BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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

Introduction

1. We have audited the accompanying consolidated balance sheet of BİM Birleşik Mağazalar A.Ş. and its Subsidiaries (collectively referred to as the ''Group'') as at 31 December 2013 and the related statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

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

Independent auditor's responsibility

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

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

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

Opinion

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

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

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

6. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Group formed the mentioned committee on 31 May 2012 and it is comprised of three members.

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

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

Adnan Akan, SMMM
Partner

Istanbul, 3 March 2014

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

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

ASSETS

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

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

LIABILITIES AND EQUITY

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012

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

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012

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

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

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2013 AND 2012

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

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

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

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

1. Organization and nature of operations of the Group

BİM Birleşik Mağazalar Anonim Şirketi ("BİM" or "the Company") was established on 31 May 1995 and commenced its operations in September 1995. The registered address of the Group is Ebubekir Cad. No: 73 Sancaktepe, İstanbul.

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

The Company established a new company named BIM Stores SARL on 19 May 2008 with 100% ownership in Morocco which is engaged in hard discount retail sector and started to operate on 11 April 2009. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of 31 December 2013.

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

Shareholder structure of the Group is stated in Note 16. The consolidated financial statements were authorized for issue on 3 March 2014 by the Board of Directors of the Company.

Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the financial statements after issue.

For the periods ended 31 December 2013 and 2012, the average number of employees in accordance with their categories is shown below:

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

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

2. Basis of preparation of financial statements

2.1 Basis of presentation:

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

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

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

Preparation of Financial Statements in Hyperinflationary Periods

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

Going concern assumption

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

2.2 New and amended International Financial Reporting Standards

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

2. Basis of preparation of financial statements (Continued)

2.2 New and amended International Financial Reporting Standards (Continued)

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

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

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

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

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

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

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

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

2. Basis of preparation of financial statements (Continued)

2.2 New and amended International Financial Reporting Standards (Continued)

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

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

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

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

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

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

2. Basis of preparation of financial statements (Continued)

2.2 New and amended International Financial Reporting Standards (Continued)

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

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

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

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

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

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

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

2. Basis of preparation of financial statements (Continued)

2.2 New and amended International Financial Reporting Standards (Continued)

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

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

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

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

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

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

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

2. Basis of preparation of financial statements (Continued)

2.2 New and amended International Financial Reporting Standards (Continued)

- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:
  - TFRS 1; 'First time adoption'
  - TFRS 3, Business combinations'
  - TFRS 13,'Fair value measurement' and
  - TAS 40, 'Investment property'

2.3 Compliance with TAS

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

2.4 Presentation and functional currency

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

The functional currency of the Company's other subsidiary, BIM Stores LLC is Egyptian Pound ("EGP"). In the consolidated financial statements, EGP amounts presented in the balance sheet and in the statement of comprehensive income are translated into Turkish Lira at the TRY exchange rate for purchase of EGP at the balance sheet date, TRY 1 = EGP 3,2481, at the average TRY exchange rate for purchases of EGP, is TRY 1 = EGP 3,5977. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity

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

2. Basis of preparation of financial statements (Continued)

2.5 Comparatives and restatement of prior periods' financial statements

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

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

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

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

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

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

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

2. Basis of preparation of financial statements (Continued)

2.5 Comparatives and restatement of prior periods' financial statements (Continued)

ii) Illustrative financial statement and guidance:

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

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

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

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

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

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

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

2.6. Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company BİM and its subsidiaries prepared for the year ended 31 December 2013. Subsidiaries are consolidated from the date on which control is transferred to the Group. The consolidated financial statements cover BİM and the subsidiaries with 100% control.

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

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Offsetting

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

Accounting estimates

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

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

Revenue recognition

Sales of Goods

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

Financial income

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

Dividend income

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, cash in transit and short-term deposits that are not used for investment purposes.

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Trade receivables

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

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost isdetermined using the first-in, first-out (FIFO) method.

