BİM

TOPTAN FİYATINA
PERAKENDE SATIŞ

ANNUAL REPORT 2008

CONTENTS

ABOUT BİM

Driven by its mission to offer high quality products to customers at the best possible prices, without making any concessions on its quality service concept since beginning operations, BİM has become one of the leading companies in the organized retail sector.

Transparency, openness and honesty in management are inseparable principles of BİM's corporate identity. BİM, with its cost effective management, best possible pricing policy, more than 13,700 personnel and over 500 suppliers, contributes significantly to the national economy through production, employment and combating inflation.

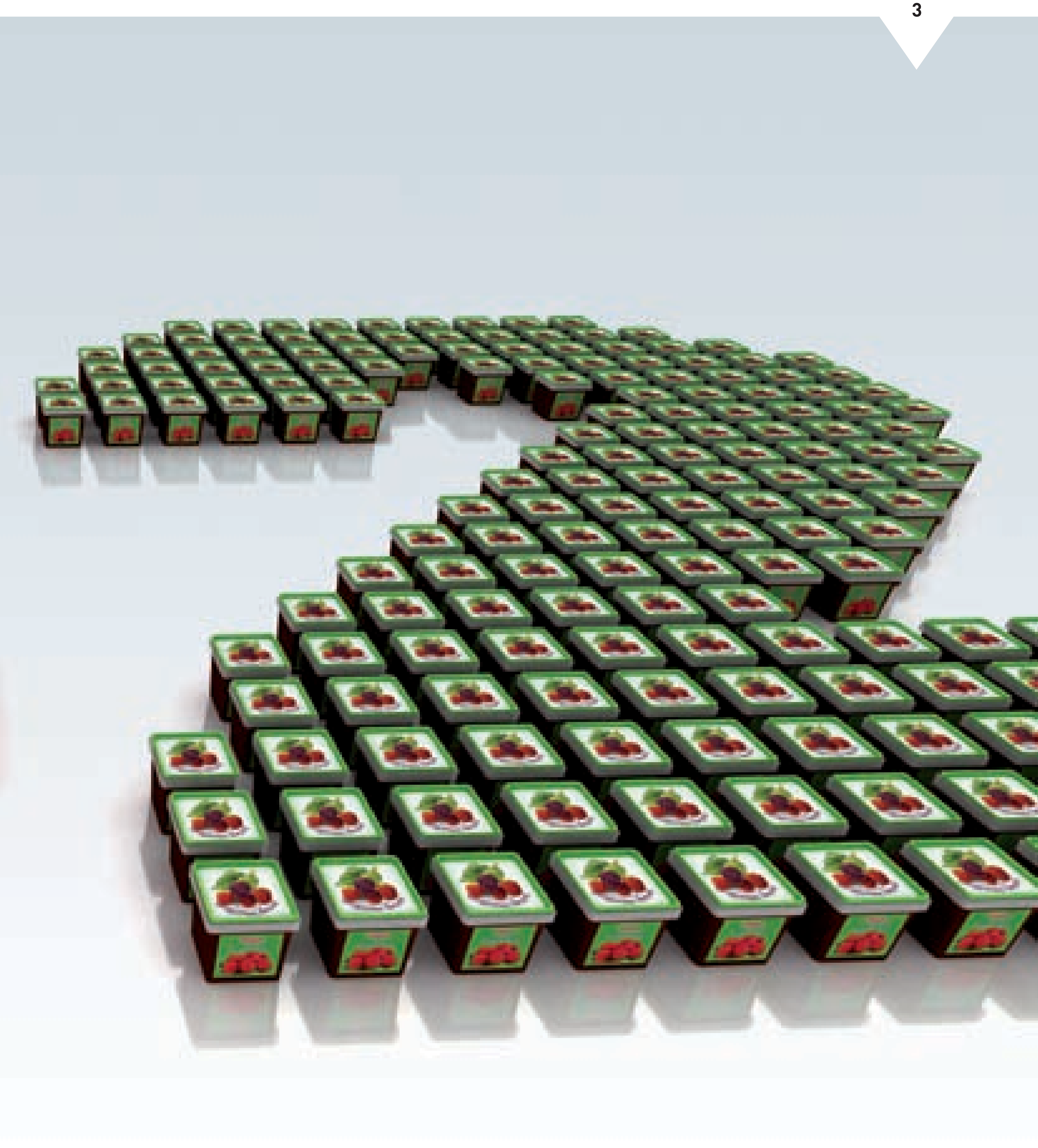
BİM's steadily growing and stable organization is supported by effective human resources policies. Rewarding its employees by way of promotion, BİM places importance on optimizing motivation and company loyalty.

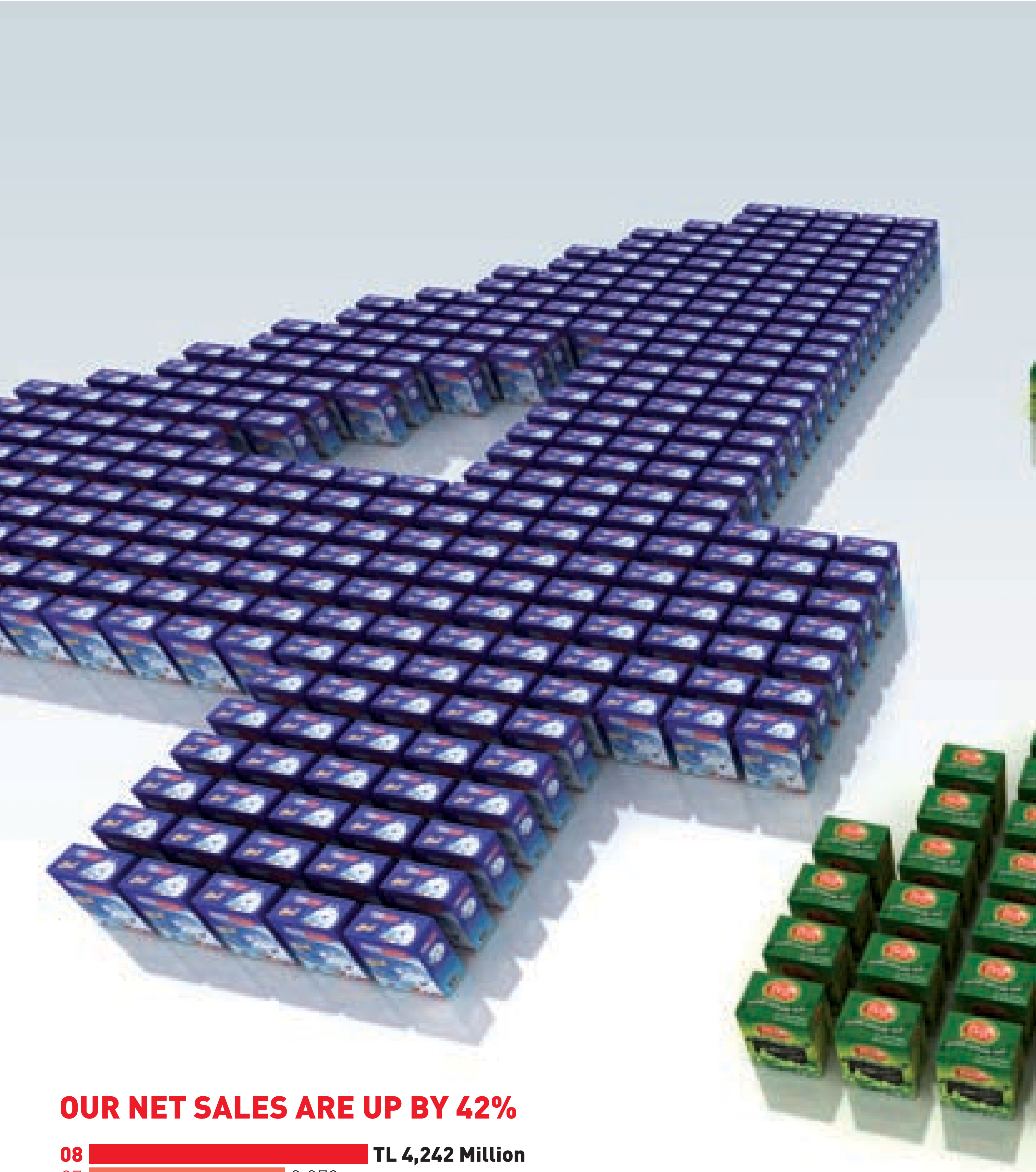
Keeping customer satisfaction at the forefront at all times, BİM bases its activities on the principle of treating suppliers like customers. BİM diligently protects and enhances its relationship with stakeholders through confidence and honesty.

OUR COVERAGE INCREASED BY 32%

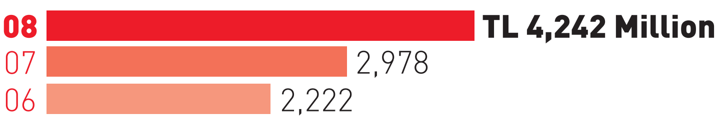
08 **2,285 Stores**
07 1,734
06 1,454

BİM experienced its largest growth to date in 2008 in terms of stores and regional directorates. BİM continues to maintain its leadership position by the number of stores.

