

**BİM Birleşik Mağazalar
Anonim Şirketi**

**Financial Statements
June 30, 2005**

BİM BİRLEŞİK MAĞAZALAR A.Ş.

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
BİM Birleşik Mağazalar Anonim Şirketi

We have reviewed the accompanying interim balance sheet of BİM Birleşik Mağazalar Anonim Şirketi (the Company) as of June 30, 2005 and the related interim statements of income, changes in equity and cash flows for the six-months period ended all expressed in the equivalent purchasing power of New Turkish Lira as of June 30, 2005. These interim financial statements are the responsibility of the Company's management. Our responsibility is to issue review a report on these interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion on the accompanying financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of and for the six-months period ended June 30, 2005, are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards.



August 15, 2005
Istanbul, Turkey

BİM Birleşik Mağazalar Anonim Şirketi

BALANCE SHEETS

As at June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005)

ASSETS

	Notes	June 30, 2005	December 31, 2004
Current assets			
Cash and cash equivalents	3, 24	25,724	17,294
Trade receivables, net	4,9, 24	36,048	36,155
Inventories, net	5, 9	89,164	91,807
Prepayments and other current assets	6, 9	3,820	2,265
Total current assets		154,756	147,521
Property and equipment, net			
Property and equipment, net	7	111,139	111,343
Intangibles, net	8	1,859	1,573
Other non-current assets		1,537	508
Total non-current assets		114,535	113,424
Total assets		269,291	260,945

LIABILITIES AND EQUITY

Current liabilities			
Trade payables, net	9	167,292	153,017
Income tax payable	11	3,457	2,235
Other payables and accrued liabilities	10	16,520	7,370
Total current liabilities		187,269	162,622
Reserve for long-term defined employee benefit plan			
Reserve for long-term defined employee benefit plan	12	2,814	2,439
Deferred tax liability	11	8,466	10,542
Total non-current liabilities		11,280	12,981
Equity			
Share capital	13	33,304	33,304
Revaluation surplus	7	5,250	5,250
Legal reserves and retained earnings		32,188	46,788
Total equity		70,742	85,342
Total liabilities and equity		269,291	260,945

The accompanying policies and explanatory notes on pages 6 through 25 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi

STATEMENT OF INCOME

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005)

		January 1, 2005 - June 30, 2005	April 1, 2005 - June 30, 2005	January 1, 2004- June 30, 2004	April 1, 2004 - June 30, 2004
Net sales		791,458	403,642	687,419	347,427
Cost of sales	9, 15	(655,299)	(331,922)	(568,075)	(283,850)
Gross profit		136,159	71,720	119,344	63,577
Selling and marketing expenses	9, 16,18	(101,594)	(51,152)	(86,987)	(44,255)
General and administrative expenses	9, 17,18	(19,025)	(8,850)	(18,435)	(9,995)
Profit / (loss) from operations		15,540	11,718	13,922	9,327
Financial income / (expense), net	9, 19	58	(137)	926	1,448
Other income / (expense), net	20	(9,442)	(10,010)	467	768
Gain on net monetary position		3,804	1,226	6,806	234
Profit before tax		9,960	2,797	22,121	11,777
Tax charge					
- Current	11	(5,517)	(3,415)	(7,374)	(4,517)
- Deferred	11	1,744	2,181	(65)	(113)
Net profit		6,187	1,563	14,682	7,147
Weighted average number of shares (1 YTL par value each)		25,300,000	25,300,000	25,300,000	25,300,000
Basic earnings per share (full YTL)		0.245	0.062	0.580	0.282

The accompanying policies and explanatory notes on 6 through 25 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi**STATEMENT OF CHANGES IN EQUITY****For the six-months period ended June 30, 2005****(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005)**

	Share Capital	Revaluation Surplus	Legal Reserves and Retained Earnings	Total
At January 1, 2004	33,304	5,250	21,755	60,309
Net profit for the period	-	-	14,682	14,682
At June 30, 2004	33,304	5,250	36,437	74,991
At January 1, 2005	33,304	5,250	46,788	85,342
Dividends paid	-	-	(20,787)	(20,787)
Net profit for the period	-	-	6,187	6,187
At June 30, 2005	33,304	5,250	32,188	70,742

The accompanying policies and explanatory notes on pages 6 through 25 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi**STATEMENT OF CASH FLOWS****For the six-months period ended June 30, 2005****(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005)**

