (–)	–	–	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
E. Off-balance sheet items with credit risk	–	–	–	–	–

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(**) Guarantees include letter of guarantees, gurantee notes and mortgages.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2009	Related Party	Third Party	Related Party	Third Party	Deposits in Bank
Maximum net credit risk as of balance sheet date(*)	50,149	65,791,373	3,805,220	90,540	7,001,625
– The part of maximum risk under guarantee with collateral etc.(**)	–	2,131,345	–	–	–
A. Net book value of financial assets that are neither past due nor impaired	50,149	65,779,067	3,805,220	90,540	7,001,625
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	–	–	–	–	–
C. Carrying value of financial assets that are past due but not impaired	–	12,306	–	–	–
– The part under guarantee with collateral etc.	–	–	–	–	–
D. Net book value of impaired assets					
– Past due (gross carrying amount)	–	76,719	–	–	–
– Impairment (–)	–	(76,719)	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
– Not past due (gross carrying amount)	–	–	–	–	–
– Impairment (–)	–	–	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
E. Off-balance sheet items with credit risk	–	–	–	–	–

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(**) Guarantees include letter of guarantees, guarantee notes and mortgages.

Aging of the past due receivables are as follows:

	Receivables		
30 September 2010	Trade Receivables	Other Receivables	Total
Past due 1–30 days	–	–	–
Past due 1–3 months	511,131	–	511,131
Past due 3–12 months	236,000	–	236,000
Past due 1–5 years	76,719	–	76,719
Past due more than 5 years	–	–	–
Total past due receivables	**823,850**	–	**823,850**
The part under guarantee with collateral	–	–	–

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	Receivables		
31 December 2009	**Trade Receivables**	**Other Receivables**	**Total**
Past due 1–30 days	–	–	–
Past due 1–3 months	12,306	–	12,306
Past due 3–12 months	–	–	–
Past due 1–5 years	76,719	–	76,719
Past due more than 5 years	–	–	–
Total past due receivables	**89,025**	–	**89,025**
The part under guarantee with collateral	–	–	–

Collaterals held for the trade receivables that are past due but not impaired as of balance sheet date are as follows:

None (31 December 2009: None).

When one part of the financial instrument does not fulfill their obligations, that results in a financial loss risk to the Company and that risk is defined as credit risk. Company's credit risk is basically related to their trade receivables.The balance shown in the balance sheet is the net amount that is obtained when doubtful receivables are written off accoriding to Company management's previous experiences and current economic conditions. Company's non-trade receivables from related parties are mostly due from Yıldız Holding A.Ş..

(b-2) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk tables

The following table presents the maturity of Company's non-derivative financial liabilities. The table includes both interest and principal cash flows.

The expected maturities are same as the maturities per contracts.

30 September 2010

Contractual Maturity Analysis	**Carrying value**	**Total cash outflow according to contract (I+II)**	**Less than 3 months (I)**	**3-12 months (II)**
Non-derivative financial liabilities				
Bank borrowings	628,938	628,938	628,938	–
Financial lease liabilities	302,032	311,781	104,060	207,721
Trade payables	126,852,700	129,431,538	118,575,059	10,856,479
Other due to related parties	41,959,343	41,495,696	41,183,809	311,887
Total liabilities	**169,743,013**	**171,867,953**	**160,491,866**	**11,376,087**

The expected maturities are same as the maturities per contracts.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2009

Contractual Maturity Analysis	**Carrying value**	**Total cash outflow according to contract (I+II+III)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**
Non-derivative financial liabilities					
Financial lease liabilities	1,299,682	1,348,520	444,563	688,416	215,541
Trade payables	112,914,421	114,226,334	108,758,109	5,468,225	–
Other due to related parties	37,391,869	38,056,081	38,056,081	–	–
Total liabilities	**151,605,972**	**153,630,935**	**147,258,753**	**6,156,641**	**215,541**

The expected maturities are same as the maturities per contracts.

(b-3) Market risk management

The Company is subject to financial risks related with the fx rates ((b)-3.1) and interest rates ((b)-3.2).

Market risk management is also followed by sensitivity analysis.

In the current year, the Company's market risk management method or its market risk exposure have not changed when compared to prior year.

(b-3.1) Foreign currency risk management

Transactions in foreign currencies expose the Company to foreign currency risk.

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Company manages this risk with a method of netting foreign currency denominated assets and liabilities. The management reviews the foreign currency open position and provide measures if required.

The Company is mainly exposed to foreign currency risk in USD and EUR.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

		30 September 2010		
		TL Equivalent (Functional currency)	USD	EUR
1.	Trade Receivables	–	–	–
2a.	Monetary Financial Assets	853,931	235,831	259,033
2b.	Non-Monetary Financial Assets	–	–	–
3.	Other	45,875	18,000	10,000
4.	CURRENT ASSETS	899,806	253,831	269,033
5.	Trade Receivables	–	–	–
6a.	Monetary Financial Assets	–	–	–
6b.	Non-Monetary Financial Assets	–	–	–
7.	Other	–	–	–
8.	NON-CURRENT ASSETS	–	–	–
9.	TOTAL ASSETS	899,806	253,831	269,033
10.	Trade Payables	–	–	–
11.	Financial Liabilities	324,319	223,484	–
12a.	Other Monetary Financial Liabilities	–	–	–
12b.	Other Non-Monetary Financial Liabilities	–	–	–
13.	CURRENT LIABILITIES	324,319	223,484	–
14.	Trade Payables	–	–	–
15.	Financial Liabilities	–	–	–
16a.	Other Monetary Financial Liabilities	–	–	–
16b.	Other Non-Monetary Financial Liabilities	–	–	–
17.	NON-CURRENT LIABILITIES	–	–	–
18.	TOTAL LIABILITIES	324,319	223,484	–
20.	Net foreign currency liability position	575,487	30,347	269,033
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	529,612	12,347	259,033
23.	Export	–	–	–
24.	Import	–	–	–

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

		31 December 2009		
		TL Equivalent (Functional currency)	USD	EUR
1.	Trade Receivables	–	–	–
2a.	Monetary Financial Assets	884,675	230,551	248,824
2b.	Non-Monetary Financial Assets	–	–	–
3.	Other	48,706	18,000	10,000
4.	CURRENT ASSETS	933,381	248,551	258,824
5.	Trade Receivables	–	–	–
6a.	Monetary Financial Assets	–	–	–
6b.	Non-Monetary Financial Assets	–	–	–
7.	Other	–	–	–
8.	NON-CURRENT ASSETS	–	–	–
9.	TOTAL ASSETS	933,381	248,551	258,824
10.	Trade Payables	–	–	–
11.	Financial Liabilities	1,088,884	227,326	345,600
12a.	Other Monetary Financial Liabilities	–	–	–
12b.	Other Non-Monetary Financial Liabilities	22,586	15,000	–
13.	CURRENT LIABILITIES	1,111,470	242,326	345,600
14.	Trade Payables	–	–	–
15.	Financial Liabilities	210,798	139,967	23
16a.	Other Monetary Financial Liabilities	–	–	–
16b.	Other Non-Monetary Financial Liabilities	–	–	–
17.	NON-CURRENT LIABILITIES	210,798	139,967	23
18.	TOTAL LIABILITIES	1,322,268	382,293	345,623
20.	Net foreign currency liability position	(388,887)	(133,742)	(86,799)
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(415,007)	(136,742)	(96,799)
23.	Export	217,210	–	100,546
24.	Import	–	–	–

Foreign currency sensitivity

The Company is exposed to foreign exchange risk arising primarily from USD and TL currency exposures.

In the table below, the foreign currency sensitivity of the Company arising from 10% change in US dollar and TL rates. 10% is the rate used when reporting to senior management of the Company. This rate is the anticipated rate change of the Company's senior management. Sensitivity analysis includes only the monetary items in foreign currency at year end and shows the effect of 10% increase in US dollar and TL foreign currency rates. Positive value implies the effect of 10% increase in US dollar and TL foreign currency rates on net profit increase against EUR.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	30 September 2010		31 December 2009	
	Profit/Loss		Profit/Loss	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
If US Dollar appreciated against TL by 10%				
1 – US Dollar net asset/liability	1,792	(1,792)	(20,589)	20,589
2 – Part of hedged from US Dollar risk (–)	–	–	–	–
3 – US Dollar net effect (1+2)	**1,792**	**(1,792)**	**(20,589)**	**20,589**
If Euro appreciated against TL by 10%				
4 – Euro net asset/liability	51,169	(51,169)	(20,911)	20,911
5 – Part of hedged from Euro risk (–)	–	–	–	–
– Euro net effect (4+5)	**51,169**	**(51,169)**	**(20,911)**	**20,911**

(b-3.2) Interest risk management

Financial liabilities based on fixed and floating interest rates expose the Company to interest rate risk. The related risk is controlled by interest rate swap agreements and floating interest rate agreements by balancing the fixed and floating intrest rate borrowings. Risk strategies are reviewed periodically considering the interest rate expectations and predetermined interest risks; which aims to establish optimum interest risk management regarding the balance sheet position and the interest expenses.

Interest rate sensitivity

Sensitivity analysis has been determined based on the interest rate risk that the non-derivative instruments are exposed with on the balance sheet date. Assumption related to the analysis of floating rate liabilities is that the year end balance exists for the whole year. As of 30.09.2010 the Company does not have any financial borrowing with floating interest rate (31 December 2009: None).

(b-3.3) Price risk

The Company is exposed to price risk due to the fluctuations in exchange rate and interest rate. The investigation on market information is examined and followed through appropriate valuation method regarding price risk by the Company. In current year, there has not been any changes compared to prior year in the market risk that the Company is exposed to or the administration or calculation methods of these risks.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

25. FINANCIAL INSTRUMENTS

Categories and fair values of financial instruments:

30 September 2010	Loans and receivables (icluding cash and cash equivalents)	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	31,597,386	–	31,597,386	3
Trade receivables	50,670,507	–	50,670,507	5
Due from related parties	501,778	–	501,778	23
Other dues from related parties	20,049,109	–	20,049,109	23
Financial liabilities				
Borrowings	–	930,970	930,970	4
Trade payables	–	126,852,700	126,852,700	5
Due to related parties	–	41,959,343	41,959,343	23
Other dues to related parties	–	–	–	23

31 December 2009	Loans and receivables (icluding cash and cash equivalents)	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	10,538,369	–	10,538,369	3
Trade receivables	65,791,373	–	65,791,373	5
Due from related parties	50,149	–	50,149	23
Other dues from related parties	3,805,220	–	3,805,220	23
Financial liabilities				
Borrowings	–	1,299,682	1,299,682	4
Trade payables	–	112,914,421	112,914,421	5
Due to related parties	–	37,391,869	37,391,869	23
Other dues to related parties	–	–	–	23

(*) The Company management believes that the carrying values of the financial assets reflect their fair values.

26. EVENTS AFTER THE BALANCE SHEET DATE

Upon the Board of Directors decision no: 224 issued on 11 November 2010, paid-in capital was decided to be increased from TL 20,000,000 to TL 40,000,000, which was all financed from retained earnings. Paid-in capital of the Company were registered as TL 40,000,000 at 12 November 2010 and is in the process of issueance in the Trade Registry Gazette.

As per the request to revise the articles of association signed and presented to the Capital Market Board on 12 November 2010 by the Company, it is observed that the preferred shares of the Company will no longer have any preferences over other shares, and the Company will only have one group of shares.

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
(FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM PAZARLAMA SANAYİ VE TİCARET A.Ş.")

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
31 DECEMBER 2009, 2008 AND 2007

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bizim Toptan Satış Mağazaları A.Ş.
İstanbul

We have audited the accompanying financial statements of Bizim Toptan Satış Mağazaları A.Ş. ("the Company") comprising the balance sheets as of 31 December 2009, 2008 and 2007 and the statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards ("IFRS"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Company as of 31 December 2009, 2008 and 2007 of its financial performance and its cash flows for the years then ended in accordance with the International Financial Reporting Standards.

İstanbul, 22 April 2010

(14 January 2011 as to the effects of the restatement discussed in Note 27)

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

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BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
(FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM PAZARLAMA SANAYİ VE TİCARET A.Ş.")

