STABILITY

GROWTH

SATISFACTION

BİM

TOPTAN FİYATINA
PERAKENDE SATIŞ

BİM 2014 ANNUAL REPORT

CONTENTS

Name of the Company	:	BİM Birleşik Mağazalar A.Ş.
Report Period	:	01 January-31 December 2014
Trade Registry No.	:	334499
Web Site	:	www.bim.com.tr
Capital	:	TL303,600,000
Mersis No	:	0175005184603645

BİM means...

Finding the best-quality products at the best prices.

Success not only in Turkey, but also across the Middle East.

Offering happy shopping to millions of customers every day, adding value to people's lives.

BİM means...

Growth, stability and satisfaction...

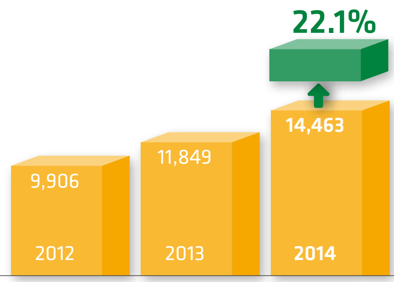
KEY INDICATORS

Offering the high quality products ***at moderate prices, BİM*** *increased its net sales by 22.1%.*

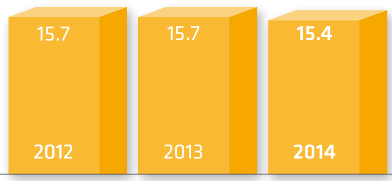
NET SALES

22.1%

NET SALES (TL Million)



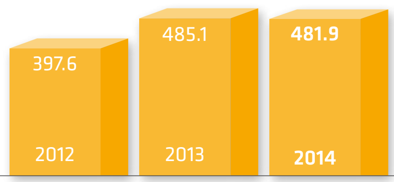
GROSS PROFIT MARGIN (%)



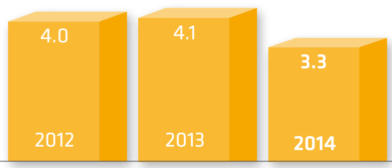
CHANGE IN EBIT

-0.7%

EBIT (TL Million)



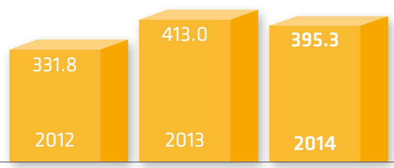
EBIT MARGIN (%)



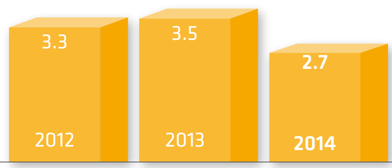
CHANGE IN NET PROFIT

-4.3%

NET PROFIT (TL Million)



NET PROFIT MARGIN (%)



Financial results are prepared as consolidated statements within the framework of the Communiqué (Series XI, No. 29), issued by the Capital Markets Board in accordance with International Accounting Standards and International Financial Reporting Standards. BİM has a 100% participation rate in its affiliate companies BİM Stores SARL in Morocco and BİM Stores LLC in Egypt, which have been fully consolidated and are both engaged in food retail.

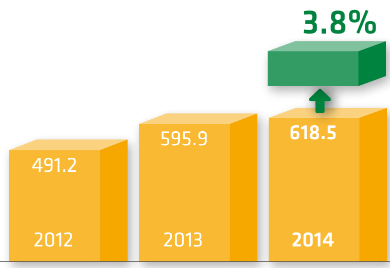
(*) Operational indicators only reflect operations in Turkey. As of year-end 2014, the affiliate partnership established in Morocco has 223 stores (164 stores in 2013) and 922 employees (802 employees in 2013). Since The affiliate partnership established in Egypt has 81 stores (35 stores in 2013) and 667 employees in 2014 (291 employees in 2013).

These figures are valid as of the last day of the year.

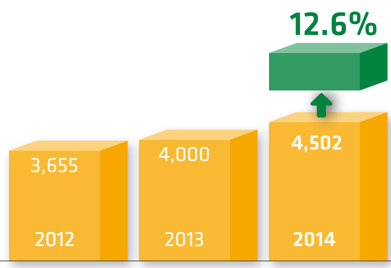
NUMBER OF STORES

12.6%

EBITDA (TL Million)



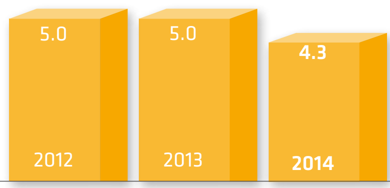
NUMBER OF STORES (*)



INCREASE IN THE NUMBER OF EMPLOYEES

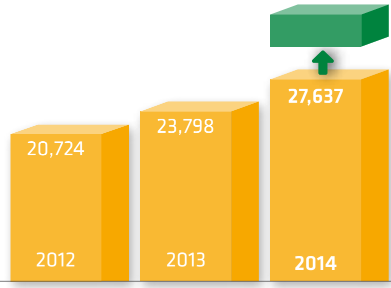
16.1%

EBITDA MARGIN (%)



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

16.1%

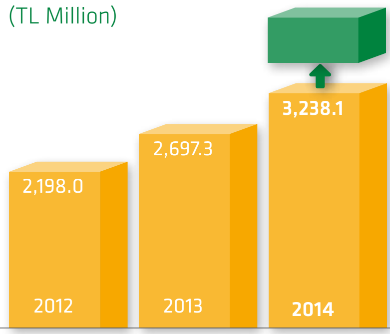


INCREASE IN THE NUMBER OF CUSTOMERS

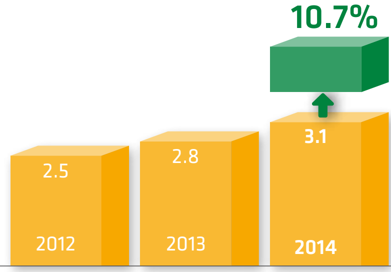
10.7%

TOTAL ASSETS (TL Million)

20%



AVERAGE NUMBER OF DAILY CUSTOMERS (TL Million)(*)



ABOUT BİM

*Providing services through its 4,502 stores all across Turkey, BİM has achieved **a 77% growth rate in the past three years.***

4,502

In 2014, BİM continued leading the sector with the number of stores and strong sales figures.

As the most important actor in Turkey's retail sector, BİM's journey to success started with 21 stores in 1995. Since the day it was established, the company's primary objective has been to offer high-quality products to customers at the best and most reasonable prices possible. Providing services through its 4,502 stores all across Turkey, BİM has achieved a 77% growth rate in the past three years.

The organic growth model adopted by BİM is one of the most significant factors driving this success. The model also plays an important role in the company's human resources policy, encouraging staff to adopt the corporate culture and ensuring a high level of employee loyalty.

In 2014, BİM continued to lead the sector both in number of stores and in sales figures. With its 4,502 stores in Turkey as of year-end 2014, the company continues to grow consistently. BİM opened three regional offices and 502 new stores in 2014, thus retaining its position as the most ubiquitous retail chain store in the country. Furthermore, this successful performance has been reflected in a sales increase of 22%. In the same period, operational profitability (EBITDA) increased by 4%. Growth was not only evident in the number of stores, but was also revealed in improved performance at existing stores.

Providing prepaid services, BİMcell–BİM's mobile communication operator–expanded its subscriber base in 2014 and surpassed 1 million clients.

In the 17th "500 Largest Private Companies in Turkey Survey" organized by the Capital magazine in 2014, BİM was ranked third in the category of "Companies that Create the Most Employment."

1 Million

Providing prepaid services, BİMcell–BİM's mobile communication operator-expanded its subscriber base in 2014 and surpassed 1 million clients.

BİM has launched its new "FİLE" retail model as of March 2015. Stores with this new brand will be structured as supermarkets and will display more stock items than the existing BİM stores. Through FİLE, BİM will introduce new concepts with the meat, fresh food, charcuterie, bakery products and special food sections emerging as the most distinct characteristics of these new chain stores. The approach is focused on the concept of providing a variety of products in a modern market context, housed in larger spaces compared to discount markets. By this way, FİLE markets will draw attention, and customers will have the opportunity to shop in larger spaces.

According to the January 2015 edition of Deloitte's "Global Powers of Retailing" report based on 2013 year-end data which is published annually, BİM holds 151th place with the advancement of 16 ranks among the top 250 retail companies in the world. Being the only Turkish company among these 250 firms, BİM is also the 17th fastest-growing retailer. According to research carried out by Interbrand, BİM is one of the 50 best-value retail companies. The building blocks of BİM's corporate culture created over its 19 years of existence are customer satisfaction, the perfect service principle, positive relations with its suppliers, and qualified human resources. Through its transparent, open, and honest management approach, BİM will continue to maintain its growth levels and profitability in the upcoming period.

CORPORATE PROFILE

*BİM continued to achieve success in 2014, and held its position as **the fastest-growing** publicly traded company in the retail sector.*

304

The total number of BİM stores in Morocco and Egypt reached 304.

41

Expanding its logistics network yet again, the number of BİM regional centers reached 41.

Launched in 1995 with 21 stores, BİM Birleşik Mağazalar A.Ş.'s main commercial activity is the sale of staple foods to consumers at the most reasonable prices possible. With a product portfolio of approximately 600 products, the company has become the first example of the "hard discount" concept in Turkey. Each year BİM revises this portfolio, introducing new products or removing old ones in line with changing customer expectations and requirements.

BİM continued to achieve success in 2014, and held its position as the fastest-growing publicly traded company in the retail sector. As of year-end 2014, with its 41 separate regional offices and 4,502 stores, BİM remains the most widespread retail chain store in Turkey.

The number of new stores opened in 2014 was equivalent to 13% of the overall company portfolio. While an average of approximately 350 new stores were opened annually at the previous years by BİM, over 500 were established in 2014. In addition to its operations in Turkey, BİM continues to expand operations in Morocco and Egypt at a rapid pace. The company opened 59 new stores in Morocco in 2014, increasing the number of BİM stores there to 223. In Egypt, as part of its second foreign venture, BİM opened 46 new stores, reaching a total of 81 as of year-end.

In 2014, the company's total investment amount on a consolidated basis was TL 412 million. The entirety of this sum was financed with the company's equity capital. BİM will continue to make these investments over the upcoming period. In 2015, the total investment value is expected to rise to TL 450 million.

Having introduced the "private-label product" approach in Turkey, BİM's high-quality private-label products are generally market leaders in their respective categories. Each year BİM develops and improves its portfolio of these products.

The turnover ratio of the company's private-label products was 69% in 2014, contrasting with a ratio of 46% in 2005, the year of BİM's initial public offering. Additionally, BİMcell, the BİM brand for the mobile communications segment, had a markedly successful year, expanding its subscriber base to more than 1 million in 2014. BİMcell is a mobile phone virtual operator which provides prepaid mobile services.

*In 2015, BİM aims to set up an additional 500 stores to surpass **5,000 stores** overall.*

69%

The turnover ratio of the company's private-label products was 69% in 2014, contrasting with a ratio of 46% in 2005, the year of BİM's initial public offering.

TL 412 Million

In 2014, BİM's total investment amount on a consolidated basis was TL 412 million.

BİM is planning to reach a total of 47 regional offices with the opening of six new ware houses over the coming year. In 2015, BİM aims to set up an additional 500 stores to surpass 5,000 outlets overall. The target is to open 81 new stores in Morocco, and 54 in Egypt.

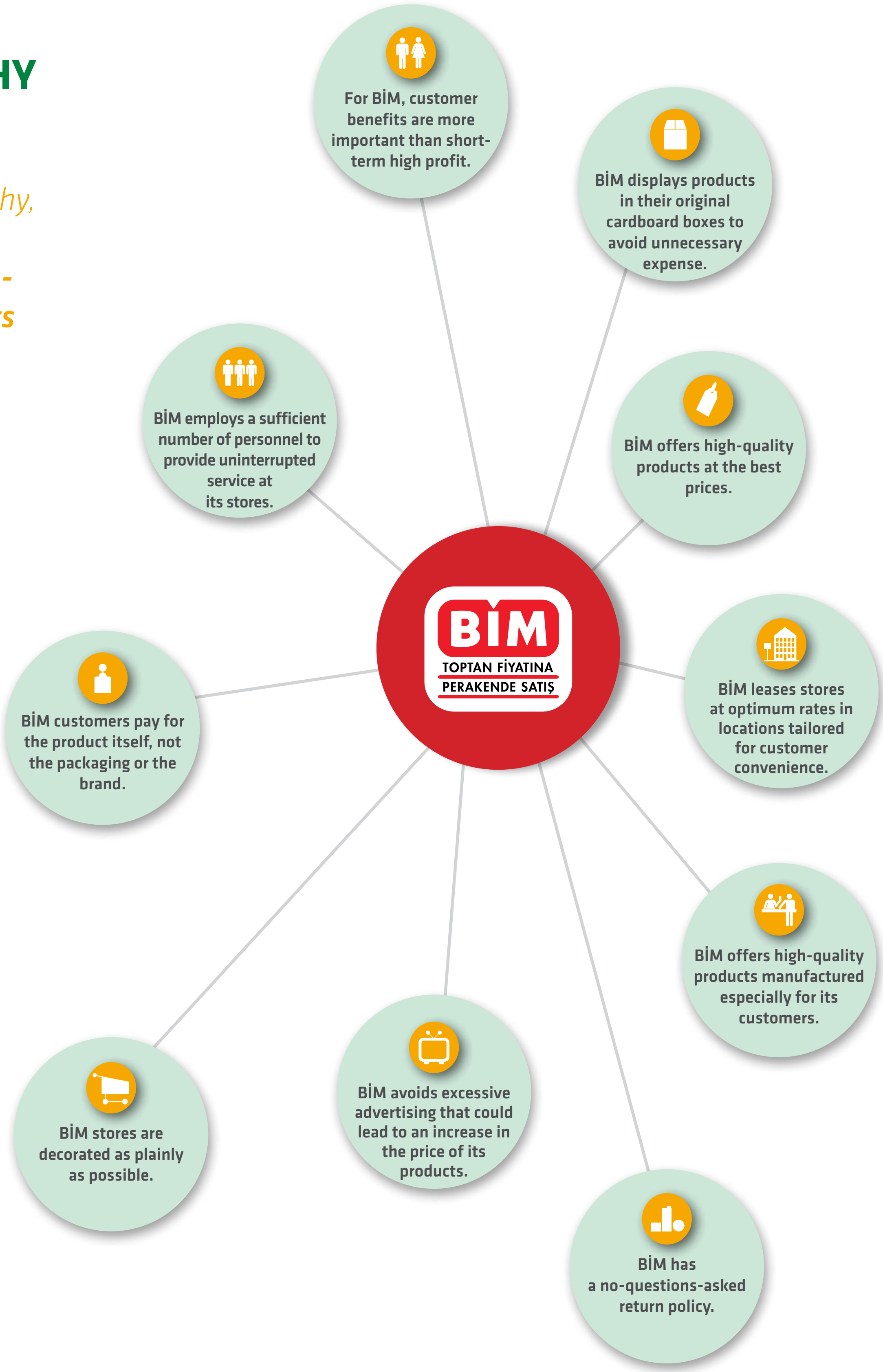
In the "500 Largest Private Companies in Turkey Survey" organized by the Capital magazine in 2014, BİM was ranked third in the category of "Companies that Create the Most Employment."

In March 2015, BİM launched its new "FİLE" retail model. FİLE stores will be structured as supermarkets and will display more stock items than the existing BİM stores. Through FİLE, BİM will introduce new concepts with the meat, fresh food, charcuterie, bakery products and special food sections emerging as the most distinct characteristics of these new chain stores. The approach is focused on the concept of providing a variety of products in a modern market context, housed in larger spaces compared to discount markets. In this way, FİLE markets will draw attention, and customers will have the opportunity to shop in larger spaces.

Aiming to sustain the healthy growth of new stores in 2015, BİM will maintain its effective cost management policy and will continue to pay particular attention to satisfying its customers. The company will continue to carry out its activities by offering the best service possible, and by fostering trust-based relations with its shareholders and especially with suppliers.

