BİM **2013**

ANNUAL REPORT

11 848 841 402 TL*

Steady Growth in Retail Sector

*Net Sales

CONTENTS

Name of the Company : BİM Birleşik Mağazalar A.Ş.
Report Period : 01 January - 31 December 2013
Trade Registry No. : 334499/282081
Web site : www.bim.com.tr
Capital : TL 303,600,000

Prices down, success higher...

An outstanding retail chain store, BİM, continues to grow with its effective growth strategies, and offers unique shopping opportunities to approximately 2.8 million people every day. BİM, offering its own brands and innovations with the most reasonable prices to its customers, consistently increases its number of stores, turnover and profitability.

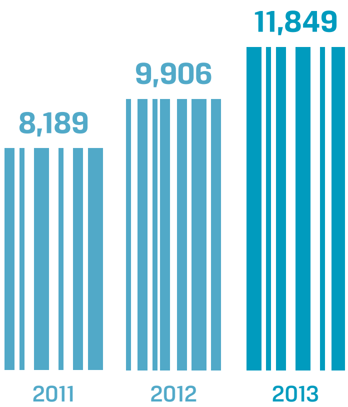
KEY INDICATORS

In 2013, BİM **continued its steady growth** and increased its net sales by 20%.

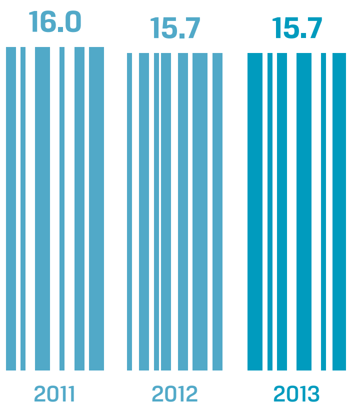
INCREASE IN NET SALES

20%

NET SALES (TL MILLION)



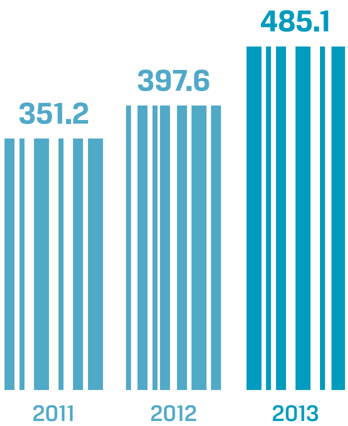
GROSS PROFIT MARGIN (%)



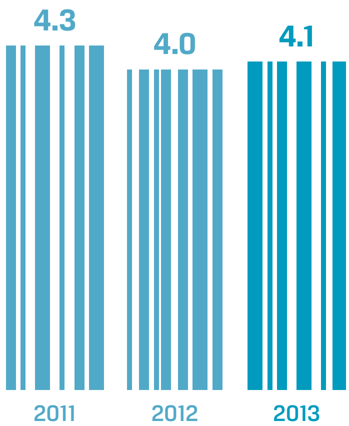
INCREASE IN EBIT

22%

EBIT (TL MILLION)



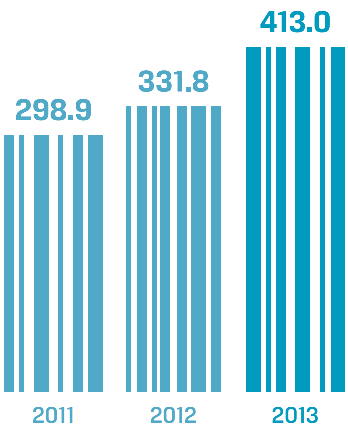
EBIT MARGIN (%)



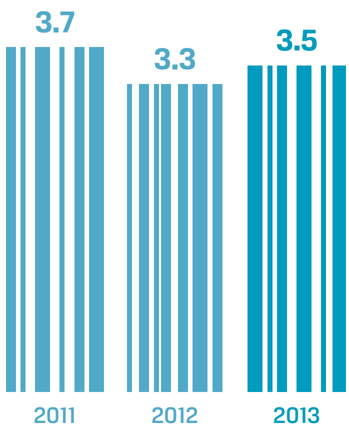
INCREASE IN NET PROFIT

24%

NET PROFIT (TL MILLION)



NET PROFIT MARGIN (%)



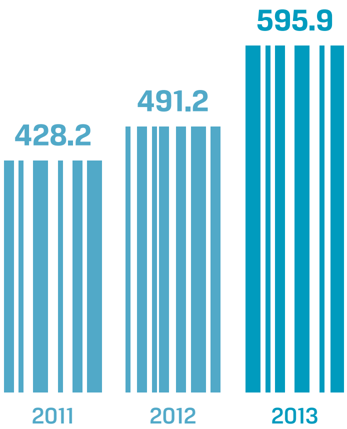
Financial results are prepared as consolidated statements within the framework of the Communiqué (Series XI, Nr. 29) issued by the Capital Markets Board in accordance with the International Accounting Standards and the International Financial Reporting Standards. BİM has 100% participation rate in affiliate companies, BİM stores SARL in Morocco and BİM Store LLC in Egypt which were fully consolidated and both are engaged in food retail.

Within targets, BİM increased its EBITDA by 21%. The EBITDA margin, on the other hand, was realized within the expected range by 5.0%.

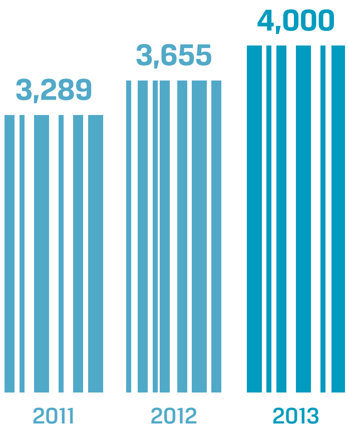
(*) Operational indicators reflect only those operations in Turkey. As of the end of 2013, the affiliate partnership established in Morocco has 164 stores (110 stores in 2012) and 802 employees (587 employees in 2012). Since the affiliate partnership established in Egypt is brand new, there are 35 stores and 291 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 (*)

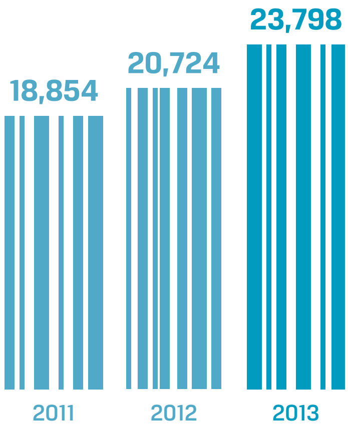


INCREASE IN THE NUMBER OF STORES

9%

EBITDA MARGIN (%)

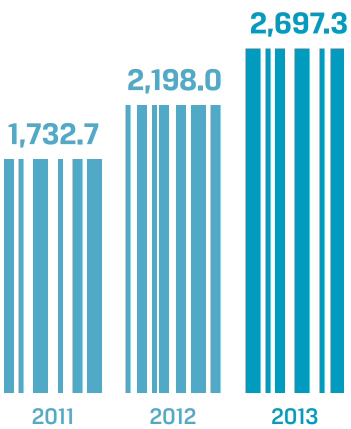
NUMBER OF EMPLOYEES AT THE END OF THE YEAR(*)



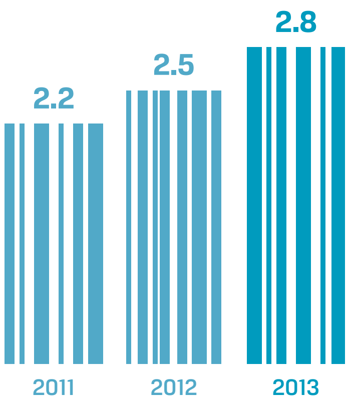
INCREASE IN THE NUMBER OF EMPLOYEES

15%

TOTAL ASSETS (TL MILLION)



AVERAGE NUMBER OF DAILY CUSTOMERS (MILLION)(*)



INCREASE IN THE NUMBER OF CUSTOMERS

12%

ABOUT BİM

In 2013, BİM continued to be **the leader in the sector** both with its number of stores and its sales.

From the day it was founded, BİM's main principle is to offer good quality products with reasonable prices to its customers. Today BİM is the most important player of the retail sector in our country. BİM's growth by 80% within the last three years is the evidence of this principle.

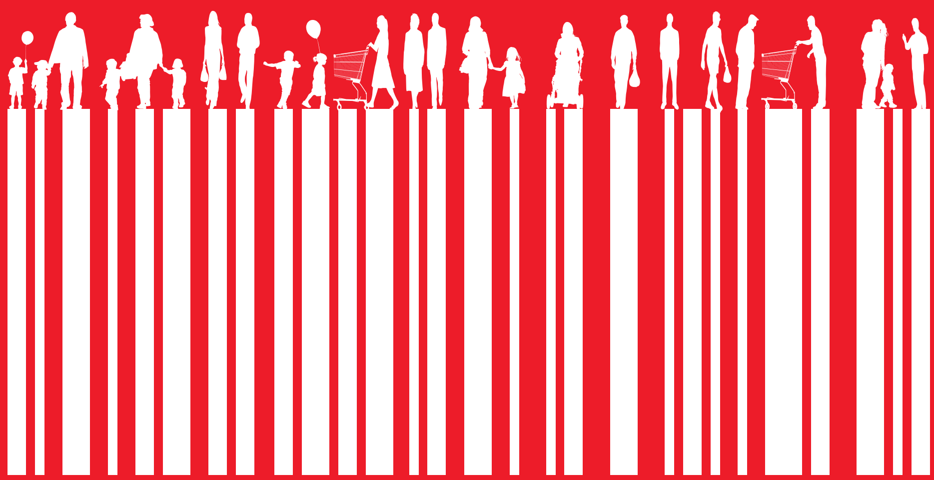
Organic growth model is the crucial component of BİM's success. There were 21 BİM stores at the beginning while today the Company continues its journey to success with 4,000 stores. As a consequence of the organic growth model, BİM's human resources have substantially adopted corporate culture and thus the loyalty of the employees has been high.

In 2013, BİM continued to be the leader in the sector both with its number of stores and its sales. With its 4,000 stores in Turkey, as of 2013 yearend, the Company continues to grow consistently. BİM opened four regional offices and 345 new stores in 2013 and thus continued to be the most widespread retail chain store. Furthermore, BİM has reflected this successful performance also on its sales with an increase of 20%. In the same period, operational profitability (EBITDA) increased by 21%. Growth was not only revealed in the number of stores, but was also revealed in the higher performance of the existing stores.

Carrying out its operations in Morocco at full speed, BİM opened 54 new stores and reached 164 stores within this scope. Moving on with a vision of becoming an international company, BİM continues its plans of getting into new countries. In 2013, BİM opened its first store within the framework of its second foreign operation carried out in Egypt, and reached 35 stores in a short amount of time.

BİMcell, BİM's brand in the area of mobile communication, had a successful year expanding its subscriber base in 2013 and reached 901 thousand subscribers. BİMcell is a mobile phone virtual operator providing pre-paid mobile service.

According to January 2014 version of Deloitte's, "Global Powers of Retailing" report published every year, BİM is in the 167th place among the first 250 retail companies in the world. Being the only Turkish company among the 250 retail companies, BİM is also the nineth fastest growing retailer. The building blocks of BİM's corporate culture created in 18 years are: customer satisfaction, perfect service principle, positive relations with its suppliers and qualified human resources. With its transparent, open and honest management approach, BİM will continue its growth and profitability in the upcoming period with the same pace.



1 026 000 000

With its customer satisfaction oriented service approach, BİM offers advantageous shopping opportunities to approximately 2.8 million people every day and **over 1 billion people every year.**

CORPORATE PROFILE

BİM continues to be the **most widespread retailer** in Turkey.

With its main objective to offer staple foods of highest quality at the most reasonable price possible, BİM (Birleşik Mağazalar A.Ş.) launched its activities in 1995 with 21 stores. BİM was the first representative of the "hard discount" concept in Turkey. Today, there are around 600 products in the portfolio of BİM. Yet, every year the composition of these 600 products is revised and new products are introduced in line with the changing customer expectations and needs while some products are removed from the list.

Being the fastest growing company among publicly traded companies in the food retail sector, BİM continued its achievements in 2013, as well. In addition to the four new head offices, in 2013, the Company launched 434 new stores in total; 345 in Turkey, 54 in Morocco, 35 in Egypt. As of 2013 yearend, with its 38 separate regional offices and 4,000 stores, BİM continues to be the most widespread retail chain store. BİM's total sales increased by 20% due to the increase in the number of stores and due to the 11% increase in sales performance of the stores in service for longer than two years. In 2013, BİM's net profit increased by 24% on this successful route by means of sales and widespread stores.

In 2013, BİM's total investment amount on consolidated basis was TL 245 million. All of this investment was financed from the Company's equity capital. BİM will continue its investments in the upcoming period, as well. In 2014, the amount of investments is expected to increase to TL 400 million.

Having introduced "private label product" approach in Turkey, BİM's high quality private labels are mostly market leaders in their categories. As a consequence of the importance given to the quality concept, private label products' turnover ratio was 67% in 2013 whereas this ratio was 46% in 2005, the year BİM began to be traded publicly. Moreover, BİMcell, the BİM brand in the area of mobile communication, had a very successful year and thus expanded its subscriber base in 2013 reaching 901 thousand subscribers. BİMcell is a mobile phone virtual operator providing pre-paid mobile service.

In 2014, BİM is planning to reach 41 regional offices with the 3 new regional offices. In 2014 BİM aims to open about 500 stores and reach 4,500. The target is to open 70 new stores in Morocco, and 50 new stores in Egypt.

Desiring to continue its healthy growth with its new stores in 2014, BİM will maintain its effective cost management policy and will keep on giving particular importance to customer satisfaction. In the upcoming period, BİM will carry out its activities by the best service approach and by the trust based relations with its shareholders especially with the suppliers.

1 650 000 m²

Consistently growing as the leader in the sector with its number of stores and with its sales, BİM carries out its activities in 4,000 stores, together with its warehouses in **a total area of 1,650,000 square meters.**

SERVICE PHILOSOPHY

For BİM, the **benefit of its customers** is more important than short term high profit.

901 669

2013 was a breakthrough for BİMcell as its **number of subscribers went up** from 250,000 **to 901,669.** Customers' interest is getting more and more on BİMcell, whose population coverage throughout Turkey is 97%.

MILESTONES

BİM's **journey to success** continues with about 4,000 stores today.

Commenced its operations with **21 stores.**

1995

Released Dost Süt, the first private label product in Turkey. Opened its **100th store.**

1997

Opened further **87 stores** despite the economic crisis.

2001

Started accepting **credit card payments.**

2002

Net sales **surpassed TL 1 billion.**

2003

Opened its **1,000th** store.

2004

Offered **44.12%** of its shares the.

2005

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

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

2011

Launched **BiMcell**.

2012

Within the framework of its second foreign operation carried out **in Egypt, first stores** were launched.

2013


BIM
Kelly's
Corn Flakes
Jucy

INVESTOR RELATIONS

BİM **grows solidly** besides being able to pay high dividends to its investors.

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 1,858% reflecting a performance above the BIST 30 index yields. Furthermore, BİM continued to distribute high rates of dividends to its investors despite the high amounts of investments it has made.