BALANCE SHEETS
AS OF 31 DECEMBER 2009, 2008 AND 2007

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Current Period 31 December 2009	Prior Period 31 December 2008	Prior Period 31 December 2007
ASSETS				
Current Assets		**174,443,671**	**198,947,990**	**139,334,597**
Cash and Cash Equivalent	3	10,538,369	11,315,445	8,492,840
Trade Receivables				
Trade Receivables from Related Parties	5	50,149	380,453	449,881
Other Trade Receivables	5	65,791,373	72,525,232	61,211,094
Other Receivables				
Other Receivables from Related Parties	6	3,805,220	26,890,375	–
Other Receivables	6	90,540	37,420	52,850
Inventory	7	88,683,150	85,400,866	66,381,343
Other Current Assets	13	5,484,870	2,398,199	2,746,589
Non-Current Assets		**40,561,322**	**40,237,245**	**26,299,229**
Property, Plant and Equipment	8	38,745,693	39,829,446	26,108,680
Intangible Assets	9	78,378	69,074	15,825
Other Non-Current Assets	13	1,737,251	338,725	174,724
TOTAL ASSETS		**215,004,993**	**239,185,235**	**165,633,826**

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
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BALANCE SHEETS
AS OF 31 DECEMBER 2009, 2008 AND 2007 (Continued)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Current Period 31 December 2009	Prior Period 31 December 2008	Prior Period 31 December 2007
LIABILITIES				
Current Liabilities		**159,104,789**	**197,241,148**	**132,178,786**
Financial Borrowings	4	1,088,884	18,776,146	1,438,905
Trade Payables				
Trade Payables from Related Parties	5	37,391,869	29,899,606	17,640,887
Other Trade Payables	5	112,914,421	139,529,976	108,710,919
Other Payables				
Other Payables from Related Parties	6	–	5,354,674	102,908
Corporate Tax Liability	21	1,351,608	–	281,907
Provisions	11	90,852	–	–
Provision for Employment Benefits	12	2,434,986	1,515,764	1,279,269
Other Current Liabilities	13	3,832,169	2,164,982	2,723,991
Non-Current Liabilities		**2,059,626**	**7,036,079**	**3,068,443**
Financial Borrowings	4	210,798	5,054,056	1,736,625
Provision for Employment Benefits	12	254,497	180,472	147,761
Deferred Tax Liabilities (net)	21	1,594,331	1,801,551	1,184,057
EQUITY		**53,840,578**	**34,908,008**	**30,386,597**
Share Capital	14	20,793,738	20,793,738	20,118,997
Legal Reserves	14	304,285	238,382	86,161
Retained Earnings	14	13,809,985	10,029,218	4,350,403
Net Profit for the Year		18,932,570	3,846,670	5,831,036
TOTAL EQUITY AND LIABILITIES		**215,004,993**	**239,185,235**	**165,633,826**

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
(FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM PAZARLAMA SANAYİ VE TİCARET A.Ş.")

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	(As restated) Current Period 1 January- 31 December 2009	(As restated) Prior Period 1 January- 31 December 2008	(As restated) Prior Period 1 January- 31 December 2007
Sales Revenue	15	1,237,077,106	1,264,274,211	1,040,089,320
Cost of Sales (-)	15	(1,133,093,290)	(1,172,169,562)	(967,286,454)
GROSS PROFIT/LOSS		**103,983,816**	**92,104,649**	**72,802,866**
Marketing, Sales and Distribution Expenses (-)	16-17	(54,027,530)	(51,792,346)	(42,036,680)
General Administrative Expenses (-)	16-17	(13,200,343)	(13,695,966)	(11,968,395)
Other Operating Income	18	350,111	407,787	849,375
Other Operating Expenses (-)	18	(138,439)	(77,995)	(122,962)
OPERATING PROFIT		**36,967,615**	**26,946,129**	**19,524,204**
Finance Income	19	9,297,341	16,010,501	12,082,060
Finance Expenses (-)	20	(22,579,967)	(38,069,565)	(24,241,681)
PROFIT BEFORE TAX		**23,684,989**	**4,887,065**	**7,364,583**
Tax Charge		**(4,752,419)**	**(1,040,395)**	**(1,533,547)**
Current Tax Charge	21	(4,959,639)	(422,901)	(1,072,557)
Deferred Tax Benefit/(Charge)	21	207,220	(617,494)	(460,990)
PROFIT FOR THE YEAR		**18,932,570**	**3,846,670**	**5,831,036**
OTHER COMPREHENSIVE INCOME		–	–	–
TOTAL COMPREHENSIVE INCOME		**18,932,570**	**3,846,670**	**5,831,036**
Earnings per Share	22	0.9466	0.1923	0.2916

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş. (FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM PAZARLAMA SANAYİ VE TİCARET A.Ş.")

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Share Capital	Restricted Reserves Appropriated from Profits	Retained Earnings	Net Profit	Attributable to Equity Holders of the Parent	Non-controlling Interest	Total
Balance as of 1 January 2007	**18,336,514**	**–**	**6,215,408**	**–**	**24,551,922**	**3,639**	**24,555,561**
Capital increase	1,780,411	–	(1,780,411)	–	–	–	–
Transfers	–	86,161	(86,161)	–	–	–	–
Total comprehensive income	–	–	–	5,831,036	5,831,036	–	5,831,036
Merge effect (*)	2,072	–	1,567	–	3,639	(3,639)	–
Balance as of 31 December 2007	**20,118,997**	**86,161**	**4,350,403**	**5,831,036**	**30,386,597**	**–**	**30,386,597**
Balance as of 1 January 2008	**20,118,997**	**86,161**	**4,350,403**	**5,831,036**	**30,386,597**	**–**	**30,386,597**
Capital increase	674,741	–	–	–	674,741	–	674,741
Transfers	–	152,221	5,678,815	(5,831,036)	–	–	–
Total comprehensive income	–	–	–	3,846,670	3,846,670	–	3,846,670
Balance as of 31 December 2008	**20,793,738**	**238,382**	**10,029,218**	**3,846,670**	**34,908,008**	**–**	**34,908,008**
Balance as of 1 January 2009	**20,793,738**	**238,382**	**10,029,218**	**3,846,670**	**34,908,008**	**–**	**34,908,008**
Transfers	–	65,903	3,780,767	(3,846,670)	–	–	–
Total comprehensive income	–	–	–	18,932,570	18,932,570	–	18,932,570
Balance as of 31 December 2009	**20,793,738**	**304,285**	**13,809,985**	**18,932,570**	**53,840,578**	**–**	**53,840,578**

(*) The company has legally merged with its 99% owned subsidiary Renk Gıda.Sanayi ve Ticaret A.Ş. at 31 March 2007.

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

BİZİM TOPTAN SATIŞ MAĞAZALARI A.Ş.
(FORMERLY KNOWN AS "BİZİM TOPLU TÜKETİM PAZARLAMA SANAYİ VE TİCARET A.Ş.")

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Current Period 1 January– 31 December 2009	Prior Period 1 January– 31 December 2008	Prior Period 1 January– 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period		**18,932,570**	**3,846,670**	**5,831,036**
Adjustments to reconcile net profit to net cash provided by operating activities:				
– Depreciation of property, plant and equipment	8	7,652,238	6,851,440	5,060,937
– Amortization of other intangible assets	9	45,868	52,338	11,487
– Provision for employment termination benefits	12	327,711	435,498	150,447
– Allowance for doubtful receivables	5	–	45,580	19,859
– Gain on disposal of property, plant and equipment	18	(34,980)	(134,348)	(36,507)
– Unused vacation accrual	12	172,802	27,166	(12,330)
– Finance expense	20	3,239,674	5,138,926	1,883,358
– Finance income	19	(1,185,531)	(412,064)	(1,042,266)
– Income tax expense	21	4,752,419	1,040,395	1,533,547
Operating cash flows provided before changes in working capital		**33,902,771**	**16,891,601**	**13,399,568**
– Decrease/(increase) in trade receivables	5	7,064,163	(11,290,290)	56,345
– Increase in inventories	7	(3,282,284)	(19,019,523)	(11,444,437)
– Decrease/(increase) in related party other receivables	6	23,085,155	(26,890,375)	(428,251)
– Increase/(decrease) in other receivables and current assets	6–13	(3,139,791)	363,820	1,735,800
– Increase in other non-current assets	13	(1,398,526)	(164,001)	(58,239)
– Decrease/(increase) in trade payables	5	(26,615,555)	30,819,057	20,009,463
– Increase/(decrease) in related party payables	5	2,137,589	17,510,485	(10,653,545)
– Increase/(decrease) in other payables and current liabilities	6–13	2,504,459	(349,680)	1,035,354
Cash generated from operations		**34,257,981**	**7,871,094**	**13,652,058**
– Income taxes paid	21	(3,608,031)	(704,808)	(1,072,714)
– Retirement benefits paid	12	(253,686)	(402,787)	(92,693)
Cash generated from operating activities		**30,396,264**	**6,763,499**	**12,485,651**
CASH FLOWS FROM INVESTING ACTIVITIES				
– Proceeds on property, plant and equipment disposed		36,044	605,440	86,812
– Purchases of property, plant and equipment	8	(6,569,549)	(20,164,781)	(14,270,546)
– Purchases of other intangible assets	9	(55,172)	(105,587)	(19,176)
– Interest received	19	1,185,531	412,064	1,042,266
Net cash used in investing activities		**(5,403,146)**	**(19,252,864)**	**(13,160,644)**
CASH FLOWS FROM FINANCING ACTIVITIES				
– New borrowings raised		72,209,251	84,199,152	369,921
– Repayment of borrowings		(92,987,056)	(63,967,807)	–
– Raised obligations under finance lease		–	846,850	588,807
– Repayment of obligations under finance lease		(1,752,715)	(1,478,579)	(697,773)
– Capital increase	14	–	674,741	–
– Interest paid	20	(3,239,674)	(4,962,387)	(1,883,358)
Net cash (used in)/provided by financing activities		**(25,770,194)**	**15,311,970**	**(1,622,403)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(777,076)**	**2,822,605**	**(2,296,396)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**11,315,445**	**8,492,840**	**10,789,236**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**10,538,369**	**11,315,445**	**8,492,840**

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

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Bizim Toptan Satış Mağazaları A.Ş. (the "Company"), formerly known as "Bizim Toplu Tüketim Pazarlama Sanayi ve Ticaret A.Ş." was established in 2001 and registered in Istanbul in accordance with Turkish Commercial Code. The company has merged with its 99% owned subsidiary Renk Gıda The head office of the Company is located in Kuşbakışı Cad. No.19 Altunizade-Üsküdar/İstanbul.

The main operation of the Company is to wholesale fast moving consumer goods to tax payers and legal entities such as; small dealers, small markets, canteens, catering companies and corporate customers. The Company sells goods only to taxpayers who owns the Company's membership card, and no sales is being made to end consumers.

The Company has 97 stores in 54 cities as of balance sheet date (31 December 2008: 53 cities 90 stores, 31 December 2007: 79).

As of 31 December 2009 the number of personnel is 1,105 (31 December 2008: 1,097, 31 December 2007: 1,040).

The Company's ultimate parent and the party controls the Company is Yıldız Holding A.Ş.

As of 31 December 2009, 2008 and 2007 the names and percentages of the shareholders of the Company's share capital are as follows:

Name of the Shareholders	31 December 2009 Share	%	31 December 2008 Share	%	31 December 2007 Share	%
Yıldız Holding A.Ş.	12,332,148	59%	12,332,148	59%	15,951,103	79%
Strategic Investment Fund	4,158,748	20%	4,158,748	20%	4,023,800	20%
Golden Horn Investment B.V.	4,158,748	20%	4,158,748	20%	–	0%
Other	144,094	1%	144,094	1%	144,094	1%
	20,793,738	**100%**	**20,793,738**	**100%**	**20,118,997**	**100%**

Approval of Financial Statements

The financial statements have been presented to the Board of Directors for approval. The General Assembly has the authority to amend/modify the statutory financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 *Basis of the presentation*

Basis of the Preparation of the Financial Statements and Accounting Policies

The Company maintains books of account and prepare statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Financial statements are prepared on the basis of historical cost principal.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Determination of Functional Currency

Financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the entity is expressed in TL, which is the functional and presentation currency of the Company.

Inflation accounting

The financial statements of the Company for the periods before 1 January 2006 were adjusted to compensate for the effect of changes in the general purchasing power of the Turkish Lira based on IAS 29 "Financial Reporting in Hyperinflationary Economies". Turkish Economy is accepted to come off its highly inflationary status as of 1 January 2006. Based on this consideration, IAS 29 has not been applied in the preparation of the financial statements since 1 January 2006. Amounts expressed in the measuring unit current at 31 December 2005 were treated as the basis for the carrying amounts after 1 January 2006.

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 liability simultaneously.

2.2 *Changes in the Accounting Policies*

Financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. The Company has not made any changes to its accounting policies in the current period.

2.3 *Changes and Errors in Acccounting Estimates*

If the changes in the accounting polices are related to one period they are applied in the current year; if they are related with the future period they are applied both in the current period and future periods. The Company did not have any changes in the accounting estimates in the current period.

2.4 *Adoption of New and Revised International Financial Reporting Standards*

The following new and revised standards and interpretations were implemented in the current period and this implementation had an impact on the reported amounts and disclosures of financial statements. Other standards and interpretations that implemented in the financial statements but had no effect on reported amounts are also explained in the further parts of this article.

Standards and Interpretations affecting reported results or financial position of 2009

IAS 1, (as revised in 2007) "Presentation of Financial Statements"	IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Company presents in the consolidated statement changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the comprehensive statement of income.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Standards and Interpretations that are effective in 2009 that do not impact the 2009 financial statements

The following new and revised Standards and Interpretations have not adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact accounting for future transactions or arrangements.

