# KİLER ALIŞVERİŞ HİZMETLERİ GIDA SANAYİ VE TİCARET A.Ş. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 01.01. – 30.06.2012

**KİLER ALIŞVERİŞ HİZMETLERİ GIDA SANAYİ VE TİCARET A.Ş.**
**REVIEW REPORT AS OF AND FOR THE PERIOD ENDED**
**01.01.-30.06.2012**

**To the shareholders of**
**Kiler Alışveriş Hizmetleri Gıda Sanayi ve Ticaret A.Ş**

## Introduction

1. We have reviewed the accompanying condensed consolidated statement of financial position of Kiler Alışveriş Hizmetleri Gıda Sanayi ve Ticaret A.Ş. and its subsidiaries (together "the group"), as of 30.06.2012 and the related condensed consolidated comprehensive statement of income, condensed consolidated changes in equity and condensed consolidated cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with financial reporting standards issued by the Capital Market Board. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

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

## Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the Company as of 30 June 2012, and of its financial performance and its cash flows for the six month period then ended in accordance with financial reporting standards (Note 2) issued by the Capital Market Board.

ENGİN Bağımsız Denetim ve Serbest Muhasebecilik Mali Müşavirlik A.Ş.
Member Firm of GRANT THORNTON International

Ajda Düzgün Ertuğrul
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Istanbul, 31.08.2012

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**(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)**

| | Notes | Reviewed 30.06.2012 | Audited 31.12.2011 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | **518,658** | **436,675** |
| Cash and cash equivalents | 4 | 45,084 | 42,008 |
| Trade Receivables | | | |
| - Trade receivables from related parties | 7 - 27 | 9,081 | 1,485 |
| - Trade receivables from third parties | 7 | 5,660 | 2,264 |
| Other receivables | | | |
| - Other receivables from related parties | 8 - 27 | 138,792 | 95,876 |
| - Other receivables from third parties | 8 | 1,246 | 1,218 |
| Inventories | 9 | 299,790 | 278,129 |
| Other current assets | 17 | 19,005 | 15,695 |
| | | | |
| **Long-term Assets** | | **292,017** | **299,805** |
| Financial investments | 5 | 54 | 54 |
| Investment properties | 10 | 52,417 | 52,417 |
| Property, plant and equipment | 11 | 147,587 | 152,591 |
| Intangible assets | 12 | 668 | 742 |
| Goodwill | 13 | 73,568 | 73,568 |
| Deferred tax asset | 25 | 14,441 | 14,871 |
| Other assets | 17 | 3,282 | 5,562 |
| | | | |
| **TOTAL ASSETS** | | **810,675** | **736,480** |

The accompanying notes are an integral part of these condensed interim financial statements.

**KİLER ALIŞVERİŞ HİZMETLERİ A.Ş.**
**CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30.06.2012 AND 31.12.2011**
**(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)**

| | Notes | Reviewed 30.06.2012 | Audited 31.12.2011 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Short-term liabilities** | | **495,326** | **405,974** |
| Financial liabilities | 6 | 272,109 | 222,791 |
| Trade payables | | | |
| - Trade payables to related parties | 7 - 27 | 10,022 | 2,617 |
| - Trade payables to third parties | 7 | 173,674 | 143,581 |
| Other payables | | | |
| - Other payables to related parties | 8 - 27 | 780 | 777 |
| - Other payables to third parties | 8 | 21,275 | 18,932 |
| Taxation on income | 25 | -- | 29 |
| Provisions for payables | 14 | 9,845 | 9,026 |
| Other current liabilities | 17 | 7,621 | 8,221 |
| **Long-term liabilities** | | **103,699** | **122,506** |
| Financial liabilities | 6 | 63,035 | 71,967 |
| Trade payables | 7 | 1,538 | 3,845 |
| Other payables | | | |
| - Other payables to related parties | 8 - 27 | -- | -- |
| - Other payables to third parties | 8 | 16,969 | 25,989 |
| Provision for employee termination benefits | 16 | 5,781 | 5,107 |
| Deferred tax liabilities | 25 | 16,376 | 15,598 |
| **EQUITY** | | **211,650** | **208,000** |
| **Company shareholders' equity** | 18 | **211,083** | **207,422** |
| Share capital | | 134,620 | 134,620 |
| Investment and share capital eliminating adjustments (-) | | -- | -- |
| Positive distinction from share capital adjustment | | -- | -- |
| Premium in access of par | | 66,150 | 66,150 |
| Revaluation fund | | 14,303 | 14,309 |
| Foreign currency translation differences | | -- | -- |
| Legal reserves | | 12,397 | 12,397 |
| General Reserves | | (20,047) | (7,053) |
| Net profit/loss for the period | | 3,660 | (13,001) |
| **Minority interest** | | 567 | 578 |
| **TOTAL LIABILITIES** | | **810,675** | **736,480** |

The accompanying notes are an integral part of these condensed interim financial statements.

**KİLER ALIŞVERİŞ HİZMETLERİ A.Ş.**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**FOR INTERIM PERIODS 01.01.-30.06.2012, 01.04.-30.06.2012, 01.01.-30.06.2011 AND 01.04.-30.06.2011**

**(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)**

| | Notes | Reviewed 01.01.- 30.06.2012 | Not Reviewed 01.04.- 30.06.2012 | Reviewed 01.01.- 30.06.2011 | Not Reviewed 01.04.- 30.06.2011 |
|---|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | | |
| Sales | 19 | 462,527 | 231,297 | 364,925 | 191,191 |
| Cost of sales (-) | 19 | (336,446) | (170,451) | (257,085) | (139,977) |
| **GROSS PROFIT / (LOSS)** | | **126,081** | **60,846** | **107,840** | **51,214** |
| Marketing, selling and distribution expenses (-) | 20 | (87,975) | (45,204) | (75,946) | (38,257) |
| General administrative expenses (-) | 20 | (19,446) | (9,095) | (20,964) | (11,569) |
| Income from other operations | 22 | 853 | 392 | 840 | 435 |
| Expense from other operations (-) | 22 | (2,606) | (1,664) | (5,959) | (3,154) |
| **OPERATING INCOME / (LOSS)** | | **16,907** | **5,275** | **5,811** | **(1,331)** |
| Financial income | 23 | 17,400 | 4,903 | 5,012 | 3,066 |
| Financial expenses (-) | 24 | (29,002) | (15,796) | (20,625) | (15,114) |
| **PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | | **5,305** | **(5,618)** | **(9,802)** | **(13,379)** |
| **Tax income / (expense) from continuing operations** | | **(1,656)** | **1,004** | **(465)** | **998** |
| - Taxation on income | 25 | (447) | 644 | -- | 592 |
| - Deferred tax income / (expense) | 25 | (1,209) | 360 | (465) | 406 |
| **PROFIT / (LOSS) FROM CONTINUING OPERATIONS** | | **3,649** | **(4,614)** | **(10,267)** | **(12,381)** |
| **DISCONTINUED OPERATIONS** | | -- | -- | -- | -- |
| **Profit / loss from discontinued operations (net of income tax)** | | -- | -- | -- | -- |
| **PROFIT FOR THE PERIOD** | | **3,649** | **(4,614)** | **(10,267)** | **(12,381)** |
| **Other comprehensive income:** | | | | | |
| Changes in fair value on available for sale securities | | -- | -- | -- | -- |
| Changes in fair value of land and buildings | | -- | -- | -- | -- |
| Changes in fair value of Financial Risk Hedging | | -- | -- | -- | -- |
| Changes in differences of foreign currency translation | | -- | -- | -- | -- |
| Actuarial Gains and Losses of the Pension Plans | | -- | -- | -- | -- |
| Other Comprehensive Income from investments in associates | | -- | -- | -- | -- |
| Tax Income / (Expense) from Other Comprehensive Operations | | 1 | -- | -- | -- |
| **OTHER COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX)** | | 1 | -- | -- | -- |
| **TOTAL COMPREHENSIVE INCOME / (LOSS)** | | 3,650 | (4,614) | (10,267) | (12,381) |
| **Distribution of Profit / (Loss)** | | | -- | | -- |
| Minority interests | | (11) | (137) | (751) | (378) |
| Equity holders of the Company | | 3,660 | (4,477) | (9,516) | (12,003) |
| **Distribution of Comprehensive Income / (Loss)** | | | -- | | -- |
| Minority interests | | (11) | (137) | (751) | (378) |
| Equity holders of the Company | | 3,661 | (4,477) | (9,516) | (12,003) |
| **Earnings Per Share** | 26 | 0.0272 | (0.0333) | (0.0720) | (0.0922) |
| **Earnings Per Share From Continuing Operations** | 26 | 0.0272 | (0.0333) | (0.0720) | (0.0922) |

The accompanying notes are an integral part of these condensed interim financial statements.

**KİLER ALIŞVERİŞ HİZMETLERİ A.Ş.**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR PERIODS ENDED 30.06.2012 AND 30.06.2011**

**(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)**

| | Share Capital | Premium in access of par | Revaluation Fund | Legal Reserves | General Reserves | Net Profit (Loss) For The Period | Minority Interest | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at 31.12.2010** | **121,120** | **--** | **13,811** | **12,162** | **(16,702)** | **9,884** | **12,894** | **153,169** |
| Transfer to general reserves | -- | -- | -- | -- | 9,884 | (9,884) | -- | -- |
| Capital increases | 13,500 | -- | -- | -- | -- | -- | -- | 13,500 |
| Premium in access of par | -- | 66,150 | -- | -- | -- | -- | -- | 66,150 |
| Purchase of additional shares of subsidiaries | -- | -- | -- | -- | -- | -- | (11,900) | (11,900) |
| Transfer to legal reserves | -- | -- | -- | 235 | (235) | -- | -- | -- |
| Net loss for the period | -- | -- | -- | -- | -- | (9,516) | (751) | (10,267) |
| **Balance at 30.06.2011** | **134,620** | **66,150** | **13,811** | **12,397** | **(7,053)** | **(9,516)** | **243** | **210,652** |
| **Balance at 31.12.2011** | **134,620** | **66,150** | **14,309** | **12,397** | **(7,053)** | **(13,001)** | **578** | **208,000** |
| Transfer to general reserves | -- | -- | -- | -- | (13,001) | 13,001 | -- | -- |
| Depreciation on buildings measured with fair value | -- | -- | (7) | -- | 7 | -- | -- | -- |
| Net profit for the period | -- | -- | 1 | -- | -- | 3,660 | (11) | 3,650 |
| **Balance at 30.06.2012** | **134,620** | **66,150** | **14,303** | **12,397** | **(20,047)** | **3,660** | **567** | **211,650** |

The accompanying notes are an integral part of these condensed interim financial statements.

