2011

BİM
TOPTAN FİYATINA PERAKENDE SATIŞ

ANNUAL REPORT

CONTENTS

ABOUT BİM

BİM takes justified pride of being the first representative of the hard-discount model in Turkey as well as its commitment to offer high quality products to its customers at the best possible prices, without compromising its quality service policy, since its inception.

Adherence to the organic growth model is one of the key elements to BİM's success. Thus, the Company has chosen to establish new stores instead of acquisitions. Owing to this strategy, BİM succeeded to develop its corporate culture and to create high levels of staff loyalty.

In 2011, BİM continued its leadership for the second consecutive year, in terms of the number of stores and sales volume. Maintaining a sustainable growth, BİM continues its journey of success with a total of 3,289 stores across Turkey, after its inception in 1995 with 21 stores. In 2011, BİM maintained its position as the most extensive retail company by opening three new regional offices and 338 new stores. This successful performance manifested itself as a 25% increase in sales. As a result of implementation of the right business model and efficient performance, BİM achieved a 22% increase in profitability, and 2011 has been denominated as the year of growth. Increases in store performance triggered the growth.

Besides its operations in Turkey, in 2011 BİM opened 32 stores in Morocco, increasing total number of stores to 76 and carried on its operations at full speed. Aiming to become a global company, BİM continues its efforts to invest in new markets. In this context, depending on the decision taking on March 2012, the Company has planned to enter into the retail market of Egypt.

Backed with its high performance and by steadily improving its services as part of its responsibility of its leadership in food retail sector, between 2006-2011 BİM achieved a 30% compound annual growth rate (CAGR) which is well above both Turkey's GNP and the retail sector's overall growth rate. Company's market value reflected this success with an almost twelve-fold increase realised in 6.5 years as from the date BİM went public.

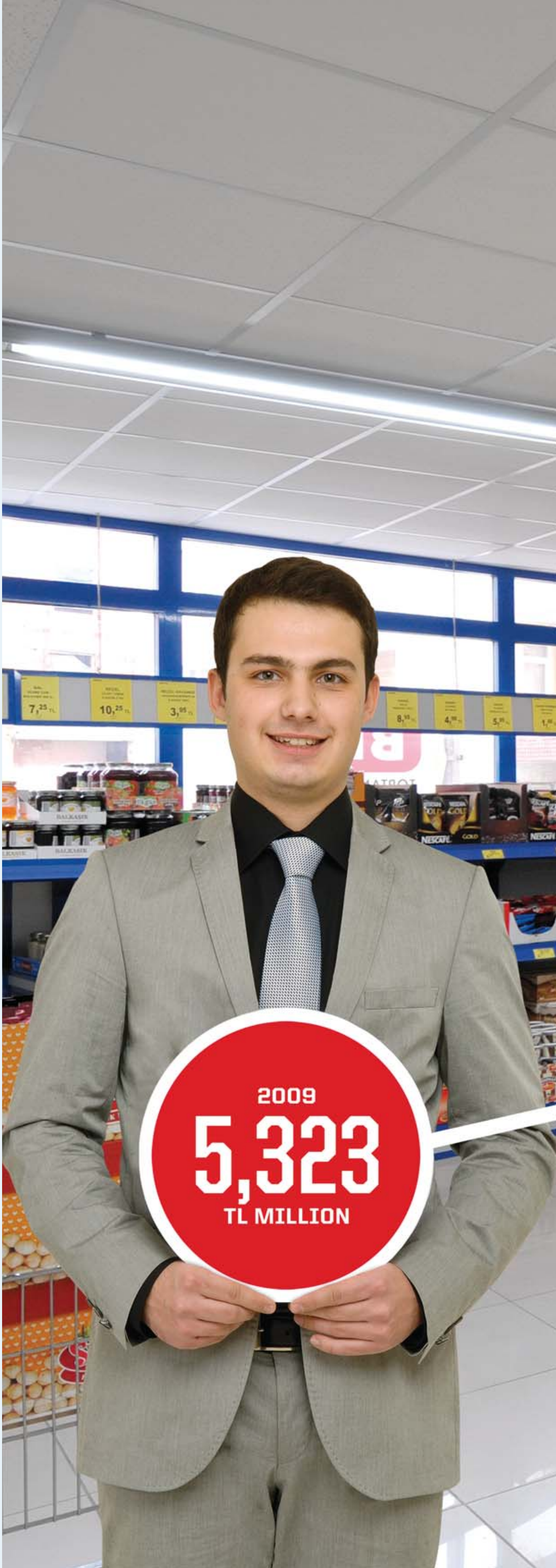
BİM ranked 194th among the largest 250 retail companies of the world, according to the "Global Powers of Retailing 2012" report prepared by Deloitte Touche. Moreover, it ranked seventh among the fastest growing retail companies between the years 2005-2010.

All members of the BİM family made great contributions to the Company's success. Considering customer satisfaction as its top priority with its employees, suppliers and shareholders, the BİM family intends to maintain its story of success in the period ahead.

We increased our net sales volume

25%

Having increased its sales volume by 93% in last three years, BİM's successfully implemented business model plays an essential role in achieving sustainable growth. As the leading company in the organised retail sector in terms of sales volume, BİM made history in 2011 by achieving a 25% increase in sales.




2011
8,189
TL MILLION
2010
6,574
TL MILLION

We expanded our network

11%

In 2011, BİM continued its leadership for the second consecutive year, in terms of the number of stores and sales volume. Maintaining a sustainable growth, BİM continues its journey of success with a total of 3,289 stores across Turkey, after its inception in 1995 with 21 stores.


2011
3,289
STORES
2010
2,951
STORES
Çamaşır Yumuşatıcı
Çamaşır Yumuşatıcı

We increased our net profit

22%

BİM's choice of an appropriate business model and its successful operations manifest themselves in the profitability of the Company. The most remarkable driving factor for the 22% increase in BİM's net profit achieved in 2011, has been the Company's focus on sound growth as well as efficiency.

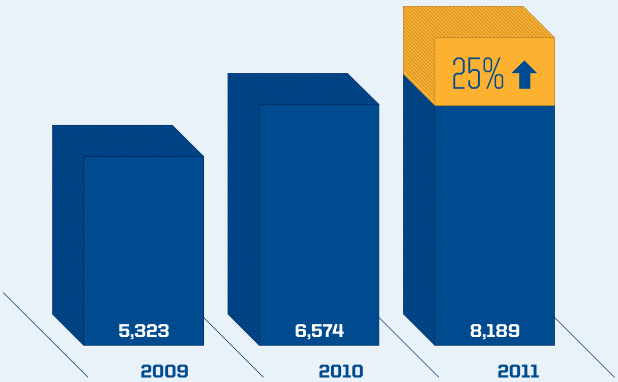
2011
298.9
TL MILLION
2010
245.6
TL MILLION
BIM

MAIN HIGHLIGHTS

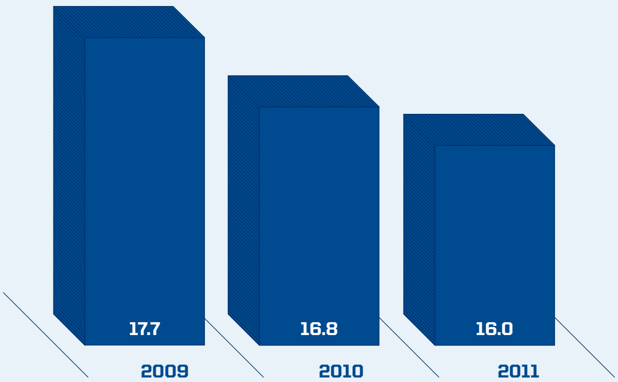
BİM's 30% compound annual growth rate (CAGR) for the period 2006-2011 is well above the retail sector's growth rate.

CONSOLIDATED FINANCIAL HIGHLIGHTS

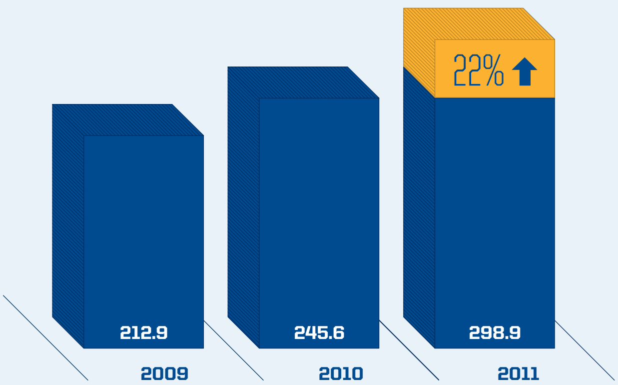
Net Sales (TL million)



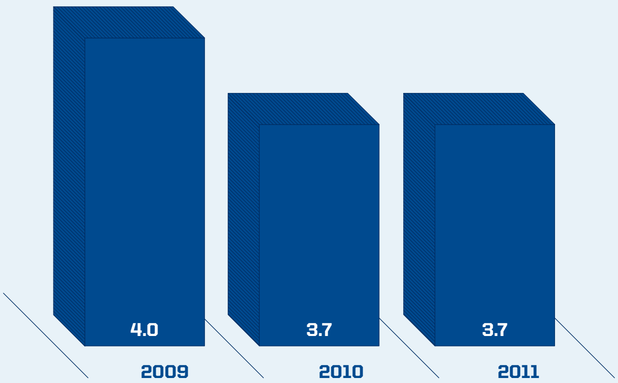
Gross Profit Margin (%)



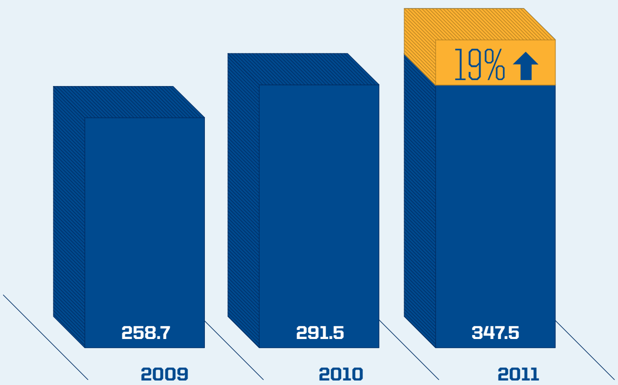
Net Profit (TL million)



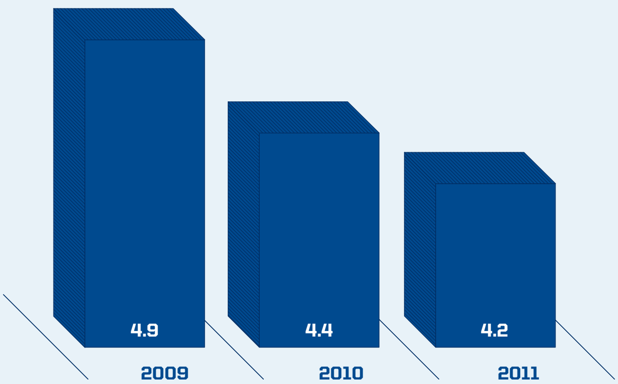
Net Profit Margin (%)



EBIT (TL million)



EBIT Margin (%)



Financial reports are prepared pursuant to the CMB's Communiqué Series: XI No: 29 and in accordance with IAS/IFRS. The Company's subsidiary in Morocco has been consolidated with full consolidation method and it is reflected in its financial statements.

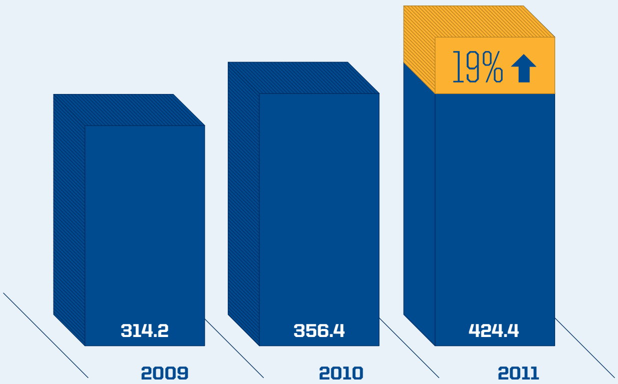
Number of stores is as of year's end.

Operational results include operations in Turkey only. The subsidiary in Morocco had 76 stores (2010: 44 stores) and 452 employees (2010: 292 employees) as of the end of 2011.

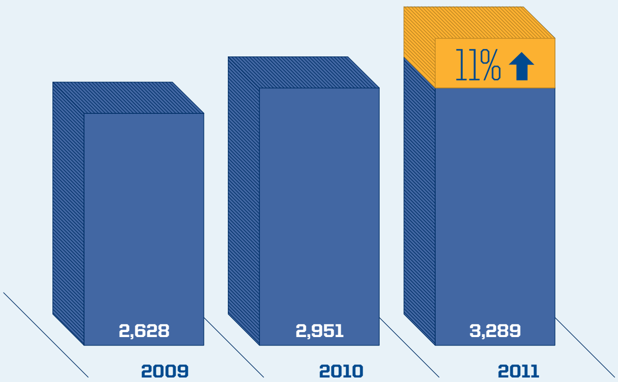
In accordance with its targets, BİM's Earnings before Interest, Taxes, Depreciation and Amortisation increased by 19% and EBITDA/turnover ratio of 5.2% has realised within the targeted interval. All operational and financial highlights are consistent with the targets announced at the beginning of the year.

OPERATIONAL HIGHLIGHTS

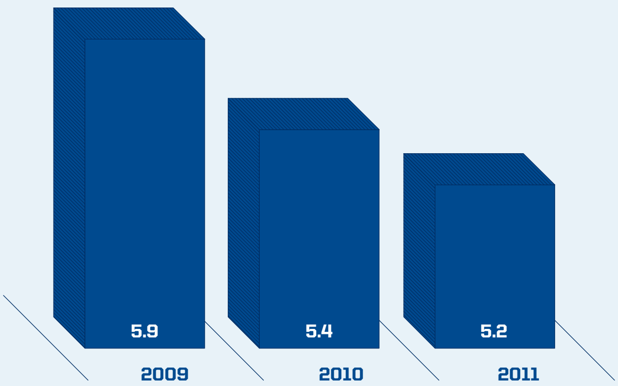
EBITDA (TL million)



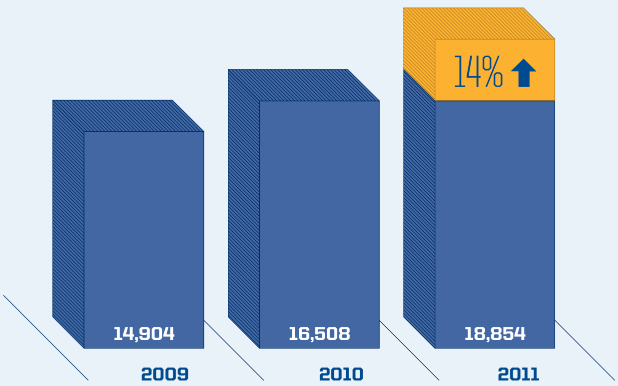
Number of Stores



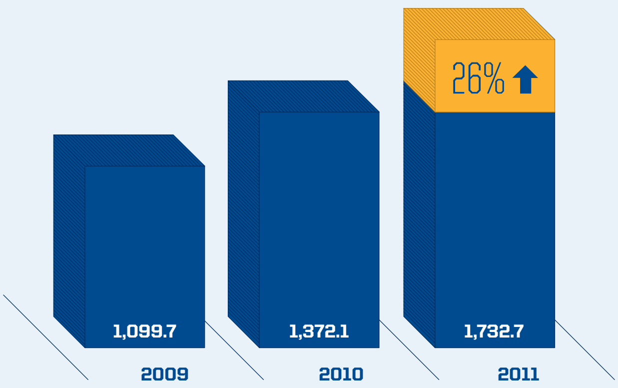
EBITDA Margin (%)



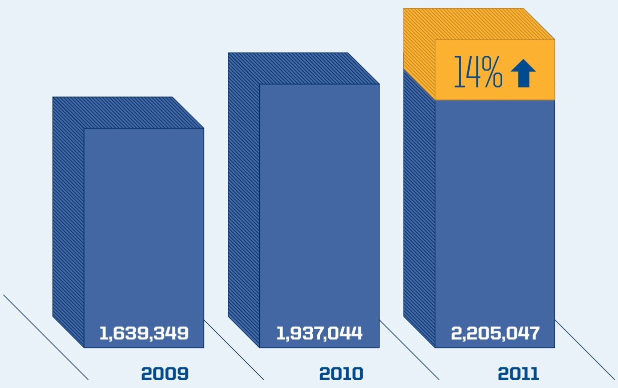
Number of Employees at Year-end



Total Assets (TL million)



Average Number of Daily Customers



CORPORATE PROFILE

An increase in the number of BİM stores of 11% together with a 14% rise in sales performance has yielded a 25% growth in total sales.