Improving Disclosures about Financial Instruments (Amendments to IFRS 7, "Financial Instruments: Disclosures")	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.
Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
IAS 23 (as revised in 2007) Borrowing Costs	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Company's accounting policy to capitalise borrowing costs incurred on qualifying assets.
Amendments to IAS 32 Financial Instruments:Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
IFRS 8, "Operating Segments"	IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Company's reportable segments.
Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39 Financial Instruments: Recognition and Measurement (see above).
IFRIC 15 Agreements for the Construction of Real Estate	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognized. The requirements have not affected the accounting for the Company's construction activities.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

IFRIC 16 Hedges of a Net Investment in a Foreign Operation	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
IFRIC 18 Transfers of Assets from Customers	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 Revenue.
Improvements to IFRSs (2008)	In addition to the changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.
IFRIC 13, "Customer Loyalty Programmes"	Under IFRIC 13, customer loyalty programs should be recognized as a separately identifiable component of the sales transaction(s). A portion of the fair value of the consideration received in respect of the initial sale shall be allocated to the award credits and the consideration allocated to award credits should be recognized as revenue when awards credits are redeemed.
Amendments to IAS 38, "Intangible Assets"	As part of Improvements to IFRSs (2008), IAS 38 has been amended to state that an entity is permitted to recognize a prepayment asset for advertising or promotional expenditure only up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services.
Amendments to IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance"	As part of Improvements to IFRSs (2008), IAS 20 has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments.
Amendments to IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 7, "Financial Instruments: Disclosures regarding reclassifications of financial assets"	The amendments to IAS 39 permit an entity to reclassify non-derivative financial assets out of the „fair value through profit or loss (FVTPL) and "available-for-sale" (AFS) categories in very limited circumstances. Such reclassifications are permitted from 1 July 2008. Reclassifications of financial assets made in periods beginning on or after 1 November 2008 take effect only from the date when the reclassification is made.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Standards and Interpretations that are issued but not yet effective in 2010 and have not been early adopted

IFRS 3 (revised), "Business Combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The main impact of the adoption is as follows:

(a) To allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.

(b) To change the recognition and subsequent accounting requirements for contingent consideration.

(c) To require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

(d) In step acquisitions, previously held interests are to be remeasured to fair value at the date of the subsequent acquisition with the value included in goodwill calculation. Gain or loss arising from the re-measurement shall be recognized as part of profit or loss. Company management considers these changes will not have an important effect on the financial statements

IFRIC 17, "Distributions of non-cash assets to owners"

IFRIC 17, effective for annual periods beginning on or after 1 July 2009. This interpretation presents the relevant information about the application of the accounting procedures in case of the distribution of non-cash assets to owners to its shareholders instead of dividend. The company management tries to determine the possible effects on the financial statements due to the implementation of this interpretation.

IFRIC 18, "Transfers of assets from customers"

IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Company, as it has not received any assets from customers.

"Additional exemptions for first-time adopters" (Amendment to IFRS 1)

"Additional exemptions for first-time adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Company, as it is an existing IFRS preparer.

IFRS 2, "Share-based Payments – Company Cash-settled Share Payment Arrangements"

IFRS 2, "Share-based Payments – Company Cash-settled Share Payment Arrangements" is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Company, as the Company does not have share-based payment plans.

Improvements to International Financial Reporting Standards 2009

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The improvements cover 12 main standards/interpretations as follows: IFRS 2 Share-based Payments, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 8 Operating Segments, IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows, IAS 17 Leases, IAS 18 Revenue, IAS 36 Impairment of Assets, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Measurement, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 16 Hedges of Net Investment in a Foreign Operation. The effective dates vary standard by standard but most are effective 1 January 2010.

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

IAS 24 (Revised 2009) Related Party Disclosures

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

IAS 32 (Amendments) Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. The Company does not expect any impact of the adoption of this amendment on the financial statements.

IFRIC 14 (Amendments) Pre-payment of a Minimum Funding Requirement

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made. The Company does not expect any impact of the adoption of this amendment on the financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Company does not expect any impact of the adoption of this amendment on the financial statements.

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/intepretations as follow: IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 3 *Business Combinations;* IFRS 7 *Financial Instruments: Disclosures*; IAS 1 *Presentation of Financial Statements*; IAS 27 *Consolidated and Separate Financial Statements*; IAS 34 *Interim Financial Reporting* and IFRIC 13 *Customer Loyalty Programmes*. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. Early adoption of these amendments are allowed.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 *Summary of Significant Accounting Policies*

The accounting policies applied in preparation of the accompanying financial statements are as follows:

Revenue:

Revenue from sale of goods is recognised at the fair value of the cash consideration to be received, when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity. Revenue is reduced for estimated customer returns and discounts. Rebates and supplier discounts are accrued and deducted from the cost of goods sold at the time when the suppliers are rendering the services. Sales are mainly generated by cash, or credit card.

Sale of goods

The Company sells food and beverage, cleaning products, tobacco and sugar as a wholesaler in its stores. The sale of goods is recorded when the goods were delivered to the wholesaler and there is no unfullfilled liability to prevent acceptance of the delivery by the wholesaler. Delivery of the goods is made within the store. Sales are recorded as the sales price less any estimated discounts and returns.

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales discounts are granted at the point of sale based on a percentage and are recorded as a reduction of revenue in the period of the sale. Sale discount percentages vary depending on the product sold.

Sales returns are granted based on agreements with the third party distributors, sales agents, and chain grocery stores and recorded as a reduction of revenue in the period of sale.

Other income

Other income consists of the services that the Company provides to its suppliers and it is recognised as sales (except for the rebates and supplier discounts, income from field usage, advertisement and listing income and income from participation to the store openings) on accrual basis for the periods that the suppliers benefit from the services. Income from suppliers, rebates and supplier discounts, advertisement participation income are recognized and deducted from the cost of goods on accrual basis for the periods that the suppliers benefit from the services.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Inventories:

Inventories are stated at the lower of cost and net realizable value. Inventories are valued using first in first out method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of comprehensive income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Tangible Assets

Tangible assets that are acquired before 1 January 2005 are carried at their restated costs adjusted to the effects of inflation as of 31 December 2004, less any accumulated depreciation and any impairment loss and tangible assets that are acquired after 1 January 2005 are carried at cost of acquisition, less any accumulated depreciation and any impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land and construction in progress, over their estimated useful lives, using the straight line method. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, when shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasehold improvements

Leasehold improvements of the Company generally consists of permanent improvements made to the stores leased by the Company, that are expected to provide future economic benefits. The Company records any leasehold improvements made at the date of the improvement as tangible assets and carries these at the cost of acquisition, less any accumulated depreciation and any impairment loss.

Leasing Transactions

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Information on operational leases of the Company was given in Note 11.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, in accordance with the Company's general policy on borrowing costs.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Business Combinations and Goodwill

In business combinations under common control, assets and liabilities subject to business combination are accounted for at carrying value in consolidated financial statements. Statements of income are consolidated starting from the beginning of the fiscal year in which the business combination is realized. Financial statements of previous fiscal years are restated in the same manner in order to maintain consistency and comparability. Any positive or negative goodwill arising from such business combinations is not recognized in the consolidated financial statements. Residual balance calculated by netting off investment in subsidiary and the share acquired in subsidiary's equity is directly accounted under equity as "effect of business combinations under common control".

Intangible Assets

Intangible assets that are acquired before 1 January 2005 are carried at their restated costs adjusted to the effects of inflation as of 31 December 2004, less any accumulated amortization and any impairment loss and intangible assets that are acquired after 2005 are carried at cost of acquisition, less any accumulated amortization and any impairment loss. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Borrowing Costs

All borrowing costs are recorded in the comprehensive income statement in the period in which they are incurred. According to IAS 23 (Revised), the Company does not have any borrowing cost that should be included in assets.

Financial Instruments

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investments under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, 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 recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which have an original maturity of three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Foreign Currency Transactions

The individual financial statement of the Company is presented in the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the entity, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Earnings Per Share

Earnings per share disclosed in the accompanying statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

Events After Balance Sheet Date

Events after balance sheet date are those events are any announcement that is related with the profit for the year or other chosen financial information declared to the public, that occur between the balance sheet date and the publication date of the balance sheet. Should any evidence about the events that are prior to the balance sheet date or any related events arise subsequent to the balance sheet date, should be explained in the relevant disclosure.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

The Company shall recognise a provision only when it has a present obligation as a result of a past event, and it is probable that the entity will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably (Note 11).

Contingent assets and liabilities

A contingent assets and liabilities are defined as a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, and are disclosed where an inflow or outflow of economic benefits is probable (Note 11).

Related Parties

In the accompanying financial statements, the key management personnel and Board of Directors, close members of the family of any individual who directly or indirectly controls the Company are considered and referred to as "Related Parties".

Government Grants and Incentives

In the current period, the Company has utilized grants given under the "Law No. 5084 Governing the Changes Made to Certain Laws Regarding Investment and Employment Grants"issued on 6 February 2004 at the Official Gazette Numbered 25365, allowing for various tax and insurance premium grants to increase investment and employment at certain cities.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The Company deducts the goverment grants with regards to employment premiums from its social securities payments, and records the net amount as payable and expense.

Taxation and Deferred Income Taxes

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Employee Benefits/Retirement Pay Provision

Benefits such as bonus, allowance for heating, marriage allowance, leave of absence, religious holidays, education incentive, birth and death allowance are provided to the Company employees. Moreover, under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 (revised): "Employee Benefits." The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation.

Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

Future retirement payments are discounted to their present value at the balance sheet date at an interest rate determined as net of an expected inflation rate and an appropriate discount rate.

Cash Flow Statement

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from the Company's wholesale operations.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Capital and Dividends

Ordinary shares are classified as equity. Dividends distributed over the ordinary shares are classified as dividend liability after deducting retained earnings at the period in which the dividend distribution decision is made.

2.6 *Critical Accounting Judgments and Key Sources of Estimation Uncertainty*

Company's Critical Accounting Judgments

In the process of applying the entity's accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

Useful life of property, plant and equipment

Company has calculated the depreciation amounts regarding the useful lives specified on Note 8 and Note 9.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Doubtful receivables provision

Provision is allocated for doubtful receivables when the Company has an objective indication over the collectability. The amount of the provision is the difference between the carrying amount and the recoverable amount. Recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collaterals discounted based on using the original effective interest rate of the trade receivables occurred.

As of 31 December 2009, a provision for TL 76,719 (Note 5) of the trade receivables have been provided for as doubtful receivable provision (2008: TL 76,719, 2007: TL 31,139).

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. All the actuary gains and losses are recognized in the income statements.

The estimations relating to the calculation have been described in Note 12.

3. CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008	31 December 2007
Cash on hand	3,409,157	2,240,452	2,257,520
Demand deposits	7,001,625	9,074,993	6,205,855
Other cash equivalents(*)	127,587	–	29,465
	10,538,369	**11,315,445**	**8,492,840**

(*) Other cash equivalents consist of the receivables for the gift cards that some related companies acquire for their own employees for usage at the stores of the Company.

4. FINANCIAL BORROWINGS

Short Term Borrowings	31 December 2009	31 December 2008	31 December 2007
(a) Bank loans	–	17,019,815	369,921
(b) Financial lease payables	1,088,884	1,756,331	1,068,984
	1,088,884	**18,776,146**	**1,438,905**

Long Term Borrowings	31 December 2009	31 December 2008	31 December 2007
(a) Bank loans	–	3,757,990	–
(b) Financial lease payables	210,798	1,296,066	1,736,625
	210,798	**5,054,056**	**1,736,625**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

4. FINANCIAL BORROWINGS (Continued)

31 December 2009

There are no bank loans as of 2009.

31 December 2008

Currency Type	Maturity	Weighted Average Effective Interest Rate	31 December 2008 Short Term	31 December 2008 Long Term
TL	April 2009	18.60%	3,891,839	–
TL	May 2009	18.84%	6,036,957	–
USD	December 2009–January 2010	6.00%	7,091,019	3,757,990
			17,019,815	**3,757,990**

31 December 2007

Currency Type	Maturity	Weighted Average Effective Interest Rate	31 December 2007 Short Term	31 December 2007 Long Term
TL	January 2008	Spot	369,921	–
			369,921	**–**

The borrowings are repayable as follows:

	31 December 2009	31 December 2008	31 December 2007
To be paid within 1 year	–	17,019,815	369,921
To be paid within 1–2 years	–	3,757,990	–
	–	**20,777,805**	**369,921**

(a) The detail of short term finance lease payables is as follows:

Short term Finance Lease Payables	31 December 2009	31 December 2008	31 December 2007
Finance lease payables	1,132,979	1,911,619	1,233,318
Future finance charges (–)	(44,095)	(155,288)	(164,334)
	1,088,884	**1,756,331**	**1,068,984**

(b) The detail of long term finance lease payables is as follows:

Long term Finance Lease Payables	31 December 2009	31 December 2008	31 December 2007
Finance lease payables	215,541	1,345,299	1,836,100
Future finance charges (–)	(4,743)	(49,233)	(99,475)
	210,798	**1,296,066**	**1,736,625**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

4. FINANCIAL BORROWINGS (Continued)

The maturity detail of the finance lease payables is as follows:

	31 December 2009	31 December 2008	31 December 2007
To be paid within 1 year	1,088,884	1,756,331	1,068,984
To be paid within 2–3 years	210,798	1,296,066	1,736,625
	1,299,682	**3,052,397**	**2,805,609**

The net book value of assets which is subject to financial leasing transactions is TL 2,527,197 as of 31 December 2009 (31 December 2008: TL 3,429,894, 31 December 2007: TL 3,871,178).