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

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

Property, plant and equipment

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

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

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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

	Duration (Years)
Land improvements	5
Buildings	25
Leasehold improvements	5- 10
Machinery and equipment	4- 10
Vehicles	5- 10
Furniture and fixtures	5- 10

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

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

Intangible assets

Intangible assets which mainly comprise software rights are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

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

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

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

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

Impairment of non-financial assets

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Available-for-sale financial assets

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

Recognition and measurement

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

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

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

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

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Offsetting financial instruments

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

Recognition and derecognition of financial assets and liabilities

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

All the normal sales or purchase transactions of financial assets are recorded at the transaction date that the Group guaranteed to purchase or sell the financial asset. These transactions generally require the transfer of financial asset in the period specified by the general conditions and the procedures in the market.

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

Impairment of financial assets

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

Assets carried at amortized cost

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

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

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

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

Trade payables

Trade payables which generally have an average of 48 day term (December 31, 2012 - 48 days) are initially recorded at original invoice amount and carried at amortized cost less due date expense. Due date expense is accounted for under cost of sales. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Borrowing costs

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

Foreign currency transactions

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

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

	USD/TRY (full)	EUR/TRY (full)
31 December 2013	2,1343	2,9365
31 December 2012	1,7826	2,3517

Earnings per share

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

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

Subsequent events

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

Provisions, contingent assets and contingent liabilities

i) Provisions

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

ii) Contingent assets and liabilities

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

Leases

Operating leases

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

Related parties

a) A person or a close member of that person's family is related to a reporting entity if that person:

   i) has control or joint control over the reporting entity;
   ii) has significant influence over the reporting entity; or,
   iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

   i) The entity and the reporting entity are members of the same group.
   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   iii) Both entities are joint ventures of the same third party.
   iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   vi) The entity is controlled or jointly controlled by a person identified in (a).
   vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Income taxes

Current Income Taxes and Deferred Tax

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Statement of Cash Flows

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

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

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

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

Employee Benefits

a) Defined benefit plans:

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

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

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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

b) Unused vacation

Unused vacation rights accrued in the consolidated financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date.

3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers of the Group. The chief operating decision makers, who are responsible for allocation resources and assessing performance of the operating segments, have been identified as the senior management that makes strategic decisions.

The senior management of the Group makes strategic decisions as a whole over the operations of the Group as the Group operates in a single industry and operations outside Turkey do not present an important portion in overall operations. Based on those reasons, there is a single reportable segment in accordance with the provisions in TFRS 8 and segment reporting is not applicable.

4. Cash and cash equivalents

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

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

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

5. Financial assets

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

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

(*) The Group acquired 11,5% of shares of Ziylan Mağazacılık ve Pazarlama Anonim Şirketi ("Ziylan"), Polaris Pazarlama ve Mümessillik Anonim Şirketi ("Polaris") and Uğur İç ve Dış Ticaret Anonim Şirketi ("Uğur") incorporate of Ziylan Group on 12 January 2013 for TRY 105.441.

(**) As of January 30, 2012, the Group took over the shares of İdeal Standart İşletmecilik ve Mümessillik Sanayi ve Ticaret Anonim Şirketi ("İdeal Standart") by TRY 12.590. Since the financial statements of the Company are not material for the Group's consolidated financial statements or does not have a significant influence, are not included in the scope of consolidation and the ratio of total assets and turnover of the Company is less than 1% to the Group's consolidated total assets and turnover.

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

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

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

6. Financial liabilities

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

7. Trade receivables and payables

a) Trade receivables, other parties, net

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

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

7. Trade receivables and payables (Continued)

a) Trade receivables, other parties, net (Continued)

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

b) Trade receivables, other parties, net

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

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

8. Other receivables and payables

a) Other Receivables

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

a) Other receivables from other parties

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

Term receivables are recognized at original invoice amount and carried after provisions for doubtful receivables are discounted from the deduction. The allowance for doubtful receivables are estimated when it is not possible the collection of the receivable.