SERVICE PHILOSOPHY

In line with its service philosophy, BİM continued to produce ***high-quality products for customers****.*




FUTURE
SPEED
OPPORTUNITY
Nuts Bar
XL
Centro
Harman

MILESTONES

*BİM continues **the journey to success** that it began in 1995 **with just 21 stores,** maintaining the customer loyalty it has built over the past 19 years.*

1995

Commenced operations with ***21 stores.***

1997

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

2001

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

2002

Began accepting ***credit card*** payments.

2003

Net sales surpassed ***TL1 billion.***

2004

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

2005

Publicly offered ***44.12%*** of its shares.

2008

Increased number of stores to ***2,285*** by opening ***551 new stores.*** Achieved 42% growth in turnover.

2009

Commenced its *first foreign operation* by opening stores in Morocco.

2010

Became market leader with a turnover of *TL6,574 million.*

2011

Reinforced its position as leader of the retail industry with a turnover of over *TL8 billion.*

2012

Launched *BİMcell.*

2013

First stores launched *in Egypt,* as its second foreign operation.

2014

Number of BİMcell ***subscribers*** *reaches* ***1 million.***

INVESTOR RELATIONS

BİM shares have gained value by 2,156% since the IPO, reflecting a performance which is ***high above BIST 30 index yields.***

Since its initial public offering (IPO) in July 2005, BİM has unfailingly provided added value to its investors. Company shares have gained value by 2,156% since the IPO, reflecting a performance which is high above BIST 30 index yields. Furthermore, BİM continued to distribute high rates of dividends to its investors despite the considerable amount of investments it has made.

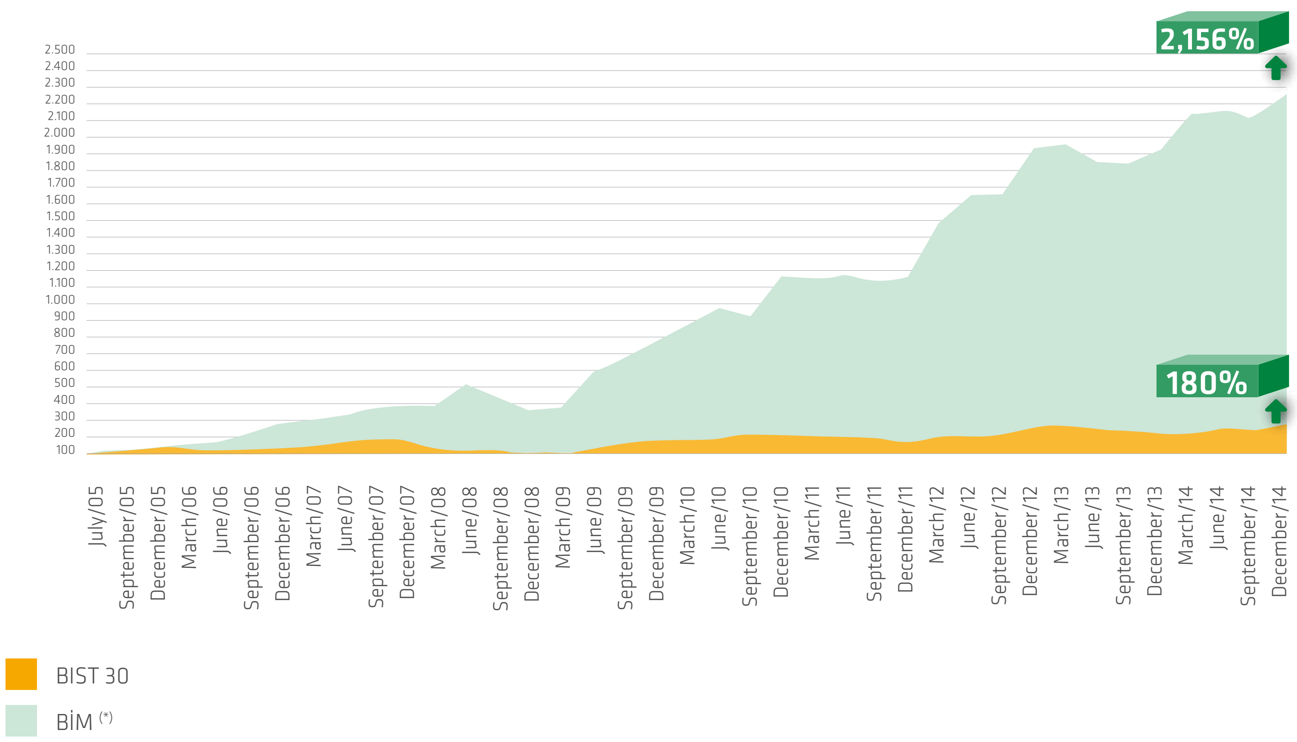
The company has provided a value gain of 2,156% to its investors over the past 9.5 years since the IPO, with the figure reaching 180% on the BIST 30 index, where BİM is traded. The price of company shares has undergone a 22-fold increase since BİM went public.

BİM set up an Investor Relations Unit within the Finance Directorate in 2005. This unit operates in accordance with the legislation of the Capital Markets Board with the aim of providing the most accurate and complete information to its investors. In 2014, the unit made a total of 41 material event disclosures, and provided information to investors and stakeholders at five investor conferences and approximately 150 meetings.

According to the dividend distribution policy determined in 2007 and updated in 2014, a minimum of 30% of the distributable profit yielded during the related year is to be dispensed.

BİM is one of those rare companies that can achieve strong growth while still being able to distribute high dividends to its investors. The company distributed TL242.9 million, or 59% of 2013 profits, in two cash installments in 2014.

BİM STOCK PRICE PERFORMANCE-BIST 30 INDEX COMPARISON



BİM is one of those rare companies that can achieve strong growth while still being able to distribute ***high dividends to its investors.***

DIVIDENDS (TL THOUSAND)

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

MESSAGE FROM THE BOARD OF DIRECTORS

*BİM's plain structure and simple **business model** has created **high levels of customer loyalty.** Furthermore, BİM has taken advantage of being the first company in the Turkish "hard discount" market.*

In 2014, the global economy demonstrated moderate positive growth below its real potential. Due to weak demand, the increase in the trade volume could not reach pre-crisis levels. Due to modest economic growth in developed economies, there was a steady rate of development in emerging countries. International trade volume increased by 4% in 2014, and is expected to increase by 5% in 2015.

Growth in Turkey stemmed from domestic demand and private sector investment, with the decreasing impact of the public sector on growth and increased investment emerging as the most noteworthy developments of 2014. In addition, the impact of domestic demand on growth increased as a result of higher levels of consumption. Despite the increase in FX rates, relative decreases were recorded in interest rates. Growing by 3.4% in 2014, the Turkish economy is expected to grow by approximately 4% in 2015 due to decreasing oil prices. As BİM finances operations with its own resources, we do not have any FX positions and do not utilize any bank loans. Instability in these markets did not have any negative impact on our company. Moreover, our sales exceeded the targets we had set at the beginning of the year. We continued to lead the sector in 2014, in a stronger position than in previous years. In 2014, we also maintained the consistent growth strategy that we have been implementing since our establishment. We will also continue with a similar rate of new store openings in our domestic and international operations. As of the year-end, we provide services from 4,502 stores across Turkey. In 2014, we opened 502 new locations in Turkey. This figure is equivalent to 13% of our total portfolio, while the combined performance of our new and existing stores achieved a total sales growth of 22%. In addition, the opening of three new regional offices further bolstered our infrastructure. In 2014, we made total investments of TL 412 million on a consolidated basis, and expect this figure to increase to TL 450 million in 2015.

In addition to our Turkey operations, we are expanding our Morocco operations successfully. In 2014, we opened 59 new stores in Morocco and increased the total number of BİM stores there to 223. We also opened 46 new stores in Egypt, reaching a total of 81 locations in the country.

Since its initial public offering (IPO) in July 2005, BİM has unfailingly provided added value to its investors. Company shares have gained value by 2,156% since the IPO, reflecting a performance which is high above BIST 30 index yields. Furthermore, BİM continued to distribute high rates of dividends to its investors despite the considerable amount of investments it has made. In 2014, the amount of dividends BİM paid in cash was TL242.9 million, equivalent to 59% of its 2013 profit.

In the "500 Largest Private Companies in Turkey" Survey organized by the Capital magazine in 2014, BİM was ranked third in the category of ***"Companies that Create the Most Employment."***

16.1%

The number of personnel working for BİM increased by 16.1%.

The employment created by BİM, Turkey's most widespread retail network, has had a positive impact on the wider economy.

Our FİLE branded stores, which launched its first store in March 2015 are structured as supermarkets that will display more stock items than existing BİM stores.

In 2014, the number of personnel working for BİM increased by 16.1%. Currently, the number of part-time and full-time personnel working for the company is as follows: 27,637 in Turkey, 922 in Morocco, and 667 in Egypt. Furthermore, in the "500 Largest Private Companies in Turkey Survey" organized by the Capital magazine in 2014, BİM was ranked third in the category of "Companies that Create the Most Employment." The employment created by BİM, Turkey's most widespread retail firm, has a positive impact on the wider economy. With the new stores and region offices that will be opened in 2015, BİM will continue to contribute significantly to the country's economy. In our activities in the field of mobile communications and the provision of pre-paid services, BİMcell managed to expand its client base in 2014 to over 1 million subscribers.

Over the coming year, we will continue to maintain these levels of consistent and efficient growth. BİM is planning to open 503 stores in Turkey in 2015. Additionally, BİM is planning to make investments worth TL 450 million in domestic and foreign operations over the same period. We will continue to open stores abroad, with 81 to be set up in Morocco, and 54 in Egypt. In addition, increasing employment will continue to reflect our overall growth.

Since the day we were founded in 1995, we have achieved steadily impressive growth. There is no doubt that our employees are the crucial element of this success, and we believe that we will develop sustainably in our journey to success along with our staff, suppliers, customers, and shareholders.

MESSAGE FROM THE EXECUTIVE COMMITTEE

In 2014, we continued to lead the market in sales figures, number of stores, and in coverage of stores. We are further exploring opportunities in new markets, consistent with our ***vision of becoming an important international player*** *in the retail sector.*

502

In addition to the three regional offices we opened in 2014, we increased our presence in the market with 502 new stores.

Over the course of 2014, BİM has shown high levels of growth performance and continued to lead the sector. What began in 1995 with just 21 stores has developed into something much greater, thanks to our commitment to offering high-quality products to our customers at consistently reasonable prices and with superior services. Our sales increased by 22% in 2014, and the 77% growth we achieved in the past three years reflects the success of our vision.

As of year-end 2014 we are providing services to customers from our 4,502 stores across Turkey. We opened three regional offices and 502 new stores in 2014, and thus reinforced our presence in the market. Besides our operations in Turkey, we are running successful operations in Morocco and Egypt, and these projects are growing at a rapid pace. Having opened 59 new stores in Morocco, we now operate 223 locations there. In Egypt we operate 81 stores, and had opened 46 new outlets by year-end. We are further exploring opportunities in new markets, consistent with our vision of becoming an important international player in the retail sector.

Activities in the area of mobile communications through our brand BİMcell, which was introduced in 2012, met with great enthusiasm from our customers. In this short period, the number of subscribers of BİMcell has reached more than 1 million, with a subscriber base that is expanding day-by-day.

In March 2015 we launched first store of our new retail model, “FİLE.” This new shop concept will involve the sale of a wider variety of products in larger spaces compared with typical discount markets. With FİLE, BİM will introduce a range of new product types, and we are absolutely confident that we are going to have the same success we have had with the “hard discount” model.

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. The food retail sector has managed to resist these influences and has maintained strong growth momentum. Despite the fact that the share of organized retailing is just 50% of the market, the segment’s annual growth shows the extent of BİM’s potential.

In 2014, a high number of acquisitions were made in the retail sector. The sector has a divided structure, and as a result numerous mergers and acquisitions have taken place of late.

As BİM, we are aware of the need to act as a model corporate citizen. In line with this approach, BİM constructed a school in Hopa, Artvin in 2014, investing a total of TL8 million within the scope of the Ministry of National Education's ***"100% Support For Education"*** *project.*

3,1 Million

The number of daily customers in 2014 reached 3.1 million people, representing an increase of 11%.

The company's human resources are largely recruited internally. Currently, a high proportion of our management staff is composed of employees who started their careers in BİM or who have worked for the company since its foundation and have worked their way up through superior performance.

Our story began with the opening of 21 stores in 1995, and in order to maintain the corporate culture which we have created over the past 19 years and to create a sustainable loyalty to our company among our staff, we prefer to pursue organic growth. BİM does not utilize bank loans since it finances its operations with internal resources, and for this reason the company does not have any foreign currency deficit or surplus. Our susceptibility to negative developments in the markets has been reduced as a result.

According to the January 2015 edition "Global Powers of Retailing" report issued annually by Deloitte, BİM moved up 16 positions and was ranked 151st among the top 250 retail companies in the world based on 2013 year-end data. In addition to being the only Turkish company among the top 250 global retail companies, BİM is also the 17th fastest-growing retailer.

BİM's solid structure and simple business model has encouraged a high level of customer loyalty. Taking advantage of being the first player in the "high discount" market well, BİM reflects all discounts in its prices through a single pricing model. This message is conveyed well to consumers, and as a consequence, the number of daily customers in 2014 reached 3.1 million people, representing an increase of 11%.

As BİM, we are aware of the need to act as a model corporate citizen. In line with this approach, BİM constructed a school in Hopa, Artvin in 2014, investing a total of TL8 million within the scope of the Ministry of National Education's "100% Support For Education" project. The construction of the school was completed over just 15 months, in time for the new school year in September 2014. Furthermore, under the supervision of the Prime Ministry, BİM made TL1 million in cash donations to the families of those who lost their lives in the Soma mine accident.

In 2014, like we did in the previous years, we will continue to open stores in other countries. BİM's target for 2014 is to open 503 new stores in Turkey and 81 new stores in Morocco, along with 54 more in Egypt. In 2014, BİM is planning to reach a total of 47 regional offices with six new regional head offices. Also in 2015, we will make more investments in land to allow for future expansion and the building of new regional offices. In 2014, BİM's total investments amounted to TL 412 million, with this figure expected to increase to TL 450 million in 2015.

We will continue with dedication and commitment to maintain the success of our past 19 years in existence. It is our duty to thank all the employees, suppliers, and shareholders who have accompanied us on our path.

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

In the 2013 Annual General Meeting held on April 22, 2014, the existing members of the Board of Directors were re-elected for another year until the 2015 AGM. There were no changes in the Board of Directors and in the Executive Committee over this period. The members of the Board of Directors hold first degree signature authorization, while Executive Committee members have second degree signature authorization, with the limits of their authority being specified by the Board of Directors and registered and announced in the Trade Registry Gazette dated May 12, 2014.

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 of 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 as Chairman of the Executive Board since January 2010.

Mahmud P. Merali

Mahmud P. Merali was born in 1952 in Mombasa, Kenya, and completed his higher education there. Having completed his professional education and training in the UK, he began his career in England as an audit expert, and joined one of the largest firms of auditors specializing in publicly traded companies. He has over 40 years of experience in auditing, accounting, taxation and business advisory. He is a Fellow of the Institute of Chartered Accountants of England & Wales, a Certified Public Accountant in Kenya and Zambia, and an associate member of the Institute of Taxation in the UK. An executive partner of the Meralis Group, Mahmud is the regional head for the EMEA region, and serves as the Group's International & Financial consultant. Mahmud serves as consultant to multinational companies in the UK, UAE and East Africa since January 2005. He has been a member of the BİM Board Member a member of the Corporate Governance Comittee and has chaired the Audit Committee.

