

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

BİM Birleşik Mağazalar Anonim Şirketi

**Interim consolidated financial statements for the
period between January 1 - September 30, 2010**

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

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BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

**Interim consolidated balance sheet
as at September 30, 2010
(Currency – Thousands of Turkish Lira)**

Assets

		Current period	Prior period
		Not Reviewed	Audited
		September 30,	December 31,
	Notes	2010	2009
Current assets		753.569	612.110
Cash and cash equivalents	6	231.272	166.542
Trade receivables	10	173.508	161.357
Inventories	13	321.693	257.851
Other current assets	26	27.096	26.360
Non-current assets		541.289	487.551
Property, plant and equipment	18	532.491	479.093
Intangible assets	19	3.228	3.532
Other non-current assets	26	5.570	4.926
Total assets		1.294.858	1.099.661

The accompanying policies and explanatory notes on pages 6 through 37 form an integral part of the financial statements.

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

**Interim consolidated balance sheet
as at September 30, 2010
(Currency – Thousands of Turkish Lira)**

Liabilities and equity

		Current period	Prior period
		Not Reviewed	Audited
		September 30,	December 31,
	Notes	2010	2009
Current liabilities		847.043	693.078
Financial liabilities	8	8.368	-
Trade payables			
- Due to related parties	37	86.853	104.826
- Other trade payables	10	698.950	548.619
Other current liabilities	26	30.398	20.726
Income tax payable	35	15.041	11.634
Accrued liabilities	22	7.433	7.273
Non-current liabilities		17.162	18.528
Reserve for employee termination benefits	24	8.698	7.567
Deferred tax liability	35	8.464	10.961
Equity		430.653	388.055
Equity attributable to parent		430.653	388.055
Paid-in share capital	27	151.800	75.900
Inflation adjustment on paid-in share capital	27	-	6.956
Revaluation surplus	18, 27	15.704	15.704
Currency translation difference		617	1.056
Restricted reserves allocated from profits	27	51.599	34.072
Prior year profits	27	35.071	41.425
Net income for the period		175.862	212.942
Total liabilities and equity		1.294.858	1.099.661

The accompanying policies and explanatory notes on pages 6 through 37 form an integral part of the financial statements.

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

**Interim consolidated comprehensive income statement
for the nine-month period ended September 30, 2010
(Currency – Thousands of Turkish Lira)**

	Notes	Current period		Prior period	Prior period
		Not Reviewed		Not Reviewed	
		January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Continuing operations					
Net sales	28	4.850.144	1.720.326	3.908.128	1.398.517
Cost of sales (-)	28	(4.039.272)	(1.430.648)	(3.207.353)	(1.151.580)
Gross profit		810.872	289.678	700.775	246.937
Selling, marketing and distribution expenses (-)	29	(526.849)	(186.917)	(438.404)	(156.854)
General and administrative expenses (-)	29	(76.308)	(25.678)	(66.980)	(22.876)
Other operating income	31	7.648	2.476	7.634	1.659
Other operating expenses	31	(3.960)	(1.338)	(2.853)	(528)
Operating profit		211.403	78.221	200.172	68.338
Financial income	32	9.907	2.583	5.280	2.443
Financial expense (-)	33	(2.616)	(498)	(1.484)	(433)
Net income before taxes from continuing operations		218.694	80.306	203.968	70.348
Tax income/(expense) for continuing operations					
- Tax expense for the period	35	(45.329)	(16.350)	(41.898)	(14.895)
- Deferred tax expense	35	2.497	109	(11)	206
Net income/(loss)		175.862	64.065	162.059	55.659
Other comprehensive income:					
Currency translation difference		(439)	(172)	986	(96)
Other comprehensive income		(439)	(172)	986	(96)
Total comprehensive income		175.423	63.893	163.045	55.563
Profit for the period attributable to					
Minority interest		-	-	-	-
Share of the parent		175.862	64.065	162.059	55.659
Total comprehensive income attributable to					
Minority interest		-	-	-	-
Share of the parent		175.423	63.893	163.045	55.563
Weighted average number of shares (each equals to TL 1)		151.800.000	151.800.000	151.800.000	151.800.000
Earnings per share (full TL)	36	1,159	0,422	1,068	0,367

The accompanying policies and explanatory notes on pages 6 through 37 form an integral part of the financial statements.

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BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

**Interim consolidated statement of changes in equity
for the nine-month period ended September 30, 2010
(Currency – Thousands of Turkish Lira)**

	Paid-in share capital	Inflation adjustment on paid-in share capital	Revaluation surplus	Currency translation difference	Restricted reserves allocated from profits	Prior year profits	Net income for the period	Total equity
At January 1, 2009	75.900	6.956	12.874	-	19.469	36.724	114.180	266.103
Transfer to prior year profits	-	-	-	-	-	114.180	(114.180)	-
Transfer to restricted reserves allocated from profits	-	-	-	-	11.187	(11.187)	-	-
Dividends paid	-	-	-	-	-	(60.720)	-	(60.720)
Net income for the period	-	-	-	-	-	-	162.059	162.059
Other comprehensive income	-	-	-	986	-	-	-	986
Total comprehensive income				986			162.059	163.045
At September 30, 2009	75.900	6.956	12.874	986	30.656	78.997	162.059	368.428
At January 1, 2010	75.900	6.956	15.704	1.056	34.072	41.425	212.942	388.055
Transfer to prior year profits	-	-	-	-	-	212.942	(212.942)	-
Transfer to restricted reserves allocated from profits	-	-	-	-	17.527	(17.527)	-	-
Capital issue (Note 27)	75.900	(6.956)	-	-	-	(68.944)	-	-
Dividends paid (Note 27)	-	-	-	-	-	(132.825)	-	(132.825)
Net income for the period	-	-	-	-	-	-	175.862	175.862
Other comprehensive income	-	-	-	(439)	-	-	-	(439)
Total comprehensive income	-	-	-	(439)	-	-	175.862	175.423
At September 30, 2010	151.800	-	15.704	617	51.599	35.071	175.862	430.653

