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About BIM

Driven by its mission to offer high-quality products at the best possible prices without sacrificing service quality, BIM has been a customer-oriented firm since its foundation. BIM operates on the principle that suppliers are also customers and diligently maintains its relationship with suppliers on the basis of trust and honesty.

BIM's effective human resource management plays a significant role in its consistently expanding organizational structure. BIM rewards the accomplishments of its employees through internal promotion, thus ensuring their long-term motivation and commitment to the Company.

Transparency, openness and honesty in management are inseparable principles of BIM's corporate identity. BIM, with its cost effective management, best possible pricing policy, more than 10,000 personnel and over 500 suppliers, contributes significantly to the national economy through production, employment and combating inflation.



Ekonomik Ambalaj

VIP
KLASIK

400 ge

COZUMEBILIR. RAHVE

Royal Rais

Bark

The most extensive distribution network...

NUMBER OF STORES



In 2007, BİM maintained its leading position as the company with the most extensive store channel in Turkey's retail sector through its cost effective management, regular increases in store numbers and nation-wide regional networks. BİM increased its sales volume by 34% and number of stores by 19% while recording another year of financial and operational achievements.

Sustainable growth...

NET SALES (YTL millions)



Year in and year out, BİM consistently achieves strong growth in its number of stores and revenue. Its remarkable 34% growth in 2007 was one of the strongest within the retail sector.



Kaanbey®

Taze

**KAŞAR
PEYNİRİ**



Lohne

Sole
Etkisiz Margarin



Tam Yağlı
BEYAZ PEYNİR

Market leading products...

TOTAL SALES OF PRIVATE LABEL PRODUCTS (YTL millions)

2007	1,519
2006	992
2005	769

BİM continues to focus closely on its private label offering, which was first introduced to the retail sector with Dost Milk. Sales of private label products in BİM stores increased by 6% to account for 51% of its total sales in 2007.



Sustainable Profitability...

NET PROFIT (YTL millions)



BİM's outstanding success in implementing its business plan since the public offering in July 2005, has yielded it's investors a striking 295% profit. This success reflects that BİM continues to enjoy the trust of its customers, shareholders and suppliers while achieving profitable growth and increasing market share.

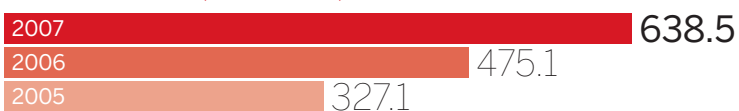


Main Highlights

Financial Highlights (YTL millions)	Change %			
	2005	2006	2007	2006-2007
Net Sales	1,691	2,222	2,978	34.0
Total Sales of Private Label Products	769	992	1,519	53.1
Net Profit	30.2	71.8	107.8	50.1
Net Profit Margin (%)	1.8	3.2	3.6	
EBIT	47.1	78.2	127.4	62.9
EBIT Margin (%)	2.8	3.5	4.3	
EBITDA	72.1	104.9	160.7	53.2
EBITDA Margin (%)	4.3	4.7	5.4	
Total Assets	327.1	475.1	638.5	34.4

Operational Highlights	Change %			
	2005	2006	2007	2006-2007
Number of Stores*	1,194	1,454	1,734	19.3
Average Number of Employees	6,667	7,903	9,981	26.3

Total Assets (YTL millions)



*As of the last day of respective year

Corporate Profile

BİM (Birleşik Mağazalar A.Ş.) commenced operations in 1995 with 21 stores, setting out to offer top quality staple foods and consumer products at the best possible prices. As the first and only representative of the hard discount model in Turkey, BİM restricts its portfolio to around 600 products and aims to possess numerous private label products.

BİM steadily increases the number of its stores along with its revenue year in and year out. In 2007, its 34% growth in sales positioned BİM among the companies demonstrating the strongest increase in the retail sector. BİM completed 12 successful years by applying a cost effective management policy without sacrificing quality and customer satisfaction. It continues to grow and offer its services from 1,734 stores in 16 regions.

Recognition of customer satisfaction as a top priority is inseparable from the corporate identity of BİM. The company possesses the most extensive store channel in its sector, established through trust-based relationships with suppliers and an excellent service understanding adopted by all employees.

BIM Service Philosophy

BIM believes that serving the interests of its customers is more important than realizing high short-term profit. **BIM** offers top quality products at the best possible prices and has a no-questions-asked return policy. With high quality products specially produced for consumers, **BIM** customers pay for the product itself, not the packaging or the brand. **BIM** displays products in their original cardboard boxes as to avoid unnecessary store displays. **BIM** avoids excessive advertising which could be reflected in the price of products. **BIM** stores are decorated in a simple and plain style. **BIM** employs sufficient number of personnel required for uninterrupted service and rents stores at optimum rates in locations best suited to the convenience of its customers.

Milestones

1995 BİM commenced operations with 21 stores. **1996** BİM opened its 50th store. **1997** The first private label product in Turkey, Dost Milk, made its debut. BİM opened its 100th store. **1999** The Operation Committee was founded under BİM A.Ş. as the second-most powerful administrative body after the Board of Directors. Spot market products are offered to consumers at BİM stores for the first time. Merrill Lynch Global Markets Partnership L.P. and Bank America International Investment C. acquired a stake in BİM. **2000** BİM opened its 500th store. **2001** BİM opened 87 additional stores in spite of the economic crisis. Jos Simons was appointed Chief Operating Officer (COO) of BİM. **2002** BİM began to accept credit cards at its stores. **2003** Net sales exceeded YTL 1 billion. **2004** The 1,000th BİM store was opened. **2005** BİM offered 44.12% of its shares to public. **2006** The number of BİM stores reached 1,454 together with a 31.4% increase in revenue. **2007** BİM Board of Directors authorized company management to initiate activities in Morocco. BİM increased the number of its stores to 1,734 and achieved a 34% increase in revenue.

Message from the CEO



Dear Shareholders,

The world economy has undergone great transformation in recent years. The rapid increases in the mobility of workforces, goods and capital, which globalization has brought about changed the technological and communicational conditions of competition. Today, regardless of their global location, all institutions and companies have to adapt to these new dynamics while still keeping pace with their own organizational management.

The 2007 recession in the US housing market caused uncertainty in the financial markets of developed economies and gave rise to a serious liquidity crisis. Loss of consumer confidence due to the shrinkage of the global credit market and the depreciation of the dollar expanded the crisis to include Europe. Upward growth of the global economy that had held steady since 2002 was interrupted.

The economic upheaval dominating the global economy stemming from the failure or closure of certain funds based on high-risk housing loans in the US have not reached Turkey. This is due to the yet unsettled mortgage-based housing financing system and the low share of housing loans among bank funds in Turkey. In addition, the Turkish economy has maintained its stable growth over the year despite uncertainties caused by the elections.

The favorable progress within the Turkish economy affected the retail sector positively. The Turkish retail sector has been undergoing rapid transformation since 1990, becoming a more organized and institutionalized business. Today, the share of traditional channels makes up 60% of the retail sector whereas the share of organized channels is 40%. The organized market acquires an increasing share from the unorganized market, as hygiene, safety and quality standards become widely accepted and implemented. The changing process of supply and consumption models is leading to a yet unseen transformation of daily life. One of the most important factors to survive in the competitive environment is to introduce products with higher quality and lower prices, prioritizing customer satisfaction.

The first and only Turkish representative of the hard discount model, BİM has maintained its position as one of the most prominent brands in the retail sector with a constantly increasing market share. Our successful business model, cost effective management policies and decentralized organization have been the key to our company's success. Today, BİM is ranked first for its number of stores and second for its net sale size in the organized retail food sector.

The share of the organized market in Turkey, estimated around 40%, is still at a low level when compared to European countries. However, the process of integration into the European Union will speed up the escalation of this level. Turkey's high growth potential renders the organized retail sector efficient for new ventures and investments.

The first and only Turkish representative of the hard discount model, BİM has maintained its position as one of the most prominent brands in the retail sector as proven by its constantly increasing market share. Our successful business model, cost effective management policies and decentralized organization are most responsible for our company's success. Today, BİM is ranked in first place for the number of stores and second for its net sales volume in the organized retail food sector.

BİM opened 280 new stores throughout Turkey in 2007. The basket volume in our current stores, plus the number of customers per store has increased significantly. The ratio of private label product sales to total sales reached 51% with the utilization of new designs and strategies developed to maintain already low prices and thanks to the dedicated efforts of our Purchasing Department. The 34% increase in revenue attained as a result of the foregoing facts has been the most important indicator of the successful performance of the BİM family. Achieving such a growth while opening numerous new stores without advertising excessively clearly reflects the nature of BİM's success more than its scale.

It is common knowledge that the fundamental function of the hard discount model in the organized retail sector is to keep fixed expenses to a minimum and to reflect retained savings in product prices. BİM has effectively reduced its fixed expenses and oriented its operational achievements toward customer satisfaction. BİM has offered its limited portfolio of around 600 products to customers at the best possible prices without compromising on quality and thus, enhanced its trust-based relationship.