**KİLER ALIŞVERİŞ HİZMETLERİ A.Ş.**
**CONSOLIDATED CASH FLOW STATEMENTS**
**FOR PERIODS ENDED 30.06.2012 AND 30.06.2011**
**(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)**

| **CASH FLOWS DUE FROM OPERATING ACTIVITIES** | **Notes** | **Reviewed 01.01.- 30.06.2012** | **Reviewed 01.01.- 30.06.2011** |
|---|---|---|---|
| Profit / (loss) before tax | | 5,305 | (9,802) |
| **Adjustments to reconcile net income to net cash provided by operating activities** | | **19,194** | **26,521** |
| Depreciation and amortization | | 10,279 | 9,197 |
| Provision for employee termination benefit | 16 | 1,307 | 1,293 |
| Profit on sale of fixed assets | 22 | (69) | (241) |
| Loss on sale of fixed assets | 22 | 56 | 125 |
| Provision for doubtful receivables, net | 7 - 8 -17 | 203 | 1,534 |
| Interest income | 23 | (6,263) | (3,793) |
| Interest cost | 24 | 18,666 | 9,507 |
| Foreign exchange gains | 23 | (10,836) | (59) |
| Foreign exchange losses | 24 | 5,927 | 9,407 |
| Unearned interest on trade receivables | | 219 | (92) |
| Unearned interest on trade payables | | (295) | (357) |
| **Operating income before changes in assets and liabilities related with operating activities** | | **24,499** | **16,719** |
| Changes in trade receivables | | (11,179) | 3,844 |
| Changes in inventories | | (21,661) | (33,236) |
| Changes in other receivables | | (158) | (296) |
| Changes in other current assets | | (3,415) | (2,011) |
| Changes in other non-current assets | | 2,280 | 1,156 |
| Changes in trade payables | | 35,486 | (5,665) |
| Changes in other payables | | (6,677) | 363 |
| Changes in provision for payables | | 819 | 1,005 |
| Changes in other current liabilities | | (600) | 424 |
| Taxes paid | | (476) | (109) |
| Employee termination benefit paid | 16 | (633) | (651) |
| **Net cash provided by operating activities** | | **18,285** | **(18,457)** |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | 11 | (5,380) | (13,838) |
| Purchase of intangible assets | 12 | (39) | (409) |
| Sale of property, plant and equipment | 11 | 231 | 1,027 |
| Changes in financial investments | | -- | (11,192) |
| Goodwill | | -- | (32,860) |
| **Net cash provided from / (used in) investing activities** | | **(5,188)** | **(57,272)** |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of financial liabilities | | (68,944) | (56,759) |
| Loans obtained | | 112,278 | 42,764 |
| Interest expense | | (15,236) | (7,922) |
| Foreign exchange gains | | 1,352 | 59 |
| Foreign exchange losses | | (2,821) | (1,356) |
| Interest income | | 6,263 | 3,793 |
| Other receivables from related parties | | (42,916) | 8,129 |
| Other payables to related parties | | 3 | 15,617 |
| Change in the share of minority | | -- | (11,900) |
| Share capital increases | | -- | 13,500 |
| Premium in access of par | 18 | -- | 66,150 |
| **Net cash provided from / (used in) financial activities** | | **(10,021)** | **72,075** |
| **Changes in cash and cash equivalents** | | **3,076** | **(3,654)** |
| Cash and cash equivalents at the beginning of the period | | 42,008 | 36,539 |
| Cash and cash equivalents at the end of the period | | 45,084 | 32,885 |

The accompanying notes are an integral part of these condensed interim financial statements.

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 1 – COMPANY'S ORGANIZATION AND NATURE OF OPERATIONS

Kiler Alışveriş Hizmetleri Gıda San. ve Tic. A.Ş. ("Kiler" or "Kiler Alışveriş") was established in 1994 in Istanbul. Kiler is mainly engaged in retail of essential goods. As of 30.06.2012, Kiler has 128 stores (31.12.2011: 125) and together with its consolidated subsidiary total number of stores is 195 (31.12.2011: 193). As of 30.06.2012, Kiler has 3,572 employees (31.12.2011: 3,376).

Kiler's registered address is Namık Kemal Neighborhood, Kiler Road, Number: 96, Floor: 4 Esenyurt, Istanbul.

In the accompanying financial statements, Kiler Alışveriş Hizmetleri Gıda Sanayi ve Ticaret A.Ş. is referred to as "The Company'' and together with the subsidiaries is referred to as "The Group''. The interest share of The Company is shown below:

| | **Economic interest (%)** | | **Ownership interest rate (%)** | |
|---|---|---|---|---|
| **Consolidated Company** | **30.06.2012** | **31.12.2011** | **30.06.2012** | **31.12.2011** |
| Kiler Ankara Mağazacılık Sanayi Ticaret A.Ş. | 96 | 96 | 96 | 96 |

Some of the activities of the consolidated company are summarized below:

**Kiler Ankara Mağazacılık Sanayi ve Ticaret A.Ş.**

Kiler Ankara Mağazacılık Sanayi ve Ticaret A.Ş. ("Kiler Ankara") was established in Ankara under the name of Canerler Gıda San. ve Tic. A.Ş. ("Canerler Gıda") and is engaged in retail sale. In 2005 50% of the shares of Canerler Gıda (new name Kiler Ankara) was sold to the Kiler family and the Kiler group of Companies. The control and management of Kiler Ankara belongs to the Kiler family and Kiler group of Companies. In 2011 Kiler Alışveriş is purchased shares from Canerler family again and the percentage is increased from 47% to 96%. As of 30.06.2012, there were 67 stores in Ankara (under the banner of Kiler) (31.12.2011:68). As of 30.06.2012, the number of personnel employed was 1,695 (31.12.2011: 1,641).

The registered address of Kiler Ankara is; Çamlıca Mahallesi 12. Sokak No: 8 Macunköy Yenimahalle, Ankara.

## NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

**2.1. Basis of Presentation**
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. The consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

**2.2. Going Concern**
The Group prepares their financial statements in accordance with the principles of going concern.

**2.3. Measurement currency and reporting currency**
The Consolidated financial statements are presented by the Group's measurement and reporting currency "TL". The consolidated financial statements have been prepared based on cost method except financial assets and liabilities measured with fair value.

**2.4. Comparable financial information and reclassification of prior period financial statements**
For the compatibility of the current financial statements the comparative financial statements are reclassified if necessary, and material differences are disclosed.

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

## NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.6. Basis of consolidation

Consolidated financial statements include financial statements which are prepared as of the same date, of the Company and Subsidiaries.

The consolidation policy adopted by the Company in the preparation of its financial statements is explained below:

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The balance sheet and income statement of the Group are consolidated on a line-by-line basis. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

### 2.7. Changes in accounting policies, estimates and correction of errors

The effect of a change in accounting policy is applied retrospectively and prior period financial statements are issued again. If the changes in accounting estimation are in accordance with only one period, it is carried out in the same changing period but if the changes are in accordance with forward periods, it is carried out in the changing period and for forward periods.
The correction of fundamental errors that relate to the current period is normally included in the determination of net profit or loss for the current period. The correction of fundamental errors that relate to prior periods requires the restatement of the comparative information or the presentation of additional pro forma information. The amount of the correction of a fundamental error that relates to prior periods should be reported by adjusting the opening balance of retained earnings. Comparative information should be restated, unless it is impracticable to do so.

The group measured its investment properties and its land and buildings with cost method until 31.12.2009. On 31.12.2009 the Group chooses to measure its investment properties and land and buildings with fair value method.

### 2.8. Critical accounting estimates, assumptions and judgment

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date and the significant judgments are set out below:

- Allowance for doubtful debts reflect the amount set aside for the losses in the future related to receivables which exist at the balance sheet date but which, in the opinion of the management, carry the risk of collection due to current economic conditions. When evaluating whether receivables have suffered a loss in value the past performance of the debtors, their credibility in the market and their performance between the balance sheet date and report date together with changed circumstances are taken into consideration. In addition the collaterals existing as at the balance sheet date together with new collaterals obtained between the balance sheet date and report date are also taken into consideration. The allowance for doubtful receivables as of the balance sheet dates are explained under note 7, 8 and 17.
- When setting aside the provision for legal claims the probability of losing the related case and the results expected to be suffered in the event that the legal counsel of the Group and management of the Group make their best estimates to calculate the provision required.

**NOTE 2 – BASIS OF PRESENTATION OF SUMMARY FINANCIAL STATEMENTS (Continued)**

- As for the diminution in value of inventories, all inventories are subjected to review and their usage possibility ascertained on the basis of the opinion of the technical personnel; provisions are set aside for items expected not to have usage possibility. Calculation of net realizable values of stocks is based on selling prices as disclosed by selling price lists after deduction of average discounts given during the year and selling expenses to be incurred for the realization of stocks. If the net realizable value of any inventory falls under its cost price appropriate provisions are accordingly set aside (Note 9).

- Property, plant and equipment and intangible assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group estimates the useful life of tangible and intangible assets. Depreciation is charged using the straight line basis over the useful life which depends on the best estimation of the management. The useful life of property, plant and equipment and intangible assets are reviewed at each balance sheet date and changes are made as necessary (Note: 2.9).

- Deferred tax assets are accounted for only where it is likely that related temporary differences and accumulated losses will be recovered through expected future profits. When accounting for deferred tax losses it is necessary to make important estimations and evaluations with regard to taxable profits in the future periods.

- As explained in Note 2.9, the Group performs impairment tests on goodwill annually at 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group’s five-year business plans. Those projections are calculated in terms of TL. Discount rate used to calculate the present value of net cash flows is 9.5% annually, after tax.

**2.9. Summary of Significant Accounting Policies**
Significant accounting policies for financial statements are summarized below:

**Revenue Recognition**
The Group operates in its retail stores for the selling of food and drinks and durable consumer goods. The selling of goods is recorded once the goods are sold to the customer. The retail sales are generally in credit card or cash payments.

The income obtained from the sellers, the revenue premiums, the discounts obtained from sellers and the advertisement participation income recorded on accrual basis.

**Trade receivables / payables**
Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method to set an allowance for unearned interest. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The decreases in the impairment of receivables are reflected in the current comprehensive period income statement.

## NOTE 2 – BASIS OF PRESENTATION OF SUMMARY FINANCIAL STATEMENTS (Continued)

**Inventories**
Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated by the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**Property, plant and equipment**
Property, plant and equipment (except land and buildings) are stated at cost less accumulated depreciation and impairment. As of 31.12.2009 the Group accounted its land and buildings under a revaluation model using the fair value method. The accumulated depreciation of the buildings is netted off with the cost and the net value is increased to the valued amount. Depreciation is provided on a straight-line basis based on the approximate useful economic life as follows:

| | Year |
|---|---|
| Buildings | 50 |
| Machinery and equipment | 10-20 |
| Vehicles | 8–14 |
| Furniture and Fixtures | 7-20 |
| Leasehold improvements | 10–14 |

At each balance sheet date, property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income for items of tangible and intangibles carried at cost. Recoverable value is the higher of the net sales value and the value of the use.

The gain or loss arising from the disposal or derecognition of an item of property, plant and equipment is the difference between the net sales proceeds, if any, and the restated carrying amount. The gain or loss arising from the disposal of an item of property, plant and equipment is recognized in profit or loss.

Expenditure that arises as a result of any of the real assets being replaced results in capitalization together with maintenance and fixtures. Other expenses that arise at a later date that add to the economic value of the product are also capitalized. All other expenses are accounted for as they are in the income statement during the assessment.

**Investment Property**
Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Investment property is recognized as an asset when it is probable that the future economic benefits that are associated with the property will flow to the entity, and the cost of the property can be reliably measured.

**NOTE 2 – BASIS OF PRESENTATION OF SUMMARY FINANCIAL STATEMENTS (Continued)**

*Initial measurement*
Investment property is initially measured at cost, including transaction costs. Such cost should not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy.

*Measurement subsequent to initial recognition*
IAS 40 permits entities to choose between the fair value model and the cost model.

*Fair value model*
Investment property is re-measured at fair value, which is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which it arises.

*Cost Model*
After initial recognition, investment property is accounted for in accordance with the cost model as set out in property, plant and equipment – cost less accumulated depreciation and less accumulated impairment losses.

All the investments properties should be accounted with the same accounting policy explained above.

The Group measured investment properties using the cost model until 31.12.2009. Since 31.12.2009 the Group has used the fair value model.

**Intangible Assets**
An intangible asset is recognized if it meets the identifiable criteria of intangibles, control exists over the asset and it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets except goodwill for which the accounting is explained above is allocated on a systematic pro-rata basis using the straight-line method.

| | **Year** |
|---|---|
| Other intangible assets | 5 |

**Goodwill**
Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**NOTE 2 – BASIS OF PRESENTATION OF SUMMARY FINANCIAL STATEMENTS (Continued)**

**Impairment of assets**
The Group assesses for assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognized in the income statement.

**Financial investments**
The Group classifies its financial assets held for trading.

Financial assets held for trading are either acquired for generating a profit from short term fluctuations in price or dealer's margin, or included in a portfolio in which a pattern of short term profit-making exists.

Financial assets held for trading are initially recognized at cost and are subsequently re-measured at fair value based on quoted bid prices. All related realized and unrealized gains and losses are included in the consolidated income statements.

**Effective interest method**
The effective interest method is a method of calculating the amortized 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 payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**Borrowing costs**
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognized in net profit or loss in the period in which they are incurred.

**Foreign currency transactions**
Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement.

**Earnings per share**
Earnings per share disclosed in the income statement are determined by dividing net income by the weighted average number of shares.