The accompanying policies and explanatory notes on pages 6 through 37 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary**Statement of consolidated cash flows
for the nine-month period ended September 30, 2010
(Currency – Thousands of Turkish Lira)**

		Current period	Prior period
		Not Reviewed	Not Reviewed
		January 1- September 30, 2010	January 1- September 30, 2009
	Notes		
Cash flows from operating activities			
Profit before tax		218.694	203.968
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation and amortization	18, 19	48.072	40.912
Profit share income from deposit accounts	32	(9.083)	(4.662)
Reserve for long-term defined employee benefit plan	24	849	583
Financial expense of long-term defined employee benefit plan	24	1.806	1.284
Loss on sale of property and equipment and intangibles	31	1.263	1.165
Provision / (reversal) for impairment of inventories	13	1.013	(159)
Operating income before working capital changes		262.614	243.091
Changes in operating asset and liabilities:			
Trade receivables		(12.151)	(38.694)
Inventories		(64.855)	(35.798)
Other current assets		(736)	(2.269)
Other non-current assets	26	200	4.107
Other trade payables		150.331	114.657
Trade payables to related parties		(17.972)	26.429
Accrued liabilities		160	537
Other current liabilities		9.672	10.476
Other non-current liabilities		-	(206)
Income taxes paid		(41.922)	(31.403)
Employee benefit payments	24	(1.524)	(952)
Net cash generated by operating activities		283.817	289.975
Cash flows from investing activities:			
Purchase of property, plant and equipment	18	(106.449)	(103.014)
Purchase of intangibles	19	(656)	(1.380)
Proceeds from sale of property, plant and equipment and intangibles		3.365	1.489
Profit share received from deposit accounts	32	9.083	4.662
Net cash used in investing activities		(94.657)	(98.243)
Cash flows from financing activities:			
Dividends paid		(132.825)	(60.720)
Repayment of bank borrowings		-	(21.778)
Proceeds from bank borrowings		8.368	-
Net cash used in financing activities		(124.457)	(82.498)
Currency translation differences		27	986
Increase/(decrease) in cash and cash equivalents		64.730	110.220
Cash and cash equivalents at the beginning of the period		166.542	56.447
Cash and cash equivalents at the end of the period		231.272	166.667

The accompanying policies and explanatory notes on pages 6 through 37 form an integral part of the financial statements.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010

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

1. Organization and nature of operations of the Company

BİM Birleşik Mağazalar Anonim Şirketi (BİM - the Company) was established on May 31, 1995 and commenced its operations in September 1995. The registered address of the Company is Ebubekir Cad. No: 289 Sancaktepe, İstanbul.

The Company is engaged in operating retail stores through its retail shops throughout Turkey, which sell an assortment of approximately 600 items, including a number of private labels. The Company is publicly traded in Istanbul Stock Exchange (ISE) since July 2005.

The Company established a new company named Bim Stores SARL as of May 19, 2008 with 100% ownership in Morocco which is engaged in hard discount retail sector and started to operate at April 11, 2009. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of September 30, 2010.

Hereinafter, the Company and its consolidated subsidiary together will be referred to as “the Group”.

The main and ultimate controlling party of the Group is Mustafa Latif Topbaş. The consolidated financial statements were authorized for issue on October 10, 2010 by the Board of Directors of the Company. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issue.

For the nine-month period ended September 30, 2010 and for the year ended December 31, 2009, the average number of workers is shown below:

	January 1- September 30, 2010	January 1 - December 31, 2009
Office personnel	1.115	1.070
Warehouse personnel	1.918	1.802
Store personnel	13.338	11.669
Total	16.371	14.541

2. Basis of preparation of financial statements

Basis of preparation

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (TL) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance. The legal statutory financial statements of the subsidiary established outside of Turkey are prepared in accordance with law and tax legislation in the country it is domiciled.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

2. Basis of preparation of financial statements (continued)

The financial statements of the Company have been prepared in accordance with accounting and reporting standards (the CMB Accounting Standards) as prescribed by the Turkish Capital Market Board (the CMB) until December 31, 2007. The CMB has issued communiqué no. XI-25 "Communiqué on Accounting Standards in Capital Markets" which sets out a comprehensive set of accounting principles. In this Communiqué, the CMB stated that alternatively application of accounting standards prescribed by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) will also be considered to be compliant with the CMB Accounting Standards. Beginning from January 1, 2008, the financial statements are prepared in accordance with International Accounting / Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB communiqué published in the official gazette dated April 9, 2008 and after became effective No:XI-29 "Communiqué on Financial Reporting Standards in Capital Markets" (Communiqué) and from the statutory financial statements with adjustments and reclassifications for the purpose of fair presentation. Such adjustments mainly comprise accounting for subsidiary on a consolidation basis, provision for impairment of stock, deferred taxation, employee termination benefits, fair value accounting of land and buildings and rediscount of trade receivables and payables.

The consolidated financial statements have been prepared under the historical cost convention, except for land and building which are carried at fair value.

Changes in accounting policies

The accounting policies adopted in the preparation of the Group's interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of January 1, 2010, noted below:

New standards, amendments and interpretations that will be valid for the yearend financial statements dated 31 December 2010:

IFRS 1 (Amendment) 'First-time Adoption of International Financial Reporting Standards' - Additional exemptions for first time adopters,

IFRS 2 (Amendment) 'Share Based Payment Transactions' - Group cash settled share based payment transactions,

IFRS 3 (Amendment), 'Business Combinations' and IAS 27(Revised) 'Consolidated and separate financial statements',

New standards and changes that do not have an effect on the financial position or the performance of the Group are summarized below;

IFRIC 17 'Distributions of Non-cash Assets to Owners',

Improvements to IFRSs (issued in 2008),

Improvements to IFRSs (issued in 2009),

New and amended standards and interpretations issued that are effective subsequent to December 31, 2010 year-ends (these amendments have not been endorsed by European Union yet):

IFRS 1 (Amendment) - Limited exemption for comparative IFRS 7 Disclosures (effective for the periods beginning on or after July1, 2010. Early application is permitted.)