As of 31 December 2013 and 31 December 2012, the Group does not have any overdue receivables except for doubtful receivables.

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

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

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

9. Inventories

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

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

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

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

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

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

10. Property, plant and equipment

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

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

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

10. Property, plant and equipment (Continued)

	1 January 2012	Additions	Disposals	Transfers	Net off	Provision for impairment	Revaluation reserves	Currency translation differences	31 December 2012
Cost or revalued amount									
Land	93.550	46.571	-	-	-	(122)	59.590	-	199.589
Land improvements	3.175	809	-	4	-	-	-	-	3.988
Buildings	168.513	2.921	-	15.328	(21.102)	(998)	7.511	-	172.173
Leasehold improvements	234.873	54.029	(5.718)	(30)	-	-	-	(442)	282.712
Machinery and equipment	314.260	60.474	(6.152)	1.549	-	-	-	(237)	369.894
Vehicles	63.538	24.020	(10.410)	917	-	-	-	(29)	78.036
Furniture and fixtures	132.795	27.020	(2.824)	747	-	-	-	(53)	157.685
Construction in progress	2.577	22.466	-	(18.515)	-	-	-	-	6.528
	1.013.281	**238.310**	**(25.104)**	**-**	**(21.102)**	**(1.120)**	**67.101**	**(761)**	**1.270.605**
Less:Accumulated depreciation									
Land improvements	(1.453)	(668)	14	-	-	-	-	-	(2.107)
Buildings	(12.577)	(8.525)	-	-	21.102	-	-	-	-
Leasehold improvements	(84.360)	(23.977)	2.944	-	-	-	-	43	(105.350)
Machinery and equipment	(147.277)	(28.748)	3.666	-	-	-	-	50	(172.309)
Vehicle	(29.937)	(12.626)	7.891	-	-	-	-	6	(34.666)
Furniture and fixtures	(89.602)	(17.808)	2.640	-	-	-	-	10	(104.760)
	(365.206)	**(92.352)**	**17.155**	**-**	**21.102**	**-**	**-**	**109**	**(419.192)**
Net book value	**648.075**								**851.413**

Depreciation expense of TRY 99.964 (31 December 2012: TRY 85.109) has been charged in marketing expenses and TRY 9.498 (31 December 2012: TRY 7.243) in general and administrative expenses. The land and buildings were revalued and reflected to financial statements with their fair value. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the equity. The revaluation surplus is not available for distribution to shareholders.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts of land and buildings would have been as follows as of 31 December 2013 and 2012, respectively:

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

Fair values of land and buildings

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

10. Property, plant and equipment (Continued)

Valuation techniques used to derive level 2 fair values

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

Market Comparable Method

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

Discounted Cash Flow Method

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

Cost Approach

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

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

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

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

10. Property, plant and equipment (Continued)

Valuation processes of the Group

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

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

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

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

Pledges and mortgages on assets

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

11. Intangible assets

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

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

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

11. Intangible assets (Continued)

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

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

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

12. Provisions, contingent assets and liabilities

a) Current provisions for employee benefits

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

Current period movement of unused vacation provision is as follows;

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

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

12. Provisions, contingent assets and liabilities (Continued)

b) Other short term provisions

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

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

Current period movement of provision for lawsuits is as follows;

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

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

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

12. Provisions, contingent assets and liabilities (Continued)

Letter of guarantees, mortgages and pledges given by the Group

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

	31 December 2013				
	Total TRY equivalent	**TRY**	**USD**	**Euro**	**Moroccan Dirham**
A. Total amount of guarantees, pledges and mortgages given in the name of legal entity	**17.954**	**17.091**	**250.000**	**-**	**1.257.373**
Guarantee	*17.954*	*17.091*	*250.000*	-	*1.257.373*
Pledge	-	-	-	-	-
Mortgage	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages given in favor of the parties which are included in the scope of full consolidation	-	-	-	-	-
Guarantee	-	-	-	-	-
Pledge	-	-	-	-	-
Mortgage	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. Total amount of guarantees, pledges and mortgages given in favor of parent Company	-	-	-	-	-
ii. Total amount of guarantees, pledges and mortgages given in favor of other group companies which are not covered in B and C above	-	-	-	-	-
iii. Total amount of guarantees, pledges and mortgages given in favor of 3rd parties which are not covered in C above	-	-	-	-	-
Total	**17.954**	**17.091**	**250.000**	**-**	**1.257.373**