**NOTE 2 – BASIS OF PRESENTATION OF SUMMARY FINANCIAL STATEMENTS (Continued)**

**Other provisions, contingent liabilities and contingent assets**
Other provisions are recognized when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted legal disputes or onerous contracts. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to their present values, where time value of money is material. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the balance sheet. Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

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

**Related Parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity')

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

**NOTE 2 – BASIS OF PRESENTATION OF SUMMARY FINANCIAL STATEMENTS (Continued)**

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**Post balance sheet events**
The Group retrospectively recognizes events after the balance sheet date if adjustment is required. If events after the balance sheet date do not require any adjustment, necessary disclosures are made in the notes of the financial statements.

**Segment Reporting**
As the Group operates in a single business segment and in a single geographic location, there is no basis for segment reporting.

**Government Incentives and Subsidies**
These are reflected in the financial statements when the Group has complied with all of the requirements and reasonable assurance is formed that incentive or assistance will be obtained. Liabilities to governmental departments which may be forgone by the authorities are accepted as government incentives when reasonable assurance is formed that such liabilities will not be paid because the Group has complied with all the requirements related to the liability.

**Customer loyalty program**
The money points which the Group offers to its customers go within the context of IFRIC 13. Customers obtain money points when they shop from the stores which they can then use later. The Company accounts for the points that its customers obtain at fair values as deferred expense and according to IFRIC 13 this amount is reduced from sales.

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**Taxation**
Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the 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.

Deferred tax liabilities or assets are 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 to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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 used.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Provision for employee termination benefits**
Under Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of the 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 as adjusted for unrecognized actuarial gains and losses.

**Cash flow statements**
Cash and cash equivalents, which are the short term investments in cash flow statements, comprise of cash, bank deposits and investments of less than three months maturity and can be directly converted to the cash and are not under the high risk of value changing.

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.10. Adoption of New and Revised International Financial Reporting Standards**

**The new standards, amendments and interpretations which are effective as at 1 January 2012 are as follows:**

**IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)**

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on no depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU.

**IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)**

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have impact on the financial position or performance of the Group.

**Standards issued but not yet effective and not early adopted**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the condensed interim consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

**IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income**

The amendments are effective for annual periods beginning on or after 1 July 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

**IAS 19 Employee Benefits (Amended)**

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**IAS 27 Separate Financial Statements (Amended)**

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This standard has not yet been endorsed by the EU. This amendment will not have impact on the financial position or performance of the Group.

**IAS 28 Investments in Associates and Joint Ventures (Amended)**

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have impact on the financial position or performance of the Group.

**IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)**

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

**IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)**

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

**IFRS 9 Financial Instruments – Classification and measurement**

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**IFRS 10 Consolidated Financial Statements**

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

**IFRS 11 Joint Arrangements**

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early. The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

**IFRS 12 Disclosure of Interests in Other Entities**

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early. IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

**IFRS 13 Fair Value Measurement**

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

**NOTE 3 - SEGMENT REPORTING**

As the Group operates in a single business segment and in a single geographic location, there is no basis for segment reporting.

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 4 - CASH AND CASH EQUIVALENTS

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Cash | 9,910 | 9,003 |
| Banks | | |
| - Demand deposit – TL | 5,111 | 4,806 |
| - Demand deposit – USD | 11 | 47 |
| - Demand deposit – EURO | 41 | 48 |
| - Demand deposit – GBP | 4 | 4 |
| Credit card receivables | 30,007 | 28,100 |
| | **45,084** | **42,008** |

## NOTE 5 – FINANCIAL INVESTMENTS

| | **30.06.2012** | | **31.12.2011** | |
|---|---|---|---|---|
| **Long Term:** | **Percentage (%)** | **TL** | **Percentage (%)** | **TL** |
| KBC Gıda San. Tic. Ltd. Şti. | 10.85 | 54 | 10.85 | 54 |
| | | **54** | | **54** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 6– FINANCIAL LIABILITIES**

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| **Short Term** | | |
| Bank loans | | |
| - TL | 157,245 | 123,381 |
| - USD | 111,849 | 93,030 |
| - EURO | 1,701 | 5,176 |
| Leasing payables | 1,314 | 1,204 |
| | **272,109** | **222,791** |
| **Long Term** | | |
| Bank loans | | |
| - TL | 2,654 | 4,267 |
| - USD | 57,108 | 63,752 |
| Leasing payables | 3,273 | 3,948 |
| | **63,035** | **71,967** |

The maturity of financial liabilities is listed below:

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| 0 - 3 months | 140,774 | 44,888 |
| 3 - 12 months | 131,335 | 177,903 |
| 1 - 2 years | 41,083 | 41,530 |
| 2 - 3 years | 19,624 | 29,472 |
| 3 – 4 years | 2,328 | 965 |
| | **335,144** | **294,758** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 6 – FINANCIAL LIABILITIES (Continued)**

As of 30.06.2012, the detail of financial liabilities is listed below (Leasing payables are excluded):

| | Currency | Maturity | Nominal Balance | Book Value |
|---|---|---|---|---|
| Loan under guarantee (3) | USD | 03.07.2014 | 70,970 | 72,698 |
| Loan under guarantee (3) (*) | USD | 09.07.2012 | 36,130 | 37,299 |
| Loan under guarantee (8) | TL | 10.07.2012 | 5 | 5 |
| Loan under guarantee (8) | TL | 07.12.2012 | 9 | 9 |
| Loan under guarantee (8) | EURO | 18.10.2012 | 12 | 12 |
| Loan under guarantee (1) | TL | 06.04.2012 | 1,490 | 1,490 |
| Loan under guarantee (2) | USD | 31.08.2012 | 4,841 | 4,979 |
| Loan under guarantee (2) | TL | 15.09.2012 | 4,000 | 4,000 |
| Loan under guarantee (4) | TL | 01.10.2012 | 9,200 | 9,471 |
| Loan under guarantee (4) | TL | 28.09.2012 | 3,750 | 3,750 |
| Loan under guarantee (4)(*) | TL | 06.08.2012 | 20,000 | 20,004 |
| Loan under guarantee (8) | TL | 04.01.2013 | 71 | 72 |
| Loan under guarantee (8) | TL | 11.03.2013 | 102 | 102 |
| Loan under guarantee (8) | TL | 25.03.2013 | 102 | 102 |
| Loan under guarantee (8) | TL | 21.03.2013 | 34 | 34 |
| Loan under guarantee (8) | TL | 14.03.2013 | 27 | 27 |
| Loan under guarantee (9) | EURO | 11.07.2012 | 692 | 694 |
| Loan under guarantee (6) | USD | 03.01.2014 | 7,452 | 7,496 |
| Loan under guarantee (5) | USD | 03.01.2014 | 1,592 | 1,601 |
| Loan under guarantee (5) | USD | 03.01.2014 | 1,118 | 1,124 |
| Loan under guarantee (6) | TL | 06.07.2012 | 5,000 | 5,000 |
| Loan under guarantee (1) | TL | 05.07.2012 | 7,500 | 7,500 |
| Loan under guarantee (8) | TL | 09.07.2012 | 6 | 6 |
| Loan under guarantee (1) | TL | 31.12.2012 | 3,199 | 3,235 |
| Loan under guarantee (1) | TL | 09.12.2013 | 2,338 | 2,357 |
| Loan under guarantee (1) | TL | 31.01.2013 | 2,321 | 2,343 |
| Loan under guarantee (1) | TL | 07.12.2012 | 2,000 | 2,173 |
| Loan under guarantee (4) | TL | 07.10.2012 | 7,000 | 7,731 |
| Loan under guarantee (2) | TL | 14.11.2012 | 11,000 | 11,227 |
| Loan under guarantee (10) | TL | 12.08.2013 | 1,647 | 1,662 |
| Loan under guarantee (8) | TL | 13.12.2012 | 11 | 11 |
| Loan under guarantee (1) | TL | 24.01.2013 | 332 | 332 |
| Loan under guarantee (1) | TL | 12.04.2012 | 5,000 | 5,000 |
| Loan under guarantee (6) | TL | 19.01.2013 | 10,000 | 10,839 |
| Loan under guarantee (1) | EURO | 01.03.2013 | 971 | 995 |
| Loan under guarantee (1) | TL | 23.03.2013 | 4,988 | 6,669 |
| Loan under guarantee (1) (*) | USD | 03.04.2013 | 27,098 | 27,113 |
| Loan under guarantee (2) | USD | 21.08.2015 | 9,033 | 9,292 |
| Loan under guarantee (2) | USD | 23.09.2015 | 7,045 | 7,199 |
| Loan under guarantee (1) | TL | 29.03.2013 | 474 | 474 |
| Loan under guarantee (1) | TL | 06.05.2013 | 1,903 | 1,921 |
| Loan under guarantee (1) | TL | 06.04.2013 | 1,744 | 1,759 |
| Loan under guarantee (8) | TL | 24.02.2014 | 189 | 189 |
| Loan under guarantee (1) | TL | 02.01.2013 | 5,700 | 6,149 |
| Loan under guarantee (3) | TL | 26.09.2012 | 1,700 | 1,703 |
| Loan under guarantee (3) | TL | 26.06.2013 | 375 | 375 |
| Loan under guarantee (3) | TL | 26.06.2013 | 538 | 538 |
| **Subtotal** | | | **280,709** | **288,761** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 6 – FINANCIAL LIABILITIES (Continued)

| | Currency | Maturity | Nominal Balance | Book Value |
|---|---|---|---|---|
| **Subtotal (continued)** | | | **280,709** | **288,761** |
| Loan under guarantee (3) | TL | 26.06.2013 | 750 | 750 |
| Loan under guarantee (1) | TL | 10.06.2013 | 110 | 110 |
| Loan under guarantee (1) | TL | 11.03.2014 | 2,039 | 2,128 |
| Loan under guarantee (1) | TL | 20.06.2013 | 585 | 587 |
| Loan under guarantee (1) | TL | 26.06.2013 | 3,500 | 3,500 |
| Loan under guarantee (4) | TL | 18.04.2013 | 850 | 850 |
| Loan under guarantee (3) | TL | 30.04.2013 | 103 | 104 |
| Loan under guarantee (1) | TL | 29.04.2013 | 928 | 929 |
| Loan under guarantee (1) | TL | 06.08.2013 | 1,153 | 1,162 |
| Loan under guarantee (1) | TL | 10.05.2013 | 5,000 | 5,000 |
| Loan under guarantee (4) | TL | 09.09.2012 | 10,000 | 11,132 |
| Loan under guarantee (4) | TL | 27.09.2012 | 10,000 | 11,086 |
| Loan under guarantee (8) | TL | 04.01.2013 | 243 | 245 |
| Loan under guarantee (8) | TL | 10.07.2012 | 5 | 6 |
| Loan under guarantee (10) | USD | 16.07.2012 | 156 | 156 |
| Loan under guarantee (9) | TL | 30.09.2013 | 3,168 | 3,176 |
| Loan under guarantee (1) | TL | 06.08.2013 | 499 | 503 |
| Loan under guarantee (1) | TL | 20.06.2013 | 371 | 372 |
| | | | **320,169** | **330,557** |

(*)Bank loan has borrowed for Kiler Holding A.Ş. and passed to Kiler Holding A.Ş.

1. Obtained with Kiler Holding A.Ş. and other shareholders' guarantee.
2. The sections numbered 8, 9, 14, 15, 17, 18 and 19 of the Esenyurt head office building of Kiler Alışveriş has been mortgaged.
3. Kiler Holding A.Ş., the shareholders of Kiler Alışveriş, and other shareholders pledged 66% of Kiler Alışveriş shares on behalf of the lender (Note 18).
4. Kiler Holding A.Ş., the shareholders of Kiler Alışveriş, pledged 9% of Kiler Alışveriş shares on behalf of the lender (Note 18).
5. Obtained with Kiler Holding A.Ş.'s guarantee and a mortgage of Şirinevler store.
6. The sections numbered 10, 11, 12 and 13 of the Esenyurt head office building of Kiler Alışveriş has been mortgaged.
7. POS accounts of the Company are primarily charged by the bank under the condition of keeping the most recent installment and releasing the remaining balance free.
8. Obtained with a mortgage on vehicles.
9. Başakşehir building of Kiler Alışveriş has been mortgaged.
10. Obtained with Kiler Holding A.Ş.'s guarantee and a mortgage of Kartal building.

As of 30.06.2012 average effective rates are 16.68% for financial liabilities in TL, 6.48% for financial liabilities in USD and 7.21% for financial liabilities in EURO.