Jos Simons

Born in Raalte in the Netherlands in 1945, Jos Simons graduated from the top Management Course at the University of Nijenrode. With a proven track record of over 40 years in the retail industry, he has served as General Manager at Aldi in the Netherlands for over a decade, and has managed his own consultancy company for the retail market. He 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 became the CEO. In April 2008, he was appointed as a member of the Board of Directors. As of January 1, 2010, he has left his position as CEO, and has since then continued to work for BİM as a member of the Board of Directors and as a 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, he then served as Purchasing Manager for 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 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 and 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 worked as a capital markets and finance consultant on monetary, capital, and commodity markets, as well as a member of the Board of Directors for Family Finans and other companies within the Holding. Büyükabacı also founded Bizim Menkul Değerler, and worked as Founding General Manager and Member of the Board of Directors there. He also established the Yıldız Holding real estate group, and institutionalized real estate operations as a business line. 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 with his own investment company. Representing the shares of the Treasury in Borsa İstanbul, he is an independent member of the Board of Directors. 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 Middle East Technical University in 1969. He continued his studies at the Faculty of Architecture of the same university, and received an 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 as Investment Projects Manager at Ercan Holding A.Ş., and contributed to projects such as the MAN Truck & Bus project, the Mahle piston expansion project, and the 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 Parliament from Istanbul in 1987, and has worked as Vice President for the Anavatan Party as well as member 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 was engaged in commercial activities abroad, and between 2002 and 2009 he served as a Consultant at Yıldız Holding A.Ş. Since 2010, he has been giving lectures on the Turkish Business Environment at the Department of Business Administration at Istanbul Bilgi University. Talat speaks English and is married with two children.

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 of 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 as Chairman of the Executive Board since January 2010.

Galip Aykaç
Born in 1957 in Akdağmadeni, Yozgat, Galip Aykaç worked in several executive positions at Gima, the first organized food retail chain in Turkey, over the course of 18 years. He started his career at BİM as Purchasing General Manager in 1997. In March 2000, Aykaç was appointed as member of the Operations Committee, and as of November 2007, he became the Chief Operating Officer. Aykaç still currently 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 Turkish Union of Chambers and Commodity Exchanges, the GS1 Turkey Committee, and the Federation of Shopping Malls and Retailers. In a report by Fortune magazine, he ranked third in the list of most successful business people of 2013, and maintained this position in 2014. In addition, in a survey carried out by the Xsights Research and Consultancy Company for Marketing Turkey Magazine in 2013, he was ranked 7th among the “Most Prestigious Managers of the Business World.”

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 around eight years. From 2003 until 2005 he served as Accounting Director at Turkish Airlines, and in November 2005 he started working at BİM as the Chief Financial Officer. He also served as member of the Operations Committee between 2006 and 2009. In 2007, he completed the Advanced Management Program at Harvard Business School. In 2009, he was awarded CFO of the Year by Finance in Emerging Europe, an economy magazine published as part of Frankfurter Allgemeine Zeitung Group. He continues to serve as CFO and has also been a member of the Executive Committee since January 2010. According to the “Investor Relations Survey” results from Thomson Reuters Extel in 2014, international corporate investors voted Dortluoğlu as the best CFO in Turkey.

Since 2010 Mr. Dortluoğlu has been the President of the Board of Trustees of Boğaziçi University Managers’ Foundation, established by graduates of Boğaziçi University in order to support the development of leadership and managerial skills of Boğaziçi University students and graduates.

RETAIL SECTOR IN TURKEY

According to the January 2015 edition of Deloitte's "Global Powers of Retailing" report which is published annually, BİM holds ***151st place among the top 250 retail companies*** *in the world.*

Riding on the back of the Turkish economy's steady growth, the national retail sector has great potential. In 2014, the food retail sector maintained its growth momentum as the most invulnerable sector in the economy.

Half of the population in Turkey is below 30 years old, with high consumption potential. This demographic structure makes the retail industry particularly appealing. On the other hand, demographic indicators such as the 75% rate of urbanization and the increase in population density are also advancing the retail industry. The growth-oriented population structure will have positive effects on both the wider economy and this particular industry over the coming years. It is expected that the retail industry will grow at a rate higher than that of the national economy over the next five years.

Despite the fact that the percentage of organized retailing in the market is still under 50%, the increasing market share of organized retailers with each passing year shows the inherent potential of the sector. Furthermore, it is expected that the average growth rate of the food retail sector will be 9% over the coming half-decade.

The high potential of the retail industry also invites competition. Both local and national retailers continue to grow at a rapid pace. This competition has resulted in a highly-segmented industry. In particular, growth in "hard discount" retailing, the segment in which BİM belongs, has become more apparent. A rapid increase in the number of stores as well as the industry's cost-oriented approach has made "hard discount" retailing more popular with households. Growth in this area is above the industry average. Selling space growth of 30% in discounted food retailing in 2014 indicates that growth in this format is leading the overall sector.

The Turkish Parliament accepts that the retail law formulated by the Ministry of Customs and Trade designed to regulate the retail sector in Turkey was one of the most important recent developments in the industry. The law is expected to have a positive impact on the market by encouraging discipline and the acceptance of higher standards of practice.

In 2014, a high number of acquisitions were made in the retail sector. The sector has a divided structure, and as a result numerous mergers and acquisitions have taken place of late.

The retail sector in Turkey also has the potential for private-label products to become widespread. The turnover ratio of BİM's private-label products was 69% in 2014, but the overall average for Turkey was very low. BİM will continue to focus on private-label products in both BİM operations and in the new FİLE business concept.

The organized retail industry is also attempting to tackle the issue of unrecorded and therefore untaxed retail activities in the country. The organized retail industry plays an important role in putting these earnings on record. In addition, thanks to its close ties with other industries, the organized retail industry creates employment in the economy, both directly and indirectly.

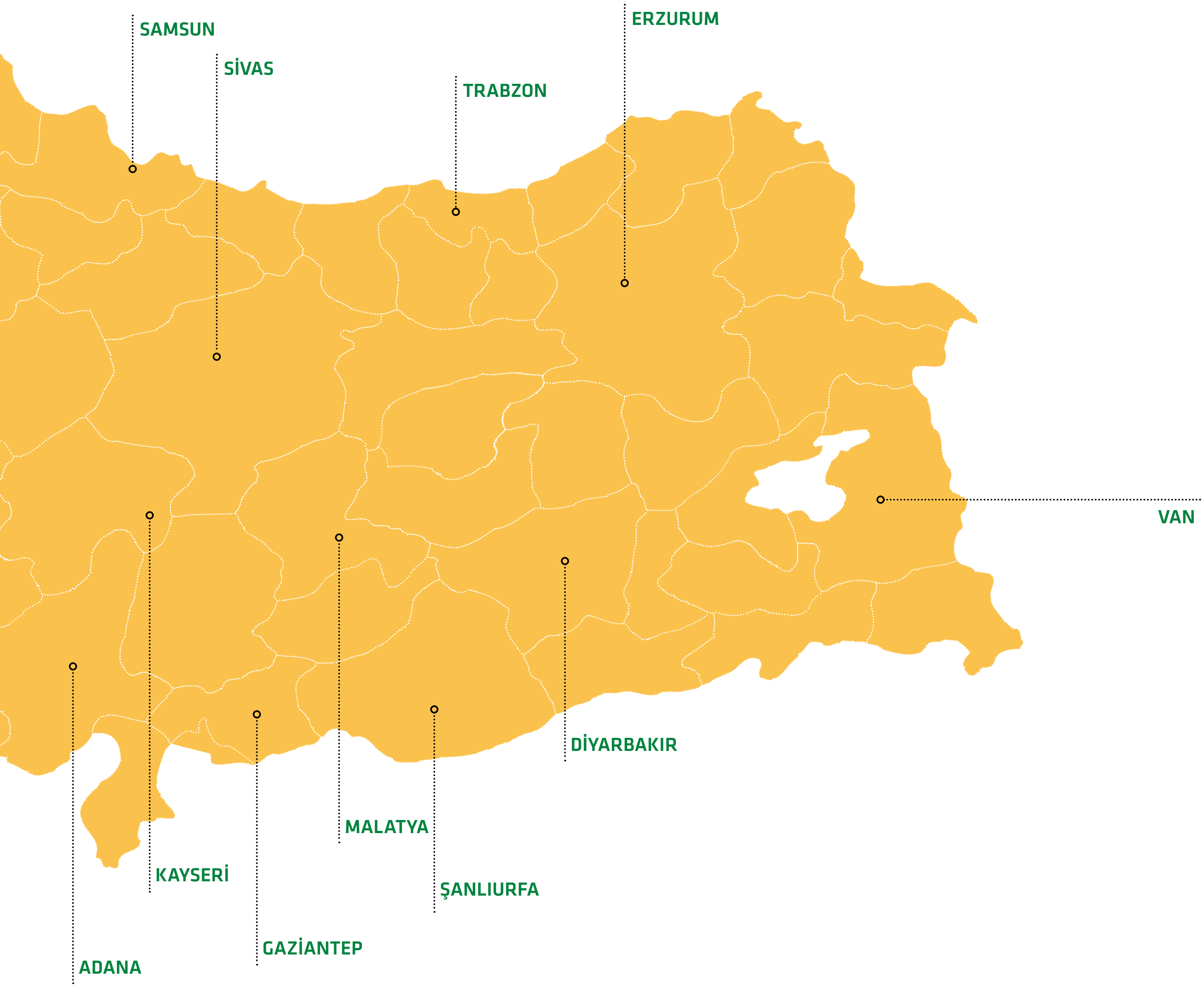
BİM, with its 4,502 stores and 41 regional offices, is the leader in the sector. According to the January 2015 edition of Deloitte's "Global Powers of Retailing" report which is published annually, BİM holds 151st place among the top 250 retail companies in the world. Being the only Turkish company among these 250 firms, BİM is also the 17th fastest-growing retailer.

Aside from the "hard discount" food retail sector, BİM is planning to capitalize on the high growth potential of the retail sector by launching its FİLE brand in 2015. Thus, in 2015, BİM will be running operations in both the "hard discount" segment and the supermarket sub-segment of the retail sector.


EFFICIENCY
PLEASURE
ECONOMICAL PRICE
NEXT CUSTOMER
NEXT CUSTOMER

BİM'S DOMESTIC AND FOREIGN OPERATIONS

	REGIONAL OFFICES	STORES
TURKEY	41	4,502
MOROCCO	2	223
EGYPT	1	81



BİM DIFFERENCE IN RETAIL

*The main policy of BİM is the **"Everyday Low Price"** concept. There are no promotions, campaigns, loyalty cards, or similar in BİM stores, so customers do not need to follow price discount campaigns.*

Decentralized Structure

The business model implemented by BİM is the most important factor in its success in gaining the largest share in the organized retail industry, a share which continues to grow each year. Thanks to this, BİM maintains its position as the company that achieves the highest growth 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 system, which contributes to the guaranteed success the company has experienced, is that management is decentralized and simplified. BİM increased the number of its regional offices to 41 by opening three regional offices in Malatya, Sivas, and Van in 2014.

In 2015, BİM is planning to reach a total of 47 regional offices.

Hard Discount Concept

The main principle of the BİM business model is "Everyday Low Price". This means that there are no promotions, campaigns, or loyalty cards, and that BİM customers do not have to follow price discount campaigns. Instead, BİM offers its customers "Everyday Low Price," allowing prices to reflect the amount that BİM saves on the cost of goods. This policy is a key factor in creating customer confidence.

BİM carries out its operations based on the principle of keeping costs to a minimum, and of passing on gains to its customers through price reductions. As the pioneer of the "hard discount" model in Turkey, with its unique organizational structure, effective cost management applications, and limited product portfolio, BİM bases model around three main elements:

*BİM restricts its portfolio of products and **purchases high amounts of low-costed products** from suppliers. This is reflected as discount in the product prices*

- To accelerate the decision-making and implementation processes by establishing a dynamic logistics and information network among the regional offices and stores and through the decentralized organizational structure,
- To avoid any unnecessary expenses that could lead to increases in prices, keeping management, store decoration, personnel, distribution, marketing, and advertising costs to a minimum,
- To maintain effective quality standard controls by having around 600 products in its product portfolio and ensuring that the products are offered at the best prices.

BİM is the primary 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 lower costs, and in this way manages to procure quality products at affordable prices.

Effective Cost Management

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

BİM keeps its product portfolio limited and purchases high volumes at low cost from its suppliers. This is reflected in discounted product prices.

With the effective cost management policy which it implements across all operations, BİM is constantly improving its strong position in the organized retail industry. In this context, all logistics activities are carried out in-house, without any need for outsourcing.

BİM DIFFERENCE IN RETAIL

*Through its provision of reliable products that continuously meet customers' needs in the most affordable and efficient manner, BİM **always** strives to **improve product safety** as company policy.*

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

1. In general, stores are rented.
2. Instead of opening high-cost stores on main streets, outlets are located on side-streets in the vicinity of 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.
5. Promotion and advertising expenditures are kept to a minimum for what is required.
6. 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, and effective cost inspections are implemented, with immediate action 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 advanced, internationally-sourced software. This process is carried out by regional offices and is effectively monitored during its transfer from warehouse to store to customer. Automatic inventory control is made through the software used for this purpose, and results of counts carried out at stores and warehouses are regularly controlled by comparing with data from older records, a process carried out at regular intervals. Owing to the efficient inventory management implemented by BİM, the company's inventory shortage figures are well below the industry average.

Food Safety and R&D Activities

Through its provision of reliable products that continuously meet customers' needs in the most affordable and efficient manner, BİM always strives to improve product safety as company policy.

BİM will continue launching new products, most of which are private labels, in the coming period. To this end, 24 products were put on the shelves nationally as a result of studies and tests conducted together with suppliers in 2014. Although BİM offers around 600 products in total, and maintains this number in line with company policy, while simultaneously searching for new products that reflect changes in household consumption. A Quality Assurance Officer was appointed at the Purchasing Department to sustain our superior quality. The Quality Assurance Officer is responsible for conducting studies into purchased products to maintain standards in accordance with established strategies, following the legal procedures regarding packaging, legal changes and issues related to the product group, controlling the quality of products according to procedure, and applying tests when required and as planned, as well as maintaining sustainability in private-label product development and working toward preserving quality.

Financing Resources and Risk Management Policies

By carrying out activities with working capital, BİM finances itself through its cash collection. In addition to operational cash outflows, the amount of dividends paid in cash was TL242.9 million, and the sum of investments on a consolidated basis was TL 412 million in 2014. In 2015, the target is to increase the sum of investments on a consolidated basis to TL 450 million.


ADVANTAGE
EXPERIENCE
TRUST
BIM

BİM DIFFERENCE
IN RETAIL

***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.*

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 pose no significant risk factors for the company.

The Early Risk Identification Committee was established in 2014 to make early diagnoses regarding the risks that could endanger the existence, development and continued activity of the Company and implements necessary measures to mitigate the identified risks. The Committee is tasked with presenting a bimonthly report to the Board of Directors regarding these possible risks and their respective solutions.

The Internal Audit Unit carries out its activities under the aegis of the Audit Committee, structuring its tasks, including the preparation of consolidated financial statements, in accordance with any risk assessments made. There were no private or public audits during the period. In addition, there are no sanctions facing the company and its governing body due to any practices contrary to legislation.

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 these products.

There are 600 products available in-stores, a model which remains in line with the "hard discount" concept. Changes in customer habits and behaviors are reflected in the introduction of new products. To this end, in

***There are 600 products available** in-stores, a model which remains in line with the "hard discount" concept. Changes in customer habits and behaviors are reflected in the introduction of new products.*

2014, new food and non-food products were introduced in all of our stores, most of which were private-label products. These private-label products comprise the fundamental components of the company's "hard 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. Those that are offered at BİM stores are of a high quality, and their brands and formulae are owned solely by BİM, being produced only by suppliers selected by the company. 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 2014, the sales ratio of private-label products to total sales increased to 69%. The company aims to increase its private-label 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 that are not kept in stock for long periods and are offered to customers in weekly periods. Spot products increase the number of customers visiting stores when they are on offer, and increase the sales of standard listed products also.

Exclusive Products:
These are branded products specifically designed for BİM.

Branded Products:
Branded products are products which are widely-available in the market.

2014 ACTIVITIES

*In 2014, BİM continued to grow consistently, **reaching financial and operational targets** and maintaining its lead in the sector.*

In 2014, BİM continued to strengthen its leading position in the food retail sector. Thanks to its successful business model, BİM maintained a steady rate of growth and increased its sales volume by 77% over the past three years. As in previous years, the company achieved its growth organically, and did not make any acquisitions in the sector. The average growth rate over the past five years has been around 22%.

BİM increased the rate at which it opens new stores in 2014, and this trend is set to continue in 2015. In addition to its three new regional offices, the company launched 607 new stores in total; 502 in Turkey, 59 in Morocco, and 46 in Egypt.