The interest rates of finance lease operations are constant during the lease contract period. As of 31 December 2009 the average EUR current interest rate varies between 5.75%–7.00%, the average USD current interest rate is 6.5% annually (31 December 2008: EUR: 5.75%–7.00%, 31 December 2007: EUR: 5.75%–7.00%, USD: None).

5. TRADE RECEIVABLES AND PAYABLES

	31 December 2009	31 December 2008	31 December 2007
Credit card receivables	61,023,706	68,652,045	57,522,965
Trade receivables	4,732,628	3,724,583	3,557,076
Notes receivable	111,758	225,323	162,192
Allowance for doubtful receivables (–)	(76,719)	(76,719)	(31,139)
	65,791,373	**72,525,232**	**61,211,094**
Trade receivables from related parties			
Trade receivables from related parties (Note 23)	50,149	380,453	449,881
Total current trade receivables	**65,841,522**	**72,905,685**	**61,660,975**

As of 31 December 2009, the average collection period of credit card receivables of the company is 24 days (31 December 2008: 30 days, 31 December 2007: 30 days).

As of 31 December 2009, the average period for the sale of goods is 19 days (31 December 2008: 21 days, 31 December 2007: 22 days).

Trade receivables are carried at amortized cost. Trade receivables are calculated over discount rate of 11% (31 December 2008: 20%, 31 December 2007:18%). The allowance for trade receivables is provided based on the estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

5. TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of the allowance for doubtful receivables as of 31 December 2009, 2008 and 2007 is as follows:

Movement of allowance for doubtful receivables	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Balance at beginning of the year	(76,719)	(31,139)	(11,280)
Current period charge	–	(45,580)	(19,859)
Closing balance	**(76,719)**	**(76,719)**	**(31,139)**

The nature and risk level derived from trade receivables are disclosed in Note 24.

Short term trade payables	31 December 2009	31 December 2008	31 December 2007
Trade payables	112,914,421	139,494,346	108,710,919
Notes payables	–	35,630	–
	112,914,421	**139,529,976**	**108,710,919**

Trade payables to related parties	31 December 2009	31 December 2008	31 December 2007
Trade payables to related parties (Note 23)	37,391,869	29,899,606	17,640,887
Total current trade payables	**150,306,290**	**169,429,582**	**126,351,806**

Average payment period for trade payables varies depending on the sector and suppliers. The average payment period, although varies as per the product categories, is 48 days (31 December 2008: 53 days, 31 December 2007: 48 days).

6. OTHER RECEIVABLES AND PAYABLES

Other receivables	31 December 2009	31 December 2008	31 December 2007
Other receivables from related parties (Note 23)	3,805,220	26,890,375	–
Receivables from personnel	83,905	36,648	52,850
Other sundry receivables	6,635	772	–
	90,540	37,420	52,850
Total other receivables	**3,895,760**	**26,927,795**	**52,850**

	31 December 2009	31 December 2008	31 December 2007
Other payables to related parties (Note 23)	–	5,354,674	102,908
	–	**5,354,674**	**102,908**

The nature and risk level derived from other receivables are disclosed in Note 24.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

7. INVENTORIES

The detail of inventories is as follows:

	31 December 2009	31 December 2008	31 December 2007
Trade goods	88,144,830	85,324,950	66,365,481
Other inventory	538,320	75,916	15,862
	88,683,150	**85,400,866**	**66,381,343**

Inventory is presented on cost value and there is no impairment on inventory.

8. TANGIBLE ASSETS (NET)

Movements of tangible assets between 1 January 2009 and 31 December 2009 are as follows:

Cost Value	Motor Vehicles	Furniture and Fixture	Other Tangible Fixed Assets	Leasehold Improvements	Total
Opening balance as of 1 January 2009	139,456	29,201,104	2,219,254	27,461,171	59,020,985
Additions	–	3,847,455	316,798	2,405,296	6,569,549
Disposals	(80,590)	–	–	–	(80,590)
Closing balance as of 31 December 2009	58,866	33,048,559	2,536,052	29,866,467	65,509,944
Accumulated Depreciation					
Opening balance as of 1 January 2009	(132,544)	(13,867,234)	(711,837)	(4,479,924)	(19,191,539)
Charge of the year	(1,874)	(4,002,146)	(317,062)	(3,331,156)	(7,652,238)
Disposals	79,526	–	–	–	79,526
Closing balance as of 31 December 2009	(54,892)	(17,869,380)	(1,028,899)	(7,811,080)	(26,764,251)
Carrying value as of 31 December 2009	**3,974**	**15,179,179**	**1,507,153**	**22,055,387**	**38,745,693**

Depreciation expense of TL 6,985,616 has been charged in marketing and selling expenses and TL 666,622 in general administrative expenses.

For the period between 1 January 2009 and 31 December 2009, there is not any tangible asset acquired by finance lease.

There are no pledges or any other restrictions over tangible assets.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

8. TANGIBLE ASSETS (NET) (Continued)

Movements of tangible assets between 1 January 2008 and 31 December 2008 are as follows:

Cost Value	Motor Vehicles	Furniture and Fixture	Other Tangible Fixed Assets	Leasehold Improvements	Total
Opening balance as of 1 January 2008	640,407	21,927,649	1,425,703	14,929,565	38,923,324
Additions	–	7,294,096	793,551	12,955,651	21,043,298
Disposals	(500,951)	(20,641)	–	(424,045)	(945,637)
Closing balance as of 31 December 2008	139,456	29,201,104	2,219,254	27,461,171	59,020,985
Accumulated Depreciation					
Opening balance as of 1 January 2008	(432,668)	(10,063,339)	(468,302)	(1,850,335)	(12,814,644)
Charge of the year	(47,575)	(3,818,140)	(243,535)	(2,742,190)	(6,851,440)
Disposals	347,699	14,245	–	112,601	474,545
Closing balance as of 31 December 2008	(132,544)	(13,867,234)	(711,837)	(4,479,924)	(19,191,539)
Carrying value as of 31 December 2008	**6,912**	**15,333,870**	**1,507,417**	**22,981,247**	**39,829,446**

Depreciation expense of TL 6,107,970 has been charged in marketing and selling expenses and TL 743,470 in general administrative expenses.

For the period between 1 January 2008 and 31 December 2008, TL 878,517 of tangible assets acquired by finance lease.

There are no pledges or any other restrictions over tangible assets.

Movements of tangible assets between 1 January 2007 and 31 December 2007 are as follows:

Cost Value	Motor Vehicles	Furniture and Fixture	Other Tangible Fixed Assets	Leasehold Improvements	Total
Opening balance as of 1 January 2007	741,970	16,161,637	776,888	4,253,917	21,934,412
Additions	–	5,766,012	648,815	10,734,967	17,149,794
Disposals	(101,563)	–	–	(59,319)	(160,882)
Closing balance as of 31 December 2007	640,407	21,927,649	1,425,703	14,929,565	38,923,324
Accumulated Depreciation					
Opening balance as of 1 January 2007	(372,654)	(6,704,780)	(283,524)	(502,364)	(7,863,322)
Charge of the year	(118,313)	(3,358,559)	(184,778)	(1,399,287)	(5,060,937)
Disposals	58,299	–	–	51,316	109,615
Closing balance as of 31 December 2007	(432,668)	(10,063,339)	(468,302)	(1,850,335)	(12,814,644)
Carrying value as of 31 December 2007	**207,739**	**11,864,310**	**957,401**	**13,079,230**	**26,108,680**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

8. TANGIBLE ASSETS (NET) (Continued)

Depreciation expense of TL 4,243,434 has been charged in marketing and selling expenses and 817,503 in general administrative expenses.

For the period between 1 January 2007 and 31 December 2007, TL 2,903,916 of tangible assets acquired by finance lease.

There are no pledges or any other restrictions over tangible assets.

The useful lives of tangible assets are as follows:

	Useful Life
Motor Vehicles	4–5 year
Furniture and Fixture	2–50 year
Other Tangible Fixed Assets	2–7 year

Useful life of the leasehold improvements is determined by the shorter of rent period or economic life.

9. INTANGIBLE ASSETS (NET)

Movements of intangible assets between 1 January 2009 and 31 December 2009 are as follows:

Cost Value	Rights	Total
Opening balance as of 1 January 2009	171,945	171,945
Additions	55,172	55,172
Closing balance as of 31 December 2009	227,117	227,117
Accumulated Amortization		
Opening balance as of 1 January 2009	(102,871)	(102,871)
Charge of the year	(45,868)	(45,868)
Closing balance as of 31 December 2009	(148,739)	(148,739)
Carrying value as of 31 December 2009	**78,378**	**78,378**

Amortization expense of TL 45,868 has been charged in general administrative expenses.

The intangible assets are amortized on a straight-line basis over their estimated useful lives for the period.

Movements of intangible assets between 1 January 2008 and 31December 2008 are as follows:

Cost Value	Rights	Total
Opening balance as of 1 January 2008	66,358	66,358
Additions	105,587	105,587
Closing balance as of 31 December 2008	171,945	171,945
Accumulated Amortization		
Opening balance as of 1 January 2008	(50,533)	(50,533)
Charge of the year	(52,338)	(52,338)
Closing balance as of 31 December 2008	(102,871)	(102,871)
Carrying value as of 31 December 2008	**69,074**	**69,074**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

9. INTANGIBLE ASSETS (NET) (Continued)

Amortization expense of TL 52,338 has been charged in general administrative expenses.

Movements of intangible assets between 1 January 2007 and 31 December 2007 are as follows:

Cost Value	Rights	Total
Opening balance as of 1 January 2007	47,182	47,182
Additions	19,176	19,176
Closing balance as of 31 December 2007	66,358	66,358
Accumulated Amortization		
Opening balance as of 1 January 2007	(39,046)	(39,046)
Charge of the year	(11,487)	(11,487)
Closing balance as of 31 December 2007	(50,533)	(50,533)
Carrying value as of 31 December 2007	**15,825**	**15,825**

Amortization expense of TL 11,487 has been charged in general administrative expenses.

Amortization for intangible assets is charged on a straight-line basis over their estimated useful lives.

	Useful Life
Rights	3–5 years

10. GOVERNMENT GRANTS AND INCENTIVES

The Company received government incentive in 2009 amounting TL 168,592 (31 December 2008: TL 216,217, 31 December 2007: None) in line with law 5084.

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions	31 December 2009	31 December 2008	31 December 2007
Lawsuit provision	90,852	–	–
	90,852	–	–

The movement of the legal case provision as of 31 December 2009, 2008 and 2007 as follows:

	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Balance at beginning of the year	–	–	–
Current period charge	90,852	–	–
Closing balance	**90,852**	–	–

A significant portion of the legal case provision as of 31 December 2009, 2008 and 2007 are relating to legal filings made by the personnel.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(a) Guarantees Given

Total Guarantees Pledges and Liens	31 December 2009	31 December 2008	31 December 2007
(A) Total Guarantees Pledges and Liens ("GPL") Given in the Legal Name of the Company	67,291,449	84,716,251	80,984,467
(B) Total GPL Given in the Name of Fully Consolidated Companies	–	–	–
(C) Total GPL Given to Manage Trading Operations of Entity in the name of 3rd parties	–	–	–
(D) Total – Other GPL Given			
i. Total GPL Given in the Name of the Parent	–	–	–
ii. Total GPL Given in the name of other Group Companies not included in (B) and (C)	–	–	–
iii. Total GPL given in the name of 3rd parties not included in (C)	–	–	–
Total	**67,291,449**	**84,716,251**	**80,984,467**

(b) Lawsuits Filed by and Against to the Company

Lawsuits filed by the Company:

	31 December 2009	31 December 2008	31 December 2007
Execution files	83,296	40,211	31,718
Tax litigations	29,872	–	–
Action of debt	–	27,739	–
Penalty proceedings	400	–	–
	113,568	**67,950**	**31,718**

Lawsuits filed against to the Company:

	31 December 2009	31 December 2008	31 December 2007
Execution files(*)	30,675	9,677	9,677
Compensation ligitations(*)	165,871	127,000	75,000
	196,546	**136,677**	**84,677**

(*) A provision of TL 90,852 has been provided for various court cases filed against the Company. For the rest of the lawsuits it is decided not to adjust any provision because no cash outflow is projected.