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

2. Basis of preparation of financial statements (continued)

IFRS 9, 'Financial Instruments: Classification and measurement' (effective for the periods January 1, 2013 and after): The Group is assessing the effects of the amendment.

IAS 24 (Revised) Related Party Disclosures (Effective for periods beginning on or after January 1, 2011): The Group will apply the amendment in the notes to the consolidated financial statements for the periods beginning on and after January 1, 2011.

IAS 32 (Amendment) 'Classification of Rights Issues' (Effective for periods beginning on or after February 1, 2010): The amendment does not have an impact on Group's financial performance.

IFRIC 14 (Amendment) 'Prepayments of a Minimum Funding Requirement' (Effective for periods beginning on or after January 1, 2011, with earlier application permitted): The amendment does not have an impact on Group's financial performance.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (Effective for periods beginning on or after July 1, 2010, with earlier application permitted). The amendment does not have an impact on Group's financial performance.

Improvements to IFRSs (issued in May 2010):

In May 2010, International Accounting Standards Board (IASB) made 11 changes in 7 standards. These changes have no impact on the financial performance of the Group. The revised standards are as below:

IFRS 1: Accounting policy changes in the year of adoption

IFRS 1: Revaluation basis as deemed cost

IFRS 1: Use of deemed cost for operations subject to rate regulation

IFRS 3: Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised standard

IFRS 3: Measurement of non-controlling interests

IFRS 3: Un-replaced and voluntarily replaced share-based payment awards

IFRS 7: Clarification of disclosures

IAS 1: Clarification of statement of changes in equity

IAS 27: Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements

IAS 34: Significant events and transactions

IFRIC 13: Fair value of award credits

Functional and presentation currency

The functional and presentation currency of the Company is Turkish Lira (TL).

The functional currency of the Company's subsidiary, BIM Stores SARL, is Maroc Dirham (MAD). In the consolidated financial statements, MAD amounts presented in the balance sheet are translated into Turkish Lira at the official TL exchange rate for purchases of MAD announced by the Central Bank of the Republic of Turkey at the balance sheet date, MAD 1,00 (full) = TL 5,692, MAD amounts in the statement of comprehensive income have been translated into TL, at the average TL exchange rate for purchases of MAD, is MAD 1,00 (full) = TL 5,612. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

**Notes to consolidated financial statements
for the nine-month period ended September 30, 2010 (continued)**
(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary prepared as for the nine-month ended September 30, 2010. Subsidiary is consolidated from the date on which control is transferred to the Group. The consolidated financial statements cover BİM and the subsidiary with 100% control.

Subsidiary is consolidated by using the full consolidation method; therefore, the carrying value of subsidiary is eliminated against the related shareholders' equity.

Intercompany balances and transactions between BİM and its subsidiary, including intercompany unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

Offsetting

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

Accounting estimates

The preparation of financial statements in accordance with the CMB Accounting Standards require the Group management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are mainly related with the accounting of employee termination benefits, provision for inventories, revaluation of land and buildings, assessment of economic useful lives of property, plant and equipment and intangibles and provision for income taxes.

Summary of significant accounting policies

Revenue recognition

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

Profit shares income from participations banks are recognized according to the accrual basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, cash in transit and time deposits generally having original maturities of three months or less.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

2. Basis of preparation of financial statements (continued)

Trade receivables

Trade receivables, which generally have an average of 9 day term (December 31, 2009 – 10 days) as of balance sheet date, are carried at amortized cost less an allowance for any uncollectible amounts. Estimate is made for the doubtful provision when the collection of the trace receivable is not probable.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined by the first in first out method.

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

Property and equipment

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

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset ready for use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. If the asset recognition criteria are met, the expenditures are capitalized as an additional cost of property and equipment.

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

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

	Year
Land improvements	5
Building	25
Machinery and equipment	4, 5, 6, 7, 10
Furniture and fixtures	5, 10
Vehicles	5, 10
Leasehold improvements	5, 10

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

2. Basis of preparation of financial statements (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. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized on a straight line basis over the best estimate of their useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of income in the expense category consistent with the function of the intangible asset.

The Group does not have any intangible assets with indefinite useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income. The recoverable amount of property and equipment is the greater of net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life while the net selling price is the amount obtainable from the sale of an asset after cost of sales deducted.

Trade payables

Trade payables which generally have an average of 48 day term (December 31, 2009 - 49 days) are initially recorded at original invoice amount and carried at amortized cost. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

2. Basis of preparation of financial statements (continued)

Financial instruments

Financial asset and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

When a financial instrument gives rise to a contractual obligation on the part of the Group to deliver cash or another financial asset or to exchange another financial instrument under conditions that are potentially unfavorable, it is classified as a financial liability. The instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

- (a) The instrument includes no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer,
- (b) If the instrument will or may be settled in the Group's own equity instruments, it is a non-derivative that includes no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. When financial assets are 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 Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate re-evaluates this designation at each financial year/period-end.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase/sell the asset. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at 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.

Recognition and derecognition of financial assets and liabilities

The Group recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Group committed to purchase or sell.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

2. Basis of preparation of financial statements (continued)

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in the consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Provision for impairment is provided when there is an objective evidence of uncollectibility of trade receivables. Reserve is provided for the overdue uncollectible receivables. Also portfolio reserve is provided for the not due receivables based on certain criteria. The carrying amount of the receivable is reduced through use of an allowance account.

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of such transactions. Exchange rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in the comprehensive income statement in the period in which they arise.

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

	USD / TL (full)	EUR / TL (full)
September 30, 2010	1,4512	1,9754
December 31, 2009	1,5057	2,1603

Earnings per share

Earnings per share (EPS) are determined by dividing net income by the weighted average number of shares that have been outstanding during the period concerned. The weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding increase in resources.