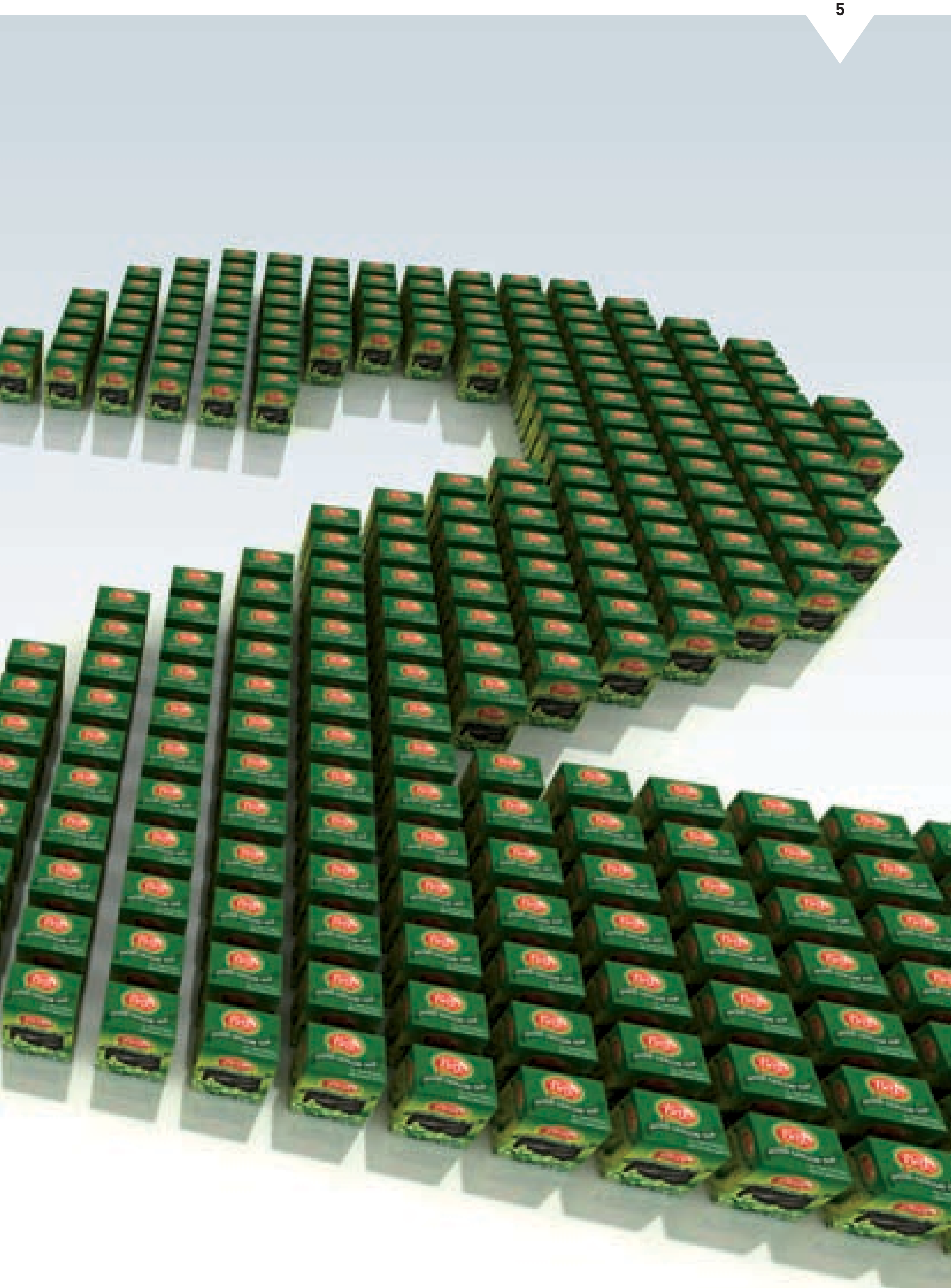


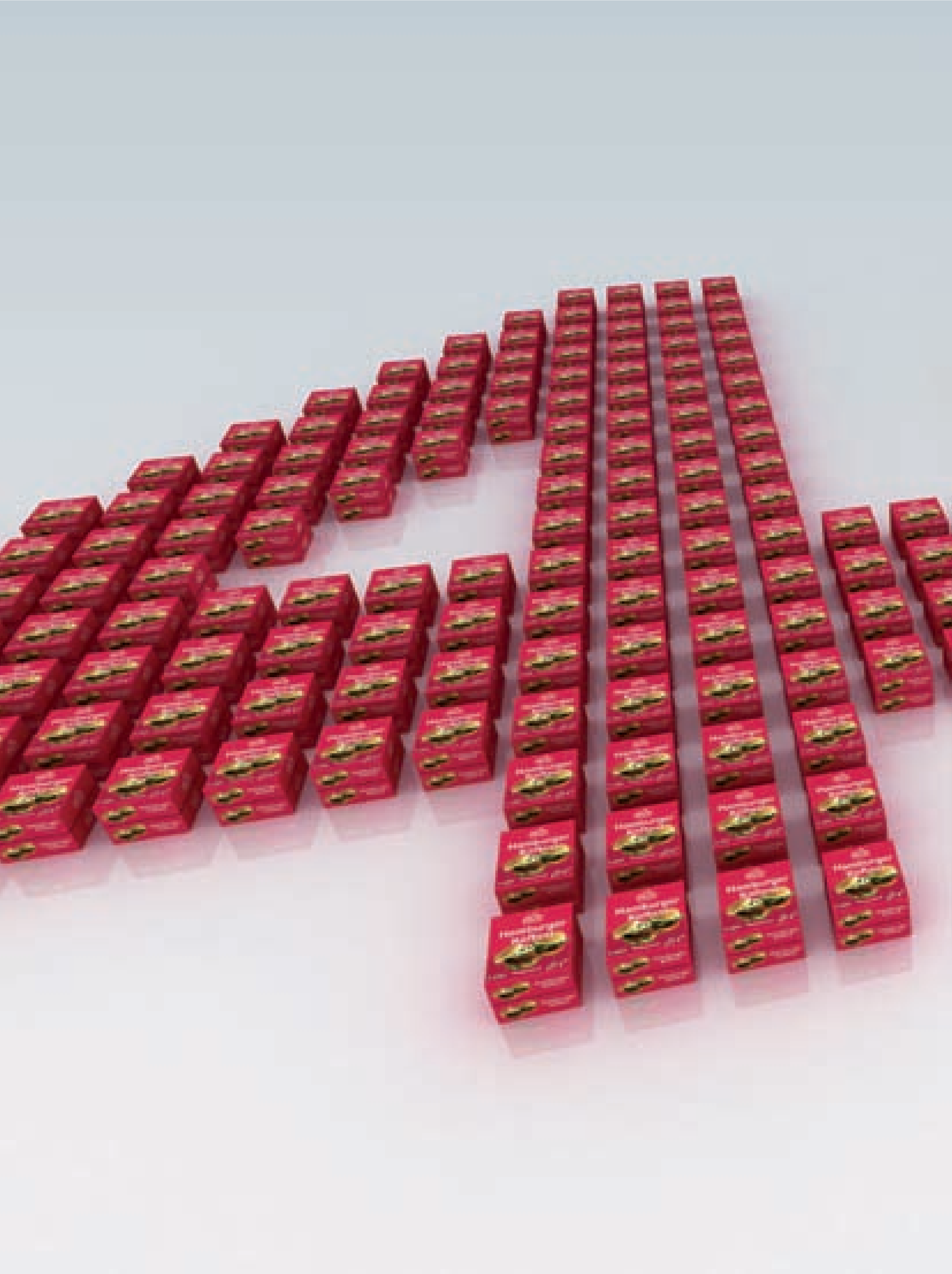


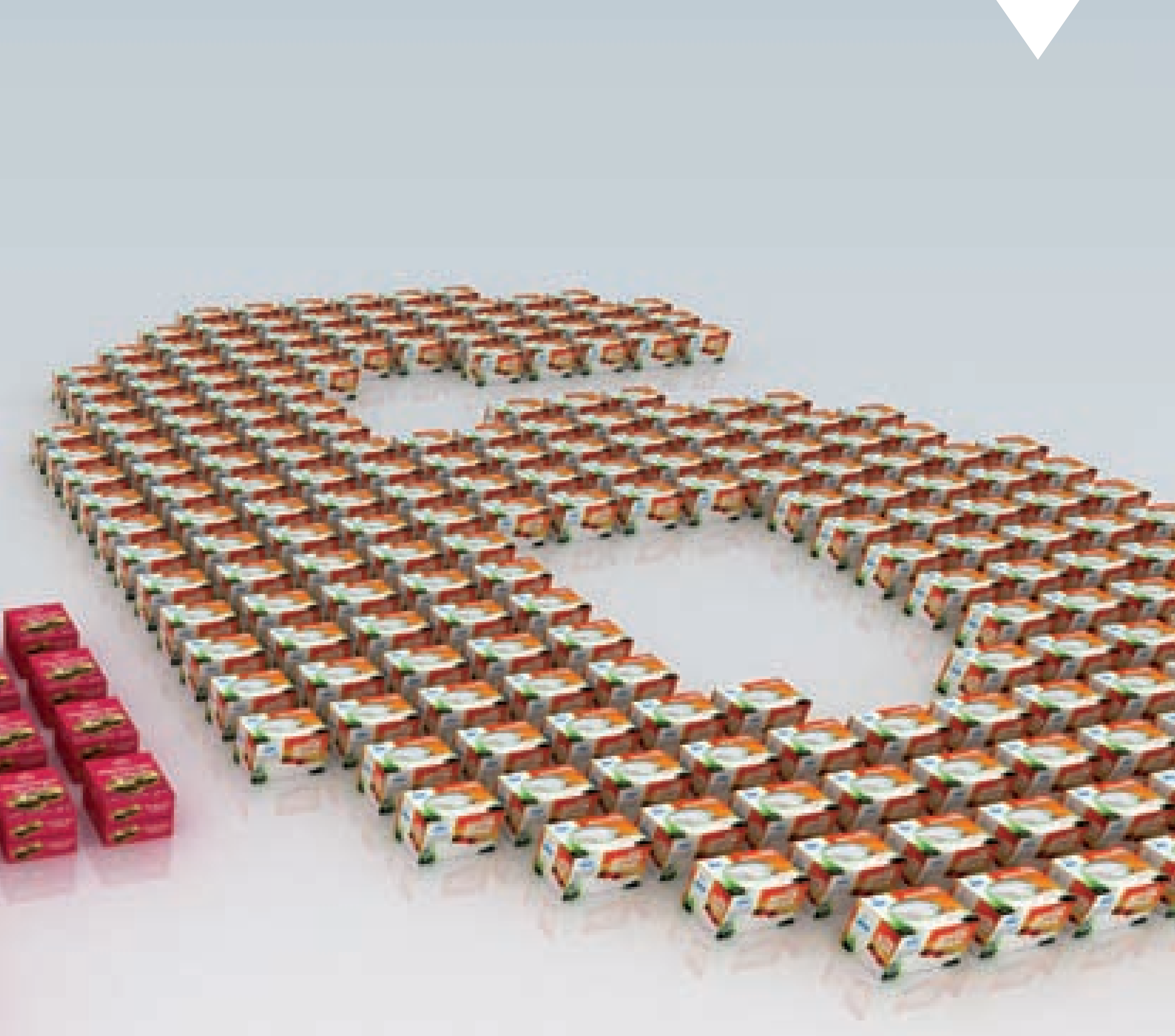
OUR NET SALES ARE UP BY 42%



By increasing the number of stores in 2008 to 2,285, up from 1,734, BİM has maintained its second place ranking in the sector, with a sales volume reaching TL 4,242 millions.







OUR INVESTMENTS ARE UP BY 46%

08 **TL 191 Million**
07 131
06 80

The amount of investments in 2008 reached TL 191 millions. Likewise, headcount increased up to 13,700 from 10,300 during the same period.

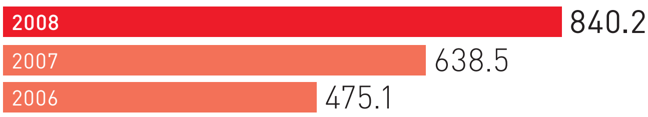
MAIN HIGHLIGHTS

Financial Highlights (TL million)				**Change %**
	2006	**2007**	**2008**	**2007-2008**
Net Sales	2,222	2,978	4,242	42.4
Total Sales of Private Label Products	992	1,519	2,357	55.2
Net Profit	71.8	107.8	113.6	5.4
Net Profit Margin (%)	3.2	3.6	2.7	
EBIT	78.2	127.4	145.2	14.0
EBIT Margin (%)	3.5	4.3	3.4	
EBITDA	104.9	160.7	189.2	17.7
EBITDA Margin (%)	4.7	5.4	4.5	
Total Assets	475.1	638.5	840.2	31.6

Operational Highlights				**Change %**
	2006	**2007**	**2008**	**2007-2008**
Number of Stores*	1,454	1,734	2,285	31.7
Average Number of Employees	7,903	9,981	12,769	27.9

* As of the year end

Total Assets (TL million)



CORPORATE PROFILE

Since operations began in 1995 with just 21 stores, BİM (Birleşik Mağazalar A.Ş.) has operated on the principle of supplying the highest quality basic food and consumption items to consumers at the best possible price. As the first hard-discount model in Turkey, BİM keeps its portfolio limited to approximately 600 products, with the objective of holding multitude private label products.

In 2008, BİM upheld its policy of steadily increasing the number of stores along with its revenues. The achievement of a 42% growth in sales is one of the clearest indicators of success. By opening seven new district offices, together with 551 new stores in 2008, BİM is positioned among the companies achieving the fastest growth in the retail sector with a total of 2,285 stores in 23 different regions at present. Having demonstrated a 32% increase in the number of stores, the Company seeks to expand its activities throughout Turkey.

Aiming at continuing the rapid growth trend in 2009 with new store openings, BİM will steer its development through a cost effective management policy without sacrificing its priorities of quality concept and customer satisfaction.

BİM will continue to build its trust-based relationships with stakeholders, led by suppliers and the excellent service undertaken by all employees.

BİM SERVICE PHILOSOPHY

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

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 Spot market products are offered to consumers at BİM stores for the first time.
2000 BİM opened its 500th store.
2001 BİM opened 87 additional stores, in spite of the economic crisis.
2002 BİM began to accept credit cards at its stores.
2003 Net sales exceeded 1 billion YTL.
2004 The 1,000th BİM store opened.
2005 BİM offered 44.12% of its shares to the 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 its number of stores to 1,734 and achieved a 34% increase in revenue.
2008 BİM increased its paid in capital to TL 75,900,000, to be fully covered by internal sources. BİM increased the number of stores to 2,285 and achieved a 42% increase in revenues.

REPORT OF THE BOARD OF DIRECTORS

The crisis triggered by housing loans in the U.S.A. in 2008 was first felt in financial markets, which adversely affected the global liquidity flow, bringing funding secured by financial markets to the real sector to a virtual halt. Demand shrunk when final consumers started to postpone spending, especially for anything other than basic living needs, as a precaution against a potentially aggravated future situation. This, in turn, had the effect of reflecting the crisis emerging in financial markets on the real sector, which is the primary reason for increased unemployment and economic recession. The situation is expected to continue through 2009.