BİM (Birleşik Mağazalar A.Ş.) adopts as a principle the supply of the highest quality basic foodstuff to consumers, at the best possible prices. BİM began its operations in 1995 with 21 stores and in line with this principle, became the first company that implemented the hard-discount concept for the first time in Turkey. BİM's product portfolio comprises around 600 products.

Successes in 2011 include an increase in sales volume of 25% and the opening of three new regional offices as well as 338 new stores in terms with its policy on the consistent increase of the number of stores and their turnover. With a total of 3,289 stores in 33 different regions as of end 2011, BİM is one of the fastest growing companies in the retail sector. Furthermore, the Company maintains its position as the most extensive retail company with stores in 78 cities out of 81 in Turkey. The 11% increase in number of stores, as well as the 14% rise in sales performance of the existing stores is reflected in total sales as a 25% increase. In 2011, the Company's net profit was boosted by 22% by these positive developments.

Having introduced the concept of private label brands in Turkey, BİM is the market leader for most of the high quality private label products on offer. The emphasis on quality is demonstrated in the increase in sales of private label product share to 64% in 2011, from 46% in 2005 when the Company went public.

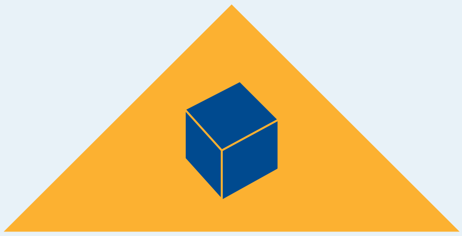
BİM intends to increase the number of regional offices to 38 in 2012 by opening offices in Van, Mersin, Antalya, Aksaray and Istanbul and endeavours to continue to open new stores. The aim of the Company for 2012 is to attain a 12% increase in the number of stores by opening more than 400 new stores in order to attain a total of 3.700 stores.

Continuing its operations through its trust-based relationships with all its stakeholders, particularly with its suppliers, and employees devoted to provide high quality service, BİM aims to maintain its stable growth also in 2012 by opening new stores. The Company intends to guide its development through cost-effective management without compromising its concept of quality and keeping customer satisfaction as a high priority.

SERVICE PHILOSOPHY

BİM adopts as a principle to provide basic foodstuffs to its customers at the best possible price and top quality.

BİM believes that serving the interests of its customers is more important than achieving high profit in the short term.

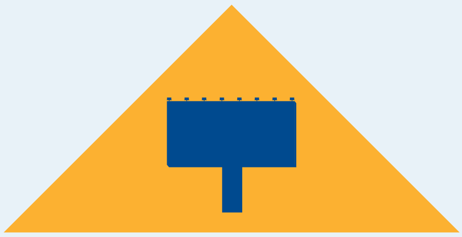


BİM displays products in their original cardboard boxes to avoid unnecessary store expenses.

BİM offers top quality products at the best possible prices.

BİM leases stores at optimum rates in locations best suited for customer convenience.

BİM has a no-questions-asked return policy.



BİM avoids excessive advertising that could affect the price of products.

BİM offers high-quality products specially manufactured for customers.

BİM stores are decorated as plainly as possible.

BİM customers pay for the product itself, not the packaging or the brand.

BİM employs a sufficient number of personnel to provide uninterrupted service.

MILESTONES

Leaving behind the year 2011 to be remembered as a year of great success, the BİM family will continue its successful operations in the future years.

1995

21

BİM commences its operations with 21 stores.

1997

100

Dost Süt, the first private label product in Turkey, is released. BİM opens its 100th store.

2001

87

BİM opens 87 new stores despite economic crisis.

2002

PAYMENT BY CREDIT CARD IS ACCEPTED.

2003

TL 1 BILLION

Net sales surpasses TL 1 billion.

2004

1,000

The 1,000th store is opened.

2005

44.12%

44.12% of BIM shares are offered to the public.

2008

2,285

Opening 551 new stores, BİM increases the number of stores to 2,285 and achieves a 42% increase in turnover.

2009

FIRST OVERSEAS OPERATION BEGINS WITH STORES OPENED IN MOROCCO.

2010

LEADER IN ITS SECTOR

BİM becomes leader in its sector with a turnover of TL 6,574 million.

2011

TL 8 BILLION

With a turnover exceeding TL 8 billion, BİM reinforces its leading position in Turkish food retail sector.

INVESTOR RELATIONS

BİM is one of rare companies that achieves strong growth and can distribute high dividends to its investors.

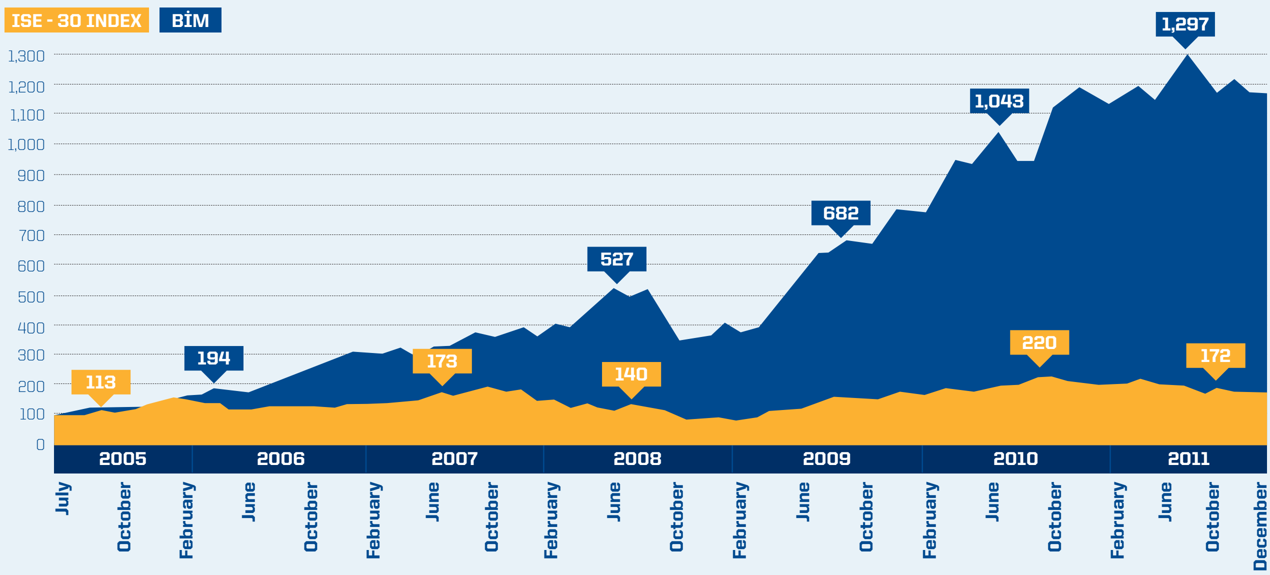
As from its initial public offering in July 2005, BİM has unfailingly provided added value to its investors. Since July 2005, the Company's share price gained value by 1,100% reflecting a performance well-above ISE 30 index yields. Furthermore, BİM continued to distribute high dividends to investors despite high levels of investments.

The Company has provided value gain of 1,100% to its investors in the last six and a half years, and this figure has reached 63% on ISE 30 index, where BİM is listed, and thus the Company's share price increased by almost twelve-fold as from the date it went public.

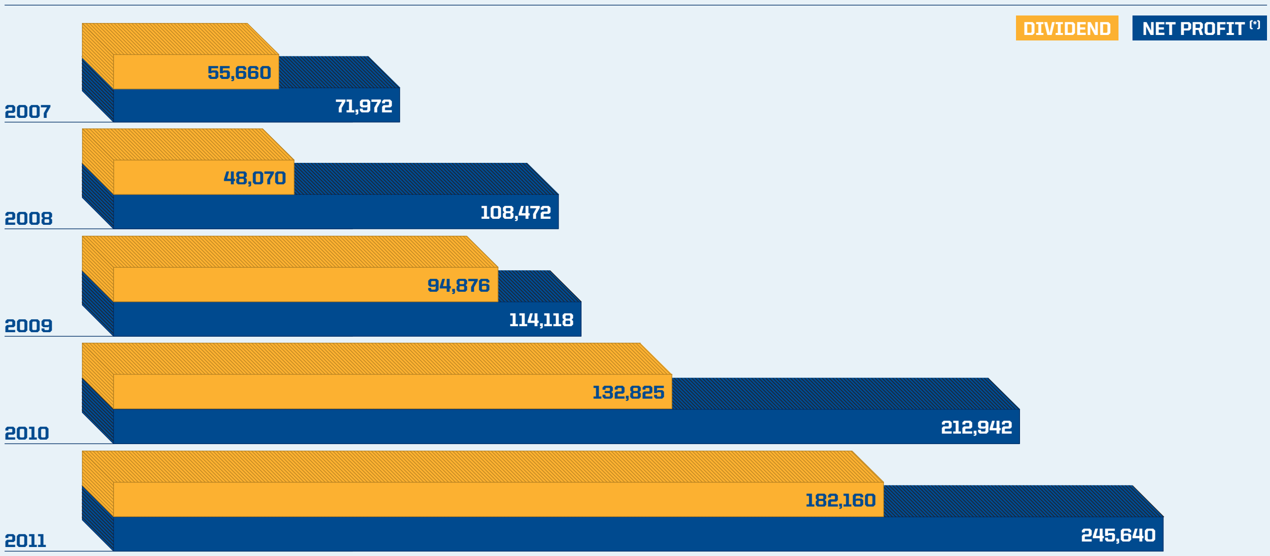
In 2005, the Company set up the Investor Relations Unit under the Chief Financial Officer. The Unit carries on its operations acting in accordance with the legislation of the Capital Market Board with the aim to provide accurate and full information to its investors. In 2011, the Unit announced totally 9 material event disclosures and provided information to investors and stakeholders by organising five investor conferences and approximately 150 meetings.

BİM is one of the rare companies that achieves strong growth and still can distribute high dividends to its investors. The Company distributed TL 182.2 million from among the profit of 2010 as dividends in cash in 2011.

BİM Share Price Performance - ISE 30 Index Comparison



Dividend (Thousand TL)



(*) Shows the profit of the previous year which is the basis of the dividend.

BOARD OF DIRECTORS' REPORT

Aiming to maintain its strong performance in 2012 as well, BİM will continue to contribute to the national economy and create employment.

The expansion of the debt crisis in 2011 throughout Europe, covering particularly large scale economies such as Italy and Spain, resulted in fluctuations in the global economy. The failure of implementing an effective solution to overcome the crisis has lead to continuation of uncertainties. Despite these adverse circumstances, Turkey has achieved 8.5% growth in 2011.

In last year, BİM continued its strong growth performance and by opening 338 new stores, increased the number of its stores to 3,289 from 2,951 in 2010. The number of regional offices increased as well and reached 33 upon opening three new regional offices in the same year. The Company aims to increase this figure to 38 in 2012 by opening regional offices in Van, Mersin, Antalya, Aksaray and Istanbul. BİM plans to continue growth in number of stores as well and to this end intends to achieve around 12% by opening more than 400 stores.

With its structural growth policy, BİM has continued its development since its inception and has provided added value to its investors uninterruptedly since July 2005, the date when it went public. Meanwhile, the Company's share price gained value by 1,100% reflecting a performance well-above ISE 30 index yield. Besides, BİM continued to distribute high dividends to investors despite the high levels of investments made.

During 2006-2011 BİM achieved a 30% compound annual growth rate (CAGR) which is well above both Turkey's GNP and the retail sector's overall growth rate. This figure is evidence that BİM continues to maintain steady and high growth.

In 2011, BİM invested a total of TL 183 million both in Turkey and Morocco and plans to continue its investments in 2012 to reach a level of TL 300 million on consolidated basis. BİM is one of rare companies that achieves strong growth and can distribute high dividends to its investors. In this respect, the Company distributed TL 182.2 million out of the 2010 profit as dividend in 2011.

BİM's operations in Morocco began in 2009 with the opening of its first store in Casablanca and continued its rapid growth in 2011. The total number of stores increased to 76 as of end 2011. The Company plans to open 50 new stores and to carry on its operations with 126 stores. In paralel to its ongoing country and market surveys for the new investment opportunities, on the basis of decision taken on March 2012, our Company initiated its studies for the store openings in Egypt by 2013.

Number of employees increased by around 14% and reached 18,854 at the end of 2011. The employment generated by BİM as the most extensive retail company in Turkey has, not only in one region, but has had a positive impact on the whole country. With new stores and regional offices to be opened in 2012, BİM will continue to contribute to the national economy.

The BİM family has adhered to organic growth since its foundation and the year 2011 was not an exception. BİM intends to maintain its strong performance in 2012.

For BİM, 2011 was the year of ongoing achievements and growth. Every member of BİM, the largest company in its sector, has contributed to its success. We strongly believe that the big BİM family, embracing its employees, suppliers and shareholders, will maintain its successful operations in 2012.

Sincerely,

The Board of Directors

MESSAGE FROM THE EXECUTIVE COMMITTEE

We have reinforced our leading position in the sector with three new regional offices and 338 new stores opened.

Dear Stakeholders,

After 2010 - remembered as the year of recovery - in the year 2011 global economy was affected by the high debt burden particularly of developed countries. Meanwhile, the Turkish economy maintained its growth momentum in spite of being exposed to the effects of external problems and risks to certain extent and recorded 8.5% growth in 2011. Constructive economic policies as well as fiscal stability and discipline were the main factors providing the maintenance of economic potential.

While the national economy exhibited strong growth potential, the still-developing retail sector continued its growth in 2011, when the uncertainties in global economy were prevailing. The business volume of national retail sector is still far-off from saturation level. The share of organised food retail sector among total food retailing is below 50% and the traditional retail sector has the remaining share. The growth of the hard discount concept, pioneered by BİM, has surpassed that of the market in last six years and increased its share within the total.

Continuing the steadily increasing momentum ever since its foundation, BİM ended 2011 as a year of growth. By opening three new regional offices and 338 new stores, the Company reinforced its position as the most extensive retail company and offers service to its customer with a total of 3.289 stores in 78 cities across Turkey, as of end 2011. The growth has been sustained by the opening of new stores as well as increase in performances of stores and the positive effect of these two factors manifested itself in an increase of 25% in total sales. The increase in sales, positively affected the profitability with a rise of 22%.

Increasing its market share every passing year, BİM has attained a growth rate well above that of the sector averages, ever since its inception. In 2011, the Company continued its leadership for the second consecutive year in terms of both number of stores and total sales. BİM's success in this regard has been proved, as it is ranked 32th among the highest tax-paying corporations according to 2010 data.

In Morocco, BİM has become the first retail company with a hard discount format, continuing its successful operations fully with its own capital, The number of stores in Morocco is 76 as of end 2011 and the Company plans to increase this figure to 126 in 2012. Within the context of its pursuit of expanding new country markets, the Company made a decision on March 2012 to establish stores in Egypt by 2013.

BİM has built on the advantage of being the pioneer of the hard discount market. A stable organisation together with plain and transparent business model have brought loyal customers who understands clearly that all discounts resulting from the business model are reflected in selling prices.

While exhibiting rapid development performance, BİM prefers to follow a structural growth model. The reason for this choice is to preserve the corporate culture embracing all the values that is the foundation of the BİM family.

Leaving behind a year to be remembered in our history due to the achievements have made, we are aware of the contribution of every member of the BİM family. Maintaining its presence across Turkey, our suppliers and all our stakeholders add to making the Company one of the most successful organisations in Turkey. We would like to thank them all for their share in our journey of success.

Sincerely,

Executive Committee

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

BOARD OF DIRECTORS

Mustafa Latif Topbaş

Mustafa Latif Topbaş was born in 1944 in Istanbul. Mr. Topbaş began his career in 1961 as a partner and executive at Bahariye Mensucat that is a family-run business in textile sector and in subsequent years, he served as founder and executive in various industrial and commercial companies. In 1994, he became a founding partner of BİM and was appointed as Vice Chairman of the Board. He has served as Chairman of the Board since 2006 and Chairman of the Executive Committee since January 2010.