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

2. Basis of preparation of financial statements (continued)

Subsequent events

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

Provisions, contingent assets and contingent liabilities

i) Provisions

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

ii) Contingent assets and liabilities

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

Leases

Operating leases

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

Related parties

Parties are considered related to the Group if;

- (a) directly, or indirectly through one or more intermediaries, the party:
- (i) controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Group;

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Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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2. Basis of preparation of financial statements (continued)

- (b) the party is an associate of the Group;
- (c) the party is a joint venture in which the Group is a venturer;
- (d) the party is member of the key management personnel of the Group 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);

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Income taxes

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

Deferred 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 recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and recorded to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Reserve for employee benefits

a) Defined benefit plans:

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

As detailed in Note 24, the employee benefit liability is provided for in accordance with IAS 19 "Employee Benefits" and is based on an independent actuarial study.

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for the nine-month period ended September 30, 2010 (continued)

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

2. Basis of preparation of financial statements (continued)

In the consolidated financial statements, the Group has recognized a liability using the “Projected Unit Credit Method”. Actuarial gains and losses, as long as the cumulative unrecognized portion exceed 10% of the present value of the defined benefit obligation, are recognized in the comprehensive statement of income over the average remaining working lives of employees. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the discount rate estimated by 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.

3. Business combinations

As of September 30, 2010 and December 31, 2009, there is no business combination.

4. Business associations

None (December 31, 2009 - None).

5. 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. Although the subsidiary of the Group operates in Morocco, the sales revenue portion of the subsidiary in the consolidated operations is less than 10%, therefore the amendment does not have any effect on Group’s financial statements.

6. Cash and cash equivalents

	September 30, 2010	December 31, 2009
Cash on hand	33.077	31.173
Banks		
-profit share deposits	158.657	111.692
-demand deposits	32.584	17.472
Cash in transit	6.954	6.205
	231.272	166.542

There is no restricted cash as of September 30, 2010 and December 31, 2009. As of September 30, 2010 gross profit share of participation banks for TL amounts is 8,6% (December 31, 2009 – gross 9,5%).

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

7. Financial investments

The Group does not have any security as of September 30, 2010 and December 31, 2009.

8. Financial liabilities

As of September 30, 2010, the Group has short term interest free bank borrowings from various banks amounting to TL 8.368 for the payment of social security premiums. These financial liabilities are closed as of October 4, 2010.

As of December 31, 2009, the Group does not have any financial liabilities.

9. Other financial liabilities

None (December 31, 2009 - None).

10. Trade receivables and payables

a) Trade receivables, net

	September 30, 2010	December 31, 2009
Credit card receivables	171.895	160.905
Trade receivables	1.750	871
Other receivables	570	105
Less: provision for doubtful receivables	(707)	(524)
	173.508	161.357

As of September 30, 2010 the average term of trade receivables is 9 days (December 31, 2009 - 10 days).

As of September 30, 2010 and December 31, 2009, the Group does not have any overdue trade receivables except provision for doubtful receivables.

b) Trade payables, net

	September 30, 2010	December 31, 2009
Other trade payables	698.950	548.619
	698.950	548.619

As of September 30, 2010 letters of guarantee and cheque amounting to TL 15,250 and mortgages amounting to TL 12.535 received from its supplier firms (December 31, 2009 – TL 9.677 letters of guarantee and cheque, TL 14.420 mortgages).

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

11. Other receivables and payables

- a) **Other receivables** – As of September 30, 2010 and December 31, 2009, the Group does not have any short-term and long-term receivables.
- b) **Other payables**- As of September 30, 2010 and December 31, 2009, the Group does not have any short-term and long-term payables.

12. Liabilities to and receivables from finance sector operations

None (December 31, 2009 - None).

13. Inventories

	September 30, 2010	December 31, 2009
Trade goods, net	305.351	255.527
Other inventory	16.342	2.324
	321.693	257.851

As of September 30, 2010, a provision for impairment of inventory amounting to TL 3.212 was recorded (December 31, 2009 – TL 2.199).

14. Biological assets

None (December 31, 2009 - None).

15. Assets related with construction projects in progress

None (December 31, 2009 - None).

16. Investment in associates

None (December 31, 2009 - None).

17. Investment properties

None (December 31, 2009 - None).

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary**Notes to consolidated financial statements****for the nine-month period ended September 30, 2010 (continued)****(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)****18. Property, plant and equipment**

The movements of property, plant and equipment and the related accumulated depreciation for the nine month period ended September 30, 2010 and September 30, 2009 are as follows:

	December 31,2009	Additions	Disposals	Transfers	Effect of change in foreign currencies	September 30, 2010
Cost or revalued amount						
Land	70.752	3.464	-	-	-	74.216
Land improvements	1.784	407	-	-	-	2.191
Buildings	118.454	15.986	-	6.587	-	141.027
Machinery and equipment	229.907	27.297	(1.690)	-	(161)	255.353
Vehicles	46.117	8.743	(3.762)	-	(22)	51.076
Furniture and fixtures	95.855	15.472	(425)	-	(42)	110.860
Leasehold improvements	163.617	27.257	(4.450)	-	(218)	186.206
Construction in progress	17	6.979	(295)	(6.587)	-	114
	726.503	105.605	(10.622)	-	(443)	821.043
Less: Accumulated depreciation						
Land improvements	(584)	(261)	-	-	-	(845)
Building	-	(4.299)	-	-	-	(4.299)
Machinery and equipment	(108.804)	(14.318)	965	-	18	(122.139)
Vehicles	(22.762)	(6.580)	2.931	-	2	(26.409)
Furniture and fixtures	(62.646)	(9.586)	392	-	4	(71.836)
Leasehold improvements	(52.614)	(12.126)	1.706	-	10	(63.024)
	(247.410)	(47.170)	5.994	-	34	(288.552)
Net book value	479.093					532.491
	December 31, 2008	Additions	Disposals	Transfers		September 30, 2009
Cost or revalued amount						
Land	44.136	15.841	-	-	-	59.977
Land improvements	1.145	626	(6)	-	-	1.765
Buildings	104.730	24.343	-	452	-	129.525
Machinery and equipment	198.219	25.483	(902)	137	-	222.937
Vehicles	42.317	5.366	(2.067)	-	-	45.616
Furniture and fixtures	85.511	8.365	(1.124)	51	-	92.803
Leasehold improvements	135.154	23.502	(2.250)	-	-	156.406
Construction in progress	210	436	-	(640)	-	6
	611.422	103.962	(6.349)	-		709.035
Less: Accumulated depreciation						
Land improvements	(319)	(188)	-	-	-	(507)
Building	(3.854)	(3.408)	-	-	-	(7.262)
Machinery and equipment	(92.797)	(12.153)	370	-	-	(104.580)
Vehicles	(17.172)	(6.071)	1.489	-	-	(21.754)
Furniture and fixtures	(52.901)	(8.008)	1.011	-	-	(59.898)
Leasehold improvements	(40.167)	(10.239)	824	-	-	(49.582)
	(207.210)	(40.067)	3.694	-		(243.583)
Net book value	404.212					465.452