Despite the adversities encountered in 2008, BİM successfully managed to open 551 new stores during this period, while achieving its highest growth ever. It increased the total number of stores to 2,285 and strengthened its position as market leader in the retail sector by store count. In 2008, BİM maintained its second place position by increasing net revenue by 42% over the previous year. Likewise, this year the number of private label products and the ratio of such products in revenues has increased, which substantially contributed to higher profitability. BİM will continue to maintain its "high quality-low price" policy in the services offered to consumers.

In 2008, the Board of Directors voted to begin operations in Morocco. BIM Stores SARL, a fully-owned subsidiary of BIM, was set up in 2008. Management staff has been recruited and work is underway to commence operations.

We have full confidence that BİM will further strengthen its exemplary position in all sectors in 2009. We believe that BİM will continue to increase store numbers, district numbers, revenues and profitability at the same pace and sound manner.

We would like to thank all our employees, customers and suppliers, who share in our successes achieved in the period. We believe these successes will continue in accelerating trend in the future.

Board of Directors

CEO'S MESSAGE

The "crisis of the century" that began in developed countries and spread globally in 2008, has seriously damaged financial markets. The biggest crisis the world has faced since the Great Depression of 1929 has had a devastating impact on the real sector.

Due to the current situation, the global economy has deteriorated, ambiguity in global markets has increased and international credit markets have significantly shrunk. Under these conditions, the economies and companies that will be least affected are those retaining their strong capital structure and market trust.

Turkish markets, while not completely sheltered from the ongoing crisis, have been relatively less impacted by it thanks to the fiscal discipline in place since 2001. The Turkish economic growth rate in 2008 is lower than in previous years, with direct foreign investments down by 30%. However, despite these adversities, Turkey stands out among developing countries with a continuous growth trend over the last years. Turkey's mostly young and dynamic population mix constitutes the driving force for sustainable growth in the long term.

The organized retail sector in Turkey has continued to grow in 2008, in spite of the global economic situation. Whereas the organized retail sector in developed countries has reached saturation, the fact that the market remains low in countries like Turkey indicates high growth potential. Therefore, it is possible to predict that the global crisis and declining growth rates will have a relatively minor impact on the dynamism of the food sector. We estimate that companies supplying basic food items, in particular, will suffer minimum setbacks from the crisis. As a candidate for European Union membership, Turkey will sustain its development in the organized retail sector and will maintain a high growth potential in the future, even if it enters into a short-lived recession.

In Turkey, only 40% of the retail food sector is organized, whereas, in Europe the ratio is 90% of the sector. The sector in Turkey is continually growing. BİM is positioned to seize the largest share of this growth. Although it is true that the sector's growth potential contributes to BİM's development, the business model we have implemented is the key factor in our success. In 2008, BIM out-performed other retail companies in the sector and achieved 42% growth.

In terms of store and district office establishment, in 2008 BİM reached its highest growth to date. We have maintained our leadership position in the market by number of stores. Together with our 551 new stores, our total store count now stands at 2,285; signifying 32% growth. We also increased the number of our district offices to 23, up from 16 in 2008.

In terms of store and district office establishment, in 2008 BİM reached its highest growth to date. We have maintained our leadership position in the market by number of stores. Together with our 551 new stores, our total store count now stands at 2,285; signifying 32% growth. We also increased the number of our district offices to 23, up from 16 in 2008. Our investments in 2008 were 191 million YTL. In the same period, the number of employees rose to 13,700, up from 10,300 the previous year.

Our success in the sector for 2008 is reflected by our sales numbers. Our 42% increase in sales is sourced by 23% to the increased sales performance of existing stores and the remainder from newly opened stores.

As the hard discount model pioneer in Turkey, BİM's key strength lies in the business model it implements. In 2008, we continued to successfully implement our decentralized business model of achieving cost savings without undermining our service and these gains were passed on to our customers. Our district organizations extending across Turkey concurrently serve as warehouses. Communications between our stores and corporate offices take place within the framework of our dynamic and productive logistics network and information flow. Owing to our trust-based relationships with more than 500 suppliers and our consistently applied business model, we have achieved success both in terms of both growth and profitability in 2008.

We will continue our growth trend in 2009. Concurrently, with the opening of new stores, we are planning four new district offices. Preparations for the Moroccan operations were completed in 2008 and the first store is set to open in April 2009. Construction of Moroccan warehouse will be completed in March 2009. We will adapt the same concept we have implemented in Turkey to Morocco. Concurrently with continuing to increase employment in Turkey, we will continue to pursue overseas ventures.

I would like to personally thank all of our employees, who have consistently demonstrated their loyalty to our corporate culture and contributed greatly to BİM's never-ending success, as well as our customers, shareholders and suppliers who have bestowed their confidence in us.

JOS SIMONS

THE RETAIL SECTOR IN TURKEY

The organized retail food sector in Turkey shows great potential for growth. Whereas in Europe it accounts for 90% of sales, in Turkey at present it represents for a mere 40%. The sector is continuing to grow in Turkey every year. As an important stakeholder of the retail sector, the size of the food retail sector stands at approximately US$ 80 billion. An average US$ 32 billion of this amount is controlled by the organized market and that ratio is steadily on the rise. The rapid development within the sector has created a positive impact on the national economy in terms of distribution, formal economy and employment, apart from both agricultural and industrial production models.

DIFFERENCES GENERATED BY BİM IN THE RETAIL SECTOR

DECENTRALIZED ORGANIZATION

HARD-DISCOUNT BUSINESS MODEL

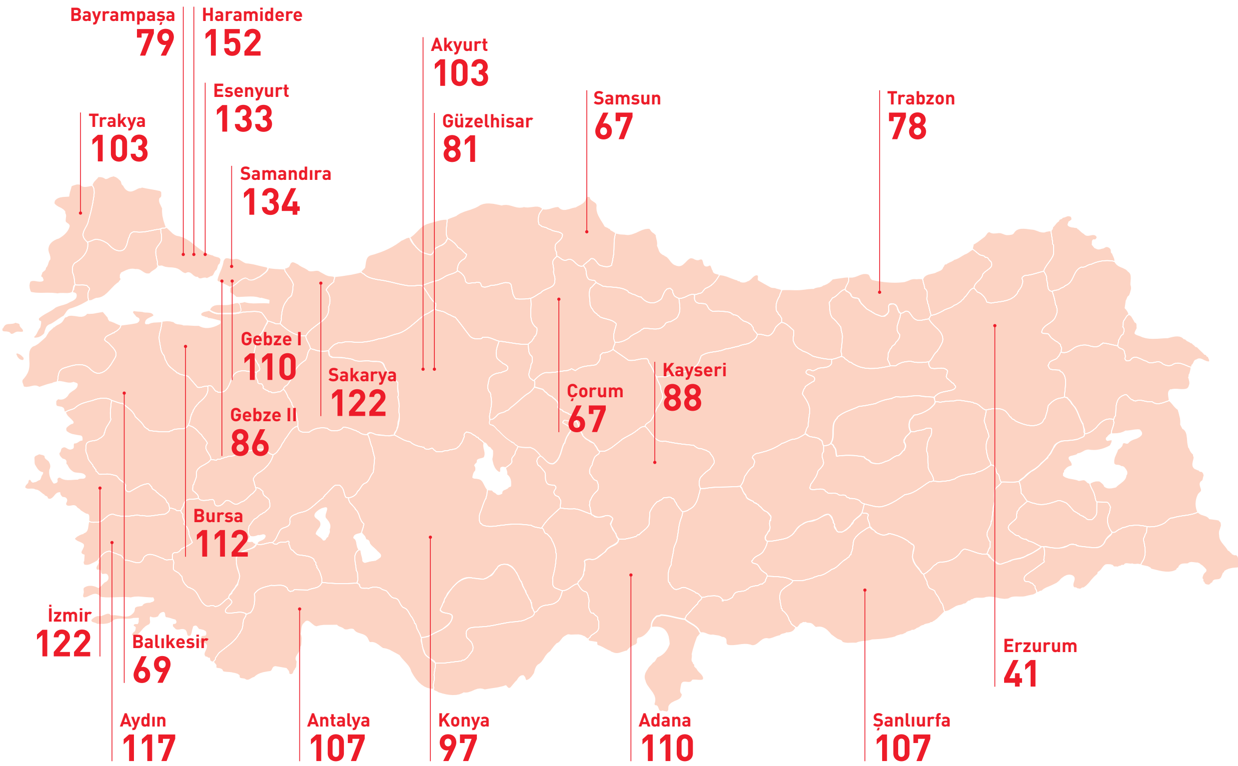
COST-EFFECTIVE MANAGEMENT

HIGH STOCK TURNOVER RATE

OWN LOGISTICS SYSTEM

PRODUCT RANGE

Distribution of Stores by Regions



DECENTRALIZED ORGANIZATION

BİM has the largest share in Turkey's steadily growing organized retail sector. BİM's successfully implemented business model is the most important factor in this rapid growth. For years, BİM has maintained its position as the company achieving the highest growth among the sector's companies.

BİM has a decentralized organizational structure. It is organized through regional offices that are managed by general managers, with their own staff and warehouses. The principal characteristic of this organization is that management is stripped of centralization. The number of regional offices increased from 16 to 23 in 2008. The regional directorate was opened in Erzurum and is vital to strengthening market penetration in Eastern Anatolia.

In 2009, there are plans to increase the regional directorates to 27. The Company will open new district offices in Izmir and Istanbul-Esenyurt as second ones in those regions, in addition, two new district offices to be opened in Gaziantep and Eskişehir in 2009.

DIFFERENCES GENERATED BY BİM IN THE RETAIL SECTOR

BİM'S HARD-DISCOUNT TERM

BİM A.Ş. is based on the principle of keeping operational costs at the lowest possible level, with the objective to pass on gains to customers in the form of price reductions. As the first hard core discount model representative in Turkey, with its organizational structure, cost effective management and limited product portfolio, BİM bases its hard discount concept on three main components:

• Building a dynamic logistics and information network between regional offices and stores based on a decentralized organizational structure to accelerate decision-making and implementation processes,

• Avoiding any excessive expenses that could result in increases in product prices, minimizing management, store decoration, personnel, distribution, marketing and promotion costs,

• Limiting its portfolio to approximately 600 products in order to maintain quality standards controls in the most effective manner and to ensure products are offered to the customer at the best possible price.

Owing to its high purchasing power, BİM is the major purchaser of most products it sells. In this way, it encourages its suppliers to keep quality production at lower costs and is therefore able to procure quality products at affordable prices.

BİM'S COST MANAGEMENT

BİM maintains its position as a leader in the organized retail sector by implementing a policy of cost-effective management in all 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. In general, renting stores.
2. Instead of opening high-cost stores on main streets, offering service from secondary streets in the same area.
3. Employing a workforce sufficient to maintain uninterrupted service in its stores; and dividing the workload among part-time employees through efficient human resources planning.
4. Store decoration is kept as simple as possible; using a minimum of shelving helps keep costs to a minimum, resulting in low product prices.
5. Minimizing promotion and advertising expenditures.
6. Managing distribution through its own logistics channel.
7. Limiting the product portfolio and making large quantity purchases from suppliers at lower prices.
8. Including as many private label products as possible in the product portfolio.
9. Keeping daily cost accounts, implementing effective cost inspection and having the ability to take immediate action when required.
10. Finding, developing and implementing new saving methods.

BİM'S INVENTORY MANAGEMENT

BİM conducts its inventory management through advanced software used extensively worldwide. The movement of stock from warehouses to stores and on to customers is effectively monitored by the district offices. Automatic inventory control records are maintained with specially designed software. Regular monitoring is performed at monthly and quarterly intervals, comparing inventories from stores and warehouses.

BİM'S SOURCES OF FINANCE

By conducting its activities with a net working capital deficit, BİM is able secure the majority of its own funding thanks to its cash collection capability. The company obtained a usury loan to cover its short-term liquidity requirements as of year-end 2008. As of report date, the loan has been fully repaid and closed.

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 the daily basic commodities required in a household.

The key criteria for the composition of the product portfolio are high quality and low price.

Products offered by BİM to its customers are divided into four main categories:

Private Label Products: BİM is the pioneer of private label products in Turkey. The high-quality private label products offered in BİM stores are produced solely by suppliers chosen by the Company. BİM exclusively owns the brand names and formulas for these products. BİM's private label products differ from the competition with their affordable prices that are 15-45% lower than those of their counterparts. The ratio of sales of private label products sold in BİM stores to total sales increased by four percentage points in 2008, up to 56%. The Company recognizes the importance of private label products and has plans to consistently continue to increase the sales rate.