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 6 – FINANCIAL LIABILITIES (Continued)**

As of 31.12.2011, the detail of financial liabilities is listed below (Leasing payables are excluded):

| | Currency | Maturity | Nominal Balance | Book Value |
|---|---|---|---|---|
| Loan under guarantee (1) | TL | 11.04.2012 | 850 | 850 |
| Loan under guarantee (3) | USD | 03.07.2014 | 89,048 | 91,274 |
| Loan under guarantee (3) (*) | USD | 09.07.2012 | 37,778 | 39,015 |
| Loan under guarantee (8) | TL | 10.07.2012 | 30 | 31 |
| Loan under guarantee (8) | TL | 07.12.2012 | 18 | 18 |
| Loan under guarantee (8) | EURO | 18.10.2012 | 31 | 31 |
| Loan under guarantee (8) | TL | 22.06.2012 | 158 | 159 |
| Loan under guarantee (1) | TL | 06.04.2012 | 1,490 | 1,619 |
| Loan under guarantee (6) | USD | 31.08.2012 | 10,125 | 10,412 |
| Loan under guarantee (6) | TL | 15.09.2012 | 4,000 | 4,001 |
| Loan under guarantee (4) | TL | 01.10.2012 | 18,400 | 18,941 |
| Loan under guarantee (4) | TL | 28.09.2012 | 3,750 | 3,750 |
| Loan under guarantee (4)(**) | TL | 06.08.2012 | 20,000 | 20,000 |
| Loan under guarantee (8) | TL | 04.01.2013 | 129 | 130 |
| Loan under guarantee (8) | TL | 21.04.2012 | 5 | 5 |
| Loan under guarantee (8) | TL | 11.03.2013 | 165 | 166 |
| Loan under guarantee (8) | TL | 25.03.2013 | 166 | 166 |
| Loan under guarantee (8) | TL | 21.03.2013 | 55 | 55 |
| Loan under guarantee (8) | TL | 14.03.2013 | 44 | 44 |
| Loan under guarantee (8) | TL | 14.06.2012 | 39 | 39 |
| Loan under guarantee (9) | EURO | 11.07.2012 | 5,129 | 5,144 |
| Loan under guarantee (2) | USD | 03.01.2014 | 10,908 | 10,973 |
| Loan under guarantee (5) | USD | 03.01.2014 | 2,330 | 2,344 |
| Loan under guarantee (5) | USD | 03.01.2014 | 1,636 | 1,646 |
| Loan under guarantee (1) (*) | TL | 06.07.2012 | 5,000 | 5,000 |
| Loan under guarantee (1) | TL | 05.07.2012 | 7,500 | 7,500 |
| Loan under guarantee (8) | TL | 09.07.2012 | 41 | 41 |
| Loan under guarantee (1) | TL | 31.12.2012 | 5,000 | 5,355 |
| Loan under guarantee (1) | TL | 09.12.2013 | 3,000 | 3,027 |
| Loan under guarantee (1) | TL | 31.01.2013 | 3,000 | 3,024 |
| Loan under guarantee (1) | TL | 07.12.2012 | 2,000 | 2,018 |
| Loan under guarantee (4) | TL | 07.10.2012 | 7,000 | 7,225 |
| Loan under guarantee (2) | TL | 14.11.2012 | 11,000 | 11,228 |
| Loan under guarantee (10) | TL | 12.08.2013 | 2,000 | 2,020 |
| Loan under guarantee (8) | TL | 13.12.2012 | 21 | 21 |
| Loan under guarantee (7) | TL | 31.03.2012 | 6,250 | 6,250 |
| Loan under guarantee (4) | TL | 09.09.2012 | 10,000 | 10,419 |
| Loan under guarantee (4) | TL | 27.09.2012 | 10,000 | 10,360 |
| Loan under guarantee (8) | TL | 04.01.2013 | 438 | 495 |
| Loan under guarantee (8) | TL | 10.07.2012 | 30 | 31 |
| Loan under guarantee (10) | USD | 16.07.2012 | 1,116 | 1,119 |
| Loan under guarantee (9) | TL | 30.09.2013 | 3,600 | 3,660 |
| | | | **283,280** | **289,606** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 6 – FINANCIAL LIABILITIES (Continued)**

(*) Bank loan has borrowed for Kiler Holding A.Ş. and passed to Kiler Holding A.Ş.
(**)%89 of this bank loan has borrowed for Kiler Holding A.Ş. and passed to Kiler Holding A.Ş.

1. Obtained with Kiler Holding A.Ş. and other shareholders' guarantee.
2. The sections numbered 8, 9, 14, 15, 17, 18 and 19 of the Esenyurt head office building of Kiler Alışveriş has been mortgaged.
3. Kiler Holding A.Ş., the shareholders of Kiler Alışveriş, and other shareholders pledged 66% of Kiler Alışveriş shares on behalf of the lender (Note 18).
4. Kiler Holding A.Ş., the shareholders of Kiler Alışveriş, pledged 9% of Kiler Alışveriş shares on behalf of the lender (Note 18).
5. Obtained with Kiler Holding A.Ş.'s guarantee and a mortgage of Şirinevler store.
6. The sections numbered 10, 11, 12 and 13 of the Esenyurt head office building of Kiler Alışveriş has been mortgaged.
7. POS accounts of the Company are primarily charged by the bank under the condition of keeping the most recent installment and releasing the remaining balance free.
8. Obtained with a mortgage on vehicles.
9. Başakşehir building of Kiler Alışveriş has been mortgaged.
10. Obtained with Kiler Holding A.Ş.'s guarantee and a mortgage of Kartal building.

As of 31.12.2011 average effective rates are 16.11% for financial liabilities in TL, 6.16% for financial liabilities in USD and 5.87% for financial liabilities in EURO.

**NOTE 7 - TRADE RECEIVABLES AND PAYABLES**

| **Short Term Trade Receivables** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Accounts receivables | | |
| - Third parties | 6,541 | 2,859 |
| - Related parties (Not 27) | 9,302 | 1,511 |
| Notes receivables | | |
| - Third parties | -- | 294 |
| | 15,843 | 4,664 |
| Deferred financing expense (-) | (301) | (82) |
| Provision for doubtful receivables (-) | (801) | (833) |
| | **14,741** | **3,749** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 7 - TRADE RECEIVABLES AND PAYABLES (continued)

The movement of provision for doubtful receivables is listed below:

| | **01.01.- 30.06.2012** | **01.01.- 31.12.2011** |
|---|---|---|
| Opening balance | 833 | 670 |
| Charge for period | 1 | 163 |
| Proceeds from doubtful receivables | (33) | -- |
| **Closing balance** | **801** | **833** |

Trade receivables from third parties maturity is listed below:

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Overdue received (*) | 801 | 833 |
| Between 0-3 months | 3,906 | 1,820 |
| Between 3-6 months | 1,834 | 500 |
| | **6,541** | **3,153** |

Trade receivables from related parties maturity is listed below:

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Between 0-3 months | 8,310 | 812 |
| Between 3-6 months | 992 | 699 |
| | **9,302** | **1,511** |

(*)A provision of TL 801 (2011: TL 833) has been set aside for the above mentioned overdue receivables which are without sufficient security.

The Group’s sales are generally retail sales in cash. The average collection period for the Company's trade receivables from related parties is 60 days (2011: 45) and for other trade receivables is 60 days (2011: 45).

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 7 - TRADE RECEIVABLES AND PAYABLES (continued)**

| **Short-term trade payables** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Trade payables | | |
| - Third parties | 150,516 | 127,617 |
| - Related parties (Note 27) | 7,665 | 1,590 |
| Notes payable | | |
| - Third parties | 25,637 | 18,061 |
| - Related parties (Note 27) | 2,376 | 1,065 |
| Other trade payables | 116 | 184 |
| | 186,310 | 148,517 |
| Deferred financing income (-) | (2,614) | (2,319) |
| | **183,696** | **146,198** |

| **Long-term trade payables** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Notes payable | | |
| - Third parties | 1,538 | 3,845 |
| | **1,538** | **3,845** |

Trade payables to third parties maturity listed below:

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Overdue payables | 534 | -- |
| Between 0-3 months | 159,895 | 134,727 |
| Between 3-6 months | 13,533 | 8,901 |
| Between 6-12 months | 2,307 | 2,234 |
| More than one year | 1,538 | 3,845 |
| | **177,807** | **149,707** |

Trade payables to related parties maturity listed below:

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Between 0-3 months | 2,681 | 2,655 |
| Between 3-6 months | 7,360 | -- |
| | **10,041** | **2,655** |

The average payment period for the Company's trade payables to related parties is 45 days (2011: 30) and for other trade payables is 60 days (2011: 45).

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 8 – OTHER RECEIVABLES AND PAYABLES

| **Short term other receivables:** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Other sundry receivables | | |
| - Third parties | 3,438 | 3,280 |
| - Related parties (Note 27) | 138,792 | 95,876 |
| Provision for doubtful receivables (-) | (2,192) | (2,062) |
| | **140,038** | **97,094** |

Provision for other doubtful receivables is listed below:

| | **01.01.- 30.06.2012** | **01.01.- 31.12.2011** |
|---|---|---|
| Opening balance | 2,062 | 2,058 |
| Charge for period | 193 | 460 |
| Proceeds from doubtful receivables | (63) | (402) |
| Doubtful receivables written-off | -- | (54) |
| **Closing balance** | **2,192** | **2,062** |

| **Short term payables:** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Due to personnel | 4,485 | 4,050 |
| Order advances received | 51 | 33 |
| Other sundry payables | | |
| - Third parties | 16,739 | 14,849 |
| - Related parties (Note 27) | 780 | 777 |
| | **22,055** | **19,709** |

| **Long term payables:** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Other sundry payables | | |
| - Third parties | 16,969 | 25,989 |
| | **16,969** | **25,989** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 9 – INVENTORIES

| | 30.06.2012 | 31.12.2011 |
|---|---|---|
| Raw materials | 4,241 | 4,675 |
| Merchandises | 295,437 | 274,314 |
| Other inventories | 112 | 115 |
| Provision for diminution in value (-) | -- | (975) |
| | **299,790** | **278,129** |

The sales plan of the above mentioned merchandises is detailed below:

| | 01.01.- 30.06.2012 | 01.01.- 31.12.2011 |
|---|---|---|
| Opening | 975 | 313 |
| Provision for period | -- | 975 |
| Proceeds from provision of inventory | (975) | (313) |
| | **--** | **975** |

Insurance guarantee on inventories amounts to TL 119,370  (2011: 113,094 TL).

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 10 – INVESTMENT PROPERTY

| | 31.12.2010 | Revaluation Differences | 31.12.2011 | Additions | 30.06.2012 |
|---|---|---|---|---|---|
| **Cost value** | | | | | |
| Land | 1,214 | 96 | 1,310 | -- | 1,310 |
| Building | 47,970 | 3,137 | 51,107 | -- | 51,107 |
| **Net book value** | **49,184** | **3,233** | **52,417** | **--** | **52,417** |

| Type of real estate | Expert company | Expert report date | Report number | Expert value |
|---|---|---|---|---|
| Bahçelievler land (1) | Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş. | 21.03.2012 | 2011_0387 | 1,310 |
| Esenyurt building (sections numbered 8, 15, 17, 18 and 19) (2) | Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş. | 28.02.2012 | 2012_0185 | 24,136 |
| Esenyurt building (sections numbered 10, 11, 12 and 13) (3) | Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş. | 28.02.2012 | 2012_0185 | 26,971 |
| | | | | **52,417** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 10- INVESTMENT PROPERTY(Continued)

(1) Bahçelievler land
The building plot is in the province of Istanbul, Bahçelievler, Kocasinan, 1 plot, 15704 parcel is a common property. According to the land registry office records the land is registered to Fatma Elbasan and other shareholders. The relation with Kiler Alışveriş is created with the real estate sale promise contract stated between Kiler Alışveriş and Hüseyin Ermiş, Biray Ermiş Samet Ermiş, Serkan Ermiş, Sertaç Ermiş, Mümin Çakıcı, Fatma Arıcı, İzzet Akçor, Fatma Kültür, Halil Akçor, Nurcan Erkin, Fatma Ermiş, Nurhan Ermiş, İrfan Meral, Fatma Elbasan Ayşe Biçim, Reyhan Kaplan, Bedika Ermiş, Necdet Ermiş, Hikmet Ermiş or their assignees. According to the sales promise contracts 23 of 36 shares has been bought by Kiler Alışveriş and these sale contracts have been approved by the notary. However these transactions have not been recorded in the land registry records yet.