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary

Notes to consolidated financial statements

for the nine-month period ended September 30, 2010 (continued)

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

18. Property, plant and equipment (continued)

The land and buildings were revalued and reflected to financial statements with fair value. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the equity. The revaluation surplus is not available for distribution to shareholders.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts of land and buildings that would have been included in the financial statements as of September 30, 2010 and December 31, 2009 respectively are as follows:

	Land and buildings	
	September 30, 2010	December 31, 2009
Cost	211.432	185.395
Accumulated depreciation	(17.037)	(12.024)

As of September 30, 2010 and December 31, 2009, the gross carrying amount of property, plant and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	September 30, 2010	December 31, 2009
Furniture and fixtures	41.349	38.915
Machinery and equipment	57.797	54.513
Intangible assets and leasehold improvements	19.918	16.561
Vehicles	4.870	3.932
Land improvements	173	173
	124.107	114.094

Pledges and mortgages on assets

As of September 30, 2010 and December 31, 2009, there are no pledges or mortgages on property, plant and equipment of the Group.

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19. Intangible assets

The movements of intangible assets and related accumulated amortization for the nine month periods ended September 30, 2010 and September 30, 2009 are as follows:

	December 31, 2009	Additions	Effect of change in foreign currencies	September 30, 2010
Cost				
Rights	8.328	559	(9)	8.878
Other intangibles	1.262	97	(95)	1.264
	9.590	656	(104)	10.142
Accumulated amortization				
Rights	(5.434)	(683)	-	(6.117)
Other intangibles	(624)	(219)	46	(797)
	(6.058)	(902)	46	(6.914)
Net book value	3.532			3.228

	December 31, 2008	Additions	September 30, 2009
Cost			
Rights	7.386	444	7.830
Other intangibles	329	1.234	1.563
	7.715	1.678	9.393
Accumulated amortization			
Rights	(4.603)	(621)	(5.224)
Other intangibles	(324)	(524)	(848)
	(4.927)	(1.145)	(6.072)
Net book value	2.788		3.321

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

Major part of the rights is software licenses.

20. Goodwill

None (December 31, 2009 - None).

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for the nine-month period ended September 30, 2010 (continued)

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

21. Government incentives and grants

Investment incentives

As of September 30, 2010 and December 31, 2009, the Group does not have any investment incentive.

22. Provisions, contingent assets and liabilities

Other provisions for debts

As of September 30, 2010 and December 31, 2009, the Group has TL 2.154 and TL 2.873 provisions for telephone, electricity, water and other short term liabilities, respectively.

Legal issues

As of September 30, 2010 and December 31, 2009, the total amount of outstanding lawsuits filed against the Group is TL 8.557 and TL 7.547 in historical terms, respectively. The Group set provisions amounting TL 5.279 and TL 4.400 for the related periods, respectively.

Letter of guarantees, mortgages and pledges given by the Group

As of September 30, 2010 and December 31, 2009, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	September 30, 2010	31 December, 2009
A. Total amount of guarantees, mortgages and pledges provided by the Group on behalf of itself	12.273	1.268
B. Total amount of guarantees, mortgages and pledges provided on behalf of the associates accounted under full consolidation method	2.063	1.702
C. Provided on behalf of third parties in order to maintain operating activities to secure third party payables	-	-
D. Other guarantees, mortgages and pledges given	-	-
Total	14.336	2.970

Insurance coverage on assets

As of September 30, 2010 and December 31, 2009, insurance coverage on assets of the Group is TL 549.307 and TL 441.254 respectively.

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23. Commitments

As of September 30, 2010 and December 31, 2009, the Group has operating lease commitments for each of the following years:

	September 30, 2010	December 31, 2009
Not later than one year	-	-
Later than one year and not later than five years	58	108
Later than five years	24	28

24. Employee termination benefits

Reserve for employee termination benefits

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of historical TL 2.517 (full TL) and TL 2.365 (full TL) at September 30, 2010 and December 31, 2009, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination. The cost of providing those benefits is accrued over the employees' service period. The Group accounts for the employee termination benefits in accordance with the provisions of IAS 19 including the application of actuarial methods and assumptions by professional actuaries. Actuarial gains and losses, as long as the cumulative unrecognized portion exceeds 10% of the present value of defined benefit obligation, are recognized in the statement of comprehensive income over the average remaining working lives of employees. Reserve for employee termination benefits are calculated as of September 30, 2010 and December 31, 2009.

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

	January 1 – September 30, 2010	January 1 – September 30, 2009
Current service cost	1.806	1.284
Financial expense of employee termination benefit	849	583
Total expense	2.655	1.867

Provision for employee termination benefits:

	January 1 – September 30, 2010	January 1 – December 31, 2009
Defined benefit obligation	11.560	10.429
Unrecognized actuarial (gains) / losses	(2.862)	(2.862)
	8.698	7.567

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24. Long-term defined employee benefit plan (continued)

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

	January 1 – September 30, 2010	January 1 – September 30, 2009
Beginning balance	10.429	6.629
Financial expense of employee termination benefit	849	583
Current service cost	1.806	1.284
Benefits paid	(1.524)	(952)
Balance at period end	11.560	7.544

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

	September 30, 2010	December 31, 2009
Discount rate	%11	11 %
Expected rate of salary/limit increases	%4,8	4,8 %

25. Employee pension plans

None (December 31, 2009 - None).