(c) Operational Lease Agreements

The operating leases of the company are for 5–15 year period. Operating leases, by giving prior notice to lessor can be cancelled by the lessee and the lessee has committed to pay the amount of rental will take place only during the period of notice. All operational leasing agreements include a clause allowing the re-arrangement of the terms of the lease had the lessee renewed the contract under the current market conditions. The lessee does not have a right to purchase the asset at the end of the term.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Company's rental income from its operational leasing agreements for assets leased are TL 21,000 in the year (2008: TL 23,519, 2007: TL 50,195). In the current year opeational leasing expenses related to branches and warehouse are TL 16,488,405 (2008: TL 14,298,174, 2007: TL 10,906,488).

The rental expense to be incurred if the lessee cancel the operational lease agreements and not uses the asset in notice period is as follows:

	31 December 2009	31 December 2008	31 December 2007
Within 1 year	4,422,793	3,773,820	2,519,888
Within 1–2 year	922,448	357,185	167,185
Within 2–3 year	869,046	1,231,531	378,371
Within 3–4 year	1,080,000	853,852	485,852
	7,294,287	**6,216,388**	**3,551,296**

12. EMPLOYEE BENEFITS

Short term accruals	31 December 2009	31 December 2008	31 December 2007
Due to personnel	926,329	761,114	656,708
Performance premium accrual	662,600	468,000	363,077
Accrual of bonuses	386,605	–	–
Unused vacation provision	459,452	286,650	259,484
	2,434,986	**1,515,764**	**1,279,269**

Long term provisions	31 December 2009	31 December 2008	31 December 2007
Retirement pay provision	254,497	180,472	147,761
	254,497	**180,472**	**147,761**

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay who retired by gaining right to receive according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered with 60th article that has been changed. The amount payable consists of one month's salary limited to a maximum of TL 2,365.16 for each period of service at 31 December 2009 (31 December 2008: TL 2,173.19; 31 December 2007: TL 2,087.92).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2009, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

12. EMPLOYEE BENEFITS (Continued)

respective balance sheet dates have been calculated assuming an annual inflation rate of 4.80% and a discount rate of 11%, resulting in a real discount rate of approximately 5.92% (31 December 2008: 6.26%, 31 December 2007: 5.71%). As the maximum liability is revised semi annually, the maximum amount of TL 2,427.04 effective from January 2008 has been taken into consideration in calculation of provision from employment termination benefits. As of 31 December 2009, the probability rate of intentional resignment of employees is 12.99% (31 December 2008: 14.11%, 31 December 2007: 14.59%).

Movement of retirement pay provision is as follows:

	1 January–31 December 2009	1 January–31 December 2008	1 January–31 December 2007
Provision at 1 January	180,472	147,761	90,007
Service cost	320,615	422,536	145,304
Interest cost	11,301	8,467	5,143
Retirement pay paid	(253,686)	(402,787)	(92,693)
Acturial gain/loss	(4,205)	4,495	–
Provision at 31 December	**254,497**	**180,472**	**147,761**

Movement of unused vacation provision is as follows:

	1 January–31 December 2009	1 January–31 December 2008	1 January–31 December 2007
Provision at 1 January	286,650	259,484	271,814
Increase in the period	610,833	504,130	479,798
Pay paid in the period (–)	(438,031)	(476,964)	(492,128)
Provision at 31 December	**459,452**	**286,650**	**259,484**

13. OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2009	31 December 2008	31 December 2007
Advances given for inventory	3,696,568	156,975	737,348
Prepaid expenses	1,787,151	1,307,559	1,938,159
Prepaid taxes	–	930,508	–
Business advances given	1,151	3,157	71,082
	5,484,870	**2,398,199**	**2,746,589**

Other Non-Current Assets	31 December 2009	31 December 2008	31 December 2007
Prepaid expenses	1,540,250	160,000	40,110
Advances and deposits given	197,001	178,725	134,614
	1,737,251	**338,725**	**174,724**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

13. OTHER ASSETS AND LIABILITIES (Continued)

Other Current Liabilities	31 December 2009	31 December 2008	31 December 2007
VAT payables	2,557,624	965,115	1,662,014
Taxes payables	580,912	600,294	459,750
Social security premiums payable	591,662	551,673	576,540
Order advances taken	72,707	–	2,440
Deferred revenue	24,000	26,215	22,750
Other liabilities	5,264	21,685	497
	3,832,169	**2,164,982**	**2,723,991**

14. EQUITY

The composition of the Company's paid-in share capital as of 31 December 2009, 31 December 2008 and 31 December 2007 is as follows:

Shareholders	%	31 December 2009	%	31 December 2008	%	31 December 2007
Yıldız Holding A.Ş.	59%	12,332,148	59%	12,332,148	79%	15,951,103
Strategic Investment Fund	20%	4,158,748	20%	4,158,748	20%	4,023,800
Golden Horn Investment B.V.	20%	4,158,748	20%	4,158,748	0%	–
Other	1%	144,094	1%	144,094	1%	144,094
Share Capital	**100%**	**20,793,738**	**100%**	**20,793,738**	**100%**	**20,118,997**

The total number of ordinary shares authorized and issued by the Company consist of 16 million Group A shares (2009: 16 million shares) and 4 million Group B shares (2009: 4 million shares) totaling a share capital of 20 million shares each with a par value of TL 1 per share (2009: TL 1 per share). All issued shares are fully paid. The articles of association of the Company state that the Company be governed by at a minimum 4 Board of Directors's members, only one of which can be elected by Group B shares.

It is not applicable to discuss and take desicion the matter which is not declared to members of the Board of Directors, in the absence of member of the Board of directors who represents B Group shares.

It is essential to attend Board of Directors meeting and vote the desicion about current issues for member of the Board of Directors who represents B Group shares on condition of holding 20% in total shares of the Company, in case of increasing the capital determined in association of the Company, merger of, liquadition or revocation of the Company, making decision on issue of shares, to enter a proposal about to participate another company, to assign an auditor and making decision on assets which values are over USD 2,500,000.

(a) Legal Reserves

	31 December 2009	31 December 2008	31 December 2007
Legal reserves	304,285	238,382	86,161
	304,285	**238,382**	**86,161**

Restricted reserves appropriated from profit are composed of legal reserves.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

14. EQUITY (Continued)

Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 5% per annum of all cash dividend distributions.

Profit Distribution:

Legal Reserves have been presented at their values in legal books. Thus, the inflation adjustment differences from the valuation studies for IFRS purposes for those as of the balance sheet date that have not been subject to profit distribution or capital increase have been presented under retained earnings.

Resources Available for Profit Distribution:

The Company has in its legals books after the netting of retained earnings a profit for the period of TL 18,670,866 (31 December 2008: TL 1,252,162 31 December 2007: TL 2,892,208) and other reserves of TL 4,144,371 (31 December 2008: TL 2,892,208) that can be utilized for profit distribution.

(b) Retained Earnings

Details of the retained earnings is as follows:

	31 December 2009	31 December 2008	31 December 2007
Retained earnings	9,665,614	7,137,010	4,350,403
Extraordinary reserves	4,144,371	2,892,208	–
	13,809,985	**10,029,218**	**4,350,403**

15. REVENUE AND COST OF SALES

(a) Sales

The detail of operating income is as follows:

	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Domestic sales	1,245,724,433	1,271,681,611	1,044,802,049
Tobacco	*403,447,367*	*544,463,003*	*466,864,974*
Non-tobacco	*842,277,066*	*727,218,608*	*577,937,075*
Export sales	217,210	–	–
Other income	1,845,949	1,583,101	2,611
Sales returns (−)	(1,920,880)	(1,305,256)	(1,657,912)
Sales discounts (−)	(8,789,606)	(7,685,245)	(3,057,428)
	1,237,077,106	**1,264,274,211**	**1,040,089,320**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

15. REVENUE AND COST OF SALES (Continued)

(b) Cost of sales

	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Cost of merchandises sold	(1,133,093,290)	(1,172,169,562)	(967,286,454)
Tobacco	*(391,713,937)*	*(538,330,252)*	*(456,080,504)*
Non-Tobacco	*(741,379,353)*	*(633,839,310)*	*(511,205,950)*
	(1,133,093,290)	**(1,172,169,562)**	**(967,286,454)**

16. MARKETING, SELLING AND DISTRIBUTING AND GENERAL ADMINISTRATIVE EXPENSES

	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Marketing, selling and distribution expenses (−)	(54,027,530)	(51,792,346)	(42,036,680)
General administrative expenses (−)	(13,200,343)	(13,695,966)	(11,968,395)
	(67,227,873)	**(65,488,312)**	**(54,005,075)**

17. EXPENSES BY NATURE

The detail of operating expenses are as follows:

The details of Marketing, Selling and Distribution Expenses	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Personnel expenses	(19,607,050)	(18,359,634)	(14,265,877)
Rent expenses	(15,703,854)	(13,558,710)	(10,181,754)
Depreciation and amortization expenses	(6,985,616)	(6,107,970)	(4,243,434)
Utility expenses	(3,921,161)	(2,665,676)	(1,718,121)
Logistics expenses	–	(2,628,358)	(4,381,352)
Outsourcing expenses	(2,096,167)	(1,952,291)	(1,260,782)
Advertising expenses	(891,900)	(1,185,948)	(1,501,410)
Maintenance expenses	(742,899)	(680,464)	(793,001)
Other	(4,078,883)	(4,653,295)	(3,690,949)
	(54,027,530)	**(51,792,346)**	**(42,036,680)**

The details of General Administrative Expenses	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Personnel expenses	(7,799,925)	(7,199,598)	(5,285,414)
Consultancy and service expenses	(1,810,011)	(2,690,130)	(3,156,365)
Depreciation and amortization expenses	(712,490)	(795,808)	(828,990)
Rent expenses	(784,551)	(739,464)	(724,734)
Outsourcing expenses	(595,625)	(617,771)	(547,652)
Other	(1,497,741)	(1,653,195)	(1,425,240)
	(13,200,343)	**(13,695,966)**	**(11,968,395)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

18. OTHER OPERATING INCOME/(EXPENSES)

(a) The detail of other operating income is as follows:

Other Operating Income	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Rent income	219,888	121,330	113,318
Insurance compensation	63,064	46,175	196,583
Gain on sale of plant property equipment	34,980	134,348	36,507
Scrap sales	11,922	30,356	13,257
Other income	20,257	75,578	312,730
Provisions released	–	–	176,980
	350,111	**407,787**	**849,375**

(b) The detail of other operating expenses is as follows:

Other Operating Expenses	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Provision expenses	(90,852)	(45,580)	(19,859)
Other expenses and losses	(47,587)	(32,415)	(103,103)
	(138,439)	**(77,995)**	**(122,962)**

19. FINANCE INCOME

	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Finance income from sales	7,481,322	13,135,846	9,725,903
Interest income	1,185,531	412,064	1,042,266
Discount income	293,016	1,619,625	304,022
Foreign exchange gain	337,472	842,966	1,009,869
	9,297,341	**16,010,501**	**12,082,060**

20. FINANCE EXPENSES

	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Finance expense from purchases	(17,086,908)	(28,480,940)	(21,152,489)
Interest on bank overdrafts and loans	(3,239,674)	(5,138,926)	(1,883,358)
Discount expense	(1,868,437)	(94,014)	–
Foreign exchange loss	(384,948)	(4,355,685)	(1,205,834)
	(22,579,967)	**(38,069,565)**	**(24,241,681)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

21. TAX ASSETS AND LIABILITIES

The Company, accounts deferred tax assets and liabilities for temporary timing differences rooted from differences between legal financial statements and financial statements prepared in accordance with IFRS. Those differences in question are caused generally by the fact that some profit and loss accounts come up in different periods in legal financial statements and financial statements prepared in accordance with IFRS.

The rate applied in the calculation of deferred tax assets and liabilities is 20% (2008: 20%, 2007: 20%).

Deferred tax bases:

	31 December 2009	31 December 2008	31 December 2007
Restatement and depreciation/amortization differences of property, plant and equipment and other intangible assets	(7,138,567)	(6,170,824)	(4,468,498)
Provision for employment termination benefits	254,497	180,472	147,761
Unpaid vacation provision	459,452	286,650	259,484
Discount on trade receivables and payables	(1,931,268)	(3,780,439)	(2,169,402)
Discount on credit card receivables	220,355	494,091	408,680
Lawsuit provision	90,852	–	–
Accrued interest on bank loans	–	(17,701)	–
Other	73,030	–	(98,308)
	(7,971,649)	**(9,007,751)**	**(5,920,283)**

Deferred tax assets/(liabilities)	31 December 2009	31 December 2008	31 December 2007
Restatement and depreciation/amortization differences of property, plant and equipment and other intangible assets	(1,427,713)	(1,234,165)	(893,700)
Provision for employment termination benefits	50,899	36,094	29,552
Unpaid vacation provision	91,890	57,330	51,897
Discount on trade receivables and payables	(386,254)	(756,088)	(433,880)
Discount on credit card receivables	44,071	98,818	81,736
Lawsuit provision	18,170	–	–
Accrued interest on bank loans	–	(3,540)	–
Other	14,606	–	(19,662)
	(1,594,331)	**(1,801,551)**	**(1,184,057)**

Movement of deferred tax (asset)/liabilities:	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Opening balance at January 1	1,801,551	1,184,057	723,067
Charged to income statement	(207,220)	617,494	460,990
Closing balance at 31 December	**1,594,331**	**1,801,551**	**1,184,057**

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

21. TAX ASSETS AND LIABILITIES (Continued)

Corporate Tax

The Company and its Turkish subsidiaries are subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2009 (31 December 2008: 20%, 31 December 2007: 20%).