BİM has a decentralized organizational structure where regional stores function as warehouses throughout Turkey and are able to connect dynamic and efficient logistics within an effective information network. In 2007, two new warehouses were included in regional organizations, thus increasing the number of regions to 16. BİM looks toward the future with an ever-growing optimism thanks to its nationwide employment opportunities, trust-based relationships with over 500 suppliers, steadily increasing number of stores and growing sales volume.

BİM will realize its first foreign investment by opening of a store in Morocco in 2008. We preserve our dedicated, enthusiastic and optimistic approach in achieving this aim as we have been in all the operations carried out in the last twelve years.

BİM provided a profit of 295% to its investors thanks to a successful business model implemented since the July 2005 public offering and continues to enjoy the trust of its customers, shareholders and suppliers by growing profitably while steadily increasing its market share.

Today, as in the past, our employees are firmly dedicated to our corporate culture and travel on the same path with us, making invaluable contributions to the achievements of BİM. I would like to express my deepest gratitude firstly to the BİM team and secondly, to our esteemed customers and shareholders for their unfailing confidence in us.

Jos Simons

Retail Sector in Turkey

The Turkish retail sector has been undergoing a process of substantial change from traditional retailing to a modern, organized and institutionalized retail business model. Since the 1990s, Turkey has been experiencing a growing trend in supermarkets, directed away from a distribution network for wholesale trading toward distributorship. Accordingly, the share of the organized retail sector reached 40.7% of the overall retail sector in the first half of 2007 (Ipsos KMG, Chain Insight Report 2007). This rapid development in the sector led to a positive impact on the national economy in terms of distribution and employment within in both agricultural and industrial production models.

Investments made in recent years are significant indicators of the retail sector's current and potential impact on the Turkish economy.

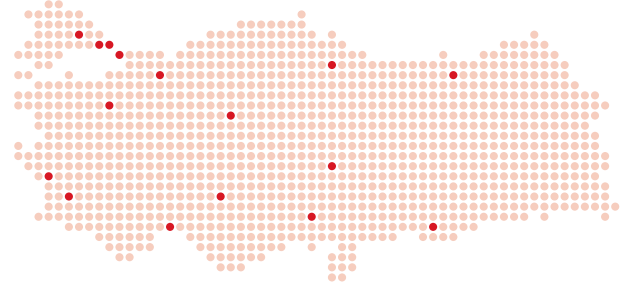


The BİM Difference in Retail Sector

Decentralized Organization

BİM has a decentralized organizational structure. The number of regional organizations self-governed by general managers with individual staff and warehouses increased to 16 in 2007. The fundamental characteristic of this organizational model is its decentralized, simple management approach.

Distribution of Stores by Regions			
Adana	93	Kayseri	61
Ankara	131	Konya	61
Antalya	73	Sakarya	169
Aydın	71	Samandıra	205
Bayrampaşa	116	Samsun	108
Bursa	120	Şanlıurfa	68
Esenyurt	126	Trabzon	82
İzmir	113	Trakya	137



BİM is reinforcing its position as a leader in the organized retail sector through a policy of cost effective management in all of its operations.

BİM's Hard Discount Concept

BİM A.Ş. is the only representative of the hard discount model in Turkey. Acting upon the principle of keeping its operational costs at a minimum in order to provide better pricing to its customers, BİM diligently pursues the following three fundamental elements in its hard discount model:

- Building a dynamic logistics and information network between regional organizations and stores based on the decentralized organization structure and accelerating decision-making and implementation processes,
- Avoiding any excessive expenses which might bring about increases in product prices, minimizing management, store decoration, personnel, distribution, marketing and promotion costs,
- Limiting the portfolio to approximately 600 products to accomplish effective quality standards inspection and to offer its products at the lowest possible prices.

With its high purchasing power, BİM is Turkey's major purchaser of the products sold in its stores. BİM encourages its suppliers to realize quality production at lower costs and is therefore able to buy its products at affordable prices.

BİM's Cost Management

BİM reinforces its position as a leader in the organized retail sector by implementing a policy of cost effective management in all of its operations. Today, as the owner of the most extensive store network in its sector, BİM acts in line with the following principles for cost management operations:

1. Renting stores rather than owning them,
2. Opening stores beyond main thoroughfares instead of operating high-cost stores on main streets in the same area.
3. Employing a workforce sufficient to meet the needs of uninterrupted service in its stores; it divides the workload among part-time employees through efficient human resources planning.
4. Store decoration is kept as simple as possible; using the minimum amount of shelving helps keep costs to a minimum, resulting in low product prices.
5. Minimizing promotion and advertising expenditures.
6. Performing distribution through its own logistics channel.
7. Limiting the product portfolio and making large quantity purchases from suppliers at lower prices.
8. Including mainly private label products in its portfolio.
9. Keeping daily cost accounts, implementing effective cost inspection and having the aptitude to take immediate action when required.
10. Finding, developing and implementing new ways of saving methods.

BİM's Inventory Management

BİM conducts its inventory management via state-of-the-art software used widely throughout the world and managed from a single center. BİM effectively monitors the movement of stocks from warehouses to stores and from stores to consumers.

This software also allows automatic inventory control. An inventory count is conducted on a monthly and quarterly basis in all warehouses and stores. The results of the counts are comparatively analyzed with the recorded data.

BİM has adopted a detailed and precise working method for product selection and pricing. Products to be sold in stores are meticulously selected to supply 80% of daily basic commodities of a household. Only high-quality and affordably priced products are chosen for the product portfolio.

BİM's Product Range

BİM has adopted a detailed and precise working method for product selection and pricing. Products to be sold in stores are meticulously selected to supply 80% of daily basic commodities of a household. Key criteria for the composition of BİM's product portfolio are high-quality and affordable price.

Products offered by BİM are divided into four main categories:

Private Label Products: BİM has been the pioneer of private label products in Turkey. High-quality private label products offered in BİM stores are produced solely by suppliers chosen by the Company. BİM exclusively owns brands and formulas of these products. BİM's private label products differentiate from the competition with their affordable prices that is 15-45% lower than their counterparts. Sales of private label products offered in BİM stores have increased by 6%, reaching 51% of total sales in 2007.

BİM pays great attention to its activities under the private label concept which was introduced to the retail sector with Dost Milk.

Over time, regular BİM customers exhibit a tendency to buy private-label products. BİM aims to continue this trend in the coming years by further focusing on private label products in its limited products portfolio.

Spot Products: These are long shelf-life products, offered to consumers in weekly periods and stocked for short-terms. Spot products increase the number of customers visiting stores and consequently, the sales of stocked items.

Exclusive Products: Branded products offered in special package sizes and contents specially designed for BİM.

Branded Products: These are branded products that are widely recognized in the market.



Review of 2007 Activities

BİM maintained its position as the company with the most extensive store network in the retail sector in 2007, with its cost effective management, regular increase in the number of stores and regional organization structure throughout the country. BİM increased its sales volume by 34% and the number of its stores by 19% while recording another year full of financial and operational achievements.

Given its strong cash flow, BİM has self-financing power through its own equities and is not indebted to financial institutions. Favorable developments in the Turkish retail sector as well as convenient macroeconomic conditions are prominent factors for the stable sales growth recorded by BİM. In the last two years, the sales volume has increased by 76%. Fluctuations in foreign exchange do not affect BİM's operations since BİM carries out its transactions in Turkish lira only. Inventory losses and shrinkages are considerably below the sector average. Average price increases for BİM products remain under the inflation rate for 2007 in the categories of food and non-alcoholic beverages.

In 2007, BİM increased the number of its stores from 1,454 to 1,734 and maintained its second place in terms of sales volume with YTL 2,978 million. The number of regional organizations increased from 14 to 16.

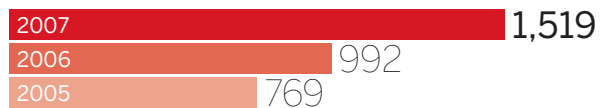
The first foreign operation is planned with the opening of a store in Morocco in 2008.

Stores and Store Management

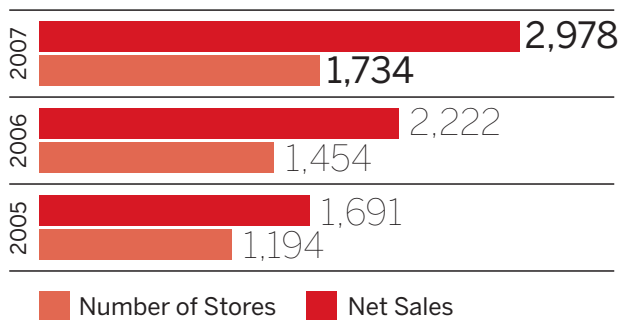
BİM eagerly continued to strive to improve its profitability in 2007 by increasing its number of stores and revenue. In 2007, the store network was extended, current stores' basket volume and number of customers per store increased. A total of 280 new stores were opened during the year, increasing the number of stores to 1,734 and regions to 16. In 2007, 34% increase in total sales was achieved. 16% of this change was due to the increase in sales performances of current stores while the remaining 18% increase was due to the effectiveness of the recently opened stores.