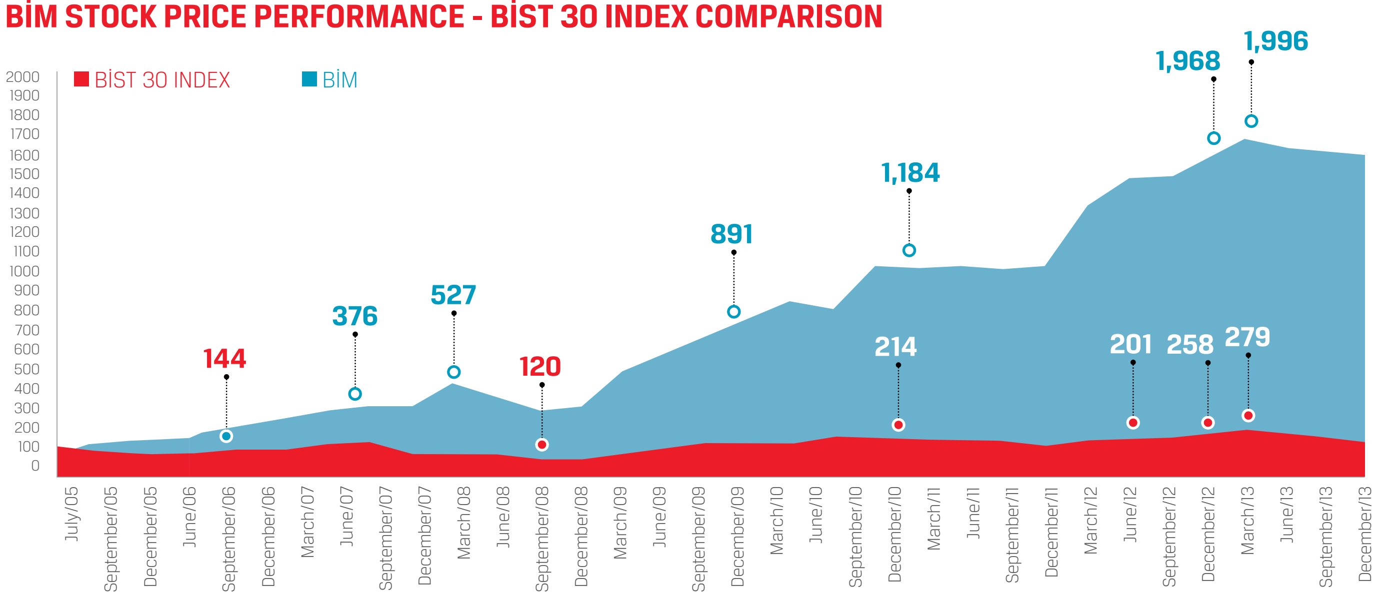
The Company has provided a value gain of 1,858% to its investors in the last 7.5 years following the initial public offering, and this figure has reached 117% on the BIST 30 index, where BİM is traded. Therefore, the price of the Company shares increased by almost 18-fold since the date it went public.

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 2013, the Unit made a total of 22 material event disclosures, and provided information to investors and stakeholders by organizing five investor conferences and approximately 150 meetings.

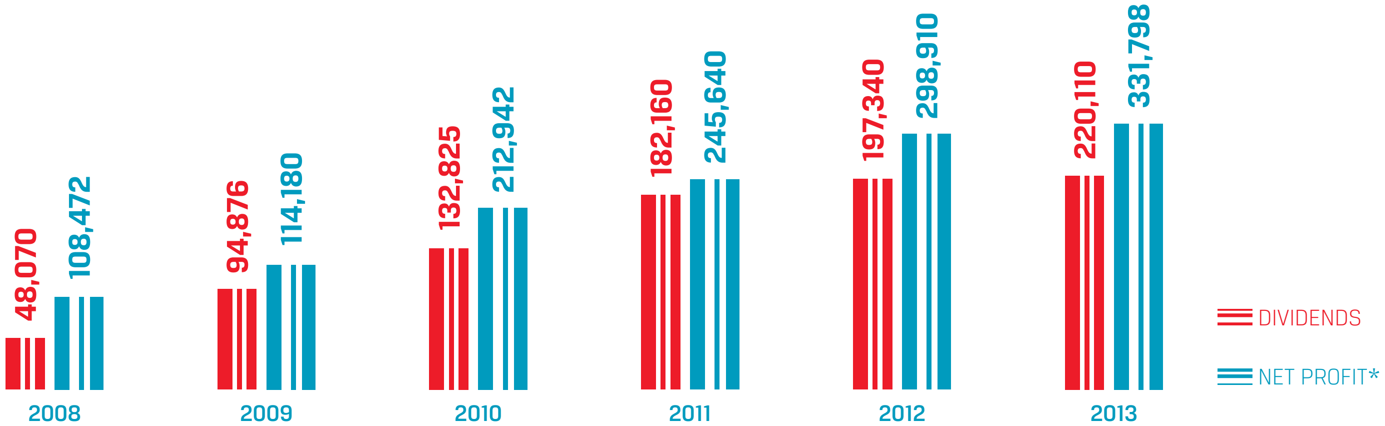
According to the dividend distribution policy determined in 2007, a minimum of 30% of the distributable profit yielded during the related year is to be distributed.

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 220.1 million which is 66% of the profits for the year 2012 in cash in 2013.

BİM STOCK PRICE PERFORMANCE - BİST 30 INDEX COMPARISON



DIVIDENDS (THOUSAND TL)



(*) Indicates the previous year's after-tax net profit constituting a basis for dividends.


FALIM
BEZELYE
YURDUM

MESSAGE FROM THE BOARD OF DIRECTORS

BİM continued its **healthy growth performance** also in 2013.

In 2013, market actors continued to be cautious with the impact of the financial risks occurred after the crisis while the recovery phase in global markets continued gradually. Another fact in the global economy was the decrease in the growth performances of emerging economies in spite of the recovery going on in the developed countries led by USA. In 2013, the global economy grew by 2.9% and in the upcoming period, it will be structured on factors such as; the scope of the strict monetary policy of FED, the consequences of the stabilization package implemented in countries like Spain, Greece of the Euro Zone and the impacts of the political turmoil in the Middle East on the energy prices and energy supplies.

Turkish economy grew by 4.0% in the first nine months of 2013. With the impact of national/international developments foreign currency and interest rates increased within the year. In spite of the noticeable changes in the macro equilibrium, this situation was reflected only partially on domestic consumption dynamics. As a matter of fact, growing under any circumstances, BİM continued its consistent growth also in 2013. BİM does not utilize bank loans since it finances both domestic and foreign operations with its own resources. Moreover, BİM does not have any position of foreign currency deficit or surplus. For this reason, such instability in the markets did not have any negative impacts on our Company, neither financially nor operationally. Operational indicators showed that our sales and profitability figures are achieved in line with the targets specified at the beginning of last year.

In a stronger position, we continued to be the leader in the sector also in 2013. Our Company is the retailer with the highest growth rate among the publicly traded companies. We will maintain our consistent growth strategy both in Turkey and abroad with the foreign region offices and stores we will open in the future. As of the yearend, we are in service with our 4,000 stores in Turkey. In 2013, we continued to be the most widespread retailer with our four new region offices and 345 new stores.

BİM launched its activities in 1995 with 21 stores and still continues its story of success. We launched 434 new stores in total; 345 in Turkey, 54 in Morocco, 35 in Egypt and the sales performance of our existing stores increased by 11%. Consequently, our total sales increased by 20%, and our net profit increased by 24%.

In addition to its operations in Turkey, in 2013, BİM continued its operations in Morocco with all pace and opened 54 new stores and increased its number of stores to 164. Acting with the aim of being an international company, BİM opened its first store in Egypt within the scope of its second foreign operation and reached 35 stores in a short amount of time.

BİM has always added value to its investors from the day it began to be publicly traded in 2005. Since July 2005, stock performance of our company increased by 1,858%; This figure is high above the BİST 30 index yield. BİM is one of the rare companies which grow solidly besides being able to pay high dividends to its investors. In 2013, the amount of the dividends BİM paid in cash wasTL 220.1 million, equal to 66% of its 2012 profit.

BİM's simple structure, simple and comprehensible business model has enabled high customer loyalty. Using the advantages of being the first player in the high discount market very well, BİM has reflected all discounts on its prices through a single pricing model. "Always the Lowest Price" has been the main principle of our Company.

In 2013, the number of BİM employees increased by 15%. Today, the number of half time/full time BİM employees is 23,798 in Turkey, 802 in Morocco and 291 in Egypt. The employment opportunity created by BİM, with its most widespread retail network in Turkey, has a positive impact not only on a single region but all across the country. BİM will continue to contribute to the economy of the country with the new stores and regional head offices it will open in 2014.

In 2014, we will continue our consistent and efficient growth. BİM is planning to open 500 stores next year, in Turkey. Additionally, BİM is planning to make investments of domestic and foreign operations with TL 400 million in 2014. We will continue to open stores abroad, as well. BİM is planning to open 70 stores in Morocco, 50 stores in Egypt. Also the employment will continue to increase in parallel to our growth. We are planning to employ at least 3 thousand additional employees next year.

We have continued to grow consistently and efficiently since the day we were founded in 1995. There is no doubt that our employees are the crucial components of our success. We believe that our healthy growth will be sustainable in our journey to success with our employees, suppliers, customers and shareholders.

MESSAGE FROM THE EXECUTIVE COMMITTEE

BİM, in 2013 achieved a growth level **higher than sector averages.**

In 2013, BİM showed a high performance and continued to be the leader in the sector while growing consistently. While increasing our sales by 20%, our profitability also increased by 24% as a result of our efficiency efforts. On our journey to success we started with 21 stores and our indispensable principle was to offer high quality products to our customers with reasonable prices through our superior service. 80% growth we achieved in the last three years was the result of this principle.

In 2013, we maintained our consistent and healthy growth and continued to be the leader with our widespread stores and our sales figures. As of 2013 yearend we are providing services to our customers with our 4,000 stores in Turkey. We opened four regional offices and 345 new stores in 2013 and thus reinforced our widespread position. Besides our operations in Turkey, we carry out operations in Morocco at full speed. We opened 54 new stores in this country and reached 164 stores in total. In the second quarter of the year, BİM opened its first store within the framework of its second foreign operation carried out in Egypt, and reached 35 stores by the yearend. With our vision of being an international company, we continue our efforts for getting into new countries.

Carrying out its activities in the area of mobile communication our brand BİMcell, which was introduced in 2012, met with great enthusiasm of our customers after 20 months. In this short period, the number of subscribers of BİMcell reached 901 thousand and its subscriber base expands every day. In 2014, the number of subscribers is anticipated to exceed 1 million.

BİM has been carrying out its activities in food retail sector. In spite of the noticeable macroeconomic changes and fluctuations in foreign currency and interest rates in this sector, there was no negative impact on demand due to strong domestic dynamics. Food retail sector resisted the most against fragility and maintained its momentum of growth. Despite the fact that the percentage of organized retailing is 45% in the market, its increasing market share every year shows BİM's potential.

In 2013, there were many acquisitions in the retail sector. Since the total market share of the first five retailers in the sector is not more than 15%, the sector has got a divided structure and thus, there were plenty of mergers and acquisitions in the sector.
Organic growth model is the crucial component of BİM's success. Our journey to success started with 21 stores in 1995 and in order to maintain the corporate culture we have created in the last 18 years and to create a sustainable loyalty to our Company we prefer organic growth. BİM does not utilize bank loans since it finances its operations with internal resources. Moreover, BİM does not have any position of foreign currency deficit or surplus. For this reason, our fragility against negative movements in the markets is reduced.

BİM's steady structure, simple and comprehensible business model enabled high customer loyalty. Using the advantages of being the first player in the high discount market very well, BİM reflects all discounts on its prices through a single pricing model. This message is conveyed very well and in consequence, in 2013, number of our daily customers reached 2.8 million people increasing by 12%.

According to January 2014 version of Deloitte's, "Global Powers of Retailing" report published every year BİM, is in the 167th place among the first 250 retail companies in the world. Being the only Turkish company among the 250 retail companies, BİM is also the nineth fastest growing retailer.

In 2014, like we did in the previous years, we will continue to open stores within the framework of our domestic and foreign operations. BİM's target for 2014, is to open 500 new stores in Turkey and 70 new stores in Morocco, and 50 new stores in Egypt. In 2014, BİM is planning to reach 41 region offices with three new region head offices. Also in 2014, our land investments will continue for our future region offices. In 2013, BİM's total investment amount was TL 245 million and in 2014 the amount of investments is expected to increase to TL 400 million.

Also in the upcoming period, as BİM, we will continue our successful and dedicated efforts we have maintained since the day we started our operations in 1995. It is our duty to thank all our employees, suppliers and shareholders who accompanied us on our journey to success.

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

In the "2012 General Assembly Meeting" held in May 15, 2013, the existing members of the Board of Directors were re-elected for another one year until the General Assembly meeting to be held in 2014. Within this period, there were no changes in the Board of Directors and in the Executive Committee. Board of Directors' members have first degree signature authorization and Executive Committee Members have second degree signature authorization and their limit of authority was specified by the Board of Directors and registered and announced in the "trade registry gazette" dated June 10, 2013.

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 Mahmud is the regional head for the EMEA region and takes the lead as the Group's International & Financial consultant. Mahmud serves as a consultant to a multi-national company in Kenya as well as some of the largest developers in UAE. 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 Izmir 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, member of the Board of Directors of the of Turkish Union of Chambers and Commodity Exchanges -GS1 Turkey Committee and All Shopping Malls and Retailers Federation. In the evaluation made by the Fortune magazine, Aykaç, ranked third in the most successful business people of 2013 list.

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 SECTOR IN TURKEY

2013 was the year of **intensive mergers and acquisitions** in the retail sector.

Becoming one of the fast rising economies of global system with the steady trend it caught, the retail industry in Turkey has great 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.

Despite the fact that the percentage of organized retailing in the market is still around 45%, increasing market share of the organized retailers every year shows the potential in the sector. It is anticipated that the percentage of the organized retailing will reach 60% in the upcoming five years. Furthermore, it is expected that the average growth rate of the food retail sector will be 8% in the same period.

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 2013, there were many acquisitions in the retail sector. The sector has got a divided structure and thus, there were plenty of mergers and acquisitions in the sector. In 2013, these activities were mainly focused on discount stores and it is expected that they will continue increasingly in the upcoming period.

Besides, the retail sector in Turkey has the opportunity for private label products to become widespread. BİM is a leading retail company regarding private label products. For 2013, the ratio of the private label products sold in BİM stores was 67% of the total sales whereas the average of Turkey was only 8%.

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.

BİM with its 4,000 stores and 38 regional offices is the leader of the sector. According to January 2014 version of Deloitte's, "Global Powers of Retailing" report published every year, BİM is in the 167th place among the first 250 retail companies in the world. Being the only Turkish company among the 250 retail companies, BİM is also the nineth fastest growing retailer.