26. Other assets and liabilities

a) Other current assets

	September 30, 2010	December 31, 2009
Advances given	19.204	18.402
Prepaid expenses	4.805	5.694
VAT receivable	2.666	1.826
Other	421	438
	27.096	26.360

b) Other non-current assets

	September 30, 2010	December 31, 2009
Advances given for tangible asset purchases	2.568	1.724
Other	3.002	3.202
	5.570	4.926

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26. Other assets and liabilities (continued)

c) Other short-term liabilities

	September 30, 2010	December 31, 2009
Income tax and social security taxes payable	7.919	6.343
VAT payable	12.789	6.317
Other tax and funds payable	7.615	7.165
Other	2.075	901
	30.398	20.726

As of September 30, 2010 and December 31, 2009, the Group does not have any other long-term liability.

27. Shareholders' equity

a) Share capital and capital reserves

As of September 30, 2010 and December 31, 2009, the breakdown of shareholders and their ownership percentages in the Company (all in historical terms) are summarized as follows:

	September 30, 2010		December 31, 2009	
	Historical amount	%	Historical amount	%
Mustafa Latif Topbaş	27.266	18,0	14.133	18,6
Abdulrahman A. El Khereiji	20.623	13,6	10.311	13,6
Ahmet Afif Topbaş	12.771	8,4	5.886	7,8
Zuhair Fayez	5.990	3,9	2.994	3,9
Firdevs Çizmeci	1.800	1,2	900	1,2
Ömer Hulusi Topbaş	180	0,1	90	0,1
Publicly traded	83.170	54,8	41.586	54,8
	151.800	100	75.900	100

The Company's share capital is fully paid and consists of 151.800.000 shares of TL 1 nominal value.

As decided at the General Assembly meeting held on April 22, 2010, the Group has increased paid in share capital from inflation adjustment on paid-in share capital amounting to TL 6.956 and from retained earning amounting to TL 68.994 with a total of TL 75.900 and paid in share capital reached to TL 151.800.

Revaluation fund

As of September 30, 2010, Group has revaluation surplus amounting TL 15.704 (December 31, 2009 – TL 15.704) related to revaluation of land and buildings. The revaluation surplus is not available for distribution to shareholders.

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**Notes to consolidated financial statements
for the nine-month period ended September 30, 2010 (continued)**
(Currency – Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are expressed in full amounts unless otherwise indicated)

27. Shareholders' equity (continued)

Inflation adjustment on equity items

As of September 30, 2010 inflation adjustment on paid-in share capital amounting to TL 6.956 is used in free share capital increase. As of December 31, 2009 inflation adjustment on equity items amounting TL 6.956 is related with inflation adjustment on paid-in share capital as of December 31, 2004.

b) Restricted reserves allocated from profits / prior year profits

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

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

Listed companies are subject to dividend requirements regulated by the Turkish Capital Market Board as follows:

In accordance with the Capital Market Board decision number 1/6 dated January 9, 2009, during the calculation of distributable profits by the companies obliged to prepare financial statements; the companies can determine the amount of distributable profits by taking into account the net profit on the financial statements that are prepared and announced to the public according to No:XI-29 "Communiqué on Financial Reporting Standards in Capital Markets" which includes profits from associates, joint ventures and subsidiaries that are transferred to the profit of the Company, regardless of whether these companies' general assembly approved any dividend distributions, as soon as these distributable profits can be funded by the reserves in the statutory accounts of the companies.

In accordance with the Capital Market Board decision in January 27, 2010, it is decided that there is no dividend distribution requirements for the listed companies whose shares are traded on the stock exchange.

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

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27. Shareholders' equity (continued)

As of September 30, 2010 and December 31, 2009 legal reserves, prior year profits and net income for the period in statutory accounts of the parent are as follows:

	September 30, 2010	December 31, 2009
Legal reserves	51.599	34.072
Prior year profits	5.826	9.023
Net income for the period	179.679	216.098
	237.104	259.193

As decided at the General Assembly meeting, the Group has distributed gross dividend from 2009 profit amounting to TL 132.825 as of May 18, 2010.

28. Sales and cost of sales

a) Net sales

The Group's net sales for the nine months period ended September 30, 2010 and September 30, 2009 are as follows:

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Domestic sales	4.867.043	1.726.452	3.922.529	1.403.668
Sales return (-)	(16.899)	(6.126)	(14.401)	(5.151)
	4.850.144	1.720.326	3.908.128	1.398.517

b) Cost of sales

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Beginning inventory	255.527	287.417	229.342	240.424
Purchases	4.089.096	1.448.582	3.230.095	1.163.240
Ending inventory	(305.351)	(305.351)	(252.084)	(252.084)
	4.039.272	1.430.648	3.207.353	1.151.580

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for the nine-month period ended September 30, 2010 (continued)

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

29. Selling, marketing and distribution and general and administrative expenses

a) Selling, marketing and distribution expenses

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Personnel expenses	224.975	80.240	187.851	67.627
Rent expenses	129.479	45.179	110.069	38.225
Depreciation and amortisation expenses	43.582	15.235	36.631	12.908
Water, electricity and communication expenses	39.154	15.440	33.888	13.566
Packaging expenses	24.317	8.517	18.554	6.765
Advertising expenses	15.896	5.006	12.899	4.123
Maintenance and repair expenses	11.906	4.019	10.633	3.473
Provision for employee termination benefit	1.489	486	1.057	356
Trucks fuel expense	16.461	5.887	11.616	4.619
Other selling and marketing expenses	19.590	6.908	15.206	5.192
	526.849	186.917	438.404	156.854

b) General and administrative expenses

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Personnel expenses	49.016	16.678	43.178	14.557
Depreciation and amortisation expenses	4.490	1.566	4.281	1.207
Money collection expenses	3.010	1.069	2.613	898
Legal and consultancy expenses	2.574	819	2.084	623
Motor vehicle expenses	3.503	1.206	2.758	1.008
Communication expenses	711	225	803	230
Office supplies expenses	429	162	362	139
Provision for employee termination benefits	317	102	227	72
Other general and administrations expenses	12.258	3.851	10.674	4.142
	76.308	25.678	66.980	22.876

