

**BİM Birleşik Mağazalar  
Anonim Şirketi**

**Together with  
Review Report of Independent Auditors  
Financial Statements  
March 31, 2006**

## BİM BİRLEŞİK MAĞAZALAR A.Ş.

### TABLE OF CONTENTS

	<u>Page</u>
Review Report of Independent Auditors	1
Balance Sheet	2
Statement of Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 29

## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of  
BİM Birleşik Mağazalar Anonim Şirketi

We have reviewed the accompanying interim balance sheet of BİM Birleşik Mağazalar Anonim Şirketi (the Company) as of March 31, 2006 and the related interim statements of income, changes in equity and cash flows for the three-months period ended. These interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a review 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 audit opinion.

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 three-months period ended March 31, 2006, are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards.



April 28, 2006  
Istanbul, Turkey

# BİM Birleşik Mağazalar Anonim Şirketi

## BALANCE SHEET

As at March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL))

	Notes	March 31, 2006	December 31, 2005
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3, 24	72,971	60,335
Trade receivables, net	4,9, 24	42,940	41,682
Inventories, net	5, 9	114,709	105,632
Prepayments and other current assets	6, 9	3,146	4,439
<b>Total current assets</b>		<b>233,766</b>	212,088
<b>Property and equipment, net</b>			
Property and equipment, net	7	116,092	112,763
Intangibles, net	8	1,476	1,608
Other non-current assets		1,877	605
<b>Total non-current assets</b>		<b>119,445</b>	114,976
<b>Total assets</b>		<b>353,211</b>	327,064
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables, net	9	215,351	202,512
Income tax payable	11	6,169	4,397
Other payables and accrued liabilities	10	7,168	9,926
<b>Total current liabilities</b>		<b>228,688</b>	216,835
<b>Reserve for long-term defined employee benefit plan</b>			
Reserve for long-term defined employee benefit plan	12	3,536	3,239
Deferred tax liability	11	11,845	11,475
<b>Total non-current liabilities</b>		<b>15,381</b>	14,714
<b>Equity</b>			
Share capital	13	33,721	33,721
Revaluation surplus	7	5,316	5,316
Legal reserves and retained earnings	22	70,105	56,478
<b>Total equity</b>		<b>109,142</b>	95,515
<b>Total liabilities and equity</b>		<b>353,211</b>	327,064

The accompanying policies and explanatory notes on pages 6 through 29 form an integral part of the financial statements.

**BİM Birleşik Mağazalar Anonim Şirketi****STATEMENT OF INCOME****For the three-months period ended March 31, 2006****(Currency – Thousands of New Turkish Lira (YTL))**

	Notes	March 31, 2006	March 31, 2005
Net sales		474,337	392,673
Cost of sales	9, 15	(387,688)	(327,427)
<b>Gross profit</b>		<b>86,649</b>	65,246
Selling and marketing expenses	9, 16,18	(57,034)	(51,074)
General and administrative expenses	9, 17,18	(11,452)	(10,303)
Other operating income, net	20	786	575
Financial income, net	9, 19	1,217	197
Gain on net monetary position			2,610
<b>Profit before tax</b>		<b>20,166</b>	7,251
Tax charge			
- Current	11	(6,169)	(2,128)
- Deferred	11	(370)	(442)
<b>Taxes on income</b>		<b>(6,539)</b>	(2,570)
<b>Net profit</b>		<b>13,627</b>	4,681
Weighted average number of shares (1 YTL par value each)		25,300,000	25,300,000
Basic and fully diluted earnings per share (full YTL)	21	0.539	0.185

The accompanying policies and explanatory notes on 6 through 29 form an integral part of the financial statements.