Ekrem Pakdemirli

Ekrem Pakdemirli was born in 1939 in İzmir and graduated from Middle Eastern Technical University and completed His PhD at Imperial College, London. He was appointed Deputy Secretary in the State Planning Organisation and served as Undersecretary in the Treasury and Foreign Trade and as Minister in the Ministry of Transport, Ministry of Finance and then Deputy Prime Minister. Mr. Pakdemirli has served occasionally as Prime Minister. He served as an Executive Board member at Akbank and is currently serving as Vice President and Member of Executive Board at the Vestel Group. Mr. Pakdemirli has served on the Executive Board of BİM since June 2005 and has become Vice Chairman of the Board in April 2008.

Mahmut P. Merali

Mahmud P. Merali was born in 1952 in Mombasa, Kenya and completed his higher education in his country. He began his career in England as an audit expert and joined the largest audit company expert for publicly traded companies. In 1979, he became a member of the Institute of Taxation. Mr. Merali has over 40 years experience in auditing, accounting, taxation and particularly in international taxation. As holder of financial advisor certificate (ICAEW-UK, CPA-Kenya and ZICA-Zambia membership) Mr. Merali serves as a consultant to a multi-national company in Kenya, one of the largest investment companies in Dubai and one of the largest poultry producers in Saudi Arabia. Since January 2005, he has been a BİM Board member and has chaired the Audit Committee.

Jos Simons

Jos Simons was born in 1945 in Realte, the Netherlands and graduated from the Top Management Course at University of Nijenrode HDS. Having a proven track record of over thirty-five years in retail market, he served as General Manager for more than ten years in Aldi, Holland and then has managed his own consultancy firm for retail market. Mr. Simons was General Manager for five years at Vendex Food Group that was one of the largest retailers in the Netherlands at that time. As from 2011, he was Chief Operating Officer (COO) and as from January 2006 CEO at BİM. In April 2008, he was appointed as a member of Board. As of January 1, 2010, he ended his position as CEO and since then he continues to be Board member and consultant.

Ömer Hulusi Topbaş

Ömer Hulusi Topbaş was born in 1967 in Istanbul. He began his career as a sales executive at Bahariye Mensucat A.Ş. from 1985 to 1987. Employed at Naspak Ltd Company from 1997 to 2000, Mr. Topbaş served as Purchasing Manager in Seranit A.Ş. from 2000 to 2002. The same year he became General Manager at Bahariye Mensucat and since June 2005 he has served as a BİM Board member.

Yalçın Öner

Yalçın Öner was born in 1938 in Araç, in the province of Kastamonu. In 1959 he graduated from Faculty of Political Science and then became an Assistant Tax Inspector at the Ministry of Finance. He served as Tax Inspector between 1959 and 1970 and as Director of Loans at Devlet Yatırım Bankası between 1971 and 1978 and as the Assistant General Manager of Yatırım Finansman A.Ş. from 1978 to 2004. He got his Master's degree in the field of Public Policy at the University of Minnesota during 1969-1971. He retired from Al Baraka Türk Ö.F.K. after serving as founding General Manager and a Board member from 1985 until 1995. He continues to serve as a Board member of Al Baraka Türk Katılım Bankası and since April 2007 he has served as a BİM Board member.

Dr. Zeki Ziya Sözen

Born in 1956 in Harmancık, Zeki Ziya Sözen graduated with High Honours from the Middle Eastern Technical University, Department of Chemical Engineering and then completed his post graduate degree at the same Department. He earned his PhD degree from the University of Columbia, Department of Chemical Engineering, in Canada. Dr Sözen won top honours in the Chemical Engineering exams organised by TÜBİTAK in 1979 and 1980. He began his career as Research Manager in Nyköping Energiteknik AB, Sweden and then served as Vice President at Yaşar Holding A.Ş., Assistant General Manager at Pınar Süt Mamulleri San. A.Ş., General Manager at Mis Süt A.Ş. and General Manager at Ak Gıda A.Ş. Between 2003 and 2009, Dr. Sözen served as R&D and Business Development Group Director at Yıldız Holding A.Ş. Currently, he is the Director of Food, Frozen Products and Personal Care Group. In a special issue of Capital magazine dedicated to 80th year of the Turkish Republic, Dr. Sözen was chosen one of the most successful 35 executives in the history of Turkey. Since April 2006, he has been a BİM Board member.

EXECUTIVE COMMITTEE

Mustafa Latif Topbaş

Mustafa Latif Topbaş was born in 1944 in Istanbul. Mr. Topbaş began his career in 1961 as a partner and executive at Bahariye Mensucat that is a family-run business in textile sector and in subsequent years, he served as founder and executive in various industrial and commercial companies. In 1994, he became a founding partner of BİM and was appointed as Vice Chairman of the Board. He has served as Chairman of the Board since 2006 and Chairman of the Executive Committee since January 2010.

Galip Aykaç

Galip Aykaç was in 1957 in Akdağmadeni, Yozgat. After he served at several executive positions at Gima, the first organised food retail chain in Turkey, for over eighteen years, he started his career at BİM as Purchasing General Manager in 1997. In March 2000, Mr. Aykaç was appointed as a member of Operation Committee, became the COO as of November 2007 and still serves in that capacity as well as a member of the Executive Committee as from January 2010. Mr. Aykaç received The Most Successful Executive Award in 2010, which is the most prestigious award in the retail sector. He is also a member of the Turkish Retail Committee, established by the Union of Chambers and Commodity Exchanges, a Board member of the Trade Council of Shopping Centres and retailers as well as a Board member of TOBB-GS1 Turkey Committee, a part of the GS1 International Standards Centre operating within the Union of Chambers and Commodity Exchanges.

Haluk Dortluoğlu

Born in 1972 in Akşehir, Haluk Dortluoğlu graduated from Boğaziçi University, Department of Management in 1995. He worked at independent international audit companies, Arthur Andersen and Ernst & Young for eight years. From 2003 until 2005 he served as Turkish Airlines Accounting Director. Mr. Dortluoğlu served as Finance Director (CFO) at BİM as from November 2005 and a member of the Executive Committee between 2006 and 2009. In 2007, he completed the advanced management program at Harvard Business School. Mr. Dortluoğlu was mentioned as one of the three CFO's in Turkey in 2009, according to research results conducted by Thomson Reuters Extel. The same year, he was awarded the "CFO of the Year" by Finance in Emerging Europe magazine published in Europe as part of Frankfurter Allgemeine Zeitung Group. Currently, Mr. Dortluoğlu continues to serve as CFO and is a member of the Executive Committee as of January 2010.

RETAIL SECTOR IN TURKEY

Going through early stages of its existence, the Turkish organised retail sector continued its growth also in 2011, in parallel with that of the national economy.

The Turkish organised food retail sector is still well below the saturation level with its market share less than that of the traditional retail sector, and **BİM has the greatest share in the ever-growing organised retail market.**

The recovery experienced by the global economy in 2010 ended when the Euro Zone countries encountered the issue of sustainability of public debts. By virtue of its banking system organised on strong legal and financial basis, public policies implemented with no concessions on fiscal discipline, despite prevailing circumstances, and its dynamic and young population, Turkey continued last year's performance also in 2011 and attained a growth of 8.5%, as a performance verified by the credit rating institution Standard and Poors by upgrading Turkey to "investable countries" category in October 2011.

Going through early stages of its existence, the Turkish organised retail sector continued its growth also in 2011, in parallel with that of the national economy. The retail sector has made remarkable contribution to restrain the unrecorded economy and is adding value to the economy through its support to employment. Thus, it deserves to be called as the shining star of the economy.

The Turkish organised food retail sector, in which BİM operates, is still well below the saturation level with its market share less than that of the traditional retail sector. Yet the organised market is steadily growing and BİM has the greatest share in this growing market.

An increasing trend toward discount retailing in the global food retail sector in last year is observed also in Turkey, urging the actors in the food retail sector to target discount retailing, which emphasizes high household accessibility and favourable prices. More specifically, the importance of providing service at as much and right locations as possible is recognised while the growth of hard discount concept, pioneered by BİM, has surpassed the growth in the market and its average share increased. Another factor driving the hard discount concept forward is the increasing customer confidence in private label products and the resulting differentiation if hard discount stores.

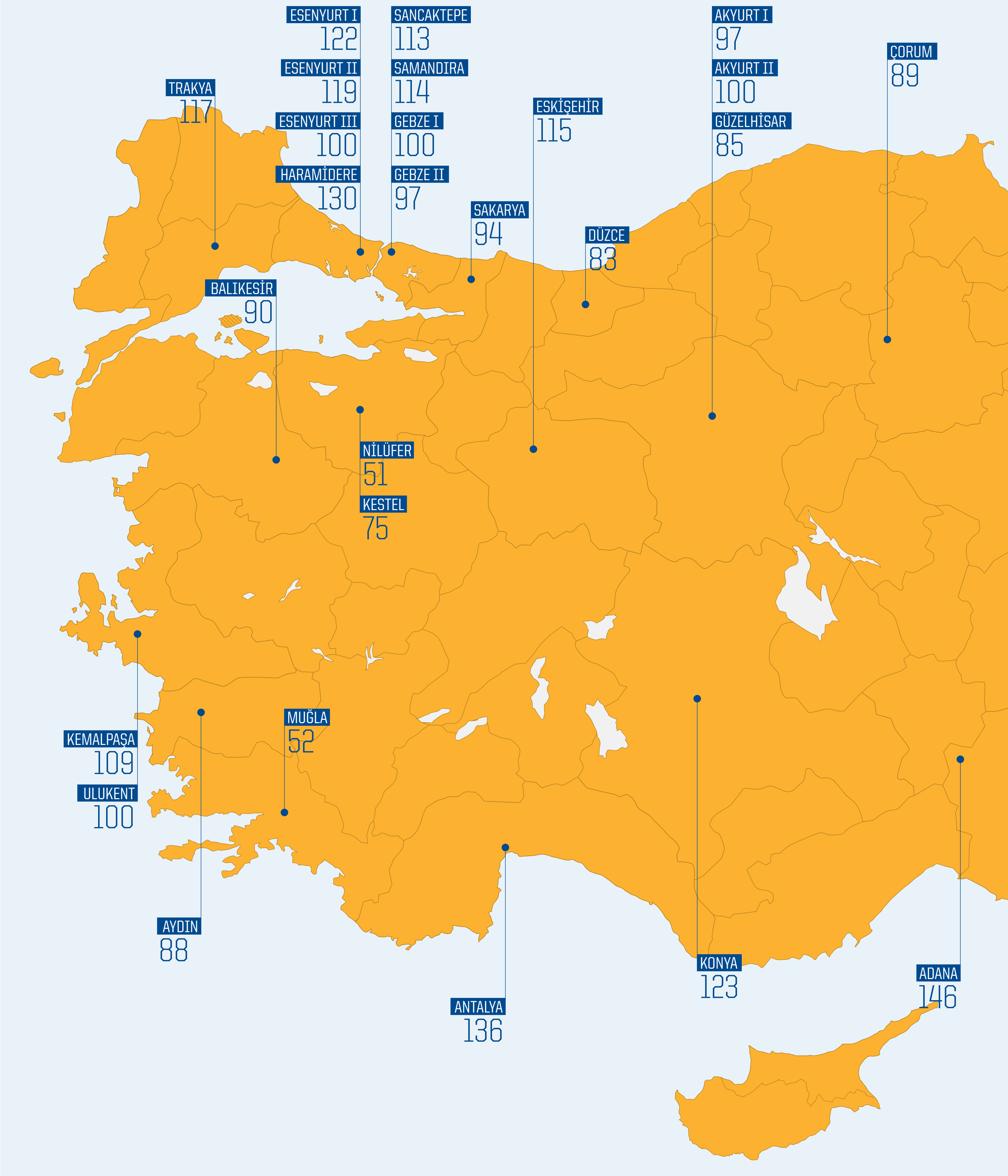
According to the data provided by Turkish Council of Shopping Centres and Retailers (AMPD), the organised food retail sector has grown by 3% in 2011. Showing a growth of 7% according to the Turkish Council of Shopping Centres and Retailers square meter index, the organised food retail sector continued its positive contribution to the economy every passing year. The contribution of the sector to employment continued its positive trend during 2011 as well and showed an increase of 16% on annual basis. According to this data, BİM ended the year with a growth rate of 25%, well above the sector average.

According to the "Opening to New Markets: Global Powers of Retail 2011" report prepared by Deloitte Touche based on results of 2010, BİM became the 7th fastest growing retail company in the global arena. Furthermore, the Company moved 26 places in the list of biggest retail companies of the world and is ranked 194th. According to the ranking based on the Q ratio which is obtained by calculating the proportion of the Company's market value to its tangible assets (fixed asset investments), BİM ranks second in the world.


Jenny & Willy
Bebek Bezi
DOST
süt

DIFFERENCES GENERATED BY BİM IN THE RETAIL SECTOR

As of end 2011, the BİM family provides service to its customers in 78 cities out of 81 across Turkey with its 33 regional offices and 3,289 stores.



SAMSUN
101
TRABZON
90
ERZURUM
85
KAYSERİ
124
GAZİANTEP
100
ŞANLIURFA
71
DİYARBAKIR
73

DECENTRALISED ORGANISATION

The business model implemented by BİM is the most important factor underlying its success in gaining the largest share in the organised retail sector which is growing every year. Owing to this model, BİM maintains its position as the company achieving the highest growth rate compared to other companies in the same sector.

BİM is coordinated through regional offices managed by general managers with their own staff and warehouses. The most outstanding feature of this organisation, contributing to the Company's high performance, is that management is decentralised and lean. BİM increased the number of its regional offices to 33 by opening three regional offices in 2011.

The Company plans to increase this figure to 38 in 2012, by opening regional offices in Aksaray, Van, Antalya, Mersin and Istanbul

HARD-DISCOUNT CONCEPT

BİM carries on its operations based on the principle to keep the costs at the lowest level and to pass the gains to customers in the way of price reductions. As the pioneer of hard discount model in Turkey with its organisational structure, effective cost management and limited product portfolio, BİM bases its hard discount concept on three main elements:

- To accelerate decision-making and implementation processes by establishing a dynamic logistics and information network between the regional offices and stores based on a decentralised organisational structure,
- To avoid any excessive expenses that could lead to increase in prices; to keep management, store decoration, personnel, distribution, marketing and advertising costs at minimum level,
- To maintain quality standards controls in the most effective manner by having around 600 products in its product portfolio and to ensure that the products are offered at the best possible price.

BİM is the major purchaser of most of the products it sells and by virtue of its high purchasing power, the Company encourages its suppliers to produce high quality products at low cost while it also procuring quality products at affordable prices.

EFFECTIVE COST MANAGEMENT

With its effective cost management policy which is implemented in all operations, BİM secures its strong position in the organised retail sector with each passing day. In this scope, all logistic activities are carried out within BİM organisation itself without any outsourcing.

Being currently the owner of the most extensive store network in its sector, BİM adheres to the following principles for cost management implementations:

1. In general, stores are rented rather than owned.
2. Services are offered from side-streets in the area, instead opening high-cost stores at the main street.
3. It employs personnel sufficient to maintain uninterrupted service and through efficient human resources planning, divides the workload among part-time employees.
4. Store decoration is kept as simple as possible, minimum shelving is used, costs are kept at the lowest possible level and the resulting gains are offered as decrease in product prices.
5. Promotion and advertising expenditures are kept at sufficient level.
6. The products are distributed through its own logistics network.
7. It keeps limited a product portfolio and makes large quantity purchases from its suppliers at low prices.
8. The product portfolio includes as many private label products as possible.
9. Cost calculation is kept on daily basis, implements an effective cost inspection and has the ability to take immediate action whenever required.
10. It continually explores, develops and implements new saving methods.

HIGH INVENTORY TURNOVER RATE

The inventory management at BİM is conducted through software widely used worldwide. The inventory managed by regional offices is effectively monitored during its transfer from warehouses to stores and from stores to customers. Automatic inventory control is made through software used for this purpose. Results of counts carried out at stores and warehouses are regularly controlled by comparing with the data from records, at pre-scheduled intervals. Owing to efficient inventory management implemented in BİM, inventory shortage is well below the sector average.