30. Expenses as to nature

a) Depreciation and amortization expenses

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Selling and marketing expenses	43.582	15.235	36.631	12.908
General administrative expenses	4.490	1.566	4.281	1.207
	48.072	16.801	40.912	14.115

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30. Expenses as to nature (continued)

b) Personnel expenses

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Wages and salaries	238.900	84.133	201.373	71.628
Employee termination benefits	1.806	588	1.284	428
SSK provisions employee contribution	35.091	12.785	29.656	10.555
	275.797	97.506	232.313	82.611

31. Other operating income and expense

a) Other operating income

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Gain on sale of scrap materials	3.188	1.065	2.340	801
Other income	4.460	1.411	5.294	858
	7.648	2.476	7.634	1.659

b) Other operating expense

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Loss on sale of property and equipment	(1.263)	(410)	(1.165)	(580)
Provision expenses	(1.028)	(431)	(477)	238
Other	(1.669)	(497)	(1.211)	(186)
	(3.960)	(1.338)	(2.853)	(528)

32. Financial income

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Financial income				
Income on profit share account - deposits	9.083	2.058	4.662	2.153
Foreign exchange gains	824	525	618	290
Total financial income	9.907	2.583	5.280	2.443

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33. Financial expenses

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Financial expense				
Finance charge on employee termination benefit	(849)	(283)	(583)	(194)
Banking charges	-	-	(497)	(21)
Foreign exchange losses	(1.683)	(188)	(377)	(212)
Other financial expense	(84)	(27)	(27)	(6)
Total financial expenses	(2.616)	(498)	(1.484)	(433)

34. Asset held for resale and discontinued operations

None (December 31, 2009 - None).

35. Tax assets and liabilities

As of September 30, 2010 and December 31, 2009, provision for taxes of the Group is as follows:

	September 30, 2010	December 31, 2009
Current period tax provision	45.329	54.777
Prepaid taxes	(30.288)	(43.143)
Corporate tax payable	15.041	11.634

In Turkey, as of September 30, 2010 corporate tax rate is 20%. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident corporations resident real persons except for, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

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

35. Tax assets and liabilities (continued)

As of September 30, 2010 and 2009, temporary differences based for deferred tax and deferred tax asset/liability calculated by using applicable tax rates are as follows:

	Balance sheet		Comprehensive income statement	
	September 30, 2010	December 31, 2009	January 1- September 30, 2010	January 1- September 30, 2009
Deferred tax liability				
Differences in tangible and intangible assets	13.351	15.192	(1.841)	1.230
Deferred tax asset				
Reserve for employee termination benefit	(1.740)	(1.500)	(240)	(183)
Other adjustments	(3.147)	(2.731)	(416)	(1.036)
Deferred tax	8.464	10.961	(2.497)	11

Movement of net deferred tax liability for the nine months period ended September 30, 2010 and 2009 is presented as follows:

	January 1- September 30, 2010	January 1- September 30, 2009
Opening balance	10.961	10.207
Deferred tax expense/(income) recognized in statement of comprehensive income	(2.497)	11
Balance at the end of period	8.464	10.218

Tax reconciliation

	January 1- September 30, 2010	January 1- September 30, 2009
Net income before tax	218.694	203.968
Corporation tax at effective tax rate of 20%	(43.739)	(40.794)
Disallowable expenses	(368)	(382)
Effect of non-tax deductible and tax exempt items	42	15
Other	1.233	(748)
Provision for taxes	(42.832)	(41.909)
- Current	(45.329)	(41.898)
- Deferred	2.497	(11)

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36. 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 basic EPS for the period ended September 30, 2010 and 2009 are 1,159 (full TL) and 1,068 (full TL), respectively. All shares of the Company are in same status.

As decided at the General Assembly meeting held on April 22, 2010, the Group has finalized the distribution of dividend amounting to gross TL 132.825 (1,75 (full TL) per share) and distribution of free share capital amounting to TL 75.900 at nominal value as of report period.

The movements of number of shares as of September 30, 2010 and September 30, 2009 are as follows;

	September 30, 2010	September 30, 2009
Number of shares		
Beginning of the period	75.900.000	75.900.000
Number of free shares issued by using internal sources	75.900.000	-
Period end	151.800.000	75.900.000

37. Related party disclosures

a) Due to related parties

Due to related parties balances as of September 30, 2010 and December 31, 2009 are as follows:

Payables related to goods and services received

	September 30, 2010	December 31, 2009
Ak Gıda A.Ş. (Ak Gıda) (1)	48.716	50.939
Teközel Gıda Tem.Sağ.Mar.Ltd. Şti. (Teközel) (1) (*)	-	29.874
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) (1)	17.433	14.089
Hedef Tüketim Ürün ve Dış Ticaret A.Ş.(Hedef) (1)	5.492	6.283
Marsan Gıda San. ve Tic. A.Ş. (Marsan) (1)	3.117	2.281
Natura Gıda San. ve Tic. A.Ş. (Natura) (1)	11.767	998
Seher Gıda Paz. San. ve Tic. A.Ş. (Seher) (1)	328	353
Bahariye Tekstil San. Tic. A.Ş. (1)	-	9
	86.853	104.826

(1) Companies owned by shareholders of the Company or the companies that the shareholders have shares

(*) Excluded from the list of companies owned by shareholders as of April 1, 2010.