As the pioneer of private labels in the organized retail sector with Dost Süt, BİM places great importance on its activities in this field.

Over time, regular BİM customers have exhibited a tendency to purchase private-label products. BİM aims to encourage 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 short-term. 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.

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 the daily basic commodities required in a household.

FOOD SAFETY

BİM A.Ş. guarantees product compliance to official standards and assumes full responsibility in this regard. In response to this responsibility, the Company is establishing a sound communications chain, ranging from suppliers to customers, and focusing on the ISO 22000 Food Safety Management System.

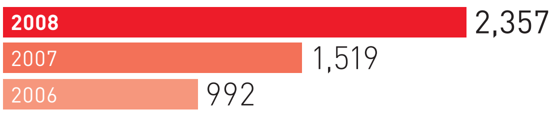
As a supplier of safe products that fully and continuously meet the requirements of its customers in an affordable and timely manner, BİM continuously adopts improvements in food safety.

BİM conducts its inventory management through advanced software used extensively worldwide. The movement of stock from warehouses to stores and on to customers is effectively monitored by the district offices.

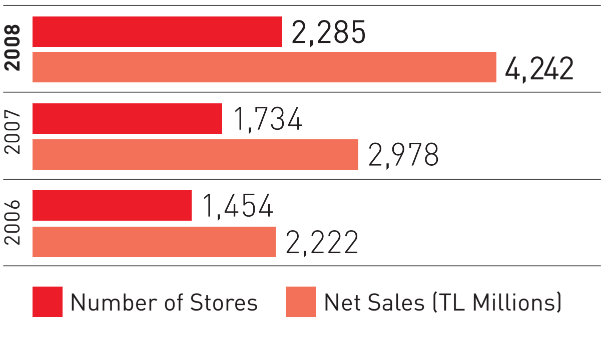
REVIEW OF 2008 ACTIVITIES

BİM maintained its position as a profitable and expanding company in 2008. Concurrently with new openings, the number of stores increased to 2,285 and district offices to 23. In line with the strategy it set in 2006, the Company opts for purchasing real estate deemed appropriate in the course of opening new warehouses.

Total sales of Private Label Products (TL millions)



Number of Stores and Net Sales



Throughout 2008, BIM experienced financial and operational success. Net sales increased by 42%, while the number of stores increased by 32%, with the opening of 551 new stores. Thus, BİM has upheld its position as the most extensive retail store network in 2008. Its cost effective management, steadily increasing store count and nationwide district offices played a significant role in this success.

Its successfully applied business model and high growth potential in the Turkish organized retail sector are significant factors for BIM's stable growth, illustrated by its 91% increased sales volume over the last two years. 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 remained under the 2008 inflation rate in the processed food categories.

In 2008, BİM was among those rare companies both investing substantial amounts and distributing cash dividends. The company distributed a gross dividend of TL 48,070,000 in May, while undertaking a TL 191 million investment that same year. In the same period, the company's capital was increased to TL 75,900,000, up from TL 25,300,000, to be fully covered from the profit of the period.

In 2008, BİM increased the number of stores from 1,734 to 2,285 and maintained its second place status within the sector in terms of sales volume, with TL 4,242 millions. During the year, the number of district offices rose from 16 to 23.

2008 INVESTMENTS AND MOROCCO OPERATIONS

BİM realized investments of TL 191 million in 2008 by opening 551 new stores in Turkey and seven regional warehouses. The land and warehouse buildings of six regional warehouses opened in 2008 are self-owned, while one has been rented.

BİM has also finalized the set up proceedings for a fully owned company with a capital of Moroccan dirham 5,000,000 (approximately TL 879,000) to begin operations in Morocco in May 2008. The capital of this company was increased by Moroccan dirham 25,000,000, up to Moroccan dirham 30,000,000 (approximately TL 4,760,000) in September 2008. The first store in Morocco is set to open in April 2009. In preparation, a rental contract has been signed for a warehouse in Casablanca.

STORES AND STORE MANAGEMENT

In 2008, BIM realized its highest growth to date in terms of store number. A total of 551 stores, as well as regional warehouses, were opened over this period. Newly opened stores were not concentrated in a single region, but instead, evenly distributed throughout Turkey. One of BİM's priorities is to have operations throughout Turkey.

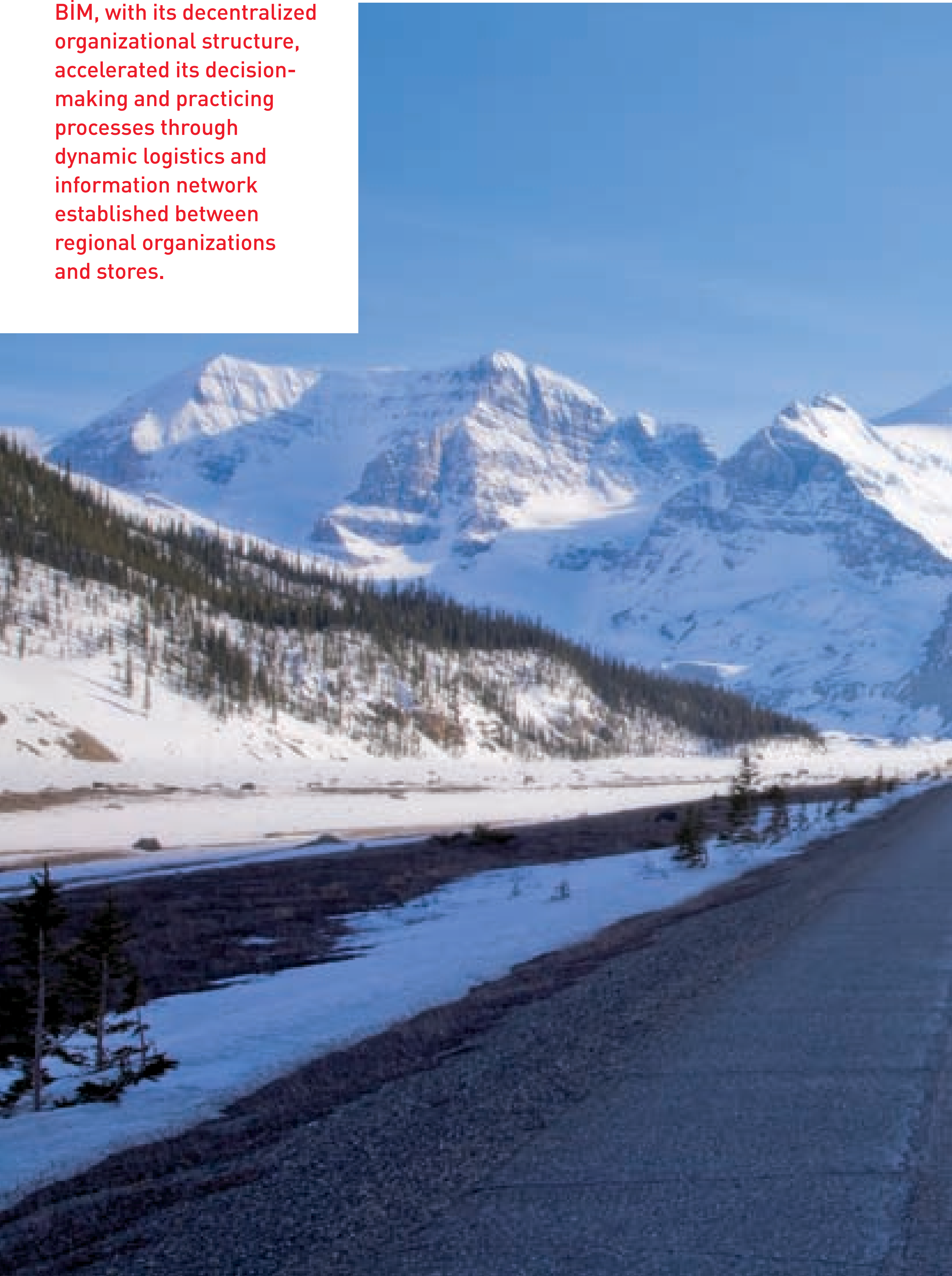
BİM maintained its position as a profitable and expanding company in 2008. Concurrently with new openings, the number of stores increased to 2,285 and district offices to 23. In line with the strategy it set in 2006, the Company opts for purchasing real estate deemed appropriate in the course of opening new warehouses. Whereas BİM owned only 1 out of 13 warehouses by the end of 2005, it had acquired ownership of 13 of its 23 regional warehouses by the end of 2008.

BİM places as much importance on expansion throughout Turkey as they do to enhancing the performance of current stores. In relation to sales, 23% out of the 42% increase achieved was due to an increase in sales performance at current stores, while the remainder is sourced to newly opened stores.

BİM stores avoid excess costs for store decoration and product promotions and these savings are reflected on product prices. This policy is one of the most important elements of BİM's cost management strategy. In addition, BİM implements a no-questions-asked return policy in its stores in order to best serve the interests of its customers. According to this policy, a customer may at any time return a product purchased without citing any reason for their decision. The company pays special attention to the prices of products sold in stores, as well as their quality. The purchasing department ensures that each product undergoes quality and conformity tests prior to being offered for sale. Product quality is also regularly checked at the selling stage.

BİM's decentralized organization allows for regional self-management and exclusive focus on the own region, which enhances productivity. BİM's growth perspective in the upcoming period will be guided by this decentralized organization model.

BİM, with its decentralized organizational structure, accelerated its decision-making and practicing processes through dynamic logistics and information network established between regional organizations and stores.




BIM

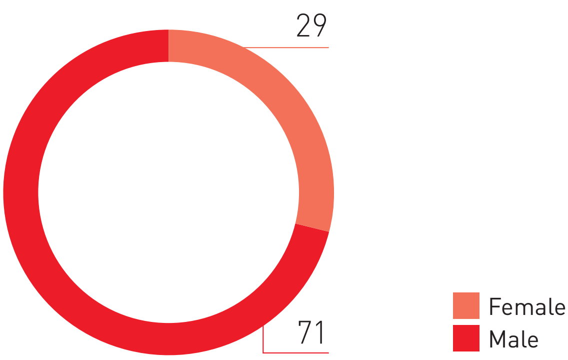
HUMAN RESOURCES

BİM provides an environment where employees can develop both professionally and individually. Thanks to the Company's policy of awarding outstanding performance, employees are encouraged to use their potential and skills. Effective human resources management has been implemented in order to optimize competence and skills at every level of the organization. With its young and dynamic work force, BİM's senior management consists of qualified, skilled individuals with proven track records in the organized retail sector. The majority of management staff consists of employees who either started their careers at BİM, or who have been with the Company since its beginning and who have been promoted due to their exemplary performance. BİM is aware that its steady rise in the sector depends on the motivation of its employees; and in turn, employees are aware that successful performance is the key to a prosperous career.

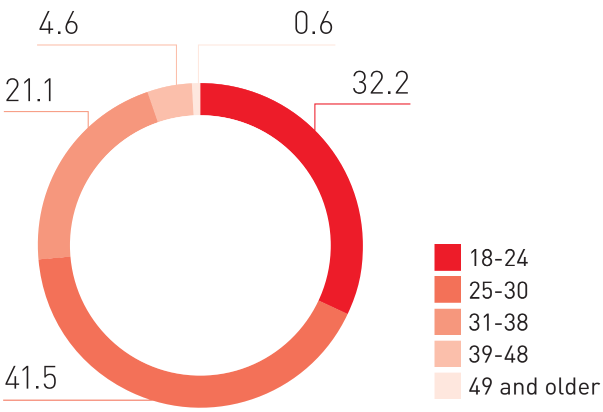
Due to its decentralized organization, the Company provides a working environment for young managers where they can take initiative and advance their management skills. In this way, BİM is where the senior management of the future is being trained.

In 2008, the number of BİM's employees increased by 33%. Today, BİM employs over 13,700 part-time and full-time personnel. Possessing the most extensive retail network in Turkey, employment opportunities provided by BİM do not impact just a single region, but the entire country. BİM has continued to create employment potential even during the global crisis and it will continue to contribute to the national economy by opening new stores and district offices in 2009.