SOURCE OF FINANCE

BİM conducts its activities with a negative net working capital and is able to secure its own financing, owing to its cash collection capability. In 2011, the Company realised TL 182 million cash dividend distribution and TL 183 million investments on consolidated basis, in addition to operational cash outflow. The Company provided financing for its first overseas venture in Morocco completely by its own financial resources, without taking any loans.

FOOD SAFETY

Steadily procuring reliable products to meet the customers' needs fully, in the most cost-effective and timely manner, BİM has adopted continuous improvement in food safety as a corporate policy.

PRODUCT RANGE

High quality and low prices constitute the basic criteria for defining BİM's product portfolio. Products offered at stores are carefully selected to meet the daily basic needs of a household. The BİM family has adopted a detailed and precise working method for product selection and pricing purposes.

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

Private Label Products: BİM is the initiator of private label products in Turkey. Private label products offered at BİM stores are high quality products with brand and formula owned only by BİM and are produced only by suppliers selected by BİM. The most outstanding feature of these products is that their prices are 15-45% lower than those of similar products of the same quality. In 2011, the sales ratio of private label products to total sales increased to 64%. In line with importance attributed to private label products, the Company aims to increase the sales rate on a consistent basis.

Having introduced the concept of private label product to organised retail sector with Dost Süt, BİM attaches great importance to its activities in this field.

Regular BİM customers tend to purchase private label products in the course of time. BİM aims to continue its intense studies in this field and to focus on private label products in its limited product portfolio.

Spot Products: These are products with a long shelf-life but which are not kept in stock for long terms and are offered to customers in weekly periods. Spot products increase the number of customers visiting the stores and increase the sales of standard listed products as well.

Exclusive Products: These are the branded products offered in package sizes or contents specially designed for BİM.

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

2011 OPERATIONS

Year 2011 was a year during which the BİM family attained financial and operational accomplishments while reinforcing its leadership in the sector.

BİM's successful business model, which enabled the Company to increase its sales volume by 93% in last three years, and its high growth potential in the Turkish organised retail sector have made significant contributions to the Company's steady growth. In 2011, the Company continued its leadership in the food retail sector, on which it has gained in 2010 and strengthened even more in the last year. The Company achieved its growth only on structural basis, not through acquiring chains, as it has done throughout its history.

For BİM, 2011 was a year during which fast and sound growth were continued, financial and operational achievements were attained and the leadership in the sector was maintained in an even stronger manner. The Company opened 338 new stores in Turkey and 32 stores in Morocco and increased its total number of its stores to 3,289 across Turkey and to 76 in Morocco, and achieved an increase of consolidated net sales by 25%, thus maintained its position as leader and as the company with most extensive store network in the retail sector. Besides its effective cost management, the steady increase in the number of stores and the regional offices across Turkey played a significant role in its consistent growth.

Owing to its effective cost management, average price increases for BİM products remained under overall inflation rate for food in 2011. BİM's operations were not affected by fluctuations in foreign exchange since all transactions are carried out only in Turkish lira. Inventory losses and shrinkages are also well below the sector average.

Adhering to its principle for providing added value to its customers, BİM succeeded to distribute high amounts of dividend while continuing its investments. In 2011, the Company distributed a gross dividend of TL 182,160,000 and realised investments of TL 183 million on the consolidated basis.

In 2011, BİM increased the number of its stores from 2,951 to 3,289 for Turkey operations and continued its absolute leadership in the Turkish retail sector with a consolidated sales volume of TL 8.2 million.


BİM

2011 OPERATIONS

In 2011, BİM effectuated investments of TL 183 million on a consolidated basis, financed completely by its equity capital.

INVESTMENT POLICY AND 2011 INVESTMENTS

Effectuating its investments mostly through opening of new stores and the establishment of regional offices, BİM prefers organic growth instead of acquiring chains, in accordance with its investment policy. Besides, the Company simply decorates the stores. Thus investments are kept at relatively low levels. Consequently, the added value gained from the cost control applied is passed to customers by price reductions.

Being aware of strategic significance of regional offices, BİM generally prefers to buy land and build warehouse and office, in line with the conformity criteria. As of end 2011, BİM has acquired the ownership of 27 of its 33 regional logistic centres.

Continuing its investments uninterruptedly as from the date it went public, BİM realised an investment of TL 183 million on the consolidated basis and financing the investment completely by its equity capital.

For 2012, BİM plans to open about 400 new stores and five new regional logistic centres and aims to realise an investment of approximately TL 300 million on the consolidated basis, which constitutes a record level of investment in BİM's history. This investment will be funded by BİM's equity capital, without taking loans, in strict compliance with the principle of organic growth.

OVERSEAS OPERATIONS AND PRINCIPLES OF CONSOLIDATION

The first overseas operation of BİM in Morocco, being fully owned by the Company, is the first retail company in this country applying hard discount concept. Operations in Morocco are fully financed by the BİM equity capital, without taking any external loans.

As a country geographically located close to Europe, Morocco has a more developed structure in terms of cultural, economic, infrastructural and political aspects when compared to other African and Middle Eastern countries. As a developing country, it has a population of approximately 32 million and a GNP per capita at USD 3,000 and attained a growth rate of 4% in 2011. According to IMF data, growth in 2012 is expected to be at 4.3%.

BİM's operations in Morocco started on April 11, 2009 with the opening of its first store in Casablanca. The first store in Rabat was opened at the end of 2011 and total number of stores in Morocco has reached 76. The Company aims to increase the number of stores to 126 by opening 50 new stores in 2012. Operations in Morocco are carried on in line with the expectations and contain high potential for the years ahead.

The subsidiary established in Morocco was fully consolidated as of December 31, 2011 and reflected in the financial statements.

In the forthcoming period, BİM's overseas operations will continue its investments to enter new markets. Within the context of its pursuit of expanding new country markets, the Company made a decision on March 2012 to establish stores in Egypt by 2013.

STORES AND STORE MANAGEMENT

The BİM family maintained its sound and structural growth also in 2011 and by opening 338 stores and three regional offices in Turkey and 32 new stores in Morocco; it increased its penetration in markets. Expanding its activities all across Turkey is one of BİM's priorities. On this basis, the Company did not concentrate on a single region when opening new stores, but distributed them evenly throughout Turkey. Thus, it maintained its position as a profitable and fast-growing company also in 2011 and increased total number of stores to 3,289 and regional offices to 33.

BİM attaches as much importance to expansion throughout Turkey as it does to improvement of performance of existing stores. In 2011, sales increase at stores that have been operating for more than two years was realised as 14%.

One of the most important elements of BİM's cost management is to avoid unnecessary costs for the decoration of stores and product promotion and to reflect these gains on product prices. Furthermore, the no-questions-asked return policy implemented maintains customer satisfaction at top level. Under this policy, a customer may, anytime, return a product purchased without stating any reason and without being subject to any time restriction. The Company places special emphasis on the price as well as the quality of products sold in stores. Before offering for sale, each product undergoes quality and conformity tests by the purchasing department. At the selling stage product quality is regularly checked.

Decentralised organisation of BİM allows for regional self-management and focus only on the region concerned, resulting in enhanced productivity.


PARTY
süt
Lemonte

STABLE GROWTH CHART

Ranked seventh among the fastest growing retail companies in the global arena, BİM ranked 194th among the largest 250 retail companies of the world.

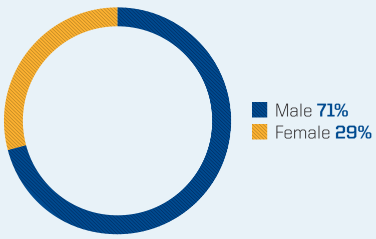

BİM
TOPTAN FİYATINA
PERAKENDE SATIŞ

HUMAN RESOURCES

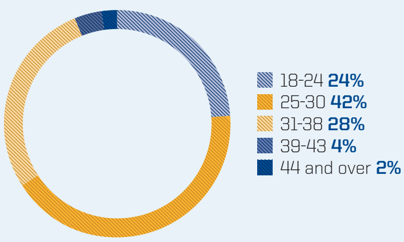
BİM's structural growth induced the development of a successful corporate culture and high level loyalty.

BİM is fully aware that its steady rise in the sector depends on the motivation of its employees and, on the other hand, employees are aware that successful performance is the key to a desired career. **BİM serves as a training school for its future managers.**

Human Resources Profile



Personnel Distribution (Age)



As the key members of the BİM family, the employees convey the corporate culture to the customers in the best way. The Company offers its employees an environment allowing them to develop in professional as well as personal sense. Owing to its policy of rewarding paramount performance, BİM encourages the employees to use their potential and skills. In order to optimise competence and skill at each level of the organisation, the Company implements an effective human resources management. The BİM family is comprised of young and dynamic work force as well as experienced and qualified individuals at senior management. One of the Company's priorities is appointment to strategic positions from within the Company, thus the majority of current management staff is composed of employees who either started their careers at BİM or have joined the Company since the beginning and then have promoted due to their outstanding performance. This policy ensures uninterrupted embracement of the corporate culture. BİM is fully aware that its steady rise in the sector depends on the motivation of its employees and, on the other hand, employees are aware that successful performance is the key to a desired career. Thanks to its decentralised structure, the Company is able to offer its young managers an environment where they can take initiative and develop their managerial skills. BİM serves as a training school for its future managers.

BİM achieved the present growth rate completely through structural growth. The Company started in 1995 with 21 stores and, adhering to only structural growth, has currently reached 3,289 stores. Structural growth ensured the development of successful corporate culture and high loyalty throughout the Company which is one of the key elements to its success.

Employee turnover rate in the Company is below the sector average and high level employee loyalty is achieved. Maintenance of corporate culture and employee-promoting vertical career policy are among the key factors contributing to this accomplishment.

In 2011, the number of employees increased by 14%. Currently, BİM is employing 18,854* full-time and half-time personnel in Turkey and 452 personnel in Morocco. The employment opportunities provided by BİM, controlling the most extensive retail network in Turkey, are affecting the entire country, not only a single region. The Company continued to create employment opportunities even during the global crisis and will continue its contribution to the national economy by opening new stores and regional offices in 2012.

* as of 31.12.2011

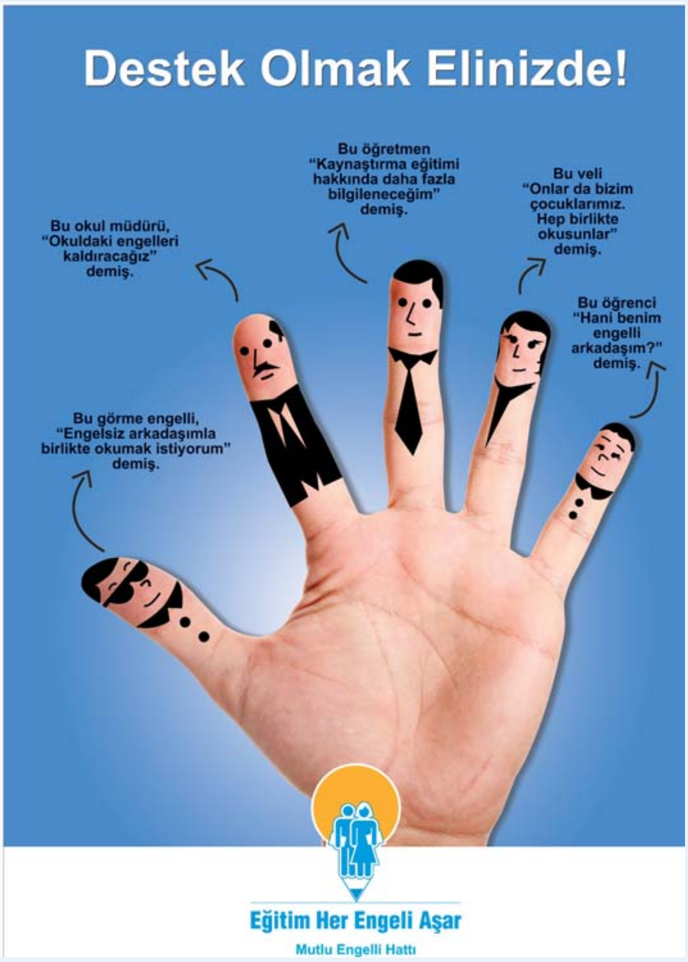
SOCIAL RESPONSIBILITY PROJECTS

BİM executes its operations with the sense of awareness and responsibility of a corporate citizen.

BİM was the main sponsor for the "Education Enables" (Eğitim Her Engeli Aşar) campaign organised in tandem with Beyazay Association Turkey and under the auspices of the President of the Turkish Republic.

"Education Enables"
Being aware of the responsibilities as a corporate citizen, BİM was the main sponsor for the "Education Enables" (Eğitim Her Engeli Aşar) organised in tandem with Beyazay Association Turkey and under auspices of the President of the Turkish Republic.

The "Education Enables" campaign is a project initiated to focus on the education of disabled citizens. Remarkable progress has been made regarding the education of disabled individuals, as from the project start in 2009 and the number of disabled people receiving education increased to 316 thousand in 2011, which was 151 thousand in 2009. In two years 44 school buildings were completed and 1,316 classes were opened. Furthermore, 52 thousand families across Turkey were visited during the campaign.



The aims of the campaign are:
1. to increase the number of disabled individuals being involved in the education system by 50%,
2. to enable the disabled individuals being involved in the current education system to proceed to higher education,
3. to enable access to preschool education (0-6 years of age) to 50% of those disabled individuals who are identified as candidates,
4. to provide at least two reference classes or source rooms in every city,
5. to create awareness in at least 10% of society that the disabled are able to receive an education and to inform them as regards to the pedagogy used,

Target Group of the Campaign

Potential Students: Minor and adult disabled individuals, who have not received any education and are shielded from society,

Candidate Students: Minor and adult disabled individuals, who have not received any education but are integrated in society,

Students to resume their education: Minor and adult disabled individuals who have received education to a certain level and integrated in society.

Somali Aid Campaign
As the leader of the Turkish retail sector, BİM was concerned with and actively supported the fight against famine in Somali and to this end, extended a total of TL 1 million cash donation to Somali within the scope of a campaign organised by the Turkish Prime Ministry. Furthermore, a parallel campaign was organised among BİM employees who donated TL 200,000 in this respect.

Support to Van
A contribution of approximately TL 200,000 was provided to the local community in Van who suffered from the effects of an earthquake that hit the region.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with Corporate Governance Principles

Pursuant to the decisions adopted by the Capital Markets Board (CMB), the companies traded on the Istanbul Stock Exchange (ISE) are obliged to declare the conformity with the corporate governance principles and necessary clarifications for matters of non-conformity in the Corporate Governance Compliance Report.

To this end, the Company acted with due diligence and care for implementation of the principles set forth in the Corporate Governance Principles published by the Capital Markets Board and continues its efforts to eliminate shortcomings and to improve the level of compliance depending on the developing conditions in this regard.

PART I - SHAREHOLDERS

2. Investor Relations Unit

With the purpose to establish communication between the Company management and shareholders and to provide accurate, complete, prompt and efficient information to all stakeholders, in 2005 BİM set up an Investor Relations Unit under the Chief Financial Officer. The manager of this Unit is responsible for fulfilment of requirements of the capital market legislation and coordinating the corporate governance practices and holds a Capital Market Activities Advanced Level Licence and Corporate Governance Rating Specialist Licence.

Personnel responsible for investor relations are as below.

Executive Committee Member and CFO
Haluk Dortluoğlu
Phone: 0 216 564 03 46

Reporting and Investor Relations Manager
Serkan Savaş
Phone: 0 216 564 03 46
E-mail: serkan.savas@bim.com.tr

Main activities of the Unit are:

- To ensure that shareholder records are kept in an orderly manner and that the shareholders inquiries regarding the Company are responded as immediate as possible, excluding publicly undisclosed data and trade secrets, via all available communication channels,
- to ensure that the General Assembly Meetings are held in accordance with the applicable legislation and to prepare the documents to be presented to shareholders at the General Assembly Meeting,
- to observe the public announcement of the Company's activities,
- to execute preparatory work for financial results and annual reports,
- to manage communications with regulatory institutions and to follow up relevant legal regulations.

During the period, the Unit attended five brokerage conferences and provided information to investors and shareholders in such conferences as well as in around 150 meetings held at the Company headquarters.

The "Investor Relations" section in the Company's website (www.bim.com.tr) includes the contact data of both the shareholders and the Investor Relations Unit and the applications and inquiries forwarded to the Unit via available communication channels were meticulously answered.

