OUR UPTREND CONTINUES!

BİM
TOPTAN FİYATINA
PERAKENDE SATIŞ

ANNUAL REPORT 2012

CONTENTS

Trade Name: BİM Birleşik Mağazalar A.Ş.
Report Period: 2012
Trade Registry Nr: 334499/282081
Website: www.bim.com.tr
Capital: TL 151,800,000

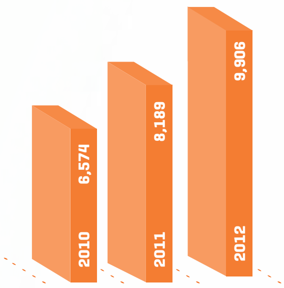
Introducing the hard-discount concept to Turkey and maintaining its leadership in the field, BİM continues its uptrend.

Welcoming approximately **2.8 million** customers on a daily basis at its **3,655 stores** throughout Turkey, BİM continues to offer quality at the best prices with its increasing performance.

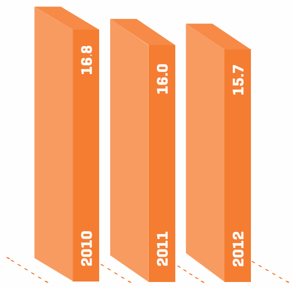
Yet, even higher goals await BİM.

KEY INDICATORS

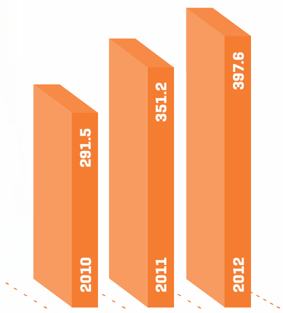
With 366 new stores opened in 2012, BİM maintained the title of retailer with the widest network. The successful performance of BİM reflected upon its sales as well, resulting with a 21% increase in sales.



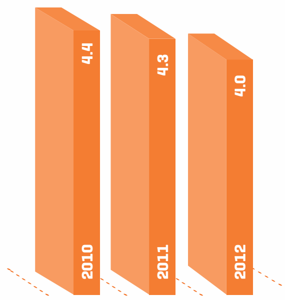
NET SALES (TL million)



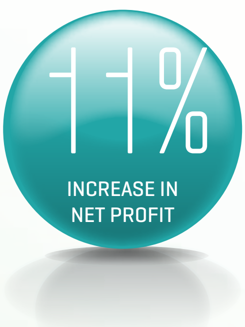
GROSS PROFIT MARGIN (%)

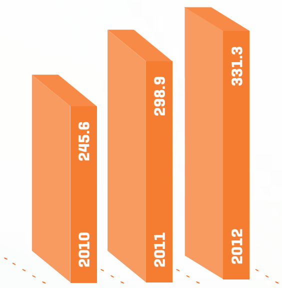


EBIT (TL million)

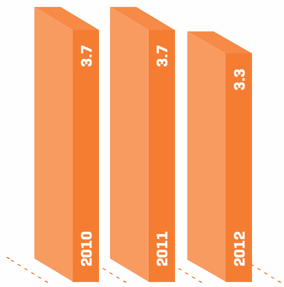


EBIT MARGIN (%)





NET PROFIT (TL million)



NET PROFIT MARGIN (%)

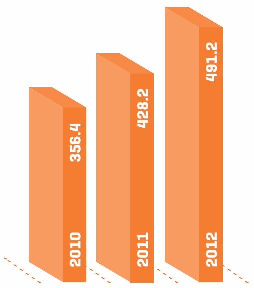
Financial results are prepared as consolidated statements within the framework of the Communiqué (Series XI, Nr. 29) issued by the Capital Markets Board in accordance with the International Accounting Standards and the International Financial Reporting Standards. Consolidated affiliate partnerships, which were fully consolidated, are as follows:

BİM owns 100% of the shares of both the BİM Stores SARL in Morocco and the BİM Stores LLC in Egypt. Both companies are engaged in food retail.

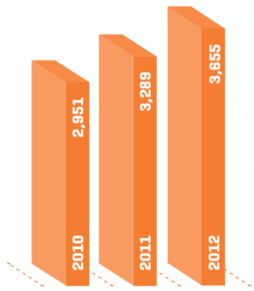
Within targets, BİM increased its EBITDA by 15%. The EBITDA-turnover rate, on the other hand, was realized within the expected range by 5.0%.

(*) Operational indicators reflect only those operations in Turkey. As of the end of 2012, the affiliate partnership established in Morocco has 110 stores (76 stores in 2011) and 587 employees (452 employees in 2011). Since the affiliate partnership established in Egypt is brand new, there are no stores but 82 employees in total.

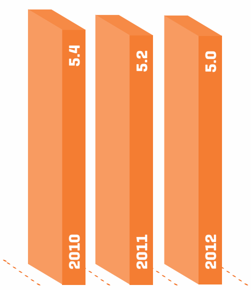
The number of stores is provided according to the information as of the last day of the year.



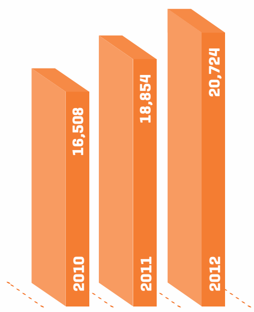
EBITDA (TL million)



NUMBER OF STORES (*)

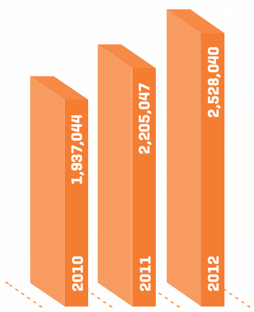


EBITDA MARGIN (%)



NUMBER OF EMPLOYEES AT THE END OF THE YEAR (*)

TOTAL ASSETS (TL million)



AVERAGE NUMBER OF DAILY CUSTOMERS(*)

ABOUT BİM

The cornerstone of the corporate culture of BİM, which have been developed over the past 17 years, comprise of customer satisfaction, the principle of excellent service positive relations established with the suppliers, and quality human resources.

The most important player in the retail industry in Turkey, BİM has one important principle, which has been followed with no compromise since the foundation of the Company: offering high quality products to its customers at the best prices and with the best service. The growth of 86% achieved in the past three years is a result of this principle.

The organic growth model applied by BİM is one of the key elements of its success. After its foundation in 1995 with 21 stores, BİM continues its successful journey with a total of 3,655 stores. The most significant achievement of the organic growth strategy is the adoption of corporate culture by its human resources and the creation of high levels of staff loyalty.

In 2012, BİM continued its leadership both in terms of the number of stores and the volumes of sales, making it another year of growth for BİM. Continuing its steady growth, BİM has 3,655 stores across 78 cities in Turkey as of the end of the year. In addition to a new regional office, together with 366 new stores, BİM maintained the title of retailer with the widest network. The successful performance of BİM reflected upon its sales as well, resulting with a 21% increase in sales. As a result of implementing the right business model and successful operations, BİM achieved a 15% increase in profitability [EBITDA]. This growth was not only achieved by opening new stores but the increase in the performance of the existing stores also triggered the growth.

Besides its operations in Turkey, BİM continued its operations in Morocco at full speed and increased the total number of stores to 110 by opening 34 further stores in 2012. Aiming to become a global company, BİM continues its research regarding investing in new countries. In 2012, the Company decided to operate in Egypt as the second overseas point. The foundation process of the enterprise in Egypt has been completed as of the end of the year 2012, and efforts continue to start opening stores. It is expected that the first store in Egypt will be opened during the second quarter of 2013.

In 2012, BİM purchased 100% of the shares of İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. The Company, which manufactures and markets toothbrushes, now produces solely for BİM. Another important breakthrough realized during 2012 has been BİMcell. A mobile communication brand of BİM, BİMcell provides prepaid calling services.

According to the Global Powers of Retailing 2013 report prepared traditionally every year by Deloitte, BİM ranked 185th among the top 250 retail companies in the world. As indicated by the same survey, BİM ranked first in the world according to the Tobin's Q ratio, which represents the ratio of the total market value of a company to the value of its tangible assets thereby showing how efficient the resources are being used. Hence, BİM became the first company among developing countries to be ranked first in the world according to this criterion. As the only company from Turkey to be included in the top 250, BİM is also the 10th fastest growing retail company. The cornerstones of the corporate culture of BİM, which have been developed over the past 17 years, comprise of customer satisfaction, excellent service principle, positive relations established with the suppliers, and quality human resources. With its transparent, open and truthful management style, BİM will continue its growth and profitability with the same stnength in the coming

2012

3,655

NUMBER OF STORES

OUR NETWORK EXPANDED BY 11%

Our uptrend continues in 78 cities in Turkey!

Continuing its steady growth, BİM has 3,655 stores in 78 cities in Turkey as of the end of the year.

CORPORATE PROFILE

Most of the high-quality private label products offered by BİM, who introduced the concept of private label products in Turkey, are market leaders in their respective categories.

Supplying the highest quality staple food products at the best prices is the fundamental principle adopted by BİM (Birleşik Mağazalar A.Ş.). Beginning its operations in 1995 with 21 stores in line with this principle, BİM is the first company to introduce the concept of hard-discount to Turkey. BİM has around 600 products in its current product portfolio.

Adopting supplying the highest quality staple food products at the best prices as its fundamental principle, BİM (Birleşik Mağazalar A.Ş.) began its operations in 1995 with 21 stores. The first representative of the concept of hard-discount in Turkey, BİM has around 600 products in its current product portfolio.

2012 was another successful year for BİM with a 21% increase in sales. In accordance with its policy of steadily increasing the number of stores and the turnover of the Company, BİM has opened 366 new stores in addition to a new regional office. With a total of 3,655 stores in 34 different regions as of the end of 2012, BİM has been one of the fastest growing companies in the retail industry. Furthermore, with its stores throughout 78 cities in Turkey, the Company maintains its position as the retailer with the widest network. In addition to the 11% increase in the number of stores, the 12% rise in the sales performance of existing stores is reflected in total sales as a 21% increase. As a result of these positive developments, the net profit of the Company was boosted by 11%.

BİM has invested a consolidated amount of TL 241 million in 2012, all of which was financed from the equity capital of the Company. This amount is planned to be raised to TL 270 million in 2013, which will be the highest amount of investment in the history of BİM.

Most of the high-quality private label products offered by BİM, who introduced the concept of private label products in Turkey, are market leaders in their respective categories. The increase in the turnover share of private label products from 46% in 2005, when the Company went public, to 66% in 2012, is a reflection of the emphasis on quality.

BİM plans to increase the number of its regional offices to 40 in 2013 by opening another six offices. The goal of the Company is to achieve a 10% growth in the number of stores by opening approximately 375 new stores and increasing the number of its stores to over 4,000. BİM also aims at opening 50 new stores and another regional office in Morocco.

Aiming to maintain its stable growth also in 2012 by opening new stores, BİM will continue its effective cost management policy by prioritizing customer satisfaction. BİM will continue its operations through the trust-based relationships it established with all its stakeholders, particularly with its suppliers, as well as with its employees devoted to providing high quality service.

OUR NET SALES INCREASED BY 21%

2012

9.9

BILLION
TOTAL SALES

Our uptrend continues in Morocco and Egypt!
We went beyond the borders of Turkey; we continue our growth by expanding our network to the rest of the world.

PHILOSOPHY OF SERVICE

BİM directs its development with an effective cost management policy without compromising either its quality standards or its priority of customer satisfaction.

BİM places the benefit of the customers before gaining short-term high profits.

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

BİM offers top quality products at the best 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 increase the price of the products.

BİM offers high-quality products manufactured specially for its customers.

BİM stores are decorated as plainly as possible.

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

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

2012

331

TL MILLION
NET PROFIT

OUR NET PROFIT INCREASED BY 11%

We maintain our uptrend with innovations.
We now have over 250,000(*) subscribers with the first co-branded reseller agreement in Turkish retail industry.

(*) as of December 31, 2012

MILESTONES

BİM continues on its path of success that began in 1995...

21

Commenced its operations with twenty-one stores.
1995

100

Released Dost Süt, the first private label product in Turkey. Opened its hundredth store.
1997

87

Opened further eighty-seven stores despite the economic crisis.
2001

Started accepting credit card payments.
2002

Net sales surpassed TL 1 billion.
2003

1,000

Opened its thousandth store.
2004

44.12%

Offered 44.12% of its shares the.
2005

2,285

Increased the number of its stores to 2,285 by opening 551 new stores. Achieved a 42% growth in turnover.
2008

Commenced its first overseas operations with stores opening in Morocco.
2009

Became the leader of the industry with a turnover of TL 6,574 million.
2010

8

Reinforced its position as the leader of the retail industry with a turnover of over TL 8 billion.
2011

Launched BİMcell.
2012

INVESTOR RELATIONS

Growing steadily, BİM continued to distribute high rates of dividends to its investors despite the high amounts of investments it has made.

Since its initial public offering in July 2005, BİM has unfailingly provided added value to its investors. Since July 2005, the price of the Company shares gained value by 1,744% reflecting a performance above the ISE 30 index yields. Furthermore, BİM continued to distribute high rates of dividends to its investors despite the high amounts of investments it has made.

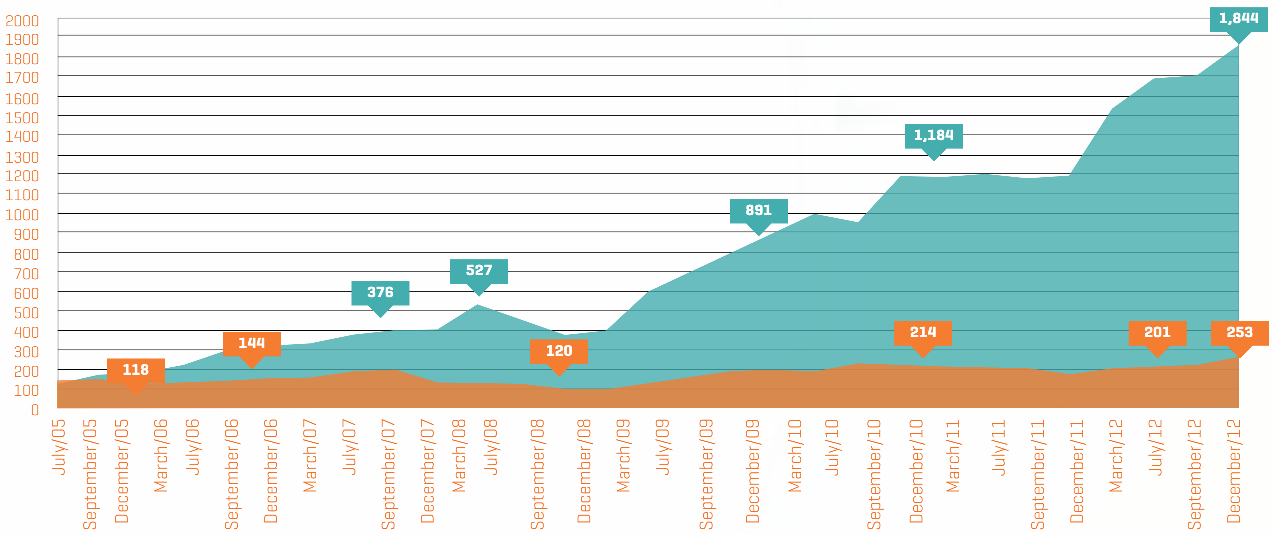
The Company has provided a value gain of 1,744% to its investors in the last seven and a half years following the initial public offering, and this figure has reached 153% on the ISE 30 index, where BİM is traded. Therefore, the price of the Company shares increased by almost seventeen-fold since the date it went public.