**BİM Birleşik Mağazalar Anonim Şirketi****STATEMENT OF CHANGES IN EQUITY****For the three-months period ended March 31, 2006****(Currency – Thousands of New Turkish Lira (YTL))**

	Share Capital	Revaluation Surplus	Legal Reserves	Retained Earnings	Total
<b>At January 1, 2005</b>	33,721	5,316	-	47,346	86,383
Net profit for the period	-	-	-	4,681	4,681
<b>At March 31, 2005</b>	<b>33,721</b>	<b>5,316</b>	<b>-</b>	<b>52,027</b>	<b>91,064</b>
<b>At January 1, 2006</b>	<b>33,721</b>	<b>5,316</b>	<b>3,042</b>	<b>53,436</b>	<b>95,515</b>
Net profit for the period	-	-	-	13,627	13,627
<b>At March 31, 2006</b>	<b>33,721</b>	<b>5,316</b>	<b>3,042</b>	<b>67,063</b>	<b>109,142</b>

The accompanying policies and explanatory notes on pages 6 through 29 form an integral part of the financial statements.

# BİM Birleşik Mağazalar Anonim Şirketi

## STATEMENT OF CASH FLOWS

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL))

	Notes	March 31, 2006	March 31, 2005
<b>Cash flows from operating activities</b>			
Net profit before monetary gain and tax charge		20,166	4,641
<b>Adjustments to reconcile net income to net cash provided by operating activities :</b>			
Depreciation and amortisation	7, 8	6,288	6,492
Reserve for long-term defined employee benefit plan	12, 16, 17, 18	215	283
Interest expense	12, 19	82	58
Income from deposits accounts	19	(1,264)	(13)
Loss/(gain) on sale of property and equipment and intangibles	7, 8, 20	121	(49)
		<b>25,608</b>	<b>11,412</b>
<b>Changes in working capital</b>			
Trade receivables	4, 9	(1,258)	(1,150)
Inventories	5	(9,077)	(615)
Prepayments and other current, non-current assets and other payables and accrued liabilities	6, 10	(2,737)	(1,246)
Trade payables	9	12,839	11,317
Income received from deposit account	19	1,264	13
Taxes paid	11	(4,397)	(2,237)
		<b>22,242</b>	<b>17,494</b>
<b>Net cash generated by operating activities</b>			
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment and intangibles	7, 8	(10,023)	(5,631)
Proceeds from sale of property and equipment and intangibles	7, 8	417	438
		<b>(9,606)</b>	<b>(5,193)</b>
<b>Net cash used in investing activities</b>			
Net effect of monetary loss on cash and cash transactions		-	862
Increase in cash and cash equivalents	3	12,636	13,163
Cash and cash equivalents at the beginning of the year	3	60,335	17,511
		<b>72,971</b>	<b>30,674</b>
<b>Cash and cash equivalents at the end of the year</b>			

The accompanying policies and explanatory notes on pages 6 through 29 form an integral part of the financial statements.

# **BİM Birleşik Mağazalar Anonim Şirketi**

## **NOTES TO FINANCIAL STATEMENTS**

**For the three-months period ended March 31, 2006**

(Currency – Thousands of New Turkish Lira (YTL) 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 authorized for issue on April 28, 2006 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 March 31, 2006, the Company operated through 13 warehouses (December 31, 2005 - 13) in various cities. As of March 31, 2006, the number of stores is 1,218 (December 31, 2005 - 1,194).

### **2.1 Basis of Preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except for land and building which are carried at fair value.

The Company maintains its books of account and prepares its statutory financial statements in New Turkish Lira (YTL) in accordance with Turkish Commercial Code and Tax Legislation and the generally accepted accounting principles issued by the Turkish Capital Market Board (CMB). These financial statements have been prepared from the statutory financial statements of the Company 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.



## **BİM Birleşik Mağazalar Anonim Şirketi**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the three-months period ended March 31, 2006**

**(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)**

#### **2.2 Changes in Accounting Policies**

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.

#### **IFRSs and IFRIC Interpretations Not Yet Effective**

The Company has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

IFRS 6 “Exploration for and Evaluation of Mineral Resources”- This Standard does not apply to the activities of the Company.

IFRS 7 “Financial Instruments-Disclosures”- This Standard supersedes IAS 30 and disclosure requirements of IAS 32 and is effective for annual periods beginning on or after January 1, 2007.

IFRIC 4 “Determining Whether an Arrangement Contains a Lease”- This Interpretation is required to be applied for annual periods beginning on or after January 1, 2006 but is not expected to be relevant for the activities of the Company.

IFRIC 5 “Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds”- This Interpretation is required to be applied for annual periods beginning on or after January 1, 2006 but is not expected to be relevant for the activities of the Company.