BİM stores utilize minimum shelving arrangements in order to avoid excess costs for store decoration and product promotions. Gained savings can be reflected as discounted product prices, denoting one of the paramount elements of BİM's cost management. BİM implements a no-questions-asked return policy in its stores to serve the interests of its customers.

Total Sale of Private Label Products (YTL millions)



Number of Stores and Net Sales



In 2007, the number of personnel employed in BİM stores rose by 26%. Today, BİM stores employ over 10,000 part-time and full-time personnel. Since BİM owns the most extensive retail network in Turkey, the employment opportunities provided by the Company extends across the whole country.

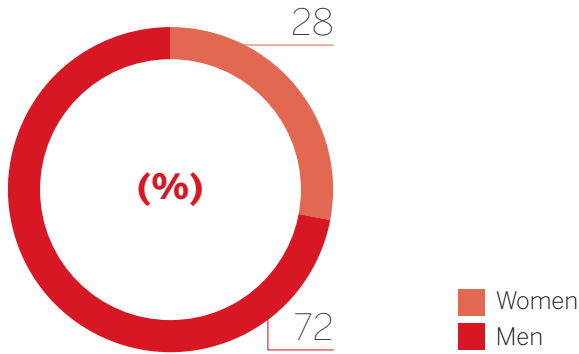
Human Resources

BİM provides a comfortable working environment while rewarding and encouraging outstanding performance; a place where all employees can demonstrate their potential and ability and develop both professionally and individually. Efficient human resources management is implemented to maintain the required competence and skills at all organizational levels. With a young, dynamic work force, BİM's senior management employs qualified, skillful people with a proven-track record and demonstrated abilities in the organized food retail sector. The majority of the management staff started their careers at BİM, either through being in office since the establishment of the Company or via getting promoted due to their outstanding performances. BİM employees are aware that successful performance is the key to a prosperous career. BİM knows and acts on the fact that stable growth can only be achieved through the motivation and commitment of its employees.

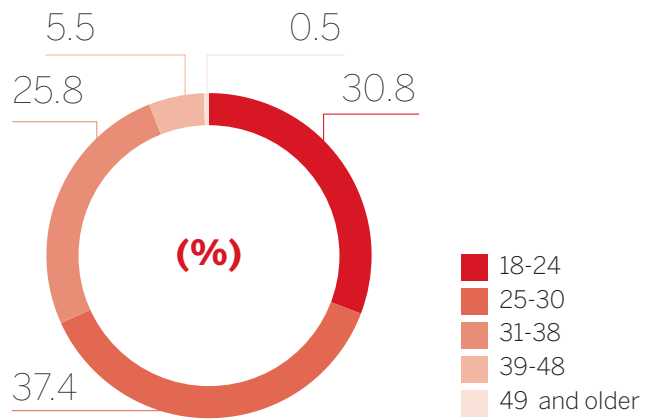
The company provides a working environment filled with opportunities for young managers who can take the initiative and improve their management skills. Clearly, BİM serves as an influential school where senior management members of the future are trained.

In 2007, the number of personnel at BİM stores increased by 26%. Today, BİM stores employ over 10,000 part-time and full-time personnel. Possessing the most extensive retail network in Turkey, employment opportunities provided by BİM does not cover a single region but the whole country.

Human Resources Profile



Number of Employees (Age)



Corporate Governance Principles Compliance Report

1. Statement of Compliance with Corporate Governance Principles

Our Company has diligently adhered to Corporate Governance Principles published by the Capital Markets Board; efforts to eliminate any shortcomings in this regard are ongoing.

Part I-Shareholders

2. Investor Relations Unit

BİM set up an Investor Relations Unit under the Finance Department in 2005 to establish communication between company management and shareholders and to properly, accurately, promptly and efficiently provide information to all shareholders and stakeholders.

Operations Committee Member and CFO:

Haluk Dortluoğlu

Tel: 0 216 564 03 46

Reporting and Investor Relations Manager:

Serkan Savaş

Tel: 0 216 564 03 46

E-Mail: serkan.savas@bim.com.tr

The main activities of this unit include providing information to the public in accordance with applicable legislation, ensuring rapid response to questions from shareholders or analysts from various organizations within the context of information disclosed to the public and preparing annual reports. During the reporting period, the unit has participated in 11 investor conferences organized by equity houses and further provided information to investors and shareholders in over 100 meetings held at the headquarters of the Company.

Investor Relations Unit is responsible for announcements of the material disclosures pursuant to related laws, as well as managing the communication with institutions such as Istanbul Stock Exchange, Capital Markets Board and Central Registry Agency.

3. Exercise of Shareholders' Right to Obtain Information

All shareholders' requests for information are met with the exception of trade secrets and publicly undisclosed data. The said requests were mostly related to information on the General Assembly, payment of dividends and financial data. All publicly disclosed information is available and easily accessible to shareholders on the Company's website (www.bim.com.tr) under Investor Relations section. Moreover, requests for information from institutional shareholders and analysts of intermediary agencies during the year were satisfied via various means of communications such as teleconference and one-to-one meetings. BİM has organized information teleconferences for shareholders at the end of each balance sheet term; attendance information is posted on the website under Investment Relations section and distributed via e-mail to persons and enterprises recorded in the Company database.

The Company's Articles of Associations do not stipulate granting shareholders the right to request the appointment of a special auditor and no such request was made during the year.

4. Information on the General Shareholders' Meetings

The Ordinary General Meeting convened on April 19, 2007 at 10:00 a.m. in the registered office of the Company at Abdurrahman Gazi Mahallesi, Ebubekir Caddesi, No:289, Samandıra, Istanbul under the supervision of Commissary of the Ministry, Demir Inal appointed in accordance with the writing dated April 18, 2007 Nr. 22925 issued by the Ministry of Industry and Trade, Istanbul Provincial Directorate of Industry and Trade.

Invitation to the General Meeting was announced by letter and published in a gazette. The meeting agenda was disclosed to the public before the meeting date by means of material disclosure and posted on the web site. According to the List of Attendants, 6,737,348 shares were represented in person and 6,252,776 shares were represented by proxy of total 25,300,000 shares corresponding to the Company's total capital stock of YTL 25,300,000. During the General Assembly, no motion was proposed by shareholders that would necessitate an amendment to the Articles of Association. Questions raised at the meeting by the shareholders were responded openly and orally. The Minutes of the General Shareholders' Meeting were published in the Turkish Trade Registry Gazette issue Nr. 6800 dated May 3, 2007 and Turkish version and English translations were posted on the Company's website, www.bim.com.tr, under

Investor Relations. The meeting minutes have also been made available for the review of shareholders in the registered office of the Company.

5. Voting Rights and Minority Rights

All company shares are bearer's shares. Shares do not entitle any privileges concerning voting rights. Shareholders of the Company and their proxies are entitled to one vote for each share they hold at both ordinary and extraordinary General Meetings. Shareholders may appoint one proxy to vote on behalf of the shareholder in the General Meetings. Voting by proxy shall be subject to the regulations of the Capital Markets Board. The Articles of Associations do not include any provisions on cumulative voting and minority shares are not represented in the management.

6. Dividend Payment Policy and Timing

The Company policy for distribution of profit, as stipulated by the General Assembly, is to distribute a minimum 30% of the distributable profit gained in 2007 and the following years; this policy has been disclosed by means of material disclosure during the year.

Whereas the Articles of Associations do not entitle any privileges regarding voting rights, no privileges exist concerning the distribution of profit. The timeline for distribution of profits is determined by the General Shareholder's Meeting upon the request of the Board of Directors in accordance with the provisions of the Turkish Commercial Code and Capital Markets legislation. Year 2007 profit distribution was realized within the legal timeframe.

7. Transfer of Shares

Shares are transferred in accordance with the provisions of the Turkish Commercial Code and other relevant legislation.

Part II- Public Disclosure and Transparency

8. Company Disclosure Policy

The Company makes timely public disclosure on matters specified in the Communiqué Nr. 39 Serial Nr: VIII on Principles for Material Disclosures of CMB. The Investor Relations Unit correctly, accurately and equally responds to the questions of shareholders to the best of its ability. Names and contact information of employees responsible for the implementation of disclosure policy are provided in Article 2 of the Report.

9. Special Circumstance Announcements

The Company made 61 special circumstance announcements in 2007, including one additional disclosure dated January 2, 2008 made upon the request of the ISE in addition to the special circumstance announcements made on December 31, 2007 regarding land acquisition. All special circumstance announcements have been made in a timely manner without exception.

The announcements are also available on the Company's website at www.bim.com.tr

10. Company Website and Contents

The Company's website is www.bim.com.tr. Information concerning shareholders is provided under the Investor Relations section together with the English translations thereof posted under the following headings:

- Company Name
- Shareholding Structure
- Board of Directors and Executive Management
- Corporate Governance Principles Compliance Reports
- Financial Reports
- Ist. Stock Exchange Filings
- Financial Calendar
- Information on the General Shareholders' Meetings
- Investor Relations Contact

11. Disclosure of Real Person(s) as Ultimate Controlling Shareholders

The shareholding structure of the Company as described below has been publicly disclosed both on the Company's website and periodical financial reports. All shares are held by real persons except those that are publicly traded.