BİM has set up an Investor Relations Unit within the Finance Directorate in 2005. The Unit carries out its operations acting in accordance with the legislation of the Capital Markets Board with the aim of providing the most accurate information completely and simultaneously to its investors. In 2012, the Unit made a total of ten material event disclosures, and provided information to investors and stakeholders by organizing five investor conferences and approximately 150 meetings.

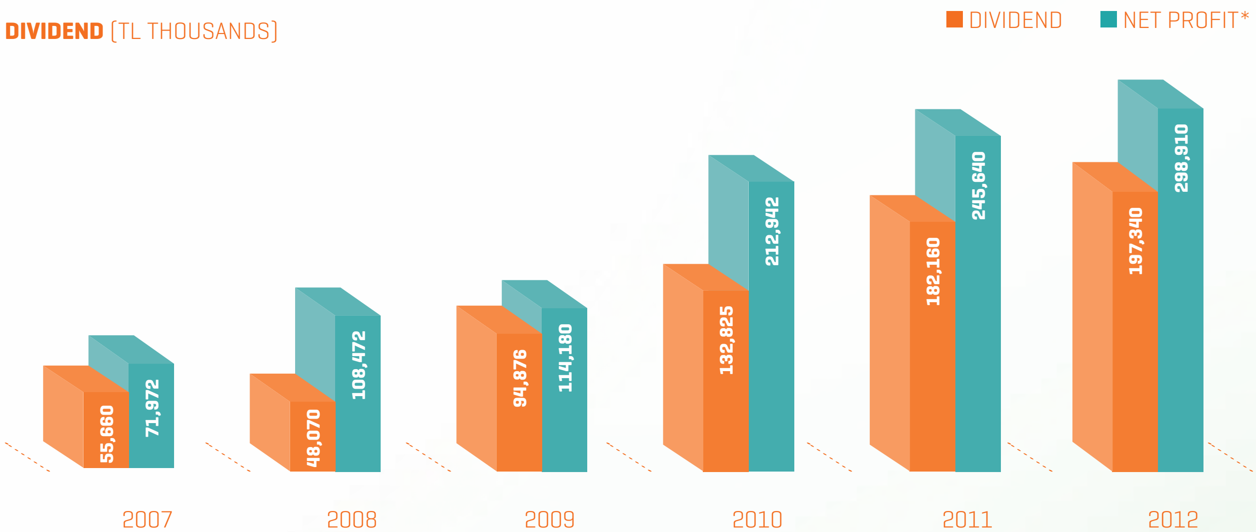
According to the dividend distribution policy determined in 2007, a minimum of 30% of the distributable profit yielded during the related year is to be distributed.

BİM is one of the rare companies that achieves a strong growth and is still able to distribute high rates of dividends to its investors. In this respect, the Company distributed TL 197.3 million of the profits for the year 2011 in cash in 2012.

BİM SHARE PRICE PERFORMANCE - ISE 30 INDEX COMPARISON



DIVIDEND (TL THOUSANDS)



(*) Represents the net profit of the previous year after taxes, which is the basis of the dividend.

MESSAGE FROM THE BOARD OF DIRECTORS

BİM achieved its current success solely through organic growth, by opening new stores instead of purchases.

We have left 2012 behind, a year dominated by uncertainties in the global economy. The significant developments that shaped the global economy within the past year include the problem of public debt in Spain, Italy and Greece, all of which are in the Euro Zone, reaching to an extent that affected all social segments, the relatively successful year the US economy had in terms of employment and growth, and the decrease in the growth rate in China. Achieving a successful growth performance with the macroeconomic policies implemented, the Turkish economy had a growth of 3% as a result of the cooling precautions implemented on economy in 2012.

In a year when Turkey slowed its growth down by taking precautions, BİM continued its steady growth. In closing the year 2012 with a growth rate of 21%, we have reached our targets we disclosed last year. We have widened our network throughout Turkey with 366 new stores. With our stores in 78 cities in Turkey, we maintain our position as the retailer with the widest network. This steady growth was not only achieved by opening new stores but the increase in the performance of the existing stores also supported our growth.

While we increased the number of our stores by 11% during 2012, we achieved an increase of 12% in the sales performance of our existing stores. These two factors were reflected in our sales as a 21% increase. As a result of the steady growth trend we seized, we have grown by 27% on average during the past five years.

BİM achieved its current success solely by organic growth. In 2012, the number of our regional offices increased to 34 and the number of our stores to 3,655. We are steadily continuing our successful journey which began in 1995 with 21 stores.

Since we went public in July 2005, we always provided added value to our investors. Since the public offering the price of BİM shares increased by 1,744%. This rate is well above the yield of ISE 30 index, where BİM is traded. Furthermore, we managed to distribute high rates of dividends to our investors despite the high amounts of investments we have made. We have distributed TL 197.3 million of our profits for the year 2011 as dividends in cash in 2012.

In 2012, which turned out to be another year of growth for us, we continued developing our overseas operations. In Morocco, where we started to operate in 2009, the total number of our stores increased to 110 with the opening of 34 further stores in 2012. We will continue expanding our network by a new regional office and 50 more stores. On the other hand, the foundation process of our enterprise in Egypt, BİM Stores LLC, has been completed. We have opened our first regional office and our employees began working. We are planning to open our first store in the second quarter of 2013. We have also completed the purchase of land for our second regional office and warehouse that is planned to be opened in the coming period.

We have provided added value to the Turkish economy since our foundation in 1995 both with our investments and our employment policy. We have invested a total amount of TL 241 million in 2012, and we are planning to raise this amount to TL 270 million in 2013, which will be the highest amount of investment since our foundation.

We have increased the number of our employees by 10% in 2012, and today we employ 20,724 employees at our Company. There are 587 and 82 employees in Morocco and Egypt respectively. With the widest network in retail, the area of employment BİM generates encompasses not only one region but the whole of Turkey. And, we will continue to contribute to the national economy with the new stores we will open in 2013.

As BİM, we are aware that we make a difference in the retail industry. 2,8 million daily customers is our primary proof. We have full confidence that we will continue our steady growth in 2013 together with our employees, suppliers and shareholders, who walked by our side during our successful journey in 2012.

Sincerely,
The Board of Directors

MESSAGE FROM THE EXECUTIVE COMMITTEE

According to the Global Powers of Retailing report annually prepared by Deloitte, BİM ranked first in the world in terms of efficient use of its resources.

Although the year 2012 is recalled as a year when risks relatively decreased in the global economy, especially the public debt crisis in the Euro Zone reached dimensions that affected all parties. In such an economic environment, despite Turkey slowed down relatively, it continued steady growth.

As a result of these precautions, with the decrease in the growth rate, there has been a significant decrease in the current account deficit, which had been indicated as one of the most important problems of Turkey. The fact that the international rating agency Fitch raised Turkey to "investment" grade in November 2012 has provided the proof that Turkish economy presents a steady macroeconomic outlook despite the decrease in the economic growth. Experiencing problems only in relation to its commercial relations with regard to problems in Europe, Turkey looks at 2013 with hope, also with the influence of positive factors such as the increase in commerce with the Middle East and Africa, and the relatively strong domestic demand.

The retail industry in which BİM operates has continued to grow in 2012 as well. The organized retail industry is yet to reach its saturation point in Turkey and the market share is around 42%. Half of the population in Turkey is below 30 years old with a high consumption potential. Demographic indicators such as urbanization is determined as 75%, and the fact that population density is also increasing, point towards the potential of the industry. Therefore, as the industry continues to develop, the growth in the hard-discount domain, where BİM is included, has become more apparent. The growth in the hard-discount domain is higher than those of the other areas.

We have continued our leadership in the food retail industry in terms of both number of stores and sales volume. As we steadily grow, we continue our journey, which began in 1995 with 21 stores, with 3,655 stores as of the end of 2012. We have opened 366 new stores and a new regional office in 2012. With our stores spread out in 78 cities in Turkey, we maintained our position as the retailer with the widest network. Continuously increasing its market share, BİM has achieved a growth that is above the average of the industry since its foundation.

As BİM, we prefer growing organically by opening new stores instead of purchasing in order to preserve the corporate culture we established over the past seventeen years and to ensure that the loyalty to our company is sustainable. Also, we finance our investments by our own internal resources and not though bank loans.

Our steady structure, plain and simple business model has provided high levels of customer loyalty. Our newly opened stores reach the desired performance within short spaces of time. As a result of the simplicity of our business model, the message that all discounts are reflected in the prices with a single pricing model is received well by the customers.

Introduced in 2012, BİMcell is the first virtual operator in Turkey. Belonging to BİM, BİMcell is a mobile communications brand which started operating in March 2012 and reached 250 thousand subscribers within nine months.

According to the Global Powers of Retailing 2013 report prepared by Deloitte, BİM ranked first in the world in terms of the Tobin's Q ratio, which represents the ratio of the value of a company to the value of its tangible assets thereby showing how efficient its resources are being used. Becoming a global leader by using its resources and its assets in the most efficient way, BİM not only surpassed giant companies like Apple and Amazon but also became the first company from the developing countries to be ranked first in the world according to this criterion. According to the same survey, BİM ranked 185th among the top 250 retail companies in the world. As the only company from Turkey to be included in the top 250, BİM is also the 10th fastest growing retail company.

We are continuing our steady success in our operations in Morocco. We now have 110 stores in the country with 34 new stores we opened in 2012. We are planning to open 50 new stores and our second regional office in 2013. Thereby, we will be able to extend our operations to other regions after Casablanca and Rabat. In our overseas operations, our second stop will be Egypt. We have now completed the foundation procedures of our subsidiary in Egypt, and we are planning to open our first store in this country in the second quarter of 2013.

We are planning to open 375 new stores in Turkey in 2013. Thereby the number of our stores will exceed 4,000. Again in 2013, we are aiming to open six new regional offices in Turkey. Our consolidated investment was TL 241 million in 2012, and we are planning to raise this to TL 270 million in 2013. This will be the highest amount of investment in the history of BİM.

The uptrend of BİM, whose foundations were laid back in 1995, continued in 2012. As BİM looks into the future with confidence with the potential investments, it will continue its steady growth in 2013 as well. We would like to thank our employees, suppliers and shareholders, all of whom are a part of our success, for their contribution in this journey of growth.

Sincerely,

The Executive Committee

THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

During the Ordinary General Assembly for 2011, which was held on May 15, 2012, changes were introduced to the structure of the Board of Directors. The number of the members of the Board of Directors were decreased from seven to six and, pursuant to the Communiqué Regarding the Determination and Application of Corporate Governance Principles (Series IV, Nr. 56) issued by the Capital Markets Board, Mustafa Büyükabacı and Talat İçöz were elected as independent members of the Board of Directors for the very first time.

Mustafa Latif Topbaş

Born in Istanbul in 1944, Mustafa Latif Topbaş began his career in 1961 as partner and executive at Bahariye Mensucat A.Ş., a family-run business in the textile industry. 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 Deputy Chairman of the Board of Directors. He has served as Chairman of the Board of Directors since 2006, and also Chairman of the Executive Board since January 2010.

Mahmud P. Merali

Mahmud Merali was born in 1952 in Mombasa, Kenya and completed his higher education in Kenya. Having completed his professional education/training in the UK he began his career in England as an audit expert and joined one of the largest firm of auditors specializing in publicly traded companies. Mr. Merali has over 40 years' experience in auditing, accounting, taxation and particularly in international taxation. He is a Fellow of the Institute of Chartered Accountants of England & Wales, Certified Public Accountant (Kenya) ,Certified Public Accountant (Zambia) & an associate member of the Institute of Taxation (UK). An Executive partner of the Meralis Group Mr. Merali is the regional head for the EMEA region and takes the lead as the Group's International & Financial consultant. Mr. Merali serves as a consultant to a multi-national company in Kenya as well as one of the largest developers in Dubai . He sits on the Board of 3 Saudi owned Investment Funds as a Consultant and Financial advisor. Since January 2005, he has been a BİM Board member and had chaired the Audit Committee.

Jos Simons

Born in Realte, the Netherlands in 1945, Jos Simons graduated from the Top Management Course at University of Nijenrode HDS. Having a proven track record of over forty years in retail market, he served as General Manager in Aldi, the Netherlands for over a decade, and then managed his own consultancy company for the retail market. Simons was General Manager for five years at the Vendex Food Group, one of the largest food retailers in the Netherlands at the time. In 2001, he assumed the position of Chief Operating Officer at BİM, and in January 2006, he became the CEO. In April 2008, he was appointed as member of the Board of Directors. As of January 1, 2010, Simons ended his position as the CEO, and since then has been continuing to work for BİM as member of the Board of Directors and consultant.

Ömer Hulusi Topbaş

Born in Istanbul in 1967, Ömer Hulusi Topbaş began his career as a sales executive at Bahariye Mensucat A.Ş., where he worked from 1985 to 1987. Employed at Naspak Ltd from 1997 to 2000, Topbaş served as Purchasing Manager in Seranit A.Ş. between 2000 and 2002. Since then he has been the General Manager at Bahariye Mensucat A.Ş., and has also been serving as a member of the Board of Directors at BİM since June 2005.

Mustafa Büyükabacı (Independent Member)

Mustafa Büyükabacı has a BSc in Industrial Engineering from Boğaziçi University. Following his graduation in 1984, he continued his postgraduate studies and worked as a research assistant at the same department for a period of time. He has assumed executive roles in capital markets and investment companies since 1989. He has concentrated on the fields of asset/portfolio management and investment, and joined Yıldız Holding as Founding General Manager and Member of the Board of Directors of Taç Yatırım Ortaklığı in 1993. In addition to these posts, during his time at Yıldız Holding he has worked as a capital markets and finance consultant on monetary, capital and commodity markets as well as member of the Board of Directors for Family Finans and other companies of the Holding. Büyükabacı also founded Bizim Menkul Değerler, and worked as Founding General Manager and Member of the Board of Directors. He also established the real estate group within Yıldız Holding and institutionalized real estate operations as a business line, and as the Real Estate Group President he assumed the position of Founding President and left Yıldız Holding in 2010. He is currently engaged in investments in agriculture, livestock, real estate and capital markets in his own investment company. He is also the Vice Chairman of the Board of Trustees at Istanbul Sabahattin Zaim University.