Human Resources Profile



Number of Employees (By Age)



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CORPORATE GOVERNANCE

AMENDMENTS TO THE ARTICLES OF INCORPORATION WITHIN THE PERIOD AND DONATIONS
In the Extraordinary Shareholders meeting held on June 23, 2008, amendments were made to articles 4, 6, 10, 11, 13, 15, 16, 23, 27 and 35 of the Articles of Incorporation and these amendments were registered with the Trade Registry Office on June 25, 2008.

In line with the amendment to the sixth article, the Company's capital was increased by TL 50,600,000, to TL 75,900,000, to be fully covered by profits from the period. Amendments to other articles were generally comprise of removal of those articles rendered invalid after the Company's going to the public, from the Articles of Association.

Minutes of the extraordinary general shareholders meeting, including the amended versions of the Articles of Incorporation, are available on the Company's web site (www. bim.com.tr) under the Investor Relations section.

Donations for the year will be presented during the ordinary general assembly as per the Articles of Association.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Principles Compliance Report

1. Statement of Compliance with Corporate Governance Principles

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

In 2008, the Company's Board of Directors accepted the Corporate Governance principles governing the operating principles, duties and responsibilities of the Board of Directors, Chairman of the Board of Directors, senior management and Internal Audit Units.

According to the principles accepted, the internal audit unit will report directly to the Audit Committee, consisting of members of the Board of Directors.

Part I-Shareholders

2. Investor Relations Unit

BİM set up an Investor Relations Unit under the Chief Financial Officer 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 eight investor conferences organized by brokerage firms and further provided information to investors and shareholders in over 100 meetings held at the headquarters of the Company.

The Investor Relations Unit manages communications with outside institutions, including the Istanbul Stock Exchange, Capital Markets Board and Central Registry Agency, as well as being responsible for announcements of material disclosures pursuant to the Capital Markets Board's communiqué Series:VII No:39 and the follow up of prescribed legal regulations.

Registration procedures were completed for a total of 1,935 shares physically holding share certificates within this period without receiving the 2007 dividend and participating in the capitalization issue, while bonus shares and dividend rights were given to holders retrospectively.

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. Those requests were mostly related to inquiries on the General Assembly, payment of dividends and financial data as well as the Company's future targets. All material disclosure announcements and publicly disclosed information are available and easily accessible to shareholders on the Company's website (www.bim.com.tr) under the Investor Relations section. Moreover, requests for information from institutional shareholders and analysts of brokerage firms within the year were satisfied via various communication channels such as teleconferences and one-to-one meetings. At the end of each balance sheet term, teleconferences were held to inform and respond to the inquiries of shareholders and conference attendance information was announced on the web site under the Investment Relations section. Four teleconferences in all were organized during the year.

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

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

4. Information on the General Shareholders' Meetings

Ordinary General Shareholders Meeting

The Ordinary General Shareholders Meeting of BİM Birleşik Mağazalar A.Ş. convened on Wednesday, April 30, 2008 at 2:30 p.m. at the registered office of the Company at "Abdurrahman Gazi Mahallesi, Ebubekir Caddesi, No:289, Samandıra, Istanbul, under the supervision of the Commissary of the Ministry, appointed in accordance with the communiqué dated April 29, 2008 no. 24439, issued by the Ministry of Industry and Trade, Istanbul Provincial Directorate of Industry and Trade.

According to the List of Attendees, 6,704,967 shares were represented in person and 6,219,733 shares were represented by proxy, for a total of 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. The Minutes of the General Shareholders' Meeting were announced in the Turkish Trade Registry Gazette issue no. 7064, dated May 16, 2008.

Extraordinary General Shareholders Meeting

The Extraordinary General Shareholders Meeting of BİM Birleşik Mağazalar A.Ş. convened on Monday, June 23, 2008, 2:30 p.m. in the registered office of the Company at Abdurrahmangazi Mahallesi Ebubekir Caddesi No.289 Samandıra, under the supervision of the Commissary of the Ministry, appointed in accordance with the communiqué dated June 20, 2008, no. 39056 issued by the Ministry of Industry and Trade, Istanbul Provincial Directorate of Industry and Trade.

It was decided to amend articles 4, 6, 10, 11, 13, 15, 16, 23, 27 and 35 of the Articles of Incorporation. In line with the amendment to the sixth article, the Company's capital was increased by TL 50,600,000, up to TL 75,900,000, to be fully covered from the profit of the period. Amendments to other articles generally comprise the removal of those Articles of Association rendered invalid after the Company's opening to the public. During the General Assembly, no motion was proposed by shareholders that would necessitate an amendment to the Articles of Association other than agenda items. According to the List of Attendees, 5,364,868 shares were represented in person and 5,853,079 shares were represented by proxy, for a total of 25,300,000 shares corresponding to the Company's total capital stock of YTL 25,300,000. The Minutes of the General Shareholders' Meeting were announced in the Turkish Trade Registry Gazette issue no. 7095 dated July 01, 2008. The amended versions of the Articles of Incorporation are available on the Company's web site (www. bim.com.tr) under the Investor Relations section.

Announcements for both general shareholders meetings were made by way of invitation letters and an announcement in the newspaper. Furthermore, prior to the meeting date, the meeting agenda was made public by way of an announcement of material disclosure and published on the web site. The minutes of the general shareholders meetings in Turkish and the English translation were posted on the Company's website (www.bim.com.tr) under the Investor Relations section. The meeting minutes have also been made available for shareholder review in the registered office of the Company. Verbal questions directed by shareholders were answered in detail verbally. There was no participation from the media in the meetings.

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 Association does not include any provisions on cumulative voting and minority shares are not represented by management.

6. Dividend Payment Policy and Timing

The Company policy for distribution of profits, as stipulated by the General Assembly, is to distribute a minimum of 30% of the distributable profit gained in respective years. This policy was made public in 2007 through a material disclosure announcement and no change whatsoever has been affected to this policy to date. Any changes to the policy will be made public through a material disclosure announcement.

Under the Company's Articles of Association, no privileges are granted on voting rights, nor do privileges exist concerning the distribution of profits. The timeline for distribution of profits is determined by the General Shareholder's Meeting upon the request of the Board of Director's in accordance with the provisions of the Turkish Commercial Code and Capital Markets legislation. Distribution of 2007 profits has been finalized in the form of TL 48,070,000 cash and a bonus issue of TL 50,600,000 within the months of May 2008 and June 2008, respectively.

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 Communiqué Nr. 39 Serial Nr: VIII on Principles for Material Disclosures of CMB. In addition, the Investor Relations Unit accurately and in a timely manner responds to the questions of shareholders, except for confidential information. Names and contact information of employees responsible for the implementation of the disclosure policy are provided in Article 2 of the Report.

Press relations are conducted by the Company's press consulting firm. Information requests received from the press are compiled by the consulting firm and passed on to the Company's senior management. Such requests are reviewed and responded to by Company officials insofar as these are not of a confidential nature and limited to data that has been made public already.

9. Special Circumstance Announcements

The Company made 57 special circumstance announcements in 2008. One additional disclosure about the capital increase registration date requested by ISE within the scope of the above announcements was made in due time.

The announcements are also available on the web site (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
- Announcements
- Financial Calendar
- General Assembly Information
- 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 in the periodical financial reports. All shares are hold by real persons, except those that are publicly traded.

Shareholder	Number of Shares	Share Ratio %
Mustafa Latif Topbaş	14,733,248	19.41
Abdulrahman A. El Khereji	14,106,300	18.59
Ahmet Afif Topbaş	5,285,500	6.96
Zuhair Fayez	2,994,825	3.95
Firdevs Çizmeci	899,995	1.18
Ömer Hulusi Topbaş	90,000	0.12
İbrahim Halit Çizmeci	5	0.00
Other (Publicly-traded)	37,790,127	49.79
Total	75,900,000	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 who may have access to insider information are listed below and have been publicly disclosed on the Company's website.

Board of Directors

Mustafa Latif Topbaş	Chairman
Ekrem Pakdemirli	Vice Chairman
Mahmut P. K. Merali	Board Member
Ömer Hulusi Topbaş	Board Member
Zeki Ziya Sözen	Board Member
Yalçın Öner	Board Member
Jos Simons	Board Member and CEO

Auditors

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

Senior Management

Jos Simons	CEO
Galip Aykaç	COO
Muharrem Arslantürk	Member of the Operations Committee
Haluk Dortluoğlu	Member of the Operations Committee and CFO
Ürfet Naçar	Member of the Operations Committee
Bülent Pehlivan	Member of the Operations Committee
İlkay Zengin (*)	Member of the Operations Committee
Ünsal Çetinkaya	Purchasing General Manager

Mehmet Fatih Saraç, a former Board member, left office as of January 30, 2008. Jos Simons, serving as the Company's CEO in the general shareholders meeting held on April 30, 2008, was appointed as Board member maintaining his CEO position.

(*) Based on the decision taken by the Company's Board of Directors on January 9, 2009, Samandıra District General Manager İlkay Zengin was appointed as an Operations Committee member.

Part III-Stakeholders

13. Informing Stakeholders

Pursuant to applicable legislation, stakeholders are informed of Company matters, with the exception of trade secrets, by appropriate means of communication.

The Company's corporate web site makes available the mail address and phone numbers of all stakeholders. Those stakeholders wishing to gather information or make inquiries using these communications tools are also able to contact the relevant unit managers listed on the web site. Incoming queries and information requests are responded to in a timely manner.

Investors seeking to become Company shareholders are able to communicate directly with the Investor Relations Unit and receive prompt responses.

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 senior management. Furthermore, employees are encouraged to freely communicate to the relevant unit manager their complaints, criticism and suggestions related to working procedures.

15. Human Resources Policy

As specified in the BİM Organization Objectives, the Company objectives can only be attained through the contributions of the 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 in the headquarters and 23 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 encouraged to communicate their complaints and suggestions for improvement to relevant units, which then make their best efforts to promptly provide solutions.

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 with both customers and suppliers. The Company grants its customers the right to return any product with no time limitations, 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 on products prices to its customers. These policies and their effective implementation allow maximization of our customers' trust in the Company.

Every store has phones strategically placed so that customers can easily file complaints or requests. All customer complaints and requests are investigated and responded to in a timely manner.

As outlined by Company policy, suppliers are considered business partners and as such, all relationships are based on trust and reliability.

17. Social Responsibility

The Company is not involved in production facility. All nylon and cardboard waste is forwarded to licensed firms engaged in the recycling of packaging waste.

BİM works in coordination with the Turkish Quality Control Laboratory and the TÜBİTAK Research Institute 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.

In addition, product quality control testing is conducted by the Istanbul Headquarters, as well as other regional organizations. Before the introduction of new products, quality and taste tests are performed on the product, as well as equivalent and competitive products, to compare results.

The Company places great importance on food safety. BİM A.Ş. guarantees that all products, at a minimum, comply with all official standards and assumes full responsibility in this respect. By conducting ISO 22000 Food Safety Management System, BIM is establishing a well supplier chain system from suppliers to customers.

Providing products that completely meet the requirements and needs of its customers in an affordable and timely manner and continuous improvement are the main policies of the Company.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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 during the General Meeting in accordance with the provisions of the Turkish Commercial Code. Two members are independent Board members, as defined by the Corporate Governance Guide of 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 restricts Board Members from actions that may affect operations without the consent of the General Meeting as stipulated in Articles 334 and 335 of Turkish Commercial Code. Names of current Board members are listed under Article 12 of the Report.

19. Qualifications of the Board Members

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 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

BİM has the largest revenue share in the food retailing sector in Turkey.

BIM has a product range of approximately 600 items.

Company principles rely on being honest, reliable and fair. We will retain these principles as the Company expands.

Regardless of race, religion or language, it is the Company's responsibility to remain unbiased and understanding to all employees. BİM respects the personal life of each of its employees, unless actions offend other people or damage the Company. BİM avoids any excesses that might disturb its customers.

The Board of Directors analyzes financial data monthly to ascertain the extent that the Company objectives are being met.

21. Risk Management and Internal Control Mechanisms

The Company has developed relevant policies and procedures in line with the business processes, performed functional task distribution within the organization, established approval and authorization systems within processes and regulated procedures regarding the protection and reconcilement of physical assets of the Company in consideration of risk exposure and prevention methods within the scope of risk management and internal control mechanisms. In addition, efficient reporting and management-surveillance practices have also been established within the Company.