Sole
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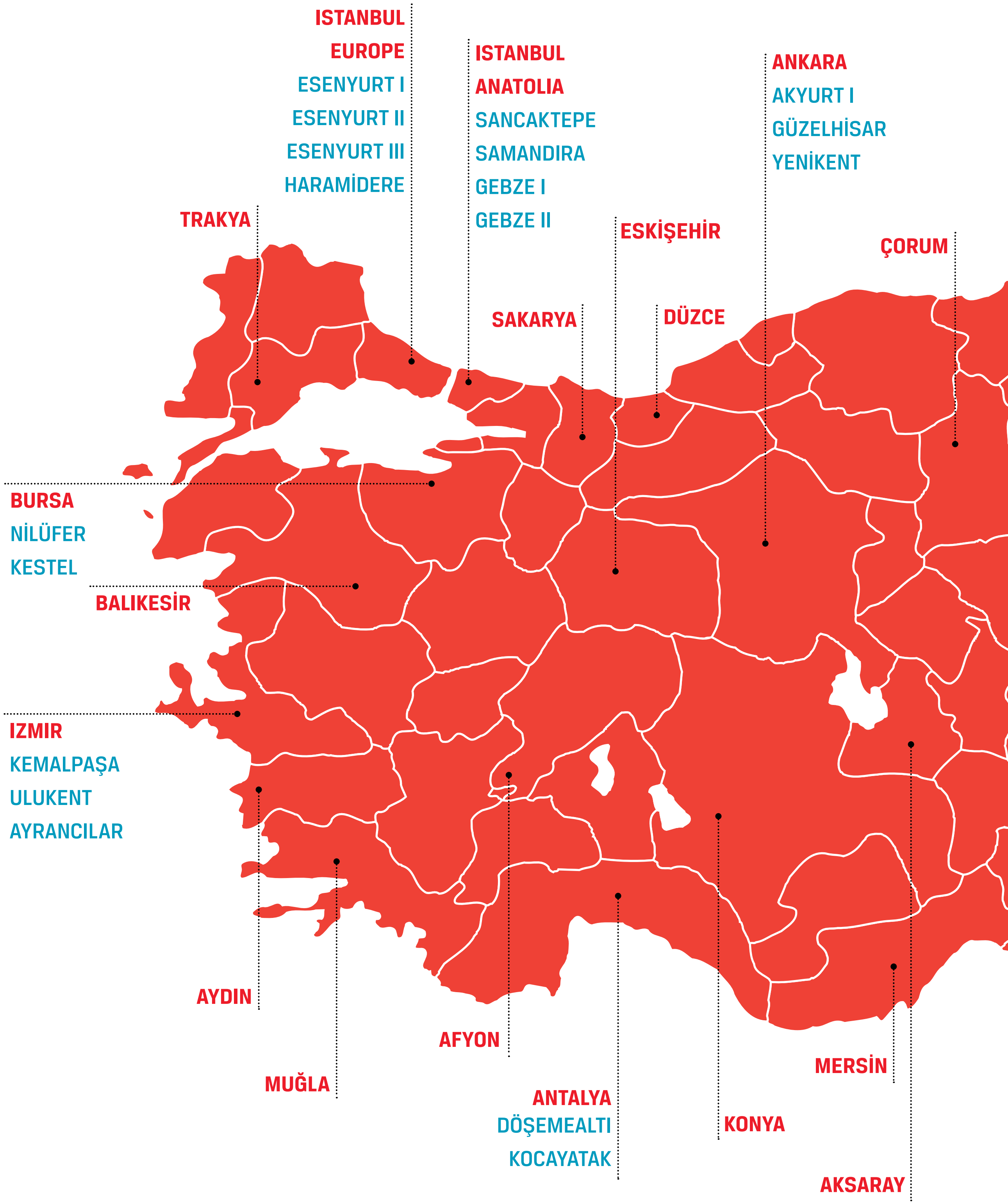
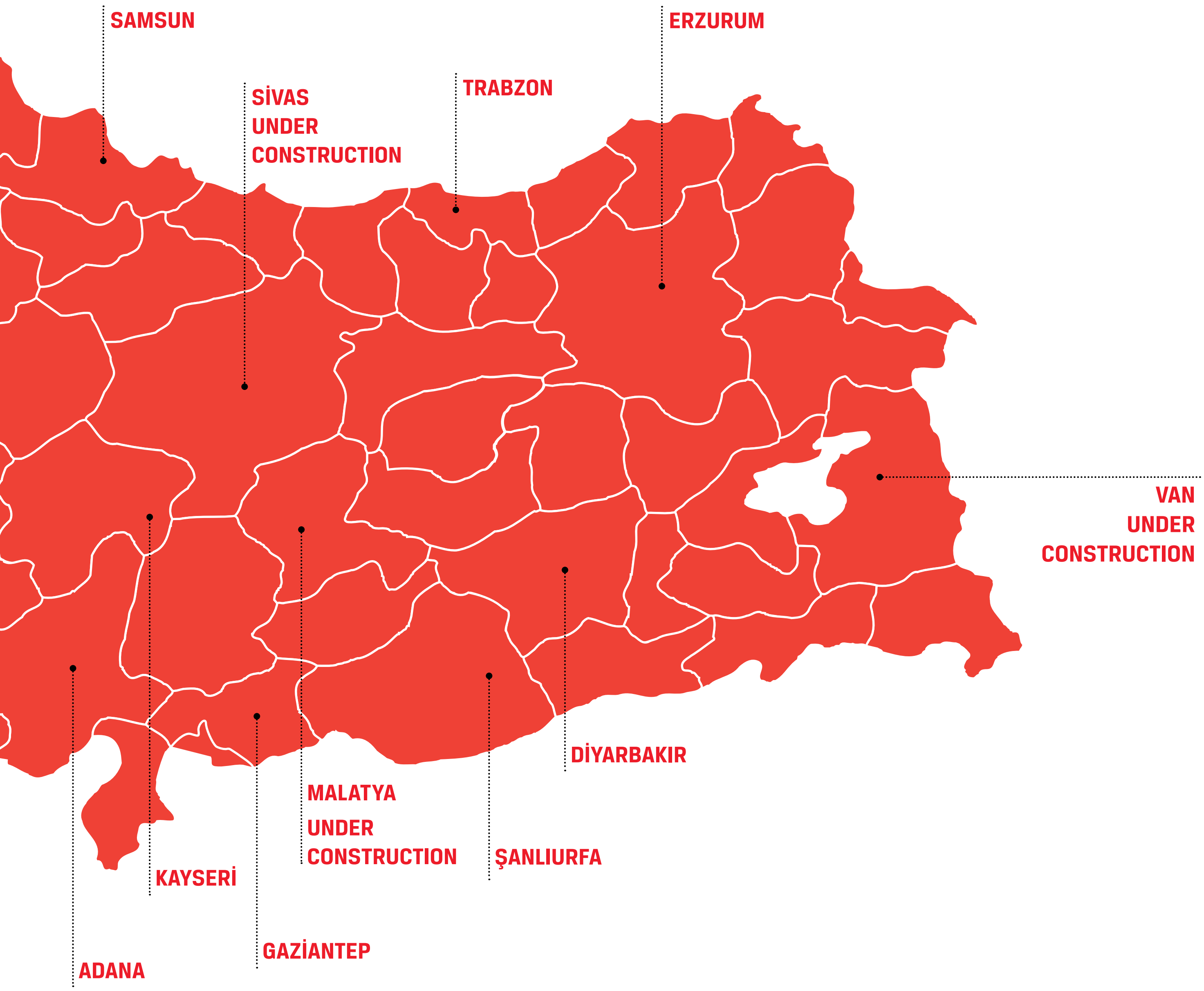
BİM

BİM's DOMESTIC AND FOREIGN OPERATIONS



	REGIONAL DIRECTORATES	STORES
TURKEY	38	4,000
MOROCCO	2	164
EGYPT	1	35



BİM DIFFERENCE IN RETAIL

The fundamental component of the **high discount concept** is the "Always the lowest price".

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 management, 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 38 by opening four regional offices in Aksaray, Izmir, Afyon and Antalya in 2013.

In 2014, BİM is planning to reach 41 region head offices. The Company is planning to open new region head offices in Malatya, Van and Sivas in 2014.

HIGH DISCOUNT CONCEPT

The main policy of the BİM model is "Always the lowest price". This means there are no promotions, campaigns, loyalty cards, and thus BİM customers don't have to follow price discount campaigns. Instead, BİM offers its customers "Everyday low price" and thus the amount BİM saves on costs is reflected on the prices. This policy is the key factor in creating customer confidence.

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.

BİM increases its competitive advantage **without sacrificing the quality of its products.**

EFFECTIVE COST MANAGEMENT

The amount BİM saves on costs through effective cost management is reflected on the prices without sacrificing the quality of its products and services. In consequence, BİM increases its competitive advantage in the market every year.

BİM keeps its product portfolio limited and purchases in high amounts with low prices from its suppliers. This is reflected on the product prices as discounts.

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.

BİM DIFFERENCE IN RETAIL

BİM remarkably strives to **maintain the quality** of the products.

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, 42 products were put on the shelves nationally as a result of studies and tests conducted together with the suppliers in 2013. 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 Department. 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.

FINANCING RESOURCES AND RISK MANAGEMENT POLICIES

Carrying out its activities with its net working capital, BİM finances itself as a result of its cash collection power. In addition to operational cash outflows, the amount of dividends paid in cash was TL 220 million and the sum of the investments on consolidated basis was TL 245 million in 2013. In 2014, the target is to increase the sum of the investments on consolidated basis to TL 400 million.

BİM does not utilize bank loans since it finances both domestic and foreign operations with its own resources. Moreover, BİM does not have a significant amount of foreign currency deficit or surplus since most of the operations of the Company are carried out in Turkish Lira. For this reason, possible changes in interest rates and in foreign currency values are no significant risk factors for the Company.

Meeting once a year, Corporate Governance Committee, makes an early diagnosis for the risks that can endanger the existence, development and continuance of the Company and implements necessary measures regarding the risks discovered and carries out risk management. Moreover the Internal Audit Unit carrying out its activities under the Audit Committee, structures its tasks including the preparation of the consolidated financial statements in accordance with the risk assessments made. There are no private or public audits during the period. Also, there are no sanctions for the Company and governing body due to any practices that are contrary to the legislations.

In BİM stores, the percentage of **private label products** in total sales reached 67% in 2013.

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.

There are 600 products in the stores in line with the high discount concept. In line with the changes in the customer habits and behaviors new products are introduced. Thus, in 2013, new food/non-food products were introduced in our stores. Most of these products were private label products. Private label products are the fundamental components of the company's high discount concept.

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 2013, the sales ratio of private label products to total sales increased to 67%. 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.

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:

Branded products are known as widespread products in the market.

2013 ACTIVITIES

Getting stronger, BİM **continued to be the leader of the sector** in 2013.

Owing to its successful business model, BİM continued its steady growth and increased its sales volume by 80% in the past three years. In 2013, 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 in its sector. The average growth rate during the past five years is around 23%.

In 2013, BİM continued to grow consistently, reached financial and operational success. Getting stronger, BİM continued to be the leader in the sector. In addition to the four new head offices, the Company launched 434 new stores in total; 345 in Turkey, 54 in Morocco, 35 in Egypt. This figure is equal to 11% of its total store portfolio. As of 2013 yearend, with its 38 separate regional offices and 4,000 stores, BİM continues to be the most widespread retail chain store. Accordingly, in 2013, BİM continued to be the leader of the retail sector. BİM, with its effective cost management, has regularly increased its number of stores. In addition to this, widespread regional offices all across the country have important impact on the consistent growth of the Company.

BİMcell, introduced in March 2012, is a BİM brand carrying out its activities in the area of mobile communication. 2013 was an important year for BİMcell. BİMcell began 2013 with 250,000 subscribers and ended the year with 901,669 subscribers. BİMcell gained about new 650,000 subscribers in a year. BİMcell's population coverage all across Turkey is Bimcell offers "charging per second" and "pay as you go" alternatives in competitive packages and thus its customers are getting more and more interested in BİMcell.

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 2013 in Turkey. The operations of BİM were not affected by fluctuations in foreign exchange rates since almost all transactions are carried out only in Turkish lira. The inventory losses and shrinkages are also well below the industry average.

In 2013, for operations in Turkey BİM increased its number of stores from 3,655 to 4,000 and continued to be the leader of the retail sector with its consolidated sales of TL 11.8 billion.

Aware of being a model corporate citizen, BİM is supporting a school construction in Artvin, Hopa. Hopefully, the school will open in 2014.


BULUT
FITNESS

2013 ACTIVITIES

BİM plans to **open 500 stores** in Turkey **in 2014.**

Investment Policy and 2013 Investments

Investing mostly on opening new stores and establishing regional offices, BİM prefers organic growth in accordance with its investment policy. In addition, the Company opens stores by renting instead of buying and decorating them as simple as possible which make the investments relatively low. Therefore, the added value gained from the cost management is reflected in product prices.

In 2013, BIM opened four region offices in Aksaray, Izmir, Antalya and Afyon, and thus increased the total number of its regional offices to 38 in Turkey. The total number of stores in Turkey reached 4,000 with the 345 new stores launched. The total number of stores in Morocco reached 164 with the 54 new stores launched. First stores were opened and operational activities were launched in Egypt. By the yearend there were 35 stores in Egypt.

In the last months of 2013, BİM paid TL 105 million for 11.5% of the shares of the shoe retail group "Ziylan" which have brands like FLO, Polaris, Lumberjack. Thus, BİM has become a part of shoe retailing.

Regional centers have strategic importance for BİM. In line with the compliance criteria land properties are purchased in order to build warehouses and regional center buildings. As of 2013 yearend, 32 of the 38 region logistics centers are in BİM's property.

Since the day it began to be traded publicly, BİM has continued make investments without cutting pace. In 2013, BİM's total amount of investment on consolidated basis was TL 245 million. All of this investment was financed from the Company's equity capital.

In 2014, BİM's investments on consolidated basis are expected to increase to TL 400 million. Thus, for 2014, BİM is planning to open about 500 new stores and three regional logistics centers in Turkey and 70 new stores in Morocco, and 50 new stores in Egypt. Like in the previous years, all these investments will be financed from the Company's equity capital without getting any loans.

Foreign Operations and Consolidation Principles

Regarding its first foreign operation in Morocco BİM is the first retail company with hard discount concept. 100% of the capital used in the operations in Morocco is BİM's property.

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.

Opening its first store in Casablanca on the 11th of April 2009, BİM's operations were launched in Morocco. As of 2013 yearend, the total number of stores in Morocco reached 164. In 2014, BİM's target is to open 70 new stores. The operations in Morocco continue in line with the expectations and thus have high potential for the future.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BIMCELL

2013 ACTIVITIES

BİM **gives importance to the performance improvement** in its existing stores.

In 2013, first stores were opened in Egypt within the framework of BİM's second foreign operation. As of 2013 yearend, there are 35 stores in Egypt. In 2014, BİM plans to open 50 stores in Egypt.

The subsidiaries established in Morocco and Egypt were fully consolidated as of December 31, 2013 and reflected in the financial statements.

Stores and Store Management

BİM family continued its fast, healthy and organic growth in 2013 as well. 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. As a result of these developments, BİM maintained its position as a profitable and rapidly growing company in 2013 as well. Together with the new stores and the regional office, the number of stores increased to 4,000 and regional offices to 38.

BİM attaches as much importance to increase performance at the existing stores as widening its network throughout Turkey. In 2013, the increase in sales at those stores that have been operating for more than two years was 11%.

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. Thus, "Always the lowest price" is the main principle of BİM. 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.


BİM
TOPTAN FİYAT
PERAKENDE SATIŞ
Jucy
Jucy
UN

HUMAN RESOURCES

In 2013, the number of BİM **employees increased by 15%.**

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. Principles of performance assessment are determined according to the departments of the employees. 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.