3. The Use of Shareholders' Rights to Obtain Information

All shareholders' requests for information are met, excluding the trade secrets and publicly undisclosed data. Those requests were mostly related to information on the General Assembly, dividend payments, and inquiry on financial data, overseas investments and Company's future targets. All announcements of material disclosures and publicly disclosed information are available and accessible to shareholders on the Investor Relations section in the Company's website (www.bim.com.tr). Furthermore, requests for information of institutional shareholders analysts of brokerage firms were satisfied via various communication channels such as teleconferences and one on one interview. Teleconferences were organised on the day following the disclosure of financial data on quarterly basis in order to inform the shareholders and analysts and to respond to their inquiries. Totally four teleconferences were organised during the year. The details of teleconferences are announced to individuals included in the Company's database via e-mail.

The request for nominating of a private auditor has not been set down in the Company's Articles of Incorporation as an individual right, and no such request was made during the year.

4. Information on General Shareholders' Meetings

The Ordinary General Shareholders Meeting of BİM Birleşik Mağazalar Anonim Şirketi for the operating year 2010 convened on Wednesday, April 27, 2011 at 10:00 a.m. at the registered office of the Company at Abdurrahmangazi Mahallesi Ebubekir Caddesi No: 73, Samandıra, Istanbul under the supervision of the Commissary of the Ministry, Hüseyin Çakmak, appointed in accordance with the communiqué dated April 26, 2011 no 24969, issued by the Ministry of Industry and Commerce, Istanbul Provincial Directorate of Industry and Commerce.

In the meeting, 40,467,792 shares were represented in person and 9,992,926 shares by proxy, for a total of 50,460,718 shares from among totally 151,800,000 shares corresponding to the Company's total capital of TL 151,800,000.

The Minutes of the General Shareholders' Meeting were announced in the Turkish Trade Gazette issue no 7810, dated May 6, 2011.

Announcement for the general shareholders was made by way of invitation letters and an announcement in the newspaper. Additionally, prior to the meeting date, the meeting agenda was made public by an announcement of material disclosure and published also on the Company's website. The minutes of the general shareholders' meetings were posted in "Investors Relations" section on the Company's website, both in Turkish and English languages, and made available to all shareholders at the Company's Headquarters for examination purposes. The questions asked by shareholders were answered in detail orally and no suggestion was offered by shareholders during the meeting. The meeting was held without any media participation.

In the Ordinary General Shareholders' Meeting for the operating year 2010, no provision requiring important resolutions related to division, the purchase, sale and lease of significant amounts of assets and similar having to be taken by the General Shareholders' Meeting was added to the Company's Articles of Association and it was envisaged to put this issued on the agenda of the by the General Shareholders' Meeting for 2011, pursuant to the CMB's Corporate Governance Principles Compliance Communiqué Series: IV No: 56.

5. Voting Rights and Minority Rights

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

6. Dividend Payment Policy and Timing

The Company dividend payment policy, as determined by the General Assembly, is to distribute a minimum of at least 30% of the distributable profit gained in related years. This policy was made public in 2007 through a material disclosure announcement and has not been changed to date. Any possible change in this policy will be made public through a material disclosure announcement.

There are no privileged voting rights as well as no dividend privilege rights in shares, pursuant to the Company's Articles of Association. The timeline for distribution of dividend is determined at the General Assembly upon the proposal of the Board of Directors, in accordance with the provisions of the Turkish Commercial Code and Capital Market legislation. Distribution of 2010 profit was realised in legal terms as TL 182,160,000.

7. Transfer of Shares

Shares are transferred according to the provisions of the Turkish Commercial Code and other applicable legislation. There are no provisions in the Articles of Association on the limitation of share transfer.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Disclosure Policy

The Company's Information Disclosure Policy was approved by the Board and put into force on April 9, 2009 and aims to give information to beneficiaries in compliance with regulations of the Capital Market Board (CMB) and Istanbul Stock Exchange (ISE).

According to the policy determined, all developments that may cause a significant change in the Company's financial situation and/or operations and information regarding all other subjects, required as per the CMB legislation, are announced to the public immediately.

BİM management can arrange meetings with media members, from time to time, to share information open to the public and to answer questions. A copy of actual statements published in the print media and the material event disclosures are announced in the Company's website (www.bim.com.tr). Information requests from the media are gathered by the Company's press consultants, evaluated and answered within the Company under the information disclosure policy.

Information disclosure policy has been published on the Company website and the names and contact information of employees responsible for the implementation of the disclosure policy are provided in Article 2 of the Report.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

9. Disclosure of Material Events
Nine material event disclosures were issued in the calendar year of 2011. The Capital Market Board requested further clarification for the material event disclosure, made on January 19, 2011, on the MoU signed to carry on its operations business in the Saudi Arabia market and the clarification was announced to the public on January 20, 2011.

The announcements are also available on the website (www.bim.com.tr).

10. Company's Website and its Contents
The Company's website is www.bim.com.tr and is used actively for public disclosure purposes. The Investors Relations section in the Company's website is available also in English to serve foreign investors.

Feasible subjects from among those listed under Article 2.2.2 of the Corporate Governance Principles are posted in the Investor Relations Unit of website under the following headings:

Investor Relations
Trade Registry Information
Shareholders
Corporate Governance
Financial Reports
Financial Calendar
General Assembly Information
Material Event Disclosures
Announcements
Investor Relations Contact

11. Disclosure of the Company's Ultimate Controlling Shareholder/Shareholders
The shareholding structure of the Company is as given hereinbelow and has been publicly disclosed on the Company's website and in periodical financial reports. All shares are held by real persons, except those that are publicly traded.

Shareholders	Number of shares	Participating rate %
Mustafa Latif Topbaş	26,466,496	17.43
Ahmet Afif Topbaş	13,571,000	8.94
A. A. El Khereji	10,626,000	7.00
Firdevs Çizmeci	1,799,990	1.18
Ömer Hulusi Topbaş	180,000	0.12
İbrahim Halit Çizmeci	10	0.00
Other (open to public)	99,156,504	65.33
Total	**151,800,000**	**100.00**

12. Disclosure on insiders
The list of the Company's Board of Directors, auditors and senior management together with the persons in a position of receiving insider information is given below and also announced on the Company's website.

Board of Directors
Mustafa Latif Topbaş
Chairman

Ekrem Pakdemirli
Vice-Chairman

Mahmut P. Merali
Member

Ömer Hulusi Topbaş
Member

Zeki Ziya Sözen
Member

Yalçın Öner
Member

Jos Simons
Member

Auditors
Prof. Dr. Selahattin Tuncer
Auditor

Prof. Dr. Arif Ateş Vuran
Auditor

Senior Management
Mustafa Latif Topbaş
Chairman of the Executive Committee

Galip Aykaç
Member of the Executive Committee and COO

Haluk Dortluoğlu
Member of the Executive Committee and CFO

Muharrem Arslantürk
Member of the Operation Committee

Ürfet Naçar
Member of the Operation Committee

Bülent Pehlivan
Member of the Operation Committee

İlkay Zengin
Member of the Operation Committee

Ünsal Çetinkaya
Member of the Operation Committee

Murat Namtı
General Manager of Purchasing

Other Company employees who may have access to insider information:

Arif Tuna
Betül Ölçücü
Dilek Kırılmaz
Ekrem Cezayirli
Fatih Uzun
Merve Duman
Merve Pehlivan
Murat Şener
Nebahat Cengiz
Özkan Ölmez
Serkan Savaş

Independent Auditors
Ethem Kutucular
Galip Ayköse
Emre Terzi
İhsan Akar
Can Sözer

PART III - STAKEHOLDERS

13. Informing Stakeholders

Stakeholders are regularly informed about matters concerning them, excluding trade secrets, pursuant to the applicable legislation, by appropriate ways of communication.

The mail addresses and phone numbers of all stakeholders are available on the Company's website. Stakeholders who wish to gather information or make inquiries can directly contact the relevant unit manager using these communication means. Inquiries and requests for information are answered in timely manner.

Company shareholders or investors who intend to become Company shareholders can directly communicate with the Investor Relations Unit through the contact data announced on the website and receive responses without any delay.

14. Participation of Stakeholders in the Management

Although the Company has not defined any model regarding the participation of stakeholders in management, The Company strives to attain high level participation of its employees, as stakeholders, in the decision-making process.

For this purpose, meetings are held with the employees to increase efficiency and to achieve improvements and the proposals are evaluated by senior management. Furthermore, employees are encouraged to freely communicate their complaints, criticisms and suggestions to the relevant manager regarding the working methods of the unit they are employed in.

15. Human Resources Policy

As clearly stated with the BİM Organisation Objectives, the Company can attain its objectives only through the efforts of its employees. BİM Personnel Regulations provide guidelines for maintaining proper working order in line with objectives, personnel rights and regulation of general principles of working conditions. Personnel and administrative affairs units in 33 regional warehouses and in the headquarters are managing the employee relations.

The priorities of the Company's human resources policy are to provide its employees a pleasant and peaceful atmosphere offering employees the opportunity to develop in a professional as well as a personal sense and to take initiatives. Besides, employees are encouraged to freely communicate their complaints and criticisms to relevant units and, the units make an effort to immediately provide solutions.

The Company utilizes both internal and external resources to meet personnel training needs.

16. Information on Relations with the Clients and Suppliers

The Company's business model is based on the principle of mutual trust, thus maximum attention is paid to relations with both customer and suppliers. With its no-question-asked return policy, the Company offers its customers the opportunity to return any product without time limitations and without stating any reason. For years now, the Company has implemented a policy to return any savings gained from operational costs as discounts on the selling prices of products. As result of these policies and their effective implementation, the Company has been able to maximise customers' trust.

Additionally, each store is furnished with strategically placed phones enabling the customers to file complaints or requests which receive prompt responses from personnel working at 33 regional offices, as well as at the headquarters.

Pursuant to the Company policy, the performance of suppliers who are regarded as business partners, are periodically reviewed and the Company endeavours to sustain long and strong relations.

17. Social Responsibility

In 2011, BİM sponsored the "Education Enables (Eğitim Her Engeli Aşar)" campaign organised in tandem with Beyazay Association Turkey and under auspices of the President of the Turkish Republic. Started for the purpose to allow disabled citizens to become self-confident and well-educated individuals equipped for a better future, the "Education Enables" campaign is fully aware that lack of education is the greatest hindrance to disabled citizens. As part of the above campaign which is based on this awareness and which is to continue for three years, several projects of particular concern to disabled citizens will be initiated.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Furthermore, the Company provided financial support to the aid campaign concerned with the situation in Somali, which was organised by the Turkish Prime Ministry, by donating of TL 1 million as well as a donation its employees' donation of TL 200,000.

Contributions of approximately TL 200,000 were provided to the local community in Van who suffered effects from an earthquake that hit the region.

The Company is not involved in production activities. All nylon and cardboard waste is forwarded to licensed firms for recycling purposes.

As of 2010, biologically degradable (oxo-bio) bags are used at all stores in order to minimise the environmental damages resulting from bags offered to customers.

For the purpose of inspection of quality control of its product range, BİM works in coordination with the Quality System Laboratory, Observatory Laboratory, Eurolab and TÜBİTAK Research Institute. TÜBİTAK carries out chemical and biological tests on products sold at BİM stores and performs strict quality controls at the production facilities.

Apart from these, quality tests are made at the Istanbul headquarters of the Company and regional offices through sampling method. Before offering a new product for sale, quality and taste tests are performed. Similar tests are carried out on equivalent and competitive products in order to compare the results.

The Company attaches great importance to food safety. BİM A.Ş. guarantees all products comply, at a minimum, with the official standards set forth in relevant legislation and assumes all responsibility in this respect.

The Company adopted the policy to provide safe products that completely and continuously meet the customers' needs in the most affordable and timely manner and to improve the products on continuous basis.

PART IV - BOARD OF DIRECTORS

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

The management and representation of the Company is performed by the Board of Directors, consisting of 7 (seven) members elected during the General Meeting, in accordance with the provisions of the Turkish Commercial Code. Two of the members are independent Members.

Upon retirement of the Company CEO on January 1, 2010, an Executive Committee was formed to take over the powers and responsibilities of the CEO. The Company's Chairman of the Board of Directors serves also as the Chairman of the Executive Committee. The reason underlying the choice of one and same individual for both positions is enabling the Company move faster and more effectively during the decision-making process and attaining a dynamic organisation structure. The other 6 (six) members of the Committee do not hold executive positions.

Article 19 of the Company's Articles of Association restricts Board members from actions as listed under Articles 334 and 335 of the Turkish Commercial Code without the authorisation by the General Meeting and in the Ordinary General Shareholders' Meeting held on April 22, 2010 Board members were allowed to conduct transactions according to the relevant provisions of the Turkish Commercial Code.

The members of the Board of Directors are allowed to take on other duties outside of the Company.

Names of current Board members are listed under Article 12 of the Report. Ekrem Pakdemirli and Mahmut P. K. Merali are independent Board members.

19. Qualifications of Board Members

Members of the Board of Directors are appointed from among knowledgeable and experienced individuals who have the qualifications set forth in the CMB Corporate Governance Principles. There are no regulations in the Company's Articles of Association specifying basic qualifications to be fulfilled by the Board members. There is no training and compliance programs organised for Board members.

Resumes of the Board Members are included in the Annual Report.

20. Mission, Vision and Strategic Goals of the Company

The Company's objective is to attain high efficiency in the discount food retail sector and to expand into other countries where this concept will be implemented to offer its services to more customers. Other goals of the Company contain offering quality products at all times, increasing operational efficiency, price reduction, increasing the share of hard-discount products among the product portfolio and decreasing costs by improving suppliers' efficiency.

The Board of Directors approves the yearly budget and analyses financial data, on monthly basis, to verify the extent that the objectives are met. Besides yearly objectives, the management prepares strategic plans for five years on both domestic and overseas operations, upon request by the Board of Directors, and submits it to Board of Directors for review.

21. Risk Management and Internal Control Mechanisms

Within the scope of risk management and internal control mechanisms, BİM has developed "policies" and "procedures", taking into consideration the risks being exposed and relevant preventive measures, in line with its business processes, performed functional task distribution within the organisation, included the approval and authorisation mechanisms into the system and regulated the methods for protection and settlement of the Company's tangible assets. Furthermore, efficient reporting and management - surveillance practices have been established.

The Company has set up an Internal Auditing Unit that reviews the efficiency of risk management, internal control and corporate governance process in a systematic and disciplined way to ensure to improve the efficiency and the achievement of Company's goals. The Internal Auditing Unit reports to the Audit Committee whose members are selected amongst the Board Members. The Unit reviews all Company procedures in terms of risk management, reports the measures to be taken in dealing with risks to relevant management unit while presenting the actions taken and their results to senior management and the Audit Committee.

All operations of the Company are included within the responsibilities of the Internal Auditing Unit and are audited according to annual plans prepared according to the results of risk evaluation process. Standards for all stages of internal control process and the principles and methods related with the internal audit within the Company are based on the internal control regulation and the internal audit standards documentation.

Review of the consolidated financial tables, prepared quarterly in accordance with the Capital Market Legislation, for compliance with auditing principles and reporting their compliance status to the Audit Committee are among the tasks of the Internal Auditing Unit.

22. Authority and Responsibilities of the Members of the Board of Members and Executives

The authorities and responsibilities of the Board Members and executive management have been set out in the Company's Articles of Association. The Board of Directors performs the duties as stipulated by law and by the Company's Articles of Association. The management and representation of the Company is performed by the Board of Directors. The Board is authorised to carry out all transactions and legal, financial and technical work on behalf of the Company and to use the trade name of the Company.

The Corporate Governance Principles, the Company's internally used document for specifying the duties and responsibilities of the Board of Directors, Members of Board, senior management and internal auditing units, was approved and placed into effect in 2008. The duties and responsibilities of executives other than Board Members are not set forth in the Articles of Association, but stated in detail with the relevant Corporate Principles.