(2) Esenyurt building (sections numbered 8, 15, 17, 18 and 19)
The building is registered in Istanbul, Esenyurt on a 347 block on 10 parcels and consists of office sections. The closed area is 16,500 $m^2$ and 13,074 $m^2$ of this area is rented to related companies. The remaining 3,426 $m^2$ is in the use of the Company and is classified in plant, property and equipment.

(3) Esenyurt building (sections numbered 10, 11, 12 and 13)
The building is registered in Istanbul, Esenyurt on a 347 block on 10 parcels and consists of warehouse sections. The closed area is 20,863 $m^2$ is totally rented.

Details of investment property are listed below:

| **Explanation** | **Exact Square Meters** | **Exact Square Meters Leased** | **Monthly rent** | **Net book value** |
|---|---|---|---|---|
| Bahçelievler land | 1,170 | -- | -- | 1,310 |
| Esenyurt building (sections numbered 8, 15, 17, 18 and 19 ) | 13,074 | 3,470 | 17,351 USD | 24,136 |
| Esenyurt building (sections numbered 10, 11, 12 and 13) | 8,315 | 8,315 | 39,140 USD | 10,749 |
| Esenyurt building (sections numbered 10, 11, 12 and 13 ) | 2,088 | 2,088 | 10,440 USD | 2,699 |
| Esenyurt building (sections numbered 10, 11, 12 and 13 ) | 5,553 | 5,553 | 27,765 USD | 7,179 |
| Esenyurt building (sections numbered 10, 11, 12 and 13 ) | 4,907 | 4,907 | 29,810 USD | 6,344 |
| | **35,107** | **24,333** | | **52,417** |

As of the report date the Group's investment properties are mortgaged by banks as follows.

| | | | | **30.06.2012** | | **31.12.2011** | |
|---|---|---|---|---|---|---|---|
| **Bank** | **Type** | **Degree** | **Foreign Currency Type** | **Foreign Currency Amount** | **TL Amount** | **Foreign Currency Amount** | **TL Amount** |
| Halkbank | Real Estate | 1 | USD | 22,500 | 40,646 | 22,500 | 42,500 |
| Yapı Kredi Bankası | Real Estate | 1 | USD | 16,500 | 29,807 | 16,500 | 31,167 |
| Yapı Kredi Bankası | Real Estate | 2 | TL | 11,250 | 11,250 | -- | -- |
| Yapı Kredi Bankası | Real Estate | 3 | TL | 3,750 | 3,750 | -- | -- |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

| | 31.12.2010 | Additions | Disposals | Revaluation Differences | 31.12.2011 | Additions | Disposals | 30.06.2012 |
|---|---|---|---|---|---|---|---|---|
| **Cost value** | | | | | | | | |
| Land | 21,311 | 11,491 | -- | (491) | 32,311 | -- | -- | 32,311 |
| Buildings | 14,940 | -- | -- | 483 | 15,423 | -- | -- | 15,423 |
| Machinery and equipment | 3,691 | 24 | -- | -- | 3,715 | 15 | -- | 3,730 |
| Vehicles | 14,206 | 2,337 | (2,099) | -- | 14,444 | 651 | (364) | 14,731 |
| Furniture and fixtures | 121,962 | 12,167 | -- | -- | 134,129 | 1,046 | -- | 135,175 |
| Leasehold improvements | 40,527 | 8,033 | -- | -- | 48,560 | 3,668 | -- | 52,228 |
| Machinery and equipment under financial leasing | 1,811 | 1,142 | -- | -- | 2,953 | -- | -- | 2,953 |
| Vehicles under financial leasing | 500 | -- | (120) | -- | 380 | -- | -- | 380 |
| Furniture and fixtures under financial leasing | 1,879 | 4,082 | -- | -- | 5,961 | -- | -- | 5,961 |
| | 220,827 | 39,276 | (2,219) | (8) | 257,876 | 5,380 | (364) | 262,892 |
| **Accumulated Depreciation** | | | | | | | | |
| Buildings | 168 | 386 | -- | (140) | 414 | 269 | -- | 683 |
| Machinery and equipment | 1,683 | 358 | -- | -- | 2,041 | 172 | -- | 2,213 |
| Vehicles | 6,597 | 1,311 | (870) | -- | 7,038 | 641 | (146) | 7,533 |
| Furniture and fixtures | 61,697 | 12,754 | -- | -- | 74,451 | 6,702 | -- | 81,153 |
| Leasehold improvements | 16,228 | 3,337 | -- | -- | 19,565 | 1,917 | -- | 21,482 |
| Machinery and equipment under financial leasing | 445 | 136 | -- | -- | 581 | 120 | -- | 701 |
| Vehicles under financial leasing | 234 | 44 | (66) | -- | 212 | 19 | -- | 231 |
| Furniture and fixtures under financial leasing | 539 | 444 | -- | -- | 983 | 326 | -- | 1,309 |
| | 87,591 | 18,770 | (936) | (140) | 105,285 | 10,166 | (146) | 115,305 |
| **Net book value** | **133,236** | **20,506** | **(1,283)** | **132** | **152,591** | **(4,786)** | **(218)** | **147,587** |

Insurance on property, plant and equipment amounts to TL 272,977 (2011: 229,933 TL).

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 11 - PROPERTY, PLANT AND EQUIPMENT(Continued)**

As of 30.06.2012, details of land and buildings are listed below:

| Real Estate Type | Expert Company | Expert Report Date | Report Number | Expert value |
|---|---|---|---|---|
| Başakşehir Land and Building (1) | Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş. | 26.07.2010 | 2010_1065 | 13,604 |
| Kartal Land and Building (2) | Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş. | 03.08.2010 | 2010_1081 | 15,450 |
| Esenyurt Building (3) | Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş. | 28.02.2012 | 2012_0185 | 7,218 |
| Kağıthane Land and Building (4) | Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş. | 09.08.2010 | 2010_1102 | 112 |
| Başakşehir Residence (5) | Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş. | 09.08.2010 | 2010_1103 | 350 |
| Kavacık Land (6) | Arge Gayrimenkul Değerleme ve Danışmanlık A.Ş. | 28.09.2011 | 2011_1766 | 11,000 |
| | | | | **47,734** |

(1) The Başakşehir land is in the province of Istanbul, Esenler, İkitelli, 1266 blocks and parcel number 1 with an area of 5,448m$^2$. In the land registry, this land is registered on behalf of KİPTAŞ (Istanbul Konut, İmar, Plan, Turizm Ulaşım San. ve Tic. A.Ş.) and was bought by Kiler Alışveriş on 23.05.2003 with the promise of sale contract numbered 14789.

(2) The Kartal land and building is in the province of Istanbul, Kartal, Yukarı Mahalle, block 568, parcel 21 and the land area consists of 4,315 m$^2$ structures over that land. The parcel is seen as 2 parcels according to the municipality records. The structure on the land consists of a supermarket, 2 residence blocks and an office. The office building does not have any certificate of occupancy.

(3) The building is registered in Istanbul Esenyurt 347 block, 10 parcels which belongs to Kiler Alışveriş. The land area consists of a total of 16,500 m$^2$ and 3,426 m$^2$ of this land area is used by Kiler Alışveriş. The remaining section is rented and is therefore classified as investment property.

(4) According to the land registry Kağıthane land and building is in the province Istanbul, Kağıthane, Gürsel, 10301 block with an area of 206 m$^2$. 136/1236 share belongs to Kiler Alışveriş and consists of an open area of 23 m$^2$, 72 m$^2$ licensed closed area and 43 m$^2$ unlicensed closed area.

(5) The Başakşehir residence is in the province of Istanbul, Başakşehir, Hoşdere, 559 block and building plot 1 and consists of 120 m$^2$ suite.

(6) Kiler Alışveriş bought a land from Fatih İzgi on 19.09.2011 for an amount of TL 11,491, the land is in Istanbul, Beykoz Çubuklu district block 814, lot number 1, with an area of 2,789 m2. According the contract between Kiler Alışveriş and Fatih İzgi, TL 638 was paid directly to him, and the remaining amount was paid to his creditors in order to remove all legal restrictions on this land. In detail, TL 3,019 was paid to RCT Varlık Yönetim A.Ş., TL6,732 was paid to Mais Motorlu Araçlar İmalat ve Satış A.Ş., TL 905 was paid to Tax Authorities, TL 197 was paid to Beykoz Municipality. The building on this land is not suitable to capitalise because based on amendatory minutes and Municipality council’s cease and desist orders the legal process on this building is continuing. For this reason only the land value is determined.

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 11 - PROPERTY, PLANT AND EQUIPMENT(Continued)

The Group’s land, vehicles and buildings have been mortgaged on behalf of banks as of the report date as detailed below:

| | | | | 30.06.2012 | | 31.12.2011 | |
|---|---|---|---|---|---|---|---|
| **Bank** | **Type** | **Degree** | **Foreign Currency Type** | **Foreign Currency Balance** | **TL Balance** | **Foreign Currency Balance** | **TL Balance** |
| Türkiye Finans Katılım Bankası | Real Estate | 1 | TL | 25,000 | 25,000 | 25,000 | 25,000 |
| Halkbank | Real Estate | 1 | USD | 22,500 | 40,646 | 22,500 | 42,500 |
| Albaraka | Real Estate | 1 | TL | 20,000 | 20,000 | 20,000 | 20,000 |
| Marmara Kurumlar Tax Office | Real Estate | 1 | TL | 2,400 | 2,400 | 2,400 | 2,400 |
| Türkiye Finans Katılım Bankası | Vehicles | 1 | TL | 1,745 | 1,745 | 1,745 | 1,745 |
| Albaraka | Vehicles | 1 | TL | 319 | 319 | 319 | 319 |
| Asya Katılım Bankası | Vehicles | 1 | TL | 260 | 260 | 260 | 260 |

## NOTE 12 – INTANGIBLE ASSETS

| | 31.12.2010 | Additions | 31.12.2011 | Additions | 30.06.2012 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Other intangible assets | 1,482 | 444 | 1,926 | 39 | 1,965 |
| | 1,482 | 444 | 1,926 | 39 | 1,965 |
| **Accumulated amortization** | | | | | |
| Other intangible assets | 985 | 199 | 1,184 | 113 | 1,297 |
| | 985 | 199 | 1,184 | 113 | 1,297 |
| **Net book value** | **497** | **245** | **742** | **(74)** | **668** |

Other intangible assets mainly consist of programs, software and licenses.

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 13 – GOODWILL

| **Goodwill** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Kiler Ankara Mağazacılık San. ve Tic. A.Ş. | 60,396 | 60,396 |
| Kiler Trakya Mağazacılık San. ve Tic. A.Ş. | 13,172 | 13,172 |
| | **73,568** | **73,568** |

The goodwill amount is related to stores as cash-generating unit by Group management. The recoverable amount of cash-generating unit was determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, which are based on TL budgets approved by management covering five year period.

## NOTE 14 – PROVISIONS

### 14.1. Contingent liabilities

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Provision of lawsuits | 9,845 | 9,026 |
| | **9,845** | **9,026** |

There are several law suits which have been filed against or in favor of the Group. These lawsuits mainly consist of receivables, rent and employee law suits. The management evaluates the possible effect of these law suits on the Group, the financial effects and the possible outcomes at the end of every period and necessary provisions has been set aside in the accompanying financial statements.

As of 30.06.2012, there are a total of 204 law suits and enforcement proceedings opened by the Company amounting to TL 5,360. There are a total of 579 law suits and enforcement proceedings which had been filed against the Company amounting to TL 8,926.

As of 31.12.2011, there are a total of 185 law suits and enforcement proceedings opened by the Company amounting to TL 4,557. There are a total of 539 law suits and enforcement proceedings which had been filed against the Company amounting to TL 8,580.

### 14.2. Contingent assets

None (31.12.2011: None).