	Notes	June 30, 2005	June 30, 2004
Cash flows from operating activities			
Net income before monetary gain and tax charge		6,156	15,315
Adjustments to reconcile net income to net cash provided by operating activities :			
Depreciation and amortisation	7, 8	12,508	11,572
Reserve for long-term defined employee benefit plan	12, 16, 17, 18	346	410
Interest expense	19	114	77
Interest income	19	(19)	(43)
Loss/(gain) on sale of property and equipment and intangibles	7, 20	631	(260)
Expense accruals	10	2,923	-
Bonus payment to senior management	10	5,785	-
		28,444	27,071
Changes in operating assets and liabilities			
Trade receivables	4, 9	(1,050)	(13,369)
Inventories	5	2,643	(9,162)
Prepayments and other current assets and other payables and accrued liabilities	6, 11	(1,654)	860
Other non current assets		(1,064)	-
Other payables and accrued liabilities		686	-
Trade payables	9	19,436	19,061
Interest received	19	19	43
Taxes paid	11	(4,295)	(2,815)
		43,165	21,689
Net cash generated by operating activities			
Cash flows from investing activities:			
Purchase of property and equipment and intangibles	7, 8	(14,060)	(19,579)
Proceeds from sale of property and equipment and intangibles	7, 8	839	1,149
		(13,221)	(18,430)
Net cash used in investing activities			
Cash flows from financing activities:			
Dividends paid		(20,787)	-
		(20,787)	-
Net cash used in financing activities			
Net effect of monetary loss on cash and cash transactions		(727)	(2,182)
Increase in cash and cash equivalents	3	8,430	1,077
Cash and cash equivalents at the beginning of the period	3	17,294	16,648
		25,724	17,725
Cash and cash equivalents at the end of period			

The accompanying policies and explanatory notes on pages 6 through 25 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

1. CORPORATE INFORMATION

General

BİM Birleşik Mağazalar Anonim Şirketi (a Turkish joint stock company - the Company) was established on May 31, 1995 and commenced its operations in September 1995. The registered address of the Company is Samandıra Ebubekir Cad. No. 289 Kartal, İstanbul.

The financial statements prepared in accordance with International Financial Reporting Standards (IFRS) were approved on August 15, 2005 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.

Nature of activities of the Company

The Company is engaged in operating retail stores of fast moving basic consumer goods through its retail shops throughout Turkey, which sell an assortment of approximately 600 items, including a number of private labels. As of June 30, 2005, the Company operated through 13 warehouses (June 30, 2004 - 12 and December 31, 2004 - 13) in various cities. As of June 30, 2005, the number of stores is 1,154 (June 30, 2004 - 1,014); (December 31, 2004 - 1,075).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the Company have been prepared in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect. The financial statements have been prepared under the historical cost convention, except for land and building which are carried at fair value.

As of June 30, 2005, the Company maintains its books of account and prepares its statutory financial statements in New Turkish lira (YTL) (December 31, 2004 – TL) in accordance with Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The financial statements have been prepared from the statutory financial statements of the Company and presented in New Turkish Lira (YTL) with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. Such adjustments mainly comprise effects of restatement for the changes in the general purchasing power of YTL, deferred taxation, employee termination benefits and accounting for leasing transactions.

The Company adopted all standards, which were mandatory as of June 30, 2005. No standards were adopted before their effective date.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements

Effective January 1, 2005, the following represent the revised International Accounting Standards and other new standards in the IFRS series:

- IAS 1 “Presentation of Financial Statements,”
- IAS 2 “Inventories,”
- IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors,”
- IAS 10 “Events after the Balance Sheet Date,”
- IAS 16 “Property, Plant and Equipment,”
- IAS 17 “Leases,”
- IAS 21 “The Effects of Changes in Foreign Exchange Rates,”
- IAS 24 “Related Party Disclosures,”
- IAS 27 “Consolidated and Separate Financial Statements,”
- IAS 28 “Investments in Associates,”
- IAS 31 “Interests in Joint Ventures,”
- IAS 32 “Financial Instruments: Disclosures and Presentations”
- IAS 33 “Earnings per Share,” and
- IAS 39 “Financial Instruments: Recognition and Measurement”
- IAS 40 “Investment Property.”
- IFRS 2 “Share-based payment”
- IFRS 4 “Insurance Contracts”
- IFRS 5 “Non-current assets held for sale and discontinued operations”

There was no impact on opening retained earnings of the Company at January 1, 2005 from the adoption of any of the above mentioned standards.