23. Operating Principles of the Board of Directors

As provided in the Company's Articles of Association, the Board of Directors shall convene when deemed necessary for the Company's business and transactions upon the call by the Chairman. However, it is compulsory that the Board will convene every three months. The Chairman will call the Board to the meeting upon the request of any Board member. If the Chairman fails to convene the meeting within ten business days following the request, the Vice Chairman is required to call the Board for meeting. The invitation for and agenda of the meeting shall be sent to each member by registered mail, hand-delivered or via facsimile or telex at least 15 days before the scheduled meeting date. The meeting may be held at the Company's headquarters or any other location in Turkey or abroad subject to the Board of Directors' unanimous resolution. The Board of Directors may adopt resolutions without convening, an accordance with the Article 330/2 of the Turkish Commercial Code. The Board Members are entitled to equal voting rights but not to exercise a veto. Different justifications expressed by independent members on any issue are not announced publicly. The agenda of the Board Meeting shall be prepared according to the emerging requirements. The Secretary of the Board of Directors shall inform and communicate with the Board Members.

In 2011, the Board of Directors physically convened seven times and adopted 22 resolutions without meeting, by obtaining the consent of its members according to the Article 330/2 of the Turkish Commercial Code. No member opposed decisions taken.

24. Prohibition of Carrying Out Transactions with the Company and Competing with the Company

The members of the Board of Directors are not allowed to engage in any activities listed under Articles 334 and 335 of the Turkish Commercial Code, without obtaining the permission of the General Assembly.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

25. Ethical Rules

The Company's expectations of its employees, managers and suppliers are specified in the organisational objectives document supplied to all employees and the expectations and rules are not disclosed to the public. Additionally, the Company's code of conduct and related procedures are carefully applied and updated whenever necessary.

26. Number, Structure and Independency of Committees established by the Board of Directors

An Affiliated Companies and Related Parties Committee and an Audit and Remuneration Committee have been formed within the Board of Directors. These Committees are established to ensure that the Board of Directors fulfils its duties and responsibilities in duly manner, in accordance with the requirements and conditions of the Company and present their reports prepared on a quarterly basis to the Board of Directors. Both members of the Audit and Remuneration Committee and one of two of the members of the Affiliated Companies and Related Parties Committee are independent board members. One of the independent board members serves in both committees. Chairmen of both committees are independent members and committee members do not hold any executive position in the Company. The Company has not yet established the Corporate Governance Committee.

Apart from these, the Company established an Overseas Investments Committee, reporting to the Board of Directors, to research and monitor the investments made and to be made and to conduct necessary operations in this respect. The Committee consists of three members, two of whom are independent Board members and one being the CFO of the Company. The Committee is chaired by the Independent Member of the Board of Directors.

Pursuant the CMB's Corporate Governance Principles Compliance Communiqué Series: IV No: 56, the Company plans to form the Corporate Governance Committee during 2012.

27. Financial Benefits to the Board of Directors

The Members of the Board of Directors are paid an honorarium in line with resolutions of the General Assembly. The Company does not lend any amounts nor extends any loans and other benefits to the Board Members or to its executives. The Board members are not granted performance based premiums.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2011 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Table of contents	Page

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

Independent auditor's report on the consolidated financial statements for the year ended December 31, 2011

To the Shareholders of
BIM Birleşik Mağazalar Anonim Şirketi

Introduction

We have audited the accompanying consolidated balance sheet of BİM Birleşik Mağazalar Anonim Şirketi (the Company) and its subsidiary as of December 31, 2011 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and fair presentation of financial statements in accordance with financial reporting standards published by the Capital Markets Board of Turkey (the CMB). 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 error and/or fraud; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the CMB. Those standards require that ethical requirements are complied and independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is considered. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly the financial position of BİM Birleşik Mağazalar Anonim Şirketi and its subsidiary as at December 31, 2011 and their financial performance and cash flows for the year then ended in accordance with financial reporting standards published by the Capital Markets Board of Turkey.

Additional paragraph for convenience translation to English :

As at December 31, 2011, the accounting principles described in Note 2 (defined as CMB Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting and also for certain disclosures requirement of the CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Ethem Kutucular, SMMM
Partner

13 March 2012
Istanbul, Turkey

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

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2011

(Currency - Thousands of Turkish Lira)

Assets	Notes	Current period December 31, 2011 Audited	Prior period December 31, 2010 Audited
Current assets		1.074.495	814.785
Cash and cash equivalents	6	364.565	257.571
Trade receivables	10	270.985	192.453
Inventories	13	404.643	335.999
Other current assets	26	34.302	28.762
Non-current assets		658.219	557.283
Property and equipment	18	648.075	549.338
Intangible assets	19	2.803	2.759
Deferred tax asset	35	481	349
Other non-current assets	26	6.860	4.837
Total assets		1.732.714	1.372.068

The accompanying policies and explanatory notes on pages 47 through 83 form an integral part of the consolidated financial statements.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2011

(Currency - Thousands of Turkish Lira)

Liabilities and equity	Notes	Current period December 31 2011, Audited	Prior period December 31, 2010 Audited
Current liabilities		1.092.881	853.070
Financial liabilities	8	-	7.662
Trade payables			
-Due to related parties	37	129.739	97.365
-Other trade payables	10	890.253	701.398
Other current liabilities	26	45.602	23.259
Income tax payable	35	18.074	15.716
Provisions	22	9.213	7.670
Non-current liabilities		23.681	18.566
Reserve for employee termination benefits	24	13.037	9.523
Deferred tax liability	35	10.644	9.043
Equity		616.152	500.432
Equity attributable to parent		616.152	500.432
Paid-in share capital	27	151.800	151.800
Revaluation surplus	18,27	15.704	15.704
Currency translation difference		(412)	618
Restricted reserves allocated from profits	27	81.449	51.599
Prior year profits	27	68.701	35.071
Net income for the period		298.910	245.640
Total liabilities and equity		1.732.714	1.372.068

The accompanying policies and explanatory notes on pages 47 through 83 form an integral part of the consolidated financial statements.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

(Currency - Thousands of Turkish Lira)

	Notes	Current period January 1, 2011- December 31, 2011 Audited	Prior period January 1, 2010- December 31, 2010 Audited
Continuing operations			
Continuing operations			
Net sales	28	8.189.135	6.573.951
Cost of sales (-)	28	(6.879.805)	(5.469.272)
Gross profit		1.309.330	1.104.679
Selling, marketing and distribution expenses (-)	29	(835.662)	(708.805)
General and administrative expenses (-)	29	(126.214)	(104.358)
Other operating income	31	16.334	11.253
Other operating expenses (-)	31	(4.414)	(7.104)
Operating profit		359.374	295.665
Financial income	32	21.051	13.993
Financial income / (expense)	33	(2.686)	(3.657)
Net income before taxes from continuing operations		377.739	306.001
Tax expense for continuing operations			
-Current tax expense for the period	35	(77.293)	(62.628)
-Deferred tax expense	35	(1.536)	2.267
Net income		298.910	245.640
Other comprehensive income			
Change in currency translation difference		(1.030)	(438)
Other comprehensive income (after tax)		(1.030)	(438)
Total comprehensive income		297.880	245.202
Profit for the period attributable to			
Share of the parent		298.910	245.640
Minority interest		-	-
Total comprehensive income attributable to			
Share of the parent		297.880	245.202
Minority interest		-	-
Weighted average number of shares (each equals to TL 1)		151.800.000	151.800.000
Earnings per share attributable to equity holders of the parent (full TL)	36	1,969	1,618

The accompanying policies and explanatory notes on pages 47 through 83 form an integral part of the consolidated financial statements.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2011

(Currency - Thousands of Turkish Lira)

	Paid-in share capital	Inflation adjustment on paid-in share capital	Revaluation surplus	Currency translation difference	Restricted reserves allocated from profits	Prior year profits	Net income for the period	Total equity
December 31, 2009	75.900	6.956	15.704	1.056	34.072	41.425	212.942	388.055
Transfer to prior year profits	-	-	-	-	-	212.942	(212.942)	-
Transfer to restricted reserves allocated from profits	-	-	-	-	17.527	(17.527)	-	-
Capital issue (Note 27)	75.900	(6.956)	-	-	-	(68.944)	-	-
Dividends paid (Note 27)	-	-	-	-	-	(132.825)	-	(132.825)
Net income for the period	-	-	-	-	-	-	245.640	245.640
Other comprehensive income	-	-	-	(438)	-	-	-	(438)
Total comprehensive income	-	-	-	(438)	-	-	245.640	245.202
December 31, 2010	151.800	-	15.704	618	51.599	35.071	245.640	500.432
Transfer to prior year profits	-	-	-	-	-	245.640	(245.640)	-
Transfer to restricted reserves allocated from pro.	-	-	-	-	29.850	(29.850)	-	-
Dividends paid (Note 27)	-	-	-	-	-	(182.160)	-	(182.160)
Net income for the period	-	-	-	-	-	-	298.910	298.910
Other comprehensive income	-	-	-	(1.030)	-	-	-	(1.030)
Total comprehensive income	-	-	-	(1.030)	-	-	298.910	297.880
December 31, 2011	151.800	-	15.704	(412)	81.449	68.701	298.910	616.152

The accompanying policies and explanatory notes on pages 47 through 83 form an integral part of the consolidated financial statements.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

(Currency - Thousands of Turkish Lira)

	Notes	Current period January 1, 2011- December 31, 2011 Audited	Prior period January 1, 2010- December 31, 2010 Audited
Cash flows from operating activities			
Profit before tax			
Adjustments to reconcile profit before tax to net cash provided by operating activities:	18, 19	377.739	306.001
Depreciation and amortization	32	76.980	64.837
Profit share income from deposit accounts	10	(15.281)	(12.479)
Allowance for doubtful receivable, net	24	18	170
Financial expense of employee termination benefit	24	2.200	1.257
Provision for employee termination benefit	31	4.015	2.651
Loss on sale of property and equipment and intangibles		53	2.190
Accrued liabilities, net	13	1.543	397
Provision / (reversal) for impairment of inventories		822	(970)
Operating income before working capital changes		448.089	364.054
Net working capital changes in:			
Trade receivables		(78.550)	(31.266)
Inventories		(69.466)	(77.178)
Other current assets	26	(5.540)	(2.402)
Other non-current assets		41	246
Other trade payables		188.855	158.692
Due to related parties		32.374	(13.374)
Other current liabilities		22.343	2.533
Income taxes paid	24	(74.935)	(58.546)
Employee termination benefit paid		(2.701)	(1.952)
Net cash generated by operating activities		460.510	340.807
Cash flows from investing activities:	18		
Purchase of property and equipment	19	(179.434)	(140.833)
Purchase of intangibles		(1.153)	(881)
Advances given for purchase of property and equipment		(2.064)	(157)
Proceeds from sale of property and equipment and intangibles		6.978	5.073
Profit share received from deposit accounts		11.860	12.378
Net cash used in investing activities		(163.813)	(124.420)
Cash flows from financing activities:			
Dividends paid	8	(182.160)	(132.825)
Proceeds from bank borrowings	8	-	7.662
Repayment of bank borrowings		(7.662)	-
Net cash used in financing activities		(189.822)	(125.163)
Currency translation differences		(3.302)	(296)
Increase in cash and cash equivalents		103.573	90.928
Cash and cash equivalents at the beginning of the year		257.019	166.091
Cash and cash equivalents at the end of the year	6	360.592	257.019

The accompanying policies and explanatory notes on pages 47 through 83 form an integral part of the consolidated financial statements.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

BİM Birleşik Mağazalar Anonim Şirketi (BİM-the Company) was established on May 31, 1995 and commenced its operations in September 1995. The registered address of the Company is Ebubekir Cad. No: 73 Sancaktepe, İstanbul.

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

The Company established a new company named Bim Stores SARL on May 19, 2008 with 100% ownership in Morocco which is engaged in hard discount retail sector and started to operate on April 11, 2010. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of December 31, 2011.

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

The main and ultimate controlling party of the Group is Mustafa Latif Topbaş. The consolidated financial statements were authorized for issue on March 13, 2012 by the Board of Directors of the Company. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issue.

For the years ended December 31, 2011 and 2010, the average number of workers in accordance with their categories is shown below:

	January 1- December 31, 2011	January 1- December 31, 2010
Office personnel	1.393	1.113
Warehouse personnel	2.050	1.935
Store personnel	15.272	13.460
Total	18.715	16.508

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

The financial statements of the Company have been prepared in accordance with accounting and reporting standards (the CMB Accounting Standards) as prescribed by the Turkish Capital Market Board (the CMB) until December 31, 2007.

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

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

Changes in accounting policies

The accounting policies adopted in preparation of the (consolidated) financial statements as at December 31, 2011 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2011. The effects of these standards and interpretations on the Company's (Group's) financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2011 are as follows:

IFRIC 14 IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction- Prepayments of a Minimum Funding Requirement (Amended)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position or performance of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation does not apply when the creditor is acting in the capacity of a shareholder, in common control transactions or when the issue of equity shares was part of the original terms of the liability. The adoption of the interpretation did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation-Classifications on Rights Issues (Amended)

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has no effect on the financial position or performance of the Group because the Group does not have these types of instruments.

IAS 24 Related Party Disclosures (Revised)

Amended standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. In addition, the revised standard introduces a partial exemption of general disclosure requirements for transactions with government-related entities. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

Improvements to IFRSs

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies and disclosures, but no impact on the financial position or performance of the Group. There are separate transitional provisions for each standard. The amendments that are effective as at January 1, 2011 are as follows:

IFRS 3 Business Combinations

i) Transition requirements for contingent consideration from a business combination that occurred before the effective date of revised IFRS

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

ii) Measurement of non-controlling interests

This improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets.

iii) Unreplaced or voluntarily replaced share-based payment awards

This improvement requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration paid and post combination expenses.

IFRS 7 Financial Instruments: Disclosures

This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Among others, the improvement remove the disclosure requirement of the collateral held as security and other credit enhancements and estimate of their fair value for financial assets that are past due but not impaired and that are individually impaired; and instead include a disclosure requirement of financial effect of collateral held as security and other credit enhancements for all financial assets.

IAS 1 Presentation of Financial Statements

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 27 Consolidated and Separate Financial Statements

This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 "The Effect of Changes in Foreign Exchange Rates", IAS "28 Investments in Associates" and IAS 31 "Interests in Joint Ventures" apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when IAS 27 is applied earlier.

IAS 34 Interim Financial Reporting

This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements on i) the circumstances likely to affect fair values of financial instruments and their classification, ii) transfers of financial instruments between different levels of the fair value hierarchy, iii) changes in classification of financial assets, and iv) changes in contingent liabilities and assets.

IFRIC 13 Customer Loyalty Programmes

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Standards issued but not yet effective and not early adopted

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

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

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

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

The amendments are mandatory for annual periods beginning on or after January 1, 2012, but earlier application is permitted. IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have significant impact on the financial position or performance of the Group

IAS 19 Employee Benefits (Amended)

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

IAS 27 Separate Financial Statements (Amended)

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

IAS 28 Investments in Associates and Joint Ventures (Amended)

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

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

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

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

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This amendment has not yet been endorsed by the EU. The amendment is effective for annual periods beginning on or after July 1, 2011.Comparative disclosures are not required. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

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

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

IFRS 9 Financial Instruments-Classification and measurement

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

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

IFRS 13 Fair Value Measurement

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

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This standard has not yet been endorsed by the EU. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

Functional and presentation currency

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

The functional currency of the Company's subsidiary, BIM Stores SARL, is Maroc Dirham (MAD). In the consolidated financial statements, MAD amounts presented in the balance sheet are translated into Turkish Lira at the official TL exchange rate for purchases of MAD announced by the Central Bank of the Republic of Turkey at the balance sheet date, MAD 1,00 (full) = TL 4,56 MAD amounts in the statement of comprehensive income have been translated into TL, at the average TL exchange rate for purchases of MAD, is MAD 1,00 (full) = TL 4,80. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary prepared for the year ended December 31, 2011. Subsidiary is consolidated from the date on which control is transferred to the Group. The consolidated financial statements cover BİM and the subsidiary with 100% control.

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

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

Offsetting

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

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

Accounting estimates

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

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

Summary of significant accounting policies

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be reliably measured. Revenue is recognized net of discounts and Value Added Tax (VAT) when delivery has taken place and transfer of risks and rewards has been completed.

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

Cash and cash equivalents

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

Trade receivables

Trade receivables, which generally have an average of 10 day term (December 31, 2010-10 days) as of balance sheet date, are carried at amortized cost less an allowance for any uncollectible amounts. Estimate is made for the doubtful provision when the collection of the trace receivable is not probable.