An Internal Auditing Unit appointed by the Company is responsible for risk management and independent evaluation of the internal control processes. All Company operations are included within the responsibilities of the Internal Audit Unit and audited pursuant to annual plans. Whereas the Internal Audit Unit reported to the Operation Committee previously, in 2008 it became subordinate to the Audit Committee, consisting of Board Members.

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

The Board of Directors performs duties stipulated by law and by the Articles of Association. 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 above-mentioned purposes.

In 2008, the Company's Board of Directors approved the Corporate Governance Principles specifying the duties and responsibilities of the Company's Board of Directors, Board Members, senior management and Internal Audit Units.

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 Association. 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, the Vice-Chairman shall call the Board meeting. The invitation for a meeting and the 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 location the Board unanimously decides upon. 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.

During 2008, the Board of Directors physically convened 13 times and adopted 13 resolutions by obtaining the consent of its members without meeting, in accordance with Article 330/2 of the Turkish Commercial Code. None of the members voted against the decisions.

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

The members of the Board of Directors shall not engage in any of the 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 are clearly specified in the organizational objectives document supplied to 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 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 Audit and Compensation Committee's all two members and one of the three members of the Related Parties Committee, are independent members. The Board of Directors has not yet established a Corporate Governance Committee.

27. Financial Benefits to 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 or credit. The Board Members are not granted performance-based remuneration.

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ

Financial statements together with independent auditors' report at December 31, 2008

Ernst & Young

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Independent auditors' report

To the Shareholders of
BİM Birleşik Mağazalar Anonim Şirketi

We have audited the accompanying financial statements of BİM Birleşik Mağazalar Anonim Şirketi (the Company-a Turkish corporation), which comprise the balance sheet as at December 31, 2008 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.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

March 10, 2009
Istanbul, Turkey

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ
Balance sheet
As at December 31, 2008
(Currency – Thousands of Turkish Lira [TL])

Assets	Notes	December 31, 2008	December 31, 2007
Current assets			
Cash and cash equivalents	3	56,447	83,039
Trade receivables	4	114,310	97,662
Inventories	5	246,003	184,458
Prepayments and other current assets	6	6,302	4,928
Total current assets		423,062	370,087
Property and equipment	7	407,971	264,708
Intangible assets	8	2,741	1,996
Other non-current assets	6	6,419	1,671
Total non-current assets		417,131	268,375
Total assets		840,193	638,462

The accompanying policies and explanatory notes on pages 47 through 75 form an integral part of the financial statements.

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ

Balance sheet

As at December 31, 2008

(Currency – Thousands of Turkish Lira [TL])

Liabilities and equity	Notes	December 31, 2008	December 31, 2007
Current liabilities			
Short-term borrowings	9	21,778	-
Trade payables	10	509,445	388,920
Income tax payable	12	3,256	6,876
Other payables and accrued liabilities	11	21,606	26,187
Total current liabilities		**556,085**	**421,983**
Employee benefit liability	13	6,349	5,715
Deferred tax liability	12	10,455	8,970
Other non-current liabilities		206	184
Total non-current liabilities		**17,010**	**14,869**
Equity			
Share capital	14	84,321	33,721
Revaluation surplus	7	12,776	12,776
Legal reserves	23	19,469	14,788
Retained earnings	23	150,532	140,325
Total equity		**267,098**	**201,610**
Total liabilities and equity		**840,193**	**638,462**

The accompanying policies and explanatory notes on pages 47 through 75 form an integral part of the financial statements.

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ
Statement of income
For the year ended December 31, 2008
(Currency – Thousands of Turkish Lira [TL])

	Notes	Audited January 1- December 31, 2008	Audited January 1- December 31, 2007
Net sales		4,242,412	2,978,384
Cost of sales	10, 16	(3,545,782)	(2,453,377)
Gross profit		696,630	525,007
Selling and marketing expenses	10, 17, 19	(476,386)	(341,260)
General and administrative expenses	10, 18, 19	(75,008)	(56,388)
Other income	21	8,367	6,890
Other expense	21	(4,417)	(2,928)
Operating profit		149,186	131,321
Financial income	10, 20	2,374	4,783
Financial expense	10, 20	(8,928)	(1,024)
Profit before tax		142,632	135,080
Tax charge			
-Current	12	(27,589)	(26,936)
-Deferred	12	(1,485)	(329)
Net profit		113,558	107,815
Weighted average number of shares (1 TL par value each)		75,900,000	75,900,000
Basic and diluted earnings per share (full TL)	22	1.496	1.420

The accompanying policies and explanatory notes on pages 47 through 75 form an integral part of the financial statements.

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ

Statement of changes in equity
For the year ended December 31, 2008

(Currency – Thousands of Turkish Lira [TL])

	Share capital	Revaluation surplus	Legal reserves	Retained earnings	Total
At December 31, 2007	**33,721**	**12,776**	**14,788**	**140,325**	**201,610**
Dividends paid	-	-	-	(48,070)	(48,070)
Transfer to legal reserves	-	-	4,681	(4,681)	-
Transfer to share capital	50,600	-	-	(50,600)	-
Net profit for the year	-	-	-	113,558	113,558
At December 31, 2008	**84,321**	**12,776**	**19,469**	**150,532**	**267,098**
At December 31, 2006	33,721	12,776	6,953	96,005	149,455
Dividends paid	-	-	-	(55,660)	(55,660)
Transfer to legal reserves	-	-	7,835	(7,835)	-
Net profit for the year	-	-	-	107,815	107,815
At December 31, 2007	33,721	12,776	14,788	140,325	201,610

The accompanying policies and explanatory notes on pages 47 through 75 form an integral part of the financial statements.

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ

Statement of cash flows
For the year ended December 31, 2008

(Currency – Thousands of Turkish Lira [TL])

	Notes	January 1- December 31, 2008	January 1- December 31, 2007
Cash flows from operating activities			
Profit before tax		142,632	135,080
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation and amortisation	7, 8	44,007	33,296
Reserve for long-term defined employee benefit plan	13, 17, 18	1,236	1,939
Financial expense of long-term defined employee benefit plan	13, 20	504	454
Profit share income from deposit accounts	20	(1,933)	(4,390)
Reserve for impairment of inventories, net	5	718	555
Loss on sale of property and equipment and intangibles	7, 8, 21	1,881	1,201
		189,045	168,135
Changes in working capital			
Trade receivables	4, 10	(16,648)	(31,556)
Inventories	5	(62,263)	(35,528)
Prepayments and other current assets	6	(1,374)	1,239
Other non-current assets		(4,748)	(898)
Trade payables	10	120,525	93,637
Other payables and accrued liabilities and other non-current liabilities	11	(4,559)	12,697
Income taxes paid	12	(31,209)	(23,428)
Employee benefit payments	13	(1,106)	(985)
Net cash generated by operating activities		187,663	183,313
Cash flows from investing activities:			
Purchase of property and equipment and intangibles	7, 8	(191,192)	(131,492)
Proceeds from sale of property and equipment and intangibles		1,296	1,770
Profit share received from deposit account	20	1,933	4,390
Net cash used in investing activities		(187,963)	(125,332)
Cash flows from financing activities:			
Dividends paid		(48,070)	(56,027)
Proceeds from short-term borrowings		21,778	-
Net cash used in financing activities		(26,292)	(56,027)
(Decrease) increase in cash and cash equivalents		(26,592)	1,954
Cash and cash equivalents at the beginning of the year	3	83,039	81,085
Cash and cash equivalents at the end of the year	3	56,447	83,039

The accompanying policies and explanatory notes on pages 47 through 75 form an integral part of the financial statements.

1. Organisation and nature of operations

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 ultimate controlling party of the Company is Mustafa Latif Topbaş. The financial statements were authorized for issue on March 10, 2009 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. The Company is publicly traded in İstanbul Stock Exchange since 2005.

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.

2.1 Basis of preparation of financial statements

The International financial statements of the Company have been prepared in accordance with Financial Reporting standards. 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 Turkish Lira (TL) 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 International Financial Reporting Standards (IFRS). Such adjustments mainly comprise effects of restatement for the changes in the general purchasing power of TL (until December 31, 2005), provision for inventories, deferred taxation, employee termination benefits, revaluation of land and building and amortized cost calculation of trade receivables and payables.

Reclassifications in the comparative financial statements

Certain reclassifications have been made to the balance sheet as of December 31, 2007 to be consistent with the current balance sheet as at December 31, 2008.

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.

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ
Notes to financial statements for the year ended December 31, 2008
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2.2 Adoption of revised and new standards

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2007, except for the adoption of new standards and interpretations noted below. Adoption of these standards and Interpretations did not have any effect on the financial position or performance of the Company. They did however give rise to additional disclosures.

-IFRIC 11 "Group and Treasury Share Transactions": IFRIC 11 addresses how to apply IFRS 2 Share-based Payments to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group. This interpretation becomes effective for annual periods beginning on or after March 1, 2007. This new interpretation did not have any impact on the Company's financial statements.

-IFRIC 12 "Service Concession Arrangements": Service concessions are arrangements whereby a government or other public sector entity grants contracts for the supply of public services such as roads, airports, prisons and energy and water supply and distribution facilities to private sector operators. Control of the assets remains in public hands but the private sector operator is responsible for construction activities, as well as for operating and maintaining the public sector infrastructure. This interpretation becomes effective for annual periods beginning on or after January 1, 2008. This new interpretation has no impact on the financial statements of the Company as of December 31, 2008.

-IFRIC 14 "IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction": The interpretation specifies when refunds or reductions in future contributions should be regarded as available and how a minimum funding requirement might affect the availability of reductions in future contributions. The interpretation also clarifies when a minimum funding requirement might give rise to a liability. IFRIC 14 is effective for annual periods beginning on or after January 1, 2008. There is no funding requirement in Turkey; accordingly this new interpretation did not have any impact on the Company's financial statements.

-Amendments to IAS 39 "Financial Instruments": Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures-Reclassification of Financial Assets: The amendment to IAS 39, issued in October 2008, permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category to the available-for-sale or held-to-maturity category in particular circumstances. The amendment also permits an entity to transfer from the fair value through profit or loss, or available-for-sale categories, to the loans and receivables category a financial asset that meets the definition of loans and receivables, if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendment requires detailed disclosure relating to such reclassifications. The effective date of the amendment is July 1, 2008 and reclassifications before that date are not permitted. Adoption of these amendments did not have any effect on the financial performance or position of the Company.

Standards, interpretations and amendments to published Standards that are not yet effective

The following new standards, amendments to standards and interpretations have been issued but are not effective for the period ending December 31, 2008 and have not been early adopted:

-IFRIC 13 "Customer Loyalty Programs": The interpretation specifies how the loyalty programs should be accounted for and is effective for annual periods beginning on or after July 1, 2008. Earlier application is permitted. The Company does not have any customer loyalty programs, therefore this interpretation has no impact on the financial statements of the Company as of December 31, 2008.

-IAS 1 Revised Presentation of Financial Statements: The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company is evaluating the effect of the Interpretation.

-IFRS 8 "Operating Segments": IFRS 8 requires disclosure of information about the Company's operating segments. The standard is effective from January 1, 2009. This new standard is not expected to have any impact on the Company's financial statements.

-IAS 23 "Amendment Borrowing Costs": This amendment requires borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset to be capitalized as part of the cost of that asset, therefore removes the alternative of reflecting such costs as period expenses. The revised standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after January 1, 2009. The Company will adopt this amendment in IAS 23 effective from January 1, 2009. This new interpretation is not expected to have any impact on the Company's financial statements.

-IFRS 2 "Share-based Payment": This amendment to IFRS 2 was issued in January 2008 and becomes effective for annual periods beginning on or after January 1, 2009. The amendment clarifies the definition of a vesting condition and prescribes the treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. This new interpretation is not expected to have any impact on the Company's financial statements.

-IAS 32 "Financial Instruments": These amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for annual periods beginning on or after January 1, 2009. The amendments allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified features. This new interpretation is not expected to have any impact on the Company's financial statements.

-IFRIC 15-Agreements for the Construction of Real Estate, addresses the divergence in construction of real estate accounting treatment and clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. This interpretation was issued on July 3, 2008 and is effective for annual periods beginning on or after January 1, 2009 and must be applied retrospectively. This new interpretation will not have any impact on the Company's financial statements.