Use of Estimates

The preparation of financial statements in conformity with IFRS require 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 period. Accordingly, actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Functional and Presentation Currency for the Company

As a result of a long period of high inflation, the Turkish Lira (TL) has ended up in large denominations, creating difficulty in expressing and recording transactions. A new law was enacted on December 31, 2004 to introduce Yeni Türk Lirası (New Turkish Lira, YTL), as the new currency unit for the Republic of Turkey effective January 1, 2005. Conversion rate for TL against YTL is fixed at YTL 1 to TL 1,000,000 throughout the one year period until complete phase-out of TL. Effective January 1, 2005 the Company’s functional and presentation currency is YTL and financial statements including comparative figures for the prior period / year are presented in thousands of YTL.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The functional currency of the Company is New Turkish Lira (YTL). The restatement for the changes in the general purchasing power of YTL as of June 30, 2005 is based on IAS 29 (“Financial Reporting in Hyperinflationary Economies”). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous period/year be restated in the same terms. Determining whether an economy is hyperinflationary in accordance with IAS 29 requires judgment as the standard does not establish an absolute rate, instead it considers the following characteristics of the economic environment of a country to be strong indicators of the existence of hyperinflation : (a) the general population prefers to keep its wealth in non monetary assets or in a relatively stable currency; amounts of local currency held are immediately invested to maintain purchasing power, (b) the general population regards monetary amounts not in terms of local currency but in terms of a relatively stable currency; prices may be quoted in that currency, (c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short, (d) interest rates, wages and prices are linked to a price index and (e) the cumulative inflation rate over three years is approaching, or exceeds 100%. Although as of June 30, 2005, the three-year cumulative rate has been 55.7 % (December 31, 2004 - 69.72 %) based on the Turkish countrywide wholesale price index published by the State Institute of Statistics, considering the economic characteristics indicated above, IAS 29 is continued to be applied in the preparation of the current period financial statements. Index and conversion factors as of the end of December 31, 2004 and the second quarter of 2005 and 2004 are given below:

Dates	Index	Conversion Factors
June 30, 2004	7,982.7	1.0870
December 31, 2004	8,403.8	1.0325
June 30, 2005	8,677.1	1.0000

The main guidelines for the above mentioned restatement are as follows:

- the financial statements of the prior period/year, including monetary assets and liabilities reported therein, which were previously reported in terms of the measuring unit current at the end of that period/year are restated in their entirety to the measuring unit current at June 30, 2005.
- monetary assets and liabilities reported in the balance sheet as of June 30, 2005 are not restated because they are already expressed in terms of the monetary unit current at that balance sheet date.
- the inflation adjusted share capital was derived by indexing cash contributions from the date they were contributed.
- non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and other components of equity are restated by applying the relevant conversion factors.
- the effect of general inflation on the net monetary position is included in the income statement as monetary gain (loss).
- all items in the income statement are restated by applying appropriate month end conversion factors with the exception of depreciation, amortisation, gain or loss on disposal of non-monetary assets (which have been calculated based on the restated gross book values and accumulated depreciation/amortisation).

Restatement of balance sheet and income statement items through the use of a general price index and relevant conversion factors does not necessarily mean that the Company could realize or settle the same values of assets and liabilities as indicated in the balance sheets. Similarly, it does not necessarily mean that the Company could return or settle the same values of equity to its shareholders.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

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

Trade Receivables

Trade receivables are carried at amortized cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Inventories

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

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

Property and Equipment

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

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

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

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

	<u>Years</u>
Land improvements	5
Building	25
Machinery and equipment	10
Furniture and fixtures	5
Vehicles	5
Leased assets	7
Leasehold improvements	10

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

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Intangible assets are amortized on a straight line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end.

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 Assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income for items carried at cost and treated as a revaluation decrease for items carried at revalued amount to the extent that impairment loss does not exceed the amount held in the revaluation surplus. The recoverable amount of property and equipment is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or has decreased. The reversal is recorded in income or as a revaluation increase.

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.

Leases

Finance Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the estimated useful life of the asset.

Operating Leases

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

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related Parties

Parties are considered related when one party either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party. Related parties also include individuals that are shareholders, members of the Company's management and employees. Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

Trade Payables

Trade payables which generally have an average of 47 day (December 31, 2004 – 46 day) term are carried at amortized cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Income Taxes

Income tax is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

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

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

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

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

Provisions

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

Contingent Assets and Liabilities

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

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term Employee Benefits

(a) Defined Benefit Plans:

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

As discussed in Note 12, the reserve for employee termination benefits is provided for in accordance with IAS 19 “Employee Benefits” and is based on an independent actuarial study.

In the financial statements, the Company has recognised a liability using the “Projected Unit Credit Method”. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses exceed 10% of the present value of the defined benefit obligation, in accordance with the valuation made by the qualified actuaries. Actuarial gains and losses are recognized over the average remaining working lives of employees. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate estimate of qualified actuaries.

(b) Defined Contribution Plans:

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

Foreign Currency Transactions

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

Foreign currency translation rates used by the Company as of respective period/year-ends are as follows:

Dates	USD / YTL (full)	EUR / YTL (full)
June 30, 2004	1.4859	1.8068
December 31, 2004	1.3421	1.8268
June 30, 2005	1.3413	1.6167

Revenue Recognition

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

Interest income is recognized on an accrual basis.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings Per Share

Earnings per share disclosed in the income statement are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period/year concerned.