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. The companies with special accounting periods, file their tax returns between 1st–25th of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for resident companies in Turkey which include this dividend income in their taxable profit for the related period and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 June 2006. However until the resolution of council of ministers, it was used as 10%. After the resolution, declared in Official Gazette in 23 July 2006, this rate is changed to 15% effective from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

As the Company did not use any investment incentives, the Company has used 20% corporate tax rate.

Provision for taxation as of 31 December 2009, 31 December 2008 and 31 December 2007 are as follows:

	1 January–31 December 2009	1 January–31 December 2008	1 January–31 December 2007
Current corporate tax provision	4,959,639	422,901	1,072,557
Less: prepaid taxes and funds	(3,608,031)	(422,901)	(790,650)
Taxation in the balance sheet	**1,351,608**	**–**	**281,907**

	31 December 2009	31 December 2008	31 December 2007
Current corporate tax provision	4,959,639	422,901	1,072,557
Deferred tax (benefit)/charge	(207,220)	617,494	460,990
Taxation in the statement of income	**4,752,419**	**1,040,395**	**1,533,547**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

21. TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of taxation as of 31 December 2009, 31 December 2008 and 2007 are as follows:

Reconciliation of taxation	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Profit before tax	23,684,989	4,887,065	7,364,583
Effective tax rate	20%	20%	20%
Calculated tax	4,736,998	977,413	1,472,917
Tax effects of:			
–Non-deductible expenses	57,106	62,982	60,630
–Other	(41,685)	–	–
Tax charge	**4,752,419**	**1,040,395**	**1,533,547**

22. EARNINGS PER SHARE

A summary of the Company's weighted average number of shares outstanding for the years ended 31 December 2009, 2008 and 2007 and computation of earnings per share set out here as follows:

	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Basic earnings per share			
Weighted average number of ordinary shares outstanding during the period (in full)	20,000,000	20,000,000	20,000,000
Net profit for the year attributable to equity holders of the parent	18,932,570	3,846,670	5,831,036
Earnings per share	**0.9466**	**0.1923**	**0.2916**

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) The detail of receivables from related parties is as follows:

	31 December 2009	31 December 2008	31 December 2007
Trade receivables	50,149	380,453	449,881
Non-trade receivables	3,805,220	26,890,375	–
	3,855,369	**27,270,828**	**449,881**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The detail of trade and non-trade receivables is as follows:

	31 December 2009		31 December 2008		31 December 2007	
Balances with related parties	**Trading**	**Non-trading**	**Trading**	**Non-trading**	**Trading**	**Non-trading**
Principle Shareholder						
Yıldız Holding A.Ş.	–	3,805,220	–	1,890,375	–	–
Other Related Parties						
Pasifik Tüketim Ürünleri						
Satış ve Ticaret A.Ş.	–	–	–	25,000,000	–	–
Öncü Pazarlama Ticaret A.Ş.	13,698	–	–	–	109,142	–
Ak Gıda San.ve Tic. A.Ş.	7,876	–	21,995	–	2,599	–
Baycan Ciklet ve Gıda San. A.Ş.	7,277	–	–	–	–	–
İdeal Gıda San. Tic. A.Ş.	4,315	–	–	–	–	–
Atlas Gıda Pazarlama San. Tic. A.Ş.	3,411	–	–	–	–	–
Della Gıda San. ve Tic. A.Ş.	2,975	–	–	–	–	–
Ülker Çikolata San. A.Ş.	–	–	277,931	–	–	–
Mondi Tire Kutsan	–	–	–	–	–	–
Kağıt ve Ambalaj San. A.Ş. (*)	–	–	38,373	–	–	–
Esas Pazarlama ve Tic. A.Ş	–	–	18,147	–	–	–
Pripack Ambalaj Sanayi A.Ş.	–	–	–	–	211,746	–
Other	10,597	–	24,007	–	126,394	–
	50,149	**3,805,220**	**380,453**	**26,890,375**	**449,881**	**–**

(*) Formerly known as Tire Kutsan Oluklu Mukavva Kutu ve Kağıt San. A.Ş.

In addition to the balances above, there are bank deposits amounting to TL 96,990 at Türkiye Finans Katılım Bankası A.Ş. (31 December 2008: TL 361,180, 31 December 2007: TL 1,240,894).

(b) The detail of payables to related parties is as follows:

	31 December 2009	31 December 2008	31 December 2007
Trade payables	37,391,869	29,899,606	17,640,887
Non-trade payables	–	5,354,674	102,908
	37,391,869	**35,254,280**	**17,743,795**

Payables to related parties is due to purchases and approximately matured in between 30 and 60 days.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The detail of trade and non-trade payables is as follows:

	31 December 2009		31 December 2008		31 December 2007	
Balances with related parties	**Trading**	**Non-trading**	**Trading**	**Non-trading**	**Trading**	**Non-trading**
Principle Shareholder						
Yıldız Holding A.Ş.	–	–	–	5,354,674	–	102,908
Other Related Parties						
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	25,587,414	–	–	–	–	–
Seher Gıda Pazarlama Satış ve Tic. A.Ş.	4,849,798	–	–	–	–	–
Komili Temizlik Ürünleri Paz. A.Ş.	1,766,823	–	–	–	–	–
Rekor Gıda Pazarlama Sanayi ve Ticaret A.Ş.	1,527,571	–	1,990,907	–	2,127,471	–
Teközel Gıda, Temizlik, Sağlık Marka Hizmetleri San. ve Tic. A.Ş.	1,422,147	–	24,114,450	–	14,314,286	–
Birlik Pazarlama San. ve Tic. A.Ş.	938,485	–	–	–	–	–
Etkin Gıda Pazarlama A.Ş.	279,418	–	–	–	–	–
Öncü Pazarlama Ticaret A.Ş.	–	–	1,007,125	–	–	–
Other	1,020,213	–	2,787,124	–	1,199,130	–
	37,391,869	**–**	**29,899,606**	**5,354,674**	**17,640,887**	**102,908**

The non-trade payables to related parties mainly comprises the treasury service, the information service, management and corporate support received from Yıldız Holding A.Ş.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(c) The detail of purchases from and sales to related parties is as follows:

	1 January– 31 December 2009		1 January– 31 December 2008		1 January– 31 December 2007	
Transactions with related parties	**Purchases**	**Sales**	**Purchases**	**Sales**	**Purchases**	**Sales**
Principle Shareholder						
Yıldız Holding A.Ş.	–	19,472	–	53,464	–	14,560
Other Related Parties						
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	117,696,399	16,615	–	–	–	–
Seher Gıda Paz.San.Tic. A.Ş.	14,374,253	7,361	2,451,294	–	1,828,820	–
Komili Temizlik Ürünleri Paz. A.Ş.	5,731,763	–	–	–	–	–
Teközel Gıda, Temizlik, Sağlık Marka Hizmetleri San. ve Tic. A.Ş.	4,780,880	–	92,559,882	–	35,938,558	–
Rekor Gıda Pazarlama Sanayi ve Ticaret A.Ş.	4,338,473	372	6,462,527	–	6,825,954	–
Birlik Pazarlama San. ve Tic. A.Ş.	3,434,458	14,351	–	–	–	–
Etkin Gıda Paz. A.Ş.	1,057,573	396	1,680,929	–	–	–
Bahar Su Sanayi ve Tic. A.Ş.	796,442	1,341	–	–	–	–
Merkez Gıda Paz.ve Tic. A.Ş.	46,820	608	–	51,044	13,162,829	298
Esas Paz. ve Tic. A.Ş.	–	9,115	–	–	12,000,641	–
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	–	528	–	–	11,582,706	–
Atlantik Gıda Paz.ve Tic. A.Ş.	–	–	–	–	10,171,849	–
Netlog Loj. Hizmetleri A.Ş.	–	220,125	–	90,457	–	42
Ak Gıda Sanayi ve Tic. A.Ş.	43,250	154,168	–	165,224	–	52,023
İdeal Gıda Sanayi ve Tic. A.Ş.	78,058	99,481	–	–	–	–
Ülker Bisküvi Sanayi A.Ş.	32,524	84,371	–	70,504	–	80,194
Della Gıda San. ve Tic. A.Ş	–	44,512	–	45,750	–	32,757
Doğa Bitkisel Ürünler San. ve Tic. A.Ş.	2,286	35,131	–	–	–	–
Unmaş Unlu Mamulleri Sanayi ve Ticaret A.Ş.	64,436	32,194	–	–	–	–
Türkiye Finans Katılım Bankasi	–	29,637	–	39,682	–	20,258
Fresh Cake San. ve Tic. A.Ş.	–	33,006	–	23,277	–	21,485
Besler Gıda ve Kim.Tic. A.Ş.	–	29,004	–	53,231	–	46,717
Ülker Çikolata San. A.Ş.	–	27,485	–	40,431	–	42,978
Natura Gıda San. ve Tic. A.Ş.	18,690	18,479	–	51,107	–	28,666
Milford Yıldız Gıda San. ve Tic. A.Ş. (*)	433,366	1,794	–	92,383	–	–
Mondi Tire Kutsan Kağıt ve Ambalaj San. A.Ş. (**)	86,135	1,155	–	70,875	–	56,335
Other	760,344	643,243	2,437,550	189,730	1,076,773	550,489
	153,776,150	**1,523,944**	**105,592,182**	**1,037,159**	**92,588,130**	**946,802**

(*) Formerly known as Enfes Gıda Imalat ve Ticaret A.Ş.

(**) Formerly known as Tire Kutsan Oluklu Mukavva Kutu ve Kağıt San. A.Ş.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

The company purchases finished goods from the related parties. Sales to related parties include premium revenues, service expenses and sales of various goods.

(d) The detail of income and expenses pertaining to interest, rent and services arising from transactions with related parties is as follows:

For the year ended 31 December 2009;

	1 January–31 December 2009					
Transactions with related parties	**Interest income**	**Interest expense**	**Rent income**	**Rent expense**	**Service income**	**Service expense**
Principle Shareholder						
Yıldız Holding A.Ş.	609,958	–	1,360	–	–	(1,938,076)
Other Related Parties						
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	486,301	–	36,350	–	–	–
Öncü İletişim Pazarlama Yapım ve Tic. A.Ş.	–	–	–	–	–	(34,559)
Global İletişim Hizmetleri A.Ş.	–	–	–	–	–	(497,230)
Netlog Lojistik Hizmetleri A.Ş.	–	–	44,258	(263,215)	16,508	(441,558)
Datateknik Bilgisayar Sistemleri Tic. ve San. A.Ş.	–	–	–	–	–	(407,871)
Başak Sağlık ve Eğitim Hizmetleri San. Tic. A.Ş.	–	–	–	(84,638)	–	–
Sağlam Gayrimenkul Yatırım Ortaklığı A.Ş.	–	–	–	(1,149,000)	–	–
Eksper Gıda Pazarlama San. ve Tic. A.Ş.	–	–	14,800	–	–	–
VIP Taşıt Araçları Kiralama A.Ş.	–	–	–	(208,200)	–	(3,722)
Other	–	–	–	(172,443)	–	(16,379)
	1,096,259	**–**	**96,768**	**(1,877,496)**	**16,508**	**(3,339,395)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

For the year ended 31 December 2008;

	1 January–31 December 2008					
Transactions with related parties	**Interest income**	**Interest expense**	**Rent income**	**Rent expense**	**Service income**	**Service expense**
Principle Shareholder						
Yıldız Holding A.Ş.	412,049	(78,252)	12,707	(12,174)	–	(1,585,336)
Other Related Parties						
Öncü İletişim Pazarlama Yapım ve Tic. A.Ş.	–	–	–	–	–	(888,260)
Global İletişim Hizmetleri A.Ş.	–	–	–	–	–	(304,516)
Netlog Lojistik Hizmetleri A.Ş.	–	–	3,745	(13,673)	–	–
Datateknik Bilgisayar Sistemleri Tic. ve San. A.Ş.	–	–	–	–	–	(78,441)
Başak Sağlık ve Eğitim Hizmetleri San. Tic. A.Ş.	–	–	–	–	–	(112,775)
Sağlam Gayrimenkul Yatırım Ortaklığı A.Ş.	–	–	–	(1,032,000)	–	–
Eksper Gıda Pazarlama San. ve Tic. A.Ş.	–	–	4,400	–	–	–
Medyasoft Bilgi Sis. San. ve Tic. Ltd. Şti.	–	–	–	–	–	(3,609)
Bizim Menkul Değerler A.Ş.	–	–	–	–	–	(50,000)
VIP Taşıt Araçları Kiralama A.Ş.	–	–	–	(114,070)	–	–
Other	–	–	–	(3,077)	–	(24,563)
	412,049	**(78,252)**	**20,852**	**(1,174,994)**	**–**	**(3,047,500)**

For the year ended 31 December 2007;

	1 January–31 December 2007					
Transactions with related parties	**Interest income**	**Interest expense**	**Rent income**	**Rent expense**	**Service income**	**Service expense**
Principle Shareholder						
Yıldız Holding A.Ş.	1,014,698	(4,245)	12,493	(22,881)	–	(6,310,739)
Other Related Parties						
Öncü İletişim Pazarlama Yapım ve Tic. A.Ş.	–	–	–	–	–	(191,239)
Global İletişim Hizmetleri A.Ş.	–	–	–	–	–	(139,695)
Sağlam Gayrimenkul Yatırım Ortaklığı A.Ş.	–	–	–	(999,000)	–	–
VIP Taşıt Araçları Kiralama A.Ş.	–	–	–	–	–	–
Other	–	–	1,653	(29,625)	114,655	–
	1,014,698	**(4,245)**	**14,146**	**(1,051,506)**	**–**	**(6,641,673)**

Trade receivables from related parties is mainly composed of sales transactions and approximate maturity is 30-60 days. Non-trade receivables are loans given to related parties, and interest is received as quarterly based on effective market interest rate. The interest rate used in 31 December 2009 is 10% for TL, 7% for

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

foreign currencies (31 December 2008: 18% for TL, 8% for foreign currencies, 31 December 2007: 18% for TL).