This figure is equal to 13% of its total store portfolio. As of year-end 2014, with its 41 separate regional offices and 4,502 stores, BİM is still the most widespread retail chain store. The company, through effective cost management, has consistently increased the number of stores it runs, and the impact of additional regional offices on operational efficiency has also become clear.

BİMcell, introduced in March 2012, is a BİM brand for the mobile communications segment. Having expanded rapidly over just three years, BİMcell surpassed 1 million subscribers at the beginning of 2014.

BİMcell's population coverage across Turkey stands at 98%. The group offers "charging per second" and "pay as you go" alternatives in competitive packages, and for this reason its customers are staying loyal to the brand, and new clients are signing up every day.

The company's operations were not affected by fluctuations in foreign exchange rates, since almost all transactions are carried out in Turkish Lira. Inventory losses and shrinkage is also well below the industry average.

BİM maintained its undisputable leadership in the Turkish retail sector by increasing its number of stores from 4,000 to 4,502 and reaching a consalidated sales figures of TL 14.5 bilion.

The company is aware of the need to act as a model corporate citizen. In line with this approach, BİM constructed a school in Hopa, Artvin in 2014, investing a total of TL8 million within the scope of the Ministry of National Education's "100% Support For Education" project. The construction of the school was completed over just 15 months, in time for the new school year in September 2014. Furthermore, under the supervision of the Prime Ministry, BİM made TL1 million in cash donations to the families of those who lost their lives in the Soma mine accident.


PERFORMANCE
QUALITY
VARIETY

2014
ACTIVITIES

INVESTMENT POLICY AND 2014 INVESTMENTS

Since the day it began to be traded publicly, BİM has sustained a high level of investment without lowering pace. In 2014, the total amount of investment made on a consolidated basis was TL 412 million. All of this investment was ***financed with the Company's equity capital.***

The company's preference for organic growth is reflected in its investment policy, investing primarily in the opening of new stores and the establishment of regional offices. In addition, the company opens stores by renting instead of buying, and decorates the interiors as simply as possible, requiring low levels of investment. The added value gained from this cost management is reflected in product prices.

In 2014, BIM opened three regional offices in Malatya, Sivas, and Van, bringing the total number of regional offices to 41 in Turkey. In the aftermath of the launching of new stores in 2014 (502 in Turkey, 59 in Morroco, 46 in Egypt), total number of stores reached to 4,502 in Turkey, 223 in Morocco, 81 in Egypt.

Regional offices are strategically important for BİM. Properties are purchased in order to build warehouses and regional center buildings. As of year-end 2014, 35 of the 41 regional logistics centers are the property of BİM.

Since the day it began to be traded publicly, BİM has sustained a high level of investment without lowering pace. In 2014, the total amount of investment made on a consolidated basis was TL 412 million. All of this investment was financed with the company's equity capital.

In 2015, BİM's investments on consolidated basis are expected to increase to TL 450 million. Thus, for 2015, BİM is planning to open about 503 new stores and six regional offices in Turkey, 86 new stores in Morocco, and 54 new stores in Egypt. Like in the previous years, all these investments will be financed using the company's own equity capital without taking any loans.

FİLE CHAIN STORES

*In March 2015, BİM opened the first "**FİLE" chain store** which comprises of 1,000 meters square in size.*

Aiming to be an alternative for those customers who want to purchase low-priced but high-quality products beyond simple staple foods, the company plans to open 10 FİLE stores in 2015.

Besides the hard discount food retail sector, in order to use the growth potential in the field of supermarkets, BİM launched its first store of FİLE brand in March 2015 as a model that will be introduced to the field of supermarkets. Thus, in 2015, BİM will reach both the hard discount segment and the supermarket sub-segment of the retail sector.

BİM's new retail model, "FİLE" branded stores, is structured as supermarkets and is display more stock items than the existing BİM stores.

Through FİLE, BİM will introduce new concepts with the meat, bakery products, fresh foods, charcuterie and special food sections emerging as the most distinct characteristics of these new chain stores. Moreover, the "Always the Lowest Price" practice that is applied in BİM will continue to be applied in FİLE as well, and practices such as promotions and campaigns that create confusion in the minds of customers will not exist in the FİLE model either.

The new brand's approach is focused on the concept of providing a variety of products in a modern market context, housed in larger spaces compared to discount markets. In this way, FİLE markets will draw attention, and customers will have the opportunity to shop in larger spaces.

Aiming to be an alternative for those customers who want to purchase low-priced but high-quality products beyond simple staple foods, the company plans to open 10 FİLE stores in 2015.

2014
ACTIVITIES

FOREIGN OPERATIONS AND CONSOLIDATION POLICIES

***Investing Morocco as its first foreign venture** in 2009, BİM continued its successes through organic growth.*

In 2014, BİM's Morocco operations continue rapidly where the Company opened 59 new stores and has 223 in total.

REGIONAL OFFICES	STORES
2	223

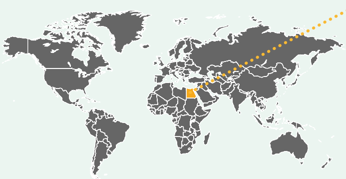
As its first foreign venture, BİM's Morocco operations have been a success. It is the first "hard discount" retail company in the country, and 100% of the capital used belongs to BİM.

Being located geographically close to Europe, Morocco is a more developed country in terms of culture, economy, infrastructure, and politics when compared to other African and Middle Eastern countries. It has a population of approximately 33 million, with a national income per capita of $3,100.

Opening its first store in Casablanca on the 11th of April 2009, BİM's operations expanded rapidly, even more so following the opening of a second regional office in 2013. As of year-end 2014, the total number of stores in Morocco reached 223. In 2015, BİM's target is to open 81 new stores. Operations in Morocco continue in line with the company's expectations and the venture has high potential for the future.

As the second foreign operation *that launched last year, BİM reached 81 stores in Egypt.*

In 2014, BİM opened 46 new stores in Egypt, reaching a total of 81 stores.



REGIONAL OFFICES	STORES
1	81

In 2013, the first BİM stores were opened in Egypt as the company's second foreign operation. As of year-end 2014, there are 81 stores in Egypt. In 2015, in additional to establishing a second regional office, BİM plans to open 54 stores in Egypt in 2015, one of the biggest countries in the Middle East with a population of 88 million.

The subsidiaries established in Morocco and Egypt were fully consolidated as of December 31, 2014, and their commercial activities are reflected in the financial statements.

2014
ACTIVITIES

STORES AND STORE MANAGEMENT

*BİM **attaches as much importance to increasing performance at existing stores** as to widening its network throughout Turkey. In 2014, sales increases in stores older than two years was 12%.*

Operating all across Turkey is one of the priorities of BİM. To this end, the new stores opened by the company are not localized in one particular region but are distributed evenly throughout the country. As a result of this, BİM has maintained its position as a profitable and rapidly-growing company over the course of 2014. Together with the new stores and the regional office, the number of stores in Turkey increased to 4,502 and regional offices to 41.

As well as focusing on expanding all across Turkey, BİM strives to improve its performance in existing stores.

BİM attaches as much importance to improving this performance as to widening its network. In 2014, the increase in sales at stores that have been operating for more than two years was 12%.

One of the most important elements of cost management at BİM is the avoidance of unnecessary expenses for the decoration of stores and for product promotion. These gains are reflected in product prices. The concept we call "Every day Low-price" is the primary guiding principle of the company. Furthermore, the no-questions-asked return policy implemented at stores keeps customer satisfaction high at all times. Under this policy, customers may return products they purchased without any reason and with no time restrictions.

The company places a special emphasis on keeping prices low and quality high for all products sold in stores. The purchasing department ensures the quality and conformity of products through tests before putting products on sale. At the sales stage, product quality is also regularly controlled.

The decentralized structure of BİM allows for regions to manage and focus on their own business activities, resulting in enhanced productivity.

BİMCELL

*BİMcell exceeded a total of **1 million subscribers** at the beginning of 2014.*

98%

With its 98% population coverage across Turkey, BİMcell applies "per-second" and "pay as you go" services.

Launching its activities in March 2012, BİMcell is the BİM mobile communications brand. BİMcell exceeded a total of 1 million subscribers at the beginning of 2014. The company's coverage across Turkey is 98%. With its "charging per second" and "pay as you go" alternatives, combined with its competitive packages, its customers staying loyal to the BİMcell brand.

What is BİMcell?

- BİMcell is a new mobile communications service.
- With BİMcell, the quality and advantages customers expect from BİM are now available for mobile telephones.

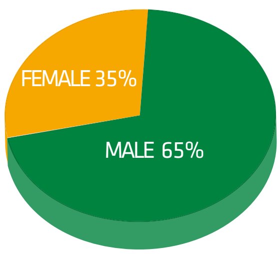
What are BİMcell's values?

- Simple services.
- Transparency.
- No hidden prices.
- No terms and conditions.
- Low prices and high-quality service.

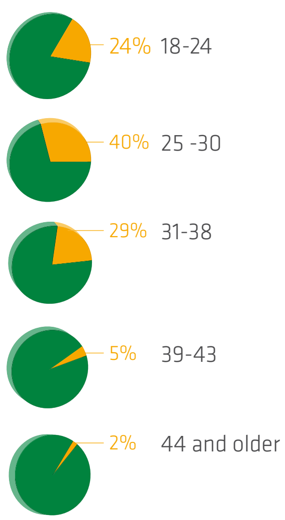
HUMAN RESOURCES

***The employees of BİM** reflect the **corporate culture to customers** through their excellent service and strong values.*

HUMAN RESOURCES PROFILE



DISTRIBUTION OF EMPLOYEES BY AGE



Acutely aware of the fact that its success is strongly related to the motivation and happiness of its employees, BİM has been improving its human resources policies over recent years. BİM pays particular attention to recruiting from within the company. BİM has a decentralized structure comprising 41 regional offices, and as a result many career opportunities exist for young managers.

As key members of the BİM family, employees convey the corporate culture to the customers with excellence. The company offers its employees an environment in which they can develop themselves both professionally and personally. Thanks to its policy of rewarding high performance, BİM encourages employees to make the most of their potential and skills. Principles of performance assessment are determined according to the respective departments of the employees. In order to optimize competence and skill at all levels of the organization, the company also implements an effective human resources management strategy. The BİM family is made up of young and dynamic workers in addition to more experienced and qualified individuals in senior management positions. One of the priorities of the company is to appoint its own personnel to strategic positions, meaning that the majority of current executives are employees who either started their careers at BİM or have been at the company since its foundation and were then promoted due to their outstanding performance. This policy ensures that management personnel embrace the corporate culture at the highest possible level. While BİM is fully aware that its steady rise in the industry has depended on the motivation of its employees, employees are equally aware that successful performance is the key to forging their desired career paths. BİM provides its young managers with an environment in which they can take initiative and develop their managerial skills. BİM serves as a training school for its future executives.

BİM reached its current position of success through organic growth. Starting out with just 21 stores in 1995, the company has reached a total of 4,502 stores entirely through organic means, instilling a strong corporate culture and high levels of loyalty, two of the most significant factors in the company's success.

The employee turnover rate at the company is below the industrial average. The main reason for this is the preservation of a solid corporate cultural structure and a vertical career policy which encourages employees.

In 2014, Occupational Health and Basic Safety Training were given to all the employees under the supervision of the Occupational Health and Safety Board. Risk analysis studies were made and emergency action plans were prepared for stores.

In 2014, the number of employees at BİM increased by 16%. Currently, BİM has 27,637 full-time and part-time employees in Turkey*, 922 employees in Morocco, and 667 in Egypt. With the widest network of shops in the retail sector, the volume of employment that BİM generates has a positive influence on the whole of the country. According to a survey organized by Capital 500 in 2014, BİM was ranked third among the companies that create the most employment.

Having managed to create employment opportunities even during the global crisis, BİM will continue to contribute to the national economy with its new stores and regional offices in 2015.

*As of December 31, 2014


INNOVATION
CARE
HAPPINESS
BİM
Bili bili

BİM BİRLEŞİK MAĞAZALAR A.Ş. 2014 RELATED PARTY TRANSACTIONS WHICH PROPOUND CONTINUITY AND PENETRATION AND SIMILAR ACTIVITIES TO BE CARRIED OUT IN 2015

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 above article, The Board of Directors is obliged to prepare a report regarding the terms and conditions of these activities in comparison to market conditions if the ratio of the sum of transactions executed by company with the related party within one accounting period is in proportion to the sum of the costs of sales calculated according to the latest annual financial statements published regarding acquisition activities and the sum of the revenues from selling activities is anticipated to exceed 10%.

The mentioned report was prepared to enable this inspection within the scope of the related legislation of the transactions executed by company with the related party in 2014 and to determine eligibility of the similar activities that will be carried out in 2015.

As specified in detail in the 26th footnote of the financial statements published regarding 2014 activities, the sum of goods and services acquisition activities carried out with related parties is equal to 15% of the sum of the costs of goods sold specified in the financial statements published.

Information about the Related Parties

The company's related parties were specified within the scope of the International Accounting Standard N.24. Transactions executed by company with the related party are being carried out for the procurement of the products (commercial goods) sold in stores. Information about the related parties are given below, and since they haven't been listed with a stock exchange and therefore their financial data are trade secret, their financial data haven't disclosed herein.

Ak Gıda A.Ş. is a company which produces sterilized milk products such as milk, cheese, and yogurt in a number of facilities in Turkey. In the 2014 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 for the supply and distribution of bread and bakery products. With regard to the General Purchase Agreement signed in 2008, commercial good procurement transactions were carried out in 2014 accounting period.

Hedef Tüketim Ürünler San. ve Dış Tic. A.Ş., provides services for non-food spot products. In 2014, commercial good procurement transactions were carried out according to 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 2014, commercial goods and carrier bag procurement transactions were carried out within the scope of the General Purchase Agreement signed in 2009.

Natura Gıda San. ve Tic. was established with the purpose of producing and selling ice cream in 2003. Within the 2014 accounting period, commercial goods were purchased from this company according to the General Purchase Agreement signed in 2004.

İdeal Standart İşletmeciliği ve Mümessillik San. ve Tic. A.Ş. is BİM Birleşik Mağazalar A.Ş.'s 100% subsidiary, a company which provides services in the production of toothbrush and injection products. In the 2014 accounting period, toothbrush purchases were made from this company as part of 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. Over the 2014 accounting period, commercial goods were purchased from this company as per the General Purchase Agreement signed in 2006.

Seher Gıda Paz. San. ve Tic. A.Ş. carries out activities for the marketing of milk and milk products. Within the 2014 accounting period, commercial goods were purchased from this company under the General Purchase Agreement signed in 2003.

Bahariye Mensucat Sanayi ve Ticaret A.Ş., established in 1951, is mainly involved in the production of woolen yarn and woolen textiles. Today, the company still carries out its activities in the same industry. Within the 2014 accounting period, BİM Birleşik

Mağazalar A.Ş. purchased commercial goods from Bahariye Mensucat Sanayi ve Ticaret A.Ş. under the General Purchase Agreement signed in 2004.

Related Parties and Transactions Executed in 2014

Related parties, and transcations executing of regarding goods and services from these companies in 2014 are shown in the table below:

Related Parties	Goods and Services Purchase Amount (TL thousands)	Proportion to the Cost of the Goods Sold
Ak Gıda	860,587	7.0%
Başak Gıda	448,475	3.7%
Hedef Tüketim Ürünleri	163,691	1.3%
Turkuvaz Plastik	161,751	1.3%
Natura Gıda	83,177	0.7%
Sena Paketleme	27,791	0.2%
Aktül	68,293	0.6%
İdeal Standart	11,250	0.1%
Bahar Su Sanayii	48	0.0%
Proline Bilişim Sis. A.Ş.	1,657	0.0%
Seher Gıda Paz. A.Ş.	141	0.0%
Bahariye Mensucat	3,175	0.0%
Avansas	253	0.0%
TOTAL	**1,830,289**	**15.0%**

Proline Bilişim Sistemleri ve Ticaret A.Ş., based in İstanbul, is a company which provides IT services. Within the 2014 accounting period, IT equipment and hardware were purchased from this company.

Sena Muhtelif Ürün Paketleme Gıda San. ve Tic. Ltd. is a company in business of marketing dried fruits and confectionery products. The headquarters of the company are located in Istanbul. In compliance with the General Purchasing Agreement signed in 2014, commercial good procurement transactions were carried out with the related corporation in the 2014 accounting period.