Aware of the fact that its success is strongly related with the motivation and happiness of its employees, BİM has been improving its human resources policy. BİM gives particular importance to make the most of the recruitment within the Company. BİM has got a decentralized structure composed of 38 regional offices. Thus, many career opportunities are created for the young managers.

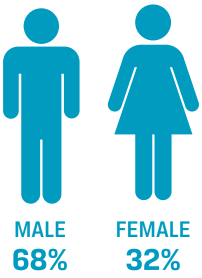
BİM achieved its current success solely by organic growth. Starting out with 21 stores in 1995, the number of stores today reached to 4,000 entirely by organic growth. Organic growth has provided a successful corporate culture and high levels of loyalty, one of the most significant contributions to the 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.

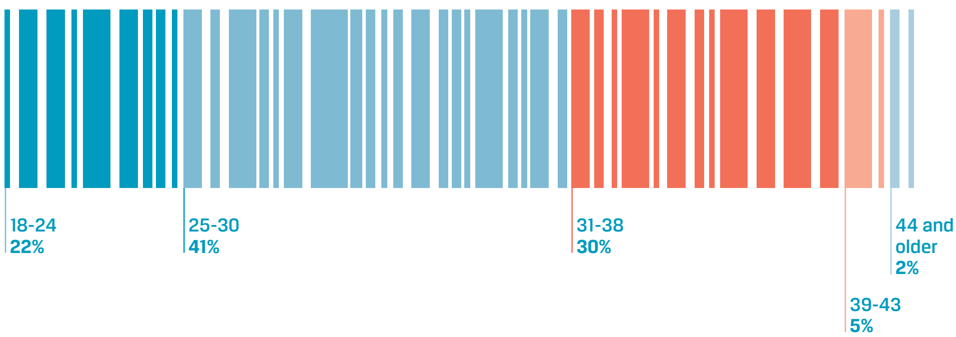
In 2013, the number of employees at BİM increased by 15%. Currently, BİM has 23,798 full-time and part-time employees in Turkey*, 802 employees in Morocco, and 291 in Egypt. With the widest network in retail, the volume of employment BİM generates has positive influences not only for one region but for 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 2014.

*As of December 31, 2013

HUMAN RESOURCES PROFILE



DISTRIBUTION OF EMPLOYEES BY AGE



BİM BİRLEŞİK MAĞAZALAR A.Ş. 2013 RELATED PARTY TRANSACTIONS WHICH PROPOUNDS CONTINUITY AND PENETRATION AND SIMILAR ACTIVITIES THAT WILL BE CARRIED OUT IN 2014

Objective

This report was prepared in compliance with the Series: II-17.1 and Article 10 of the Declaration of Corporate Governance Principles of the Capital Markets Board. As per the Article above, the Board of Directors is obliged to prepare a report regarding the terms & conditions of these activities in comparison to market conditions if the ratio of the sum of the continuing and widespread activities between the Company and the relevant parties within one accounting period in proportion to; the sum of the costs of sales calculated according to the latest annual financial statements published regarding the acquisition activities the sum of the revenues regarding the selling activities is anticipated to exceed 10%.

The mentioned report was prepared to enable the inspection, within the scope of the related legislation, of the continuing & widespread acquisitions from the relevant parties in 2013 and of the similar activities that will be carried out in 2014.

As specified in detail in the 26th Footnote of the financial statements published regarding 2013 activities, the sum of the goods & services acquisition activities carried out with the relevant parties is equal to 15% of the sum of the costs of goods sold specified in the financial statements published.

Information About the Relevant Parties

Company's relevant parties were specified within the scope of the International Accounting Standard 24 Continuing & widespread activities with the related parties are carried out within the scope of procurement of the products (commercial goods) sold in the stores. The information about the related parties is given below. However, their financial data is considered confidential thus it is not given since these establishments are not publicly traded.

Ak Gıda A.Ş. is Company producing sterilized milk products such as milk, cheese and yogurt in a number of facilities in Turkey. In 2013 accounting period, with regard to the General Purchase Agreement signed in 2001, commercial good procurement activities were carried out with the relevant establishment.

Başak Gıda Pazarlama Sanayi ve Ticaret A.Ş., provides services regarding the supply and distribution of bread and bakery products. With regard to the General Purchase Agreement signed in 2008, commercial good procurement activities were carried out in 2013 accounting period.

Hedef Tüketim Ürünler San. ve Dış Tic. A.Ş., provides services regarding non-food spot products. In 2013, commercial good procurement activities were carried out regarding the General Purchase Agreement signed in 2008.

Turkuvaz Plastik ve Temizlik Ürünleri Ticaret A.Ş., mainly provides sales services of plastic bags and plastic cleaning tools. In 2013, commercial good and carrier bag procurement activities were carried out regarding the General Purchase Agreement signed in 2009.

Natura Gıda San. ve Tic. was established with the purpose of producing and selling ice cream in 2013. Within 2013 accounting period, commercial goods were purchased from this company regarding the General Purchase Agreement signed in 2004.

İdeal Standart İşletmeciliği ve Mümessillik San. ve Tic. A.Ş., BİM Birleşik Mağazalar A.Ş.'s 100% subsidiary, is a company which provides services in the production of toothbrush and injection products. Within 2013 accounting period, toothbrush purchase was made from this company regarding the General Purchase Agreement signed in 2003.

Bahar Su Sanayi ve Tic. A.Ş.'s field of activity is bottled water and mineral water production. Within 2013 accounting period, commercial goods were purchased from this company regarding the General Purchase Agreement signed in 2006.

Seher Gıda Paz. San. ve Tic. A.Ş. carries out activities of marketing of milk and milk products. Within 2013 accounting period, commercial goods were purchased from this company regarding the General Purchase Agreement signed in 2003.

Bahariye Mensucat Sanayi ve Ticaret A.Ş., established in 1951, Bahariye Mensucat Sanayi ve Ticaret A.Ş. launched its activities in the Eyüp factory. Its main field of activity is woolen yarn and woolen textiles production. Today, the company still carries out its activities in the same industry. Within 2013 accounting period, BİM Birleşik Mağazalar A.Ş. purchased commercial goods from Bahariye Mensucat Sanayi ve Ticaret A.Ş. regarding the General Purchase Agreement signed in 2004.

Proline Bilişim Sistemleri ve Ticaret A.Ş. centered in İstanbul, is company providing IT services. Within 2013 accounting period, IT equipment and hardware were purchased from this company.

BİM BİRLEŞİK MAĞAZALAR A.Ş.
2013 RELATED PARTY TRANSACTIONS WHICH PROPOUNDS CONTINUITY AND PENETRATION AND SIMILAR ACTIVITIES THAT WILL BE CARRIED OUT IN 2014

Purchase made from the related parties in 2013

Extensive and continuing purchase of goods and services in 2013 from the related parties and these companies.

Related Party	Goods & Services Total (Thousand TL)	Percentage in Cost of Goods Sold (%)
Ak Gıda	799,990	8.0%
Başak Gıda	353,381	3.5%
Hedef Tüketim Ürünleri	136,277	1.4%
Turkuvaz Plastik	120,329	1.2%
Natura Gıda	73,762	0.7%
İdeal Standart	10,395	0.1%
Bahar Su Sanayii	2,893	0.0%
Proline Bilişim Sis. A.Ş. (Service Purchasing)	138	0.0%
Seher Gıda Paz. A.Ş.	1,172	0.0%
Bahariye Mensucat	2,200	0.0%
TOTAL	1,500,537	14.9%

Comparison with the Market Conditions

Comparable Price Method

Comparable Price Method is a method used to determine a company's comparable sale/purchase price by comparing it to the market price quoted in the transactions carried out between the nonaffiliated real or private persons who sell/purchase comparable goods or services. To use this method, the transaction between the affiliated persons must be comparable to the transactions between the nonaffiliated persons.

Most of the products BİM purchases from its affiliates are BİM's Private Label products. Private Label products' brands, formulas, and designs are BİM's property produced by the suppliers chosen by BİM. In 2013, the percentage of the private label products in total sales was 67%.

In accordance with the Company policy, we usually try to purchase any private label product from more than one supplier. For this reason, comparability of the product purchased from an affiliated party can be measured with the Comparable Price Method by comparing the conditions of purchasing from the third party.

The assessment indicates no significant difference between the purchase transactions and market examples.

Transactional Net Margin Method

In situations where Comparable Price Method was not applied Transactional Net Margin Method was applied. In this method, the profit margin of the product in the store was compared to the BİM profit margin in general and moreover, differences between the prices of the same products and equivalent products in the market were examined. In consequence; it was concluded that the average sales margin of the products were not significantly different from the Company averages while their sales prices were not significantly different from the prices of the equivalent products in the market.

Result

In the report hereby presented by the Board of Directors in accordance with the standards specified in the relevant Communiqué of the Capital Markets Board; it is concluded that the comparison of the conditions of BİM Birleşik Mağazalar A.Ş.'s extensive and continuing transactions, in 2013, with the affiliated parties specified within the scope of the International Accounting Standard N.24 did not show significant differences compared to the market examples and that there is no problem to make extensive and continuing purchase from the affiliated companies with the same conditions in 2014, as well.

CORPORATE GOVERNANCE

1. Declaration of Compliance in accordance with Corporate Governance Principles

The Capital Markets Board of Turkey requires from all listed companies on the Istanbul Stock Exchange a declaration regarding their compliance with the recommended Corporate Governance Principles. In case of non-compliance the companies are obliged to state the necessary explanations in their Corporate Governance Compliance Report.

In this regard, we declare that all mandatory recommendations of the Corporate Governance Principles, issued by the Capital Markets Board of Turkey, have been complied. With regards to the non-mandatory recommendations we have continued to act in accordance and any deviations have been explained in the respective section of the report. The company will strive to improve any deficiencies and continue its efforts to fully comply with the Corporate Governance Principles under changing circumstances.

In 2013, the Corporate Governance Committee effectively started its activities. Furthermore, the General Assembly information document together with the report on related parties, the curriculum vitas of candidates for Board Membership, the statement of dividend distribution and amendments to the articles of association and other information required to be disclosed were provided to the shareholders before the General Assembly meeting.

Section I-Shareholders

2. Shareholder Relations Unit

In order to enable an accurate, complete and efficient communication with its shareholders, BİM's Finance department launched in 2005 an 'Investor Relations' Unit. The executive of this Unit is responsible for meeting capital market requirements and coordinating the Company's corporate governance practices. Further, the executive holds an Advanced Level Capital Market Activities License as well as a Corporate Governance Rating Expertise License.

Investor Relation contact details:

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

Reporting and Investor Relations Specialist
Fatih Uzun
Phone: +90 216 564 03 46
E-mail: fatih.uzun@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 processed immediately through 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 all regulatory institutions and to monitor relevant legal legislation changes.

Throughout the previous period, the Unit attended five brokerage conferences and held around 150 one by one meetings in the conferences and corporate headquarters as well. During these conferences and meetings the Company provided information to investors and shareholders about the Company's operating results and its performance.

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

CORPORATE GOVERNANCE

3. Shareholder's Right to Information

All inquiries made by shareholders, except those related to trade secrets and publicly undisclosed data, were responded carefully in accordance with the legislation of the Capital Markets Board of Turkey. These requests were mostly related to information on the General Assembly, dividend payments, and inquiries on financial data, overseas investments and about the Company's future goals. The Company assures that shareholders have been treated and informed equally and any information that would have an impact on the shareholder's rights is not disclosed on the Company's website (www.bim.com.tr).

Furthermore, information requests from institutional investors and analysts were met throughout the year via various communication channels such as teleconferences and one-to-one meetings. Every quarter, the day after the announcement of financial data, teleconferences were held in order to inform shareholders and analysts and answer their respective questions. Four teleconferences in total were organized in the previous year. The details of these teleconferences were shared via e-mail to those who in the Company's database. 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 2012 was held on May 15, 2013, Wednesday at 10:00 am at the Company headquarters located at Abdurrahmangazi Mahallesi Ebubekir Caddesi Nr: 73 Sancaktepe, Istanbul under the supervision of Hüseyin Çakmak, Commissary of the Ministry, who was appointed with the communiqué dated May 14, 2013 Nr. 15322, issued by the Istanbul Provincial Directorate of Commerce.

The announcement to convene the General Assembly is made in the way to attain highest level of shareholder participation. The invitation to convene and the meeting agenda, as stipulated by law and the Articles of Association was announced in the Turkish Trade Registry Gazette numbered 8301 and dated April 16, 2013. In addition, the information was made public on the Company's website (www.bim.com.tr) and the Electronic General Assembly System three weeks before the meeting day. The General Assembly Information Document containing the curriculum vitas of candidates for Board Membership, Report on Transactions with Related Parties, Statement of Dividend Distribution and amendments to the Articles of Association was disclosed to public through the Public Disclosure Platform, e-General Assembly System and the Company's website.

Out of 151,800,000 shares corresponding to the Company's total capital of TL 151,800,000. TL 40,835,919 shares were represented in person and TL 56,466,507 by proxy equaling to a total of TL 97,302,426 shares being represented during the meeting. The minutes of the General Assembly meeting were announced in the Turkish Trade Registry Gazette numbered 8338 and dated 10th of June 2013. There is no loss of company capital or deep-in-debt situation.

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 and through e-general assembly system 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. Decisions taken in the General Assembly were executed within the activity period.

The provision that the Capital Market Board's regulations on corporate governance shall be complied with for transactions considered to be important with respect to the implementation of the Principles of Corporate Governance is included in the Company's Articles of Association.

During the General Assembly meeting, information on the amount and beneficiaries of donations and aids was provided to shareholders as a separate agenda item, although the Company does not have a written policy on donations and aids. In 2013 activity period the amount of donation and aid made is TL 3,605,076. Extraordinary General Assembly was not held within the activity period.

5. Voting Rights and Minority Rights

All Company shares are issued as bearer shares. There is no voting privilege right in shares, while the shareholders are provided the opportunity to exercise their voting rights in the easiest and most appropriate manner. 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. Cumulative voting system is not applied by the Company.

6. Dividend Rights

There is no privilege granted for corporate profit sharing. 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 have been made to the policy till to date. In case of any changes to this policy, it will be made public through material disclosure. The dividend policy is published in the Company's website.

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 2012 was realized as TL 220,110,000 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.

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.

When disclosing future information to the public, assumptions and the underlying retrospective realisations are disclosed together with such information. In case it becomes evident that predictions cannot be realized, such information will be revised.

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 inform foreign investors. Pursuant to the Turkish Commercial Code numbered 6102, the Company's website was registered and announced in the Turkish Trade Registry Gazette dated October 9, 2013.

Such feasible subjects from among those listed under the Article 2.1.1 of the Corporate Governance Principles are published on the Investor Relations section except table of participants

10. Annual Report

Pursuant to the legislations of the Capital Markets Board and the Turkish Code of Commerce, the Company discloses its Annual Report quarterly 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.
- Assessment of the committees' activities by the Board of Directors

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, except trade secrets, through appropriate channels of communication such as the Company's website, the domain allocated for the Company on the Central Registry Agency's (CRA) e-company portal and press releases.

The e-mail and phone contact details are provided on the Company's website for stakeholders who would like to get in touch. Stakeholders, who wish to gather information through these channels, make inquiries or provide information with regards to acts that are against the legislations of the Company or that are unethical, are able to contact 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 potential shareholders, investment banks and analysts are able to communicate directly with the Investor Relations Unit through the contact details listed on the website and their inquiries are being responded immediately.