The Company expects that adoption of the pronouncements listed above will have no impact on the Company’s financial statements in the period of initial application other than presentation of additional disclosures on financial instruments as required by IFRS 7.

**NOTES TO FINANCIAL STATEMENTS (Continued)****For the three-months period ended March 31, 2006****(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)****2.3 Significant Accounting Judgments and Estimates**

The preparation of the financial statements in accordance with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities within the next financial year. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**2.4 Functional and Presentation Currency**

The restatement for the changes in the general purchasing power of YTL as of December 31, 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%. As of March 31, 2006, the three-year cumulative rate has been 23.6% (December 31, 2005 – 35.6%) based on the Turkish countrywide wholesale price index published by the State Institute of Statistics. Based on the current trends and developments and since the positive trends are confirmed as “other than temporary”. Turkey came of hyperinflationary status effective from January 1, 2006. Therefore, application of the inflation accounting have been ceased effective from January 1, 2006.

Index and conversion factors for the three-year period ended December 31, 2005 and for the first quarter of 2005 ended March 31, 2005 as they are applied for IAS 29 restatement until December 31, 2005 (based on the Turkish Countrywide Wholesale Price Index-WPI- published by the SIS) are provided below:

Dates	Index	Conversion Factors
December 31, 2004	8,403.8	1.0454
March 31, 2005	8,503.6	1.0332
December 31, 2005	8,785.7	1.0000

The main guidelines for the above mentioned restatement through December 31, 2005 are as follows:

- all items of income statement for the period ended March 31, 2005, which were previously reported in terms of the measuring unit current at the end of that period are restated in their entirety to the measuring unit current at December 31, 2005.
- the inflation adjusted share capital was derived by indexing cash contributions from the date they were contributed through December 31, 2005.
- 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 through December 31, 2005.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the three-months period ended March 31, 2006**

**(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)**

**2.4 Functional and Presentation Currency (continued)**

- all items in the income statement for the period ended March 31, 2006 are presented with their historical values with the exception of depreciation, amortization, gain or loss on disposal of non-monetary assets which have been calculated based on the restated gross book values and accumulated depreciation / amortization until December 31, 2005.
- the amount of non-monetary assets, liabilities and components of equity expressed in the measuring unit current at the end of December 31, 2005 are treated as the basis for the carrying amounts of these items in the financial statements as of March 31, 2006 without further restatement in 2006.

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.

**2.5 Summary of Significant Accounting Policies**

**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, which generally have an average of 8 day term (December 31, 2005 - 9 day) are carried at amortized cost less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

**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 revalued amounts which are the fair value at the date of the revaluation, based on valuations by external independent valuers, less subsequent depreciation for building. All other property and equipment is stated at 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.

# BİM Birleşik Mağazalar Anonim Şirketi

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

### 2.5 Summary of Significant Accounting Policies (continued)

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 is initially credited to revaluation reserve in shareholders' equity net of the related deferred tax.

Depreciation is provided on cost or revalued amount of property 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	7, 10
Furniture and fixtures	5
Vehicles	5
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.

### 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 is 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 recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible asset with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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.

## **BİM Birleşik Mağazalar Anonim Şirketi**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the three-months period ended March 31, 2006**

**(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)**

#### **2.5 Summary of Significant Accounting Policies (continued)**

##### **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**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

##### *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 shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

##### *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 three-months period ended March 31, 2006**

**(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)**

#### **2.5 Summary of Significant Accounting Policies (continued)**

##### **Related Parties**

Parties are considered related to the Company if;

- (a) directly, or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
  - (ii) has an interest in the Company that gives it significant influence over the Company; or
  - (iii) has joint control over the Company;
- (b) the party is an associate of the Company;
- (c) the party is a joint venture in which the Company is a venturer;
- (d) the party is member of the key management personnel of the Company or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company,

A related party transaction is a transfer of resources, services 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, 2005 – 47 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**

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

##### ***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

##### ***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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the three-months period ended March 31, 2006**

**(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)**

**2.5 Summary of Significant Accounting Policies (continued)**

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 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.