Inventories

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

Property and equipment

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

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

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

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

	Year
Land improvements	5
Building	25
Machinery and equipment	4-10
Furniture and fixtures	5-10
Vehicles	5-10
Leasehold improvements	5-10

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

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

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

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

Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income. The recoverable amount of property and equipment is the greater of net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life while the net selling price is the amount obtainable from the sale of an asset after cost of sales deducted.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

Financial instruments

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

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

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

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

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

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

Trade payables

Trade payables which generally have an average of 46 day term (December 31, 2010-48 days) are initially recorded at original invoice amount and carried at amortized cost. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

Borrowing costs

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

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 amortized cost using the effective interest method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Recognition and derecognition of financial assets and liabilities

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

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

Impairment of financial assets

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

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

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

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

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

Foreign currency transactions

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

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

Dates	USD / TL (full)	EUR / TL (full)
December 31, 2011	1,8889	2,4438
December 31, 2010	1,5460	2,0491

Earnings per share

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

Subsequent events

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

Provisions, contingent assets and contingent liabilities

i) Provisions

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

ii) Contingent assets and liabilities

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

Leases

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized 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) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

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

(i) One entity and the reporting entity are member of the same group.
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iii) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(iv) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(v) The entity is controlled or jointly controlled by a person identified in (a).
(vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Income taxes

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

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

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and recorded to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

The effects of the deferred taxes on temporary deductible differences are recognized directly in the equity.

Reserve for employee benefits

a) Defined benefit plans:

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

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

In the consolidated financial statements, the Group has recognized a liability using the “Projected Unit Credit Method”. Actuarial gains and losses, as long as the cumulative unrecognized portion exceed 10% of the present value of the defined benefit obligation, are recognized in the comprehensive statement of income over the average remaining working lives of employees. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the discount rate estimated by qualified actuaries.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

b) Defined contribution plans:

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

3. BUSINESS COMBINATIONS

None (December 31, 2010-None).

4. JOINT VENTURES

None (December 31, 2010-None).

5. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocation resources and assessing performance of the operating segments, have been identified as the senior management that makes strategic decisions.

The senior management of the Company makes strategic decisions as a whole over the operations of the Company as the Company operates in a single industry and operations outside Turkey do not present an important portion in overall operations. Based on those reasons, there is a single reportable segment in accordance with the provisions in IFRS 8 and segment reporting is not applicable.

6. CASH AND CASH EQUIVALENTS

	December 31, 2011	December 31, 2010
Cash on hand	52.830	39.633
Banks		
-profit share deposits	236.220	185.741
-demand deposits	44.365	21.931
Cash in transit	31.150	10.266
	364.565	257.571
Less: accrual for profit share	(3.973)	(552)
	360.592	257.019

There is no restricted cash as of December 31, 2011 and 2010. As of December 31, 2011 gross profit share of percentage from participation banks for TL amounts is 8,5% (December 31, 2010-gross 7,7%).

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

7. FINANCIAL INVESTMENTS

The Group does not have any security as of December 31, 2011 and 2010.

8. FINANCIAL LIABILITIES

The Group has no bank borrowings as of December 31, 2011. (December 31, 2010-7.662 TL)

9. OTHER FINANCIAL LIABILITIES

None (December 31, 2010-None).

10. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables, net

	December 31, 2011	December 31, 2010
Credit card receivables	269.190	191.481
Trade receivables	970	500
Doubtful receivables	712	694
Other receivables	825	472
Less: provision for doubtful receivables	(712)	(694)
	270.985	192.453

As of December 31, 2011 the average term of trade receivables is 10 days (December 31, 2010-10 days).

As of December 31, 2011 and 2010, the Group does not have any overdue trade receivables except provision for doubtful receivables.

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

Current year movement of allowance for doubtful receivables is as follows;

	December 31, 2011	December 31, 2010
Beginning	694	524
Allowance for doubtful receivable	22	216
Current year collection	(4)	(46)
Ending	712	694

b) Trade payables, net

	December 31, 2011	December 31, 2010
Other trade payables	890.253	701.398
	890.253	701.398

As of December 31, 2011 the average term of trade payables is 46 days (December 31, 2010-48 days). As of December 31, 2011, letters of guarantee and cheque amounting to TL 13.703 and mortgages amounting to TL 13.656 were received from supplier firms (December 31, 2010-TL 16.111 letters of guarantee and cheque, TL 14.420 mortgages).

11. OTHER RECEIVABLES AND PAYABLES

a) Other receivables-As of December 31, 2011 and 2010, the Group does not have any other short-term and long-term receivables.

b) Other payables-As of December 31, 2011 and 2010, the Group does not have any other short-term and long-term payables.

12. LIABILITIES TO AND RECEIVABLES FROM FINANCE SECTOR OPERATIONS

None (December 31, 2010-None).

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

13. INVENTORIES

	December 31, 2011	December 31, 2010
Trade goods	400.755	332.795
Other inventory	3.888	3.204
	404.643	335.999

As of December 31, 2011, provision for impairment of inventory amounting to TL 2.050 was recorded (December 31, 2010-TL 1.229).

	December 31, 2011	December 31, 2010
Beginning	(1.229)	(2.199)
Current year reversal	1.229	2.199
Provision for impairment of inventory	(2.050)	(1.229)
Ending	(2.050)	(1.229)

14. BIOLOGICAL ASSETS

None (December 31, 2010-None).

15. ASSETS RELATED WITH CONSTRUCTION PROJECTS IN PROGRESS

None (December 31, 2010-None).

16. INVESTMENT IN ASSOCIATES

None (December 31, 2010-None).

17. INVESTMENT PROPERTIES

None (December 31, 2010-None).

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

18. PROPERTY AND EQUIPMENT

The movements of property and equipment and the related accumulated depreciation for the years ended December 31, 2011 and 2010 are as follows:

	December 31, 2010	Additions	Disposals	Transfers	Effect of change in foreign currencies	December 31, 2011
Cost or revalued amount						
Land	79.659	13.891	-	-	-	93.550
Land improvements	2.303	872	-	-	-	3.175
Buildings	143.564	12.955	-	11.994	-	168.513
Machinery and equipment	264.278	49.934	(4.388)	3.639	797	314.260
Vehicles	51.701	20.255	(8.890)	357	115	63.538
Furniture and fixtures	115.394	18.506	(1.568)	280	183	132.795
Leasehold improvements	193.821	44.224	(4.622)	-	1.450	234.873
Construction in progress	50	18.797	-	(16.270)	-	2.577
	850.770	179.434	(19.468)	-	2.545	1.013.281
Less: Accumulated depreciation						
Land improvements	(949)	(504)	-	-	-	1.453
Building	(5.767)	(6.810)	-	-	-	12.577
Machinery and equipment	(126.448)	(23.158)	2.521	-	(192)	147.277
Vehicles	(26.598)	(10.013)	6.696	-	(22)	29.937
Furniture and fixtures	(75.318)	(15.786)	1.542	-	(40)	89.602
Leasehold improvements	(66.352)	(19.655)	1.808	-	(161)	84.360
	(301.432)	(75.926)	12.567		(415)	365.206
Net book value	549.338					648.075

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

	December 31, 2009	Additions	Disposals	Transfers	Effect of change in foreign currencies	December 31, 2010
Cost or revalued amount						
Land	70.752	8.907	-	-	-	79.659
Land improvements	1.784	519	-	-	-	2.303
Buildings	118.454	18.351	-	6.759	-	143.564
Machinery and equipment	229.907	37.368	(2.948)	-	(49)	264.278
Vehicles	46.117	11.857	(6.266)	-	(7)	51.701
Furniture and fixtures	95.855	20.055	(503)	-	(13)	115.394
Leasehold improvements	163.617	36.731	(6.463)	-	(64)	193.821
Construction in progress	17	7.045	(253)	(6.759)	-	50
	726.503	140.833	(16.433)	-	(133)	850.770
Less: Accumulated depreciation						
Land improvements	(584)	(365)	-	-	-	(949)
Building	-	(5.767)	-	-	-	(5.767)
Machinery and equipment	(108.804)	(19.371)	1.722	-	5	(126.448)
Vehicles	(22.762)	(8.636)	4.800	-	-	(26.598)
Furniture and fixtures	(62.646)	(13.121)	447	-	2	(75.318)
Leasehold improvements	(52.614)	(16.345)	2.604	-	3	(66.352)
	(247.410)	(63.605)	9.573	-	10	(301.432)
Net book value	479.093					549.338

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

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts of land and buildings that would have been included in the financial statements as of December 31, 2011 and December 31, 2010 respectively are as follows:

	Land and buildings	
	December 31, 2011	December 31, 2010
Cost	258.376	219.501
Accumulated depreciation	(24.498)	(17.653)

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

As of December 31, 2011 and 2010, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	December 31, 2011	December 31, 2010
Machinery and equipment	65.120	59.446
Furniture and fixtures	52.190	42.307
Intangible assets and leasehold improvements	24.254	21.562
Vehicles	6.070	4.391
Land improvements	346	173
	147.980	127.879

Pledges and mortgages on assets

As of December 31, 2011 and 2010, there is no pledge or mortgage on property and equipment of the Group.

19. INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the years ended December 31, 2011 and 2010 are as follows:

	December 31, 2010	Additions	Disposals	Effect of change in foreign currencies	December 31, 2011
Cost					
Rights	9.104	1.153	(87)	29	10.199
Other intangibles	31	-	-	-	31
	9.135	1.153	(87)	29	10.230
Accumulated amortization					
Rights	(6.350)	(1.054)	11	(8)	(7.401)
Other intangibles	(26)	-	-	-	(26)
	(6.376)	(1.054)	11	(8)	(7.427)
Net book value	2.759				2.803

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

	December 31, 2009	Additions	Disposals	Effect of change in foreign currencies	December 31, 2010
Cost					
Rights	8.328	779	-	(3)	9.104
Other intangibles	1.262	102	(1.304)	(29)	31
	9.590	881	(1.304)	(32)	9.135
Accumulated amortization					
Rights	(5.434)	(916)	-	-	(6.350)
Other intangibles	(624)	(316)	901	13	(26)
	(6.058)	(1.232)	901	13	(6.376)
Net book value	3.532				2.759

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

Major part of the rights is software licenses.

20. GOODWILL

None (December 31, 2010-None).

21. GOVERNMENT INCENTIVES AND GRANTS

Investment incentives

As of December 31, 2011 and 2010, the Group does not have any investment incentive.

22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other provisions for accruals

As of December 31, 2011 and 2010, the Group has TL 2.395 and TL 1.282 provisions for telephone, electricity, water and other short term liabilities, respectively.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

Litigation against the Group

As of December 31, 2011 and December 31, 2010, the total amount of outstanding lawsuits filed against the Group is TL 10.218 and TL 9.854 in historical terms, respectively. The Group set provisions amounting TL 6.818 and TL 6.388 for the related periods, respectively.

Current year movement of provision for lawsuits is as follows;

	December 31, 2011	December 31, 2010
Beginning	6.388	4.400
Provision amount, net	430	1.988
Ending	6.818	6.388

Letter of guarantees, mortgages and pledges given by the Group

As of December 31, 2011 and 2010, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	December 31, 2011			
	Total TL equivalent	TL	USD	Euro
A. Total amount of guarantees, pledges and mortgages given in the name of legal entity	14.108	13.421	363.397	-
Guarantee	14.108	13.421	363.397	-
Pledge	-	-	-	-
Mortgage	-	-	-	-
B. Total amount of guarantees, pledges and mortgages given in favor of the parties which are included in the scope of full consolidation	2.349	-	-	961.254
Guarantee	2.349	-	-	961.254
Pledge	-	-	-	-
Mortgage	-	-	-	-
C. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-
i. Total amount of guarantees, pledges and mortgages given in favor of parent company	-	-	-	-
ii. Total amount of guarantees, pledges and mortgages given in favor of other group companies which are not covered in B and C above	-	-	-	-
iii. Total amount of guarantees, pledges and mortgages given in favor of 3rd parties which are not covered in C above	-	-	-	-
Total	16.457	13.421	363.397	961.254

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

	December 31, 2010			
	Total TL equivalent	TL	USD	Euro
A. Total amount of guarantees, pledges and mortgages given in the name of legal entity	12.655	12.269	250.000	-
Guarantee	12.655	12.269	250.000	-
Pledge	-	-	-	-
Mortgage	-	-	-	-
B. Total amount of guarantees, pledges and mortgages given in favor of the parties which are included in the scope of full consolidation	1.970	-	-	961.254
Guarantee	1.970	-	-	961.254
Pledge	-	-	-	-
Mortgage	-	-	-	-
C. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-
i. Total amount of guarantees, pledges and mortgages given in favor of parent company	-	-	-	-
ii. Total amount of guarantees, pledges and mortgages given in favor of other group companies which are not covered in B and C above	-	-	-	-
iii. Total amount of guarantees, pledges and mortgages given in favor of 3rd parties which are not covered in C above	-	-	-	-
Total	14.625	12.269	250.000	961.254

Insurance coverage on assets

As of December 31, 2011 and 2010, insurance coverage on assets of the Group is TL 640.531 and TL 538.470 respectively.

23. COMMITMENTS

As of December 31, 2011 and 2010, the Group has operating lease commitments for each of the following periods:

	December 31, 2011	December 31, 2010
Later than one year and not later than five years	-	41
Later than five years	-	22

24. EMPLOYEE TERMINATION BENEFITS

Reserve for employee termination benefits

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of historical TL 2.732 (full TL) and TL 2.517 (full TL) at December 31, 2011 and 2010, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination. The cost of providing those benefits is accrued over the employees' service period. The Group accounts for the employee termination benefits in accordance with the provisions of IAS 19 including the application of actuarial methods and assumptions by professional actuaries. Actuarial gains and losses, as long as the cumulative unrecognized portion exceeds 10% of the present value of defined benefit obligation, are recognized in the statement of comprehensive income over the average remaining working lives of employees. Reserve for employee termination benefits are calculated as of December 31, 2011 and 2010.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)
(Currency - Thousands of Turkish Lira [TL] unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

Maximum limit of retirement pay is raised to TL 2.805 (full TL) from TL 2.732 (full TL) as of January 1, 2012.

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

	January 1- December 31, 2011	January 1- December 31, 2010
Current service cost (Note 30)	4.015	2.651
Financial expense of employee termination benefit	1.751	1.132
Actuarial loss	449	125
Total expense	6.215	3.908

Provision for employee termination benefits:

	January 1- December 31, 2011	January 1- December 31, 2010
Defined benefit obligation	24.085	17.831
Unrecognized actuarial gains	(11.048)	(8.308)
	13.037	9.523

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

	January 1- December 31, 2011	January 1- December 31, 2010
Beginning balance	17.831	10.429
Financial expense of employee termination benefit	1.751	1.132
Current service cost	4.015	2.651
Benefits paid	(2.701)	(1.952)
Actuarial (gain)/loss	3.189	5.571
Balance at period end	24.085	17.831

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

	December 31, 2011	December 31, 2010
Discount rate	%10	%10
Expected rate of salary/limit increases	%5,1	%5,1

25. EMPLOYEE PENSION PLANS

None (December 31, 2010-None).

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

26. OTHER ASSETS AND LIABILITIES

a) Other current assets

	December 31, 2011	December 31, 2010
Advances given	20.627	18.773
Prepaid expenses	7.154	6.474
VAT receivable	6.092	3.296
Other	429	219
	34.302	28.762

b) Other non-current assets

	December 31, 2011	December 31, 2010
Advances given for tangible asset purchases	3.945	1.881
Deposits and advances given	2.509	2.501
Other	406	455
	6.860	4.837

c) Other short-term liabilities

	December 31, 2011	December 31, 2010
Income tax and social security taxes payable	18.137	7.472
VAT payable	11.042	5.901
Other tax and funds payable	10.284	8.855
Other	6.139	1.031
	45.602	23.259

As of December 31, 2011 and 2010, the Group does not have any other long-term liability.

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

27. SHAREHOLDERS' EQUITY

a) Share capital and capital reserves

As of December 31, 2011 and 2010, the breakdown of shareholders and their ownership percentages in the Company (all in historical terms) are summarized as follows:

	December 31, 2011		December 31, 2010	
	Historical amount	%	Historical amount	%
Mustafa Latif Topbaş	26.466	17,5	27.266	18,0
Ahmet Afif Topbaş	13.571	8,9	12.771	8,4
Abdulrahman A. El Khereiji	10.626	7,0	20.623	13,6
Firdevs Çizmeci	1.800	1,2	1.800	1,2
Ömer Hulusi Topbaş	180	0,1	180	0,1
Zuhair Fayez	-	-	5.990	3,9
Publicly traded	99.157	65,3	83.170	54,8
	151.800	100	151.800	100

The Company's share capital is fully paid and consists of 151.800.000 (December 31, 2010-151.800.000) shares of TL 1 nominal value.