Talat İçöz (Independent Member)

Born in Bursa in 1947, Talat İçöz graduated from İzmir Maarif Koleji in 1964-65, and received a BA in Business Administration from the Middle East Technical University in 1969. He continued his studies at the Faculty of Architecture of the same University, and received a MSc in City and Regional Planning in 1971. During his studies, between 1966 and 1972 he worked at Tuzcuoğlu Uluslararası Nakliyat, and completed his military service in 1973. In 1973, he worked at Investment Projects Manager at Ercan Holding A.Ş. and contributed to projects like MAN Truck & Bus project, Mahle piston expansion project, İstanbul Segman Sanayi investment project. He became the Vice General Manager of Burdur Traktör Şirketi in 1978, and the General Manager of Rekor Kauçuk A.Ş. in 1981. Between 1984 and 1991, he served as the Founding Partner, Member of the Board of Directors and General Manager of ÖZBA A.Ş. İçöz was elected Member of the Parliament from Istanbul in 1987, and he has worked as Vice President for Anavatan Party as well as members of the Constitution, Commerce and Technology commissions at the Turkish Grand National Assembly. In 1991, he became the Founding Partner of Çarşı Menkul Değerler A.Ş. Between the years 1995 and 2000, he has been engaged in commercial activities abroad, and between 2002 and 2009 he served as Consultant at Yıldız Holding A.Ş. Since 2010, he has been giving lectures on Turkish Business Environment at the Department of Business Administration at Istanbul Bilgi University. Talat speaks English and is married with two kids.

THE EXECUTIVE COMMITTEE

Mustafa Latif Topbaş

Born in Istanbul in 1944, Mustafa Latif Topbaş began his career in 1961 as partner and executive at Bahariye Mensucat A.Ş., a family-run business in the textile industry. 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 Deputy Chairman of the Board of Directors. He has served as Chairman of the Board of Directors since 2006, and also Chairman of the Executive Committee since January 2010.

Galip Aykaç

Born in Akdağmadeni, Yozgat in 1957, Galip Aykaç worked in several executive positions at Gima, the first organized food retail chain in Turkey, for over eighteen years. He started his career at BİM as Purchasing General Manager in 1997. In March 2000, Aykaç was appointed as member of Operation Committee, and as of November 2007, he became the Chief Operating Officer. Aykaç currently still serves as the Chief Operating Officer as well as member of the Executive Committee since January 2010. Aykaç received The Most Successful Professional Executive award in 2010 at the 'Retail Sun' Awards, the most prestigious award in the retail industry in Turkey. He is also a member of the Turkish Retail Committee established by the Turkish Union of Chambers and Commodity Exchanges, a member of the Board of Directors of the Trade Council of Shopping Centers and Retailers, Vice Chairman of the Food Retailers Association, and member of the Board of Directors of the of Turkish Union of Chambers and Commodity Exchanges -GS1 Turkey Committee.

Haluk Dortluoğlu

Born in Akşehir in 1972, Haluk Dortluoğlu received his BA in Business Administration from Boğaziçi University in 1995. Following his graduation, he worked at international independent audit companies, Arthur Andersen and Ernst & Young for about eight years. From 2003 until 2005 he served as Accounting Director at the Turkish Airlines, and in November 2005 he started working as BİM as the Chief Finance Officer. He also served as member of the Operation Committee between 2006 and 2009. In 2007, he completed the Advanced Management Program at Harvard Business School. Dortluoğlu was indicated as one of the top three CFOs in Turkey in 2009, according to a survey conducted by Thomson Reuters Extel. The same year, he was awarded the CFO of the Year by Finance in Emerging Europe, an economy magazine published in Europe as part of Frankfurter Allgemeine Zeitung Group. Dortluoğlu currently continues to serve as CFO and has also been a member of the Executive Committee since January 2010.

RETAIL INDUSTRY IN TURKEY

The fact that half of the population in Turkey is below 30 years old with a high consumption potential, and the demographic indicators such as the high rate of urbanization and the density of the population provide great advantages to the retail industry in Turkey.

In 2012, while uncertainties about the Euro Zone and concerns with regard to growth in relation to global economy have continued and growth speed has slowed down, Turkey has nevertheless continued to grow. Becoming one of the rising economies of global system with the steady trend it caught, the retail industry in Turkey has great potential. Especially the fact that the organized market share in the retail industry is currently around 42% and that it rises every year proves the existance of this potential.

Half of the population in Turkey is below 30 years old with a high consumption potential. This demographic structure makes the retail industry appealing. On the other hand, the demographic indicators such as the 75% rate of urbanization and the increase in the density of population also advance the retail industry. The growth-oriented population structure will display positive effects both on economy and this industry in the coming years as well. It is expected that the retail industry will grow more than the growth potential of the general economy within the next five years.

The high potential of the retail industry comes with competition. Both local and national retailers continue their rapid growth. The competition in the industry results with a segmented structure. The market share of the top five retailers in the industry is 15%. The growth especially in the hard-discount retailing, to which BİM belongs, has become more apparent. The rapid increase in the number of stores as well as the cost-oriented approach has made the hard-discount retailing more popular within households. The growth in this format is above the industrial average.

In addition to the organic growth strategy appropriated by BİM, there have been small-scale purchases and mergers in the industry. National retailers are expected to undertake these kinds of mergers in the coming period.

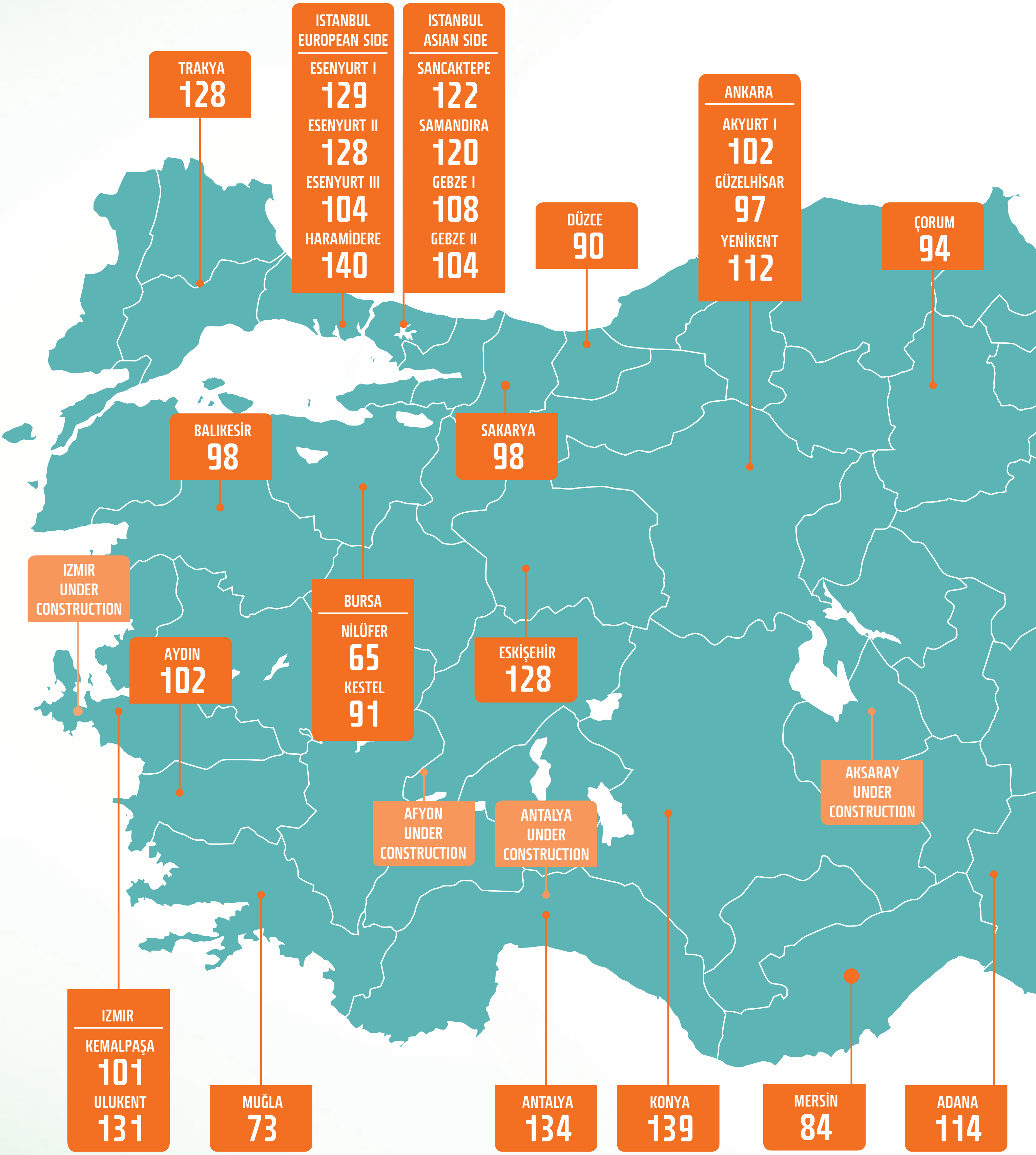
The organized retail industry also contributes to battling unrecorded economy. It is suspected that unrecorded and therefore not taxed earnings in the retail industry are high in Turkey. The organized retail industry is an important player in getting these earnings on record. On the other hand, thanks to its close ties with other industries, the organized retail industry increases employment both directly and indirectly.

According to the Global Powers of Retailing 2013 report published traditionally every year by Deloitte, BİM ranked first in the world according to the Tobin's Q ratio, which represents the ratio of the total market value of a company to the value of its tangible assets thereby showing how efficient the resources are being used. Thus surpassing many a global giant, BİM became the first company from the developing countries to be ranked first in the world according to this criterion. The Company has been ranked second according to this criterion the previous year. According to the same survey, BİM ranked 185th among the top 250 retail companies in the world. BİM is the only company from Turkey to be included in the top 250, and is also the 10th fastest growing retail company.


SÜSSE Petit Beurre
Petit Beurre
YURDUM
Jucy
Bert
Rize
EFSANE
Pirinç
VIP

OPERATIONS OF BİM IN TURKEY AND NORTH AFRICA

The retailer chain with the widest network in Turkey, BİM serves 2,8 million customers on a daily basis at its 3,655 stores and 34 regional offices established in 78 cities. Boasting 110 stores in Morocco, BİM is currently engaged in opening offices in Egypt as part of its operations in North Africa.




34
REGIONAL OFFICES
78
CITIES
3.655
NUMBER OF STORES
SAMSUN
108
TRABZON
97
ERZURUM
100
VAN
UNDER
PLANNING
MALATYA
UNDER
PLANNING
KAYSERİ
137
GAZİANTEP
103
ŞANLIURFA
84
DİYARBAKIR
90
110
STORES IN
MOROCCO
1
EGYPT OPERATIONS
CENTER

BİM DIFFERENCE IN RETAIL

The most important feature of the organizational structure of BİM, which operates with a high rate of success in a service network that spreads out in a wide geographical area, is that the management is decentralized and simple.

DECENTRALIZED STRUCTURE

The business model implemented by BİM is the most important factor underlying its success in gaining the largest share in the organized retail industry which continues to grow every year. Thanks to this model, BİM maintains its position as the company that achieves the highest growth rate compared to other companies in the industry.

BİM is coordinated through regional offices managed by general managers with their own staff and warehouses. The most outstanding feature of this organization, which contributes to the Company's high performance, is that management is decentralized and simple. BİM increased the number of its regional offices to 34 by opening another regional office in Mersin in 2012.

The Company plans to increase the number of regional offices to 40 in 2013 by opening new regional offices in Aksaray, Malatya, Van, Antalya, Afyon and Izmir.

HARD-DISCOUNT CONCEPT

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

- To accelerate the decision-making and implementation processes by establishing a dynamic logistics and information network between the regional offices and stores through a decentralized organizational structure,
- To avoid any unnecessary expenses that could lead to increases in prices; to keep management, store decoration, personnel, distribution, marketing and advertising costs at minimum,
- 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 prices.

BİM is the major purchaser of most of the products it sells in Turkey. By virtue of its high purchasing power, the Company encourages its suppliers to produce high-quality products at low cost thereby procuring quality products at affordable prices.

EFFECTIVE COST MANAGEMENT

With its effective cost management policy which is implemented in all operations, BİM further secures its strong position in the organized retail industry each and every day. In this context, all logistics activities are carried out in-house within BİM without any outsourcing.

Having the widest store network in the retail industry, BİM adheres to the following principles in cost management:

1. In general, stores are rentals.
2. Instead of opening high-cost stores on the main streets, services are offered on side-streets in the vicinity of the main streets.
3. Sufficient personnel are employed to maintain uninterrupted service, and through efficient human resources planning, part of the workload is supplied by part-time employees.
4. Store decoration is kept as simple as possible, and minimum shelving is used. Costs are kept at minimum and the resulting gains are reflected in the product prices.
5. Promotion and advertising expenditures are kept at sufficient level.

6. The products are distributed through its own logistics network.
7. The product portfolio is kept limited and large quantities of purchases are made from the suppliers at low prices.
8. The product portfolio includes as many private label products as possible.
9. Cost calculations are kept on a daily basis, an effective cost inspection is implemented, and immediate action is taken whenever required.
10. New saving methods are continually explored, developed and implemented.

HIGH INVENTORY TURNOVER RATE

The inventory management at BİM is conducted through an internationally used software. 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 the 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 certain intervals. Owing to efficient inventory management implemented by BİM, inventory shortage is well below the industry average.

FINANCIAL RESOURCES AND RISK MANAGEMENT POLICIES

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 2012, in addition to operational cash outflow, the Company realized TL 197 million cash dividend distribution and a TL 241 million investment on consolidated basis. The Company plans to raise this amount to TL 270 million in 2013.

BİM does not take bank loans as all its domestic and overseas operations are financed by internal resources. Also, since the Company carries out the majority of its operations by using Turkish lira, it does not have a significant amount of foreign exchange open or closed position. In this regard, changes in neither interest rates nor foreign exchange rates provide a significant risk element to the Company.

The early identification of risks that would endanger the existence, development and the continuation of the Company and the implementation of necessary measures in relation to identified risks as well as risk management fall within the responsibilities of Corporate Governance Committee established in 2012.

FOOD SAFETY AND R&D ACTIVITIES

Providing reliable products that completely and continuously meet the customers' needs in the most affordable way and in a timely manner, BİM has adopted continuously improving the product safety as Company policy.

BİM will continue launching new products, most of which are private labels, in the coming period. In this respect, 24 products were put on the shelves nationally as a result of studies and tests conducted together with the suppliers in 2012. Although BİM offers around 600 products in total and keeps this number as a result of Company policy, BİM also continues its search for new products in parallel to changes in household consumption. For this reason, a Quality Assurance Officer was appointed at the Purchasing Departmant. The Quality Assurance Officer is responsible for conducting studies on purchased products to maintain the quality standards in accordance with the set strategies, following up the legal procedures with regard to packaging, following up legal changes and problems within the product group, controlling the quality of the products according to procedures, applying tests when required and as planned, maintaining sustainability in private label product development, and working towards preserving quality.