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

12. Provisions, contingent assets and liabilities (Continued)

	31 December 2012				
	Total TRY equivalent	**TRY**	**USD**	**Euro**	**Moroccan Dirham**
A. Total amount of guarantees, pledges and mortgages given in the name of legal entity	16.817	16.203	250.000	-	799.500
Guarantee	*16.817*	*16.203*	*250.000*	-	*799.500*
Pledge	-	-	-	-	-
Mortgage	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages given in favor of the parties which are included in the scope of full consolidation	2.261	-	-	961.254	-
Guarantee	*2.261*	-	-	*961.254*	-
Pledge	-	-	-	-	-
Mortgage	-	-	-	-	-
C. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-	-
D. Total amount of other guarantees, pledges and mortgages	-	-	-	-	-
i. Total amount of guarantees, pledges and mortgages given in favor of parent company	-	-	-	-	-
ii. Total amount of guarantees, pledges and mortgages given in favor of other group companies which are not covered in B and C above	-	-	-	-	-
iii. Total amount of guarantees, pledges and mortgages given in favor of 3rd parties which are not covered in C above	-	-	-	-	-
Total	**19.078**	**16.203**	**250.000**	**961.254**	**799.500**

Insurance coverage on assets

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

13. Prepaid expenses

a) Short term prepaid expenses

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

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

13. Prepaid expenses (Continued)

b) Long term prepaid expenses

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

14. Employee termination benefits

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

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on May 23, 2002.

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

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

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

14. Employee termination benefits (Continued)

Significant actuarial assumptions are as follows;

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

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

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

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

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

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

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

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

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

15. Other assets and liabilities

a) Other current assets

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

b) Other current liabilities

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

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

16. Equity

a) Share capital and capital reserves

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

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

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

16. Equity (Continued)

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

Revaluation surplus

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

b) Restricted reserves and retained earnings

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

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

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

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

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

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

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.

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

16. Equity (Continued)

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

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

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

Dividend paid

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

17. Sales and cost of sales

a) Net Sales

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

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

b) Cost of sales

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

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

18. Operational Expenses

a) Marketing, selling and distribution expenses

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

b) General and administrative expenses

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

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

19. Expenses by nature

a) Depreciation and amortisation expenses

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

a) Personnel Expenses

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

20. Other operating income and expense

a) Other Operating Income

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

b) Other Operating Expense

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

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

21. Financial Income

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

22. Financial Expenses

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

23. Income and expense from investing activities

a) Income from Investing Activities

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

b) Expense from Investing Activities

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

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

24. Tax assets and liabilities

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

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

In Turkey, as of 31 December 2013 corporate tax rate is 20% (31 December 2012: 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

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

There is no taxable temporary differences related with the consolidated subsidiaries for which the Company recognised deferred tax liability (31 December 2012: None).

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

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

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

24. Tax assets and liabilities (Continued)

As of 31 December 2013 and 2012, temporary differences based for deferred tax and deferred tax asset and liability calculated by using applicable tax rates are as follows:

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

Tax effects of components of comprehensive income are as follows:

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

Deferred tax is presented in financial statements as follows:

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

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

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

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

24. Tax assets and liabilities (Continued)

Tax reconciliation

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

25. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. For the periods ended 31 December 2013 and 2012, earnings per share is 1,36 and 1,09 , respectively. All shares of the Company are in same status.

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

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

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

26. Related party disclosures

a) Due to related parties

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

Payables related to goods and services received:

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

(1) Companies owned by shareholders of the Company.
(2) Subsidiaries of the Group.