Avansas Ofis Malzemeleri Tic. A.Ş. is an E-Trade company with its headquarters in Istanbul. In business of marketing and selling of stationery and office supplies (wholesale and retail). In line with the General Procurement Agreement signed in 2013, commercial good procurement transactions were carried out with the related corporation in the 2014 accounting period.

Aktül Kağıt Üretim Pazarlama A.Ş. also has its headquarters in Istanbul. The Company is in business of manufacturing and trading of paper and paper products. In line with the General Procurement Agreement signed in 2014, commercial good procurement transactions were carried out with the related corporation in 2014 accounting period.

Comparison with 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 non-affiliated real or private persons who sell/purchase comparable goods or services. To use this method, the transaction between the related panties must be comparable to the transactions between the non-affiliated persons.

Most of the products BİM purchases from its affiliates are BİM's own private-label products. Brands, formulas and designs of the private label products are the property of BIM and produced by supplier chosen by the company. In 2014, the percentage of private-label products in total sales was 69%.

In accordance with 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 with respect to the "arm's length principle."

Transactional Net Margin Method

In situations such as doing business with only one supplier where the Comparable Price Method was not applied, the 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. It was concluded that the average sales margin of the products was not significantly different from company averages and their sales prices were not markedly 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 executed transactions, in 2014, 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 are no issues with executing transactions from the affiliated companies under the same conditions in 2015.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Section I. Declaration of Compliance in Accordance with Corporate Governance Principles

The Capital Markets Board of Turkey requires a declaration from all listed companies on the Istanbul Stock Exchange 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 Principles Compliance Report.

In this regard, we declare that all mandatory recommendations of the Corporate Governance Principles Serial: II-17,1, published on January 03, 2014, by the Capital Markets Board of Turkey, have been complied with. Regarding non-mandatory recommendations, we have continued to act in accordance with these. The company will strive to improve any deficiencies and continue its efforts to fully comply with the Corporate Governance Principles under changing circumstances. There is no conflict of interest arising from the non-complied issues of the Corporate Governance Principles specified below:

- Although there is no policy regarding aid and donations approved by the General Assembly, the amount of the donations made within the period and their beneficiaries are submitted for the information of the shareholders in the General Assembly within a separate agenda item.
- General Assembly meetings are not open to the public, and participants at meetings are listed in the internal directive.
- Articles of Association include a provision stipulating that minority rights are to be respected in compliance with the regulations of the Capital Markets Law and Capital Markets Board. Accordingly, no less than one-twentieth of the capital was assigned for minority rights.
- Although there is no written "compensation policy" for company employees, policies regarding this issue are implemented in compliance with the labor law legislation, and the utmost attention is paid to protecting employee rights in practice.
- Although the company has not defined any model regarding the participation of stakeholders in management, independent members of the Board of Directors enable the representation of all the stakeholders as well as shareholders. Furthermore, the Investor Relations Department ensures coordination between the stakeholders and company management. The proposals and requests of these stakeholders are submitted for the information of management.
- The attendance status of members of the Board of Directors to meetings and the assessments of the Board of Directors regarding the effectiveness of committees are not included in the company's annual report.
- There is no issue in the Articles of Association regarding the separation of the powers of the Chairman of the Board of Directors and Chairman of the Executive Board. In the current organizational structure of the company, the Chairman of the Board of Directors performs the duties of the Chairman of the Executive Board. This issue and its justification was publicly disclosed on the 22nd of April 2014 via disclosure of material matters. In order to make the company's decision-making processes more efficient, and to foster a more dynamic organizational structure, our company has preferred to have the same person holding both positions.
- No insurance was made against losses that will be caused by the faults of the members of the Board of Directors while performing their tasks.
- There are no female members in the Board of Directors and there is no policy established regarding this issue.
- Due to the preferences of the members, the meetings of the Board of Directors are held physically and it is not possible to attend these meetings via electronic platforms.
- Although the duties performed outside the company by the Members of the Board of Directors are not subject to specific rules, the detailed résumés of members are presented for the information of shareholders at the General Assembly.

- In accordance with the structure of the Board of Directors, some members can holding positions in more than one committee.
- Pursuant to the Corporate Governance Principles, the total amount of the remuneration paid to the members of the Board of Directors and executive managers and all other granted benefits are publicly announced in the annual report. However, these announcements are not made on an individual basis.

Within the scope of the tasks performed in the area of Corporate Governance in 2014:
On the 22nd of April 2014, the Early Risk Detection Committee was established separately and its working principles defined. The tasks of the Early Risk Detection Committee include reviewing risk management systems at least once a year, the early diagnosis and analysis of these risks, carrying out activities in order to ensure efficient communication within the company for taking appropriate measures, and submitting a report to the Board of Directors every two months regarding the threats (if any), and their remedies.

As per the relevant Communiques of the Capital Markets Board, the dividend policies and information disclosure policies of the company were revised. Related policies are given in the investor relations section on the company's website.

Furthermore, the General Assembly information document, together with the report on related parties, the curriculum vitae 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 shareholders three weeks before the General Assembly meeting.

Section II-Shareholders

2.1 Shareholder Relations Unit

In order to enable accurate, complete, and efficient communication with its shareholders, BİM's finance directorate launched an Investor Relations Management in 2005. The executive of this unit is responsible for meeting capital market requirements and coordinating the company's corporate governance practices. Furthermore, the executive holds a Capital Market Activities Level 3 License as well as a Corporate Governance Rating License.

The managers in charge of the Investor Relations Department with administrative responsibility are:

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 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 General Assembly meetings are held in accordance with appropriate legislation and to prepare the documents to be presented to shareholders at the General Assembly meeting.
- To pursue the public disclosure policies of the company.
- To carry out preparatory work for financial results and annual reports.
- To contact with regulatory bodies and monitoring relating legislations
- Preparing and presenting reports at least once a year to the Board of Directors regarding the activities carried out over the year.

Throughout the previous period, the unit attended five brokerage conferences and held around 150 one-on-one meetings at conferences and at corporate headquarters. During these conferences and meetings, the company provided information to investors and shareholders about the company's operating results and its performance. In addition, a report regarding investor relations activities carried out in 2014 was presented to the Board of Directors on the 21st of January 2015.

The contact details of the Shareholder Relations Management may be found on the company's website (www.bim.com.tr). All inquiries and questions adressed to the unit through communication channels such as phone, fax, and email were meticulously responded to over the period in question.

2.2 Shareholders' Right to Information

All inquiries made by shareholders, except those related to trade secrets and publicly undisclosed data, were responded to 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 regarding financial data, overseas investments, and the company's future goals. The company assures that shareholders have been dealt with and informed equally, and that any information that would affect shareholders' 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 using various communication channels, including teleconferences and one-to-one meetings. Each quarter, the day after the announcement of financial data, teleconferences were held to inform shareholders and analysts and to answer their respective questions. Four teleconferences in total were organized in 2014. The details of these were shared via email to addresses in the company's database. There is no provision in the Articles of Association that establishes requests for the appointment of a particular auditor as an individual right. There was no request for the appointment of a specific auditor over the period in question.

2.3 Information on the General Assembly

The Ordinary General Assembly Meeting of BİM Birleşik Mağazalar Anonim Şirketi for 2013 was held on Tuesday April 22, 2014, at 10:30am at the company headquarters at Abdurrahmangazi Mahallesi Ebubekir Caddesi Nr: 73 Sancaktepe, Istanbul, under the supervision of Hüseyin Çakmak, Commissary of the Ministry, who was appointed in the communiqué dated April 21, 2014 Nr. 111147, issued by the Istanbul Provincial Directorate of Commerce.

The announcement to convene the General Assembly was made in a manner designed to maximize shareholder participation. The invitation to convene and the meeting agenda, as stipulated by law and the Articles of Association, were announced in the Turkish Trade Registry Gazette numbered 8538, dated 28th of March, 2014. In addition, the information was made public on the company's website (www.bim.com.tr), and in the Electronic General Assembly System three weeks before the meeting day. The General Assembly Information Document containing the curriculum vitae of candidates for Board Membership, the Report on Transactions with Related Parties, the Statement of Dividend Distribution, and amendments to the Articles of Association, was disclosed to the public through the Public Disclosure Platform, the Electronic General Assembly System, and the company's website three weeks prior to the meeting date.

Out of 303,600,000 shares correspond to the company's total capital of TL303,600,000. In the event, TL78,213,310 shares were represented in person, and TL168,889,004 were represented by proxy, bringing the total number of shares represented during the meeting to TL247,102,314. The minutes of the General Assembly meeting were announced in the Turkish Trade Registry Gazette numbered 8567, dated 12th of May 2014. There was no loss of company capital nor deep-in-debt situation reported.

As per the 10th Article of the Corporate Governance Communiqué with Series N. II – 17.1 of the Capital Markets Board, and Article 1.3.6. of the "Corporate Governance Principles" section in the same Communiqué, the report prepared by the Board of Directors regarding the transactions executed with the related parties was physically and electronically presented to the shareholders.

In the conclusion section of the report, shareholders were informed that the terms and conditions of the transactions BİM Birleşik Mağazalar A.Ş. carried out in 2013 with the related parties specified within the scope of the International Accounting Standard N.24 did not show significant differences with respect to the "arm's length principle," and that they had concluded there was no issue with executing transactions from the related parties with the same terms and conditions in 2014 as well.

The minutes of the General Assembly meeting in Turkish and their translations into English are published in 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 the Electronic General Assembly System by shareholders were answered in detail, and no suggestions were made by shareholders during the meeting. Members of the media did not attend the meeting. Decisions taken in the General Assembly were executed within the period in question.

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 of donations and aid made to beneficiaries was provided to shareholders as a separate agenda item, despite the fact that the company does not have a written policy on donations and aid.

No Extraordinary General Assembly meeting was held within the period in question.

2.4. Voting Rights and Minority Rights

All company shares are issued as bearer shares. There is no voting privilege right that comes with shares, and shareholders are provided with the easiest and most appropriate opportunities to exercise their voting rights. During both the Ordinary and 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. There are no mutual affiliate relationships among the company's shareholders.

The provision that minority rights shall be used in accordance with the Capital Markets Legislation and the regulations issued by the Capital Markets Board are included in the Articles of Association and a share that less than one-twentieth of the capital isn't determined for the minority rights. Minority rights are represented by the independent members of the Board of Directors in the company's management.

2.5. Dividend Rights

There is no privilege granted for corporate profit sharing. The dividend policy of the company was revised and approved by the General Assembly on the 22nd of April 2014 and was announced to the public on the same date. Within the scope of the dividend policy, the General Assembly decided to distribute at least 30% of the distributable profit that will be calculated according to the regulations of the Turkish Code of Commerce and the Capital Markets Board. The dividend policy is available in the Investor Relations section on the company's corporate website. 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 of TL242,880,000 was realized in two installments within the legal period in 2013.

2.6. Transfer of Shares

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

Section III-Public Disclosure and Transparency

3.1. Company Website and Contents

The company's website address is www.bim.com.tr, and it is used actively for public disclosure purposes. The Investors Relations section of the 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 the 9th of October, 2013.

While subjects from among those listed under the Article 2.1.1 of the Corporate Governance Principles are published under the Investor Relations section of our website that doesn't only consist of registration statements.

3.2. Annual Report

Pursuant to the legislation 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 developments that occur during the periods in question, the Annual Report is concerned with paying the utmost attention to 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 members at meetings of the Board of Directors.
- The Board of Directors' Assessment of the activities of committees.

Section IV-Stakeholders

4.1. Disclosure to Stakeholders

In accordance with the current legislation and the company's disclosure policy, stakeholders are regularly informed about matters concerning them, with the exception of 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.

Email and phone contact details are provided on the company's website for stakeholders who wish to get in touch. Stakeholders who require information through these channels, need to make inquiries, or who wish to provide information with regard to acts that are against the legislation of the company or that are unethical, are able to contact the relevant unit manager. Inquiries and requests for information are answered in a timely manner. Similar means of communication are used 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 Management through the contact details listed on the website, and their inquiries are responded to immediately.

4.2. Participation of Stakeholders in Management

Although the company has not defined any framework for the participation of stakeholders in management, the independent members of the Board of Directors serve as representation for all stakeholders as well as the shareholders in management. Furthermore, the Investor Relations Department ensures coordination between the stakeholders and the company management. The proposals and requests of stakeholders are submitted for the information of the management.

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

The company strives to attain a high level of participation in the decision-making process by its employees as stakeholders. In this regard, meetings are held in order to increase efficiency and to bring about improvements with regard to issues concerning staff, and 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 in which they are employed.

4.3. 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 for working conditions. The Personnel and Administrative Affairs Units in the 41 regional warehouses and headquarters manage the employee relations.

Providing its employees with a pleasant and fair working environment, which offers them the opportunity to take initiative, train, and develop their capacities professionally is the main priority of the company's Human Resources Policy. In addition, employees are encouraged to openly communicate their complaints and criticisms to the relevant units, which are then required to take necessary actions immediately.

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

Job descriptions as well as performance and rewards criteria are communicated to employees clearly. There were no complaints from the employees with regard to discrimination during the period in question.

4.4. Ethical Rules and Social Responsibility

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

As a social responsibility project, BİM constructed a school in Artvin, Hopa in 2014, with a total investment of TL8 million as part of the Ministry of National Education's "100% Support For Education" project. The construction of the school was completed in the course of 2014 in time for the new school year. Moreover, under the supervision of the Prime Ministry, the Company made TL 1 million donation in cash to the families of those who lost their lives in Soma mine accident.

The company is not involved in any production operations. Plastic and cardboard waste is forwarded to licensed recycling companies who are engaged in the 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 the 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 their production facilities.

In addition, quality tests are carried out at the Istanbul head office 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 takes the issue of food safety seriously. BİM A.Ş. guarantees that all the products that are sold comply with the minimum official standards set forth in relevant legislation, and takes responsibility for these products.

Providing reliable products that meet customer needs in the most affordable way while making efforts to continuously improve its product quality in a timely manner is a key policy of the company.

Section V: Board of Directors

5.1. Structure and Formation of the Board of Directors

The company is managed and represented by its Board of Directors. The Board of Directors is composed of a minimum of five and a maximum of nine members elected by the General Assembly, while decisions regarding independent members that sit on the Board of Directors are determined in accordance with the corporate governance regulations set out by the Capital Markets Board. These stipulate that the number of independent members has to be one-third of the total number of members. During the Ordinary General Assembly meeting held on April 22, 2014, six members were elected to sit on the Board of Directors for a period of one year. Two of these nominees are independent members of the Board, and possess the qualifications indicated in the Communiqué 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 "Board of Directors and the Executive Committee" section.

The Corporate Governance Committee's report on candidates for independent membership, which was issued on January 13, 2014, was submitted to the Board of Directors and on the same day the Board submitted the report to the General Assembly. Two names were put forward to serve as independent candidates by Corporate Governance Comitee.

Independent members of the Board of Directors declared the:

I declare that

a) Within the past five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and BİM Birleşik Mağazalar A.Ş. and subsidiaries of BİM Birleşik Mağazalar A.Ş., shareholders who control the management of the company or who have significant influence at the company, and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations.

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 existing agreements, primarily those that audit, rate, or provide consulting services for BİM Birleşik Mağazalar A.Ş., or have been a member of the Board of Directors at these companies within the past five years; I have not worked as an executive manager who would have important duties and responsibilities nor have I been a member of the Board of Directors or been a shareholder (with more than 5% of shares) in the companies that BİM Birleşik Mağazalar A.Ş. purchases significant amounts of products and services from or sells significant amounts of products and services to.

c) 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.

d) I do not work full time for any public institution or organization.

e) I am considered resident in Turkey in accordance with the Income Tax Law.

f) I have strong ethical standards, professional reputation, and experience that would enable me to make positive contributions to the operations of BİM Birleşik Mağazalar A.Ş., enabling me to maintain impartiality during times of conflict of interest among the partners of the company, and to decide independently by taking the benefit rights into consideration.