PRODUCT RANGE

High quality and low prices constitute the basic criteria for defining the product portfolio at BİM. The products offered at the 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 selecting and pricing the products.

The products offered by BİM are divided into four categories:

Private Label Products:
BİM is the pioneer of private label products in Turkey. The private label products offered at BİM stores are high-quality products with their brands and formulae 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 to 45% lower than those of similar products of the same quality. In 2012, the sales ratio of private label products to total sales increased to 66%. In line with the importance attributed to private label products, the Company aims to increase the sales rate every year.

Having introduced the concept of private label products to the organized retail industry with Dost Süt, BİM attaches great importance to its activities in this field.

Regular BİM customers tend to purchase private label products in 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 they 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 when they are on offer, and increase the sales of standard listed products as well.

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

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


BİM
süt

OPERATIONS IN 2012

BİMcell, a brand of BİM, has started its operations in the field of mobile communications.

Owing to its successful business model, BİM continued its steady growth and increased its sales volume by 86% in the past three years. In 2012, the Company continued its leadership in the food retail industry in an even stronger manner. As in the previous years, the Company achieved its growth organically and did not make purchases. The average growth rate during the past five years is around 27%.

For BİM, 2012 was a year during which rapid and steady growth continued, financial and operational achievements were attained, and the leadership in the industry was maintained in an even stronger manner. The Company opened 366 new stores in Turkey and 34 stores in Morocco and increased its total number of stores to 3,655 in Turkey and to 110 in Morocco, achieving an increase in its consolidated net sales by 25%. Thereby BİM maintained its position as the leader and as the company with the widest store network in the retail industry. 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.

BİM is planning to realize the second of its overseas operations in Egypt, an important market for organized retail industry with its 85 million population and high rate of urbanization. In this regard, the founding procedures of BİM Stores LLC have been completed. Furthermore, the first regional office has been rented and employees began working. The stores are planned to be opened in the second quarter of 2013. A plot has also been purchased for a potential second regional office and warehouse.

On January 30, 2012, BİM purchased 100% of the shares of İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. The Company, which manufactures and markets toothbrushes, now produces solely for BİM.

The abovementioned subsidiaries do not have a share in the capital of the main company.

Commencing its operations in March, Bimcell is a mobile communication brand of BİM. BİMcell provides prepaid calling services. It has a very plain and simple model based on "pay as you go" principle with a 6 seconds per 1 kuruş tariff. Within a period of nine months, BİMcell reached 250,000 subscribers. Together with BİMcell, BİM brought the smart shopping concept to the mobile communication industry as well.

As a result of its effective cost management, the average increase in prices of BİM products remained under the overall inflation rate for food in 2012 in Turkey. The operations of BİM were not affected by fluctuations in foreign exchange rates since all transactions are carried out only in Turkish lira. The inventory losses and shrinkages are also well below the industry average.

Making providing added value to its customers a principle, BİM succeeded to distribute high amounts of dividend while continuing its investments. In 2012, the Company distributed a gross dividend of TL 197,340,000 and realized investments of TL 241 million on the consolidated basis. This amount is planned to be raised to TL 270 million in 2013, which will be the highest amount of investment in the history of BİM.

In 2012, BİM increased the number of its stores from 3,289 to 3,655 for operations in Turkey, and continued its absolute leadership in the Turkish retail industry with a consolidated annual sales volume of TL 9.9 million.


"BİMcell" diyenler çoğalıyor.
Neden daha fazlasını ödeyesiniz?
Gençlere BİMce tarife!
250 dk
500 mb
+ 5000 SMS
19 TL
BİM CELL
EFSANE
VİP GOLD
Berk Rize
süt

BİM attaches as much importance to increase performance at the existing stores as in widening its network throughout Turkey.

INVESTMENT POLICY AND INVESTMENTS MADE IN 2012

Investing mostly on opening new stores and establishing regional offices, BİM prefers organic growth instead of purchasing companies in accordance with its investment policy. Also, the Company keeps the investments it makes on stores relatively low by renting the stores rather than buying and by decorating them as simple as possible. Therefore, the added value gained from the cost management is reflected in product prices.

The regional offices are of strategic significance to BİM. In line with the conformity criteria, BİM generally prefers to buy plots and build warehouses and office buildings. As of the end of 2012, BİM owns 28 of its 34 regional logistic centers.

Continuing its investments uninterruptedly since the date it went public, BİM invested TL 241 million on a consolidated basis, financed completely by its own equity capital. In 2013, this amount is planned to be increased to TL 270 million.

For 2013, BİM plans to open about 375 new stores and six new regional logistic centers and aims to realize an investment of TL 270 million on a consolidated basis. As in the precious years, these investments will be financed by BİM's equity capital without taking loans. Therefore, the Company will also be in compliance with the principle of organic growth.

OVERSEAS OPERATIONS AND PRINCIPLES OF CONSOLIDATION

The first overseas operation of BİM in Morocco is the first hard-discount retail company in the country. BİM owns 100% of the shares of the enterprise in Morocco. The operations in Morocco are fully financed by BİM Turkey's own resources without any external loans.

As a country located geographically close to Europe, Morocco has a more developed structure in terms of culture, economy, infrastructure and politics when compared to other African and Middle Eastern countries. It has a population of approximately 32 million and the GNP per capita is USD 3,000.

BİM's operations in Morocco commenced actively on April 11, 2009 with the opening of its first store in Casablanca. As of the end of 2012, the total number of stores in Morocco has reached 110. The Company aims to open 50 more stores and another regional office in 2013 thereby having access to other regions of the country after Rabat and Casablanca. The operations in Morocco continue in line with the expectations and contain high potential for the years ahead.

Following the decision of the Board of Directors made on March 13, 2012, it has been decided to launch operations in the same line of business in Egypt as the second place for overseas operations.

In accordance with this decision, the founding procedures of BİM Stores LLC in Egypt have been completed in 2012. The first retail stores will be opened in 2013.

The subsidiaries established in Morocco and Egypt were fully consolidated as of December 31, 2012 and reflected in the financial statements.


EFSANE
Rize
süt
Jucy

STORES AND STORE MANAGEMENT

The BİM family maintained its steady and organic growth also in 2012. By opening 366 new stores and another regional office in Turkey and 34 new stores in Morocco, BİM widened its network. Operating all across Turkey is one of the priorities of BİM. In this regard, the new stores are not localized in one region but are distributed evenly throughout Turkey. Thus, BİM maintained its position as a profitable and rapidly growing company in 2012 as well. Together with the new stores and the regional office, the number of stores increased to 3,655 and regional offices to 34.

BİM attaches as much importance to increase performance at the existing stores as widening its network throughout Turkey. In 2012, the increase in sales at those stores that have been operating for more than two years was 12%.

One of the most important elements of cost management at BİM is to avoid unnecessary expenses for the decoration of stores and product promotion, and to reflect these gains on product prices. Furthermore, the no-questions-asked return policy implemented at the stores maintains customer satisfaction at top level. Under this policy, customers may return the products they purchased without any reason and time restriction.

The Company places special emphasis on the price as well as the quality of products sold in stores. The purchasing department ensures the quality and conformity of products through tests before offering for sales. At the sales stage, product quality is regularly controlled as well.

The decentralized structure of BİM allows for the regions to manage and focus only on themselves, resulting in enhanced productivity.

SOCIAL RESPONSIBILITY PROJECTS

Aware of its responsibilities as a corporate citizen, BİM was the main sponsor of the "Eğitim Her Engeli Aşar" (Education Enables) campaign organized by Beyaz Ay Association Turkey under the auspices of the President of the Republic of Turkey.

The "Eğitim Her Engeli Aşar" campaign is a project initiated to focus on the education of disabled citizens. Remarkable progress has been made regarding the education of disabled individuals since the start of the project in 2009. While the number of disabled people receiving education was 151 thousand in 2009, it increased to 316 thousand in 2011. Within two years 44 schools were built and 1,316 classes were opened. Furthermore, 52 thousand families across Turkey were visited during the campaign.

The Aims of the Campaign:

1. To increase the number of disabled individuals being involved in the education system by 50%,

2. To enable the disabled individuals who are involved in the current education system to proceed to the next level of education,

3. To enable access to preschool education (0-6 years of age) to 50% of those disabled individuals who are in need of such education and who have been 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 disabled people are able to receive education and to inform them as regards to the pedagogy used.

Target Group of the Campaign:

Potential Students: Disabled individuals, minors and adults, who did not receive any education and are shielded from society.

Candidate Students: Disabled individuals, minor and adult, who did not receive any education but are integrated in the society.

Resuming Students: Disabled individuals, minor and adult, who received education to a certain level and are integrated in the society.

HUMAN RESOURCES

Organic growth has enabled the formation of successful corporate culture and high loyalty, the two major contributors to the success of BİM.

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 where they can develop themselves both professionally and personally. Owing to its policy of rewarding high performance, BİM encourages the employees to use their potential and skills. In order to optimize competence and skill at all levels of the organization, the Company implements an effective human resources management strategy. The BİM family is comprised of young and dynamic workforce as well as experienced and qualified individuals at senior management. One of the priorities of the Company is appointing its own personnel to strategic positions. Thus, the majority of current executives is composed of employees who either started their careers at BİM or have been at the Company since the beginning and then were promoted due to their outstanding performance. This policy ensures uninterrupted embracement of the corporate culture. While BİM is fully aware that its steady rise in the industry depends on the motivation of its employees, the employees are aware that successful performance is the key to a desired career path. Thanks to its decentralized structure, the Company provides its young managers an environment where they can take initiative and develop their managerial skills. BİM serves as a training school for its future executives.

BİM achieved its current success solely by organic growth. Starting out with 21 stores in 1995, the number of stores today reached to 3,655 entirely by organic growth. Organic growth has provided a successful corporate culture and high levels of loyalty, one of the most significant contributions to the Company's success.

The employee turnover rate at the Company is below the industrial average and there is a high level of employee loyalty. The main reason for this is the preservation of corporate cultural structure and the vertical career policy that encourages the employees.

In 2012, the number of employees at BİM increased by 10%. Currently, BİM has 20,724 full-time and part-time employees in Turkey,* 587 employees in Morocco, and 82 in Egypt. With the widest network in retail, the volume of employment BİM generates has positive influences not only for one region but for the whole of Turkey. Creating employment potential even during at the time of global crisis, BİM will continue to contribute to the national economy with the new stores and regional offices it will open in 2013.

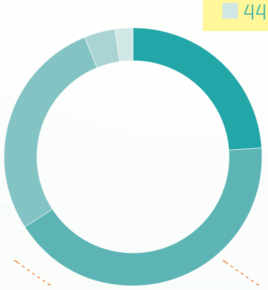
* as of December 31, 2012

HUMAN RESOURCES PROFILE

MALE (70%) FEMALE (30%)

DISTRIBUTION OF EMPLOYEES BY AGE

- 18-24 **23%**
- 25-30 **41%**
- 31-38 **29%**
- 39-43 **5%**
- 44 and older **2%**



CORPORATE GOVERNANCE

1. Declaration of Compliance with Corporate Governance Principles

Pursuant to the decisions of the Capital Markets Board, the companies traded on the Istanbul Stock Exchange are obliged to declare their compliance with the Corporate Governance Principles, and in the cases of non-compliance, they are obliged to provide necessary explanations in the Corporate Governance Compliance Report.

In this regard, the Company has complied with all the principles that are mandatory to implement within the Corporate Governance Principles issued by the Capital Markets Board. With regard to recommended principles, the Company has been acting with due diligence and care for their implementation as well, and with regard to non-complied issues, the reasons behind and conflicts of interests, if any, are provided in the related sections of the report. In order to fully comply with the Corporate Governance Principles, the Company continues its efforts depending on the developing conditions to eliminate its shortcomings and to improve the level of compliance.

In this scope, pursuant to the Communiqué Regarding the Determination and Application of Corporate Governance Principles (Series IV, Nr. 56) issued by the Capital Markets Board, the operations undertaken during 2012 in relation to the issues to be complied with are as follows:

Pursuant to the decision made during the Ordinary General Assembly meeting on May 15, 2012, the number of the members of Board of Directors is set as six, and two members, who were suitable in accordance with the criteria set forth by the Capital Markets Board, were appointed as independent members following the approval of the Board.

The Corporate Governance Committee was established at the Board of Directors meeting held on May 31, 2012 and its working principles were disclosed to the public. Two out of three Committee members are independent members, one of whom is the Chair. The said Committee also assumed the duties and responsibilities of the Nomination Committee, Early Risk Identification Committee and Fee Committee, all of which have been stipulated to be established in the related legislations. During the same meeting, in accordance with the changing structure of the Board of Directors, the membership structure of the Audit Committee has also been changed. The Audit Committee now comprises two independent members. In addition, the working principles of the Committee have been put into writing.

In order to comply with both the Communiqué Regarding the Determination and Application of Corporate Governance Principles (Series IV, Nr. 56) issued by the Capital Markets Board and the Turkish Code of Commerce Nr. 6102, the Articles of Association of the Company has been amended during the Ordinary General Assembly held on May 15, 2012 and the related changes were disclosed to the public through the Company's website and the Public Disclosure Platform.

The guidelines with regard to remuneration of the members of the Board of Directors and senior executives have been put into writing at the meeting of the Board of Directors on April 18, 2012 and were disclosed to the public through the Company's website.

SECTION I-SHAREHOLDERS

2. Shareholder Relations Unit

In order to establish communication with the shareholders and to inform them accurately, completely, swiftly and efficiently, BİM set up an Investor Relations Unit within the Finance Directorate in 2005. The executive of this Unit is responsible for fulfilling the requirements of the capital market legislation and coordinating the corporate governance practices and holds an Advanced Level Capital Market Activities License as well as a Corporate Governance Rating Expertise License.

Contact details for the personnel responsible for investor relations may be found below.

Member of the Executive Committee and CFO
Haluk Dortluoğlu
Phone: +90 216 564 03 46

Reporting and Investor Relations Manager
Serkan Savaş
Phone: +90 216 564 03 46
E-mail: serkan.savas@bim.com.tr

The main activities of the Unit are:

- to ensure that records of the shareholders are kept in an orderly manner and that the inquiries by the shareholders regarding the Company, except for publicly undisclosed data and trade secrets, are responded as quickly as possible via all available communication channels,
- to ensure that the General Assembly meetings are held in accordance with the legislation and to prepare the documents to be presented to shareholders at the General Assembly meeting,
- to observe the public disclosure policies of the Company,
- to carry out the preparatory work for financial results and annual reports
- to manage communications with regulatory institutions and to follow up relevant legal legislation.