Shareholder	Number of Shares	Share Ratio %
Mustafa Latif Topbaş	5,064,416	20.02
Abdulrahman A. El Khereji	4,702,100	18.59
Ahmet Afif Topbaş	1,608,500	6.36
Zuhair Fayez	998,275	3.95
İbrahim Halit Çizmeci	300,000	1.18
Ömer Hulusi Topbaş	30,000	0.11
Other (Publicly-traded)	12,596,709	49.79
Total	25,300,000	100.00

Corporate Governance Principles Compliance Report

12. Public Disclosures of those who may Have Access to Insider Information

Members of the Board of Directors, Auditors and senior management are listed below and have been publicly disclosed on the Company's website.

Board of Directors

Mustafa Latif Topbaş	Chairman
Mehmet Fatih Saraç*	Vice Chairman

* (Left office as of January 30, 2008)

Ekrem Pakdemirli	Board Member
Mahmut P. K. Merali	Board Member
Ömer Hulusi Topbaş	Board Member
Zeki Ziya Sözen	Board Member
Yalçın Öner	Board Member

Auditors

Prof. Dr. Selahattin Tuncer	Auditor
Prof. Dr. Arif Ateş Vuran	Auditor

Senior Management

Jos Simons	CEO
Galip Aykaç	COO
Ürfet Naçar	Member of the Operation Committee
Bülent Pehlivan	Member of the Operation Committee
Haluk Dortluoğlu	Member of the Operation Committee and CFO
Muharrem Arslantürk	Member of the Operation Committee
Ünsal Çetinkaya	Purchasing General Manager

Part III-Stakeholders

13. Informing Stakeholders

Pursuant to applicable legislations, stakeholders are informed on matters of their concern with the exception of trade secrets, by appropriate means of communication.

14. Stakeholders' Participation in Management

Meetings are held with employees and other stakeholders to improve efficiency on relevant issues and motions proposed therein are evaluated by the senior management. Furthermore, employees are encouraged to freely communicate their complaints, criticism and suggestions on the working procedures of relevant units.

15. Human Resources Policy

As specified in the BİM Organization Objectives, the Company objectives can only be attained with the contribution of employees. BİM Personnel Regulations provides guidelines for personnel rights and working terms and regulates the working arrangement in accordance with the said objectives. Employee relationships are managed by the personnel and administrative affairs units employed in the headquarters and 16 regional warehouses.

The human resources policy of the Company gives priority to providing a pleasant and comfortable working environment which offers employees the opportunity to take initiatives and develop their skills accordingly. Employees are also encouraged to communicate their complaints and suggestions for improvement to relevant units which then use their best efforts to promptly provide solution.

16. Information on Customer and Supplier Relationships

The Company's business model is based on mutual trust which therefore requires paying maximum attention to the relationships both with customers and suppliers. The Company grants its customers the right to return any product without time limitation on the basis of its no-questions-asked return policy. For years, BİM has been implementing its policy to return any savings gained from operational costs as discounts to its customers. These policies and their effective implementation allow maximization of customers trust in the Company.

As required by company policy, suppliers are considered business partners with whom long and reliable relationships are built.

17. Social Responsibility

The Company is not involved in any production activity. Nylon and carton wastes are carefully transported to BİM warehouses from stores without damage to the environment and sold based on contracts with certain recycling companies.

BİM works in coordination with the Turkish Quality Control Laboratory and the TÜBİTAK Research Institute in an effort to inspect the quality of its product portfolio. TÜBİTAK conducts chemical and biological testing on products sold by BİM and subjects its production facilities to stringent quality control.

Furthermore, product sampling is conducted at the Istanbul Headquarters as well as other regional organizations for quality control testing purposes. Before the introduction of new products, quality and preference tests are performed on the product, as well as equivalent and competitive products, to compare the results.

Part IV-Board of Directors

18. Structure and Composition of the Board of Directors and Independent Members

The Board of Directors is responsible for the management and representation of the Company. The Board consists of seven members elected by the General Meeting in accordance with the provisions of the Turkish Commercial Code. Two members are independent Board members as defined in the Corporate Governance Guide by the Capital Markets Board of Turkey. None of these members holds an executive position in the Company. Article 19 of Company's Articles of Association imposes a restriction that Board members cannot effect the operations stipulated in Articles 334 and 335 of Turkish Commercial Code without the consent of the General Meeting. Names of current Board members are listed under Article 12 of the Report.

19. Qualifications of the Board Members

The Members of the Board of Directors are knowledgeable and experienced individuals who possess the qualifications mentioned in the CMB's Corporate Governance Principles. The Articles of Association of the Company do not provide any further arrangements concerning the minimum qualifications required for membership appointment.

20. Mission, Vision and Strategic Objectives of the Company

The Company aims to maintain high-efficiency in profitable regions for the discount food retailing sector and to offer its services to more consumers by expanding into other regions of Turkey as well as other countries where this concept can be implemented. Other targets of the Company include providing quality products at all times, increasing operational efficiency, discounting prices, involving more private-label products in its portfolio and reducing costs by increasing suppliers' efficiency.

In the long term:

- BIM has the largest revenue share in the food retailing sector
- Its product range is approximately 600.
- Company principles rely on being honest, reliable and fair. BIM will retain its modesty no matter how much the Company grows.
- Regardless of race, religion or language, it is the Company's eminent responsibility to remain unbiased and provide understanding to all employees. BIM respects the personal life of each and every one of its employees unless it offends other people or damages the Company. BIM avoids any excesses that might disturb its customers.

The Board of Directors analyzes financial data on a monthly basis to ascertain the extent company objectives are attained.

21. Risk Management and Internal Control Mechanism

The Company has developed relevant "policies" and "procedures" in line with the business processes, performed functional task distribution within the organization, implemented approval and authorization systems within processes and regulated procedures regarding the reconciliation and protection of physical assets of the Company in consideration of risk exposure and ways of avoiding risk within the scope of risk management and internal control mechanisms. Efficient reporting and management-surveillance practices are also established within the course of business.

An Internal Auditing Unit is appointed in the Company responsible for risk management and independent evaluation of internal control processes. All company operations are included within the responsibilities of Internal Audit Unit and audited pursuant to annual plans. The Internal Audit Unit regularly reports to Senior Management and to the Committee responsible for Audit and Wages, which is appointed by the Board of Directors.

Corporate Governance Principles Compliance Report

22. Duties and Responsibilities of the Members of the Board of Directors and Executives

The Board of Directors performs the duties stipulated by laws and the Articles of Associations. The Company is represented and controlled by the Board of Directors which is entitled to carry out any transaction, legal, financial and technical work related to the objectives and scope of the Company on behalf of the Company and to use the trade name of the Company for the foregoing purposes.

23. Operating Principles of the Board of Directors

The Board of Directors shall convene when deemed necessary for the business and operations of the Company and upon the call of the Chairman as provided in the Company's Articles of Associations. In any case, the Board of Directors shall convene once every three months. The Chairman shall call the Board of Directors to the meeting upon the request of any Board member. If the Chairman does not convene the meeting within ten business days following the request, Vice-Chairman shall be entitled to call the Board to a meeting. The invitation for a meeting and meeting agenda shall be sent to each member by registered mail, hand-delivered or sent via fax or telex at least 15 days prior to the scheduled meeting date. The meeting may be held at the Company's registered office, in Turkey or any other place the Board unanimously decides. The members of the Board are entitled to equal voting rights; they are not entitled to cast a negative vote. The Board of Directors shall prepare the agenda based on emerging requirements. The Secretary of the Board of Directors shall inform and communicate with the Board of Directors.

The Board of Directors convened 12 times within 2007 and adopted resolutions 14 times by obtaining the consent of its members without meeting in accordance with Article 330/2 of Turkish Commercial Code. None of the members voted against the decisions.

24. Prohibition on Engaging into Transactions and Competing with the Company

The members of the Board of Directors shall not engage in activities listed in Articles 334 and 335 of the Turkish Commercial Code without the permission of the General Assembly.

25. Rules of Ethics

The Company's expectations of its employees, managers and suppliers for attaining the objectives are clearly specified in the organizational objectives document shared with all employees; the expectations and rules therein are not disclosed to public. The Company's code of conduct and related procedures are strictly applied and updated when deemed necessary.

26. Number, Structure and Independence of Committees Established by the Board of Directors

The Board of Directors has established a Related Parties Committee and an Audit Committee. These committees are appointed to ensure that the Board of Directors fulfills its duties and responsibilities duly and precisely in line with the requirements and conditions of the Company and further these committees submit reports prepared on a quarterly basis to the Board of Directors. The committees are composed of three members, including two members that serve in both committees. Committee members do not hold executive positions in the Company. The committees each have an independent member; the Board of Directors has not yet established a Corporate Governance Committee.