Revaluation fund

As of December 31, 2011, Group has revaluation surplus amounting TL 15.704 (December 31, 2010-TL 15.704) related to revaluation of land and buildings. The revaluation surplus is not available for distribution to shareholders.

b) Restricted reserves allocated from profits / prior year profits

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

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

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

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

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

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

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

As of December 31, 2011 and 2010 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	December 31, 2011	December 31, 2010
Legal reserves	81.449	51.599
Prior year profits	41.682	5.826
Net income for the period	306.099	247.865
	429.230	305.290

Net profit per the Company's statutory books is TL 306.099 and net profit per consolidated financial statements in accordance with CMB accounting standards is TL 298.910. As of the report date, the Company has not yet decided to distribute dividends for the year ending December 31, 2011.

Dividend paid

As decided at the Ordinary General Assembly meeting of 2010, the Group has distributed dividend from 2010 profit amounting to TL 182.160 on May 18, 2011.

28. SALES AND COST OF SALES

a) Net sales

The Group's net sales for the years ended December 31, 2011 and 2010 are as follows:

	January 1- December 31, 2011	January 1- December 31, 2010
Sales	8.220.931	6.597.614
Sales return (-)	(31.796)	(23.663)
	8.189.135	6.573.951

b) Cost of sales

	January 1- December 31, 2011	January 1- December 31, 2010
Beginning inventory	332.795	255.527
Purchases	6.947.765	5.546.540
Ending inventory (-)	(400.755)	(332.795)
	6.879.805	5.469.272

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

29. SELLING, MARKETING AND DISTRIBUTION AND GENERAL AND ADMINISTRATIVE EXPENSES

a) Selling, marketing and distribution expenses

	January 1- December 31, 2011	January 1- December 31, 2010
Personnel expenses	359.076	301.958
Rent expenses	208.761	176.154
Depreciation and amortization expenses	70.608	58.800
Water, electricity and communication expenses	46.543	50.991
Packaging expenses	40.595	32.155
Advertising expenses	25.354	21.621
Trucks fuel expense	30.916	21.992
Maintenance and repair expenses	18.779	16.465
Provision for employee termination benefit	3.356	2.064
Other selling and marketing expenses	31.674	26.605
	835.662	708.805

b) General and administrative expenses

	January 1- December 31, 2011	January 1- December 31, 2010
Personnel expenses	78.787	67.052
Depreciation and amortization expenses	6.372	6.037
Motor vehicle expenses	5.895	4.702
Money collection expenses	4.494	4.083
Legal and consultancy expenses	4.171	3.321
Communication expenses	867	941
Provision for employee termination benefits	659	587
Office supplies expenses	501	590
Other general and administrations expenses	24.468	17.045
	126.214	104.358

30. EXPENSES AS TO NATURE

a) Depreciation and amortization expenses

	January 1- December 31, 2011	January 1- December 31, 2010
Selling, marketing and distribution expenses	70.608	58.800
General and administrative expenses	6.372	6.037
	76.980	64.837

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

b) Personel expenses

	January 1- December 31, 2011	January 1- December 31, 2010
Wages and salaries	382.145	321.849
Social security premiums-employer contribution	55.718	47.161
Provision for employee termination benefits (Note 24)	4.015	2.651
	441.878	371.661

31. OTHER OPERATING INCOME AND EXPENSE

a) Other operating income

	January 1- December 31, 2011	January 1- December 31, 2010
Gain on sale of scrap materials	5.234	4.239
Other income	11.100	7.014
	16.334	11.253

b) Other operating expense

	January 1- December 31, 2011	January 1- December 31, 2010
Other expense	3.788	2.675
Provision expenses	573	2.239
Loss on sale of property and equipment	53	2.190
	4.414	7.104

32. FINANCIAL INCOME

	January 1- December 31, 2011	January 1- December 31, 2010
Financial income		
Income on profit share account-deposits	15.281	12.479
Foreign exchange gains	5.770	1.514
Total financial income	21.051	13.993

33. FINANCIAL EXPENSES

	January 1- December 31, 2011	January 1- December 31, 2010
Financial expense		
Finance charge on employee termination benefit	2.200	1.257
Foreign exchange losses	314	1.749
Other financial expense	172	651
Total financial expenses	2.686	3.657

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

34. ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS

None (December 31, 2010-None).

35. TAX ASSETS AND LIABILITIES

As of December 31, 2011 and 2010, provision for taxes of the Group is as follows:

	December 31, 2011	December 31, 2010
Current period tax provision	77.293	62.628
Prepaid taxes	(59.219)	(46.912)
Corporate tax payable	18.074	15.716

In Turkey, as of December 31, 2011 corporate tax rate is 20% (December 31, 2010-20%). 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.

In Morocco, as of December 31, 2011 the corporate tax rate is %30 (December 31, 2010-%30) where the consolidated subsidiary of the Company, BIM Stores SARL operates.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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

As of December 31, 2011 and 2010, temporary differences based for deferred tax and deferred tax asset/liability calculated by using applicable tax rates are as follows:

	Balance sheet		Comprehensive income statement	
	December 31, 2011	December 31, 2010	January 1-December 31, 2011	January 1-December 31, 2010
Deferred tax liability				
Restatement effect on non-monetary items in accordance with IAS 29	16.551	13.989	2.562	(1.203)
Deferred tax asset				
Reserve for employee termination benefit	(2.530)	(1.860)	(670)	(360)
Other adjustments	(3.858)	(3.435)	(423)	(704)
Currency translation difference			67	
Deferred tax	10.163	8.694	1.536	(2.267)

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

Deferred tax is presented in financial statements as follows:

	December 31, 2011	December31, 2010
Deferred tax asset	481	349
Deferred tax liability	(10.644)	(9.043)
Net tax liability	(10.163)	(8.694)

Movement of net deferred tax liability for the years ended December 31, 2011 and 2010 is presented as follows:

	January 1- December 31, 2011	January 1- December 31, 2010
Opening balance	8.694	10.961
Deferred tax expense/(income) recognized in statement of comprehensive income	1.536	(2.267)
Deferred tax credit recognized in revaluation surplus	(67)	-
Balance at the end of period	10.163	8.694

Tax reconciliation

	January 1- December 31, 2011	January 1- December 31, 2010
Net income before tax	377.739	306.001
Corporation tax at effective tax rate of 20%	(75.548)	(61.200)
Disallowable expenses	(931)	(598)
Effect of non-tax deductible and tax exempt items	317	68
Tax rate effect of the consolidated subsidiary	(1.454)	(116)
Other	(1.213)	1.485
Provision for taxes	(78.829)	(60.361)
-Current	(77.293)	(62.628)
-Deferred	(1.536)	2.267

36. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. All shares of the Company are in same status.

The movements of number of shares as of December 31, 2011 and December 31, 2010 are as follows;

Number of shares	December 31, 2011	December31, 2010
Beginning of the period	151.800.000	75.900.000
Number of free shares issued by using internal sources	-	75.900.000
Period end	151.800.000	151.800.000

As decided at the General Assembly meeting held on April 22, 2011, the Group has finalized the distribution of dividend amounting to gross TL 182.360 (1,20 (full TL) per share).

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

	January 1- December 31, 2011	January 1- December 31, 2010
Earnings per share		
Average number of stocks during the year	151.800.000	151.800.000
Net profit of the year	298.910	245.640
Profit per share (full TL)	1,969	1,618

37. RELATED PARTY DISCLOSURES

a) Due to related parties

Due to related parties balances as of December 31, 2011 and 2010 are as follows:

Payables related to goods and services received

	December 31, 2011	December 31, 2010
Ak Gıda A.Ş. (Ak Gıda) (1)	74.719	58.121
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) (1)	28.032	19.060
Hedef Tüketim Ürünleri San ve Dış Tic. A.Ş.(Hedef) (1)	13.449	7.915
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş (Turkuvaz) (1)	9.582	4.034
Marsan Gıda San. ve Tic. A.Ş. (Marsan) (1)	-	3.552
Esas Paz. ve Tic .A.Ş (Esas) (1)	1.796	3.352
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) (1)	1.281	674
Seher Gıda Paz. San. ve Tic. A.Ş. (Seher) (1)	116	390
Bahar Su Sanayi ve Tic. A.Ş (Bahar Su) (1)	763	267
Bahariye Tekstil San. Tic. A.Ş.(1)	-	
Proline Bilişim Sistemleri ve Ticaret A.Ş.(1)	1	-
	129.739	97.365

(1) Companies owned by shareholders of the Company

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b) Related party transactions

For the years ended December 31, 2011 and 2010, summary of the major transactions with related parties are as follows:

(i) Purchases from related parties during the periods ended December 31, 2011 and 2010 are as follows:

	January 1- December 31, 2011	January 1- December 31, 2010
Ak Gıda (1)	514.317	465.403
Başak (1)	229.702	175.766
Teközel (1) (*)	-	50.706
Esas (1)	28.608	41.735
Natura (1)	46.410	40.102
Hedef (1)	65.249	40.009
Turkuvaz (1)	40.749	25.087
Marsan (1) (**)	2.978	17.663
Seher (1)	1.408	1.893
Bahar Su (1)	3.691	1.121
Bahariye (1)	1.482	991
	934.594	860.476

(1) Companies owned by shareholders of the Company
(*) Delisted from related parties starting from April 1, 2010, represents the purchase amount made between January 1, 2010 and April 1, 2010.
(**) The company has been delisted from related parties after July 1, 2011 the amounts are purchases from the Company between the dates January 1, 2011-June 30, 2011.

(ii) For the years ended December 31, 2011 and 2010 salaries, bonuses and compensations provided to board of directors and key management comprising of 79 and 77 personnel, respectively, are as follows:

	January 1- December 31, 2011	January 1- December 31, 2010
Short-term benefits	18.874	16.259
Long-term defined benefits	1.150	763
Total benefits	20.024	17.022

iii) For the years ended December 31, 2011 and 2010 the Company received service from the related party, Proline Bilişim Sistemleri ve Ticaret A.Ş. amounting TL 614 and TL 826, respectively.

38. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

Price risk

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

Profit share rate risk

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

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

Profit share rate position table

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

Profit share position table		Current period	Prior period
	Fixed-profit share bearing financial instruments		
Financial assets	Financial assets at fair value through profit/loss	236.220	185.741
	Available for sale financial assets	-	-
Financial liabilities			
	Variable profit share bearing financial instruments	-	-
Financial assets		-	-
Financial liabilities		-	-

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Since the Group is engaged in the retail sector and transactions are mainly on a cash basis or has 1 month maturity credit card collections, the exposure to credit and price risk is minimal.

Credit risk table (Current period)

	Credit card receivable		Bank deposits	
	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date	-	269.190	-	280.585
Maximum risk secured by guarantees				
A. Net book value of financial assets neither overdue nor impaired	-	269.190	-	280.585

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

Credit risk table (Prior period)

	Credit card receivable		Bank deposits	
	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date	-	191.481	-	207.672
Maximum risk secured by guarantees	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	191.481	-	207.672

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

Foreign currency position

As of December 31, 2011 and 2010, the Group's foreign currency position is as follows:

	December 31, 2011			December 31,2010		
	TL equivalent (functional currency)	USD	EUR	TL equivalent (functional currency)	USD	EUR
1. Trade receivables	-	-	-	-	-	-
2a. Monetary financial assets (including cash, bank accounts)	109	7.855	38.388	59	8.501	22.167
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	21	6.100	4.000	39	23.600	1.278
4. Current assets (1+2+3)	130	13.955	42.388	98	32.101	23.445
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-	-
9. Total assets(4+8)	130	13.955	42.388	98	32.101	23.445
10. Trade payables	-	-	-	-	-	-
11. Financial liabilities	-	-	-	-	-	-
12a. Monetary other liabilities	12	6.500	-	92	59.242	-
12b. Non-monetary other liabilities	-	-	-	-	-	-
13. Current liabilities (10+11+12)	12	6.500	-	92	59.242	-
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-	-	-
18. Total liabilities (13+17)	12	6.500	-	92	59.242	-
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-	-
19a. Hedged total assets amount	-	-	-	-	-	-
19b. Hedged total liabilities amount	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	-	-	-	6	(27.141)	23.445
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	118	7.455	42.388	6	(27.141)	23.445
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-
23. Export	-	-	-	-	-	-
24. Import	-	-	-	-	-	-

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

BİM BİRLEŞİK MAĞAZALAR ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 (CONTINUED)

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

Exchange rate risk

The following table demonstrates the sensitivity to a possible change of 10% in the U.S Dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax as of December 31, 2011 and 2010:

December 32, 2011		Exchange rate sensitivity analysis
		Current Year
	Profit/loss	Profit/loss
	Increase in exchange rate	Decrease in exchange rate
Increase of 10% in value of U.S Dollar against TL :		
1-U.S Dollar net asset/(liability)	2	(2)
2-Protected part from U.S Dollar risk (-)	-	-
3-U.S Dollar net effect (1+2)	2	(2)
Increase of 10% in value of Euro against TL:		
4-Euro net asset/(liability)	10	(10)
5-Protected part from Euro risk (-)	-	-
6-Euro net effect (4+5)	10	(10)
Total (3+6)	12	(12)

December 31, 2010		Exchange rate sensitivity analysis
		Current Year
	Profit/loss	Profit/loss
	Increase in exchange rate	Decrease in exchange rate
Increase of 10% in value of U.S Dollar against TL :		
1-U.S Dollar net asset/(liability)	(4)	4
2-Protected part from U.S Dollar risk (-)	-	-
3-U.S Dollar net effect (1+2)	(4)	4
Increase of 10% in value of Euro against TL:		
4-Euro net asset/(liability)	5	(5)
5-Protected part from Euro risk (-)	-	-
6-Euro net effect (4+5)	5	(5)
Total (3+6)	1	(1)

Liquidity risk

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

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

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

As of December 31, 2011 and 2010, maturities of undiscounted trade payables and financial liabilities are as follows:

December 31, 2011

Contractual maturities	Book value	Total cash outflow	Less than 3 months	Between 3-12 months	Between 1-5 year	More than 5 years
Non derivative financial liabilities						
Bank borrowings						
Trade payables	890.253	895.639	895.639	-	-	-
Due to related parties	129.739	130.537	130.537	-	-	-

December 31, 2010

Contractual maturities	Book value	Total cash outflow	Less than 3 months	Between 3-12 months	Between 1-5 year	More than 5 year
Bank borrowings	7.662	7.662	7.662	-	-	-
Trade payables	701.398	706.032	706.032	-	-	-
Due to related parties	97.365	98.015	98.015	-	-	-

39. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES IN THE FRAME OF HEDGE ACCOUNTING)

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

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

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

Financial assets

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

Financial liabilities

Financial liabilities of which fair values approximate their carrying values:

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

40. SUBSEQUENT EVENTS

As of January 30, 2012, the Company took over the shares of Ideal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş by 12.589 TL. Ideal produces toothbrush and whole of the production of the Company is for BIM.

41. OTHER MATTERS THAT SIGNIFICANTLY AFFECT FINANCIAL STATEMENTS OR ARE NECESSARY FOR OPENNESS, INTERPRETABILITY AND CLEARNESS OF THE FINANCIAL STATEMENTS

There is no other matters having significant impact on or requiring explanation in order to provide the clarity, interpretability and perceptibility of the financial statements as of December 31, 2011 and 2010.

PRODUCTS

Since its inception, BİM has committed to offer high quality products to its customers at the best possible prices.

Bind Activit

Shining cleanliness

Jucy

For a pleasant life

Powerdent 7 Total Koruma

Perfect protection for your teeth with Powerdent

Buono

Real taste of chocolate

Dost Süt

Natural milk, healthy milk

VIP Coffee

A happy break for one cup of coffee

Family Wet Towel

Cleaning at your fingertips all the time

Powerdent Shine Toothbrush

Good health begins in the mouth

PastaVeneta

A feast with pasta

BIOBIS Shampoo

Anti Hair-loss Shampoo

www.bim.com.tr

BİM

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