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

The Group's guarantee, mortgage and accessory contract (GMA) position are shown below:

| | | 30.06.2012 | 31.12.2011 |
|---|---|---|---|
| A | GMA given on behalf of the Group's legal entity(*) | 147,859 | 131,273 |
| B | GMA given on behalf of the Group's subsidiaries | -- | -- |
| C | GMA given on behalf of third parties within trading operations | -- | -- |
| D | Other GMA | | |
| | - Given on behalf of shareholders | -- | -- |
| | - Given on behalf of related parties except B and C | 20,000 | 20,000 |
| | - Given on behalf of third parties except C | -- | -- |
| | | **167,859** | **151,273** |

(*)Among the GMA position given by the Group on behalf of its own legal entity, a mortgage on Başakşehir store amounting to TL 25,000was given to Türkiye Finans Katılım Bankası A.Ş. for bank loans that are already used or will be used by Kiler Alışveriş and related parties Kiler Gayrimenkul Yatırım Ortaklığı A.Ş. and/or Kiler Holding A.Ş. and/or KLR İnşaat Ticaret Ltd. Şti. and/or Biskon Yapı A.Ş. In the general credit agreement that signed between related parties and the bank, the total limit of loan is not allocated specifically between borrower parties and the mortgage cannot be allocated for each borrower.

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 16 – PROVISION FOR EMPLOYEE TERMINATION BENEFITS

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Severance Payment Provisions | 5,781 | 5,107 |

Under Turkish law, the Company is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). In addition, under the existing Social Security Law No. 506, clause No. 60, amended by the Labor Laws dated 06.03.1981, No. 2422 and 25.08.1999, No. 4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

Severance payments are estimated based on 30 days gross salary for each year. The maximum price is TL/year 2,917.27 as of the related balance sheet date, 30.06.2012 (31.12.2011: TL/year 2,731.85).

Such payments are not required to be funded. Therefore no fund is reserved for such payments in the financial statements.

In its financial statements the Company reflected a liability for termination benefits based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted to present value at the balance sheet date by using average market yield, expected inflation rates and an appropriate discount rate:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. An expected inflation rate and appropriate discount rate should both be determined, the net of these being real discount rate. As of 30.06.2012 the liability for employment termination benefits was calculated based on an annual real discount rate of 4.66% (31.12.2011: an annual real discount rate of 4.66%) using estimated annual inflation rate of 5.10% and discount rate of 10%.

Severance payment provision movement table listed below:

| | **01.01.-30.06.2012** | **01.01.-31.12.2011** |
|---|---|---|
| Opening balance | 5,107 | 3,849 |
| Charge for the period | 1,307 | 2,688 |
| Payments | (633) | (1,430) |
| **Total** | **5,781** | **5,107** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 17 – OTHER ASSETS AND LIABILITIES**

| **Other current assets** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Prepaid expenses | 1,000 | 531 |
| Prepaid rent expenses | 5,280 | 5,341 |
| Prepaid taxes and funds | 644 | 591 |
| Advances given for business purposes | 4,331 | 2,849 |
| Deposits and guarantees given | 608 | 619 |
| Income accruals | 481 | 452 |
| Advances given | 13,361 | 13,382 |
| Advances given to related parties (Note 27) | 1,475 | -- |
| Provision for advances given | (8,175) | (8,070) |
| | **19,005** | **15,695** |

The transaction of provision for advances given is below:

| | **01.01.-30.06.2012** | **01.01.-31.12.2011** |
|---|---|---|
| Opening balance | 8,070 | 7,774 |
| Charge for the period | 187 | 979 |
| Proceeds from doubtful receivables | (82) | (348) |
| Advances given written-off | -- | (335) |
| | **8,175** | **8,070** |

| **Other non-current assets** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Prepaid expenses | 1 | 2 |
| Prepaid rent expenses | 3,281 | 5,560 |
| | **3,282** | **5,562** |

| **Other current liabilities** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Social security premiums and taxes | 6,665 | 7,986 |
| Expense accruals | -- | 57 |
| Deposits and guarantees received | 187 | 178 |
| Provision for customer loyalty program | 769 | -- |
| | **7,621** | **8,221** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 18 – EQUITY

### 18.1. Paid in capital

| | 30.06.2012 | | 31.12.2011 | |
|---|---|---|---|---|
| | Percentage (%) | Share Amount | Percentage (%) | Share Amount |
| Kiler Holding A.Ş. | 38.57 | 51,929 | 38.57 | 51,929 |
| Ümit Kiler | 14.67 | 19,743 | 14.67 | 19,743 |
| Nahit Kiler | 14.67 | 19,743 | 14.67 | 19,743 |
| Vahit Kiler | 14.67 | 19,743 | 14.67 | 19,743 |
| Quoted shares | 15.00 | 20,193 | 15.00 | 20,193 |
| Other | 2.42 | 3,269 | 2.42 | 3,269 |
| | | **134,620** | | **134,620** |

The capital of the Company as at 30.06.2012 and 31.12.2011 was TL 134,620. This capital consisted of 134,620,000(2011: 134,620,000) TL 12,000 (2011: TL 12,000) shares for TL 1 (Krş 1) each and comprise of 12,000,000 shares (2011: 12,000,000) are A group shares and TL 122,620 (2011: TL 122,620) which comprise of 122,620,000 shares (2011: 122,620,000) are B group shares.

Publically offered shares which represent TL 20,193 of the total share capital are registered and do not have any privileges.

Approval of Board of Directors is obliged for the transfer of registered A group shares. The Board of Directors can deny approving transfer of A Group shares without justification. B group registered shares can be transferred in accordance current laws and legislation.

In the extraordinary general assembly meeting dated from 15.09.2010, it has been decided that the articles of association of Kiler Alışveriş are amended such as that the registered authorized capital of the Company shall be worth of TL 500,000 consisting of 500,000,000 shares, TL 1 per each share, and the board of directors are authorized to increase the registered share capital between the years 2010 and 2014 up to the authorized level within the rules and regulations and of Capital Market Law.

A group shares are bearer shares and B group shares are registered shares. According to the Company's Main Agreement numbered 6, A group shares are privileged shares. This privileges which are detailed in the Company's articles of association paragraph 8, 10, 13.2 consist of the determination of the Board of directors and auditors and gives right to vote as detailed below.

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 18 – EQUITY (Continued)**

(*i*) Privilege on voting right of Board of Directors;

The Company's board of directors consists of six members and four members of the Board of Directors are selected among candidates nominated by A group shareholders in the General Assembly.

(*ii)* Privilege on voting right of auditors;

At least two of the three auditors are are selected among candidates nominated by A Group shareholders in the General Assembly.

(*iii*) Privilege on voting in the General Assembly meetings;

A group shareholders are entitled to hundred vote for each share and B Group shareholders are entitled to one vote for each share in the company's annual and extraordinary general assembly meetings. The provision of Turkish Commercial Code article 387 is reserved.

**The pledges on shares are summarized below:**

The shareholders of the Group pledged Kiler Alışveriş shares as a guarantee of Kiler Alışveriş and Kiler Gayrimenkul Yatırım Ortaklığı A.Ş.'s loans from Akbank T.A.Ş. The limit of the loan is USD 110,000.According the loan agreement the pledge percentage is %66 on the share capital amounting TL 134,620; 9,738,436 A group shares, 79,110,764 B group shares, totally 88,849,200 shares are pledged for a first degree on behalf of the lender for the principal loan amount and any type of accrual in terms of interest and expense.

The shareholders of the Group pledged Kiler Alışveriş shares as a guarantee of Kiler GYO A.Ş.'s bank loans from ING Bank A.Ş. According to the loan agreement, the pledge percentage is %9 on the share capital amounting TL 134,620; 1,080,000 A group shares, 11,035,785 B group shares, totally 12,115,785 shares are pledged for a first degree on behalf of the lender for the principal loan amount and any type of accrual in terms of interest and expense.

The shareholders of the group pledged Kiler Alışveriş shares as a guarantee of Kiler Holding A.Ş.'s bank loans from Denizbank A.Ş. According to the loan agreement, the pledge percentage is %10 on the share capital amounting TL 134,620; 1,181,564 A group shares, 12,280,436 B group shares, totally 13,462,000 shares are pledged for a first degree o behalf of the lender for the principal loan amount and any type of accrual in terms of the interest and expense.

**18.2. Share premium**

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Share Premium | 66,150 | 66,150 |
| | **66,150** | **66,150** |

| **18.3.** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Legal Reserves | 1,139 | 1,139 |
| Extraordinary Reserves | 11,258 | 11,258 |
| | **12,397** | **12,397** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 18 – EQUITY (Continued)**

| **18.4.** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| General Reserves | (20,047) | (7,053) |
| | **(20,047)** | **(7,053)** |

| **18.5.** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Revaluation surpluses and special funds | 14,303 | 14,309 |
| | **14,303** | **14,309** |

**NOTE 19 – SALES AND COST OF SALES**

| | **01.01.- 30.06.2012** | **01.04.- 30.06.2012** | **01.01.- 30.06.2011** | **01.04.- 30.06.2011** |
|---|---|---|---|---|
| Retail and wholesales | 409,202 | 204,356 | 327,319 | 169,506 |
| Other sales | 56,894 | 28,407 | 42,350 | 24,978 |
| | 466,096 | 232,763 | 369,669 | 194,484 |
| Minus: Deductions and returns | (3,569) | (1,466) | (4,744) | (3,293) |
| Sales revenues (net) | 462,527 | 231,297 | 364,925 | 191,191 |
| Cost of sales | (336,446) | (170,451) | (257,085) | (139,977) |
| **Gross Profit** | **126,081** | **60,846** | **107,840** | **51,214** |

**NOTE 20 – MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES**

| | **01.01.- 30.06.2012** | **01.04.- 30.06.2012** | **01.01.- 30.06.2011** | **01.04.- 30.06.2011** |
|---|---|---|---|---|
| Marketing, selling and distribution expenses | 87,975 | 45,204 | 75,946 | 38,257 |
| General administrative expenses | 19,446 | 9,095 | 20,964 | 11,569 |
| | **107,421** | **54,299** | **96,910** | **49,826** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 21 – OPERATING EXPENSE BREAKDOWN**

| Marketing, selling and distribution expenses | 01.01.- 30.06.2012 | 01.04.- 30.06.2012 | 01.01.- 30.06.2011 | 01.04.- 30.06.2011 |
|---|---|---|---|---|
| Personnel expense | 36,992 | 18,270 | 30,690 | 15,635 |
| Office expense | 11,552 | 6,421 | 8,671 | 3,772 |
| Advertisement expense | 4,828 | 2,823 | 3,474 | 1,328 |
| Rent expense | 20,521 | 10,497 | 18,504 | 9,559 |
| Repair and maintenance expense | 2,136 | 1,202 | 1,629 | 822 |
| Packaging expenses | 221 | 144 | 338 | 195 |
| Security expense | 477 | 253 | 588 | 312 |
| Communication expense | 83 | 52 | 121 | 70 |
| Motor vehicle expenses | 1,431 | 709 | 1,160 | 600 |
| Insurance expense | 377 | 189 | 459 | 257 |
| Tax expense | 859 | 451 | 905 | 405 |
| Bank expense | 458 | 245 | 563 | 291 |
| Subscription expenses | 180 | 101 | 258 | 188 |
| Depreciation and amortization expense | 5,270 | 2,642 | 5,069 | 2,614 |
| Travelling expenses | 1,673 | 770 | 1,940 | 1,160 |
| Other | 917 | 435 | 1,577 | 1,049 |
| | **87,975** | **45,204** | **75,946** | **38,257** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

| **General and administrative expenses** | | | | |
|---|---|---|---|---|
| Personnel expense | 3,725 | 1,881 | 3,543 | 1,739 |
| Travelling expense | 267 | 145 | 312 | (508) |
| Consulting expense | 1,463 | 868 | 1,611 | 1,070 |
| Office expense | 1,203 | 347 | 1,979 | 1,847 |
| Rent expense | 666 | 165 | 229 | 72 |
| Motor vehicle expense | 2,766 | 1,387 | 2,135 | 1,141 |
| Insurance expense | 363 | 197 | 236 | 106 |
| Repair and maintenance expense | 330 | 159 | 208 | 110 |
| Communication expense | 423 | 190 | 333 | 150 |
| Tax expense | 490 | 207 | 326 | 186 |
| Advertising expense | 859 | 195 | 2,078 | 177 |
| Provision for severance pay | 1,307 | 445 | 1,293 | 402 |
| Provision for doubtful receivables | 381 | 178 | 2,353 | 2,300 |
| Reversal of unnecessary provision | (178) | (7) | (819) | (32) |
| Depreciation and amortization expense | 4,871 | 2,425 | 4,038 | 2,033 |
| Other | 510 | 313 | 1,109 | 776 |
| | **19,446** | **9,095** | **20,964** | **11,569** |