**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.

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 2.5 Summary of Significant Accounting Policies (continued)

##### 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 date. 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)
March 31, 2006	1,3427	1,6211
December 31, 2005	1,3418	1,5875
March 31, 2005	1,3706	1,7757

##### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be reliably measured.

###### *Sale of goods*

Revenue is recognised net of discounts and Value Added Tax (VAT) when delivery has taken place and transfer of risks and rewards has been completed.

###### *Interest income*

Revenue is recognised as interest accrues.

##### 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 year / period concerned.

In Turkey, companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without a consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the EPS calculation, such Bonus Share distributions are regarded as stock dividends.

##### Subsequent Events

Post year / period-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 / period - end events that are not adjusting events are disclosed in the notes when material.

##### Borrowing Costs

Borrowing costs are expensed as incurred.



**NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the three-months period ended March 31, 2006**

**(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)**

**2.5 Summary of Significant Accounting Policies (continued)**

**Investments and Other Financial Assets**

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

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 the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Loans and Recivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

**Derecognition of Financial Assets and Liabilities**

*Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset,

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 2.5 Summary of Significant Accounting Policies (continued)

##### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### **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

	March 31, 2006	December 31, 2005
Cash at banks (time deposits)	48,691	31,574
Cash at banks (demand deposits)	10,063	8,915
Cash on hand	10,634	11,112
Cash in transit	3,583	8,734
	<b>72,971</b>	<b>60,335</b>

#### 4. Trade Receivables

	March 31, 2006	December 31, 2005
Credit card receivables	41,651	40,911
Trade receivables	1,071	967
Advances given	501	308
Other receivables	306	178
Provision for doubtful receivables	(589)	(682)
	<b>42,940</b>	<b>41,682</b>

As of March 31, 2006 and December 31, 2005, the average term of trade receivables is 8 and 9 days, respectively.

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 5. Inventories

	March 31, 2006	December 31, 2005
Trade goods	102,263	98,428
Advances given	7,917	6,666
Goods in transit and other stocks	4,529	538
	<b>114,709</b>	<b>105,632</b>

#### 6. Prepayments and Other Current Assets

As of March 31, 2006, prepayments and other current assets mainly include prepaid rent, prepaid insurance premiums and due from personnel amounting to YTL 3,146 (December 31, 2005 - YTL 4,439).

#### 7. Property and Equipment

The movements of property and equipment and the related accumulated depreciation and impairment losses for the three-months period ended March 31, 2006 and for the year ended December 31, 2005 are as follows:

	December 31, 2005	Additions	Disposals	Transfers	March 31, 2006
<b>Cost or revalued amount</b>					
Land	11,020	1,029	-	-	12,049
Land improvements	180	-	-	-	180
Building	10,442	-	-	-	10,442
Machinery and equipment	109,070	14	(40)	2,347	111,391
Vehicles	18,617	2,609	(1,130)	-	20,096
Furniture and fixtures	45,789	1,433	(37)	-	47,185
Leasehold improvements	51,394	1,213	(63)	-	52,544
Advances given	1,279	3,707	-	(2,347)	2,639
	<b>247,791</b>	<b>10,005</b>	<b>(1,270)</b>		<b>256,526</b>
<b>Accumulated depreciation</b>					
Land improvements	164	3	-	-	167
Building	2,999	93	-	-	3,092
Machinery and equipment	63,062	2,487	(76)	-	65,473
Vehicles	7,446	908	(606)	-	7,748
Furniture and fixtures	31,642	1,416	(32)	-	33,026
Leasehold improvements	21,191	1,231	(18)	-	22,404
	<b>126,504</b>	<b>6,138</b>	<b>(732)</b>		<b>131,910</b>
Reserve for impairment of land and building	(8,524)	-	-	-	(8,524)
<b>Net book value</b>	<b>112,763</b>				<b>116,092</b>