During this period, the Unit attended five brokerage conferences and provided information regarding the results of Company's operations and the performance of the Company to investors and shareholders at these conferences as well as during around 150 meetings held at the Company headquarters.

The contact details of the Shareholder Relations Unit may be found on the Company's website (www.bim.com.tr). Numerous inquiries and questions forwarded to the Unit via communication channels such as phone, fax and e-mail were meticulously answered during the previous period.

3. The Use of Right to Information by the Shareholders

Attention was paid to respond to all of the inquiries by shareholders, except for trade secrets and publicly undisclosed data, in accordance with the legislation of the Capital Markets Board. Said requests were mostly related to information on the General Assembly, dividend payments, and inquiries on financial data, overseas investments and Company's future goals. All announcements of material disclosures and publicly disclosed information are available for easy access of the shareholders on the Investor Relations section on the Company's website (www.bim.com.tr).

Furthermore, requests for information from corporate shareholders and analysts of brokerage companies were met throughout the year via various communication channels such as teleconferences and one-to-one meetings. Teleconferences were organized on the day following the disclosure of financial data on a quarterly basis in order to inform the shareholders and analysts and to answer their questions. Four teleconferences in total were organized throughout the year. The details of these teleconferences are distributed via e-mail to those who are included in the Company's database. There is no information or disclosure that could negatively affect the use of shareholder rights on the Company's website. There is no provision in the Articles of Association that sets down the request for the appointment of a special auditor as an individual right. There was no request for the appointment of a special auditor during the present period.

4. Information on the General Assembly

The Ordinary General Assembly Meeting of BİM Birleşik Mağazalar Anonim Şirketi for 2011 was held on May 15, 2012, Tuesday at 10:30 am at the Company headquarters located at Abdurrahmangazi Mahallesi Ebubekir Caddesi Nr: 73 Samandıra, Istanbul under the supervision of Hüseyin Çakmak, Commissary of the Ministry, who was appointed with the communiqué dated May 14, 2012 Nr. 26710, issued by the Istanbul Provincial Directorate of Science, Commerce and Technology.

From among a total of 151,800,000 shares corresponding to the Company's total capital of TL 151,800,000, 41,214,154 shares were represented in person and 17,886,154 by proxy equaling to a total of 59,100,308 shares during the meeting. The minutes of the General Assembly meeting were announced in the Turkish Trade Registry Gazette numbered 8076 and dated May 25, 2012.

The announcement for the General Assembly was made by way of invitation letters and an announcement in the newspaper. In addition, prior to the date of the meeting, the agenda of the meeting was made public through a material disclosure published 26 days in advance, and was published on the Company's website both in Turkish and in English. The nominees for the independent members of the Board of Directors, the principles of remuneration, the dividend distribution proposal and the amendments to the Articles of Association were also disclosed to the public through the Public Disclosure Platform prior to the meeting.

The minutes of the General Assembly meeting in Turkish and their translations into English are published on the Investors Relations section of the Company's website (www.bim.com.tr). They were also made available to shareholders for examination at the Company headquarters. The questions asked orally by shareholders were answered orally in detail, and no suggestions were made by the shareholders during the meeting. Members of the media did not attend the meeting.

During the General Assembly meeting, information regarding the amounts of donations and charities as well as the recipients of these were presented to the shareholders as a separate item of the agenda.

5. Voting Rights and Minority Rights

All of the shares of the Company are bearer shares. Shares do not entitle any holder to have voting privileges. During both the Ordinary and the Extraordinary General Assembly meetings, shareholders of the Company or their proxies are entitled to one vote per share they hold. Shareholders may appoint a proxy to vote on behalf of them at the General Assembly. Voting by proxy is subject to the regulations of the Capital Markets Board, and there are no provisions in the Company's Articles of Association that prevents non-shareholders to vote on behalf of shareholders. There are no mutual affiliate relationships among the Company's capital.

The provision that minority rights shall be used in accordance with the Capital Markets Legislation and the regulations issued by the Capital Markets Board is included in the Articles of Association, and the minority rights are represented through the independent members of the Board of Directors in the Company's management.

6. Dividend Rights

The dividend distribution policy of the Company has been determined as the distribution of a minimum of 30% of the distributable profit yielded during the related years by the General Assembly, and was made public in 2007 through a material disclosure and no changes has been made to the policy to date. In the case of any changes to this policy, it will be made public through material disclosure.

As there are no privileged voting rights defined in the Company's Articles of Association, there are no privileges in dividend distribution. The timeline for dividend distribution is determined in line with the provisions of the Turkish Commercial Code and Capital Markets Legislation by the General Assembly upon the proposal of the Board of Directors. Dividend distribution for 2011 was realized as TL 197,340,000 in cash within the legal period.

7. Transfer of Shares

Shares are transferred in accordance with the provisions of the Turkish Commercial Code and other related legislations. There are no provisions in the Articles of Association that limits the transfer of shares.

SECTION II-PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy

The Company's Disclosure Policy, which came into effect following its approval by the Board of Directors on April 9, 2009, aims at providing information to beneficiaries in compliance with the regulations of the Capital Markets Board and the Istanbul Stock Exchange.

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

BİM management may also arrange meetings with media members from time to time to share publicly disclosed information and to answer questions. Copies of recent statements published in the print media as well as the material disclosures made at the Istanbul Stock Exchange are also published on the Company's website (www.bim.com.tr). Information requests from the media are gathered by the Company's press consultants and attended after being evaluated within the Company within the framework of the disclosure policy.

The disclosure policy has been disclosed to public through the Company's website (www.bim.com.tr) both in Turkish and English, and the names and contact details of personnel responsible for the execution of the disclosure policy have been provided in Article 2 of the said report.

9. Company's Website and Its Contents

The Company's website address is www.bim.com.tr and it is actively used for public disclosure purposes. The Investors Relations section of the Company's website is also available in English in order to provide for foreign investors.

Such feasible subjects from among those listed under the Article 2.2.2 of the Corporate Governance Principles are published on the Investor Relations section of website under the following headings:

Investor Relations
Trade Registry Information
Partnership Structure
Corporate Governance
Financial Reports
Financial Calendar
General Assembly Information
Material Event Disclosures
Announcements
Investor Relations Contacts

Items that are included in the Corporate Governance Principles but not on the Company's website are as follows:

- Articles of Association
- Table of Participants

10. Annual Report

The Company discloses its Annual Report, which is prepared on a quarterly basis pursuant to the legislations of the Capital Markets Board and the Turkish Code of Commerce, through the Public Disclosure Platform and the Company's website. Although the interim reports are limited to the developments that occur during the periods in question, the Annual Report is prepared with paying the utmost attention to the items included in the Corporate Governance Principles so that the public shall have complete and accurate information regarding the operations of the Company. The items from among those included in the Corporate Governance Principles that are not included in the annual report are as follows:

- Information regarding the attendance of the members of the Board of Directors to the meetings of the Board of Directors.
- Evaluations by the Board of Directors regarding the efficiency of the committees

SECTION III-STAKEHOLDERS

11. Disclosure to the Stakeholders

In accordance with the current legislations and the Company's disclosure policy, the stakeholders are regularly informed about matters concerning them, excluding trade secrets, through appropriate channels of communication such as the Company's website and press releases.

The e-mail and phone contact details are provided on the Company's website to allow for stakeholders to get in touch. Stakeholders, who wish to gather information through these channels, to make inquiries or to provide information with regard to acts that are against the legislations of the Company or that are unethical, are able to get in touch with the relevant unit manager. Inquiries and requests for information are answered in timely manner. Similar means of communication are being used in order to reach both the Audit Committee and the Corporate Governance Committee, and no special mechanism has been put into action.

Company shareholders or investors who intend to become Company shareholders, investment banks and analysts are able to communicate directly with the Investor Relations Unit through the contact details published on the website and their inquiries are attended without any delay.

12. Participation of the Stakeholders in the Management

Although the Company has not defined any model regarding the participation of stakeholders in management, the independent members of the Board of Directors enable the representation of all stakeholders as well as the shareholders in the management.

Feedback received from both the customers and suppliers through various means of communication are reviewed by the management and actions are taken as necessary.

The Company strives to attain high-level participation in the decision-making process by its employees as stakeholders. In this regard, meetings are held in order to increase efficiency and to achieve improvements with regard to issues concerning the employees, and the suggestions are evaluated by senior management.

Furthermore, employees are encouraged to freely communicate their complaints, criticisms and suggestions to their respective managers regarding the working methods of the unit they are employed in.

13. Human Resources Policy

BİM Personnel Regulations provide guidelines for maintaining working order in line with the objectives of the organization, personnel rights and the regulation of general principles of working conditions. Personnel and Administrative Affairs units at the 34 regional warehouses and the headquarters manage the employee relations.

Providing its employees a pleasant and a peaceful atmosphere, which offers employees the opportunity to train and develop themselves professionally and to take initiatives, are among the priorities of the Human Resources Policy of the Company. In addition, employees are encouraged to freely communicate their complaints and criticisms to relevant units and, the units make an effort to provide immediate solutions.

The Company utilizes both internal and external resources to meet the training needs of its employees.

The job descriptions as well as performance and rewards criteria are communicated to the employees. There were no complaints from the employees with regard to discrimination during the previous period.

14. Ethical Rules and Social Responsibility

Expectations from employees, executives and suppliers are clearly identified at the Goals of the Organization which was shared with all of the employees. However, these expectations and rules are not disclosed to the public. Procedures to follow in the Company with regard to general and specific issues are meticulously implemented and updated as necessary.

In 2011, together with Beyaz Ay Association Turkey, BİM sponsored the "Eğitim Her Engeli Aşar" (Education Enables) campaign organized under auspices of the President of the Turkish Republic. Initiated in order to allow disabled citizens to become self-confident and well-educated individuals equipped for a better future, the campaign operates with the awareness that lack of education is the greatest hindrance to disabled citizens. The sponsorship agreement was concluded in 2012.

The Company is not involved in any production operation. Plastic and cardboard waste is forwarded to licensed recycling companies who are engaged in recycling of packaging waste.

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

In order to inspect the quality control of its product range, BİM works in coordination with the Quality System Laboratory, Observatory Laboratory, Eurolab and the 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.

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

The Company also attaches great importance to food safety. BİM A.Ş. guarantees that all the products that are sold comply with the minimum official standards set forth in relevant legislations, and takes responsibility in this respect.

Providing reliable products that completely and continuously meet the customers' needs in the most affordable way and in a timely manner as well as continuously improving the products are adopted as Company policy.

SECTION IV-BOARD OF DIRECTORS

15. The Structure and Formation of the Board of Directors

The management and representation of the Company is performed by the Board of Directors. The Board of Directors is composed of minimum 5 (five) and maximum 9 (nine) members elected by the General Assembly, and the number and qualifications of the independent members to sit on the Board of Directors are determined in accordance with the regulations in relation to corporate governance set forth by the Capital Markets Board. According to these regulations, the number of independent members has to be 1/3 of the total number of members at a minimum. During the Ordinary General Assembly meeting held on May 15, 2012, 6 (six) members were elected to sit on the Board of Directors for a period of one year. Two of the said members are independent members of the Board of Directors, who possess the qualifications indicated in the Communiqué Regarding the Determination and Application of Corporate Governance Principles (Series IV, Nr. 56). The names and biographies of the members of the Board of Directors as well as the positions they assume outside the Company are provided in the Annual Report under the heading of "Board of Directors and the Executive Committee".

Independent members of the Board of Directors have declared the following:

I declare that

a) neither have I, nor my spouse or anyone among my relatives to the third degree, by blood or by marriage, have established relations in the last five years in the form of direct or indirect employment, capital (10%) or significant commerce with Bim Birleşik Mağazalar A.Ş., one of the affiliates of Bim Birleşik Mağazalar A.Ş., or with legal entities that are affiliated either in the form of management or in terms of capital to shareholders, who hold, directly or indirectly, 5% or more of the shares of the capital at Bim Birleşik Mağazalar A.Ş.;

b) I have not worked for those companies that carry out, in part or in full, the activities or organization of Bim Birleşik Mağazalar A.Ş. within the framework of the existing agreements, primarily those that audit, rate, or provide consulting services for Bim Birleşik Mağazalar A.Ş., or have been a member of the Board of Directors at these companies within the last five years;

c) I have not worked for, be a partner of, or a member of the Board of Directors of those companies that supply significant amount of products and services to Bim Birleşik Mağazalar A.Ş. within the last five years;

d) I do not hold more than 1% of the shares of Bim Birleşik Mağazalar A.Ş.;

e) I have the professional education, knowledge and experience to carry out the duties I would assume as a result of becoming an independent member of the Board of Directors;

f) I do not work full time for any public institution or organization;

g) I am considered resident in Turkey in accordance with the Income Tax Law;

h) I have strong ethical standards, professional reputation and experience that would enable me to make positive contributions to the operations of Bim Birleşik Mağazalar A.Ş., to keep my impartiality during times of conflict of interest among the partners of the Company, to decide independently by taking the benefit rights into consideration;

i) I shall devote enough time for the activities of Bim Birleşik Mağazalar A.Ş., enough to follow the operations of Bim Birleşik Mağazalar A.Ş. and to fully carry out the duties I would assume.

Upon retirement of the CEO of the Company 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 also serves as the Chairman of the Executive Committee. The reason underlying the choice of one and the same individual for both positions is to enable the Company move faster and more effectively during the decision-making process and to attain a dynamic organization structure. The remaining 5 (five) members of the Board of Directors do not hold executive positions.

As, when carrying out written transactions without the authorization of the General Assembly, the members of the Board of Directors are subject to the approval of the General Assembly according to the Articles 395 and 396 of the Turkish Commercial Code, during the Ordinary General Assembly held on May 15, 2012, the members of the Board of Directors were permitted to carry out transactions pursuant to the relevant articles of the Turkish Commercial Code.

There are no restrictions for the members of the Board of Directors to assume other duties outside the Company, except for those cases where the independence of the independent members of the Board of Directors may be affected within the framework of the criteria set forth in the Corporate Governance Principles.

16. Operating Principles of the Board of Directors

As indicated in the Articles of Association, the Board of Directors meets at intervals that would allow for them to perform their duties in an efficient manner. The date for the next Board of Directors meeting is scheduled according to the availability of the members during the previous Board of Directors meeting. The Chairman of the Board of Directors determines the agenda of the meetings by consulting other members of the Board of Directors and the Chief Executive Officer/General Manager. The agenda of the Board of Directors is formed according to arising needs and requirements. The members pay attention to attend each meeting and present their opinions. In order to provide equal information flow, information and documents related to the items of the agenda of each Board of Directors meeting are presented to the review of the members of the Board of Directors in due time before the date of the meeting.