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

h) I have not been a member of the Board of Directors of BİM Birleşik Mağazalar A.Ş. for more than six years in total within the past decade.

i) I have not been an independent member of the Board of Directors in BİM Birleşik Mağazalar A.Ş. or in more than three of the companies controlled by the shareholders who control the management of BİM Birleşik Mağazalar A.Ş., and in more than five of the publicly traded companies in total.

j) I have not been registered and announced on behalf of the juridical person elected as the member of the Board of Directors.

Upon the 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 behind selecting the same individual for both positions is to enable the company to move faster and more effectively in the decision-making process, and to create a more dynamic organizational structure. The remaining five members of the Board of Directors do not hold executive positions.

According to Articles 395 and 396 of the Turkish Commercial Code, the members of the Board of Directors are subject to the approval of the General Assembly. During the Ordinary General Assembly held on April 22, 2014, the members of the Board of Directors were permitted to carry out transactions pursuant to the relevant articles of the Turkish Commercial Code.

Members of the Board of Directors are not restricted from assuming other duties outside the company, except for cases in which 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.

There are no female members on the Board of Directors and there is no policy established related to this issue.

5.2. Operating Principles of the Board of Directors

As indicated in the Articles of Association, the Board of Directors meets at intervals that allow 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 meeting.

The Chairman determines the agenda of meetings by consulting other members of the Board of Directors and the Chief Executive Officer/General Manager. The agenda is formed according to emerging needs and requirements, and members make sure to attend each meeting and present their opinions. In order to provide a steady flow of discussion, information and documents related to the items of the agenda of each Board of Directors meeting are presented to members ahead of the date of the actual meeting.

The Chairman of the Board of Directors makes his best effort to assure the effective participation of non-executive members in meetings of the Board of Directors. In cases of dissent, a 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 take any decision with the written consent of members in the form of a letter or fax, even without holding a meeting and receiving members' decisions by signature only.

Board of Directors and quorum are subject to the Turkish Code of Commerce and to capital markets regulations. The Chairman's secretary is responsible for informing and communicating with the Board of Directors, and although members of the Board have equal rights to vote, they do not hold the right to veto.

With regard to transactions that may be deemed significant and to any and all affiliated party transactions as well as transactions related to warranties, pledges, or mortgages to be provided for the benefit of third parties, or in cases where there is no approval from the majority of the independent members, the information is disclosed to the public. This practice complies with the corporate governance regulations of the Capital Markets Board and its public disclosure principles. There were no such disclosures made during 2014.

The Board of Directors virtually convened 13 times over the course of 2014, and 47 additional occasions, taking decisions with the consent of its members without holding a meeting as sanctioned in Article 390/4 of the Turkish Code of Commerce. No counter vote was cast against the decisions taken.

5.3. The Number, Structure, and Independence of Committees Formed within the Board of Directors

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

The Audit Committee was formed to ensure that the Board of Directors is carrying out its duties and responsibilities in a healthy manner and with the needs of the company in mind. The audit committee presents its reports to the Board of Directors on a quarterly basis. Two independent members were appointed to the two seats of the Audit Committee, and its members do not hold any other executive position at the company.

The Corporate Governance Committee consists of four members of which two are independent. One of independent members chairs the group, executive member serves as the Reporting and Investor Relations Manager. The Corporate Governance Committee also assumes the duties and responsibilities of the Nomination Committee, the Early Risk Identification Committee, and the Remuneration Committee. The Corporate Governance Committee meets at least once a year.

Both participants in the Early Risk Detection Committee are independent members. These members do not have executive duties/positions in the company. The aim of the committee is to preemptively diagnose any risks that could endanger the existence, development, and continuity of the company, and to take necessary measures to mitigate these identified hazards.

In accordance with the structure of the Board of Directors of our company, several members can assume duties in more than one committee.

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

5.4. Risk Management and Internal Control Mechanisms

Taking into consideration the various risks it is exposed to, as well as the relevant preventive measures, BİM has developed policies and procedures to govern its business processes. Furthermore, the company has reorganized the distribution of tasks within the organization, including the relevant approval and authorization mechanisms, and regulated methods for the protection and settlement of the company's tangible assets within the scope of risk management. It has also established efficient reporting and supervision practices over the course of the same period.

The company has also set up an Internal Audit Unit that reviews the efficiency of risk management, internal control, and corporate governance processes in a systematic and disciplined manner, with a view to improving efficiency. The Internal Auditing Unit reports to the Audit Committee, which is made up of independent members from the Board of Directors. This unit identifies any major potential risks or deficiencies in internal control systems and identifies measures to be taken to reduce these risks in the relevant management units. The unit then reports the actions taken and their outcomes to senior management and to the Audit Committee.

All operations in the company fall under the responsibility of the Internal Audit Unit, and are audited according to annual plans prepared in line with the results of the risk evaluation process. Implementation procedures are defined for all stages of the internal control process, and the unit carries out its operations within this framework.

Review of the efficiency and competency of consolidated financial tables which are prepared on a quarterly basis in compliance with the Capital Markets Legislation and the presentation of guarantee to Audit Committee are among the duties of Internal Audit Unit. In 2014, the quality of internal audit activities was independently evaluated, and were put in the "Generally Comply" category (the highest possible level) according to the International Internal Audit Standards and Code of Ethics.

Early Risk Identification Committee works to preemptively isolate risks that could endanger the existence, development, and future of the company, and also implements necessary measures to manage and diminish threats. The committee submits a report to the Board of Directors every two months, outlining the threats (if any) and their potential remedies.

5.5. Strategic Goals of the Company

The company aims to attain a high level of efficiency in the food retail industry by expanding into other countries where this concept has not yet been implemented. Our strategy is focused on always offering quality products, lowering prices for customers, increasing operational efficiency, increasing the share of private-label products in our portfolio, and decreasing costs by improving supplier efficiency. In 2014, the quality of internal audit activities was independently evaluated, and as a result, it was concluded that these activities "Generally Comply" (the highest possible level) with the International Internal Audit Standards and Code of Ethics.

The Board of Directors approves the annual budget and assesses the extent to which objectives stated in the budget are met analyzing financial data on a monthly basis. Besides evaluating 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 the Board for review.

5.6. Financial Rights

Remuneration principles for members of the Board of Directors and senior executives were submitted for the information of shareholders in the 2011 Ordinary General Meeting held on the 15th of May 2012, and these have been disseminated 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, credit, or other such benefits to members of the Board of Directors or its executives.

The total value of financial rights such as honorariums, fees, premiums, and bonuses for a total of 129 people comprising the members of the Board of Directors and senior executives came to TL20,088,555 (TL2,854,874 bonus, TL199,111 per diem, TL17,034,570 wage) in 2014. Executives do not receive dividends.

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

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

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of BİM Birleşik Mağazalar A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2014.

Board of Directors' responsibility for the Annual Report

2. The Group management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC and the Communiqué, whether or not the financial information included in this annual report is consistent with the Group's consolidated financial statements that are subject to independent auditor's report dated 3 March 2015 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

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

Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors of BİM Birleşik Mağazalar A.Ş. is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising From Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of Group to continue its operations for the foreseeable future.

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

Adnan Akan, SMMM
Partner

Istanbul, 11 March 2015

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014

(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.;

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of BİM Birleşik Mağazalar A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

4. In our opinion, the 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 2014 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; Auditor's Report on the Early Risk Identification System and Committee has been submitted to the Company's Board of Directors on 3 March 2015.

6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period
1 January - 31 December 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors made the necessary explanations and provided the required documents within the context of our audit.

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

Adnan Akan, SMMM
Partner

Istanbul, 3 March 2015

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2014 AND 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.)

ASSETS		31 December 2014	31 December 2013
	Notes	Audited	Audited
Current assets		**1.812.332**	**1.575.925**
Cash and cash equivalents	**4**	**325.468**	**405.493**
Trade receivables	**7**	**445.330**	**344.835**
-Trade receivables, Other parties		445.330	344.835
Other receivables	**8**	**15.662**	**16.973**
-Due from related parties		12.580	14.562
-Other receivables, Other parties		3.082	2.411
Inventory	**9**	**807.295**	**638.474**
Prepaid expenses	**13**	**104.648**	**68.836**
Current income tax assets	**24**	**89.925**	**84.365**
Other current assets	**15**	**24.004**	**16.949**
Non-current assets		**1.425.799**	**1.121.345**
Financial investments	**5**	**157.490**	**118.031**
Other receivables		**3.124**	**3.188**
-Trade Receivables, Other Parties		3.124	3.188
Property and equipment	**10**	**1.243.184**	**980.950**
Intangible assets	**11**	**4.688**	**3.796**
-Other intangible assets		4.688	3.796
Prepaid expenses	**13**	**15.823**	**14.128**
Deferred tax assets	**24**	**1.481**	**1.240**
Other non-current assets		**9**	**12**
Total assets		**3.238.131**	**2.697.270**

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2014 AND 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.)

LIABILITIES AND EQUITY		31 December 2014	31 December 2013
	Notes	Audited	Audited
Current liabilities		**2.021.398**	**1.645.954**
Short term financial liabilities	**6**	**17.327**	**13.147**
Trade payables		**1.805.506**	**1.457.749**
-Due to Related parties	26	256.358	223.357
-Due to Third Parties	7	1.549.148	1.234.392
Other payables		**586**	**185**
-Due to Third Parties		586	185
Deferred revenue		**4.722**	**4.275**
Employee benefit obligations		**19.600**	**13.934**
Current Provisions	**12**	**25.335**	**15.331**
-Provision for Employee Benefits		2.761	3.377
-Other Short term Provisions		22.574	11.954
Current Income Tax Liabilities	**24**	**113.071**	**112.609**
Other Current Liabilities	**15**	**35.251**	**28.724**
Non-current Liabilities		**67.202**	**52.052**
Non-current provisions		**52.143**	**38.082**
-Provision for Employee Benefits	14	52.143	38.082
Deferred Tax Liabilities	**24**	**15.059**	**13.970**
Equity		**1.149.531**	**999.264**
Equity attributable to parent		**1.149.531**	**999.264**
Paid-in Share Capital	**16**	**303.600**	**303.600**
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		**52.903**	**64.261**
-Property and equipment revaluation reserve	16	78.323	78.323
-Revaluation gain/loss on defined benefit plans		(25.420)	(14.062)
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		**9.206**	**6.180**
-Currency Translation Difference		9.206	6.180
Restricted Reserves		**169.541**	**124.463**
Retained Earnings		**218.982**	**87.776**
Net Income For The Period		**395.299**	**412.984**
Total Liabilities and Equity		**3.238.131**	**2.697.270**

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 2014 AND 2013

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

	Notes	Audited 31 December 2014	Audited 31 December 2013
INCOME OR LOSS			
Revenue	17	14.463.059	11.848.841
Cost of sales (-)	17	(12.237.034)	(9.991.510)
GROSS PROFIT		**2.226.025**	**1.857.331**
Marketing Expenses (-)	18	(1.521.255)	(1.197.385)
General Administrative Expenses (-)	18	(222.915)	(174.820)
Other Operating Income	20	20.611	13.028
Other Operating Expense (-)	20	(7.467)	(2.404)
OPERATING PROFIT		**494.999**	**495.750**
Income from investing activities	23	4.085	4.009
Expense from investing activities	23	-	(1.351)
OPERATING PROFIT BEFORE FINANCIAL INCOME		**499.084**	**498.408**
Financial Income	21	21.677	33.267
Financial Expense (-)	22	(8.835)	(5.623)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		**511.926**	**526.052**
-Current tax expense	24	(113.011)	(112.466)
-Deferred tax income /(expense)	24	(3.616)	(602)
PROFIT FROM CONTINUED OPERATIONS		**395.299**	**412.984**
NET INCOME FOR THE PERIOD		**395.299**	**412.984**
Profit for the Period attributable to			
Non-controlling interest		-	-
Equity holders of the parent		395.299	412.984
Earnings per share			
Earnings per share from continued operations (Full TRY)	25	1,302	1,360
Earnings per share from discontinued operations		-	-
Other comprehensive income			
Items not to be classified to profit or loss		**(11.358)**	**4.040**
Actuarial gain/loss from defined benefit plans		(11.358)	4.040
Items to be classified to profit or loss		**3.026**	**6.338**
Currency translation difference		3.026	6.338
Change in financial investment revaluation reserve			
Other comprehensive income		**(8.332)**	**10.378**
Total comprehensive income		**386.967**	**423.362**
Total comprehensive income attributable to			
Non-controlling interest		-	-
Equity holders of the parent		386.967	423.362

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 1 JANUARY - 31 DECEMBER 2014 AND 2013

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

	Audited								
			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	Restricted reserves	Tangible assets fair value reserve	Actuarial gain/ loss from employee benefits	Currency translation difference	Financial assets fair value reserve	Retained earnings	Net income for the period	Paid-in share capital
Balance at 1 January 2013	**151.800**	**103.211**	**78.323**	**-**	**(158)**	**-**	**148.509**	**331.321**	**813.006**
Adjustments in accordance with change in accounting policies	-	-	-	(18.102)	-	-	631	477	(16.994)
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)
Net income for the period	-	-	-	-	-	-	-	412.984	412.984
Other comprehensive income	-	-	-	4.040	6.338	-	-	-	10.378
Total comprehensive income	-	-	-	4.040	6.338	-	-	412.984	423.362
Balance at 31 December 2013	**303.600**	**124.463**	**78.323**	**(14.062)**	**6.180**	**-**	**87.776**	**412.984**	**999.264**
Balance at 1 January 2014	**303.600**	**124.463**	**78.323**	**(14.062)**	**6.180**	**-**	**87.776**	**412.984**	**999.264**
Transfer to prior year profits	**-**	**-**	**-**	**-**	**-**	**-**	**412.984**	**(412.984)**	**-**
Transfers	**-**	**45.078**	**-**	**-**	**-**	**-**	**(45.078)**	**-**	**-**
Gains due from acquisition of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**6.033**	**-**	**6.033**
Dividend (Note 16)	**-**	**-**	**-**	**-**	**-**	**-**	**(242.733)**	**-**	**(242.733)**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**395.299**	**395.299**
Other comprehensive income	**-**	**-**	**-**	**(11.358)**	**3.026**	**-**	**-**	**-**	**(8.332)**
Total comprehensive income				**(11.358)**	**3.026**	**-**	**-**	**395.299**	**386.967**
Balance at 31 December 2014	**303.600**	**169.541**	**78.323**	**(25.420)**	**9.206**	**-**	**218.982**	**395.299**	**1.149.531**

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 2014 AND 2013

(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 - 31 December 2014	1 January - 31 December 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES		**568.931**	**562.355**
Profit for the period		**395.299**	**412.984**
Adjustments to reconcile profit for the period		**255.863**	**220.699**
Depreciation and amortisation	10,11,19	136.648	110.750
Provision / (reversal) for impairment of inventories	9	3.460	3.121
Allowance for doubtful receivables	8	38	38
Provision for employment termination benefits	14	10.179	10.264
Provision for unused vacation	12,14	130	1.205
Legal provisions	12	4.995	890
Other provisions		5.625	1.418
Adjustments related to interest income/expense	21	(17.754)	(17.397)
Adjustments for tax income/ losses	24	116.627	113.068
(Gain)/Loss on sale of property and equipment	23	(594)	1.351
Other adjustments related to cash flows arising from investing and financing activities		(3.491)	(4.009)
Changes in net working capital		**35.874**	**35.729**
Increases/decreases in inventories		(172.281)	(158.011)
Increases/decreases in trade receivables		(100.495)	(32.491)
Increases/decreases in other assets		1.337	2.641
Increases/decreases in trade payables		347.757	259.701
Increases/decreases in other payables		401	155
Change in other working capital		(40.845)	(36.266)
Net cash generated from operating activities		**687.036**	**669.412**
Income taxes paid	24	(118.169)	(107.062)
Collection of doubtful receivables	8	64	5
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(433.834)**	**(340.488)**
Proceeds from sale of tangible assets	10,11,23	14.469	6.481
Purchases of tangible and intangible assets	10,11	(410.199)	(237.900)
Change in financial assets	5	(39.459)	(105.441)
Cash advances given	13	(2.136)	(7.637)
Dividend income	23	3.491	4.009
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(213.950)**	**(201.055)**
Proceeds from financial liabilities		4.180	2.699
Dividend paid	16	(242.733)	(220.110)
Profit share received		18.570	16.356
Acquisition of treasury shares		(20.327)	-
Cash received from sale of treasury shares		26.360	-
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C))		**(78.853)**	**20.812**
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(356)**	**(4.582)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(79.209)**	**16.230**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4**	**403.188**	**386.958**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**4**	**323.979**	**403.188**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014

(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.