# BİM Birleşik Mağazalar Anonim Şirketi

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

### 7. Property and Equipment (continued)

	December 31, 2004	Additions	Disposals	Transfers	December 31, 2005
<b>Cost or revalued amount</b>					
Land	10,896	280	(156)	-	11,020
Land improvements	180	-	-	-	180
Building	10,442	-	-	-	10,442
Machinery and equipment	100,728	5,025	(607)	3,924	109,070
Vehicles	17,483	4,309	(3,175)	-	18,617
Furniture and fixtures	42,076	3,858	(145)	-	45,789
Leasehold improvements	44,515	8,406	(1,527)	-	51,394
Advances given	644	4,559	-	(3,924)	1,279
	226,964	26,437	(5,610)	-	247,791
<b>Accumulated depreciation</b>					
Land improvements	152	12	-	-	164
Building	2,627	372	-	-	2,999
Machinery and equipment	53,438	9,947	(323)	-	63,062
Vehicles	6,197	3,438	(2,189)	-	7,446
Furniture and fixtures	25,837	5,826	(21)	-	31,642
Leasehold improvements	17,452	4,676	(937)	-	21,191
	105,703	24,271	(3,470)	-	126,504
Reserve for impairment of land and building	(8,524)	-	-	-	(8,524)
<b>Net book value</b>	112,737				112,763

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.

Had the revalued assets been carried at cost less accumulated depreciation and any accumulated impairment losses, the carrying amounts of land and buildings that would have been included in the financial statements as of March 31, 2006 and December 31, 2005 are as follows :

	Land and buildings	
	March 31, 2006	December 31, 2005
Cost	6,959	6,959
Accumulated depreciation	(2,154)	(2,086)

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 7. Property and Equipment (continued)

As of March 31, 2006 and December 31, 2005, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	March 31, 2006	December 31, 2005
Furniture and fixtures	18,189	17,223
Machinery and equipment	22,374	21,497
Intangibles	4,712	4,673
Vehicles	1,191	1,044
Land improvements	120	119
	<b>46,586</b>	<b>44,556</b>

#### 8. Intangibles

The movements of intangibles and related accumulated amortisation for the years ended March 31, 2006 and 2005 are as follows:

	December 31, 2004	Additions	Disposals	December 31, 2005	Additions	March 31, 2006
<b>Cost</b>						
Software rights	3,799	735	(7)	4,527	18	4,545
Other intangibles	452	-	(109)	343	-	343
	<b>4,251</b>	<b>735</b>	<b>(116)</b>	<b>4,870</b>	<b>18</b>	<b>4,888</b>
<b>Accumulated amortization</b>						
Software rights	2,214	712	-	2,926	150	3,076
Other intangibles	444	1	(109)	336	-	336
	<b>2,658</b>	<b>713</b>	<b>(109)</b>	<b>3,262</b>	<b>150</b>	<b>3,412</b>
<b>Net book value</b>	<b>1,593</b>			<b>1,608</b>		<b>1,476</b>

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 three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 9. Related Party Balances and Transactions

##### Balances

The balances with related parties at March 31, 2006 and December 31, 2005 were as follows:

- (a) As of March 31, 2006 and December 31, 2005, the Company has advances given related to the inventory purchases from Teksu Ticaret A.Ş.(1), included in inventories, amounting to YTL 378 and YTL 347, respectively.
- (b) Amounts due to related parties arising from the purchase of goods, which are included in trade payables comprise the following balances:

	March 31, 2006	December 31, 2005
Ak Gıda A.Ş. (Ak Gıda) (1)	14,600	17,313
Nimet Gıda Sanayi ve Ticaret A.Ş. (Nimet) (1)	7,319	6,245
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. (Biskot) (1)	4,949	4,085
Noble Pazarlama Satış ve Dağıtım (Noble) (1)	2,608	2,180
Ahsen Plastik Sanayi ve Ticaret A.Ş. (Ahsen) (1)	2,985	2,136
ZTH Zincir Mağazalar Tedarik Hizmetleri (ZTH) (2)	2,474	52
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) (1)	951	-
Oyaş Okyanus Gıda Yatırım Sanayi A.Ş. (Oyaş Gıda) (1)	935	622
Çizmeci Gıda Sanayi ve Ticaret A.Ş. (Çizmeci) (1)	799	591
Pak Kağıtçılık San, ve Tic. A.Ş. (Pak Kağıtçılık) (1)	795	812
ETM Ev Tüketim Malları Sanayi ve Ticaret A.Ş. (ETM) (1)	792	431
Plas Plastik ve Ambalaj Sanayi (Plas Plastik) (1)	586	466
Teksu Ticaret A.Ş. (1)	54	38
	<b>39,847</b>	<b>34,971</b>

(1) Companies owned by Shareholders.