**NOTE 22 – INCOME/EXPENSE FROM OTHER OPERATIONS**

| **Other operating income and profit** | **01.01.- 30.06.2012** | **01.04.- 30.06.2012** | **01.01.- 30.06.2011** | **01.04.- 30.06.2011** |
|---|---|---|---|---|
| Insurance claim income | 368 | 185 | 311 | 178 |
| Income on sale of fixed assets | 69 | 50 | 241 | 182 |
| Import tax refund | 55 | -- | -- | -- |
| Other | 361 | 157 | 288 | 75 |
| | **853** | **392** | **840** | **435** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

| **Other operating expenses** | **01.01.- 30.06.2012** | **01.04.- 30.06.2012** | **01.01.- 30.06.2011** | **01.04.- 30.06.2011** |
|---|---|---|---|---|
| Loss on sale of fixed assets | 56 | 19 | 125 | 91 |
| Loss on penalties and claims | 274 | 174 | 233 | 109 |
| Donation expenses | 14 | 9 | 24 | 11 |
| Lawsuit expenses | 1,899 | 1,358 | 1,673 | 359 |
| Previous years' rent expense that paid with court decision | -- | -- | 775 | 75 |
| Tax expense | 178 | 25 | 272 | 89 |
| The taxes payable under act no 6111 | -- | -- | 1,862 | 1,862 |
| Other | 185 | 79 | 995 | 558 |
| | **2,606** | **1,664** | **5,959** | **3,154** |

**NOTE 23 – FINANCIAL INCOME**

| | **01.01.- 30.06.2012** | **01.04.- 30.06.2012** | **01.01.- 30.06.2011** | **01.04.- 30.06.2011** |
|---|---|---|---|---|
| Term differences income on credit sale | 300 | 243 | 766 | 586 |
| Interest income from related parties | 6,263 | 3,235 | 3,793 | 2,170 |
| Foreign exchange gain | 10,836 | 1,424 | 59 | 28 |
| Interest income | -- | -- | 66 | -- |
| Other | 1 | 1 | 328 | 282 |
| | **17,400** | **4,903** | **5,012** | **3,066** |

**NOTE 24 – FINANCIAL EXPENSES**

| | **01.01.- 30.06.2012** | **01.04.- 30.06.2012** | **01.01.- 30.06.2011** | **01.04.- 30.06.2011** |
|---|---|---|---|---|
| Term differences expense on credit purchase | 3,577 | 1,699 | 1,464 | 810 |
| Interest and commission expense | 18,666 | 10,712 | 9,507 | 5,600 |
| Foreign exchange expense | 5,927 | 3,203 | 9,407 | 8,609 |
| Other | 832 | 182 | 247 | 95 |
| | **29,002** | **15,796** | **20,625** | **15,114** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 25 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX)**

After 01 January 2006 the corporation tax rate in Turkey is 20%.

The Corporation tax is applied on the total income of the Company after adjusting for certain disallowable expenses. No further tax is payable unless the profit is distributed. If the whole or a part of profit is distributed to:

- Individuals;
- Individuals and companies excepted or exempted from income and corporation taxes or;
- Non residents companies and individuals,

It is subject to 15% withholding tax. An increase in capital via issuing bonus shares is not considered as a profit distribution and no withholding tax is applied.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability.

75% of income from the sale of participation shares and property, which were held for at least two years, to be added to share capital are exempt from corporation tax provided that the transfer of this income to share capital takes place as provided in the Corporation Tax Law.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing, during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The computation of the statutory taxes for periods 30.06.2012 and 31.12.2011 is as follows:

| **Balance Sheet** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Current period corporation tax expense | 447 | 212 |
| Prepaid taxes | (447) | (183) |
| | **--** | **29** |

| **Income Statements** | **01.01.-30.06.2012** | **01.04.-30.06.2012** | **01.01.-30.06.2011** | **01.04.-30.06.2011** |
|---|---|---|---|---|
| Current period corporation tax expense | (447) | 644 | -- | 592 |
| Deferred tax income / (expense) | (1,209) | 360 | (465) | 406 |
| **Total tax income / (expense)** | **(1,656)** | **1,004** | **(465)** | **998** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 25 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX) (Continued)**

**b) Deferred Tax**
The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with the Communiqué and the statutory tax financial statements.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/ (liabilities) provided at 30.06.2012 and 31.12.2011 using the enacted tax rates are as follows:

| | Total temporary differences | | Deferred tax asset/(liabilities) | |
|---|---|---|---|---|
| | **30.06.2012** | **31.12.2011** | **30.06.2012** | **31.12.2011** |
| Unearned interest on trade receivable | 301 | 82 | 60 | 16 |
| Provision for severance payments | 5,781 | 5,107 | 1,156 | 1,022 |
| Provision for doubtful receivables | 10,459 | 10,257 | 2,092 | 2,051 |
| Inventories | 2,966 | 9,672 | 593 | 1,934 |
| Cancellation of capitalized interest expense | 26,313 | 26,313 | 5,263 | 5,263 |
| Lawsuit provision | 9,845 | 9,026 | 1,969 | 1,805 |
| Previous year losses | 11,860 | 11,860 | 2,372 | 2,372 |
| Confirmation differences | 3,033 | 1,741 | 607 | 348 |
| Other | 1,646 | 300 | 329 | 60 |
| Unearned interest on trade payable | (2,614) | (2,320) | (523) | (464) |
| Revaluation difference on land and buildings | (9,764) | (9,764) | (1,953) | (1,954) |
| Revaluation differences on investment property | (5,135) | (5,135) | (1,027) | (1,027) |
| Difference on depreciation arising from recalculation with useful economic life | (64,237) | (60,697) | (12,847) | (12,139) |
| Other | (130) | (72) | (26) | (14) |
| Deferred tax assets | 72,204 | 74,358 | 14,441 | 14,871 |
| Deferred tax liabilities | (81,880) | (77,988) | (16,376) | (15,598) |
| **Deferred tax assets / liabilities, net** | **(9,676)** | **(3,630)** | **(1,935)** | **(727)** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 25 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX) (Continued)**

| **Reconciliation of deferred tax as follows:** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Deferred tax assets / (liabilities), net current period | (1,935) | (727) |
| Deferred tax assets / (liabilities), net beginning of the period (-) | 727 | 1,981 |
| | **(1,208)** | **1,254** |
| Deferred tax income / (expense), net | (1,209) | 1,379 |
| Deferred tax related with equity | 1 | (125) |
| | **(1,208)** | **1,254** |

The tax expense from the consolidated financial statements belonging to the accounting periods are as seen below:

| | **01.01.-30.06.2012** | **01.04.-30.06.2012** | **01.01.-30.06.2011** | **01.04.-30.06.2011** |
|---|---|---|---|---|
| Profit before tax | 5,305 | (5,618) | (9,802) | (13,379) |
| Tax expense expected as a result of the main partnership tax rate (20%) | (1,061) | 1,124 | 1,960 | 2,675 |
| **Group's expected tax expense** | (1,061) | 1,124 | 1,960 | 2,675 |
| Effect of tax disallowed expenses | (149) | 134 | -- | 348 |
| The effect of used previous year losses | -- | (46) | -- | |
| Statutory period loss | (511) | (511) | (2,028) | (1,629) |
| Other differences | 65 | 303 | (397) | (396) |
| **Group's tax expense for the period** | **(1,656)** | **1,004** | **(465)** | **998** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 26 – EARNINGS PER SHARE**

| | **01.01.- 30.06.2012** | **01.04.- 30.06.2012** | **01.01.- 30.06.2011** | **01.04.- 30.06.2011** |
|---|---|---|---|---|
| Net profit/(loss) for the period | 3,649 | (4,614) | (10,267) | (12,381) |
| Minority's net loss/(profit) for the period | 11 | 137 | 751 | 378 |
| Profit attributable to equity holders of company | 3,660 | (4,477) | (9,516) | (12,003) |
| Weighted average number of outstanding ordinary shares | 134,620,000 | 134,620,000 | 132,190,363 | 130,229,589 |
| **Earnings per share (TL)** | 0.0272 | (0.0333) | (0.0720) | (0.0922) |

**NOTE 27 - RELATED PARTIES DISCLOSURES**

As detailed in conditions c and d below, the Group has entered into several financing transactions with its related parties. No interest has been calculated on these amounts. According to the Board of Directors' decision dated 30.07.2010 numbered 184, all receivables/debts which are given/obtained to/from related parties with the aim of financing will be subject to interest and interest rate is %11.5.

The Group has borrowed loans on behalf of Kiler Holding A.Ş., and then passed through these loans to Kiler Holding A.Ş. According to the Board of Directors' decision dated 20.12.2011 numbered 2011/67, the Group decided to charge all finance cost directly to Kiler Holding A.Ş. The previous application was to calculate 11.5% interest for the receivables from Kiler Holding A.Ş.

| **a) Trade receivables from related parties:** | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Klr İnşaat Tic. Ltd. Şti. | 991 | 699 |
| KBC Gıda San. Tic. Ltd. Şti. | 718 | 79 |
| Tureks Turizm Taşımacılık İnşaat Akaryakıt İstasyon Temizlik Hizmetleri İşletmeciliği Ticaret ve Sanayi A.Ş. | -- | 732 |
| Kiler Alışveriş Hizmetleri Gıda San. Tic. Ltd. Şti. | 3 | 1 |
| Denge Reklam Tur. İnş. Gıda. Elekt. San. Ltd. Şti. | 7,590 | -- |
| | **9,302** | **1,511** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 27 - RELATED PARTIES DISCLOSURES (Continued)**

| b) Trade payables to related parties: | 30.06.2012 | 31.12.2011 |
|---|---|---|
| Kütahya Şeker Fabrikası A.Ş. | 23 | 415 |
| Safir Çarşı Yönetim Hizmetleri A.Ş. | 24 | 52 |
| Bağcı Sebze Meyve Tar. Ürünleri Su Ür. Soğuk Hav. Depo Tic. A.Ş. | 579 | 9 |
| Kiler Sebze ve Meyve Komisyoncusu – Ümit Kiler | -- | 1,034 |
| KBC Gıda San. Tic. Ltd. Şti. | 1,312 | 51 |
| Kiler Gayrimenkul Yatırım Ortaklığı A.Ş. | 34 | 25 |
| Klr İnşaat Tic. Ltd. Şti. | 3 | 4 |
| Kiler Holding A.Ş. | 165 | -- |
| Denge Reklam Tur. İnş. Gıda. Elekt. San. Ltd. Şti. | 5,525 | -- |
| | **7,665** | **1,590** |

| b) Notes payable to related parties: | 30.06.2012 | 31.12.2011 |
|---|---|---|
| Kiler Gayrimenkul Yatırım Ortaklığı A.Ş. | -- | 457 |
| Bağcı Sebze Meyve Tar. Ürünleri Su Ür. Soğuk Hav. Depo Tic. A.Ş. | 18 | -- |
| Tureks Turizm Taşımacılık İnşaat Akaryakıt İstasyon Temizlik Hizmetleri İşletmeciliği Ticaret ve Sanayi A.Ş. | 523 | -- |
| Kiler Sebze ve Meyve Komisyoncusu – Ümit Kiler | 1,835 | 608 |
| | **2,376** | **1,065** |

| c) Other receivables from related parties : | 30.06.2012 | 31.12.2011 |
|---|---|---|
| Kiler Holding A.Ş. | 92,347 | 67,822 |
| Biskon Yapı A.Ş. | 60 | 2,859 |
| Nur-Tek Elekt. Üretim A.Ş. | 45 | 34 |
| Kiler Gayrimenkul Yatırım Ortaklığı A.Ş. | 73 | 21 |
| Beyaz Çınar Yapı İnş. Emlak Yön. Hizm. Ltd. Şti. | 262 | 236 |
| Nahit Kiler | 19,753 | 12,440 |
| Vahit Kiler | 788 | 656 |
| Ümit Kiler | 25,309 | 11,670 |
| Other | 155 | 138 |
| | **138,792** | **95,876** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