27. Financial Benefits of the Board of Directors

The Board of Directors is paid an honorarium as provided by the resolutions of the General Meeting. The Company does not provide benefits to the Board members or management by means of extending loans, credits or other ways. The Board members are not granted performance-based remuneration.

BİM
Birleşik Mağazalar
Anonim Şirketi
Financial Statements
Together With
Report of Independent Auditors
December 31, 2007

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of BİM Birleşik Mağazalar Anonim Şirketi

We have audited the accompanying financial statements of Bim Birleşik Mağazalar Anonim Şirketi (the Company-a Turkish corporation), which comprise the balance sheet as at December 31, 2007 and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BİM Birleşik Mağazalar Anonim Şirketi as of December 31, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



March 11, 2008
Istanbul, Turkey

BİM Birleşik Mağazalar Anonim Şirketi

BALANCE SHEET

As at December 31, 2007

(Currency-Thousands of New Turkish Lira (YTL))

	Notes	December 31, 2007	December 31, 2006
ASSETS			
Current assets			
Cash and cash equivalents	3	83,039	81,085
Trade receivables, net	4	97,993	66,437
Inventories, net	5	184,127	149,154
Prepayments and other current assets	6	4,928	6,167
Total current assets		370,087	302,843
Property and equipment	7	264,708	170,176
Intangibles, net	8	1,996	1,303
Other non-current assets		1,671	773
Total non-current assets		268,375	172,252
Total assets		638,462	475,095
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, net	9	388,920	295,283
Income tax payable	11	6,876	3,368
Other payables and accrued liabilities	10	26,187	13,341
Total current liabilities		421,983	311,992
Reserve for long-term defined employee benefit plan	12	5,715	4,307
Deferred tax liability	11	8,970	8,641
Other non-current liabilities		184	700
Total non-current liabilities		14,869	13,648
Equity			
Share capital	13	33,721	33,721
Revaluation surplus	7	12,776	12,776
Legal reserves and retained earnings	22	155,113	102,958
Total equity		201,610	149,455
Total liabilities and equity		638,462	475,095

The accompanying policies and explanatory notes on pages 34 through 60 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi

STATEMENT OF INCOME

For the year ended December 31, 2007

(Currency-Thousands of New Turkish Lira (YTL))

	Notes	January 1- December 31, 2007	January 1- December 31, 2006
Net sales		2,978,384	2,221,616
Cost of sales	15	(2,453,377)	(1,834,978)
Gross profit		525,007	386,638
Selling and marketing expenses	16,18	(341,260)	(265,020)
General and administrative expenses	17,18	(56,388)	(43,436)
Other income	20	6,890	3,342
Other expense	20	(2,928)	(1,509)
Financial income	19	4,783	7,027
Financial expense	19	(1,024)	(614)
Profit before tax		135,080	86,428
Tax charge			
- Current	11	(26,936)	(17,763)
- Deferred	11	(329)	3,115
Taxes on income		(27,265)	(14,648)
Net profit		107,815	71,780
Weighted average number of shares (1 YTL par value each)		25,300,000	25,300,000
Basic and fully diluted earnings per share (full YTL)	21	4.261	2.837

The accompanying policies and explanatory notes on pages 34 through 60 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi
STATEMENT OF CHANGES IN EQUITY
 For the year ended December 31, 2007
 (Currency-Thousands of New Turkish Lira (YTL))

	Share Capital	Revaluation Surplus	Legal Reserves	Retained Earnings	Total
At January 1, 2006	33,721	5,316	3,042	53,436	95,515
Dividends paid	-	-	-	(25,300)	(25,300)
Transfer to legal reserves	-	-	4,852	(4,852)	-
Effect of change in tax rate	-	519	-	-	519
Increase in revaluation surplus -net of deferred tax	-	6,941	-	-	6,941
Net profit for the year	-	-	-	71,780	71,780
At December 31, 2006	33,721	12,776	7,894	95,064	149,455
Dividends paid	-	-	-	(55,660)	(55,660)
Transfer to legal reserves	-	-	13,482	(13,482)	-
Net profit for the year	-	-	-	107,815	107,815
At December 31, 2007	33,721	12,776	21,376	133,737	201,610

BİM Birleşik Mağazalar Anonim Şirketi

STATEMENT OF CASH FLOWS

For the year ended December 31, 2007

(Currency-Thousands of New Turkish Lira (YTL))

	Notes	January 1- December 31, 2007	January 1- December 31, 2006
Cash flows from operating activities			
Profit before tax		135,080	86,428
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation and amortization	7, 8	33,296	26,691
Reserve for long-term defined employee benefit plan	12, 16, 17	1,939	1,488
Financial expense of long-term defined employee benefit plan	12, 19	454	328
Profit share income from deposit accounts	19	(4,390)	(6,689)
Reserve for inventories, net	5	555	1,307
Provision for doubtful receivables		-	115
Recoveries from provision for doubtful receivables		-	(273)
Loss on sale of property and equipment and intangibles	7, 8, 20	1,201	1,018
		168,135	110,413
Changes in working capital			
Trade receivables	4, 9	(31,556)	(24,597)
Inventories	5	(35,528)	(44,829)
Prepayments and other current assets	6	1,239	(1,728)
Other non-current assets		(898)	(168)
Trade payables	9	93,637	92,771
Other payables and accrued liabilities	10	13,213	3,048
Other non-current liabilities		(516)	700
Profit share received from deposit account	19	4,390	6,689
Income taxes paid	11	(23,428)	(18,792)
Employee benefit payments	12	(985)	(748)
		187,703	122,759
Cash flows from investing activities:			
Purchase of property and equipment and intangibles	7, 8	(131,492)	(79,518)
Proceeds from sale of property and equipment and intangibles	7, 8	1,770	2,442
		(129,722)	(77,076)
Cash flows from financing activities:			
Dividends paid	9, 21	(56,027)	(24,933)
		(56,027)	(24,933)
Increase in cash and cash equivalents		1,954	20,750
Cash and cash equivalents at the beginning of the year	3	81,085	60,335
Cash and cash equivalents at the end of the year	3	83,039	81,085

The accompanying policies and explanatory notes on pages 34 through 60 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2007

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

1. Corporate Information

General

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

The financial statements prepared in accordance with International Financial Reporting Standards (IFRS) were authorized for issue on March 11, 2008 by the Board of Directors of the Company. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issue.

Nature of Activities of the Company

The Company is engaged in operating retail stores of fast moving basic consumer goods through its retail shops throughout Turkey, which sell an assortment of approximately 600 items, including a number of private labels. As of December 31, 2007, the Company operated through 16 warehouses (December 31, 2006-14) in various cities in Turkey. As of December 31, 2007, the number of stores is 1,734 (December 31, 2006-1,454).

2.1 Basis of Preparation

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

The Company maintains its books of account and prepares its statutory financial statements in New Turkish Lira (YTL) in accordance with Turkish Commercial Code and Tax Legislation and the generally accepted accounting principles issued by the Turkish Capital Market Board (CMB). These financial statements have been prepared from the statutory financial statements of the Company with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. Such adjustments mainly comprise effects of restatement for the changes in the general purchasing power of YTL (until December 31, 2005), provision for inventories, deferred taxation, employee termination benefits and revaluation of land and building.

Reclassifications on 2006 Financial Statements

Certain reclassifications have been made in the income statement for the year ended December 31, 2006 to be consistent with the current year presentation. In order to be consistent with the current year, advertising expenses amounting to YTL 3,867 is reclassified to selling and marketing expenses from general and administrative expenses.

2.2 Changes in Accounting Policy and Disclosures

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

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

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Amendment-Presentation of Financial Statements
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment

BİM Birleşik Mağazalar Anonim Şirketi**NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2007

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

The principal effects of these changes are as follows:

IFRS 7-Financial Instruments Disclosures

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

IAS 1-Presentation of Financial Statements

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

IFRIC 8-Scope of IFRS 2

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

IFRIC 9-Reassessment of Embedded Derivatives

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

IFRIC 10 -Interim Financial Reporting and Impairment

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

Standards and Interpretations issued but not yet effective

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

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

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

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

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

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

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

BİM Birleşik Mağazalar Anonim Şirketi
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2007

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

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

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

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

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

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

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

2.3 Significant Accounting Judgments and Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and as judgment changes become necessary, they are accounted in the periods in which they become known.

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

2.4 Functional and Presentation Currency

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

2.5 Summary of Significant Accounting Policies

Offsetting

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at banks and on hand and cash in transit. Cash and cash equivalents consist of short-term highly liquid investments including time deposits generally having original maturities of three months or less.

BİM Birleşik Mağazalar Anonim Şirketi
NOTES TO FINANCIAL STATEMENTS
 For the year ended December 31, 2007

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

Trade Receivables

Trade receivables, which generally have an average of 10 day term (December 31, 2006-10 days) are carried at amortized cost less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first in first out method.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Property and Equipment

All property and equipment is initially recorded at cost. Land and building are subsequently measured at revalued amounts which are the fair value at the date of the revaluation, based on valuations by external independent valuers, less subsequent depreciation for building. All other property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement. On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred unless the asset recognition criteria are met which case the expenditures are capitalized as an additional cost of property and equipment.