The Chairman of the Board of Directors makes his best effort in assuring the effective participation of the non-executive members to the meetings of the Board of Directors. In the cases of dissent, the reasonable and detailed justification for the counter vote is made available by the members of the Board of Directors to be entered in the decision record. The Board of Directors may give its decisions through written consent (in the form of a letter, or via fax) of the members of the text for a proposed decision or without holding a meeting and only by having the members sign the decisions. The provisions of the Turkish Code of Commerce apply in the meeting and decision quorums of the Board of Directors. The Secretary to the Chairman of the Board of Directors manages the communications among the members of the Board of Directors. Although the members of the Board of Directors have equal rights to vote, they do not hold the right to veto.

With regard to transactions that may be deemed significant and with regard to any and all affiliated party transactions as well as transactions in relation to warranties, pledges or mortgages to be provided for the benefit of third parties, in such cases when there is no approval from the majority of the independent members, in accordance with the corporate governance regulations of the Capital Markets Board and in line with the public disclosure principles, the information is disclosed to the public. There are no disclosures made in this regard during 2012.

The Board of Directors virtually convened ten times in 2012, and on thirteen further occasions, it has taken decisions with the consent of the members without holding a meeting in accordance with the Article 390/4 of the Turkish Code of Commerce. No counter vote was cast against the decisions taken.

17. The Number, Structure and the Independency of the Committees Formed Within the Board of Directors

Pursuant to the Corporate Governance Principles issued by the Capital Markets Board, an Audit Committee and a Corporate Governance Committee has been formed within the Board of Directors.

The Audit Committee is formed to ensure that the Board of Directors is carrying out its duties and responsibilities in a healthy manner and according to the situation the Company is in and the needs of the Company. The audit Committee presents its reports to the Board of Directors on a quarterly basis. Two independent members were appointed to the two seats at the Audit Committee that opened up pursuant to the new structure of the Board of Directors, which was shaped during the Ordinary General Assembly meeting for 2011. The members do not hold any other executive position at the Company.

The Corporate Governance Committee was established with the decision of the Board of Directors dated May 31, 2012, and aims at improving the level of compliance to the Corporate Governance Principles within the Company as well as advising the Board of Directors in related issues as necessary. Two members, one of whom is the chairman, out of three members of the Committee are independent members. The members do not hold any executive position at the Company. The

Corporate Governance Committee also assumed the duties and responsibilities of the Nomination Committee, Early Risk Identification Committee and Remuneration Committee, all of which were stipulated to be established in the related legislations. According to the structure of the Board of Directors, both independent members of the Audit Committee are also among the members of the Corporate Governance Committee. The Corporate Governance Committee meets at least once a year.

The working principles of both committees and the names of their respective members have been disclosed to the public through the Public Disclosure Platform and the Company's website.

18. Risk Management and Internal Control Mechanisms

Taking the risks it is exposed to as well as the relevant preventive measures into consideration, BİM has developed "policies" and "procedures" in relation to its business processes, has performed functional task distribution within the organization, inserted the approval and authorization mechanisms into the processes and regulated the methods for protection and settlement of the Company's tangible assets within the scope of risk management and internal control mechanisms. Furthermore, it has established efficient reporting and supervision practices during the same period.

The Company has set up an Internal Audit Unit that reviews the efficiency of risk management, internal control and corporate governance processes in a systematic and disciplined approach in order to help improve the efficiency of these processes and the Company to achieve its goals. The Internal Auditing Unit reports to the Audit Committee which is comprised of independent members of the Board of Directors. The Unit identifies the major potential risks and the deficiencies in the internal control and reports the measures to be taken towards reducing these risks to the relevant management units. The Unit then reports the actions taken and their outcomes to the senior management and to the Audit Committee.

All operations of the Company are included within the responsibilities of the Internal Audit Unit and are audited according to annual plans which are prepared according to the outcomes of risk evaluation process. Implementation procedures have been defined by all stages of the internal control process, and the Unit carries out its operations within this framework.

The compliance and the efficiency of the reviews of the consolidated financial tables, which are prepared on a quarterly basis in accordance with the Capital Markets Legislation, as well as reassuring the Audit Committee in this regard, are also among the duties of the Internal Audit Unit.

Pursuant to the Communiqué on Corporate Governance Principles issued by the Capital Markets Board, the Company has established a Corporate Governance Committee to work under the Board of Directors on May 31, 2012. The said Committee has also assumed the duties and responsibilities of the Early Risk Identification Committee, which was stipulated to be established in the related legislations. In this regard, the Committee carries out operations for the early identification of risks that would endanger the existence, development and the continuation of the Company and the implementation of necessary measures in relation to identified risks as well as risk management.

19. Strategic Goals of the Company

The Company aims at attaining high-level efficiency in the discount food retail industry and expanding into other countries where this concept could be implemented to offer its services to consumers in these countries. Offering quality products at all times, increasing operational efficiency, price reduction, increasing the share of private label products among the product portfolio, and decreasing the costs by improving the efficiency of the suppliers are also among the Company's goals.

The Board of Directors approves the annual budget and reviews to what extent the objectives in the budget are met by analyzing the financial data on a monthly basis. Besides annual objectives, upon the request of the Board of Directors, the management prepares long-term strategic plans on both domestic and overseas operations and submits these to Board of Directors for review.

20. Financial Rights

The principles for compensation for the members of the Board of Directors and senior executives have been disclosed to the public through the Company's website and the Public Disclosure Platform.

Pursuant to the decisions of the General Assembly, an honorarium is paid for the members of the Board of Directors. The Company does not provide loans, credits or benefits of such kinds to the members of the Board of Directors or its executives.

The total of financial rights such as honorariums, fees, premiums and bonuses for a total of 84 people comprising the members of the Board of Directors and senior executives was net TL 13,292,832 during 2012. The executives do not receive dividends.

BİM Birleşik Mağazalar Anonim Şirketi

Consolidated financial statements at December 31, 2012 together with Independent auditors' report

Table of contents

ERNST & YOUNG

Güney Bağımsız Denetim ve SMMM AŞ
Büyükdere Cad. Beytem Plaza
No:22 K:9-10, 34381 - Şişli
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
www.ey.com

(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, 2012

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 subsidiaries (together will be referred to as "the Group") as of December 31, 2012 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 Group'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 Group 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 Group'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 consolidated financial statements present fairly the financial position of BİM Birleşik Mağazalar Anonim Şirketi and its subsidiaries as at December 31, 2012 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, 2012, the accounting principles described in Note 2 (defined as CMB Financial Reporting Standards) to the accompanying consolidated 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 consolidated 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

5 March 2013
Istanbul, Turkey

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiaries

Consolidated balance sheet as at December 31, 2012

(Currency – Thousands of Turkish Lira)

Assets

	Notes	Current period December 31, 2012 Audited	Prior period December 31, 2011 Audited
Current assets		1.257.369	1.074.495
Cash and cash equivalents	4	388.222	364.565
Trade receivables	7	314.148	270.985
Inventories	8	483.584	404.643
Other current assets	13	71.415	34.302
Non-current assets		876.018	658.219
Financial investments	5	12.590	-
Property and equipment	9	851.413	648.075
Intangible assets	10	3.152	2.803
Deferred tax asset	21	392	481
Other non-current assets	13	8.471	6.860
Total assets		2.133.387	1.732.714

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

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiaries

Consolidated balance sheet as at December 31, 2012

(Currency – Thousands of Turkish Lira)

Liabilities and equity

	Notes	Current period December 31, 2012 Audited	Prior period December 31, 2011 Audited
Current liabilities		1.288.960	1.093.270
Financial liabilities	6	10.448	-
Trade payables			
- Due to related parties	23	171.885	129.739
- Other trade payables	7	1.026.151	890.253
Other current liabilities	13	42.549	45.602
Income tax payable	21	22.697	18.074
Provisions	11	15.230	9.602
Non-current liabilities		31.421	23.292
Reserve for employee termination benefits	12	15.468	12.648
Deferred tax liability	21	15.953	10.644
Equity		813.006	616.152
Equity attributable to parent		813.006	616.152
Paid-in share capital	14	151.800	151.800
Revaluation surplus	9, 14	78.323	15.704
Currency translation difference		(158)	(412)
Restricted reserves assorted from profits	14	103.211	81.449
Prior year profits		148.509	68.701
Net income for the period		331.321	298.910
Total liabilities and equity		2.133.387	1.732.714

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

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiaries

Consolidated statement of comprehensive income for the year ended December 31, 2012

(Currency – Thousands of Turkish Lira)

	Notes	Current period January 1, 2012 - December 31, 2012 Audited	Geçmiş Dönem January 1, 2011 - December 31, 2011 Audited
Continuing operations			
Net sales	15	9.906.367	8.189.135
Cost of sales (-)	15	(8.347.153)	(6.879.805)
Gross profit		1.559.214	1.309.330
Marketing, selling and distribution expenses (-)	16	(1.015.053)	(834.401)
General and administrative expenses (-)	16	(146.509)	(123.740)
Other operating income	18	13.598	12.599
Other operating expenses (-)	18	(3.294)	(4.414)
Operating profit		407.956	359.374
Financial income	19	17.350	21.051
Financial expenses (-)	20	(5.822)	(2.686)
Net income before taxes from continuing operations		419.484	377.739
Tax expense for continuing operations			
- Current tax expense for the period (-)	21	(87.268)	(77.293)
- Deferred tax income/(expense)	21	(895)	(1.536)
Net income		331.321	298.910
Other comprehensive income			
Revaluation of lands and buildings		62.619	-
Currency Translation Difference		254	(1.030)
Other comprehensive income (after tax)		62.873	(1.030)
Total comprehensive income		394.194	297.880
Profit for the period attributable to			
Share of the parent		331.321	298.910
Non-controlling interest		-	-
Total comprehensive income attributable to			
Share of the parent		394.194	297.880
Non-controlling 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)	22	2,183	1,969

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

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiaries

Consolidated statement of changes in equity for the year ended December 31, 2012

(Currency – Thousands of Turkish Lira)

	Paid-in share capital	Revaluation surplus	Currency translation difference	Restricted reserves assorted from profits	Prior year profits	Net income for the period	Total equity
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 assorted from profits	-	-	-	29.850	(29.850)	-	-
Dividends paid	-	-	-	-	(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
Transfer to prior year profits	-	-	-	-	298.910	(298.910)	-
Transfer to restricted reserves assorted from profits	-	-	-	21.762	(21.762)	-	-
Dividends paid (Note 14)	-	-	-	-	(197.340)	-	(197.340)
Net income for the period	-	-	-	-	-	331.321	331.321
Other comprehensive income	-	62.619	254	-	-	-	62.873
Total comprehensive income	-	62.619	254	-	-	331.321	394.194
December 31, 2012	151.800	78.323	(158)	103.211	148.509	331.321	813.006

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

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiaries

Consolidated statement of cash flow for the year ended December 31, 2012

(Currency – Thousands of Turkish Lira)

	Notes	Current period January 1, 2012- December 31, 2012 Audited	Prior period January 1, 2011- December 31, 2011 Audited
Cash flows from operating activities			
Profit before tax		419.484	377.739
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation and amortization	9, 10, 17	93.552	76.980
Profit share income from deposit accounts	19	(14.535)	(15.281)
Provision for doubtful receivable, net	7	(347)	18
Financial expense and actuarial loss of employee termination benefit	12	2.950	2.200
Increase provision for employee termination benefit	12,17	4.773	4.015
(Gain)/loss on sale of tangible and intangible fixed assets	18	(568)	53
Provision for impairment on tangible assets	9,18	1.120	-
(Gain)/loss on sale of available for sale financial assets	19	(2.654)	-
Provisions, net		5.628	1.543
Dividend received		(2.660)	-
Provision / (reversal) for impairment on trade goods		(627)	821
Operating income before working capital changes		506.116	448.088
Net working capital changes in			
Trade receivables		(42.816)	(78.550)
Inventories		(78.314)	(69.466)
Other current assets		(37.113)	(5.540)
Other non-current assets		(421)	41
Other trade payables		135.898	188.855
Due to related parties		42.146	32.374
Other current liabilities		(3.053)	22.343
Income taxes paid		(82.644)	(74.935)
Employee termination benefit paid	12	(4.903)	(2.701)
Net cash generated by operating activities		434.896	460.509
Cash flows from investing activities			
Purchase of property and equipment	9	(238.310)	(179.434)
Purchase of intangibles	10	(1.556)	(1.153)
Advances given for purchase of property and equipment		(1.190)	(2.064)
Proceeds from sale of property and equipment and intangibles		8.517	6.978
Profit share received from deposit accounts		17.244	11.861
Changes in financial assets available for sale		(9.936)	-
Dividend received		2.660	-
Net cash used in investing activities		(222.571)	(163.812)
Cash flows from financing activities			
Dividends paid	14	(197.340)	(182.160)
Proceeds from bank borrowings	6	10.448	-
Repayment of bank borrowings	6	-	(7.662)
Net cash used in financing activities		(186.892)	(189.822)
Currency translation differences		933	(3.302)
Increase in cash and cash equivalents		26.366	103.573
Cash and cash equivalents at the beginning of the year		360.592	257.019
Cash and cash equivalents at the end of the year	4	386.958	360.592

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

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

1. Organization and nature of operations of the Group

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 Group 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, 2009. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of December 31, 2012.

The Company established a new company named BIM Stores LLC on July 24, 2012 with 100% ownership in Egypt which is engaged in hard discount retail sector and is in the process of openning the first store in Egypt. BIM Stores LLC financial statements are consolidated by using the full consolidation method as of December 31, 2012. Hereinafter, the Company and its consolidated subsidiaries 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 5, 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, 2012 and 2011, the average number of employees in accordance with their categories is shown below:

	January 1- December 31, 2012	January 1 - December 31, 2011
Office personnel	1.415	1.393
Warehouse personnel	2.302	2.050
Store personnel	17.205	15.272
Total	20.922	18.715

2. Basis of preparation of financial statements

Basis of preparation

The Group 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. Subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the legislation effective in those countries.

The financial statements of the Group 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 conversion, except for land and buildings.

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2012 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, 2012. The effects of these standards and interpretations on the 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, 2012 are as follows:

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

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on 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. Adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets (Amended)

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

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the 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. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 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. 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 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. 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. 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 - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and ii) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. 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 European Union. 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. The Group does not expect that this standard will have a significant impact 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. The Group does not expect that this standard will have an 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. 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. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRIC Interpretation 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. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after January 1, 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the European Union. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after January 1, 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the European Union. The Group does not expect that the project will have a significant impact on the financial position or performance of the Group.

IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting:
Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendment applies for annual periods beginning on or after January 1, 2014 with earlier application permitted. The amendment has not yet been endorsed by the European Union. The amendment 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 Group 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 TL exchange rate for purchases of MAD at the balance sheet date, TL 1 = MAD 4,7544 amounts in the statement of comprehensive income have been translated into TL, at the average TL exchange rate for purchases of MAD, is TL 1 = MAD 4,8460. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

The functional currency of the Company's other subsidiary, BIM Stores LLC is Egyptian Pound (EGP). In the consolidated financial statements, EGP amounts presented in the balance sheet and in the statement of comprehensive income are translated into Turkish Lira at the TL exchange rate for purchase of EGP at the balance sheet date, TL 1 = EGP 3,5650.