(e) Benefits provided to board members and key management personnel:

	1 January– 31 December 2009	1 January– 31 December 2008	1 January– 31 December 2007
Salaries and other short term benefits	1,109,383	1,383,156	947,115
	1,109,383	**1,383,156**	**947,115**

(f) As of 31 December 2009, there are no guarantees, commitments and advances given in favor of related parties (31 December 2008: None, 31 December 2008: None).

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 4, cash and cash equivalents disclosed in Note 3 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 14.

The management of the Company considers the cost of capital and the risks associated with each class of capital. The management of the Company aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Company controls its capital with the liability/total capital ratio. Net liability is divided by total capital in this ratio. Cash and cash equivalents is substracted from total liabilities to calculate the net liability. The shareholder's equity is added to net liabilties to calculate the total capital.

Net liability/Total capital ratio as of 31 December 2009, 2008 and 2007 is as follows;

	31 December 2009	31 December 2008	31 December 2007
Total liabilities	151,605,972	193,259,784	129,527,336
Negative: Liquid assets	10,538,369	11,315,445	8,492,840
Net liabilities	141,067,603	181,944,339	121,034,496
Total shareholder's equity	53,840,578	34,908,008	30,386,597
Total capital	194,908,181	216,852,347	151,421,093
Net Liability/Total Capital Ratio	72%	84%	80%

(b) Financial Risk Factors

The risks of the Company, resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Company.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Risk management is implemented by finance department according to the policies approved by Board of Directors. The Company's finance department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. The written procedures are formed by Board of Directors to manage the foreign currency risk, interest risk, credit risk, use of derivative and non-derivative financial instruments and the assessment of excess liquidity.

(b-1) Credit Risk Management

Credit Risk of Financial Instruments

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2009	Related Party	Third Party	Related Party	Third Party	Deposits in Bank
Maximum net credit risk as of balance sheet date(*)	50,149	65,791,373	3,805,220	90,540	7,001,625
– The part of maximum risk under guarantee with collateral etc.(**)	–	2,131,345	–	–	–
A. Net book value of financial assets that are neither past due nor impaired	50,149	65,779,067	3,805,220	90,540	7,001,625
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	–	–	–	–	–
C. Carrying value of financial assets that are past due but not impaired	–	12,306	–	–	–
– The part under guarantee with collateral etc.	–	–	–	–	–
D. Net book value of impaired assets					
– Past due (gross carrying amount)	–	76,719	–	–	–
– Impairment (–)	–	(76,719)	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
– Not past due (gross carrying amount)	–	–	–	–	–
– Impairment (–)	–	–	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
E. Off-balance sheet items with credit risk	–	–	–	–	–

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(**) Guarantees include letter of guarantees, gurantee notes and mortgages.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2008	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in Bank**
Maximum net credit risk as of balance sheet date(*)	380,453	72,525,232	26,890,375	37,420	9,074,993
– The part of maximum risk under guarantee with collateral etc.(**)	–	3,771,845	–	–	–
A. Net book value of financial assets that are neither past due nor impaired	380,453	69,163,829	26,890,375	37,420	9,074,993
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	–	–	–	–	–
C. Carrying value of financial assets that are past due but not impaired	–	3,361,403	–	–	–
– The part under guarantee with collateral etc.	–	–	–	–	–
D. Net book value of impaired assets					
– Past due (gross carrying amount)	–	76,719	–	–	–
– Impairment (–)	–	(76,719)	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
– Not past due (gross carrying amount)	–	–	–	–	–
– Impairment (–)	–	–	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
E. Off-balance sheet items with credit risk	–	–	–	–	–

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(**) Guarantees include letter of guarantees, guarantee notes and mortgages.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2007	Related Party	Third Party	Related Party	Third Party	Deposits in Bank
Maximum net credit risk as of balance sheet date(*)	449,881	61,211,094	–	52,850	6,205,855
– The part of maximum risk under guarantee with collateral etc.(**)	–	3,730,000	–	–	–
A. Net book value of financial assets that are neither past due nor impaired	449,881	61,208,701	–	52,850	6,205,855
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	–	–	–	–	–
C. Carrying value of financial assets that are past due but not impaired	–	2,393	–	–	–
– The part under guarantee with collateral etc.	–	–	–	–	–
D. Net book value of impaired assets					
– Past due (gross carrying amount)	–	31,139	–	–	–
– Impairment (–)	–	(31,139)	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
– Not past due (gross carrying amount)	–	–	–	–	–
– Impairment (–)	–	–	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
E. Off-balance sheet items with credit risk	–	–	–	–	–

(*) Items that increase the credit reliability, such as; letter of guarantees received, are not taken into account in the calculation.

(**) Guarantees include letter of guarantees, guarantee notes and mortgages.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Aging of the past due receivables are as follows:

	Receivables		
31 December 2009	**Trade Receivables**	**Other Receivables**	**Total**
Past due 1–30 days	–	–	–
Past due 1–3 months	12,306	–	12,306
Past due 3–12 months	–	–	–
Past due 1–5 years	76,719	–	76,719
Past due more than 5 years	–	–	–
Total past due receivables	**89,025**	**–**	**89,025**
The part under guarantee with collateral	–	–	–

	Receivables		
31 December 2008	**Trade Receivables**	**Other Receivables**	**Total**
Past due 1–30 days	–	–	–
Past due 1–3 months	3,351,391	–	3,351,391
Past due 3–12 months	86,731	–	86,731
Past due 1–5 years	–	–	–
Past due more than 5 years	–	–	–
Total past due receivables	**3,438,122**	**–**	**3,438,122**
The part under guarantee with collateral	–	–	–

	Receivables		
31 December 2007	**Trade Receivables**	**Other Receivables**	**Total**
Past due 1–30 days	525	–	525
Past due 1–3 months	–	–	–
Past due 3–12 months	33,007	–	33,007
Past due 1–5 years	–	–	–
Past due more than 5 years	–	–	–
Total past due receivables	**33,532**	**–**	**33,532**
The part under guarantee with collateral	–	–	–

Collaterals held for the trade receivables that are past due but not impaired as of balance sheet date are as follows:

None (31 December 2008: None, 31 December 2007: None).

When one part of the financial instrument does not fulfill their obligations, that results in a financial loss risk to the Company and that risk is defined as credit risk. Company's credit risk is basically related to their trade receivables.The balance shown in the balance sheet is the net amount that is obtained when doubtful receivables are written off accoriding to Company management's previous experiences and current economic conditions. Company's non-trade receivables from related parties are mostly due from Yıldız Holding.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

(b-2) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk tables

The following table presents the maturity of Company's non-derivative financial liabilities. The table includes both interest and principal cash flows.

31 December 2009

Contractual Maturity Analysis	Carrying value	Total cash outflow according to contract (I+II+III)	Less than 3 months (I)	3–12 months (II)	1–5 years (III)
Non-derivative financial liabilities					
Financial lease liabilities	1,299,682	1,348,520	444,563	688,416	215,541
Trade payables	112,914,421	114,226,334	108,758,109	5,468,225	–
Trade payables to related parties	37,391,869	38,056,081	38,056,081	–	–
Total liabilities	**151,605,972**	**153,630,935**	**147,258,753**	**6,156,641**	**215,541**

The expected maturities are same as the maturities per contracts.

31 Deccember 2008

Contractual Maturity Analysis	Carrying value	Total cash outflow according to contract (I+II+III)	Less than 3 months (I)	3–12 months (II)	1–5 years (III)
Non-derivative financial liabilities					
Bank borrowings	20,777,805	21,855,361	8,812,701	9,219,028	3,823,632
Financial lease liabilities	3,052,397	3,256,918	477,902	1,433,717	1,345,299
Trade payables	139,529,976	142,525,174	137,094,242	5,430,932	–
Trade payables to related parties	29,899,606	36,098,833	36,098,833	–	–
Other payables to related parties	5,354,674	5,354,674	5,354,674	–	–
Total liabilities	**198,614,458**	**209,090,960**	**187,838,352**	**16,083,677**	**5,168,931**

The expected maturities are same as the maturities per contracts.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2007

Contractual Maturity Analysis	Carrying value	Total cash outflow according to contract (I+II+III)	Less than 3 months (I)	3–12 months (II)	1–5 years (III)
Non-derivative financial liabilities					
Bank borrowings	369,921	369,921	369,921	–	–
Financial lease liabilities	2,805,609	3,066,819	302,357	923,041	1,841,421
Trade payables	108,710,919	110,457,250	110,457,250	–	–
Trade payables to related parties	17,640,887	18,217,589	18,217,589	–	–
Other payables to related parties	102,908	102,908	102,908	–	–
Total liabilities	**129,630,244**	**132,214,487**	**129,450,025**	**923,041**	**1,841,421**

The expected maturities are same as the maturities per contracts.

(b-3) Market risk management

The Company, is subject to financial risks related with the fx rates ((b) − 3.1) and interest rates ((b) − 3.2).

Market risk management is also followed by sensitivity analysis.

In the current year, the Company's market risk management method or its market risk exposure have not changed when compared to prior year.

(b-3.1) Foreign currency risk management

Transactions in foreign currencies expose the Company to foreign currency risk.

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Company manages this risk with a method of netting foreign currency denominated assets and liabilities. The management reviews the foreign currency open position and provide measures if required.

The Company is mainly exposed to foreign currency risk in USD and EUR.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

		31 December 2009		
		TL Equivalent (Functional currency)	USD	EUR
1.	Trade Receivables	–	–	–
2a.	Monetary Financial Assets	884,675	230,551	248,824
2b.	Non-Monetary Financial Assets	–	–	–
3.	Other	48,706	18,000	10,000
4.	CURRENT ASSETS	933,381	248,551	258,824
5.	Trade Receivables	–	–	–
6a.	Monetary Financial Assets	–	–	–
6b.	Non-Monetary Financial Assets	–	–	–
7.	Other	–	–	–
8.	NON-CURRENT ASSETS	–	–	–
9.	TOTAL ASSETS	933,381	248,551	258,824
10.	Trade Payables	–	–	–
11.	Financial Liabilities	1,088,884	227,326	345,600
12a.	Other Monetary Financial Liabilities	–	–	–
12b.	Other Non-Monetary Financial Liabilities	22,586	15,000	–
13.	CURRENT LIABILITIES	1,111,470	242,326	345,600
14.	Trade Payables	–	–	–
15.	Financial Liabilities	210,798	139,967	23
16a.	Other Monetary Financial Liabilities	–	–	–
16b.	Other Non-Monetary Financial Liabilities	–	–	–
17.	NON-CURRENT LIABILITIES	210,798	139,967	23
18.	TOTAL LIABILITIES	1,322,268	382,293	345,623
20.	Net foreign currency liability position	(388,887)	(133,742)	(86,799)
21.	Net foreign currency asset/liability position	–	–	–
	of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(415,007)	(136,742)	(96,799)
23.	Export	217,210	–	100,546
24.	Import	–	–	–