In Turkey, companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and statutory revaluation fund (statutory revaluation fund which was applicable only for the periods prior to January 1, 2004 has been eliminated by introduction of a tax law related with inflation accounting). For the purpose of the EPS calculation, such Bonus Share issues are regarded as stock dividends.

Subsequent Events

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

Borrowing Costs

Borrowing costs are expensed as incurred.

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is:

- cash,
- a contractual right to receive cash or another financial asset from another enterprise,
- a contractual right to exchange financial instruments from another enterprise under conditions that are potentially favourable, or,
- an equity instrument of another enterprise.

A financial liability that is a contractual obligation:

- to deliver cash or another financial asset to another enterprise, or
- to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

When a financial asset or financial liability is recognized initially, it is measured at its cost, which is the fair value of the consideration given (in the case of an asset) or received (in case of a liability) for it. Transaction costs are included in the initial measurement of all financial assets and liabilities.

After initial recognition, financial assets are measured at their fair values, without any deduction for transaction costs that it may incur on sale or other disposal.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair values of certain financial assets and liabilities carried at cost, including cash and cash equivalents, trade receivables and payables, leasing obligations and short-term borrowings are considered to approximate their respective carrying values due to their short term nature.

Recognition and Derecognition of Financial Assets and Liabilities

The Company recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of a financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of a financial asset. The Company derecognizes a financial liability when and only when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expires.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase or to sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments. As the Company operates in a single business segment and in a single geographic location, there is no basis for segment reporting.

3. CASH AND CASH EQUIVALENTS

	June 30, 2005	December 31, 2004
Cash at banks (demand deposits)	15,899	5,838
Cash on hand	7,625	8,273
Cash in transit	2,200	3,183
	25,724	17,294

4. TRADE RECEIVABLES

	June 30, 2005	December 31, 2004
Credit card receivables	35,436	34,781
Trade receivables	818	465
Advances given	419	1,051
Other receivables	66	214
Provision for doubtful receivables	(691)	(356)
	36,048	36,155

As of June 30, 2005, the average term of trade receivables is 8 days (December 31, 2004 – 9 days).

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

5. INVENTORIES

	June 30, 2005	December 31, 2004
Trade goods	79,052	81,048
Advances given	7,073	10,121
Goods in transit	2,812	-
Other stocks	227	638
	89,164	91,807

6. PREPAYMENTS AND OTHER CURRENT ASSETS

As of June 30, 2005, prepayments and other current assets mainly include prepaid rent, prepaid insurance premiums and due from personnel amounting to YTL 3,820 (December 31, 2004 - YTL 2,265).

7. PROPERTY AND EQUIPMENT

The movement of property and equipment and the related accumulated depreciation and impairment losses for the six months period ended June 30, 2005 is as follows:

	December 31, 2004	Additions	Disposals	Transfers	June 30, 2005
Cost or revalued amount					
Land	10,761	-	-	-	10,761
Land improvements	177	-	-	-	177
Building	10,313	-	-	-	10,313
Machinery and equipment	59,202	1,909	(351)	2,900	63,660
Vehicles	17,267	2,297	(1,581)	-	17,983
Furniture and fixtures	41,556	1,873	(94)	-	43,335
Leasehold improvements	43,964	3,953	(686)	-	47,231
Leased assets (*)	40,280	-	-	-	40,280
Advances given	636	3,355	-	(2,900)	1,091
	224,156	13,387	(2,712)	-	234,831
Accumulated depreciation					
Land improvements	150	6	-	-	156
Building	2,594	368	-	-	2,962
Machinery and equipment	19,777	3,061	(201)	-	22,637
Vehicles	6,120	1,686	(600)	-	7,206
Furniture and fixtures	25,517	2,912	(5)	-	28,424
Leasehold improvements	17,236	2,215	(442)	-	19,009
Leased assets	33,000	1,879	-	-	34,879
	104,394	12,127	(1,248)	-	115,273
Reserve for impairment of land and building	(8,419)	-	-	-	(8,419)
Net book value	111,343				111,139

(*) Leased assets comprise machinery and equipment.