CORPORATE GOVERNANCE

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 openly communicate their complaints, criticisms and suggestions to their respective managers regarding the working methods of the unit they are employed.

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. The Personnel and Administrative Affairs units at the 38 regional warehouses and headquarters manage the employee relations.

Providing its employees a pleasant and fair working environment, which offers them the opportunity to take initiative, train and develop themselves professionally are among the priorities of the Company's Human Resources Policy. In addition, employees are encouraged to openly communicate their complaints and criticisms to the relevant units, which have to take necessary actions immediately.

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 employees. However, these expectations and rules are not disclosed to the public. Procedures to follow in the Company with regards to general and specific issues are meticulously implemented and updated as necessary.

In 2013, BIM committed the construction of a school at Hopa of Artvin, as a social responsibility project, and it will be completed and opened in 2014.

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. Similar tests are made on equivalent and competitive products in order to compare the results.

The Company also gives 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 meet customers' needs in the most affordable way while efforts are made to continuously improve its product quality in a timely manner is one of the main company policies.

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, 2013, 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 II, Nr. 17.1). 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".

Corporate Governance Committee's report on candidates for independent membership, issued on February 6, 2013 was submitted to the Board of Directors on February 20, 2013 and on the same day the Board adopted the recommendation for submission of the report to the General Assembly.

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, 2013, 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.

CORPORATE GOVERNANCE

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 the members written consent (in the form of a letter, or via fax) or even without holding a meeting and only by having the members decisions through a signature only.

The board of directors' meeting and quorum is subject to the Turkish Code of Commerce and capital markets regulations. The board chairman's secretary is responsible for informing and the communication with 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 or in such cases when there is no approval from the majority of the independent members, which should be 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 2013.

The Board of Directors virtually convened ten times in 2013, and on thirty-three 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 and the members do not hold any other executive position at the Company.

The Corporate Governance Committee consists of three members which two are independent. One of independent member's holds the chairman position The members do not hold any executive position at the Company. The Corporate Governance Committee also assumes the duties and responsibilities of the Nomination Committee, the Early Risk Identification Committee and the 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 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. Further, the Company 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. Moreover, 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 improve its efficiency and the 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.

The Corporate Governance Committee assumes the duties and responsibilities of the Early Risk Identification Committee. 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 hard discount food retail industry and expanding into other countries where this concept could be implemented. 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 93 people comprising the members of the Board of Directors and senior executives was net TL 15,526,193 (1.839.392 bonus, 162.000 per diem, 13.524.801 wage) in 2013 The executives do not receive dividends.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON THE ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT
ON THE ANNUAL REPORT**

To the Board of Directors
BİM Birleşik Mağazalar A.Ş.

1. As part of our audit, we have assessed whether the financial information and the assessment and explanations of the Board of Directors presented in the annual report of BİM Birleşik Mağazalar A.Ş. and its Subsidiaries prepared as of 31 December 2013 are consistent with the audited consolidated financial statements as of the same date.

2. Management is responsible for the preparation of the annual report in accordance with "the Communique on Determining the Minimum Contents of Company Annual Reports".

3. Our responsibility is to express an opinion on whether the financial information provided in the annual report is consistent with the audited consolidated financial statements on which we have expressed our opinion dated 3 March 2014.

   Our assessment is made in accordance with the principles and procedures for the preparation and issuing of annual reports in accordance with Turkish Commercial Code No. 6102 ("TCC"). Those principles and procedures require that an audit is planned and performed to obtain reasonable assurance whether the financial information provided in the annual report are free from material misstatement regarding the consistency of such information with the audited consolidated financial statements and the information obtained during the audit.

   We believe that the assessment we have made is sufficient and appropriate to provide a basis for our opinion.

4. Based on our opinion, the financial information and the assessment and explanations of the Board of Director's in the accompanying annual report of BİM Birleşik Mağazalar A.Ş. and its Subsidiaries are consistent with the audited consolidated financial statements as at 31 December 2013.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Adnan Akan, SMMM
Partner

Istanbul, 11 March 2014

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013 TOGETHER WITH INDEPENDENT AUDITORS' REPORT (ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
BİM Birleşik Mağazalar A.Ş

Introduction

1. We have audited the accompanying consolidated balance sheet of BİM Birleşik Mağazalar A.Ş. and its Subsidiaries (collectively referred to as the "Group") as at 31 December 2013 and the related statement of profit or loss and other 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

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditor's responsibility

3. 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 Capital Markets Board of Turkey. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system.

   Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers, .

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of BİM Birleşik Mağazalar A.Ş. and its Subsidiaries as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards (Note 2).

   Reports on independent auditor's responsibilities arising from other regulatory requirements

5. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that BİM Birleşik Mağazalar A.Ş.'s bookkeeping activities for the period 1 January - 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

6. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Group formed

   The committee has met two times since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of PricewaterhouseCoopers

Adnan Akan, SMMM
Partner

Istanbul, 3 March 2014

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

BİM BİRLEŞİK MAĞAZALAR A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

ASSETS	Notes	31 December 2013 Audited	Restated (Note 2) 31 December 2012 Audited
Current assets		**1.575.925**	**1.321.940**
Cash and cash equivalents	4	405.493	388.222
Trade receivables	7	344.835	312.344
-Due from related parties		-	-
-Trade Receivables, Other Parties		344.835	312.344
Other receivables	8	16.973	20.163
-Due from related parties		14.562	18.359
-Other receivables, Other parties		2.411	1.804
Inventory	9	638.474	483.584
Prepaid expenses	13	68.836	43.560
Current income tax assets	24	84.365	64.571
Other current assets	15	16.949	9.496
Non-current assets		**1.121.345**	**876.018**
Financial investments	5	118.031	12.590
Other receivables		3.188	2.677
-Due from related parties		-	-
-Trade Receivables, Other Parties		3.188	2.677
Property and equipment	10	980.950	851.413
Intangible assets	11	3.796	3.152
-Other intangible assets		3.796	3.152
Prepaid expenses	13	14.128	5.794
Deferred tax assets	24	1.240	392
Other non-current assets		12	-
Total assets		**2.697.270**	**2.197.958**

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

LIABILITIES AND EQUITY	Notes	31 December 2012 Audited	Restated (Note 2 31 December 2013 Audited
Current liabilities		**1.645.954**	**1.350.465**
Short term financial liabilities	6	13.147	10.448
Trade payables		1.457.749	1.198.048
- Due to Related parties	26	219.009	171.885
- Due to Third Parties	7	1.238.740	1.026.163
Other Payables		185	30
- Due to Related Parties		-	-
- Due to Third Parties		185	30
Deferred Revenue		4.275	2.166
Employee benefit obligations		13.934	10.772
Current Provisions	12	15.331	12.164
- Provision for Employee Benefits		3.377	2.518
- Other Short term Provisions		11.954	9.646
Current Income Tax Liabilities	24	112.609	87.268
Other Current Liabilities	15	28.724	29.569
Non-current Liabilities		**52.052**	**51.481**
Non-current provisions		38.082	39.777
-Provision for Employee Benefits	14	38.082	39.777
Deferred Tax Liabilities	24	13.970	11.704
Equity		**999.264**	**796.012**
Equity attributable to parent		**999.264**	**796.012**
Paid-in Share Capital	16	303.600	151.800
Other Comprehensive Income/Expense not to be			
Reclassified to Profit or Loss		64.261	60.221
- Property and equipment revaluation reserve	16	78.323	78.323
- Revaluation gain/loss on defined benefit plans	2.5.i	(14.062)	(18.102)
Other Comprehensive Income/Expense to be			
Reclassified to Profit or Loss		6.180	(158)
- Currency Translation Difference		6.180	(158)
Restricted Reserves		124.463	103.211
Retained Earnings		87.776	149.140
Net Income For The Period		412.984	331.798
Total Liabilities and Equity		**2.697.270**	**2.197.958**

The accompanying notes form an integral part of these consolidated financial statements

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Notes	1 January 2013 - 31 December 2013 Audited	Restated (Note 2) 1 January 2012 - 31 December 2012 Audited
INCOME OR LOSS			
Revenue	17	11.848.841	9.906.367
Cost of sales (-)	17	(9.991.510)	(8.347.153)
GROSS PROFIT		**1.857.331**	**1.559.214**
Marketing Expenses (-)	18	(1.197.385)	(1.015.053)
General Administrative Expenses (-)	18	(174.820)	(146.509)
Other Operating Income	20	13.028	10.369
Other Operating Expense (-)	20	(2.404)	(3.294)
OPERATING PROFIT		**495.750**	**404.727**
Income from investing activities	23	4.009	3.229
Expense from investing activities	23	(1.351)	-
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		**498.408**	**407.956**
Financial Income	21	33.267	17.350
Financial Expense (-)	22	(5.623)	(5.226)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		**526.052**	**420.080**
- Current tax expense	24	(112.466)	(87.268)
- Deferred tax income /(expense)	24	(602)	(1.014)
PROFIT FROM CONTINUED OPERATIONS		**412.984**	**331.798**
NET INCOME FOR THE PERIOD		**412.984**	**331.798**
Profit for the Period attributable to			
Non-controlling interest		-	-
Equity holders of the parent		412.984	331.798
Earnings per share			
Earnings per share from continued operations (Full TRY)		1,360	1,093
Earnings per share from discontinued operations		-	-
Other comprehensive income			
Items not to be classified to profit or loss		4.040	53.986
Actuarial gain/loss from defined benefit plans	24	4.040	(8.633)
Gain/ loss from revaluation of property, plant and equipment		-	62.619
Items to be classified to profit or loss		6.338	254
Currency translation difference		6.338	254
Change in financial investment revaluation reserve			
Other comprehensive income		**10.378**	**54.240**
Total comprehensive income		**423.362**	**386.038**
Total comprehensive income attributable to			
Non-controlling interest		-	-
Equity holders of the parent		423.362	386.038

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

		Other comprehensive income not to be reclassified to profit or loss		Other comprehensive income to be reclassified to profit or loss			Retained earnings		
	Paid-in share capital	Tangible assets fair value reserve	Actuarial gain/ loss from employee benefits	Currency translation difference	Financial assets fair value reserve	Restricted reserves	Retaind earnings	Net income for the period	Paid-in share capital
Balance at 31 December 2011	**151.800**	**15.704**	**-**	**(412)**	**-**	**81.449**	**68.701**	**298.910**	**616.152**
Adjustments in accordance with change in accounting policies (Note 2.5.i)	-		(9.469)	-	-	-	272	359	(8.838)
Balance at 1 January 2012 (Restated)	151.800	15.704	(9.469)	(412)	-	81.449	68.973	299.269	607.314
Transfer to prior year profits	-	-	-	-	-	-	299.269	(299.269)	-
Transfers	-	-	-	-	-	21.762	(21.762)	-	-
Dividend	-	-	-	-	-	-	(197.340)	-	(197.340)
Total comprehensive income	-	62.619	(8.633)	254	-	-	-	331.798	386.038
Balance at 31 December 2012	**151.800**	**78.323**	**(18.102)**	**(158)**	**-**	**103.211**	**149.140**	**331.798**	**796.012**
Balance at 31 December 2012	**151.800**	**78.323**	**-**	**(158)**	**-**	**103.211**	**148.509**	**331.321**	**813.006**
Adjustments in accordance with change in accounting policies (Note 2.5.i)	**-**	**-**	**(18.102)**	**-**	**-**	**-**	**631**	**477**	**(16.994)**
Balance at 1 January 2013 (Restated)	**151.800**	**78.323**	**(18.102)**	**(158)**	**-**	**103.211**	**149.140**	**331.798**	**796.012**
Transfer to prior year profits	**-**	**-**		**-**	**-**	**-**	**331.798**	**(331.798)**	**-**
Transfers						**21.252**	**(21.252)**	**-**	**-**
Non cash capital increase (Note 16)	**151.800**	**-**	**-**				**(151.800)**		**-**
Dividend (Note 16)	**-**	**-**	**-**	**-**	**-**		**(220.110)**	**-**	**(220.110)**
Total comprehensive income	**-**	**-**	**4.040**	**6.338**	**-**	**-**	**-**	**412.984**	**423.362**
Balance at 31 December 2013	**303.600**	**78.323**	**(14.062)**	**6.180**	**-**	**124.463**	**87.776**	**412.984**	**999.264**

The accompanying notes form an integral part of these consolidated financial statements

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

	Notes	1 January 2013 31 December2013	Restated (Note 2) 1 January 2012 31 December 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES		**562.355**	437.550
Profit for the period		**412.984**	331.798
Adjustments to reconcile profit for the period		**220.699**	175.597
Depreciation and amortisation	10,11,19	110.750	93.552
Provision / (reversal) for impairment of inventories	9	3.121	1.423
Allowance for doubtful receivables	8	38	3
Provision for employment termination benefits	14	10.264	7.127
Provision for unused vacation	12,14	1.205	5.584
Legal provisions	12	890	62
Other provisions		1.418	(18)
Adjustments related to interest income/expense	21	(17.397)	(14.535)
Adjustments for tax income/ losses	24	113.068	88.282
(Gain)/Loss on sale of property and equipment	23	1.351	(569)
Other adjustments related to cash flows arising from investing and financing activities	23	(4.009)	(2.660)
Gain on sales of investments held for sale		-	(2.654)
Changes in net working capital		**35.729**	12.449
Increases/decreases in inventories		(158.011)	(78.314)
Increases/decreases in trade receivables		(32.491)	(42.816)
Increases/decreases in other asets		2.641	(13.732)
Increases/decreases in trade payables		259.701	178.044
Increases/decreases in other payables		155	4
Other net working capital		(36.266)	(30.737)
Net cash generated from operating activities		**669.412**	519.844
Income taxes paid	24	(107.062)	(82.644)
Collection of doubtful receivables	8	5	350
B.CASH FLOWS FROM INVESTING ACTIVITIES		**(340.488)**	(242.468)
Proceeds from sale of tangible assets	10,11,23	6.481	8.518
Purchases of tangible and intangible assets	10,11	(237.900)	(239.866)
Change in investments	5	(105.441)	(12.590)
Cash advance sgiven		(7.637)	(1.190)
Dividend income	23	4.009	2.660
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(201.055)**	(169.648)
Proceeds from financial liabilities		2.699	10.448
Dividends paid	16	(220.110)	(197.340)
Profit share received		16.356	17.244
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C))		**20.812**	25.434
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(4.582)**	932
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D		**16.230**	26.366
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	**386.958**	360.592
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)	4	**403.188**	386.958

The accompanying notes form an integral part of these consolidated financial statements

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BİM BİRLEŞİK MAĞAZALAR A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

1. Organization and nature of operations of the Group

BİM Birleşik Mağazalar Anonim Şirketi ("BİM" or "the Company") was established on 31 May 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 19 May 2008 with 100% ownership in Morocco which is engaged in hard discount retail sector and started to operate on 11 April 2009. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of 31 December 2013.

The Company established a new company named BIM Stores LLC on 24 July 2012 with 100% ownership in Egypt which is engaged in hard discount retail sector and first stores of BIM Stores LLC has been opened in April 2013. BIM Stores LLC financial statements are consolidated by using the full consolidation method as of 31 December 2013. Hereinafter, the Company and its consolidated subsidiaries together will be referred to as "the Group".