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

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 9. Related Party Balances and Transactions (continued)

##### Transactions

For the three-months period ended March 31, 2006 and 2005, summary of the major transactions with related parties were as follows:

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

	January 1 - March 31, 2006	January 1 - March 31, 2005
Ak Gıda (1)	37,729	35,740
Nimet (1)	14,895	10,584
Biskot (1)	5,302	6,500
Noble (1)	5,131	4,217
Pak Kağıtçılık (1)	4,994	3,794
Ahsen (1)	3,918	3,425
ZTH Zincir Mağazalar Tedarik Hizmetleri (2)	3,636	-
Plas Plastik (1)	2,719	2,797
Oyaş Gıda (1)	1,451	1,254
Natura (1)	821	-
ETM (1)	802	-
Çizmeci (1)	751	325
Teksu Ticaret A.Ş. (1)	360	686
Nice Ticaret (1)	-	267
Bahariye Tekstil Sanayi ve Ticaret A.Ş. (1)	-	20
	<b>82,509</b>	<b>69,609</b>

(b) Consultancy services provided by related parties are as follows:

	January 1 - March 31, 2006	January 1 - March 31, 2005
ZTH Zincir Mağazalar Tedarik Hizmetleri (2) (*)	-	159

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

(1) Companies owned by Shareholders.

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

(c) For the three months periods ended March 31, 2006 and 2005, the Company received consultancy services amounting to YTL 18 and YTL 31 from Dieter Brandes (shareholder) respectively.

(d) For the three months periods ended March 31, 2006 and 2005, bonus and payroll expenses of the board members and key management personnel amounted to YTL 1,616 and YTL 1,502 respectively.

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 10. Other Payables and Accrued Liabilities

	March 31, 2006	December 31, 2005
Payroll withholdings and social security taxes	4,367	7,614
VAT payable	1,525	1,222
Other	1,276	1,090
	<b>7,168</b>	<b>9,926</b>

#### 11. Taxes

##### General Information

In Turkey, the corporation tax rate for the three months period ended March 31, 2006 is 30% (2005 - 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 installment until the end of the fourth month. The tax legislation provides for a temporary tax of 30% (2005 - 30%) 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 2004, taxable income is 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 is not subject to corporation tax, and similarly accumulated deficits arising from such application are not 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. The 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.

Effective from April 24, 2003, investment allowances provide for a deduction from the corporate tax base of 40% of the purchase price of brand-new fixed assets exceeding YTL 10,000 (2004 - YTL 6,000) and directly related with the production of goods and services. Investment allowances that arose prior to April 24, 2003 are taxed at 19.8% (withholding tax) unless they are converted to new type at companies' will. All investment allowances can be carried forward indefinitely with indexed amounts.

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 dividends 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 withholding tax. Furthermore, in the event the profit is not distributed or included in equity, no withholding tax shall be applicable.



# BİM Birleşik Mağazalar Anonim Şirketi

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

### 11. Taxes (continued)

#### 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 March 31, is as follows:

	March 31, 2006	March 31, 2005
Net income before tax	20,166	7,251
Income tax at 30% (2005 - 30%)	(6,050)	(2,175)
Effect of non tax deductible items	(489)	(395)
Provision for taxes	(6,539)	(2,570)
- current	(6,169)	(2,128)
- deferred	(370)	(442)

#### Deferred income tax

Deferred income taxes at March 31, 2006 and 2005 relate to the following:

	Balance Sheet		Income Statement	
	March 31, 2006	December 31, 2005	March 31, 2006	March 31, 2005
<i>Deferred tax liability</i>				
Restatement effect on non-monetary items	13,343	13,474	(131)	870
<i>Deferred tax asset</i>				
Reserve for long term defined employee benefit plan	(1,061)	(972)	(89)	(95)
Fair value decrease on building	(402)	(402)	-	-
Others	(35)	(625)	590	(459)
	<u>11,845</u>	<u>11,475</u>		
Deferred tax income/(expense), including monetary gain			<u>370</u>	<u>316</u>

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 11. Taxes (continued)

Movement of net deferred tax liability is presented as follows:

	March 31, 2006	December 31, 2005
Balance at January 1	11,475	10,674
Deferred tax charge recognized in income statement	370	1,265
Monetary gain	-	(464)
Balance at the end of period/year	11,845	11,475

#### 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 1.771 YTL 1.727 (historical YTL) at March 31, 2006 and December 31, 2005, 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.