Land and building are carried at revalued amounts based on an independent valuation performed in 2002. Valuations for those assets were made in U.S. Dollars on the basis of market value for existing use. 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 shareholders' equity. Revaluation surplus is not available for distribution to shareholders.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

7. PROPERTY AND EQUIPMENT (continued)

Had the revalued assets been carried at cost less accumulated depreciation and any accumulated impairment losses, the carrying amounts of land and building in Samandıra that would have been included in the financial statements as of June 30, 2005 are as follows :

	Land	Building
Cost	154	6,720
Accumulated depreciation	-	(1,926)

As of June 30, 2005 and December 31, 2004, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	June 30, 2005	December 31, 2004
Furniture and fixtures	14,821	12,666
Machinery and equipment	328	323
Leased assets	16,307	12,283
Intangibles	2,106	2,210
Vehicles	1,190	1,412
Land improvements	117	117
	34,869	29,011

8. INTANGIBLES

The movement of intangibles and related accumulated amortisation for the six months period ended June 30, 2005 is as follows:

	December 31, 2004	Additions	Disposals	June 30, 2005
Cost				
Rights	3,752	673	(7)	4,418
Other Intangibles	446	-	-	446
	4,198	673	(7)	4,864
Accumulated amortization				
Rights	2,186	380	(1)	2,565
Other Intangibles	439	1	-	440
	2,625	381	(1)	3,005
Net book value	1,573	-	-	1,859

The estimated useful lives of intangibles is 5 years. Rights mainly comprise software licences.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

9. RELATED PARTY BALANCES AND TRANSACTIONS

The balances with related parties at June 30, 2005 and December 31, 2004 and a summary of the major transactions made with them during the six months periods ended June 30, 2005 and 2004 were as follows:

Balances

- (a) As of June 30, 2005 the Company has a receivable balance amounting to YTL 184 from Albaraka Türk Özel Finans Kurumu A.Ş., a shareholder company.
- (b) As of June 30, 2005 and December 31, 2004, the Company has advances given related to the inventory purchases from Teksu Ticaret A.Ş. (1) amounting to YTL 414, YTL 552, respectively.
- (c) Due to related party balances related to purchase of goods, which are included in trade payables comprise the following balances:

	June 30, 2005	December 31, 2004
Ak Gıda A.Ş. (Ak Gıda) (1)	13,647	8,379
Nimet Gıda Sanayi ve Ticaret A.Ş. (Nimet) (1)	3,897	3,523
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. (Biskot) (1)	3,856	4,003
Noble Pazarlama Satış ve Dağıtım (Noble) (1)	1,294	1,573
Ahsen Plastik Sanayi ve Ticaret A.Ş. (Ahsen) (1)	1,255	2,755
Oyaş Okyanus Gıda Yatırım Sanayi A.Ş. (Oyaş Gıda) (1)	1,223	494
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) (1)	1,199	13
Pak Kağıtçılık San. ve Tic. A.Ş. (Pak Kağıtçılık) (1)	486	-
Plas Plastik ve Ambalaj Sanayi (Plas Plastik) (1)	406	1,830
Çizmeçi Gıda Sanayi ve Ticaret A.Ş. (Çizmeçi) (1)	311	251
Nice İç ve Dış Ticaret Limited Şirketi (Nice Ticaret) (1)	285	142
Teksu Ticaret A.Ş. (1)	200	21
ZTH Zincir Mağazalar Tedarik Hizmetleri (ZTH) (2)	71	-
Others	-	2
	28,130	22,986

- (1) Companies owned by Shareholders.
(2) Companies owned by the members of Board of Directors.

Transactions

- a) Major purchases from related parties in the normal course of business are as follows:

	June 30, 2005	June 30, 2004
Ak Gıda (1)	67,579	53,344
Nimet (1)	21,137	16,119
Biskot (1)	10,032	4,886
Noble (1)	9,758	1,292
Pak Kağıtçılık (1)	7,848	-
Ahsen (1)	6,153	10,481
Plas Plastik (1)	5,634	4,046
Oyaş Gıda (1)	3,425	3,671
Natura (1)	2,354	1,592
Teksu Dağıtım Hizmetleri A.Ş. (1)	1,102	2,065
Çizmeçi (1)	669	1,195
Nice Ticaret (1)	505	-
Bahariye Tekstil Sanayi ve Ticaret A.Ş. (1)	18	589
Sağlıklı Gıda Ürünleri Sanayi ve Ticaret A.Ş. (2)	-	4,692
Others	70	310
	136,284	104,282

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b) Consultancy services obtained from related parties are as follows:

	June 30, 2005	June 30, 2004
ZTH Zincir Mağazalar Tedarik Hizmetleri (2) (*)	313	184

(*) Consultancy services given to the Company in suppliers' management.

c) Financial services obtained from related parties are as follows:

	June 30, 2005	June 30, 2004
Albaraka Türk Özel Finans Kurumu A.Ş.	694	-

(1) Companies owned by Shareholders

(2) Companies owned by the members of Board of Directors.

(d) For the six months period ended June 30, 2005, the Company received consultancy services amounting to YTL 55 (June 30, 2004 – YTL 86) from Dieter Brandes (shareholder).

(e) For the six months period ended June 30, 2005 and June 30, 2004 bonus and payroll expenses of the board members and key management personnel amounted to YTL 8,630 (including the share-based payment amounting to YTL 5,785) and YTL 2,665 respectively.