Shareholder structure of the Group is stated in Note 16. The consolidated financial statements were authorized for issue on 3 March 2014 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 periods ended 31 December 2013 and 2012, the average number of employees in accordance with their categories is shown below:

	1 January- 31 December 2013	1 January- 31 December 2012
Office personnel	1.546	1.380
Warehouse personnel	2.614	2.259
Store personnel	19.488	17.060
Total	**23.648**	**20.699**

As of 31 December 2013, the Group operates in 4.199 stores (31 December 2012: 3.765).

2. Basis of preparation of financial statements

2.1 Basis of presentation:

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's financial statements.

The Group and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of IFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

Going concern assumption

The consolidated financial statements including the accounts of the parent company and its subsidiaries have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

2.2 New and amended International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2013 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a. New standards, amendments and IFRIC/TFRICS applicable in annual periods ended 31 December 2013:

- Amendment to TAS 1, 'Financial statement presentation', regarding other comprehensive income; is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendment affects disclosures only and have no impact on the financial position or performance of the Group.

- Amendment to TAS 19, 'Employee benefits'; is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The effect on financial position and performance of Company of the change has been disclosed in the part of amendments and classifications on 2012 financial statements in note 2.1.i retrospectively.

- Amendment to TFRS 1, 'First time adoption', on government loans; is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to TFRS. It also adds an exception to the retrospective application of TFRS, which provides the same relief to first-time adopters granted to existing preparers of TFRS financial statements when the requirement was incorporated into IAS 20 in 2008. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- Amendment to TFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting¸; is effective for annual periods beginning on or after 1 January 2013. This amendment includes new disclosures to facilitate comparison between those entities that prepare TFRS financial statements to those that prepare financial statements in accordance with US GAAP. The amendment affects disclosures only and have no impact on the financial position or performance of the Group.

- Amendment to TFRSs 10, 11 and 12 on transition guidance¸; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to TFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before TFRS 12 is first applied. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- Annual improvements 2011; is effective for annual periods beginning on or after 1 January 2013. These annual improvements, address six issues in the 2009-2011 reporting cycle. It includes changes to:

- TFRS 1, 'First time adoption'
- TAS 1, 'Financial statement presentation'
- TAS 16, 'Property plant and equipment'
- TAS 32, 'Financial instruments; Presentation'
- TAS 34, 'Interim financial reporting'.

- TFRS 10, 'Consolidated financial statements' ; is effective for annual periods beginning on or after 1 January 2013. The objective of TFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- TFRS 11, 'Joint arrangements'; is effective for annual periods beginning on or after 1 January 2013. TFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- TFRS 12, 'Disclosures of interests in other entities'; is effective for annual periods beginning on or after 1 January 2013. TFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- TFRS 13, 'Fair value measurement' ; is effective for annual periods beginning on or after 1 January 2013. TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. The requirements, which are largely aligned between TFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within TFRSs or US GAAP. The amendment affects disclosures only and have no impact on the financial position or performance of the Group.

- TAS 27 (revised 2011), 'Separate financial statements'; is effective for annual periods beginning on or after 1 January 2013. TAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of TAS 27 have been included in the new TFRS 10. The Standard is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

- TAS 28 (revised 2011), 'Associates and joint ventures'; is effective for annual periods beginning on or after 1 January 2013. TAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of TFRS 11. The Standard is not applicable for the Company and did not have any impact on the financial position or performance of the Group.

- TFRIC 20, 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under TFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. The Standard is not applicable for the Company and did not have any impact on the financial position or performance of the Company.

b. New IFRS standards, amendments and IFRICs effective after 1 January 2014

- Amendment to TAS 32, 'Financial instruments: Presentation', on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014.These amendments are to the application guidance in TAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The standard does not have an impact on the financial position or performance of the Group.

- Amendments to TFRS 10, 12 and TAS 27 on consolidation for investment entities is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made TFRS 12 to introduce disclosures that an investment entity needs to make. The Standard is not applicable for the Group.

- Amendment to TAS 36, 'Impairment of assets' on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014.This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The standard does not have an impact on the financial position or performance of the Group.

- Amendment to TAS 39 'Financial Instruments: Recognition and Measurement'-'Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The standard does not have an impact on the financial position or performance of the Group.

- TFRIC 21, 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of TAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The standard does not have an impact on the financial position or performance of the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

- TFRS 9 'Financial instruments' – classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace TAS 39, 'Financial instruments: Recognition and measurement'. TFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the TAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives.

- The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The standard does not have an impact on the financial position or performance of the Group.

c) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POAASA

The following standards, interpretations and amendments to existing TFRS standards are issued by the IASB but not yet effective up to the date of issuance of the interim financial statements. However, these standards, interpretations and amendments to existing TFRS standards are not yet adapted/issued by the POAASA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

- Amendments to TFRS 9,'Financial instruments', regarding general hedge. These amendments to TFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

- Amendment to TAS 19 regarding "Defined Benefit Plans"; is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards:
- TFRS 2, 'Share-based payment'
- TFRS 3, 'Business Combinations'
- TFRS 8, Operating segments'
- TMS 16; Property, plant and equipment' and TAS 38,'Intangible assets'
- TFRS 9, Consequential amendments to TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets', and
- TAS 39, Financial instruments – Recognition and measurement'
- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:
- TFRS 1; 'First time adoption'
- TFRS 3, Business combinations'
- TFRS 13,'Fair value measurement' and
- TAS 40, 'Investment property'

2.3 Compliance with TAS

The Group prepared its consolidated financial statements for the period ended 31 December 2013 in accordance with the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB, including the mandatory disclosures.

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2.4 Presentation and functional currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group. 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 TRY exchange rate for purchases of MAD at the balance sheet date, TRY 1 = MAD 3,8177 amounts in the statement of comprehensive income have been translated into TRY, at the average TRY exchange rate for purchases of MAD, is TRY 1 = MAD 4,3950. 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 TRY exchange rate for purchase of EGP at the balance sheet date, TRY 1 = EGP 3,2481, at the average TRY exchange rate for purchases of EGP, is TRY 1 = EGP 3,5977. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity

2.5 Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements.

In accordance with the decision taken in the CMB meeting numbered 20/670 held on 7 June 2013, and in compliant with the announcement related to the format of financial statements and its accompanying notes, comparative figures have been reclassified to conform to the changes in presentation in the current period.

Restatements for the balance sheet as at 31 December 2012 and for the year ended 31 December 2012.

i) The Impact of amendment in TAS 19 "Employee Benefits"

In accordance with the amendment in the standard, which is effective from 1 January 2013, the actuarial gains/ (losses) related to employee benefits are required to be accounted for under other comprehensive income. The group accounted the actuarial gains/ (losses) related to employee benefits for under the consolidated income statement until 31 December 2012. The Group applied the amendment in the standard retrospectively in accordance with the related changes in the accounting policies and the actuarial gains/ (losses) disclosed in the related disclosures have been reversed from the consolidated income statement and accounted for under other comprehensive income. The affect of correction on the prior year balance sheet of the Group is as follows:

	1 January 2012			31 December 2012		
	Before change in accounting policy	After change in accounting policy	Difference	Before change in accounting policy	After change in accounting policy	Difference
Retained earnings	68.701	68.973	272	148.509	149.140	631
Net profit for the period	298.910	299.269	359	331.321	331.798	477
Actuarial losses arising from employee benefits	-	(9.469)	(9.469)	-	(18.102)	(18.102)
Provision for employment termination benefits	12.648	23.695	11.047	15.468	36.711	21.243
Deferred tax liabilities	10.644	8.435	(2.209)	15.953	11.704	(4.249)

Besides, the actuarial loss of TRY 596 classified under financial expenses on the statement of comprehensive income dated 31 December 2012 and the deferred tax effect of TRY 119 classified under deferred tax expense was withdrawn from the related accounts on the comparative statement of comprehensive income dated 31 December 2012 and shown on the actuarial gains/losses fund account as part of employee termination benefits under equity.

ii) Illustrative financial statement and guidance:

Based on the decision taken on 7 June 2013 by the CMB at its meeting numbered 20/670, a new illustrative financial statement and guidance to it has been issued effective from the interim periods ended after 31 March 2013, which is applicable for the companies that are subject to Communiqué on the Principles of Financial Reporting In Capital Markets. Based on these new illustrative financial statements, a number of changes made at the Company's consolidated balance sheets. The reclassifications that are made at the Group's consolidated balance sheet as at 31 December 2012 are as follows:

The other current assets amounting to TRY 18.359 has been shown on other receivables from related parties, and TRY 43.560 of other current assets has been shown on short term prepaid expenses.

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Purchase advances amounting to TRY 5.794 in other non current assets amounting to TRY 8.471 is classified to long term prepaid expenses, deposits and advances amounting to TRY 2.677 TL is classified to other receivables from third parties and TRY 12 is classified to trade payables to third parties.

TRY 2.166 of other current liabilities is classified to deferred income, and TRY 10.772 of other current liabilities is classified to employee benefits obligations, TRY 30 is classified to other payables from other parties.

The debt provision account amounting to TRY 9.646 is classified to other short term provisions, TRY 2.518 is classified to current provisions for employee benefits, TRY 3.066 is classified to non current provisions for employee benefits.

Prepaid taxes amounting to TRY 64.571 is classified to current income tax assets from income tax liabilities.

Dividend income amounting to TRY 2.660 and gain on sales of property, plant and equipment amounting to TRY 569, are classified from other income from operating activities to other income from investing activities for the period ended 31 December 2012.

2.6. Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company BİM and its subsidiaries prepared for the year ended 31 December 2013. 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 is 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 income statement 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.

Revenue recognition

Sales of Goods

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.

Financial income

Profit shares income from participation banks are recognized in accrual basis.

Dividend income

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared.

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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 comprise trade receivables, credit card receivables and other receivables with fixed or determinable payments and are not quoted in an active market; which have an average maturity of 10 day term (31 December 2012: 11 days) as of balance sheet date are measured at original invoice amount and if they have long term maturity, the imputing interest is netted off and the provision of doubtful receivable is deducted. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate and credit card receivables are measured at the original invoice. Estimate is made for the doubtful provision when the collection of the trace receivable is not probable. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Inventories

Inventories are valued at the lower of cost or 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 isdetermined using the first-in, first-out (FIFO) method.

Rebates which generate from sales from ordinary operations are deducted from cost of inventories and associated with cost of sales.

Net realizable value is the estimated selling price less estimated costs necessary to realize sale.

Property, plant 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 except for land and construction in progress 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
Leasehold improvements	5- 10
Machinery and equipment	4- 10
Vehicles	5- 10
Furniture and fixtures	5- 10

Expected useful life, residual value and amortisation method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively

When a revaluated asset is sold, revaluation reserve account is transferred to retained earnings.

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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. For the purposes of assessing impairment, assets are grouped by regions which are determined operationally (cash-generating units).

Financial assets

Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. As of balance sheet date, Group does not have financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

Offsetting financial instruments

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

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.

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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.

Trade payables

Trade payables which generally have an average of 48 day term (December 31, 2012-48 days) are initially recorded at original invoice amount and carried at amortized cost less due date expense. Due date expense is accounted for under cost of sales. 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/TRY (full)	EUR/TRY (full)
31 December 2013	2,1343	2,9365
31 December 2012	1,7826	2,3517

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

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

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.

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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

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.
ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii) Both entities are joint ventures of the same third party.
iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v)The entity is a post-employment 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

Current Income Taxes and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity. In such case, the tax is recognized in shareholders' equity.

The current period tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

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Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

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 14, the employee benefit liability is provided for in accordance with TAS 19 "Employee Benefits" and is based on an independent actuarial study.

Actuarial gains and losses that calculated by professional actuarials, are recognized in the actuarial gain/loss fund regarding employee termination benefits in the equity. Recognized gains and losses shall not be transferred to comprehensive statement of income in the following periods. Reserve for employee termination benefits is recognized to financial statements that calculated with the discount rate estimated by professional actuarial.

b) 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.

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 TFRS 8 and segment reporting is not applicable.

4. Cash and cash equivalents

	31 December 2013	31 December 2012
Cash on hand	70.538	54.725
Banks		
-demand deposits	76.138	122.680
-profit share deposits	235.972	184.224
Cash in transit	22.845	26.593
	405.493	388.222
Less: accrual for profit share	**(2.305)**	**(1.264)**
Cash and cash equivalents for cash flow	**403.188**	**386.958**

As of 31 December 2013 and 31 December 2012 there is no restricted cash. As of 31 December 2013, profit share deposits are in TRY and the gross rate for profit share from participation banks for TL is gross 10% (31 December 2012: gross 8,5%) and average maturity is 140 days (31 December 2012: 103 days). Since the profit share deposits are not used for investment purposes by the Group, are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value, profit share deposits are classified as cash and cash equivalents.

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5. Financial assets

The details of subsidiaries and associates' financial investment of the Group are as below:

Name of subsidiary	Share	31 December 2013	31 December 2012
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (**)	% 100	12.590	12.590
Ziylan Mağazacılık ve Pazarlama A.Ş. (*)	% 11,5	73.809	-
Polaris Pazarlama ve Mümessillik A.Ş. (*)	% 11,5	15.816	-
Uğur İç ve Dış Ticaret A.Ş. (*)	% 11,5	15.816	-
		118.031	**12.590**

(*) The Group acquired 11,5% of shares of Ziylan Mağazacılık ve Pazarlama Anonim Şirketi ("Ziylan"), Polaris Pazarlama ve Mümessillik Anonim Şirketi ("Polaris") and Uğur İç ve Dış Ticaret Anonim Şirketi ("Uğur") incorporate of Ziylan Group on 12 January 2013 for TRY 105.441.
(**) 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 TRY 12.590. 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 and the ratio of total assets and turnover of the Company is less than 1% to the Group's consolidated total assets and turnover.

Since the stated companies are not quoted in active markets or measured based on current bid prices, measured at cost.

The movement of available for sale financial assets during the period is as follows:

	31 December 2013	31 December 2012
Opening	12.590	-
Purchases during period	105.441	12.590
Closing	**118.031**	**12.590**

6. Financial liabilities

The Group has interest free short term bank borrowings in amount of TRY 13.147 (31 December 2012: TRY 10.448) to pay SGK liabilities as of 31 December 2013. Such borrowings have been closed on 3 January 2014.

7. Trade receivables and payables

a) Trade receivables, other parties, net

	31 December 2013	31 December 2012
Credit card receivables	344.835	312.344
	344.835	**312.344**

As of 31 December 2013 the average term of credit card receivables is 10 days (31 December 2012: 11 days).

b) Trade receivables, other parties, net

	31 December 2013	31 December 2012
Other trade payables	1.246.500	1.029.947
Unincurred rediscount expense (-)	(7.760)	(3.784)
	1.238.740	**1.026.163**

As of 31 December 2013 the average term of trade payables is 48 days (31 December 2012-48 days). As of 31 December 2013 letters of guarantee and cheques are amounting to TRY 21.883 and mortgages are amounting to TRY 24.410 (31 December 2012: TRY 26.060 letters of guarantee and cheques, TRY 23.793 mortgages).