-IFRIC 16-Hedges of a Net Investment in a Foreign Operation, provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment; where within the group the hedging instrument(s) can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. This interpretation was issued on July 3, 2008 and is effective for annual periods beginning on or after January 1, 2009 and must be applied retrospectively. This new interpretation is not expected to have any impact on the Company's financial statements.

-IFRS 3, "Business Combinations" (Revised) and IAS 27, "Consolidated and Separate Financial Statements" (Amended), effective for annual periods beginning on or after 1 July 2009. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) must be applied prospectively and will affect future acquisitions and transactions with minority interests.

-Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: The amendments to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognized in the income statement in the separate financial statement. Both revisions will be effective for financial years beginning on or after January 1, 2009. The revision to IAS 27 will have to be applied prospectively. The new requirements will not have any effect on the Company's financial statements.

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-IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items": These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after July 1, 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as it has not entered into any such hedges.

-IFRIC 17 "Distributions of Non-cash Assets to Owners": The Interpretation applies to all non-reciprocal distributions of non-cash assets, including those giving the shareholders a choice of receiving non-cash assets or cash. This interpretation is to be applied prospectively and is applicable for annual periods beginning on or after July 1, 2009. The Company is evaluating the effect of the Interpretation.

-IFRIC 18 "Transfer of Assets from Customers": The Interpretation specifies how the assets such as property, plant and equipment or cash for the construction or acquisition of such items received from the customers should be accounted for. This interpretation is to be applied prospectively to transfers of assets from customers received in periods beginning on or after July 1, 2009. The Company is evaluating the effect of the Interpretation.

Improvements to IFRSs: The Company has not yet adopted the following amendments and anticipates that these changes will have no material effect on the financial statements.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", when a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under IFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.

IFRS 7 Financial Instruments: Disclosures:

Removal of the reference to 'total interest income' as a component of finance costs.

IAS 8 Accounting Policies, Change in Accounting Estimates and Errors:

Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

IAS 10 Events after the Reporting Period:

Clarification that dividends declared after the end of the reporting period are not obligations.

IAS 16 Property, Plant and Equipment:

Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

IAS 18 Revenue:

Replacement of the term 'direct costs' with 'transaction costs' as defined in IAS 39.

IAS 19 Employee Benefits:

Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment. Deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance:

Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.

IAS 27 Consolidated and Separate Financial Statements:

When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

IAS 29 Financial Reporting in Hyperinflationary Economies:

Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.

IAS 34 Interim Financial Reporting:

Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

IAS 39 Financial Instruments: Recognition and Measurement:

Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.

IAS 40 Investment Property:

Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.

IAS 41 Agriculture:

Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced of the term 'point-of-sale costs' with 'costs to sell'.

IAS 1 Presentation of Financial Statements:

Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.

IAS 16 Property, Plant and Equipment:

Replace the term "net selling price" with "fair value less costs to sell".

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IAS 23 Borrowing Costs:

The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

IAS 28 Investment in Associates:

If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

IAS 31 Interest in Joint ventures:

If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

IAS 36 Impairment of Assets:

When discounted cash flows are used to estimate 'fair value less cost to sell', additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

IAS 38 Intangible Assets:

Expenditure on advertising and promotional activities is recognised as an expense when the Company either has the right to access the goods or has received the service.

2.3 Critical accounting estimates and judgments

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

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are mainly related with the 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

The functional and presentation currency of the Company is Turkish Lira (TL). Effective from January 1, 2005 concurrent with the removal of six zero digits, the new currency unit of Turkey was introduced as New Turkish Lira (YTL). The Government resolved to remove the "New" phrase in the local currency unit effective from January 1, 2009. Accordingly the Company's functional and presentation currency as of December 31, 2008 is TL and comparative figures for the prior year(s) have also been presented in TL, using the conversion rate of YTL 1= TL 1.

Until December 31, 2005, the financial statements were restated for the changes in the general purchasing power of TL 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, 2008 and December 31, 2007 are derived by indexing the additions occurred until December 31, 2005 to December 31, 2005 and carrying the additions after this date with their nominal amounts.

2.5 Summary of significant accounting policies

Financial instruments

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

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

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

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

Cash and cash equivalents

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

Trade receivables

Trade receivables, which generally have an average of 9 day term (December 31, 2007 – 10 days) are carried at amortized cost less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Inventories

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

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

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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 statement of income. On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings.

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

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

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

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

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

Intangible assets

Intangible assets which mainly comprise software rights are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight line basis over the best estimate of their useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of income 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 52 day term (December 31, 2007 – 51 day) are carried at amortized cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Bank borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowing costs

Borrowing costs are expensed as incurred.

Fair value estimations for financial instruments

The fair values of certain financial assets carried at cost, including cash and cash equivalents plus the respective accrued profit share are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

The carrying value of the trade receivables less provision for impairment of trade receivables is estimated to be the fair value due to their short-term nature.

The carrying value of trade payables and bank borrowings approximate to their fair values due to their short-term nature. Those denominated in foreign currencies are translated at period-end exchange rates.

Estimates and judgments 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.

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Derecognition of financial assets and liabilities

Financial assets

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

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

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

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

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.

Classification of financial assets and liabilities

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 recognized on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. The Company's financial assets are comprised of loans and receivables.

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.

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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

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.

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.

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

Foreign currency transactions

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

Foreign currency conversion rates used by the Company as of December 31, 2008 and 2007 are as follows:

Dates	USD/TL (full)	EUR/TL (full)
December 31, 2008	1.5123	2.1408
December 31, 2007	1.1647	1.7102

Earnings per share

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

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

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.

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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.

Operating leases

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

Related parties

Parties are considered related to the 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;

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

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

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ
Notes to financial statements for the year ended December 31, 2008
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Employee benefit liability

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 13, the employee benefit liability 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, as long as the cumulative unrecognized portion exceed 10% of the present value of the defined benefit obligation, are recognized in the statement of income over the average remaining working lives of employees. Actuarial gains and losses are determined in accordance with the valuation made by qualified actuaries. 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.

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.

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

3. Cash and cash equivalents

	December 31, 2008	December 31, 2007
Cash on hand	23,907	21,455
Cash at banks (demand deposits)	24,477	37,694
Cash at banks (time deposits) (*)	-	19,470
Cash in transit	8,063	4,420
	56,447	83,039

(*) As of December 31, 2008 the Company does not have any time deposits in banks (December 31, 2007 – is 13.4% for TL and 4.4% for foreign currency per annum, maturity of these time deposits was 30 days).

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

4. Trade receivables

	December 31, 2008	December 31, 2007
Credit card receivables	113,444	96,032
Trade receivables	1,308	2,020
Other receivables	148	134
Provision for doubtful receivables	(590)	(524)
	114,310	97,662

As of December 31, 2008, the average term of trade receivables is 9 days (December 31, 2007-10 days).

As of December 31, 2008 and December 31, 2007, the Company does not have any overdue receivables except for the receivables which provision is already provided.

As of December 31, 2008 and December 31, 2007 TL 14,149 and TL 11,133 of credit card receivables are arising from the collections through POS machines and held by Albaraka Türk Katılım Bankası A.Ş.

5. Inventories

	December 31, 2008	December 31, 2007
Trade goods	229,342	166,066
Other stocks	1,516	1,287
Advances given	15,145	17,105
	246,003	184,458

As of December 31, 2008, provision to reflect the inventories at their net realizable values and for the slow moving trade goods amounted to TL 2,580 (December 31, 2007 – TL 1,862) and recorded in cost of sales.

6. Prepayments and other current/noncurrent assets

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

	December 31, 2008	December 31, 2007
Prepaid expenses	6,184	4,703
Other	118	225
	6,302	4,928

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ

Notes to financial statements for the year ended December 31, 2008

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

b) The Company has established a new Company named Bim Stores SARL as of May 19, 2008 with 100% ownership in Morocco. Since this Company has not started its operations yet and is not material it is not consolidated and reflected as TL 4,795 in other non current assets account.

7. Property and equipment

The movements of property and equipment and the related accumulated depreciation for the years ended December 31, 2008 and December 31, 2007 are as follows:

	December 31, 2007	Additions	Disposals	Transfers	December 31, 2008
Cost or revalued amount					
Land	40,257	3,879	-	-	44,136
Land improvements	411	743	-	-	1,154
Building	42,614	26,080	-	36,036	104,730
Machinery and equipment	153,543	50,482	(1,437)	-	202,588
Vehicles	31,914	13,329	(2,659)	-	42,584
Furniture and fixtures	68,540	18,962	(197)	31	87,336
Leasehold improvements	90,965	48,301	(2,386)	-	136,880
Construction in progress	2,312	11,414	-	(13,515)	211
Advances given	8,490	16,533	-	(22,552)	2,471
	439,046	189,723	(6,679)	-	622,090
Accumulated depreciation					
Land improvements	226	101	-	-	327
Building	1,228	2,626	-	-	3,854
Machinery and equipment	83,644	13,487	(747)	-	96,384
Vehicles	11,849	7,291	(1,722)	-	17,418
Furniture and fixtures	45,468	9,376	(137)	-	54,707
Leasehold improvements	31,923	10,404	(898)	-	41,429
	174,338	43,285	(3,504)		214,119
Net book value	264,708				407,971

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ

Notes to financial statements for the year ended December 31, 2008

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

	December 31, 2006	Additions	Disposals	Transfers	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

The land and buildings were revalued and reflected to financial statements with market value. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the equity. The revaluation surplus is not available for distribution to shareholders.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts of land and building that would have been included in the financial statements as of December 31, 2008 and December 31, 2007 respectively are as follows:

	Land and buildings	
	December 31, 2008	December 31, 2007
Cost	139,291	72,235
Accumulated depreciation	(7,153)	(3,467)
Carrying amount	132,138	68,768

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

	December 31, 2008	December 31, 2007
Furniture and fixtures	35,755	27,560
Machinery and equipment	50,513	42,528
Leasehold improvements	12,351	10,633
Vehicles	1,592	825
Land improvements	176	176
	100,387	81,722

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ

Notes to financial statements for the year ended December 31, 2008

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

8. Intangible assets

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

	December 31, 2007	Additions	Disposals	December 31. 2008
Cost				
Software licenses	6,107	1,469	(2)	7,574
Other intangibles	344	-	-	344
	6,451	1,469	(2)	7,918
Accumulated amortization				
Software licenses	(4,118)	(722)	-	(4,840)
Other intangibles	(337)	-	-	(337)
	(4,455)	(722)	-	(5,177)
Net book value	1,996			2,741

	December 31, 2006	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

The estimated useful lives of intangible assets are 5 years.

9. Short-term borrowings

As of December 31, 2008, the Company has TL 21,778 loan obtained from one of its related parties, namely Albaraka Türk Katılım Bankası A.Ş. (December 31, 2007-None).

			December 31, 2008
Currency	Amount	Profit share (%)	Maturity
TL	14,271	22,8%	January 29,2009
TL	7,507	26,4%	February 2, 2009
	21,778		

As of December 31, 2008, the Company does not have long-term loans (December 31, 2007-None).

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

10. Trade payables

a) Trade payables

	December 31, 2008	December 31, 2007
Trade payables	509,445	388,920
	509,445	388,920

As of December 31, 2008, the Company has letters of guarantee amounting to TL 21,798 (December 31, 2007-TL 12,851) and mortgages amounting to TL 15,857 (December 31, 2007-TL 16,635) received from its supplier firms.

b) Related party balances

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

	December 31, 2008	December 31, 2007
Ak Gıda A.Ş. (Ak Gıda) (1)	43,439	33,351
Teközel Gıda Tem.Sağ.Mar.Ltd. Şti (Teközel) (1)	18,206	12,790
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) (1)	15,263	-
Marsan Gıda San. ve Tic. A.Ş. (Marsan) (1) (3) (*)	1,837	-
Ekstrem Medya Hizmetleri ve Ticaret A.Ş.(Ekstrem) (1)	62	-
Seher Gıda Paz. San. ve Tic. A.Ş. (Seher) (1)	30	40
Bahariye Tekstil San. Tic. A.Ş.(1)	4	-
Nimet Gıda Sanayi ve Ticaret A.Ş. (Nimet) (2)	-	12,025
Ahsen Plastik Sanayi ve Ticaret A.Ş. (Ahsen) (2)	-	4,305
Taptaze Gıda San. ve Tic. A.Ş. (Taptaze) (2)	-	3,687
Plas Plastik ve Ambalaj Sanayi ve Ticaret Ltd. Şti. (Plas Plastik) (2)	-	1,513
Pak Kağıtçılık San. ve Tic. A.Ş. (Pak Kağıtçılık) (2)	-	1,251
ZTH Zincir Mağazalar Tedarik Hizmetleri (ZTH) (2)	-	1,144
ETM Ev Tüketim Malları Sanayi ve Ticaret A.Ş. (ETM) (2)	-	1,140
Noble Pazarlama Satış ve Dağıtım A.Ş. (Noble) (2)	-	756
ELK Elektrik ve Elektronik Ev Aletleri (ELK) (2)	-	329
Nice İç ve Dış Tic. Ltd. Şti. (2)	-	3
	78,841	72,334

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

(*) The name of the Gıdasa Sabancı Gıda San. ve Tic. A.Ş. has changed as Marsan Gıda San. ve Tic. A.Ş.