Reclassifications made to the financial statements of the year 2011

Certain reclassifications have been made in the balance sheet and in the income statement for the year ended December 31, 2012 in accordance with CMB Accounting Standards. As of December 31, 2011, TL 389 included in the provisions for employee termination benefits has been reclassified to provisions. Marketing, selling and distribution expenses account, general and administrative expenses account are offset with other operating income due to the same content of the accounts in amount of TL 1.261 and TL 2.474, respectively.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company BIM and its subsidiaries prepared for the year ended December 31, 2012. Subsidiaries are consolidated from the date on which control is transferred to the Group. The consolidated financial statements cover BİM and the subsidiaries with 100% control.

Subsidiaries are consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries are eliminated against the related shareholders' equity.

Intercompany balances and transactions between BİM and its subsidiaries, including unrealized intercompany 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.

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.

Valuation basis and significant accounting policies applied

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 participation banks are recognized in accrual basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, cash in transit and short-term deposits that are not used for investment purposes.

Trade receivables

Trade receivables, which generally have an average of 11 day term (December 31, 2011 – 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:

	Duration (Years)
Land improvements	5
Buildings	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.

Financial instruments

Financial asset and 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 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-end.

Financial assets at fair value through profit or loss

Either acquired for generating a profit from short-term price fluctuations or dealers' margin, or included in a portfolio in which a pattern of short-term profit making exists. Financial assets at fair value through profit or loss are initially recognized and subsequently measured at fair value. All related gains and losses are accounted in the income statement. The Group does not have any financial assets at fair value through profit or loss as of balance sheet date.

Held-to-maturity financial assets

Assets that are non-derivative financial assets with fixed maturities, where management has both the intent and the ability to hold to the maturity excluding the financial assets classified as loans and advances to customers. Held-to-maturity financial assets are carried at amortised cost using the effective yield method. The Group does not have any held-to-maturity financial assets as of balance sheet date.

Available-for-sale financial assets

Non-derivatives that are not designated in financial assets at fair value through profit or loss, held-to-maturity financial assets or loans and receivables. These are included in non-current assets unless management has the intention of holding these investments for less than 12 months from the balance sheet date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Available-for-sale financial assets are subsequently measured at fair value. While available-for-sale financial assets that are quoted in active markets are measured based on current bid prices, other available-for-sale equity securities that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured at cost less any impairment

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are accounted in equity net of tax under "financial assets fair value reserve". When available-for-sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are transferred to the consolidated income statement. If the difference between the cost and the fair value of the available-for-sale securities is permanent, gains and losses are transferred to the consolidated income statement.

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 the normal sales or purchase transactions of financial assets are recorded at the transaction date that the Group guaranteed to purchase or sell the financial asset. These transactions generally require the transfer of financial asset in the period specified by the general conditions and the procedures in the market.

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.

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

Trade payables

Trade payables which generally have an average of 48 day term (December 31, 2011 - 46 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.

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:

	USD/TL (full)	EUR/TL (full)
December 31, 2012	**1,7826**	**2,3517**
December 31, 2011	1,8889	2,4438

Earnings per share

Earnings per share 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

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable. 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.

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.

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

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(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.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 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 tax liabilities are recognized for all taxable temporary differences.

Deferred 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 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 tax asset to be utilized.

Deferred 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 tax effects of the transactions that are accounted directly in the equity are also reflected to 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 12, 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.

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.

c) Unused vacation

Unused vacation rights accrued in the consolidated financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date.

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

3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers of the Group. 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 Group makes strategic decisions as a whole over the operations of the Group as the Group 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.

4. Cash and cash equivalents

	December 31, 2012	December 31, 2011
Cash on hand	54.725	52.830
Banks		
-profit share deposits	184.224	236.220
-demand deposits	122.680	44.365
Cash in transit	26.593	31.150
	388.222	364.565
Less: accrual for profit share	(1.264)	(3.973)
	386.958	360.592

As of December 31, 2012 and 2011 there is no restricted cash. As of December 31, 2012, profit share deposits are in TL and the gross rate for profit share from participation banks for TL is 8,5% (December 31, 2011 – gross 8,5%).

5. Financial investments

The details of subsidiaries and associates' financial investment of the Group as of December 31, 2012 and 2011 are as below:

Name	Ratio	December 31, 2012
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş.(*)	100%	12.590
		12.590

(*) As of January 30, 2012, the Group took over the shares of İdeal Standart İşletmecilik ve Mümessillik Sanayi ve Ticaret Anonim Şirketi ("İdeal Standart") by TL 12.590. Since İdeal Standart is not quoted in active markets or measured based on current bid prices, measured at cost. Since the financial statements of the Company are not material for the Group's consolidated financial statements or does not have a significant influence, are not included in the scope of consolidation. As of December 31, 2012, the ratio of total assets and turnover of the Company is less than 1% to the Group's consolidated total assets and turnover.

The Group does not have any available for sale financial assets as of December 31, 2011.

6. Financial liabilities

The Group has interest free short term bank borrowings in amount of TL 10.448 to pay SGK liabilities as of December 31, 2012. Such borrowings have been closed on January 3, 2013 (December 31,2012 – None).

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

7. Trade receivables and payables

a) Trade receivables, net

	December 31,2012	December 31, 2011
Credit card receivables	312.344	269.190
Trade receivables	1.003	970
Doubtful trade receivables	365	712
Other receivables	801	825
Less: provision for doubtful receivables	(365)	(712)
	314.148	270.985

As of December 31, 2012 the average term of trade receivables is 11 days (December 31, 2011 - 10 days).

Term trade receivables are recognized at original invoice amount and carried after provisions for doubtful trade receivables are discounted from the deduction. The allowance for doubtful receivables are estimated when it is not possible the collection of the receivable.

As of December 31, 2012 and 2011, the Group does not have any overdue trade receivables except for doubtful receivables.

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

	December 31, 2012	December 31, 2011
Beginning	712	694
Allowance for doubtful receivables	3	22
Collection in current year	(350)	(4)
Ending	365	712

b) Trade payables, net

	December 31, 2012	December 31, 2011
Other trade payables	1.026.151	890.253
	1.026.151	890.253

As of December 31, 2012 the average term of trade payables is 48 days (December 31, 2011 - 46 days). As of December 31, 2012 letters of guarantee and cheques are amounting to 26.060 TL and mortgages are amounting to TL 23.793 (December 31, 2011 – TL 13.703 letters of guarantee and cheque, TL 13.656 mortgages).

8. Inventories

	December 31, 2012	December 31, 2011
Trade goods, net	478.323	400.755
Other inventory	5.261	3.888
	483.584	404.643

As of December 31, 2012 provision for impairment of inventory amounting to TL 1.423 was recorded (December 31, 2011 – TL 2.050).

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

	December 31, 2012	December 31, 2011
Beginning	(2.050)	(1.229)
Current year reversal	2.050	1.229
Provision for impairment	(1.423)	(2.050)
Ending	(1.423)	(2.050)

9. Property and equipment

The movements of property and equipment and the related accumulated depreciation for the years ended December 31, 2012 and 2011 are as follows:

	December 31, 2011	Additions	Disposals	Transfers	Netting	Provision for impairment	Revaluation reserves	Effect of change in foreign currencies	December 31,2012
Cost or revalued amount									
Land	93.550	46.571	-	-	-	(122)	59.590	-	199.589
Land improvements	3.175	809	-	4	-	-	-	-	3.988
Buildings	168.513	2.921	-	15.328	(21.102)	(998)	7.511	-	172.173
Machinery and equipment	314.260	60.474	(6.152)	1.549	-	-	-	(237)	369.894
Vehicles	63.538	24.020	(10.410)	917	-	-	-	(29)	78.036
Furniture and fixtures	132.795	27.020	(2.824)	747	-	-	-	(53)	157.685
Leasehold improvements	234.873	54.029	(5.718)	(30)	-	-	-	(442)	282.712
Construction in progress	2.577	22.466	-	(18.515)	-	-	-	-	6.528
	1.013.281	238.310	(25.104)	-	(21.102)	(1.120)	67.101	(761)	1.270.605
Less: Accumulated depreciation									
Land improvements	(1.453)	(668)	14	-	-	-	-	-	(2.107)
Building	(12.577)	(8.525)	-	-	21.102	-	-	-	-
Machinery and equipment	(147.277)	(28.748)	3.666	-	-	-	-	50	(172.309)
Vehicles	(29.937)	(12.626)	7.891	-	-	-	-	6	(34.666)
Furniture and fixtures	(89.602)	(17.808)	2.640	-	-	-	-	10	(104.760)
Leasehold improvements	(84.360)	(23.977)	2.944	-	-	-	-	43	(105.350)
	(365.206)	(92.352)	17.155	-	21.102	-	-	109	(419.192)
Net book value	648.075								851.413

	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

The land and buildings were revalued and reflected to financial statements with their 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.

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

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts of land and buildings would have been as follows as of December 31, 2012 and 2011, respectively:

	Land and buildings	
	December 31, 2012	December 31, 2011
Cost	323.196	258.376
Accumulated depreciation	(33.025)	(24.498)

As of December 31, 2012 and 2011, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	December 31, 2012	December 31, 2011
Machinery and equipment	68.672	65.120
Furniture and fixtures	62.156	52.190
Intangible assets and leasehold improvements	27.141	24.254
Vehicles	8.344	6.070
Land improvements	405	346
	166.718	147.980

Pledges and mortgages on assets

As of December 31, 2012 and 2011, there is no pledge or mortgage on property and equipment of the Group.

10. Intangible assets

The movements of intangible assets and related accumulated amortization for the years ended December 31, 2012 and 2011 are as follows:

	December 31, 2011	Additions	Disposals	Effect of change in foreign currencies	December 31, 2012
Cost					
Rights	10.199	1.556	-	(7)	11.748
Other intangibles	31	-	-	-	31
	10.230	1.556		(7)	11.779
Accumulated amortization					
Rights	(7.401)	(1.200)	-	-	(8.601)
Other intangibles	(26)	-	-		(26)
	(7.427)	(1.200)	-	-	(8.627)
Net book value	2.803				3.152

	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

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

Major part of the rights is software licenses.

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

11. Provisions, contingent assets and liabilities

Other provisions for accruals

As of December 31, 2012 and 2011, the Group has provision for unused vacation, telephone, electricity, water and other short term liabilities in amount of TL 8.350 and TL 2.784, respectively.

Litigation against the Group

As of December 31, 2012 and 2011, the total amount of outstanding lawsuits filed against the Group is TL 12.391 and TL 10.218 (in historical terms), respectively. The Group made provisions amounting TL 6.880 and TL 6.818 for the related periods, respectively.

Current period movement of provision for lawsuits is as follows;

	December 31, 2012	December 31, 2011
Beginning	6.818	6.388
Provision amount, net	62	430
Ending	6.880	6.818

Letter of guarantees, mortgages and pledges given by the Group

As of December 31, 2012 and 2011, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	December 31, 2012				
	Total TL equivalent	TL	USD	Euro	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of legal entity	16.817	16.203	250.000	-	799.500
Guarantee	16.817	16.203	250.000	-	799.500
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	2.261	-	-	961.254	-
Guarantee	2.261	-	-	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	19.078	16.203	250.000	961.254	799.500

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

	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

Insurance coverage on assets

As of December 31, 2012 and 2011, insurance coverage on assets of the Group is TL 721.157 and TL 598.666 respectively.

12. 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 3.034 (full TL) and 2.732 (full TL) at December 31, 2012 and 2011, 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, 2012 and 2011.

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, 2012	January 1 – December 31, 2011
Current service cost (Note 17)	4.773	4.015
Financial expense of employee termination benefit	2.354	1.751
Actuarial losses expensed	596	449
Total expense	7.723	6.215

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

Provision for employee termination benefits:

	January 1 – December 31, 2012	January 1 – December 31, 2011
Defined benefit obligation	36.712	23.696
Unrecognized actuarial losses	(21.244)	(11.048)
	15.468	12.648

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

	January 1 – December 31, 2012	January 1 – December 31, 2011
Beginning balance	23.696	17.831
Financial expense of employee termination benefit	2.354	1.751
Current service cost	4.773	3.626
Benefits paid	(4.903)	(2.701)
Actuarial loss/(gain)	10.792	3.189
Balance at period end	36.712	23.696

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

	January 1 – December 31, 2012	January 1 – December 31, 2011
Discount rate	9%	10%
Expected rate of salary/limit increases	5%	5,1%

13. Other assets and liabilities

a) Other current assets

	December 31, 2012	December 31, 2011
Advances given	53.214	20.627
Prepaid expenses	8.666	7.154
VAT receivable	7.556	6.092
Other	1.979	429
	71.415	34.302

b) Other non-current assets

	December 31, 2012	December 31, 2011
Advances given for tangible asset purchases	5.135	3.945
Deposits and advances given	2.666	2.509
Other	670	406
	8.471	6.860

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

c) Other current liabilities

	December 31, 2012	December 31, 2011
Income tax and social security premiums payables	10.524	18.137
Other tax and funds payable	13.633	10.284
VAT payable	13.492	11.042
Advances taken	2.166	5.550
Other	2.734	589
	42.549	45.602

As of December 31, 2012 and 2011, the Group does not have any other long-term liability.

14. Shareholders' equity

a) Share capital and capital reserves

As of December 31, 2012 and 2011, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows:

	January 1 – December 31, 2012		January 1 – December 31, 2011	
	Historical amount	%	Historical amount	%
Mustafa Latif Topbaş	25.466	16,8	26.466	17,5
Ahmet Afif Topbaş	14.571	9,6	13.571	8,9
Abdulrahman A. El Khereiji	6.831	4,5	10.626	7,0
Firdevs Çizmeci	1.750	1,1	1.800	1,2
Ömer Hulusi Topbaş	180	0,1	180	0,1
Publicly traded	103.002	67,9	99.157	65,3
	151.800	100	151.800	100

The Company's share capital is fully paid and consists of 151.800.000 (December 31, 2011 – 151.800.000) shares of TL 1 nominal value each.

Revaluation surplus

As of December 31, 2012, the Group has revaluation surplus amounting TL 78.323 (December 31, 2011 – TL 15.704) related to revaluation of land and buildings. The revaluation surplus is not available for distribution to shareholders.

b) Restricted reserves assorted 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.

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

Listed companies are subject to dividend requirements regulated by the CMB as follows:

In accordance with the CMB 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 CMB 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.

Dividend distrubition policy of the Company is in line with the CMB Law numbered 6362 dated December 30, 2012.

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, 2012 and 2011 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	December 31,2012	December 31, 2011
Legal reserves	103.211	81.449
Prior year profits	128.679	41.682
Net income for the period	345.860	306.099
	577.750	429.230

As of December 31, 2012 net profit per the Company's statutory books is TL 345.860 and net profit per consolidated financial statements in accordance with CMB accounting standards is TL 331.321.