10. OTHER PAYABLES AND ACCRUED LIABILITIES

	June 30, 2005	December 31, 2004
Payroll withholdings and social security taxes (*)	6,872	4,592
Bonus accrual for senior management	3,720	-
Expense accruals (**)	2,923	-
VAT payable	1,776	1,198
Other	1,229	1,580
	16,520	7,370

On its extraordinary meeting held on 24 June 2005, the Company's General Assembly has approved a one-time share-based payment in the amount of YTL 5,785 (gross) (refer to note 20) to senior management which is conditioned on the closing of the Initial Public Offering (IPO) and the purchase of shares during the IPO. As of June 30, 2005 the Company has reflected in its financial statements an accrual in the amount of YTL 3,720 (net) related to the payment to its senior management and related tax accrual in the amount of YTL 2,065. Related accruals are included in other payables and accrued liabilities.

(*) Included the tax accrual amounting to YTL 2,065 related to the share-based payment to the Company's senior management explained above.

(**) As of July 15, 2005 the Company's shares have started being traded on the Istanbul Stock Exchange as explained in Note 13. As of June 30, 2005 the Company has booked certain provisions for various expenses related to the IPO process. In the income statement, related expenses have been included in other expenses.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

11. TAXES

General Information

In Turkey, the corporation tax rate for the fiscal year ended June 30, 2005 is 30% (December 31, 2004 - 33%). The corporate tax rate effective from December 1, 2005 was announced as 30%. Corporate tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one instalment until the end of the fourth month. The tax legislation provides for a temporary tax of 30% (December 31, 2004 - 33%) 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 2003 and prior years, corporation tax was computed on the statutory income tax base without any adjustment for inflation accounting. Starting from January 1, 2004, taxable income will be derived from the financial statements which are adjusted for inflation accounting. Accumulated earnings arising from the first application of inflation accounting on December 31, 2003 balance sheet will not be subject to corporation tax, and similarly accumulated deficits arising from such application will not be deductible for tax purposes. Moreover, accumulated tax loss carry-forwards related with 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years. Ministry of Finance ceased the inflation accounting in statutory books of accounts effective from January 1, 2005.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years. (A tax amnesty law, which was enacted in 2003 provided immunity for tax inspection and additional assessments to those taxpayers who utilized the option. According to the law, companies, who accepted to use this option, also accepted a 50% reduction from their corporate tax losses incurred in the same year.)

10% withholding tax applies to dividends distributed by resident corporations to resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distributions by resident corporations to resident corporations are not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Tax Reconciliation

A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the periods ended June 30, is as follows:

	June 30, 2005	June 30, 2004
Net income before tax	9,960	22,121
Income tax at 30% (June 30, 2004 - 33%)	(2,988)	(7,300)
Effect of non tax deductible and tax exempt items	(785)	(139)
Provision for taxes	(3,773)	(7,439)
- current	(5,517)	(7,374)
- deferred	1,744	(65)

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

11. TAXES (continued)

Deferred income tax

The breakdown of cumulative temporary differences and resulting deferred tax (assets) / liabilities provided at June 30, 2005 and December 31, 2004 using the current effective tax rates, are as follows:

	June 30, 2005		December 31, 2004	
	Gross Amount of Temporary Differences	Deferred Tax (Asset) / Liability	Gross Amount of Temporary Differences	Deferred Tax (Asset) / Liability
Restatement effect on non-monetary items	41,151	12,345	39,300	11,790
Reserve for long term defined employee benefit plan	(2,814)	(844)	(2,439)	(732)
IPO expenses	(2,923)	(877)	-	-
Bonus accrual for senior management	(5,785)	(1,736)	-	-
Fair value decrease on building	(1,328)	(398)	(1,328)	(397)
Others	(78)	(24)	(398)	(119)
	28,223	8,466	35,135	10,542

Movement of net deferred tax liability is presented as follows:

	June 30, 2005	December 31, 2004
Balance at January 1	10,542	11,442
Deferred income (credit)/charge recognized in income statement	(1,744)	489
Monetary gain	(332)	(1,389)
Balance at the end of period/year	8,466	10,542

12. LONG-TERM DEFINED EMPLOYEE BENEFIT PLAN

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of historical YTL 1.649, YTL 1.575 (historical YTL) at June 30, 2005 and December 31, 2004, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination. The cost of providing those benefits is accrued over the employees' service period. The Company accounts for the employee termination benefits in accordance with the provisions of IAS 19 including the application of actuarial methods and assumptions by professional actuaries. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses exceed 10% of the present value of defined benefit obligations, in accordance with the valuation made by the qualified actuaries. Actuarial gains and losses are recognized over the average remaining working lives of the employees.