Increases in the carrying amount arising on revaluation of property are initially credited to revaluation reserve in shareholders' equity net of the related deferred tax.

Depreciation is provided on cost or revalued amount of property on a straight-line basis. The depreciation periods for property and equipment, which approximate the estimated economic useful lives of such assets, are as follows:

	Years
Land improvements	5
Building	25
Machinery and equipment	7, 10
Furniture and fixtures	5
Vehicles	5
Leasehold improvements	10

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

BİM Birleşik Mağazalar Anonim Şirketi
NOTES TO FINANCIAL STATEMENTS
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(Currency-Thousands of New Turkish Lira (YTL) unless otherwise indicated)

Intangible Assets

Intangible assets which mainly comprise software rights are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight line basis over the best estimate of their useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

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

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of Non-Financial Assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income for items carried at cost and treated as a revaluation decrease for items carried at revalued amount to the extent that impairment loss does not exceed the amount held in the revaluation surplus. The recoverable amount of property and equipment is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or has decreased. The reversal is recorded in income or as a revaluation increase.

Trade Payables

Trade payables which generally have an average of 51 day term (December 31, 2006 – 49 day) are carried at amortized cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Borrowing Costs

Borrowing costs are expensed as incurred.

Derecognition of Financial Assets and Liabilities

Financial assets

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

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

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2007

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

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

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

Financial liabilities

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

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

Investments and Other Financial Assets

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

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and Receivables

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

Impairment of Financial Assets

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

Assets carried at amortised cost

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

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

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

As of December 31, 2007 and 2006, the Company does not have any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Foreign Currency Transactions

Transactions in foreign currencies during the years have been translated at the exchange rates prevailing at the dates of such transactions. Monetary balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. All differences are taken to the income statement.

Foreign currency conversion rates used by the Company as of December 31, 2007 are as follows:

Dates	USD/YTL (full)	EUR/YTL (full)
December 31, 2007	1.1647	1.7102
December 31, 2006	1.4056	1.8515

Earnings per Share

Earnings per share (EPS) disclosed in the income statement are determined by dividing net income by the weighted average number of shares that have been outstanding during the related year concerned.

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

Subsequent Events

Post year/period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post year/period-end events that are not adjusting events are disclosed in the notes when material.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent Assets and Liabilities

Contingent liabilities are not recognised in the financial statements. They are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Leases

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

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Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Related Parties

Parties are considered related to the Company if;

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Company that gives it significant influence over the Company; or
 - (iii) has joint control over the Company;
- (b) the party is an associate of the Company;
- (c) the party is a joint venture in which the Company is a venturer;
- (d) the party is member of the key management personnel of the Company or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
- (g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

Income Taxes

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

Current tax

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

Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences except;

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

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized except;

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Long-term Employee Benefits

(a) Defined Benefit Plans:

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnity payments to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

As discussed in Note 12, the reserve for employee termination benefits is provided for in accordance with IAS 19 "Employee Benefits" and is based on an independent actuarial study.

In the financial statements, the Company has recognized a liability using the "Projected Unit Credit Method". Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses exceed 10% of the present value of the defined benefit obligation, in accordance with the valuation made by qualified actuaries. Actuarial gains and losses are recognized over the average remaining working lives of employees. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the discount rate estimated by qualified actuaries.

(b) Defined Contribution Plans:

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

Revenue Recognition

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

Sale of goods

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

Profit share income

Revenue is recognised as profit share accrues.

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Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments. As the Company operates in a single business segment and in one country, there is no basis for segment reporting.

3. Cash and Cash Equivalents

	December 31, 2007	December 31, 2006
Cash on hand	21,455	17,761
Cash at banks (demand deposits)	37,694	7,742
Cash at banks (time deposits) (*)	19,470	38,547
Cash in transit	4,420	17,035
	83,039	81,085

(*) Time deposits are profit/loss participation accounts in New Turkish Lira and in foreign currencies and are opened on the basis of profit/loss participation whereby the funds invested are directly used in interest-free financing of trade and industry. Profit share amounts are collected at maturity. Profit share rate of YTL and foreign currency time deposits at December 31, 2007 is 13.4% and 4.4% per annum, respectively (December 31, 2006-13.6% YTL; foreign currency time deposit null) and maturity of time deposits is 30 days (December 31, 2006-30 days).

There is no restricted cash as of December 31, 2007 and December 31, 2006.

4. Trade Receivables

	December 31, 2007	December 31, 2006
Credit card receivables	96,032	65,531
Trade receivables	2,020	1,007
Advances given	331	112
Other receivables	134	311
Provision for doubtful receivables	(524)	(524)
	97,993	66,437

As of December 31, 2007 and December 31, 2006, the average term of trade receivables is 10 days.

Movements of provision for doubtful receivables are as follows:

	December 31, 2007	December 31, 2006
Balance at the beginning of the year	524	682
Provision (*)	-	115
Recoveries (*)	-	(273)
Balance at the end of the year	524	524

(*) Loss and gain incurred/recognized from provision for doubtful receivables and recoveries were included in other income/(expense) (Note 20).

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5. Inventories, net

	December 31, 2007	December 31, 2006
Trade goods	166,066	138,524
Advances given	17,187	9,629
Other stocks	874	1,001
	184,127	149,154

As of December 31, 2007, reserve provision to reflect the inventories at their net realizable values and for the slow moving trade goods amounted to YTL 1,862 (December 31, 2006 – YTL 1,307).

6. Prepayments and Other Current Assets

As of December 31, 2007 and December 31, 2006, the breakdown of prepayments and other current is as follows:

	December 31, 2007	December 31, 2006
Prepaid expenses	4,703	5,649
Due from personnel	114	65
Other	111	453
	4,928	6,167

7. Property and Equipment

The movements of property and equipment and the related accumulated depreciation and impairment losses for the years ended December 31, 2007 and December 31, 2006 respectively are as follows:

	January 1, 2007	Additions	Disposals	Transfers	Revaluation reserve	December 31, 2007
Cost or revalued amount						
Land	14,961	23,496	-	1,800	-	40,257
Land improvements	353	58	-	-	-	411
Buildings	17,598	7,982	-	17,034	-	42,614
Machinery and equipment	130,131	24,120	(759)	51	-	153,543
Vehicles	24,618	10,654	(3,558)	200	-	31,914
Furniture and fixtures	56,017	12,732	(230)	21	-	68,540
Leasehold improvements	67,588	25,864	(2,487)	-	-	90,965
Construction in progress	34	19,312	-	(17,034)	-	2,312
Advances given	4,597	5,965	-	(2,072)	-	8,490
	315,897	130,183	(7,034)	-	-	439,046
Accumulated depreciation						
Land improvements	181	45	-	-	-	226
Building	-	1,228	-	-	-	1,228
Machinery and equipment	73,256	10,848	(460)	-	-	83,644
Vehicles	8,818	5,207	(2,176)	-	-	11,849
Furniture and fixtures	37,740	7,902	(174)	-	-	45,468
Leasehold improvements	25,726	7,457	(1,260)	-	-	31,923
	145,721	32,687	(4,070)	-	-	174,338
Net book value	170,176				-	264,708

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	January 1, 2006	Additions	Disposals	Transfers	Net off	Revaluation reserve	December 31, 2006
Cost or revalued amount							
Land	3,836	6,136	-	-	-	4,989	14,961
Land improvements	180	173	-	-	-	-	353
Buildings	9,102	599	-	8,581	(3,436)	2,752	17,598
Machinery and equipment	109,070	18,462	(255)	2,854	-	-	130,131
Vehicles	18,617	10,593	(4,686)	94	-	-	24,618
Furniture and fixtures	45,789	10,366	(138)	-	-	-	56,017
Leasehold improvements	51,394	18,027	(1,833)	-	-	-	67,588
Construction in progress	-	8,615	-	(8,581)	-	-	34
Advances given	1,279	6,266	-	(2,948)	-	-	4,597
	239,267	79,237	(6,912)	-	(3,436)	7,741	315,897
Accumulated depreciation							
Land improvements	164	17	-	-	-	-	181
Building	2,999	437	-	-	(3,436)	-	-
Machinery and equipment	63,062	10,280	(86)	-	-	-	73,256
Vehicles	7,446	3,777	(2,405)	-	-	-	8,818
Furniture and fixtures	31,642	6,192	(94)	-	-	-	37,740
Leasehold improvements	21,191	5,404	(869)	-	-	-	25,726
	126,504	26,107	(3,454)	-	(3,436)	-	145,721
Net book value	112,763						170,176

The land and buildings were revalued originally based on independent valuation performed in 2002. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the equity.