(1) Companies owned by shareholders of the Company
(2) The companies owned by the Board of Director member, Mehmet Fatih Saraç is not disclosed as related parties since Mehmet Fatih Saraç has resigned from his duties on January 30, 2008.
(3) Disclosed as related party since the share of such company was owned by the shareholders of the Company as of December 31, 2008.

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c) Related party transactions

For the years ended December 31, 2008 and December 31, 2007, 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:

	January 1- December 31, 2008	January 1- December 31, 2007
Ak Gıda (1)	321,302	176,299
Başak (1)	90,511	-
Teközel (1)	79,896	22,399
Natura (1)	19,354	12,980
Marsan (1) (3)	14,144	-
Ekstrem (1)	1,681	-
Bahariye (1)	1,871	3,073
Seher (1)	155	87
Nimet (2)	-	64,475
Ahsen (2)	-	23,507
Pak Kağıtçılık (2)	-	19,924
Noble (2)	-	16,694
Taptaze (2)	-	14,070
Plas Plastik (2)	-	11,058
ZTH (3)	-	9,488
ELK (2)	-	5,489
ETM (2)	-	3,006
	528,914	382,549

(ii) Key management compensation

	December 31, 2008	December 31, 2007
Salaries and other current employment benefits	9,440	7,105
Termination benefits	108	81
	9,548	7,186

d) Financial liabilities to related party

As of December 31, 2008 the Company obtained short term loans from its related party, namely Albaraka Türk Katılım Bankası A.Ş., and the details of this loan is disclosed in Note 9.

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

11. Other payables and accrued liabilities

	December 31, 2008	December 31, 2007
Payroll withholdings, social security taxes and other taxes	12,423	9,255
VAT payable	3,531	2,875
Other (*)	5,652	14,057
	21,606	26,187

(*) Includes the notes payable amounting to (i) USD 134,400 (full USD) (TL 203) (December 31, 2007-USD 78,400 (full USD) (TL 91)) that was issued to acquire a land in Balıkesir.

12. 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, 2008 and December 31, 2007 is 20%. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

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.

15% (December 31, 2007-15%) withholding applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

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

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

	December 31, 2008	December 31, 2007
Corporate tax payable	27,589	26,936
Prepaid tax	(24,333)	(20,060)
Income tax payable	3,256	6,876

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ

Notes to financial statements for the year ended December 31, 2008

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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 years ended December 31, 2008 and 2007 is as follows:

	January 1- December 31, 2008	January 1- December 31, 2007
Net income before tax	142,632	135,080
Income tax at 20%	(28,526)	(27,016)
Effect of non tax deductible and tax exempt items, net	(548)	(249)
Provision for taxes	(29,074)	(27,265)
-current	(27,589)	(26,936)
-deferred	(1,485)	(329)

Deferred income tax

Deferred income taxes relate to the following:

	Balance sheet		Statement of income	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Deferred tax liability				
Restatement effect on non-monetary items	13,654	11,206	2,448	999
Deferred tax asset				
Reserve for long term defined employee benefit plan	(1,270)	(1,143)	(127)	(282)
Others	(1,929)	(1,093)	(836)	(388)
	10,455	8,970		
Deferred tax charge			1,485	329

Movement of net deferred tax liability is presented as follows:

	December 31, 2008	December 31, 2007
Balance at January 1	8,970	8,641
Deferred tax charge/(credit) recognized in statement of income	1,485	329
Balance at the end of period	10,455	8,970

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

13. 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 TL 2,173 and TL 2,030 at December 31, 2008 and December 31, 2007, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination. The cost of providing those benefits is accrued over the employees' service period. The Company accounts for the employee termination benefits in accordance with the provisions of IAS 19 including the application of actuarial methods and assumptions by professional actuaries. Actuarial gains and losses, as long as the cumulative unrecognized portion exceeds 10% of the present value of defined benefit obligation, are recognized in the statement of income over the average remaining working lives of employees. Actuarial gains and losses are determined in accordance with the valuation made by the qualified actuaries. Actuarial gains and losses are recognized over the average remaining working lives of the employees.

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

	December 31, 2008	December 31, 2007
Discount rate	12%	11%
Expected rate of salary/limit increases	5.4%	5%

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

	2008	2007
Current service cost	1,240	1,860
Financial expense of long-term defined employee benefit plan	504	454
Actuarial (gain) loss recognized in the year	(4)	79
Net benefit expense	1,740	2,393

	December 31, 2008	December 31, 2007
Defined benefit obligation	6,629	5,101
Unrecognized actuarial gains/(losses)	(280)	614
Benefit liability	6,349	5,715

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

	2008	2007
Defined benefit obligation at January 1	5,101	7,036
Financial expense of long-term defined employee benefit plan	504	454
Current service cost	1,240	1,860
Benefits paid	(1,106)	(985)
Actuarial(gain)/loss on obligation	890	(3,264)
Defined benefit obligation at the end of the year	6,629	5,101

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14. Share capital

Due to the decision taken in Extraordinary General Meeting held on June 23, 2008, the Company has increased its share capital to TL 75,900,000 totally from 2007 profit comprising 75,900,000 shares of TL 1 nominal value each. Each shareholder has voting rights equivalent to their number of shares.

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

	December 31, 2008		December 31, 2007	
	Historical amount	%	Historical amount	%
Mustafa Latif Topbaş	14,733	19.4	5,064	20.0
Abdulrahman A. El Khereiji	14,106	18.6	4,702	18.6
Ahmet Afif Topbaş	5,286	7.0	1,609	6.4
Zuhair Fayez	2,994	4.0	998	4.0
Firdevs Çizmeci	900	1.1	300	1.1
Ömer Hulusi Topbaş	90	0.1	30	0.1
Public	37,791	49.8	12,597	49.8
	75.900	100	25,300	100
Effect of restatement (Note 2)	8,421		8,421	
Total	84,321		33,721	

15. 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.

As of December 31, 2008, there are not any interest risks on liabilities of the Company since obligations under borrowings have fixed rates and short-term natured as disclosed in Note 9.

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

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

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Notes to financial statements for the year ended December 31, 2008

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

	On demand	Up to 1 month	1 to 3 months	3 to 12 months	1-5 years	Total
December 31, 2008						
Bank borrowings	-	14,262	7,516	-	-	21,778
Trade payables	51,056	263,569	122,109	-	-	436,734
Due to related parties	19,565	50,514	9,887	-	-	79,966
Other payables and accrued expenses	-	18,785	59	144	206	19,194
December 31, 2007						
Trade payables	48,528	215,001	57,607	-	-	321,136
Due to related parties	15,121	52,212	6,007	-	-	73,340
Other payables and accrued expenses	-	12,443	300	10,973	184	23,900

As of December 31, 2008 and December 31, 2007, the foreign currency position of the Company is summarized below:

	December 31, 2008			December 31, 2007		
	Currency	USD Amount	TL Equivalent	Currency	USD Amount	TL Equivalent
Foreign currency denominated assets	USD	90,422	137	USD	421,531	491
	EURO	12.367	26	EURO	1,638	3
Total			163			494
Foreign currency denominated liabilities	USD	270,760	409	USD	9,479,574	11,041
Total			409			11,041

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, 2008	USD	+10%	(27)	(10%)	27
	EUR	+10%	3	(10%)	(3)
	GBP	+10%	-	(10%)	-
December 31, 2007	USD	+5%	(527)	(5%)	527
	EUR	+5%	1	(5%)	1
	GBP	+5%	-	(5%)	-

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16. Cost of sales

Cost of sales for the years ending December 31, 2008 and 2007 is as follows:

	2008	2007
Beginning inventory	166,066	138,524
Purchases	3,609,058	2,480,919
Ending inventory	(229,342)	(166,066)
	3,545,782	2,453,377

17. Selling and marketing expenses

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

	2008	2007
Personnel expenses	196,513	139,049
Rental expenses	114,974	83,006
Depreciation and amortisation expenses	39,606	29,300
Water, electricity and communication expenses	35,772	21,767
Packaging expenses	22,105	18,434
Trucks fuel expense	17,633	11,473
Advertising expenses	14,493	11,274
Maintenance and repair expenses	14,495	10,192
Provision for employee termination benefit	1,016	1,584
Other	19,779	15,181
	476,386	341,260

18. General and administrative expenses

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

	2008	2007
Personnel expenses	44,844	32,734
Depreciation and amortisation expenses	4,401	3,996
Money collection expenses	3,415	2,758
Legal and consultancy expenses	1,908	2,582
Motor vehicle expenses	3,815	1,473
Water, electricity and communication expenses	1,365	995
Office supplies expenses	582	355
Provision for employee termination benefits	220	370
Other	14,458	11,125
	75,008	56,388

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

19. Personnel and depreciation/amortization expenses

(a) Personnel expenses

	2008	2007
Staff costs		
Wages and salaries	203,422	144,811
Provision for employee termination benefits	1,236	1,939
Cost of defined contribution plan (employer's share of social security premiums)	37,935	26,972
	242,593	173,722

(b) Depreciation and amortization expenses

	2008	2007
Selling and marketing expenses	39,606	29,300
General and administrative expenses	4,401	3,996
	44,007	33,296

20. Financial income and expense

Financial income/(expense) for the years ended December 31, 2008 and 2007 can be summarized as follows:

	2008	2007
Financial income		
Foreign exchange gains	1,933	4,390
Income from deposits	441	393
	2,374	4,783
Financial expense		
Financial expense of long-term defined employee benefit plan	(504)	(454)
Bank financial expense	(4,211)	-
Foreign exchange losses	(4,163)	(333)
Other financial expense	(50)	(237)
	(8,928)	(1,024)
Financial income, net	(6,554)	3,759

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21. Other income/(expense), net

a) Other income

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

	2008	2007
Gain on sale of scrap materials	4,596	4,327
Other	3,771	2,563
Other income	8,367	6,890

b) Other expense

	2008	2007
Loss on sale of property and equipment and intangibles	(1,881)	(1,018)
Litigation and other provision expense	(1,498)	(1,399)
Other	(1,038)	(511)
Other expense	(4,417)	(2,928)

22. 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. The basic EPS for the period ended December 31, 2008 and 2007 are 1.496 (full TL) and 1.420 (full TL), respectively. There are no dilutive instruments outstanding hence fully diluted earnings per share are the same.

	December 31, 2008	December 31, 2007
Beginning number of shares	25,300,000	25,300,000
Number of issued shares	50,600,000	-
Ending number of shares	75,900.000	25,300,000

23. 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.

The Company is subject to dividend requirements of the Turkish Capital Market Board.

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.

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

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

	December 31, 2008	December 31, 2007
Extraordinary reserves	8,576	6,588
Legal reserves	19,469	14,788
Net profit for the year	109,911	105,341

24. Contingencies and commitments

(i) As of December 31, 2008 and December 31, 2007, the total amount of outstanding lawsuits filed against the Company is TL 2,618 and TL 1,274 in historical terms, respectively, which is recorded as provision and presented in other payables and accrued liabilities.

(ii) Letters of guarantee obtained from banks and given to various institutions amounted to TL 2,280 at December 31, 2008 and TL 10,839 at December 31, 2007.

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

	TL
Not later than one year	16
Later than one year and not later than five years	188
Later than five years	33

(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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