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

12. LONG-TERM DEFINED EMPLOYEE BENEFIT PLAN (continued)

Movements in the reserve for employee termination benefits are as follows:

	June 30, 2005	December 31, 2004
Beginning balance	2,439	1,749
Actuarial loss	25	32
Interest cost	114	145
Service cost	533	726
Payments	(212)	-
Monetary gain	(85)	(213)
Ending balance	2,814	2,439

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

Discount rate	6.5%
Expected rate of salary/limit increases	4%

13. SHARE CAPITAL

As of June 30, 2005 and December 31, 2004 the Company's paid in share capital was YTL 25,300 (historical terms) comprising 25,300,000 shares of YTL one nominal value each.

As of June 30, 2005 and December 31, 2004, the breakdown of shareholders and their ownership percentages in the Company (all in historical terms) can be summarized as follows:

	June 30, 2005		December 31, 2004	
	Historical Amount	%	Historical Amount	%
Mustafa Latif Topbaş	6,703	26.5	6,703	26.5
World Wide LTD.	-	-	6,689	26.4
Merrill Lynch Global Emerging Markets Partners L.P.	6,325	25.0	6,325	25.0
Abdulrahman A. El Khereji	5,205	20.6	-	-
BankAmerica International Investment Corporation	2,530	10.0	2,530	10.0
Albaraka Türk Özel Finans Kurumu A.Ş.	1,455	5.8	1,455	5.8
Zuhair Fayez	1,301	5.1	-	-
İbrahim Halit Çizmeci	745	2.9	745	2.9
Kuveyt Türk Evkaf Finans Kurumu A.Ş.	600	2.4	600	2.4
Dieter Brandes	253	1.0	253	1.0
Gregson Limited	183	0.7	-	-
	25,300	100.0	25,300	100.0

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

13. SHARE CAPITAL (continued)

As of December 31, 2004 the Company's share capital consists of shares of type A through type G with each share type having different rights, of TL one million nominal value each. However, in connection to the Company's shares being traded on the Istanbul Stock Exchange, the General Assembly held an extraordinary meeting on June 24, 2005 and has decided to change the Company's Articles of Association such that the Company's share capital is divided into 25,300,000 shares with equal rights and of YTL one nominal value each. Some of the Company's shareholders, namely, Merrill Lynch Global Emerging Markets Partners L.P., Bank America International Investment Corporation, Albaraka Türk Özel Finans Kurumu A.Ş. and Kuveyt Türk Evkaf Finans Kurumu A.Ş., have decided to sell their shares with total values of YTL 6,325, YTL 2,530, YTL 1,455, and YTL 600 respectively through IPO. Accordingly, 43,2% of the Company's shares that belonged to the above-mentioned shareholders have been sold through IPO and the Company's shares have began to be traded on the Istanbul Stock Exchange as of July 15, 2005.

14. RISK MANAGEMENT POLICY

The Company's principal financial instruments comprise finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has other financial instruments such as trade debtors and creditors which arise directly from its operations.

The Company's exposure to interest risk is minimal. Since the Company is engaged in the retail sector and transactions are mainly on a cash basis, the exposure to credit and price risk is minimal.

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

15. COST OF SALES

Movement of cost of sales for the three months period ended June 30, 2005 and June 30, 2004 is as follows:

	June 30, 2005	June 30, 2004
Beginning inventory	81,048	70,216
Purchases	656,115	611,569
Ending inventory	(81,864)	(113,710)
	655,299	568,075

16. SELLING AND MARKETING EXPENSES

The breakdown of selling and marketing expenses for the six months periods ended June 30, 2005 and June 30, 2004 is as follows:

	June 30, 2005	June 30, 2004
Personnel expenses	39,054	33,124
Rental expenses	24,468	21,231
Depreciation and amortisation expenses	10,586	9,721
Water, electricity and communication expenses	7,112	6,762
Packaging expenses	5,439	4,150
Advertising expenses	2,507	2,086
Maintenance and repair expenses	2,111	2,053
IT expenses	681	897
Provision for employee termination benefits	440	305
Other	9,196	6,658
	101,594	86,987

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

17. GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of general and administrative expenses for the six months periods ended June 30, 2005 and June 30, 2004 is as follows:

	June 30, 2005	June 30, 2004
Personnel expenses	10,561	9,375
Depreciation and amortisation expenses	1,922	1,851
Advertising expenses	1,703	2,195
Vehicle and car expenses	931	723
Money collection expenses	319	1,120
Legal and consultancy expenses	509	742
Water, electricity and communication expenses	472	581
Office supplies expenses	135	156
Provision for employee termination benefits	118	105
Other	2,355	1,587
	19,025	18,435

18. PERSONNEL EXPENSES

	June 30, 2005	June 30, 2004
Staff costs		
Wages and salaries	41,792	35,900
Provision for employee termination benefits	558	410
Cost of defined contribution plan (employer's share of social security premiums)	7,823	6,599
	50,173	42,909

Average number of personnel for the six months period ended June 30, 2005 and June 30, 2004 are 6,660 and 5,704, respectively.