Dividend paid

Regarding the decision of ordinary meeting of the general assembly, dated May 15, 2012, the Company has completed dividend distribution amounting to gross TL 197.340 from its net income of the year 2011 as of May 22, 2012. Gross dividend amount paid per share is full TL 1,3.

15. Sales and cost of sales

a) Net sales

The Group's net sales for the years ended December 31, 2012 and 2011 are as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Sales	9.947.643	8.220.931
Sales return (-)	(41.276)	(31.796)
	9.906.367	8.189.135

b) Cost of sales

	January 1 - December 31, 2012	January 1 - December 31, 2011
Beginning inventory	400.755	332.795
Purchases	8.424.721	6.947.765
Ending inventory (-)	(478.323)	(400.755)
	8.347.153	6.879.805

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

16. Marketing, selling and distribution and general and administrative expenses

a) Marketing, selling and distribution expenses

	January 1 - December 31, 2012	January 1 - December 31, 2011
Personnel expenses	440.117	359.076
Rent expenses	248.148	208.761
Depreciation and amortization expenses	86.215	70.608
Electricity, water and communication expenses	57.876	46.543
Packaging expenses	49.059	40.595
Trucks fuel expense	37.941	30.916
Advertising expenses	33.464	25.354
Maintenance and repair expenses	20.991	18.779
Provision for employee termination benefit	3.954	3.356
Other selling and marketing expenses	37.288	30.413
	1.015.053	834.401

b) General and administrative expenses

	January 1 - December 31, 2012	January 1 - December 31, 2011
Personnel expenses	95.589	78.787
Depreciation and amortization expenses	7.337	6.372
Motor vehicle expenses	6.851	5.895
Legal and consultancy expenses	5.667	4.171
Money collection expenses	5.077	4.494
Communication expenses	956	867
Provision for employee termination benefits	819	659
Office supplies expenses	558	501
Other general and administrative expenses	23.655	21.994
	146.509	123.740

17. Expenses as to nature

a) Depreciation and amortization expenses

	January 1 - December 31, 2012	January 1 - December 31, 2011
Marketing, selling and distribution expenses	86.215	70.608
General and administrative expenses	7.337	6.372
	93.552	76.980

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

b) Personnel expenses

	January 1 - December 31, 2012	January 1 - December 31, 2011
Wages and salaries	468.640	382.145
Social security premiums - employer contribution	67.066	55.718
Provision for employee termination benefits (Note 12)	4.773	4.015
	540.479	441.878

18. Other operating income and expense

a) Other operating income

	January 1 - December 31, 2012	January 1 - December 31, 2011
Gain on sale of scraps	6.263	5.234
Dividend income	2.660	-
Profit from sale of property and equipment	568	-
Other income and profit	4.107	7.365
	13.598	12.599

b) Other operating expenses

	January 1 - December 31, 2012	January 1 - December 31, 2011
Provision for impairment on property and equipment	1.120	-
Provision expenses	550	573
Other	1.624	3.841
	3.294	4.414

19. Financial income

	January 1 - December 31, 2012	January 1 - December 31, 2011
Financial income		
Income on profit share account - deposits	14.535	15.281
Gain on sale of marketable securities	2.654	-
Foreign exchange gains	161	5.770
Total financial income	17.350	21.051

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

20. Financial expenses

	January 1 - December 31, 2012	January 1 - December 31, 2011
Financial expense		
Foreign exchange losses	2.217	314
Finance charge on employee termination benefit (including acrurarial loss)	2.950	2.200
Banking charges	204	91
Other financial expenses	451	81
Total financial expenses	5.822	2.686

21. Tax assets and liabilities

As of December 31, 2012 and 2011, provision for taxes of the Group is as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Current period tax provision	87.268	77.293
Prepaid taxes	(64.571)	(59.219)
Corporate tax payable	22.697	18.074

In Turkey, as of December 31, 2012 corporate tax rate is 20% (December 31, 2011- 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, 2012 the corporate tax rate is %30 (December 31, 2011 - %30) where the consolidated subsidiary of the Company, BIM Stores SARL operates. In Egypt, as of December 31, 2012 the corporate tax rate is 20% where the consolidated subsidiary of the Company, BIM Stores LLC operates.

There is no taxable temporary differences related with the consolidated subsidiaries for which the Company recognised deferred tax liability (December 31, 2011: None).

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 tax rate 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.

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

As of December 31, 2012 and 2011, temporary differences based for deferred tax and deferred tax asset and liability calculated by using applicable tax rates are as follows:

	Balance sheet		Comprehensive income statement	
	December 31, 2012	December 31, 2011	January 1 - December 31, 2012	January 1 - December 31, 2011
Deferred tax liability				
Restatement effect on non-monetary items in accordance with IAS 29	19.081	15.258	3.823	2.382
The effect of the revaluation of land and buildings	4.538	262	4.276	-
Other adjustments	886	1.031	(145)	180
Deferred tax asset				
Reserve for employee termination benefit	(3.094)	(2.530)	(564)	(670)
Other adjustments	(5.850)	(3.858)	(1.992)	(423)
Currency translation difference	-	-	(21)	67
Deferred tax	15.561	10.163	5.377	1.536

Deferred tax is presented in financial statements as follows:

	December 31, 2012	December31, 2011
Deferred tax asset	392	481
Deferred tax liability	(15.953)	(10.644)
Net tax liability	(15.561)	(10.163)

Movement of net deferred tax liability for the years ended December 31, 2012 and 2011 is as follows:

	January 1 - December 31, 2012	January 1 - December31, 2011
Opening balance	10.163	8.694
Deferred tax expense/(income) recognized in statement of comprehensive income	895	1.536
Revaluation difference recognized in statement of other comprehensive income	4.482	-
Foreign currency translation differences	21	(67)
Balance at the end of period	15.561	10.163

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

Tax reconciliation

	January 1 - December 31, 2012	January 1 - December31, 2011
Net income before tax	419.484	377.739
Corporation tax at effective tax rate of 20%	(83.897)	(75.548)
Disallowable expenses	(621)	(931)
Effect of non-tax deductible and tax exempt items	149	317
Tax rate effect of the consolidated subsidiary	(1.717)	(1.454)
Other	(2.077)	(1.213)
Provision for taxes	(88.163)	(78.829)
- Current	(87.268)	(77.293)
- Deferred	(895)	(1.536)

22. Earnings per share

Basic earnings per share 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.

There is no movement in the number of shares as of December 31, 2012 and December 31, 2011.

Number of shares	January 1- December 31, 2012	January 1- December 31, 2011
Average number of stocks during the period	151.800.000	151.800.000
Net profit of the period	331.321	298.910
Profit per share (full TL)	2,183	1,969

23. Related party disclosures

a) Due to related parties

Due to related parties balances as of December 31, 2012 and 2011 are as follows:

Payables related to goods and services received:

	December 31, 2012	December 31, 2011
Ak Gıda A.Ş. (Ak Gıda) [1]	87.042	74.719
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) [1]	36.578	28.032
Hedef Tüketim Ürünleri San ve Dış Tic. A.Ş. (Hedef) [1]	22.088	13.449
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş (Turkuvaz) [1]	19.480	9.582
Esas Paz. ve Tic. A.Ş. (Esas) [1]	2.788	1.796
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) [2]	2.256	-
Bahar Su Sanayi ve Tic. A.Ş. (Bahar Su) [1]	752	763
Proline Bilişim Sistemleri ve Ticaret A.Ş. [1]	581	1
Seher Gıda Paz. San. ve Tic. A.Ş. (Seher) [1]	270	116
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) [1] [*]	50	1.281
	171.885	129.739

[1] Companies owned by shareholders of the Company.
[2] Subsidiaries of the Group.
[*] Advance given to Natura Gıda Sanayi ve Ticaret A.Ş.amounting to TL 18.359 as of December 31, 2012 is included in other current assets.

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

b) Related party transactions

For the years ended December 31, 2012 and 2011, summary of the major transactions with related parties are as follows:

(i) Purchases from related parties during the periods ended December 31, 2012 and 2011 are as follows:

	January 1- December 31 2012	January 1- December 31 2011
Ak Gıda [1]	637.009	514.317
Başak [1]	292.875	229.702
Hedef [1]	89.253	65.249
Turkuvaz [1]	87.690	40.749
Natura [1]	69.516	46.410
Esas [1]	25.321	28.608
İdeal Standart [2]	9.239	-
Bahar Su [1]	5.490	3.691
Proline [1]	3.101	-
Seher [1]	1.611	1.408
Bahariye [1]	534	1.482
Marsan [1] [*]	-	2.978
	1.221.639	934.594

[1] Companies owned by shareholders of the Company.
[2] Subsidiaries of the Group.
[*] The company has been delisted from related parties as of July 1, 2011 and the amounts purchases from the Company between January 1, 2011 – June 30, 2011.

(ii) For the periods ended December 31, 2012 and 2011 salaries, bonuses and compensations provided to board of directors and key management comprising of 84 and 79 personnel, respectively, are as follows:

	January 1- December 31 2012	January 1- December 31 2011
Short-term benefits	21.854	18.874
Long-term defined benefits	1.105	1.150
Total benefits	22.959	20.024

24. 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.

(Currency – Thousands of Turkish Lira unless otherwise indicated. All other currencies are also 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	Profit share deposits	184.224	236.220
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 card receivables		Trade and other receivables		Bank deposits		Financial investments	
	Related Party	Other Party	Related Party	Other Party	Related Party	Other party	Related Party	Other party
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	312.344	-	1.804	-	306.904	12.590	-
- Maximum risk secured by guarantees	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	312.344	-	1.804	-	306.904	12.590	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	365	-	-	-	-
- Impairment	-	-	-	(365)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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

Credit risk table (Prior period)

	Credit card receivables		Trade and other receivables		Bank deposits		Financial investment	
	Related Party	Other Party	Related Party	Other Party	Related Party	Other party	Related Party	Other party
Maximum credit risk exposures as of report date (A+B+C+D+E)	-	269.190	-	1.795	-	280.585	-	-
- Maximum risk secured by guarantees	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	269.190	-	1.795	-	280.585	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	712	-	-	-	-
- Impairment	-	-	-	(712)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

There is a insignificant amount of foreign currency denominated assets and liabilities so the Company does not use derivative financial instruments or future contracts to reduce the risk of foreign currency.

Foreign currency position

As of December 31, 2012 and 2011, the Group's foreign currency position is as follows:

		December 31,2012				December 31,2012	
	TL equivalent	USD	Euro	GBP	TL equivalent	USD	Euro
1. Trade receivables	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash, bank accounts)	253	51.105	57.267	9.637	109	7.855	38.388
2b. Non-monetary financial assets	-	-	-	-	-	-	-
3. Other	-	-	-	-	21	6.100	4.000
4. Current assets (1+2+3)	253	51.105	57.267	9.637	130	13.955	42.388
5. Trade receivables	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-
7. Other	50	26.300	1.278	-	-	-	-
8. Non-current assets (5+6+7)	50	26.300	1.278	-	-	-	-
9. Total assets(4+8)	303	77.405	58.545	-	130	13.955	42.388
10. Trade payables	-	-	-	-	-	-	-
11. Financial liabilities	-	-	-	-	-	-	-
12a. Monetary other liabilities	-	-	-	-	12	6.500	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	-	-	-	-	12	6.500	-
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	-
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)	-	-	-	-	-	-	-
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)(IFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a)	303	77.405	58.545	9.637	118	7.455	42.388
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-
23. Export	-	-	-	-	-	-	-
24. Import	-	-	-	-	-	-	-

(Currency – Thousands of Turkish Lira unless otherwise indicated. All other currencies are also 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, 2012 and 2011:

	December 31, 2012	Exchange rate sensitivity analysis	
			Current Period
		Profit/loss	Profit/loss
		Increase in exchange rate	Decrease in exchange rate
	Increase/Decrease of 10% in value of U.S Dollar against TL:		
1-	*U.S Dollar net asset/(liability)*	14	(14)
2-	*Protected part from U.S Dollar risk (-)*	-	-
3-	U.S Dollar net effect (1+2)	14	(14)
	Increase/Decrease of 10% in value of Euro against TL:		
4-	Euro net asset/(liability)	14	(14)
5-	Protected part from Euro risk (-)	-	-
6-	Euro net effect (4+5)	14	(14)
	Increase/Decrease of 10% in value of GBP against TL :		
7-	GBP net asset/(liability)	3	(3)
8-	Protected part from GBP risk (-)	-	-
9-	GBP net effect (7+8)	3	(3)
	Total (3+6+9)	31	(31)

	December 31,2011	Exchange rate sensitivity analysis	
			Current Period
		Profit/loss	Profit/loss
		Increase in exchange rate	Decrease in exchange rate
	Increase/Decrease 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/Decrease 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)

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 unless otherwise indicated. All other currencies are also expressed in full amounts unless otherwise indicated)

As of December 31, 2012 and 2011, maturities of undiscounted trade payables and financial liabilities are as follows:

December 31, 2012

Contractual maturities	Book value	Total cash outflow	Less than 3 months	Between 3-12 months	Between 1-5 year	More than 5 ears
Non derivative financial liabilities						
Trade payables	1.026.151	1.029.935	1.029.935	-	-	-
Due to related parties	171.885	172.532	172.532	-	-	-

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 ears
Non derivative financial liabilities						
Trade payables	890.253	895.639	895.639	-	-	-
Due to related parties	129.739	130.537	130.537	-	-	-

25. 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.

26. Subsequent Events

None.

27. 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, 2012 and 2011.

PRODUCTS

Since its foundation BİM has provided quality products at best prices.

Powerdent Shine Toothbrush
Health begins with the mouth

Dost Süt
Natural milk, healthy milk

Bind Activit
Shining cleanliness

Çokkolata
Taste of chocolate

Bulut Fabric Softener
Fresh cleanliness

Dostino Biscuit Cubes
For growing

RoomStar Room and Fabric Freshener
Let the sofas smell nice

Queen Toilet Tissue
Economic and healthy softness

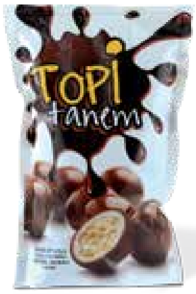
Dağhan Kangal Sucuk
100% flavor

Buono Nuts
Chocolate taste of nuts

İnci Cracked Olives
Regional tastes

Aknaz Cheese
Taste of cheese

Juicy Sour Cherry Juice
For a life with pleasure



Topi Tanem
Pleasure piece by piece

Buono Milk and Peanut Chocolate
Chocolate taste of milk and peanuts

Abdullah Efendi Turkish Coffee
Traditional taste

Dost Yoghurt
Full of health

Kerem Cream Cheese
Enjoy this taste

www.bim.com.tr

BİM

TOPTAN FİYATINA PERAKENDE SATIŞ