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 2014. 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 2015 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 2014 and December 2013, the average number of employees in accordance with their categories is shown below:

	1 January - 31 December 2014	1 January - 31 December 2013
Office personnel	1.785	1.546
Warehouse personnel	2.997	2.614
Store personnel	23.316	19.488
Total	**28.098**	**23.648**

As of 31 December 2014, the Group operates in 4.806 stores (31 December 2013: 4.199).

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 2014 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 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a. Amendments to published standards and interpretations effective as at 31 December 2014

- Amendment to IAS 32,'Financial instruments:Presentation', on offsetting financial assets and financial liabilities, effective from annual periods beginning on or after 1 January 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Standard did not have a significant impact on the report notes.

- Amendments to IAS 36, 'Impairment of assets', effective from annual periods beginning on or after 1 January 2014. These amendments address 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 did not have a significant impact on the report notes.

- Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting, effective from annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument.The Standard did not have a significant impact on the financial position or performance of the Group.

- IFRIC 21, 'Levies', effective from annual periods beginning on or after 1 January 2014. This interpretation is on IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 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 did not have a significant impact on the financial position or performance of the Group.

- Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities, effective from 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 IFRS 12 to introduce disclosures that an investment entity needs to make. The Standard is not applicable for the Group

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

b. New standards, amendments and IFRICs effective after 31 December 2014

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:

• IFRS 2, 'Share-based payment'
• IFRS 3, 'Business Combinations'
• IFRS 8, 'Operating segments'
• IFRS 13, 'Fair value measurement'
• IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets'
• Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and
• IAS 39, Financial instruments - Recognition and measurement'

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2012-13 cycle of the annual improvements project, that affect 4 standards:

• IFRS 1, 'First time adoption'
• IFRS 3, 'Business combinations'
• IFRS 13, 'Fair value measurement' and
• IAS 40, 'Investment property'.

- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. The standard does not have an impact on the report notes.

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The standard does not have an impact on the report notes.

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The standard does not have an impact on the report notes.

- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The standard does not have an impact on the financial position or performance of the Group.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The standard does not have an impact on the financial position or performance of the Group.

- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The standard does not have an impact on the financial position or performance of the Group.

- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The standard does not have an impact on the report notes.

- Amendments to IAS 16 'Property,plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The Standard is not applicable for the Group.

- Amendment to IAS 19 regarding defined benefit plans, effective from 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. The standard does not have an impact on the financial position or performance of the Group.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

• IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
• IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
• IAS 19, 'Employee benefits' regarding discount rates.
• IAS 34, 'Interim financial reporting' regarding disclosure of information

The standard does not have an impact on the financial position or performance of the Group.

2.3 Compliance with TAS

The Group prepared its consolidated financial statements for the period ended 31 December 2014 in accordance with the framework of the Communiqué Serial: XII 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.

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 3,6962 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 3,8284. 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 3,0806, at the average TRY exchange rate for purchases of EGP, is TRY 1 = EGP 3,2336. 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.

Due to third parties amounting to TRY 4.348 is classified to due to related parties as of 31 December 2013.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company BİM and its subsidiaries prepared for the period ended 31 December 2014. 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.

2.6. Summary of Significant Accounting Policies

Offsetting

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

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.

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.

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 2013: 10 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 is determined 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. Group revaluates the amounts of their lands and buildings every 3 years unless there is a change in the circumtances. 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.

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.

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 days term (December 31, 2013 - 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.

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

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

	USD/TRY (full)	EUR/TRY (full)
31 December 2014	2,3189	2,8207
31 December 2013	2,1343	2,9365

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.

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.

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.

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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 2014	31 December 2013
Cash on hand Banks	82.131	70.538
-demand deposits	62.156	76.138
-profit share deposits	139.353	235.972
Cash in transit	41.828	22.845
	325.468	**405.493**
Less: accrual for profit share	**(1.489)**	**(2.305)**
Cash and cash equivalents for cash flow	**323.979**	**403.188**

As of 31 December 2014 and 31 December 2013 there is no restricted cash. As of 31 December 2014, profit share deposits are in TRY and the gross rate for profit share from participation banks for TRY is gross 8,5 % (31 December 2013: gross 10%) and average maturity is 66 days (31 December 2013: 140 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

a) Subsidiaries

The details of the subsidiary of the Group is as below:

Name of subsidiary	Share	31 December 2014	31 December 2013
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (*)	% 100	12.590	12.590
		12.590	**12.590**

(*) As of January 30, 2012, the Group took over the shares of İdeal Standart İşletmecilik ve Mümessillik Sanayi ve Ticaret Anonim Şirketi ("İdeal Standart") by 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.

b) Available-for-sale financial assets

The details of available-for-sale financial assets of the Group are as below:

Name of available-for-sale financial assets -	Share	31 December 2014	31 December 2013
Ziylan Mağazacılık ve Pazarlama A.Ş. (*)	% 11,5	144.900	73.809
Polaris Pazarlama ve Mümessillik A.Ş. (*)	% 11,5	-	15.816
Uğur İç ve Dış Ticaret A.Ş. (**)	% 11,5	-	15.816
		144.900	**105.441**

(*) 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 December 2013 for TRY 105.441. After the finalization of financial statements of Ziylan Group subsidiaries, the value of the shares at the rate of 11,5% is determined as TRY 144.900 and additional payment for the difference of previous payment and this value amounting to TRY 39.459 is made to the seller party on 16 June 2014.
(**) As of 30 September 2014, Uğur İç ve Dış Ticaret A.Ş. and as of 31 December 2014 Polaris Pazarlama ve Mümessillik A.Ş devolved on Ziylan Mağazacılık ve Pazarlama A.Ş. and the participation amount of the company increased to TRY 144.900.

Aforementioned share purchase transaction has been measured at cost as the transaction is recent and performed among independent parties in free market conditions.

6. Financial liabilities

The Group has interest free short term bank borrowings in amount of TRY 17.327 (31 December 2013: TRY 13.147) to pay SGK liabilities as of 31 December 2014. Such borrowings have been closed on 2 and 6 January 2015.

7. Trade receivables and payables

a) Trade receivables, other parties, net

	31 December 2014	31 December 2013
Credit card receivables	445.330	344.835
	445.330	**344.835**

As of 31 December 2014 the average term of credit card receivables is 10 days (31 December 2013: 10 days).

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b) Trade receivables, other parties, net

	31 December 2014	31 December 2013
Other trade payables	1.558.698	1.242.152
Unincurred rediscount expense (-)	(9.550)	(7.760)
	1.549.148	**1.234.392**

As of 31 December 2014 the average term of trade payables is 48 days (31 December 2013 - 48 days). As of 31 December 2014 letters of guarantee and cheques are amounting to TRY 33.435 and mortgages are amounting to TRY 25.588 (31 December 2013: TRY 21.883 letters of guarantee and cheques, TRY 24.410 mortgages).

8. Other receivables and payables

a) Other Receivable

	31 December 2014	31 December 2013
Receivables from related parties (*)	12.580	14.562
	12.580	**14.562**

(*) It consists of the payable given to Ziylan Group as of 31 December 2014. As of 31 December 2013, it consists of advance given to Natura Gıda Sanayi ve Ticaret A.Ş.

b) Other receivables from other parties

	31 December 2014	31 December 2013
Other receivables	3.082	2.411
Doubtful receivables	372	398
Less: Allowance for doubtful receivables	(372)	(398)
	3.082	**2.411**

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 2014 and 31 December 2013, 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 2014	31 December 2013
Balance at the beginning of the period	398	365
Allowance for doubtful receivables	38	38
Collection in current year	(64)	(5)
Balance at the end of the period	**372**	**398**

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9. Inventories

	31 December 2014	31 December 2013
Trade goods, net	794.473	631.847
Other	12.822	6.627
	807.295	**638.474**

Cost of inventories amounting to TRY 12.517.111 (31 December 2013: TRY 10.230.788) expensed under cost of sales.

The movement of impairment for inventories in 2014 is as follows:

	31 December 2014	31 December2013
Balance at the beginning of the period	3.121	1.423
Current year reversal	(3.121)	(1.423)
Allowance for impairment	3.460	3.121
Balance at the end of the period	**3.460**	**3.121**

As of 31 December 2014, allowance for impairment on trade goods amounting to TRY 3.460 (31 December 2013: TRY 3.121). Amount of the goods that were written down are reversed and has been included in cost of sales in the income statement.

10. Property, plant and equipment

The movements of property and equipment and the related accumulated depreciation for the periods ended 31 December 2014 and 2013 are as follows:

	1 January 2014	Additions	Disposals	Transfers	Currency translation difference	31 December 2014
Cost or revalued amount						
Land	213.714	77.298	-	-	444	291.456
Land improvements	4.905	1.173	-	16	-	6.094
Buildings	219.804	50.236	-	19.785	-	289.825
Leasehold improvements	349.909	82.466	(7.992)	81	2.176	426.640
Machinery and equipment	434.777	99.306	(10.119)	2.023	1.378	527.365
Vehicles	90.859	29.542	(13.671)	353	215	107.298
Furniture and fixtures	181.604	35.188	(4.300)	583	306	213.381
Construction in progress	2.514	32.522	(423)	(22.841)	64	11.836
	1.498.086	**407.731**	**(36.505)**	**-**	**4.583**	**1.873.895**
Less : Accumulated depreciation						
Land improvements	(2.873)	(774)	-	-	-	(3.647)
Buildings	(10.267)	(13.561)	-	-	-	(23.828)
Leasehold improvements	(133.650)	(36.832)	3.365	-	(480)	(167.597)
Machinery and equipment	(204.081)	(43.380)	5.950	-	(506)	(242.017)
Vehicles	(43.733)	(17.429)	9.776	-	(66)	(51.452)
Furniture and fixtures	(122.532)	(23.102)	3.555	-	(91)	(142.170)
	(517.136)	**(135.078)**	**22.646**	**-**	**(1.143)**	**(630.711)**
Net book value	**980.950**					**1.243.184**

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	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)
Buildings	-	(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**

Depreciation expense of TRY124.964 (31 December 2013: TRY 99.964) has been charged in marketing expenses and TRY 10.114 (31 December 2013: TRY 9.498) 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.

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 2014 and 31 December 2013, respectively:

	Land and building	
	31 December 2014	31 December 2013
Cost	532.715	384.952
Accumulated depreciation	(56.851)	(43.290)
	475.864	**341.662**

Fair values of land and buildings

As 31 December 2014 and 31 December 2013, the land and buildings are measured at their fair value. The revaluation surplus net of applicable deferred income taxes was credited 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).

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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 2014. Group revaluates the amount of their lands and buildings every 3 years unless there is a change in the circumtances. The last valuation has been performed in 2012.

As of 31 December 2014 and 31 December 2013, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	31 December 2014	31 December 2013
Machinery and equipment	83.322	74.279
Furniture and fixtures	86.175	77.882
Intangible assets and leasehold improvements	38.320	32.843
Vehicles	10.459	12.875
Land improvements	1.802	1.130
	220.078	**199.009**

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Pledges and mortgages on assets

As of 31 December 2014 and 31December 2013, 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 2014 and 2013 are as follows:

	1 January 2014	Additions	Disposals	Currency translation differences	31 December 2014
Cost					
Rights	13.680	2.458	(59)	32	16.111
Other intangible assets	74	10	-	-	84
	13.754				**16.195**
Accumulated amortization					
Rights	(9.932)	(1.570)	43	(22)	(11.481)
Other intangible assets	(26)	-	-	-	(26)
	(9.958)	**(1.570)**	**43**	**(22)**	**(11.507)**
Net book value	**3.796**				**4.688**

	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**

As of 31 December 2014 amortization expense is TRY 1.452 (31 December 2013: TRY 1.176) has been charged in marketing expenses and TRY 118 (31 December 2013: TRY 112) 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.

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12. Provisions, contingent assets and liabilities

a) Current provisions for employee benefits

Unused vacation amounting to TRY 2.761 is shown on the current provisions for employee benefits amounting in the Group account of short term provisions for the period ended 31 December 2014 (31 December 2013: TRY 3.377).

Current period movement of short term unused vacation provision is as follows;

	1 January - 31 December 2014	1 January - 31 December 2013
Balance at the beginning of the period	3.377	2.518
Reversals during period	(3.377)	(2.518)
Provision amount	2.761	3.377
Balance at the end of the period	**2.761**	**3.377**

b) Other short term provisions

	31 December 2014	31 December 2013
Legal provisions (*)	12.765	7.770
Other (**)	9.809	4.184
Total	**22.574**	**11.954**

(*) As of 31 December 2014 and 31 December 2013, the total amount of outstanding lawsuits filed against the Group, TRY 18.897 and TRY 11.914 (in historical terms), respectively. The Group recognized provisions amounting to TRY 12.765 and TRY 7.770 for the related periods, respectively.

Current period movement of provision for lawsuits is as follows;

	1 January- 31 December 2014	1 January - 31 December 2013
Balance at the beginning of the period	7.770	6.880
Provision amount, net	4.995	890
Balance at the end of the period	**12.765**	**7.770**

(**) As of 31 December 2014 and 31 December 2013, other short term provisions consist of telephone, electricity, water and other short term liabilities amounting to TRY 9.809 and TRY 4.184 respectively.

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Letter of guarantees, mortgages and pledges given by the Group

As of 31 December 2014 and 31 December 2013, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	31 December 2014				
	Total TRY equivalent	TRY	USD	Euro	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	10.888	9.393	250.870	-	3.414.425
Guarantee	*10.888*	*9.393*	*250.870*	-	*3.414.425*
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	**10.888**	**9.393**	**250.870**	**-**	**3.414.425**

	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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Insurance coverage on assets

As of 31 December 2014 and 31 December 2013, insurance coverage on assets of the Group is TRY 975.858 and TRY 881.986 respectively.

13. Prepaid expenses

a) Short term prepaid expenses

	31 December 2014	31 December 2013
Order advances given	95.156	59.831
Other	9.492	9.005
	104.648	**68.836**

b) Long term prepaid expenses

	31 December 2014	31 December 2013
Advances given for property, plant and equipment	14.909	12.773
Other	914	1.355
	15.823	**14.128**

14. Employee termination benefits

	31 December 2014	31 December 2013
Provision for employee termination benefits	47.985	34.670
Provision for unused vacation	4.158	3.412
Total	**52.143**	**38.082**

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

The amount payable consists of one month's salary limited to a maximum of TRY 3.438,22 for each period of service as of 31 December 2014 (31 December 2013: TRY 3.254,44). The retirement pay provision ceiling is revised annually, and TRY 3.438,22 which is effective from 1 January 2014, is taken into consideration in the calculation of provision for employment termination benefits (invalided between 31 December 2013 and 1 July 2013: TRY 3.254,44). 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 Company has obtained an actuarial valuation report as of 31 December 2014. 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 2014 and 31 December 2013 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 3,32% by assuming an annual inflation rate of 5,5%
(31 December 2013: 5 %) and a discount rate of 9% (31 December 2013: 10%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

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Significant actuarial assumptions are as follows;

The voluntary and involuntary turnover rates used in the calculation of employee termination benefit are 30,96% and 8,97%, (31 December 2013: %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 2,59 for women, 4,11 for men and 3,59 years in total. Retirement age of women and men are 50 and 55 respectively and 53 for the Group.

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 2014	1 January - 31 December 2013
Current service cost (Note 19)	6.973	7.003
Financial expense of employee termination benefit (Note 22)	3.206	3.261
Total	**10.179**	**10.264**

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

	1 January - 31 December 2014	1 January - 31 December 2013
Balance at the beginning of the period	34.670	36.711
Financial expense of employee termination benefit	3.206	3.261
Current service cost	6.973	7.003
Benefits paid	(11.061)	(7.255)
Actuarial loss/(gain) for the period	14.197	(5.050)
Balance at the end of the period	**47.985**	**34.670**

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

	1 January - 31 December 2014	1 January - 31 December 2013
Balance at the beginning of the period	3.412	3.066
Unused amounts reversed	(3.412)	(3.066)
Provision during the period	4.158	3.412
Balance at the end of the period	**4.158**	**3.412**

15. Other assets and liabilities

a) Other current assets

	31 December 2014	31 December2013
VAT receivable	19.818	14.057
Other	4.186	2.892
	24.004	**16.949**

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b) Other current liabilities

	31 December 2014	31 December 2013
Taxes and funds payables	33.051	27.626
Other	2.200	1.098
	35.251	**28.724**

As of 31 December 2014 and 31December 2013, the Group does not have any other long-term liability.