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

		31 December 2008		
		TL Equivalent (Functional currency)	USD	EUR
1.	Trade Receivables	1,890,375	1,250,000	–
2a.	Monetary Financial Assets	825,634	210,861	236,710
2b.	Non-Monetary Financial Assets	–	–	–
3.	Other	48,629	18,000	10,000
4.	CURRENT ASSETS	2,764,638	1,478,861	246,710
5.	Trade Receivables	–	–	–
6a.	Monetary Financial Assets	–	–	–
6b.	Non-Monetary Financial Assets	–	–	–
7.	Other	–	–	–
8.	NON-CURRENT ASSETS	–	–	–
9.	TOTAL ASSETS	2,764,638	1,478,861	246,710
10.	Trade Payables	–	–	–
11.	Financial Liabilities	8,847,349	4,902,058	669,828
12a.	Other Monetary Financial Liabilities	–	–	–
12b.	Other Non-Monetary Financial Liabilities	–	–	–
13.	CURRENT LIABILITIES	8,847,349	4,902,058	669,828
14.	Trade Payables	–	–	–
15.	Financial Liabilities	5,054,056	2,852,705	345,624
16a.	Other Monetary Financial Liabilities	–	–	–
16b.	Other Non-Monetary Financial Liabilities	–	–	–
17.	NON-CURRENT LIABILITIES	5,054,056	2,852,705	345,624
18.	TOTAL LIABILITIES	13,901,405	7,754,763	1,015,452
20.	Net foreign currency liability position	(11,136,767)	(6,275,902)	(768,742)
21.	Net foreign currency asset/liability position	–	–	–
	of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(11,185,396)	(6,293,902)	(778,742)
23.	Export	–	–	–
24.	Import	–	–	–

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

		31 December 2007		
		TL Equivalent (Functional currency)	USD	EUR
1.	Trade Receivables	–	–	–
2a.	Monetary Financial Assets	261,852	143,864	55,136
2b.	Non-Monetary Financial Assets	–	–	–
3.	Other	–	–	–
4.	CURRENT ASSETS	261,852	143,864	55,136
5.	Trade Receivables	–	–	–
6a.	Monetary Financial Assets	–	–	–
6b.	Non-Monetary Financial Assets	–	–	–
7.	Other	–	–	–
8.	NON-CURRENT ASSETS	–	–	–
9.	TOTAL ASSETS	261,852	143,864	55,136
10.	Trade Payables	–	–	–
11.	Financial Liabilities	1,068,985	–	625,064
12a.	Other Monetary Financial Liabilities	–	–	–
12b.	Other Non-Monetary Financial Liabilities	–	–	–
13.	CURRENT LIABILITIES	1,068,985	–	625,064
14.	Trade Payables	–	–	–
15.	Financial Liabilities	1,736,625	–	1,015,451
16a.	Other Monetary Financial Liabilities	–	–	–
16b.	Other Non-Monetary Financial Liabilities	–	–	–
17.	NON-CURRENT LIABILITIES	1,736,625	–	1,015,451
18.	TOTAL LIABILITIES	2,805,610	–	1,640,515
20.	Net foreign currency liability position	(2,543,758)	143,864	(1,585,379)
21.	Net foreign currency asset/liability position	–	–	–
	of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(2,543,758)	143,864	(1,585,379)
23.	Export	–	–	–
24.	Import	–	–	–

Foreign currency sensitivity

The Company is exposed to foreign exchange risk arising primarily from USD and TL currency exposures.

In the table below, the foreign currency sensitivity of the Company arising from 10% change in US dollar and TL rates. 10% is the rate used when reporting to senior management of the Company. This rate is the anticipated rate change of the Company's senior management. Sensitivity analysis includes only the monetary items in foreign currency at year end and shows the effect of 10% increase in US dollar and TL

24. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

foreign currency rates. Negative value implies the effect of 10% increase in US dollar and TL foreign currency rates on net profit increase against EUR.

	31 December 2009		31 December 2008		31 December 2007	
	Income/Expense		Income/Expense		Income/Expense	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
	If US Dollar appreciated against TL by 10%					
1 – US Dollar net asset/ liability	(20,589)	20,589	(951,827)	951,827	16,756	(16,756)
2 – Part of hedged from US Dollar risk (−)	–	–	–	–	–	–
3 – US Dollar net effect (1+2)	**(20,589)**	**20,589**	**(951,827)**	**951,827**	**16,756**	**(16,756)**
	If Euro appreciated against TL by 10%					
4 – Euro net asset/liability	(20,911)	20,911	(166,713)	166,713	(271,131)	271,131
5 – Part of hedged from Euro risk (−)	–	–	–	–	–	–
6 – Euro net effect (4+5)	**(20,911)**	**20,911**	**(166,713)**	**166,713**	**(271,131)**	**271,131**

(b-3.2) Interest risk management

Financial liabilities based on fixed and floating interest rates expose the Company to interest rate risk. The related risk is controlled by interest rate swap agreements and floating interest rate agreements by balancing the fixed and floating interest rate borrowings. Risk strategies are reviewed periodically considering the interest rate expectations and predetermined interest risks; which aims to establish optimum interest risk management regarding the balance sheet position and the interest expenses.

Interest rate sensitivity

Sensitivity analysis has been determined based on the interest rate risk that the non-derivative instruments are exposed with on the balance sheet date. Assumption related to the analysis of floating rate liabilities is that the year end balance exists for the whole year. As of 31 December 2009, the Company does not have any financial borrowing with floating interest rate (31 December 2008: None, 31 December 2007: None).

(b-3.3) Price risk

The Company is exposed to price risk due to the fluctuations in exchange rate and interest rate. The investigation on market information is examined and followed through appropriate valuation method regarding price risk by the Company. In current year, there has not been any changes compared to prior year in the market risk that the Company is exposed to or the administration or calculation methods of these risks.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

25. FINANCIAL INSTRUMENTS

Categories and fair values of financial instruments:

31 December 2009	Loans and receivables (including cash and cash equivalents)	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	10,538,369	–	10,538,369	3
Trade receivables	65,791,373	–	65,791,373	5
Due from related parties	50,149	–	50,149	23
Other dues from related parties	3,805,220	–	3,805,220	23
Financial liabilities				
Borrowings	–	1,299,682	1,299,682	4
Trade payables	–	112,914,421	112,914,421	5
Due to related parties	–	37,391,869	37,391,869	23

(*) The Company management believes that the carrying values of the financial assets reflect their fair values.

31 December 2008	Loans and receivables (including cash and cash equivalents)	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	11,315,445	–	11,315,445	3
Trade receivables	72,525,232	–	72,525,232	5
Due from related parties	380,453	–	380,453	23
Other dues from related parties	26,890,375	–	26,890,375	23
Financial liabilities				
Borrowings	–	23,830,202	23,830,202	4
Trade payables	–	139,529,976	139,529,976	5
Due to related parties	–	29,899,606	29,899,606	23

(*) The Company management believes that the carrying values of the financial assets reflect their fair values.

31 December 2007	Loans and receivables (including cash and cash equivalents)	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	8,492,840	–	8,492,840	3
Trade receivables	61,211,094	–	61,211,094	5
Due from related parties	449,881	–	449,881	23
Other dues from related parties	–	–	–	23
Financial liabilities				
Borrowings	–	3,175,530	3,175,530	4
Trade payables	–	108,710,919	108,710,919	5
Due to related parties	–	17,640,887	17,640,887	23

(*) The Company management believes that the carrying values of the financial assets reflect their fair values.

26. EVENTS AFTER THE BALANCE SHEET DATE

Upon the Board of Directors decision no: 224 issued on 11 November 2010, paid-in capital was decided to be increased from TL 20,000,000 to TL 40,000,000, which was all financed from retained earnings. Paid-in capital of the Company were registered as TL 40,000,000 at 12 November 2010 and in the process of announcement at Trade Registry Gazette.

As per the request to revise the articles of association signed and presented to the Capital Market Board on 12 November 2010 by the Company, it is observed that the preferred shares of the Company will no longer have any preferences over other shares, and the Company will only have one group of shares.

27. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR FIGURES

Comparative Information and Restatement of Prior Period Financial Statements

Financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. The Company reclassified its previous period financial statements accordingly in order to compare with the current period financial statement.

The natures, reasons and amounts of the reclassifications are explained below:

(a) Restatements to prior year financial statements;

- The Company records sales revenues at fair value of the consideration and, in situations where the cash inflow in deferred pursuant to deferred payment arrangements, the difference between fair value of the consideration and the undiscounted future cash inflow is recognized in as finance income. Previously, the finance income arising from the deferred payment arrangement was included in "Sales Revenue." The Company restated the accompanying financial statements to present such amount as part of "Finance Income" balances. As of 31 December 2009, the Company has reclassified a balance of TL 7,481,322 of "Finance income from sales" (31 December 2008: TL 13,135,846, 31 December 2007: TL 9,725,903) from "Sales Revenue" to "Finance Income".

- The Company records cost of sales at fair value of the consideration and in situations where the cash outflow in deferred pursuant to deferred payment arrangement, the difference between the fair value of the consideration and the undiscounted future cash outflow is recognized in as finance cost. Previously, the finance cost arising from the deferred payment arrangement was included in "Cost of Sales". The Company restated the accompanying financial statements to present such amount as part of "Finance Expenses" balances. As of 31 December 2009, the Company has reclassified a balance of TL 17,086,908 of "Finance expenses from purchases" (31 December 2008: TL 28,480,940, 31 December 2007: TL 21,152,489) from "Cost of Sales" to "Finance Expense".

- Previously, the Company had presented warehouse logistics costs of TL 140,505 (31 December 2008: None, 31 December 2007: None) under "Marketing, Sales and Distribution Expenses". In its financial statements as of 31 December 2009, the Company has netted off this balance between "Marketing, Sales and Distribution Expenses" and "Sales Revenue".

- Previously, the Company has presented "Lawsuit provision" balance of TL 90,852 (31 December 2008: None, 31 December 2007: None) under its "General Administrative Expenses". In its financial statements as of 31 December 2009, the Company has reclassified the balance from "General Administrative Expenses" to "Other Expenses" for comparative presentation purposes.

27. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR FIGURES (Continued)

- In its financial statements as of 31 December 2009, the Company has reclassified a balance of TL 219,888 of "Rent income" (31 December 2008: TL 121,330, 31 December 2007: TL 113,318) from "General administrative expenses" to "Other income" for comparative presentation purposes, to present the gross rent income figure.
- In its financial statements as of 31 December 2009, the Company has reclassified a balance of TL 168,592 of Government grants (31 December 2008: TL 216,217, 31 December 2007: None) from "Other income" to "Marketing and selling expenses" to present the social security expenses net of the grants received. As the dues to the government are paid after netting off with the government grants, the necessary reclassification has been made by the Company.

(b) Presentation differences from prior year financial statements;

- In its financial statements as of 31 December 2009, the Company has presented a balance of TL 50,149 (31 December 2008: TL 380,453, 31 December 2007: TL 449,881) under "Trade receivables from related parties", which had been previously presented under "Trade receivables" in accordance with the local financial statement presentation rules.
- Previously, the Company had netted TL 337,472 (31 December 2008: TL 842,966, 31 December 2007: TL 1,125,479) of "Foreign exchange gain" and "Foreign exchange loss" balances. In its financial statements as of 31 December 2009, the Company has presented these "Foreign exchange gain" and "Foreign exchange loss" balances under "Finance Income" and "Finance Expenses", respectively with their gross balances, in accordance with the local financial statement presentation rules.
- In its financial statements as of 31 December 2009, the Company has presented a balance of TL 90,540 (31 December 2008: TL 37,420, 31 December 2007: TL 52,850) under "Other receivables", which had been previously presented under "Other current assets and other receivables" in accordance with the local financial statement presentation rules.
- In its financial statements as of 31 December 2009, the Company has presented a balance of TL 22,586 under "Trade payables from related parties", which had been previously presented under "Other trade payables" in accordance with the local financial statement presentation rules.
- In its financial statements as of 31 December 2009, the Company has presented a balance of TL 2.434,986 (31 December 2008: TL 1,515,764, 31 December 2007: TL 1,279,269) under "Provision for employee benefits", which had been previously presented under "Other payables and expense accruals" in accordance with the local financial statement presentation rules.
- In its financial statements as of 31 December 2009, the Company has presented a balance of TL 90,582 of lawsuit provision (31 December 2008: None, 31 December 2007: None) under "Provisions", which had been previously presented under "Other payables and expense accruals" in accordance with the local financial statement presentation rules.
- In its financial statements as of 31 December 2009, the Company has presented a balance of TL 304,285 (31 December 2008: TL 238,382, 31 December 2007: TL 86,161) under "Legal reserves", which had previously presented under "Retained earnings" in accordance with the local financial statement presentation rules.
- In its financial statements as of 31 December 2009 the Company has presented a balance of TL 18,932,570 (31 December 2008: TL 3,846,670, 31 December 2007: TL 5,831,036) under "Net profit for the year", which had previously presented under "Retained earnings" in accordance with the local financial statement presentation rules.

27. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR FIGURES (Continued)

- In its financial statements as of 31 December 2009 the Company has presented a balance of TL 207,220 (31 December 2008: TL 617,494, 31 December 2007: TL 460,990) under "Deferred tax benefit/charge", which had previously presented under "Tax charge" in accordance with the local financial statement presentation rules.

The following notes to the financial statements for the years ended 31 December 2009, 2008 and 2007 have been presented for the first time in accordance with the local financial statement presentation rules;

- Note 10 Government grants and incentives
- Note 11 Provisions, contingent assets and liabilities
- Note 22 Earnings per share
- Note 24 Nature and level of risks derived from financial instruments

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