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

The revaluation surplus is not available for distribution to shareholders.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts of land and building that would have been included in the financial statements as of December 31, 2007 and December 31, 2006 respectively are as follows:

	Land and buildings	
	December 31, 2007	December 31, 2006
Cost	7,515	6,959
Accumulated depreciation	(3,078)	(2,358)
Carrying amount	4,437	4,601

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

	December 31, 2007	December 31, 2006
Balance at January 1,	12,776	5,316
The effect of change in tax rate	-	519
Revaluation surplus (Net of tax)	-	6,941
Balance at the end of the year	12,776	12,776

As of December 31, 2007 and December 31, 2006, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	December 31, 2007	December 31, 2006
Furniture and fixtures	27,560	21,562
Machinery and equipment	42,528	29,592
Intangibles and leasehold improvements	10,633	8,293
Vehicles	825	1,082
Land improvements	176	123
	81,722	60,652

8. Intangibles

The movements of intangibles and related accumulated amortization for the years ended December 31, 2007 and December 31, 2006 are as follows:

	January 1, 2007	Additions	Disposals	December 31, 2007
Cost				
Software licenses	4,806	1,308	(7)	6,107
Other intangibles	343	1	-	344
	5,149	1,309	(7)	6,451
Accumulated amortization				
Software licenses	3,509	609	-	4,118
Other intangibles	337	-	-	337
	3,846	609	-	4,455
Net book value	1,303			1,996

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	January 1, 2006	Additions	Disposals	December 31, 2006
Cost				
Software rights	4,527	281	(2)	4,806
Other intangibles	343	-	-	343
	4,870	281	(2)	5,149
Accumulated amortization				
Software rights	2,926	583	-	3,509
Other intangibles	336	1	-	337
	3,262	584	-	3,846
Net book value	1,608			1,303

The estimated useful lives of intangibles are 5 years.

9. Trade Payables**a) Trade Payables**

	December 31, 2007	December 31, 2006
Trade Payables	316,586	249,104
	316,586	249,104

As of December 31, 2007 the Company has letters of guarantee amounting to YTL 12,851 (December 31, 2006-YTL 1,671) and mortgages amounting to YTL 16,635 (December 31, 2006-YTL 12,535) received from its supplier firms.

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b) Related Party Balances

The balances with related parties as of December 31, 2007 and December 31, 2006, included in trade payables, are as follows:

	December 31, 2007	December 31, 2006
Ak Gıda A.Ş. (Ak Gıda) (1)	33,351	21,566
Teközel Gıda Tem. Sağ. Mar.Ltd.Şti (Teközel) (1)	12,790	-
Nimet Gıda Sanayi ve Ticaret A.Ş. (Nimet) (1)	12,025	8,040
Ahsen Plastik Sanayi ve Ticaret A.Ş. (Ahsen) (1)	4,305	5,664
Taptaze Gıda San. ve Tic. A.Ş. (Taptaze) (2)	3,687	3,386
Plas Plastik ve Ambalaj Sanayi ve Ticaret Ltd. Şti. (Plas Plastik) (1)	1,513	1,754
Pak Kağıtçılık San. ve Tic. A.Ş. (Pak Kağıtçılık) (1)	1,251	1,309
ZTH Zincir Mağazalar Tedarik Hizmetleri (ZTH) (2)	1,144	129
ETM Ev Tüketim Malları Sanayi ve Ticaret A.Ş. (ETM) (1)	1,140	917
Noble Pazarlama Satış ve Dağıtım A.Ş. (Noble) (2)	756	1,814
ELK Elekt. VE Elektronik EV Aletleri (ELK) (2)	329	439
Seher Gıda Paz. San. Ve Tic. A.Ş. (Seher) (1)	40	19
Nice İç ve Dış Tic. Ltd. Şti. (1)	3	-
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) (2)	-	48
Baharsu San. ve Tic. A.Ş. (Baharsu) (1)	-	1,094
	72,334	46,179

(1) Companies owned by Shareholders,

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

As of December 31, 2007, the Company does not have any dividend payable (December 31, 2006-YTL 367).

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c) Related Party Transactions

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

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

	2007	2006
Ak Gıda (1)	243,073	162,468
Nimet (1)	89,252	64,636
Teközel (1)	36,801	-
Ahsen (1)	31,312	22,393
Pak Kağıtçılık (1)	27,171	21,475
Taptaze (2)	21,010	8,983
Noble (2)	18,948	21,383
Plas Plastik (1)	14,555	12,559
Natura (2)	12,612	7,666
ZTH (2)	10,917	16,759
ELK (2)	5,899	7,519
ETM (1)	4,400	3,698
Bahariye Tekstil Ticaret San A.Ş.	3,073	2,597
Seher (1)	143	470
Nice İç ve Dış Tic. Ltd. Şti. (1)	23	579
Baharsu (1)	1	10,706
	519,190	363,891

(1) Companies owned by Shareholders.

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

(ii) For the years ended December 31, 2007 and December 31, 2006, bonus and payroll expenses of the board members and key management personnel amounted to YTL 7,105 (36 persons) and YTL 6,367 (33 persons) respectively.

10. Other Payables and Accrued Liabilities

	December 31, 2007	December 31, 2006
Payroll withholdings, social security taxes and other taxes	9,255	10,057
VAT payable	2,875	370
Other (*)	14,057	2,914
	26,187	13,341

(*) Includes the notes payable amounting to (i) YTL 10,482 that was issued to acquire a land in Esenyurt, (ii) YTL 700 (December 31, 2006-YTL 1,800) that was issued to acquire a land in Kayseri.

As of December 31, 2006, dividend payable amounting to YTL 367 is included in other payables and accrued liabilities.

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11. Taxes

General Information

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

In Turkey, the corporation tax rate for the fiscal years ending December 31, 2007 and 2006 is 20%. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

15% (2006-10%) withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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

With the new law enacted also, effective from January 1, 2007, if the tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set at arm's length then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

In November 2007, the Ministry of Finance has issued a new communiqué regarding the application and documentation requirements of transfer pricing legislation. Together with the current year corporate income tax filing in April 2008, companies are required to provide information about the calculation method for the determination of transfer pricing with their related parties and they are also required to prepare a comprehensive report which should also include evidence showing the transactions are made at arms length.

The composition of income tax payable as of December 31, 2007 and 2006 is as follows:

	2007	2006
Corporate tax payable	26,936	17,763
Prepaid tax	(20,060)	(14,395)
Income tax payable	6,876	3,368

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Tax Reconciliation

A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended December 31, 2007 and 2006 is as follows:

	2007	2006
Net income before tax	135,080	86,428
Income tax at 20%	(27,016)	(17,286)
Effect of change in tax rate	-	3,191
Effect of non tax deductible and tax exempt items, net	(249)	(553)
Provision for taxes	(27,265)	(14,648)
- current	(26,936)	(17,763)
- deferred	(329)	3,115

Deferred income tax

Deferred income taxes relate to the following:

	Balance Sheet		Income Statement and Revaluation Surplus	
	December 31 2007	December 31 2006	December 31 2007	December 31, 2006
Deferred tax liability				
Restatement effect on non-monetary items	11,206	10,207	999	(2,865)
Deferred tax asset				
Reserve for long term defined employee benefit plan	(1,143)	(861)	(282)	111
Others	(1,093)	(705)	(388)	(80)
	8,970	8,641		
Deferred tax charge/(benefit)			329	(2,834)

Movement of net deferred tax liability is presented as follows:

	2007	2006
Balance at January 1	8,641	11,475
Deferred tax charge/(credit) recognized in income statement	329	(3,115)
Deferred tax charge recognized in revaluation surplus (Note 7)	-	281
Balance at the end of year	8,970	8,641

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12. Long-term Defined Employee Benefit Plan

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of historical YTL 2,030 and YTL 1,857 at December 31, 2007 and December 31, 2006, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination. The cost of providing those benefits is accrued over the employees' service period. The Company accounts for the employee termination benefits in accordance with the provisions of IAS 19 including the application of actuarial methods and assumptions by professional actuaries. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses exceed 10% of the present value of defined benefit obligations, in accordance with the valuation made by the qualified actuaries. Actuarial gains and losses are recognized over the average remaining working lives of the employees.

As of January 1, 2008, the retirement pay liability ceiling is increased to YTL 2,087.92 per year of employment.

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

	December 31, 2007	December 31, 2006
Discount rate	11%	6.5%
Expected rate of salary/limit increases	5%	4%

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

	2007	2006
Current service cost	1,860	1,398
Financial expense of long-term defined employee benefit plan	454	328
Actuarial loss recognized in the year	79	90
Net benefit expense	2,393	1,816

Benefit Liability:

	2007	2006
Defined benefit obligation	5,101	7,036
Unrecognized actuarial gains/(losses)	614	(2,729)
Benefit liability	5,715	4,307

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

	2007	2006
Defined benefit obligation at January 1	7,036	5,092
Financial expense of long-term defined employee benefit plan	454	328
Current service cost	1,860	1,398
Benefits paid	(985)	(748)
Actuarial (gain)/loss on obligation	(3,264)	966
	-	-
Defined benefit obligation at the end of the year	5,101	7,036

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13. Share Capital

As of December 31, 2007 and December 31, 2006, the Company's paid in share capital was YTL 25,300 (historical terms) comprising 25,300,000 shares of YTL 1 nominal value each. Each shareholder has voting rights equivalent to their number of shares.