## NOTE 27 - RELATED PARTIES DISCLOSURES (Continued)

| d) Other payables to related parties: | 30.06.2012 | 31.12.2011 |
|---|---|---|
| İmperyay/İmper Yayıncılık ve Reklamcılık A.Ş. | 132 | 147 |
| Kütahya Şeker Fabrikası A.Ş. | 162 | 162 |
| Kiler Holding A.Ş. | 50 | 50 |
| Ümit Kiler | 418 | 418 |
| Other | 18 | -- |
| | **780** | **777** |

| e) Other current assets from related parties: | 30.06.2012 | 31.12.2011 |
|---|---|---|
| Kiler Sebze ve Meyve Komisyoncusu – Ümit Kiler | 828 | -- |
| Tureks Turizm Taşımacılık İnşaat Akaryakıt İstasyon Temizlik Hizmetleri İşletmeciliği Ticaret ve Sanayi A.Ş. | 634 | -- |
| Other | 13 | -- |
| | **1,475** | **--** |

| f) Sales to related parties: | 01.01.-30.06.2012 | 01.04.-30.06.2012 | 01.01.-30.06.2011 | 01.04.-30.06.2011 |
|---|---|---|---|---|
| Kiler Holding A.Ş. | 6,069 | 3,751 | 3,303 | 1,650 |
| Denge Reklam Tur. İnş. Gıda. Elekt. San. Ltd. Şti. | 16,276 | 7,269 | 42 | 30 |
| Kbc Gıda San. Tic. Ltd. Şti. | 291 | 139 | 1,722 | 1,616 |
| Kiler Alışveriş Hizmetleri Gıda San. Tic. Ltd. Şti. | 2 | 1 | 4,780 | 2,901 |
| Nahit Kiler | 699 | 341 | 334 | 334 |
| Ümit Kiler | 707 | 369 | 1,330 | 1,330 |
| Other | 403 | 161 | 303 | 179 |
| | **24,447** | **12,031** | **11,814** | **8,040** |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 27 - RELATED PARTIES DISCLOSURES (Continued)**

| g) Purchases from related parties: | 01.01.- 30.06.2012 | 01.04.- 30.06.2012 | 01.01.- 30.06.2011 | 01.04.- 30.06.2011 |
|---|---|---|---|---|
| Kiler Holding A.Ş. | 3,158 | 403 | 285 | 241 |
| Denge Reklam Tur. İnş. Gıda. Elekt. San. Ltd. Şti. | 21,945 | 16,788 | 16,296 | 6,450 |
| Klr İnşaat Tic. Ltd. Şti. | 2,272 | 2,231 | 56 | 28 |
| Kbc Gıda San. Tic. Ltd. Şti. | 6,981 | 3,099 | 4,583 | 2,507 |
| Kiler Gayrimenkul Yatırım Ortaklığı A.Ş. | 1,785 | 890 | 1,544 | 763 |
| Tureks Turizm Taşımacılık İnşaat Akaryakıt İstasyon Temizlik Hizmetleri İşletmeciliği Ticaret ve Sanayi A.Ş. | 1,422 | 1,019 | -- | -- |
| Kiler Alışveriş Hizmetleri Gıda San. Tic. Ltd. Şti. | -- | -- | 1,932 | 1,932 |
| Ümit Kiler | 127 | 61 | 1,270 | 1,270 |
| Kiler Sebze ve Meyve Komisyoncusu – Ümit Kiler | 6,583 | 2,778 | -- | -- |
| Other | 1,524 | 247 | 474 | 471 |
| | **45,797** | **27,516** | **26,440** | **13,662** |

**h) Remuneration of the management**

The total remuneration of the chairman, the members of Board and the top management, amounted to TL 151 for the period ended 30.06.2012(01.01-30.06.2011: TL 183 ).

**NOTE 28 – EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION**

The Group's exposure to foreign currency risk arising from its foreign currency (mainly USD and EURO) assets and liabilities which are sensitive to changes in foreign currency exchange rates. The net currency position of the Group as of the balance sheet dates are shown below:

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 28 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)**

| | **30.06.2012** | **31.12.2011** |
|---|---|---|
| Assets | 55 | 97 |
| Liabilities | (170,676) | (161,991) |
| **Net foreign currency position** | **(170,621)** | **(161,894)** |

| **30.06.2012** | **TL Equivalent** | **USD** | **EURO** | **GBP** |
|---|---|---|---|---|
| 1. Trade receivables | -- | -- | -- | -- |
| 2a. Monetary financial assets (including cash and | 55 | 6 | 18 | 1 |
| bank accounts) | -- | -- | -- | -- |
| 2b. Non-monetary financial assets | -- | -- | -- | -- |
| 3. Other | -- | -- | -- | -- |
| 4. Current assets (1+2+3) | 55 | 6 | 18 | 1 |
| 5. Trade receivables | -- | -- | -- | -- |
| 6a. Monetary financial assets | -- | -- | -- | -- |
| 6b. Non-monetary financial assets | -- | -- | -- | -- |
| 7. Other | -- | -- | -- | -- |
| 8. Non-current assets (5+6+7) | -- | -- | -- | -- |
| 9. Total assets (4+8) | 55 | 6 | 18 | 1 |
| 10. Trade payables | 16 | 9 | -- | -- |
| 11. Financial liabilities | 113,551 | 61,915 | 748 | -- |
| 12a. Other monetary liabilities | -- | -- | -- | -- |
| 12b. Other non-monetary liabilities | -- | -- | -- | -- |
| 13. Short term liabilities (10+11+12) | 113,567 | 61,924 | 748 | -- |
| 14. Trade payables | -- | -- | -- | -- |
| 15. Financial liabilities | 57,109 | 31,613 | -- | -- |
| 16a. Other monetary liabilities | -- | -- | -- | -- |
| 16b. Other non-monetary liabilities | -- | -- | -- | -- |
| 17. Long term liabilities (14+15+16) | 57,109 | 31,613 | -- | -- |
| 18. Total liabilities (13+17) | 170,676 | 93,537 | 748 | -- |
| 19. Off balance sheet derivative instruments/net | -- | -- | -- | -- |
| assets (liabilities) position (19a-19b) | -- | -- | -- | -- |
| 19a. Total asset amount of hedge | -- | -- | -- | -- |
| 19b. Total liabilities amount of hedge | -- | -- | -- | -- |
| 20. Net foreign currency position | -- | -- | -- | -- |
| (9-18+19) | (170,621) | (93,531) | (730) | 1 |
| 21. Monetary net foreign currency position / | -- | -- | -- | -- |
| (UFRS 7.B23) | -- | -- | -- | -- |
| (=1+2a+5+6a-10-11-12a-14-15-16a) | -- | -- | -- | -- |
| 22. Total fair value of financial | -- | -- | -- | -- |
| instruments for hedge | -- | -- | -- | -- |
| 23. Exports | -- | -- | -- | -- |
| 24. Imports | -- | -- | -- | -- |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 28 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)**

**31.12.2011**

| | TL Equivalent | USD | EURO | GBP |
|---|---|---|---|---|
| 1. Trade receivables | -- | -- | -- | -- |
| 2a. Monetary financial assets (including cash and | 97 | 25 | 19 | 1 |
| bank accounts) | -- | -- | -- | -- |
| 2b. Non-monetary financial assets | -- | -- | -- | -- |
| 3. Other | -- | -- | -- | -- |
| 4. Current assets (1+2+3) | 97 | 25 | 19 | 1 |
| 5. Trade receivables | -- | -- | -- | -- |
| 6a. Monetary financial assets | -- | -- | -- | -- |
| 6b. Non-monetary financial assets | -- | -- | -- | -- |
| 7. Other | -- | -- | -- | -- |
| 8. Non-current assets (5+6+7) | -- | -- | -- | -- |
| 9. Total assets (4+8) | 97 | 25 | 19 | 1 |
| 10. Trade payables | 30 | 16 | -- | -- |
| 11. Financial liabilities | 98,209 | 49,251 | 2,119 | -- |
| 12a. Other monetary liabilities | -- | -- | -- | -- |
| 12b. Other non-monetary liabilities | -- | -- | -- | -- |
| 13. Short term liabilities (10+11+12) | 98,239 | 49,267 | 2,119 | -- |
| 14. Trade payables | -- | -- | -- | -- |
| 15. Financial liabilities | 63,752 | 33,751 | -- | -- |
| 16a. Other monetary liabilities | -- | -- | -- | -- |
| 16b. Other non-monetary liabilities | -- | -- | -- | -- |
| 17. Long term liabilities (14+15+16) | 63,752 | 33,751 | -- | -- |
| 18. Total liabilities (13+17) | 161,991 | 83,018 | 2,119 | -- |
| 19. Off balance sheet derivative instruments/net | -- | -- | -- | -- |
| assets (liabilities) position (19a-19b) | -- | -- | -- | -- |
| 19a. Total asset amount of hedge | -- | -- | -- | -- |
| 19b. Total liabilities amount of hedge | -- | -- | -- | -- |
| 20. Net foreign currency position | -- | -- | -- | -- |
| (9-18+19) | (161,894) | (82,993) | (2,100) | 1 |
| 21. Monetary net foreign currency position / | -- | -- | -- | -- |
| (UFRS 7.B23) | -- | -- | -- | -- |
| (=1+2a+5+6a-10-11-12a-14-15-16a) | -- | -- | -- | -- |
| 22. Total fair value of financial | -- | -- | -- | -- |
| instruments for hedge | -- | -- | -- | -- |
| 23. Exports | -- | -- | -- | -- |
| 24. Imports | -- | -- | -- | -- |

(All amounts in thousands of Turkish Lira (TL) unless indicated otherwise.)

**NOTE 28 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)**

Foreign currency sensitivity analyzing table

30.06.2012

| | Profit/(Loss) | | Equity | |
|---|---|---|---|---|
| | Foreign currency valuation | Foreign currency depreciation | Foreign currency valuation | Foreign currency depreciation |
| | If USD change 10% against TL: | | | |
| 1- USD net assets/liabilities | (16,896) | 16,896 | (16,896) | 16,896 |
| 2- Hedging part of USD risk (-) | -- | -- | -- | -- |
| **3-USD net effect (1+2)** | (16,896) | 16,896 | (16,896) | 16,896 |
| | If EUR change 10% against TL: | | | |
| 4- EUR net assets/liabilities | (166) | 166 | (166) | 166 |
| 5- Hedging part of EUR risk (-) | -- | -- | -- | -- |
| **6- EUR net effect (4+5)** | (166) | 166 | (166) | 166 |
| **Total (3+6)** | **(17,062)** | **17,062** | **(17,062)** | **17,062** |

Foreign currency sensitivity analyzing table

31.12.2011

| | Profit/(Loss) | | Equity | |
|---|---|---|---|---|
| | Foreign currency valuation | Foreign currency depreciation | Foreign currency valuation | Foreign currency depreciation |
| | If USD change 10% against TL: | | | |
| 1- USD net assets/liabilities | (15,677) | 15,677 | (15,677) | 15,677 |
| 2- Hedging part of USD risk (-) | -- | -- | -- | -- |
| **3-USD net effect (1+2)** | (15,677) | 15,677 | (15,677) | 15,677 |
| | If EUR change 10% against TL: | | | |
| 4- EUR net assets/liabilities | (513) | 513 | (513) | 513 |
| 5- Hedging part of EUR risk (-) | -- | -- | -- | -- |
| **6- EUR net effect (4+5)** | (513) | 513 | (513) | 513 |
| **Total (3+6)** | **(16,190)** | **16,190** | **(16,190)** | **16,190** |

## NOTE 29 - FINANCIAL INSTRUMENTS: DISCLOSURES (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

The carrying value of the Company's financial instruments approximate their fair value. The Company does not have any speculative financial instruments and does not have any activity for speculative purposes with purchase and sale of financial instruments.

Financial risk management objectives
The Company's finance department function provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks arising from the Company's operations through internal operations reports which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk.

## NOTE 30 - POST BALANCE SHEET EVENTS

a. Group has opened 5 stores after the balance sheet date.

b. After the balance sheet date the group is planning to open 4 stores, rent agreements related with these stores is signed as of balance sheet date.

c. Group has mortgaged the land in Kavacık in favor of Turkland Bank on the first degree amounting TL 21,000 on 04.07.2012.

d. Severance payment ceiling increased as of 30.06.2012 from TL 2,917.27/per year to TL 3,033.98/per year.