19. FINANCIAL INCOME / (EXPENSE), net

Financial income and expenses for the six months periods ended June 30, 2005 and June 30, 2004 can be summarized as follows:

	June 30, 2005	June 30, 2004
Interest expense	(114)	(77)
Interest income	19	43
Foreign exchange gains	554	1,507
Foreign exchange losses	(359)	(496)
Other financial expense	(42)	(51)
	58	926

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

20. OTHER (EXPENSE)/INCOME, net

The breakdown of other (expense)/income, net for the six months period ended June 30, 2005 and June 30, 2004 is as follows:

	June 30, 2005	June 30, 2004
Bonus accrual for senior management (Note 10)	(5,785)	-
IPO related expenses (Note 10)	(3,579)	-
Gain on sale of scrap materials	846	781
(Loss)/gain on sale of fixed assets	(631)	260
Other (expense), net	(293)	(574)
	(9,442)	467

21. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. The EPS for the six-months periods ended June 30, 2005 and 2004 are 0.245 (full YTL) 0.580 (full YTL), respectively. The shareholders of the Company do not have any diluted shares.

There is not any change in paid in share capital and the number of shares outstanding during the six months period ended June 30, 2005 and during the year ended December 31, 2004.

22. LEGAL RESERVES AND RETAINED EARNINGS

Legal Reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code (TCC). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's restated share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's restated share capital.

Companies of whose shares are quoted to Istanbul Stock Exchange Market (ISEM) perform their dividend appropriation in accordance with the Turkish Capital Market Board regulations.

The statutory accumulated profits and statutory current period profit are available for distribution, subject to the reserve requirements referred to above. However, the concept of the payment of interim dividends does not exist.

As of June 30, 2005 and December 31, 2004, retained earnings / (accumulated deficit) and net profit for the period / year (as per statutory financial statements of the Company) are as follows (YTL):

	June 30, 2005	December 31, 2004
Retained earnings / (Accumulated deficit)	3,042	(484)
Net profit for the period/year	17,682	23,629

BİM Birleşik Mağazalar Anonim Şirketi

NOTES TO FINANCIAL STATEMENTS (Continued)

For the six-months period ended June 30, 2005

(Currency – Thousands of New Turkish Lira (YTL) in equivalent purchasing power at June 30, 2005 unless otherwise indicated)

23. CONTINGENCIES AND COMMITMENTS

(i) Letters of guarantee obtained from banks and given to various institutions amounted to YTL 533 at June 30, 2005 and YTL 636 at December 31, 2004, in historical terms.

(ii) As of June 30, 2005 the Company has operating lease commitments for each of the following periods:

		Foreign Currency (full)	YTL Equivalent
Not later than one year	EUR	250,278	405
Later than one year and not later than five years	EUR	351,257	568

(iii) As of June 30, 2005 the Company has letters of guarantee amounting to YTL 2,114 received from its supplier firms. (2004 – YTL 2,757 (in historical terms))

(iv) As of June 30, 2005 the Company has mortgages amounting to YTL 10,704 received from its supplier firms. (December 31, 2004 – YTL 8,844 (in historical terms))

(v) The tax and other government authorities (Social Security Institution) can request to inspect the Company's tax returns and accounting records for the past five fiscal years. The Company has not recorded a provision for any additional taxes for the fiscal years that remained unaudited, as the amount cannot be estimated with any degree of certainty. The Company's management believes that no material assessment will arise from any future inspection for unaudited fiscal years.

24. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES

a) Foreign Currency Position

As of June 30, 2005 and December 31, 2004, foreign currency position of the Company is summarized below:

	June 30, 2005						
	USD	YTL Equivalent	Euro	YTL Equivalent	GBP	YTL Equivalent	Total YTL Equivalent
Total foreign currency denominated assets	2,870,694	3,850	2,426	4	3,178	8	3,862
Total foreign currency denominated liabilities	237,212	318	2,486	4	-	-	322
Net foreign currency position		3,532		-		8	3,540

	December 31, 2004						
	USD	YTL Equivalent	Euro	YTL Equivalent	GBP	YTL Equivalent	Total YTL Equivalent
Total foreign currency denominated assets	3,604,381	4,993	150	-	7,440	19	5,012
Total foreign currency denominated liabilities	1,447,990	2,005	632	1	-	-	2,006
Net foreign currency position		2,988		(1)		19	3,006

25. SUBSEQUENT EVENTS

As of July 15, 2005, the shares of BİM Birleşik Mağazalar A.Ş. have started being traded at Istanbul Stock Exchange Market.