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8. Other receivables and payables

a) Other Receivables

	31 December 2013	31 December 2012
Receivables from related parties (Note 26)	14.562	18.359
	14.562	**18.359**

b) Other receivables from other parties

	31 December 2013	31 December 2012
Other receivables	2.411	1.804
Doubtful receivables	398	365
Less: Allowance for doubtful receivables	(398)	(365)
	2.411	**1.804**

Term receivables are recognized at original invoice amount and carried after provisions for doubtful 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 31 December 2013 and 31 December 2012, the Group does not have any overdue receivables except for doubtful receivables.

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

	31 December 2013	31 December 2012
Balance at the beginning of the period	365	712
Allowance for doubtful receivables	38	3
Collection in current year	(5)	(350)
Balance at the end of the period	**398**	**365**

9.Inventories

	31 December 2013	31 December 2012
Trade goods, net	631.847	478.323
Other	6.627	5.261
	638.474	**483.584**

Cost of inventories amounting to TRY10.230.788 (2012: TRY 8.562.428) expensed under cost of sales.

The movement of impairment for inventories in 2013 is as follows:

	31 December 2013	31 December 2012
Balance at the beginning of the period	1.423	2.050
Current year reversal	(1.423)	(2.050)
Allowance for impairment	3.121	1.423
Balance at the end of the period	**3.121**	**1.423**

As of 31 December 2013, allowance for impairment on trade goods amounting to TRY 3.121
(31 December 2012: TRY 1.423). Amount of the goods that were written down are reversed and has been included in cost of sales in the income statement.

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10. Property, plant and equipment

The movements of property and equipment and the related accumulated depreciation for the periods ended 31 December 2013 and 2012 are as follows:

	1 January 2013	Additions	Disposals	Transfers	Currency translation difference	31 December 2013
Cost or revalued amount						
Land	199.589	12.906	-	-	1.219	213.714
Land improvements	3.988	917	-	-	-	4.905
Buildings	172.173	21.408	-	26.223	-	219.804
Leasehold improvements	282.712	64.719	(4.882)	108	7.252	349.909
Machinery and equipment	369.894	66.631	(6.498)	1.071	3.679	434.777
Vehicles	78.036	19.134	(8.008)	1.095	602	90.859
Furniture and fixtures	157.685	25.061	(2.778)	714	922	181.604
Construction in progress	6.528	25.272	(226)	(29.211)	151	2.514
	1.270.605	**236.048**	**(22.392)**	**-**	**13.825**	**1.498.086**
Less: Accumulated depreciation						
Land improvements	(2.107)	(766)	-	-	-	(2.873)
Building	-	(10.267)	-	-	-	(10.267)
Leasehold improvements	(105.350)	(29.194)	2.153	-	(1.259)	(133.650)
Machinery and equipment	(172.309)	(34.552)	4.112	-	(1.332)	(204.081)
Vehicles	(34.666)	(14.688)	5.806	-	(185)	(43.733)
Furniture and fixtures	(104.760)	(19.995)	2.489	-	(266)	(122.532)
	(419.192)	**(109.462)**	**14.560**	**-**	**(3.042)**	**(517.136)**
Net book value	**851.413**					**980.950**

	1 January 2012	Additions	Disposals	Transfers	Net off	Provision for impairment	Revaluation reserves	Currency translation differences	31 December 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
Leasehold improvements	234.873	54.029	(5.718)	(30)	-	-	-	(442)	282.712
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
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)
Buildings	(12.577)	(8.525)	-		21.102			-	-
Leasehold improvements	(84.360)	(23.977)	2.944		-			43	(105.350)
Machinery and equipment	(147.277)	(28.748)	3.666		-			50	(172.309)
Vehicle	(29.937)	(12.626)	7.891		-			6	(34.666)
Furniture and fixtures	(89.602)	(17.808)	2.640		-			10	(104.760)
	(365.206)	**(92.352)**	**17.155**		**21.102**			**109**	**(419.192)**
Net book value	**648.075**								**851.413**

Depreciation expense of TRY 99.964 (31 December 2012: TRY 85.109) has been charged in marketing expenses and TRY 9.498 (31 December 2012: TRY 7.243) in general and administrative expenses. 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.

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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 31 December 2013 and 2012, respectively:

	Land and building	
	31 December 2013	31 December 2012
Cost	384.952	323.196
Accumulated depreciation	(43.290)	(33.025)
	341.662	**290.171**

Fair values of land and buildings

An independent valuation of the group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2013and 2012. The revaluation surplus net of applicable deferred income taxes wascredited to other comprehensive income and is shown in 'property and equipment revaluation reserve' in shareholders equity. The fair value of non-financial assets by valuation method is calculated by inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Valuation techniques used to derive level 2 fair values

Sale or purchase costs or tax deductions are not taken into account in assumption of Level 2 fair value of land and buildings. The most common valuation techniques used are market comparable method, cost and income approach including discounted cash flow analysis.

Market Comparable Method

A property's fair value is estimated based on comparison of sales and market data of similar or comparable properties. The revaluated property is compared with the sales of similar properties in the market or asked price and bid price.

Discounted Cash Flow Method

Value assumption is conducted through discount method by taking into account the data of expenditure and revenue belong to the revaluated property. The reduction is associated with value and revenue converting the amount of revenue to value assumption. Either the ratio of proceeds or/and discount should be taken into consideration. Within this approach, Direct Capitalization of Income and Cash Flow Analysis are applied predominantly. During the application of Direct Capitalization of Income, rental data belong to the similar real estate in the same region where the property based in has been used. Unless enough data for probable ratio of capitalization is attained, the method aforementioned has not been applied on.

Cost Approach

Instead of purchase of property, the probability of construction of the same of the property or another property provides the same benefit is taken into account. In practice the estimated value includes the amortization of old and less functional properties in case new one's cost exceeds the potential price to be paid for revaluation of the property.

It determines how transaction will be traded in the market and the approach and methods will be used in estimation of fair value of land and building. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into the valuation approach is price per square meter.

In the market comparable method, one of the methods applied during the valuation, room for negotiation has been considered and reconciliation has done for the positive and negative features of property with respect to the precedents.

Valuation processes of the Group

The Group's finance department reviews the fair value of land and buildings for reporting purposes. On an annual basis, the Group engages external, independent and CMB licensed valuation firm.

Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount as of balance sheet date. Since fair value of the mentioned assets does not differ materially, new revaluation report has not been obtained as of 31 December 2013.

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As of 31 December 2013 and 2012, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	31 December 2013	31 December 2012
Machinery and equipment	74.279	68.672
Furniture and fixtures	77.882	62.156
Intangible assets and leasehold improvements	32.843	27.141
Vehicles	12.875	8.344
Land improvements	1.130	405
	199.009	166.718

Pledges and mortgages on assets

As of 31 December 2013 and 2012, there is no pledge or mortgage on property and equipment of the Group.

11. Intangible assets

The movements of intangible assets and related accumulated amortization for the periods ended 31 December 2013 and 2012 are as follows:

	1 January 2013	Additions	Disposals	Currency translation differences	31 December 2013
Cost					
Rights	11.748	1.852	-	80	13.680
Other intangible assets	31	-		43	74
	11.779	1.852	-	123	13.754
Accumulated amortization					
Rights	(8.601)	(1.288)	-	(43)	(9.932)
Other intangible assets	(26)	-	-	-	(26)
	(8.627)	(1.288)	-	(43)	(9.958)
Net book value	3.152				3.796

	1 January 2012	Additions	Disposals	Currency translation differences	31 December 2012
Cost					
Rights	10.199	1.556	-	(7)	11.748
Other intangible assets	31	-	-	-	31
	10.230	1.556	-	(7)	11.779
Accumulated amortization					
Rights	(7.401)	(1.200)	-	-	(8.601)
Other intangible assets	(26)	-	-		(26)
	(7.427)	(1.200)	-	-	(8.627)
Net book value	2.803				3.152

Amortisation expense of TRY 1.176 (31 December 2012: TRY 1.106) has been charged in marketing expenses and TRY 112 (31 December 2012: TRY 94) in general and administrative expenses.

The intangible assets are amortized over estimated useful life which is 5 years. Major part of the rights is software licenses.

12.Provisions, contingent assets and liabilities

a)Current provisions for employee benefits

Unused vacation amounting to TRY 3.377 is shown on the current provisions for employee benefits amounting in the Group account of short term provisions for the period ended 31 December 2013 (31 December 2012: TRY 2.518).

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Current period movement of unused vacation provision is as follows;

	31 December 2013	31 December 2012
Balance at the beginning of the period	2.518	-
Reversals during period	(2.518)	-
Provision amount	3.377	2.518
Balance at the end of the period	**3.377**	**2.518**

b) Other short term provisions

	1 January- 31 December 2013	1 January- 31 December 2012
Legal provisions (*)	7.770	6.880
Other (**)	4.184	2.766
Total	**11.954**	**9.646**

(*) As of 31 December 2013 and 2012, the total amount of outstanding lawsuits filed against the Group, TRY 11.914 and TRY 11.874 (in historical terms), respectively. The Group recognized provisions amounting to TRY 7.770 and TRY 6.880 for the related periods, respectively.

Current period movement of provision for lawsuits is as follows;

	31 December 2013	31 December 2012
Balance at the beginning of the period	6.880	6.818
Provision amount, net	890	62
Balance at the end of the period	**7.770**	**6.880**

(**) As of 31 December 2013 and 2012, other short term provisions consist of telephone, electricity, water and other short term liabilities amounting to TRY 4.184 and TRY 2.766, respectively.

Letter of guarantees, mortgages and pledges given by the Group

As of 31 December 2013 and 2012, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	31 December 2013				
	Total TRY equivalent	TRY	USD	Euro	Moroccan Dirham
A.Total amount of guarantees, pledges and mortgages given in the name of legal entity	17.954	17.091	250.000	-	1.257.373
Guarantee	*17.954*	*17.091*	*250.000*	-	*1.257.373*
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	-	-	-	-	-
Guarantee	-	-	-	-	-
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	**17.954**	**17.091**	**250.000**	**-**	**1.257.373**

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	31 December 2012				
	Total TRY equivalent	TRY	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*

Insurance coverage on assets

As of 31 December 2013 and 2012, insurance coverage on assets of the Group is TRY 881.986 and TRY 721.157 respectively.

13.Prepaid expenses

a) Short term prepaid expenses

	31 December 2013	31 December 2012
Order advances given	59.831	35.338
Other	9.005	8.222
	68.836	**43.560**

b) Long term prepaid expenses

	31 December2013	31 December 2012
Advances given for property, plant and equipment	12.773	5.136
Other	1.355	658
	14.128	**5.794**

14.Employee termination benefits

	1 January-31 31 December 2013	1 January-December 2012
Provision for employee termination benefits	34.670	36.711
Provision for unused vacation	3.412	3.066
Total	**38.082**	**39.777**

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated

25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on May 23, 2002.

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The amount payable consists of one month's salary limited to a maximum of TRY 3.254,44 for each period of service as of 31 December 2013 (31 December 2012: TRY 3.033,98). The retirement pay provision ceiling is revised semi-annually, and TRY 3.254,44 which is effective from 1 July 2013, is taken into consideration in the calculation of provision for employment termination benefits (invalided between 31 December 2012 and 1 January 2013: TRY 3.129.25). Liability of employment termination benefits is not subject to any funding as there is not any obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) is accounted in the statement of comprehensive income under "Actuarial gain/loss from defined benefit plans".

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2013 and 2012 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by using real discount rate of 3,49% by assuming an annual inflation rate of 5% (31 December 2012: 5,00%) and a discount rate of 10% (31 December 2012: 9%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

Significant actuarial assumptions are as follows;

The voluntary and involuntary turnover rates used in the calculation of employee termination benefit are 30,6% and 8,9%, respectively and the rates are calculated as weighted average of various age groups of each specific employee. Average service year is 2,67 for women, 4,08 for men and 3,62 years in total. Retirement age of women and men are 50 and 55 respectively and 53 for the Group.

If the discount rate used in the calculation of provision for employment benefits were 9,5% instead of 10%, total provision would be TRY 35.358, if the rate were 10,5% the provision would be TRY 34.011. The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

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

	1 January- 31 December 2013	1 January- 31 December 2012
Current service cost (Note 19)	7.003	4.773
Financial expense of employee termination benefit (Note 22)	3.261	2.354
Total	**10.264**	**7.127**

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

	1 January- 31 December 2013	1 January- 31 December 2012
Balance at the beginning of the period	36.711	23.696
Financial expense of employee termination benefit	3.261	2.354
Current service cost	7.003	4.773
Benefits paid	(7.255)	(4.904)
Actuarial loss/(gain) for the period	(5.050)	10.792
Balance at the end of the period	**34.670**	**36.711**

The movements of unused vacation provision over one year is as follows:

	31 December 2013	31 December 2012
Balance at the beginning of the period	3.066	-
Unused amounts reversed	(3.066)	-
Provision during the period	3.412	3.066
Balance at the end of the period	**3.412**	**3.066**

15. Other assets and liabilities

a) Other current assets

	31 December 2013	31 December 2012
VAT receivable	14.057	7.556
Other	2.892	1.940
	16.949	**9.496**

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b) Other current liabilities

	31 December 2013	31 December 2012
Taxes and funds payables	27.626	26.850
Other	1.098	2.719
	28.724	**29.569**

As of 31 December 2013 and 2012, the Group does not have any other long-term liability.

16. Equity

a) Share capital and capital reserves

As of 31 December 2013 and 2012, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows:

	31 December 2013		31 December 2012	
	Historical cost	%	Historical cost	%
Mustafa Latif Topbaş	47.897	15,8	25.466	16,8
Ahmet Afif Topbaş	27.400	9,0	14.571	9,6
Abdulrahman A. El Khereiji	10.626	3,5	6.831	4,5
Firdevs Çizmeci	3.500	1,1	1.750	1,1
Fatma Fitnat Topbaş	3.036	1,0	-	-
Ömer Hulusi Topbaş	360	0,1	180	0,1
Ahmet Hamdi Topbaş	200	0,1	-	-
Publicly traded	210.581	69,4	103.002	67,9
	303.600	**100**	**151.800**	**100**

The Company's share capital is fully paid and consists of 303.600.000 (31 December 2012-151.800.000) shares of TRY 1 nominal value each.

At the Company's general meeting on 15 May 2013, it was decided to increase the paid-in capital of the Company from TRY 151.800 to TRY 303.600 completely free of charge; TRY 23.122 is transferred from profit of 2012 and TRY 128.678 is transferred from extraordinary reserves.

Revaluation surplus

As of 31 December 2013 and 2012, the Group has revaluation surplus amounting TRY 78.323 (31 December 2012 : TRY 78.323) related to revaluation of land and buildings. The revaluation surplus is not available for distribution to shareholders.

b) Restricted reserves and retained earnings

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

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

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

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

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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 31 December 2013 and 2012 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	31 December 2013	31 December 2012
Legal reserves	124.463	103.211
Extraordinary reserves	81.376	128.679
Net profit for the period	446.152	345.860
	651.991	**577.750**

As of 31 December 2013, net profit for the Company's statutory books is TRY 446.152 and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY 412.984.

Dividend paid

According to the decision held on the Company's general meeting on 15 May 2013, TRY 220.110 is distributed in cash from the profit for the year 2012 as of report date (2012: 197.340 TRY). The paid dividend amount is TRY 1,45 per share in full.