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

	March 31, 2006	December 31, 2005
Beginning balance	3,239	2,470
Actuarial loss	23	50
Interest cost	82	227
Service cost	350	1,060
Payments	(158)	(449)
Monetary gain	-	(119)
Ending balance	3,536	3,239

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

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

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 13. Share Capital

As of March 31, 2006 and December 31, 2005 the Company's paid in share capital was YTL 25,300 (historical terms) comprising 25,300,000 shares of YTL one nominal value each. Each shareholder has voting rights equivalent to their number of shares.

As of March 31, 2006 and December 31, 2005, the breakdown of shareholders and their ownership percentages in the Company (all in historical terms) can be summarized as follows:

	March 31, 2006		December 31, 2005	
	Historical Amount	%	Historical Amount	%
Mustafa Latif Topbaş	5,564	22.0	6,703	26.5
Abdulahman A. El Khereji	5,205	20.6	5,205	20.6
Zuhair Fayez	1,301	5.1	1,301	5.1
Ahmet Afif Topbaş	1,139	4.5	-	-
İbrahim Halit Çizmeci	665	2.6	745	2.9
Dieter Brandes	1	-	1	-
Gregson Limited	-	-	182	0.7
Publicly held	11,425	45.2	11,163	44.2
	<b>25,300</b>	<b>100.0</b>	<b>25,300</b>	<b>100.0</b>

#### 14. Risk Management Policy

The Company's principal financial instruments comprise cash, short-term deposits, trade receivables and trade payables. 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

Cost of sales for the periods ended March 31, 2006 and 2005 is as follows:

	January 1 - March 31, 2006	January 1 - March 31, 2005
Beginning inventory	98,428	82,063
Purchases	391,523	327,050
Ending inventory	(102,263)	(81,686)
	<b>387,688</b>	<b>327,427</b>

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 16. Selling and Marketing Expenses

The breakdown of selling and marketing expenses for the periods ended March 31, 2006 and 2005 is as follows:

	January 1 - March 31, 2006	January 1 - March 31, 2005
Personnel expenses	22,587	19,777
Rental expenses	13,958	12,273
Depreciation and amortisation expenses	5,281	5,472
Water, electricity and communication expenses	3,975	3,697
Packaging expenses	3,228	2,833
Advertising expenses	1,375	1,047
Maintenance and repair expenses	1,200	731
IT expenses	287	387
Provision for employee termination benefits	299	223
Other	4,844	4,634
	<b>57,034</b>	<b>51,074</b>

#### 17. General and Administrative Expenses

The breakdown of general and administrative expenses for the periods ended March 31, 2006 and 2005 is as follows:

	January 1 - March 31, 2006	January 1 - March 31, 2005
Personnel expenses	5,921	5,334
Depreciation and amortisation expenses	1,007	1,020
Advertising expenses	836	853
Motor vehicle expenses	519	446
Money collection expenses	483	435
Legal and consultancy expenses	314	350
Water, electricity and communication expenses	257	292
Office supplies expenses	65	159
Provision for employee termination benefits	74	60
Other	1,976	1,354
	<b>11,452</b>	<b>10,303</b>

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 18. Personnel Expenses

	January 1 - March 31, 2006	January 1 - March 31, 2005
Staff costs		
Wages and salaries	24,002	21,206
Provision for employee termination benefits	373	283
Cost of defined contribution plan (employer's share of social security premiums)	4,506	3,905
	<b>28,881</b>	<b>25,394</b>

Average number of employees for the periods ended March 31, 2006 and 2005 is 7,220 and 6,667, respectively.