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for the nine-month period ended September 30, 2010 (continued)

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

37. Related party disclosures (continued)

b) Related party transactions

For the nine month periods ended September 30, 2010 and 2009, summary of the major transactions with related parties are as follows:

- (i) Major purchases from related parties during the nine month periods ended September 30, 2010 and 2009 are as follows:

	January 1- September 30, 2010	January 1- September 30, 2009
Ak Gıda (1)	343.563	283.036
Başak (1)	127.336	101.272
Teközel (*)	50.706	124.667
Natura (1)	40.563	25.671
Marsan (1)	12.395	9.703
Hedef (1)	27.307	14.504
Bahariye (1)	991	1.868
Seher (1)	1.354	831
	604.215	561.552

- (1) Companies owned by shareholders of the Company or the companies that the shareholders have shares

- (*) Excluded from the list of companies owned by shareholders as of April 1, 2010. Indicates the purchase amounts between January 1, 2010 and April 1, 2010.

- (ii) For the nine months periods ended September 30, 2010 and 2009 salaries, bonuses and compensations provided to board of directors and key management comprising of 75 and 68 personnel, respectively, are as follows:

	January 1- September 30, 2010	January 1- September 30, 2009
Short-term benefits	9.742	9.269
Long-term defined benefits	519	462
Total benefits	10.261	9.731

- iii) For the nine months periods ended September 30, 2010 and 2009 the Company received service from the related party, Proline Bilişim Sistemleri ve Ticaret A.Ş. amounting TL 498 and TL 367, respectively.

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

38. Nature and level of risks arising from financial instruments

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and profit share rates. These risks are market risk (including foreign currency risk and profit share rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The Group's principal financial instruments comprise cash and short-term bank loans. The main purpose of using these financial instruments is to raise finance for the Group's operations. The Group has other financial instruments such as trade receivables and payables which arise directly from its operations. The Group manages its capital through cash provided by its operations and review of the maturities of the trade payables.

Price risk

Price risk is a combination of foreign currency, profit share and market risk. The Group naturally manages its price risk by matching the same foreign currency denominated receivable and payables and assets and liabilities bearing profit share. The Group closely monitors its market risk by analyzing the market conditions and using appropriate valuation methods.

Profit share rate risk

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

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

Profit share rate position table

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

Profit share position table		Current period	Prior period
	Fixed-profit share bearing financial instruments		
Financial assets	Financial assets at fair value through profit/loss	158.657	111.692
	Available for sale financial assets	-	-
Financial liabilities		-	-
	Variable profit share bearing financial instruments		
Financial assets		-	-
Financial liabilities		-	-

Credit risk

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

BİM Birleşik Mağazalar Anonim Şirketi and its Subsidiary**Notes to consolidated financial statements****for the nine-month period ended September 30, 2010 (continued)**

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

38. Nature and level of risks arising from financial instruments (continued)**Credit risk table (Current period)**

	Credit card receivable		Bank deposits	
	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date	-	171.895	-	191.241
Maximum risk secured by guarantees	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	171.895	-	191.241

Credit risk table (Prior period)

	Credit card receivable		Bank deposits	
	Related party	Other party	Related party	Other party
Maximum credit risk exposures as of report date	-	160.905	-	129.164
Maximum risk secured by guarantees	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	160.905	-	129.164

Since the Company does not have material assets and liabilities denominated in foreign currency, the Company does not use derivative instruments or forward contracts for hedging foreign currency risks.

Foreign currency position

As of September 30, 2010 and December 31, 2009, the Group's foreign currency position is as follows:

	September 30, 2010				December 31, 2009			
	TL equivalent	USD	Euro	GBP	TL equivalent	USD	Euro	GBP
Assets								
Banks	145	25.207	53.233	1.250	9	1.171	3.204	-
Other current assets	15	10.100	-	-	12	6.100	1.278	-
Total assets	160	35.307	53.233	1.250	21	7.271	4.482	-
Liabilities								
Other short-term liabilities	77	52.966	-	-	213	141.532	-	-
Other long-term liabilities	-	-	-	-	-	-	-	-
Total liabilities	77	52.966	-	-	213	141.532	-	-
Net foreign currency position	83				(192)			

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38. Nature and level of risks arising from financial instruments (continued)

Exchange rate risk

The following table demonstrates the sensitivity to a possible change of 10% in the U.S Dollar, Euro and GBP exchange rates, with all other variables held constant, of the Group's profit before tax as of September 30, 2010 and December 31, 2009:

		Increase in exchange rate		Decrease in exchange rate	
September 30, 2010	USD	+10%	(3)	(10%)	3
	Euro	+10%	10	(10%)	(10)
	GBP	+10%	-	(10%)	-
December 31, 2009	USD	+10%	(20)	(10%)	20
	Euro	+10%	1	(10%)	(1)
	GBP	+10%	-	(10%)	-

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

As of September 30, 2010 and December 31, 2009, maturities of undiscounted trade payables and financial liabilities are as follows (accrual amounts are not included):

September 30, 2010

	Book value	Total cash outflow	Less than 3 months	Between 3-12 months	Between 1-5 year	More than 5 years
Contractual maturities						
Non derivative financial liabilities						
Bank borrowings	8.368	8.368	8.368	-	-	-
Trade payables	703.461	703.461	703.461	-	-	-
Due to related parties	87.412	87.412	87.412	-	-	-

December 31, 2009

	Book value	Total cash outflow	Less than 3 months	Between 3-12 months	Between 1-5 year	More than 5 years
Contractual maturities						
Non derivative financial liabilities						
Bank borrowings	-	-	-	-	-	-
Trade payables	552.263	552.263	552.263	-	-	-
Due to related parties	105.525	105.525	105.525	-	-	-

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

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The Group considers that carrying amounts reflect fair values of the financial instruments.

Financial assets

The fair values of certain financial assets carried at cost including cash and cash equivalents profit share accruals and other short term financial assets are considered to approximate their respective carrying values due to their short-term nature. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

Financial liabilities

Financial liabilities of which fair values approximate their carrying values:

Fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings with variable rates are considered to approximate their respective carrying values since the profit share rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

40. Subsequent events

None.

41. Other matters that significantly affect financial statements or are necessary for openness, interpretability and clearness of the financial statements

There is no other matters having significant impact on or requiring explanation in order to provide the clarity, interpretability and perceptibility of the financial statements as of September 30, 2010 and December 31, 2009.