As of December 31, 2007 and December 31, 2006, the breakdown of shareholders and their ownership percentages in the Company (all in historical terms) can be summarized as follows:

	December 31, 2007		December 31, 2006	
	Historical Amount	%	Historical Amount	%
Mustafa Latif Topbaş	5,064	20.0	5,564	22.0
Abdulrahman A. El Khereiji	4,702	18.6	4,952	19.6
Ahmet Afif Topbaş	1,609	6.4	1,139	4.5
Zuhair Fayez	998	4.0	998	4.0
İbrahim Halit Çizmeci	300	1.1	665	2.6
Ömer Hulusi Topbaş	30	0.1	-	-
Halka açık olan kısım	12,597	49.8	11,982	47.3
	25,300	100	25,300	100
Effect of restatement	8,421		8,421	
Total	33,721		33,721	

14. Risk Management Policy

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

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

Considering that the foreign currency denominated assets and liabilities are not material, the Company does not enter into derivative or hedging transactions to mitigate its exposure to foreign exchange risk.

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

	On demand	1 to 3 months	3 to 12 months	1-5 years	Total
December 31, 2007					
Trade payables	48,528	272,608	-	-	321,136
Due to related parties	15,121	58,219	-	-	73,340
Other payables and accrued liabilities	-	300	10,973	185	11,458
December 31, 2006					
Trade payables	10,964	241,490	-	-	252,454
Due to related parties	7,735	39,060	-	-	46,795

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

	On demand	Up to 1 months	1 to 3 months	3 to 12 months	1-5 years	Total
December 31, 2007						
Trade receivables	-	98,572	-	-	-	98,572
December 31, 2006						
Trade receivables	-	66,940	-	-	-	66,940

As of December 31, 2007 and December 31, 2006, the Company does not have any interest bearing liabilities.

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

		Increase in foreign exchange rates	Decrease in foreign exchange rates	
December 31, 2007	USD	+5%	(527)	(5%) 527
	EUR	+5%	1	(5%) (1)
	GBP	+5%	-	(5%) -
December 31, 2006	USD	+5%	5	(5%) (5)
	EUR	+5%	11	(5%) (11)
	GBP	+5%	-	(5%) -

15. Cost of Sales

Cost of sales for the years ending December 31, 2007 and 2006 is as follows:

	2007	2006
Beginning inventory	138,524	98,428
Purchases	2,480,919	1,875,074
Ending inventory	(166,066)	(138,524)
	2,453,377	1,834,978

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16. Selling and Marketing Expenses

The breakdown of selling and marketing expenses for the years ending December 31, 2007 and 2006 is as follows:

	2007	2006
Personnel expenses	139,049	105,204
Rental expenses	83,006	62,987
Depreciation and amortisation expenses	29,300	23,755
Water, electricity and communication expenses	21,767	17,852
Packaging expenses	18,434	14,588
Trucks fuel expense	11,473	9,512
Advertising expenses	11,274	10,358
Maintenance and repair expenses	10,192	7,688
Provision for employee termination benefit	1,584	1,208
Other	15,181	11,868
	341,260	265,020

17. General and Administrative Expenses

The breakdown of general and administrative expenses for the years ending December 31, 2007 and 2006 is as follows:

	2007	2006
Personnel expenses	32,734	25,589
Depreciation and amortisation expenses	3,996	2,936
Money collection expenses	2,758	2,252
Motor vehicle expenses	2,582	2,240
Legal and consultancy expenses	1,473	1,247
Water, electricity and communication expenses	995	963
Provision for employee termination benefits	355	280
Office supplies expenses	370	336
Other	11,125	7,593
	56,388	43,436

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18. Personnel and Depreciation Expenses

(a) Personnel Expenses

	2007	2006
Staff costs		
Wages and salaries	144,811	110,239
Provision for employee termination benefits	1,939	1,488
Cost of defined contribution plan (employer's share of social security premiums)	26,972	20,554
	173,722	132,281

Average number of employees for the years ended December 31, 2007 and 2006 is 9,981 and 7,903, respectively.

(b) Depreciation and amortization expenses

	2007	2006
Selling and marketing expenses	29,300	23,755
General and administrative expenses	3,996	2,936
	33,296	26,691

19. Financial Income and Expense

Financial income for the years ended December 31, 2007 and 2006 can be summarized as follows:

	2007	2006
Income from deposits	4,390	6,689
Foreign exchange gains	393	338
Financial Income	4,783	7,027

Financial expenses for the years ended December 31, 2007 and 2006 can be summarized as follows:

	2007	2006
Financial expense of long-term defined employee benefit plan	454	328
Foreign exchange losses	333	247
Other financial expense	237	39
Financial Expense	1,024	614

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20. Other Income/(Expense), net

a) Other Income

The breakdown of other income/(expense), net for the years ended December 31, 2007 and 2006 is as follows:

	2007	2006
Gain on sale of scrap materials	4,327	2,216
Other	2,563	1,126
Other income	6,890	3,342

b) Other Expense

	2007	2006
Loss on sale of property and equipment and intangibles	1,201	1,018
Other	1,727	491
Other expense	2,928	1,509

21. Earnings per Share and Dividends

Basic earnings per share (EPS) are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year/period. The basic EPS for the period ended December 31, 2007 and December 31, 2006 are 4.261 (full YTL) and 2.837 (full YTL), respectively. There are no dilutive instruments outstanding hence fully diluted earnings per share are the same.

There has not been any change to paid in share capital and the number of shares outstanding during the years ended December 31, 2007 and December 31, 2006.

In May 2007, the Company distributed dividend from the profits of 2006 to its shareholders amounting to YTL 55,660 (full YTL 2.20 per share).

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22. Legal Reserves and Retained Earnings

Legal Reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code (TCC). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's restated share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's restated share capital.

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

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

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

In accordance with the Communiqué No: XI/25 Section 15 paragraph 399, the accumulated deficit amounts arising from the first application of inflation adjustment, in line with CMB's profit distributions are considered to be deductible when computing the distributable profit. The accumulated deficit will first be netted-off from net income and retained earnings and the remaining amount of deficit from extraordinary reserves, legal reserves and adjustment to share capital.

In accordance with Communiqué No: XI/25 the quoted companies are required to distribute a minimum of 20% of their distributable profits over financial statements prepared in accordance with CMB Accounting Standards. This distributable may be made by either cash or bonus shares or as a combination of both over the minimum limit of 20% depending on the decisions of the General Assemblies of the companies.

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

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

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As of December 31, 2007 and December 31, 2006, extraordinary reserves, legal reserves and net profit for the year (as per the statutory financial statements of the Company) are as follows (YTL):

	December 31, 2007	December 31, 2006
Extraordinary reserves	6,588	941
Legal reserves	14,788	6,953
Net profit for the year	105,341	69,152

23. Contingencies and Commitments

(i) As of December 31, 2007 and December 31, 2006, the total amount of outstanding lawsuits filed against the Company is YTL 1,274 and YTL 441 in historical terms, respectively, which is recorded as provision and presented in other payables and accrued liabilities.

(ii) Letters of guarantee obtained from banks and given to various institutions amounted to YTL 10,839 at December 31, 2007 and YTL 515 at December 31, 2006.

(iii) As of December 31, 2007 the Company has operating lease commitments for each of the following periods:

	Thousands of YTL
Not later than one year	578
Later than one year and not later than five years	284
Later than five years	39

(iv) The tax and other government authorities (Social Security Institution) have the right to inspect the Company's tax returns and accounting records for the past five fiscal years. The Company has not recorded a provision for any additional taxes for the fiscal years that remained unaudited, as the amount cannot be estimated with any degree of certainty. The Company's management believes that no material assessment will arise from any future inspection for unaudited fiscal years.

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24. Foreign Currency Denominated Assets and Liabilities

As of December 31, 2007 and December 31, 2006, the foreign currency position of the Company is summarized below:

	December 31, 2007		December 31, 2007		YTL GBP	Total YTL	
	YTL USD	Equivalent	YTL EUR	Equivalent		Equivalent	Equivalent
Total foreign currency denominated assets	421,531	491	1,638	3	-	-	494
Total foreign currency denominated liabilities	9,479,574	(11,041)	-	-	-	-	(11,041)
Net foreign currency position		(10,550)		3			(10,547)

	December 31, 2006		December 31, 2006		YTL GBP	Total YTL	
	YTL USD	Equivalent	YTL EUR	Equivalent		Equivalent	Equivalent
Total foreign currency denominated assets	164,708	232	122,155	226	1,608	5	463
Total foreign currency denominated liabilities	98,658	139	-	-	-	-	139
Net foreign currency position		93		226		5	324

25. Subsequent Events

The Vice Chairman and The Member of Board of Director Mehmet Fatih Saraç resigned from his duties on January 30, 2008.



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