16. Equity

a) Share capital and capital reserves

As of 31 December 2014 and 31 December 2013, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows:

	31 December 2014		31 December 2013	
	Historical cost	%	Historical cost	%
Mustafa Latif Topbaş	45.877	15,1	47.897	15,8
Ahmet Afif Topbaş	28.500	9,4	27.400	9,0
Abdulrahman A. El Khereiji	10.626	3,5	10.626	3,5
Firdevs Çizmeci	3.500	1,1	3.500	1,1
Fatma Fitnat Topbaş	3.036	1,0	3.036	1,0
Ahmed Hamdi Topbaş	600	0,2	-	-
Ahmet Hamdi Topbaş	520	0,2	200	0,1
Ömer Hulusi Topbaş	360	0,1	360	0,1
Publicly traded	210.581	69,4	210.581	69,4
	303.600	**100**	**303.600**	**100**

The Company's share capital is fully paid and consists of 303.600.000 (31 December 2013- 303.600.000) shares of TRY 1 nominal value each.

Revaluation surplus

As of 31 December 2014 the Group has revaluation surplus amounting TRY 78.323 (31 December 2013 : 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.

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

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

As of 31 December 2014 and 31 December 2013 legal reserves, prior year profits and net income for the period in statutory accounts of the Company are as follows:

	31 December 2014	**31 December 2013**
Legal reserves	169.541	124.463
Extraordinary reserves	239.717	81.376
Net profit for the period	444.270	446.152
	853.528	**651.991**

As of 31 December 2014, net profit for the Company's statutory books is TRY 444.270 and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY 395.299.

c) Treasury shares

With a view that the shares of the Company do not reflect the actual performance of the operations of the Company due to the fluctuations in the market, and as part of the resolution of the Board of Directors on 27 December 2013, CFO has been duly authorized for an amount up to TRY 200.000.000 (TRY full) to repurchase the shares of the Company from the stock exchange and the upper price has been limited as TRY 40 (TRY full) for such buy-back operations. As part of such buy-back operation, %0,18 of shares of the Company that 533.624 units of BIM shares corresponding to TRY 20.327.000 (TRY full) have been repurchased and financed through own resources of the Company.

Buy back operation terminated as a result of the stability of share prices of the Company with the resolution of Board of Directors dated 24 March 2014 and all shares repurchased have been sold as of 31 December 2014.
The gain on sale of shares amounting to TRY6.033 and dividend payment on these shares amounting to TRY 147 has been presented in retained earnings.

Dividend paid

As part of the Ordinary General Meeting dated 22 April 2014, cash profit distribution was decided to be paid in two installments. Based on this, first installment amounting to gross TRY151.653 from the profit and second installment amounting to TRY91.080 of 2013 was paid as of the reporting date. (2013: TRY 220.110).

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17. Sales and cost of sales

a) Net Sales

The Group's net sales for the periods ended 31 December 2014 and 2013 are as follows:

	1 January - 31 December 2014	1 January - 31 December 2014
Sales	14.517.702	11.896.209
Sales returns (-)	(54.643)	(47.368)
	14.463.059	**11.848.841**

b) Cost of sales

	1 January - 31 December 2014	1 January - 31 December 2014
Beginning inventory	631.847	478.323
Purchases	12.399.660	10.145.034
Ending inventory (-)	(794.473)	(631.847)
	12.237.034	**9.991.510**

18. Operational Expenses

a) Marketing expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Personnel expenses	704.778	526.289
Rent expenses	351.240	289.322
Depreciation and amortization expenses	126.417	101.140
Electricity, water and communication expenses	78.161	66.930
Packaging expenses	73.287	57.621
Trucks fuel expense	48.483	44.103
Advertising expenses	40.715	33.993
Maintenance and repair expenses	29.936	24.848
Tax and duty expenses	12.125	9.536
Provision for employee termination benefit	5.831	5.818
Other	50.282	37.785
	1.521.255	**1.197.385**

b) General and administrative expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Personnel expenses	145.033	113.324
Legal and consultancy expenses	10.995	9.102
Depreciation and amortization expenses	10.231	9.610
Motor vehicle expenses	9.406	8.199
Money collection expenses	7.067	5.671
Tax and duty expenses	6.279	5.263
Vehicle rent expenses	5.106	1.281
Communication expenses	1.290	1.006
Provision for employee termination benefits	1.142	1.185
Office supplies expenses	830	682
Other	25.536	19.497
	222.915	**174.820**

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19. Expenses by nature

a) Depreciation and amortisation expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Marketing and selling expenses	126.417	101.140
General and administrative expenses	10.231	9.610
	136.648	**110.750**

b) Personnel expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Wages and salaries	739.037	545.604
Social security premiums - employer contribution	110.774	94.009
Provision for employee termination benefits (Note 14)	6.973	7.003
	856.784	**646.616**

20. Other operating income and expense

a) Other Operating Income

	1 January - 31 December 2014	1 January - 31 December 2013
Gain on sale of scraps	8.143	6.800
Other income from operations	12.468	6.228
	20.611	**13.028**

b) Other Operating Expense

	1 January - 31 December 2014	1 January - 31 December 2013
Provision expenses	5.915	1.249
Other	1.552	1.155
	7.467	**2.404**

21. Financial Income

	1 January - 31 December 2014	1 January - 31 December 2013
Income on profit share account deposits	17.754	17.397
Foreign exchange gains	3.923	15.870
	21.677	**33.267**

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22. Financial Expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange losses	4.652	1.714
Finance charge on employee termination benefit	3.206	3.261
Other financial expenses	977	648
	8.835	**5.623**

23. Income and expense from investing activities

a) Income from Investing Activities

	1 January - 31 December 2014	1 January - 31 December 2013
Dividend income	3.491	4.009
Gain on sale of property, plant and equipment	594	-
	4.085	**4.009**

b) Expense from Investing Activities

Expense from investing activities consists of loss from sale of property, plant and equipment. There is no loss on sale of property, plant and equipment as of 1 January - 31 December 2014. (1January - 31 December 2013: TRY 1.351).

24. Tax assets and liabilities

As of 31 December 2014 and 31 December 2013, provision for taxes of the Group is as follows:

	31 December 2014	31 December 2013
Current period tax provision	113.071	112.609
Current tax assets (Prepaid taxes)	(89.925)	(84.365)
Corporate tax payable	**23.146**	**28.244**

In Turkey, as of 31 December 2014, corporate tax rate is 20% (31 December 2013: 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 2014 the corporate tax rate is 30% (31 December 2013: 30%) where the consolidated subsidiary of the Company, BIM Stores SARL operates. In Egypt, as of 31 December 2014 the corporate tax rate is 20% (December 31, 2013 - 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 2013: 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.

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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.

As of 31 December 2014 and 31 December 2013, 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 2014	**31 December 2013**	**1 January - 31 December 2014**	**1 January- 31 December 2013**
Deferred tax liability				
Tangible and intangible assets, except the effect of revaluation effect	27.005	20.965	6.040	1.884
The effect of the revaluation of land and buildings	4.538	4.538	-	-
Other adjustments	2.101	1.703	398	817
Deferred tax asset				
Reserve for employee termination benefit	(9.597)	(6.935)	(2.663)	408
Other adjustments	(10.469)	(7.541)	(2.927)	(1.691)
Currency translation difference		-	(71)	194
Deferred tax	**13.578**	**12.730**	**777**	**1.612**

Deferred tax is presented in financial statements as follows:

	31 December 2014	31 December 2013
Deferred tax assets	1.481	1.240
Deferred tax liabilities	(15.059)	(13.970)
Net tax liability	**(13.578)**	**(12.730)**

Movement of net deferred tax liability for the periods ended 31 December 2014 and 2013 are as follows:

	1 January - 31 December 2014	1 January - 31 December 2013
Balance at the beginning of the period	12.730	11.312
Deferred tax expense/(income) recognized in statement of comprehensive income, net	3.616	602
Deferred tax expense/(income) recognized in statement of other comprehensive income	(2.839)	1.010
Foreign currency translation differences	71	(194)
Balance at the end of the period	**13.578**	**12.730**

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Tax reconciliation

	1 January - 31 December 2014	1 January - 31 December 2013
Net income before tax	511.926	526.052
Corporation tax at effective tax rate of 20%	(102.385)	(105.211)
Disallowable expenses	(469)	(700)
Effect of non-tax deductible and tax exempt items	154	427
Tax rate effect of the consolidated subsidiary	(3.177)	(3.081)
Other	(10.750)	(4.503)
	(116.627)	**(113.068)**
- Current	(113.011)	(112.466)
- Deferred	(3.616)	(602)

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 2014 and 2013, earnings per share is 1,302 and 1,360, respectively. All shares of the Company are in same status.

For the periods ended 31 December 2014 and 2013, the movement of shares numbers is as follows:

Number of shares	1 January - 31 December 2014	1 January - 31 December 2013
Balance at the beginning of the period	303.600.000	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**	**303.600.000**

26. Related party disclosures

a) Due to related parties

Due to related parties balances as of 31 December 2014 and 31 December 2013 are as follows:

Payables related to goods and services received:

	31 December 2014	31 December 2013
Ak Gıda A.Ş. (Ak Gıda) (1)	101.494	116.541
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) (1)	57.588	44.646
Hedef Tüketim Ürünleri San ve Dış Tic. A.Ş. (Hedef) (1)	36.763	33.971
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş (Turkuvaz) (1)	34.042	21.063
Aktül Kağıt Üretim Pazarlama Anonim Şirketi (Aktül) (1)	16.782	-
Sena Muhtelif Ürün Paketleme Gıda Sanayi Ve Tic. Ltd.Şti (Sena) (3)	6.058	4.348
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) (2)	2.311	2.185
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) (1)	1.315	325
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) (1)	4	1
Proline Bilişim Sistemleri ve Ticaret A.Ş. (Proline)(1)	1	-
Bahar Su San. ve Tic. A.Ş. (Bahar Su) (1)	-	265
Seher Gıda Paz. San. ve Tic. A.Ş. (Seher) (1)	-	12
	256.358	**223.357**

(1) Companies owned by shareholders of the Company.
(2) Subsidiaries of the Group.
(3) Other related party.

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b) Related party transactions

For the periods ended 31 December 2014 and 2013, summary of the major transactions with related parties are as follows:

i) Purchases from related parties during the periods ended 31 December 2014 and 2013 are as follows:

	1 January - 31 December 2014	1 January - 31 December 2013
Ak Gıda [1]	860.587	799.990
Başak [1]	448.475	353.381
Hedef [1]	163.691	136.277
Turkuvaz [1]	161.751	120.329
Natura [1]	83.177	73.762
Aktül[1]	68.293	68.293
Sena[3]	27.791	27.791
İdeal Standart [2]	11.250	10.395
Bahariye [1]	3.175	2.200
Proline [1]	1.657	138
Avansas[1]	253	48
Seher [1]	141	1.172
Bahar Su [1]	48	2.893
	1.830.289	**1.596.669**

[1] Companies owned by shareholders of the Company.
[2] Subsidiaries of the Group.
[3] Other related party.

ii) For the periods ended 31 December 2014 and 2013 salaries, bonuses and compensations provided to board of directors and key management comprising of 129 and 93 personnel, respectively, are as follows

	1 January - 31 December 2014	1 January - 31 December 2013
Short-term benefits to employees	34.178	26.472
Long-term defined benefits	1.889	1.393
Total benefits	**36.067**	**27.865**

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.

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Profit share rate risk

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

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

Profit share rate position table

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

Profit share position table		Current period	Previous period
	Fixed profit share bearing financial instruments		
Financial assets	Profit share deposits	139.353	235.972
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 – 31 December 2014)

	Receivables							
	Credit card receivables		Trade and other receivables		Bank deposits		Financial assets	
	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)	-	445.330	12.580	3.082	-	201.509	157.490	-
- Maximum risk secured by guarantees etc	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	445.330	12.580	3.082	-	201.509	157.490	-
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)	-	-	-	372	-	-	-	-
- Impairment	-	-	-	(372)	-	-	-	-
- 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 - 31 December 2013)

	Receivables							
		Credit card receivables		Trade and other receivables		Bank deposits		Financial assets
	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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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.

Foreign currency position

As of 31 December 2014 and 31 December 2013, the Group's foreign currency position is as follows ;

	31 December 2014				31 December 2013			
	TRY equivalent	USD	Euro	GBP	TRY equivalent	USDı	Euro	GBP
1. Trade receivables	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash, banks accounts	226	73.646	4.244	11.898	488	89.657	100.333	8.532
2b. Non-monetary financial assets			-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Other current assets (1+2+3)	226	73.646	4.244	11.898	488	89.657	100.333	8.532
5. Trade receivables					-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-current assets (5+6+7)	62	25.300	1.278	-	55	25.300	1.278	-
9. Total assets (4+8)	288	98.946	5.522	11.898	543	114.957	101.611	8.532
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)	288	98.946	5.522	11.898	543	114.957	101.611	8.532
21. Net foreign currency asset/(liability) position of monetary items (TFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a))	226	73.646	4.244	11.898	488	89.657	100.333	8.532
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 2014 and 31December 2013:

	31 December 2014	**Exchange rate sensitivity analysis**			
		Current 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)	2	(2)	-	-
5-	Protected part from Euro risk (-)	-	-	-	-
6-	Euro net effect (4+5)	2	(2)	-	-
	Increase/Decrease of 10% in value of GBP against TRY :				
7-	GBP net asset/(liability)	4	(4)	-	-
8-	Protected part from GBP risk (-)	-	-	-	-
9-	GBP net effect (7+8)	4	(4)	-	-
	Total (3+6+9)	**29**	**(29)**		

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	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 (-)	-	-	-	-
9-	GBP net effect (7+8)	3	(3)	-	-
	Total (3+6+9)	**54**	**(54)-**	**-**	

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 2014 and 31 December 2013, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

31 December 2014

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	1.549.148	1.558.698	1.558.698	-	-	-
Due to related parties	256.358	257.923	257.923	-	-	-

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	1.234.392	1.242.152	1.242.152	-	-	-
Due to related parties	223.357	224.685	224.685	-	-	-

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Capital risk management

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 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Total liabilites	2.088.600	1.698.006
Less: Cash and cash equivalents	(325.468)	(405.493)
Net debt	1.763.132	1.292.513
Total equity	1.149.531	999.264
Total equity+net debt	**2.912.663**	**2.291.777**
Net debt/ (Total equity + net debt)	**%61**	**%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).
- 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 2014 and 31 December 2013. See note 10 for disclosures of the land and buildings that are measured at fair value.

31 December 2014	Level 1	Level 2	Level 3	Total
Available for sale financial assets				
Retail industry	-	144.900	-	144.900
Consumer goods industry	-	12.590	-	12.590
Total assets		**157.490**		**157.490**

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

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. 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 2014 and 31 December 2013, 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

None.

PRODUCTS

Bill Matik
Clean and Fragrant Clothes

Art Matik
Active Cleaning Power

Berk Poşet Çay
Easy Solution for Tea Time

Le'Cola
To Refresh

Kelly's Fitness Club Müsli
For a Healthy Life

Teatone Ice Tea
Cool Down

Queen Peçete
For Beautiful Dinner Tables

Çokkolata Mini Çikolatalı Bar
Kids' Sweet Friend

Abdullah Efendi Türk Kahvesi
Traditional Taste

Nuts Bütün Fındıklı Sütlü Çikolata
Chocolate Pleasure

Buono Sütlü Fındıklı Çikolata
Delicious Chocolate

Simbat Kuru Meyve Kokteyli
Health and Energy Mix

Gofgof Fındıklı Gofret
Quick Solution to Hunger

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