17. Sales and cost of sales

a) Net Sales

The Group's net sales for the periods ended 31 December 2013 and 2012 are as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Sales	11.896.209	9.947.643
Sales returns (-)	(47.368)	(41.276)
	11.848.841	**9.906.367**

b) Cost of sales

	1 January - 31 December 2013	1 January - 31 December 2012
Beginning inventory	478.323	400.755
Purchases	10.145.034	8.424.721
Ending inventory (-)	(631.847)	(478.323)
	9.991.510	**8.347.153**

18. Operational Expenses

a) Marketing, selling and distribution expenses

	1 January - 31 December 2013	1 January - 31 December 2012
Personnel expenses	526.289	440.117
Rent expenses	289.322	248.148
Depreciation and amortization expenses	101.140	86.215
Electricity, water and communication expenses	66.930	57.876
Packaging expenses	57.621	49.059
Trucks fuel expense	44.103	37.941
Advertising expenses	33.993	33.464
Maintenance and repair expenses	24.848	20.991
Provision for employee termination benefit	5.818	3.954
Other	47.321	37.288
	1.197.385	**1.015.053**

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b) General and administrative expenses

	1 January - 31 December 2013	1 January - 31 December 2012
Personnel expenses	113.324	95.589
Depreciation and amortization expenses	9.610	7.337
Legal and consultancy expenses	9.102	5.667
Motor vehicle expenses	8.199	6.851
Money collection expenses	5.671	5.077
Provision for employee termination benefits	1.185	819
Communication expenses	1.006	956
Office supplies expenses	682	558
Other	26.041	23.655
	174.820	**146.509**

19. Expenses by nature

a) Depreciation and amortisation expenses

	1 January - 31 December 2013	1 January - 31 December 2012
Marketing and selling expenses	101.140	86.215
General and administrative expenses	9.610	7.337
	110.750	**93.552**

b) Personnel Expenses

	1 January - 31 December 2013	1 January - 31 December 2012
Wages and salaries	545.604	468.640
Provision for employee termination benefits (Note 14)	7.003	4.773
Social security premiums-employer contribution	94.009	67.066
	646.616	**540.479**

20. Other operating income and expense

a) Other Operating Income

	1 January - 31 December2013	1 January - 31 December 2012
Gain on sale of scraps	6.800	6.263
Other income from operations	6.228	4.106
	13.028	**10.369**

b) Other Operating Expense

	1 January - 31 December 2013	1 January - 31 December 2012
Provision expenses	1.249	550
Other expenses and losses related to operations	1.155	1.624
Impairment on property, plant and equipment	-	1.120
	2.404	**3.294**

21. Financial Income

	1 January - 31 December 2013	1 January - 31 December 2012
Income on profit share account deposits	17.397	14.535
Foreign exchange gains	15.870	161
Gain on sale of marketable securities	-	2.654
	33.267	**17.350**

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22. Financial Expenses

	1 January - 31 December 2013	1 January - 31 December 2012
Finance charge on employee termination		
benefit (Note 14)	3.261	2.354
Foreign exchange losses	1.714	2.217
Other financial expenses	648	655
	5.623	**5.226**

23. Income and expense from investing activities

a) Income from Investing Activities

	1 January - 31 December 2013	1 January - 31 December 2012
Dividend income	4.009	2.660
Gain on sale of property, plant and equipment	-	569
	4.009	**3.229**

b) Expense from Investing Activities

Expense from investing activities consists of loss from sale of property, plant and equipment. As of 31 December 2013, loss from sale of property, plant and equipment is TRY 1.351 (31 December 2012: None).

24. Tax assets and liabilities

As of 31 December 2013 and 2012, provision for taxes of the Group is as follows:

	31 December 2013	31 December 2012
Current period tax provision	112.609	87.268
Current tax assets (Prepaid taxes)	(84.365)	(64.571)
Corporate tax payable	**28.244**	**22.697**

In Turkey, as of 31 December 2013 corporate tax rate is 20% (31 December 2012: 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 31 December 2013 the corporate tax rate is %30 (31 December 2012: %30) where the consolidated subsidiary of the Company, BIM Stores SARL operates. In Egypt, as of 31 December 2013 the corporate tax rate is 20% (December 31, 2012-%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 (31 December 2012: 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.

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As of 31 December 2013 and 2012, 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	
	31 December 2013	31 December 2012	1 January- 31 December 2013	1 January- 31 December 2012
Deferred tax liability				
Tangible and intangible assets, except the effect of revaluation effect	20.965	19.081	1.884	3.823
The effect of the revaluation of land and buildings	4.538	4.538	-	4.276
Other adjustments	1.703	886	817	(145)
Deferred tax asset				
Reserve for employee termination benefit	(6.935)	(7.343)	408	(2.159)
Other adjustments	(7.541)	(5.850)	(1.691)	(2.279)
Currency translation difference	-	-	194	(179)
Deferred tax	**12.730**	**11.312**	**1.612**	**3.337**

Tax effects of components of comprehensive income are as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Before tax amount	(5.050)	(56.309)
Tax credit	1.010	2.323
Other comprehensive income after tax	**(4.040)**	**(53.986)**

Deferred tax is presented in financial statements as follows:

	31 December 2013	31 December 2012
Deferred tax assets	1.240	392
Deferred tax liabilities	(13.970)	(11.704)
Net tax liability	**(12.730)**	**(11.312)**

Movement of net deferred tax liability for the year ended 31 December 2013 and 2012 are as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Balance at the beginning of the period	11.312	7.796
Deferred tax expense/(income) recognized in statement of comprehensive income	602	1.014
Deferred tax expense/(income) recognized in statement of other comprehensive income	1.010	2.323
Foreign currency translation differences	(194)	179
Balance at the end of the period	**12.730**	**11.312**

Tax reconciliation

	1 January- 31 December 2013	1 January- 31 December 2012
Net income before tax	526.052	420.080
Corporation tax at effective tax rate of 20%	(105.211)	(84.016)
Disallowable expenses	(700)	(621)
Effect of non-tax deductible and tax exempt items	427	149
Tax rate effect of the consolidated subsidiary	(3.081)	(1.717)
Other	(4.503)	(2.077)
Provision for taxes	**(113.068)**	**(88.282)**
- Current	(112.466)	(87.268)
- Deferred	(602)	(1.014)

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25. 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. For the periods ended 31 December 2013 and 2012, earnings per share is 1,36 and 1,09 , respectively. All shares of the Company are in same status.

For the periods ended 31 December 2013 and 2012, the movement of shares numbers is as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Balance at the beginning of the period	151.800.000	151.800.000
Bonus Shares distributed to shareholders from retained earnings during the period	151.800.000	-
Balance at the end of the period	**303.600.000**	**151.800.000**

26. Related party disclosures

a) Due to related parties

Due to related parties balances as of 31 December 2013 and 2012 are as follows:

Payables related to goods and services received:

	31 December 2013	31 December 2012
Ak Gıda A.Ş. (Ak Gıda) (1)	116.541	87.042
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) (1)	44.646	36.578
Hedef Tüketim Ürünleri San ve Dış Tic. A.Ş. (Hedef) (1)	33.971	22.088
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş (Turkuvaz) (1)	21.065	19.480
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş.		
(İdeal Standart) (2)	2.185	2.256
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) (1) (*)	325	50
Bahar Su San. ve Tic. A.Ş. (Bahar Su) (1)	264	752
Seher Gıda Paz. San. ve Tic. A.Ş. (Seher) (1)	12	270
Esas Paz. ve Tic. A.Ş. (Esas) (1)	-	2.788
Proline Bilişim Sistemleri ve Ticaret A.Ş. (1)	-	581
	219.009	**171.885**

(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 TRY 14.562 as of 31 December 2013 is included in other receivables due from related parties (31 December 2012:TRY 18.359) (Note 8).

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b) Related party transactions

For the periods ended 31 December 2013 and 2012, summary of the major transactions with related parties are as follows:

i) Purchases from related parties during the periods ended 31 December 2013 and 2012 are as follows

	1 January - 31 December2012	1 January - 31 December2013
Ak Gıda [1]	799.990	637.009
Başak [1]	353.381	292.875
Hedef [1]	136.277	89.253
Turkuvaz [1]	120.329	87.690
Natura [1]	73.762	69.516
İdeal Standart [2]	10.395	9.239
Bahar Su [1]	2.893	5.490
Bahariye [1]	2.200	534
Seher [1]	1.172	1.611
Proline [1]	138	3.101
Esas [1]	-	25.321
	1.500.537	**1.221.639**

[1] Companies owned by shareholders of the Company.
[2] Subsidiaries of the Group.

ii) For the periods ended 31 December 2013 and 2012 salaries, bonuses and compensations provided to board of directors and key management comprising of 93 and 84 personnel, respectively, are as follows

	1 January - 31 December 2013	1 January - 31 December 2012
Short-term benefits to employees	26.472	21.854
Long-term defined benefits	1.393	1.105
Total benefits	**27.865**	**22.959**

27. Financial Instruments and Financial Risk Management

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 interest free 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.

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.

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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	Previous period
	Fixed profit share bearing financial instruments		
Financial assets	Profit share deposits	235.972	184.224
Financial liabilities		-	-
	Variable profit share bearing financial instruments		
Financial assets		-	-
Financial liabilities		-	-

Credit risk

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

Credit risk table (Current period)

	Receivables							
	Credit card receivables		Trade and ot herreceivables		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)	**-**	**344.835**	**14.562**	**2.411**	**-**	**312.110**	**118.031**	**-**
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	344.835	14.562	2.411	-	312.110	118.031	-
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)	-	-	-	398	-	-	-	-
- Impairment	-	-	-	(398)	-	-	-	-
- 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	-	-	-	-	-	-	-	-

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Credit risk table (Prior period)

	Receivables							
	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**	**18.359**	**1.804**	**-**	**306.904**	**12.590**	**-**
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	312.344	18.359	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	-	-	-	-	-	-	-	-

There is an 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.

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Foreign currency position

As of 31 December 2013 and 2012, the Group's foreign currency position is as follows

	31 December 2013				31 December 2012			
	TRY equivalent	USD	Euro	GBP	TRY equivalent	USD	Euro	GBP
1. Trade receivables	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash, bank accounts	488	89.657	100.333	8.532	253	51.105	57.267	9.637
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current assets (1+2+3)	488	89.657	100.333	8.532	253	51.105	57.267	9.637
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	55	25.300	1.278	-	50	26.300	1.278	-
8. Non-current assets (5+6+7)	55	25.300	1.278	-	50	26.300	1.278	-
9. Total assets(4+8)	543	114.957	101.611	8.532	303	77.405	58.545	9.637
10. Trade payables	-	-	-	-	-	-	-	-
11. Financial liabilities	-	-	-	-	-	-	-	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	-
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 (TFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a))	488	89.657	100.333	8.532	253	51.105	57.267	9.637
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
23. Export	-	-	-	-	-	-	-	-
24. Import	-	-	-	-	-	-	-	

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Exchange rate risk

The following table demonstrates the sensitivity to a possible change in the U.S Dollar and Euro exchange rates, with all other variables held constant, of the Group's profit before tax as of 31 December 2013 and 2012:

31 December 2013	Exchange rate sensitivity analysis			
	Prior period			
		Profit/Loss	Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Increase/Decrease of 10% in value of U.S Dollar against TRY				
1- U.S Dollar net asset/(liability)	23	(23)	-	-
2- Protected part from U.S Dollar risk(-)	-	-	-	-
3- U.S Dollar net effect (1+2)	23	(23)	-	-
Increase/Decrease of 10% in value of Euro against TRY				
4- Euro net asset/(liability)	28	(28)	-	-
5- Protected part from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	28	(28)	-	-
Increase/Decrease of 10% in value of GBP against TRY :				
7- GBP net asset/(liability)	3	(3)	-	-
8- Protected part from GBP risk (-)	-	-	-	-
GBP net effect (7+8)	3	(3)	-	-
Total (3+6+9)	**54**	**(54)**	**-**	**-**

31 December 2012	Exchange rate sensitivity analysis			
	Prior period			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Increase/Decrease of 10% in value of U.S Dollar against TRY:				
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 TRY:				
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 TRY :				
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)**	**-**	**-**

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

BİM BİRLEŞİK MAĞAZALAR A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise stated and all other currencies are expressed in full amounts unless otherwise stated.)

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.

As of 31 December 2013 and 2012, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

31 December 2013

Contractual maturities	Book value	Total cash outflow	Less than 3 months	3 -12 months	1 – 5 years	More than 5 years
Non derivative financial liabilities						
Trade payables	1.238.740	1.246.500	1.246.500	-	-	-
Due to related parties	219.009	220.337	220.337	-	-	-

31 December 2012

Contractual maturities	Book value	Total cash outflow	Less than 3 months	3 -12 months	1-5 years	More than 5 years
Non derivative financial liabilities						
Trade payables	1.026.163	1.029.947	1.029.947	-	-	-
Due to related parties	171.885	172.532	172.532	-	-	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. Net debt is calculated as total liabilities less cash and cash equivalents.

The gearing ratios at 31 December 2013 and 2012 are as follows:

	31 December 2013	31 December 2012
Total liabilities	1.698.006	1.401.946
Less: Cash and cash equivalents	(405.493)	(388.222)
Net debt	1.292.513	1.013.724
Total equity	999.264	796.012
Total equity+net debt	**2.291.777**	**1.809.736**
Net debt/ (Total equity + net debt)	**%56**	**%56**

28. Financial instruments (fair value disclosures and disclosures in the frame of hedge accounting)

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

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- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2013 and 2012. See note 10 for disclosures of the land and buildings that are measured at fair value.

31 December 2013	Level 1	Level 2	Level 3	Total
Available for sale financial assets				
Retail industry	-	105.441	-	**105.441**
Production industry	-	12.590	-	**12.590**
Total assets		**118.031**	**-**	**118.031**

31 December 2012	Level 1	Level 2	Level 3	Total
Available for sale financial assets				
Retail industry	-	-	-	**-**
Production industry	-	12.590	-	**12.590**
Total assets		**12.590**	**-**	**12.590**

There were no transfers between levels during year.

(a) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

28. Financial instruments (fair value disclosures and disclosures in the frame of hedge accounting) (Continued)
If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments,
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves,
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value,
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

As of 31 December 2013 and 2012, except for the available for sale financial assets disclosed in Note 5, 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.

29. EVENTS AFTER BALANCE SHEET DATE

After balance sheet date, Group repurchased 533.624 of its shares amounting to TRY 20.327 with the authorization of Board of Directors.

PRODUCTS

We provide quality products **at affordable prices to the consumers.**

Serel Pekmez
For Delicious Breakfasts

Dost Taze Süt
Natural, Healthy Milk

Yurdum Barbunya Pilaki
Traditional Taste at Your Table

Bugido Masante
At the tea...

Dost Süzme Peynir
Real Cheese Taste

Yaşam Sade Halka
Tasty Snacks

Art
Active Cleaning Power

Destan
Adds taste to pastries

Osmanoğlu
Dessert Pleasure

Yaşam Yağlı Gevrek
Tame your cravings

Yaşam Kakaolu
At tea

Peripella
Kids' Sweet Friend

Paşapare
Real Dessert Pleasure

Süsse
Much Taste

Bgrill
Turns your meal into a feast

Bugido Masante
Real cake pleasure

Mutfağım
Affordable price superior taste

Aknaz Hellim Peyniri
Always at Breakfast

Islak Bebek havlusu
Ideal for Infants

Işıl Sıvı Sabun
Beauty Soap

Agu Baby
Cleans without irritation to eyes

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