#### 19. Financial Income, net

Financial income and expenses for the periods ended March 31, 2006 and 2005 can be summarized as follows:

	January 1 - March 31, 2006	January 1 - March 31, 2005
Interest cost of long-term defined employee benefit plan	(82)	(58)
Income from deposits	1,264	-
Interest income	-	13
Foreign exchange gains	100	480
Foreign exchange losses	(53)	(216)
Other financial expense	(12)	(22)
	<b>1,217</b>	<b>197</b>

#### 20. Other Operating Expense, net

The breakdown of other expense, net for the periods ended March 31, 2006 and 2005 is as follows:

	January 1 - March 31, 2006	January 1 - March 31, 2005
Gain on sale of scrap materials	465	435
Gain/(loss) on sale of property and equipment and intangibles	(121)	49
Other income, net	442	91
	<b>786</b>	<b>575</b>

# BİM Birleşik Mağazalar Anonim Şirketi

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

### 21. Earnings Per Share

Basic earnings per share (EPS) are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. The basic EPS for the three months period ended March 31, 2006 and the year ended December 31, 2005 are 0.539 (full YTL) and 0.185 (full YTL), respectively. There are no dilutive instruments outstanding hence fully diluted earnings per share are the same.

There has not been any change to paid in share capital and the number of shares outstanding during the three months period ended March 31, 2006 and during the year ended December 31, 2005.

In 2005 the Company has made a dividend distribution to its shareholders amounting to YTL 21,049 (full YTL 0,832 per share) out of its net profit for 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 whose shares are quoted on the 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.

As of March 31, 2006 and December 31, 2005, retained earnings and net profit for the periods (as per the statutory financial statements of the Company) are as follows (YTL):

	March 31, 2006	December 31, 2005
Retained earnings	30,152	-
Legal reserves	3,042	3,042
Net profit for the year	20,129	41,833

### 23. Contingencies and Commitments

(i) Letters of guarantee obtained from banks and given to various institutions amounted to YTL 483 at March 31, 2006 and YTL 533 at December 31, 2005, in historical terms,

(ii) As of March 31, 2006 the Company has operating lease commitments for each of the following periods:

		Foreign Currency (full)	Thousands of YTL Equivalent
Not later than one year	EUR	250,284	406
Later than one year and not later than five years	EUR	125,142	135

## BİM Birleşik Mağazalar Anonim Şirketi

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the three-months period ended March 31, 2006

(Currency – Thousands of New Turkish Lira (YTL) unless otherwise indicated)

#### 23. Contingencies and Commitments (continued)

- (iii) As of March 31, 2006 the Company has letters of guarantee amounting to YTL 2,120 received from its supplier firms (2005 – YTL 2,196 (in historical terms)).
- (iv) As of March 31, 2006 the total amount of the mortgages obtained from the supplier firms is YTL 10,704 (2005 – YTL 10,704 (in historical terms)).
- (v) The tax and other government authorities (Social Security Institution) have the right 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

As of March 31, 2006 and December 31, 2005, the foreign currency position of the Company is summarized below:

	March 31, 2006						
	USD	Thousands of YTL Equivalent	Euro	Thousands of YTL Equivalent	GBP	Thousands of YTL Equivalent	Total YTL Equivalent
Total foreign currency denominated assets	818,699	1,099	4,259	7	1,608	4	1,110
Total foreign currency denominated liabilities	55,525	75	-	-	-	-	75
<b>Net foreign currency position</b>		<b>1,024</b>		<b>7</b>		<b>4</b>	<b>1,035</b>

	December 31, 2005						
	USD	Thousands of YTL Equivalent	Euro	Thousands of YTL Equivalent	GBP	Thousands of YTL Equivalent	Total YTL Equivalent
Total foreign currency denominated assets	746,731	1,002	758,437	1,204	1,548	4	2,210
Total foreign currency denominated liabilities	29,270	39	-	-	-	-	39
<b>Net foreign currency position</b>		<b>963</b>		<b>1,204</b>		<b>4</b>	<b>2,171</b>

#### 25. Subsequent Events

There is a draft tax legislation announced in the website of Directory of Inland Revenue, which among other changes, foresees the reduction of the corporate tax rate from 30% to 20% effective from January 1, 2006. The draft legislation has not been substantively enacted or enacted as of the date of preparation of these financial statements.

The Company has distributed dividend to its shareholders amounting to YTL 25,300 according to the Annual General Assembly Meeting dated April 4, 2006.