(*) Advance given to Natura Gıda Sanayi ve Ticaret A.Ş.amounting to TRY 14.562 as of 31 December 2013 is included in other receivables due from related parties (31 December 2012:TRY 18.359) (Note 8).

b) Related party transactions

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

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

	1 January - 31 December 2013	1 January - 31 December 2012
Ak Gıda (1)	**799.990**	637.009
Başak (1)	**353.381**	292.875
Hedef (1)	**136.277**	89.253
Turkuvaz (1)	**120.329**	87.690
Natura (1)	**73.762**	69.516
İdeal Standart (2)	**10.395**	9.239
Bahar Su (1)	**2.893**	5.490
Bahariye (1)	**2.200**	534
Seher (1)	**1.172**	1.611
Proline (1)	**138**	3.101
Esas (1)	**-**	25.321
	1.500.537	**1.221.639**

(1) Companies owned by shareholders of the Company.
(2) Subsidiaries of the Group.

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

26. Related party disclosures (Continued)

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

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

27. Financial Instruments and Financial Risk Management

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

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

Price risk

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

Profit share rate risk

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

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

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27. Financial Instruments and Financial Risk Management (Continued)

Profit share rate position table

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

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

Credit risk

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

Credit risk table (Current period)

	Receivables							
	Credit card receivables		**Trade and other receivables**		**Bank deposits**		**Financial investments**	
	Related party	**Other party**	**Related party**	**Other party**	**Related party**	**Other party**	**Related party**	**Other party**
Maximum credit risk exposures as of report date (A+B+C+D+E)	**-**	**344.835**	**14.562**	**2.411**	**-**	**312.110**	**118.031**	-
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	344.835	14.562	2.411	-	312.110	118.031	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	398	-	-	-	-
- Impairment	-	-	-	(398)	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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

27. Financial Instruments and Financial Risk Management (Continued)

Credit risk table (Prior period)

	Receivables							
	Credit card receivables		**Trade and other receivables**		**Bank deposits**		**Financial investments**	
	Related party	**Other party**	**Related party**	**Other party**	**Related party**	**Other party**	**Related party**	**Other party**
Maximum credit risk exposures as of report date (A+B+C+D+E)	**-**	**312.344**	**18.359**	**1.804**	**-**	**306.904**	**12.590**	**-**
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	312.344	18.359	1.804	-	306.904	12.590	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	365	-	-	-	-
- Impairment	-	-	-	(365)	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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27. Financial Instruments and Financial Risk Management (Continued)

There is an insignificant amount of foreign currency denominated assets and liabilities so the Company does not use derivative financial instruments or future contracts to reduce the risk of foreign currency.

Foreign currency position

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

	31 December 2013				31 December 2012			
	TRY equivalent	USD	Euro	GBP	TRY equivalent	USD	Euro	GBP
1. Trade receivables	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash, bank accounts	488	89.657	100.333	8.532	253	51.105	57.267	9.637
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current assets (1+2+3)	488	89.657	100.333	8.532	253	51.105	57.267	9.637
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	55	25.300	1.278	-	50	26.300	1.278	-
8. Non-current assets (5+6+7)	55	25.300	1.278	-	50	26.300	1.278	-
9. Total assets(4+8)	543	114.957	101.611	8.532	303	77.405	58.545	9.637
10. Trade payables	-	-	-	-	-	-	-	-
11. Financial liabilities	-	-	-	-	-	-	-	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	-	-	-	-	-	-	-	-
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-	-	-	-	-
18. Total liabilities (13+17)	-	-	-	-	-	-	-	-
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-	-	-	-
19a. Hedged total assets amount	-	-	-	-	-	-	-	-
19b. Hedged total liabilities amount	-	-	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	-	-	-	-	-	-	-	-
21. Net foreign currency asset/(liability) position of monetary items (TFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a))	488	89.657	100.333	8.532	253	51.105	57.267	9.637
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
23. Export	-	-	-	-	-	-	-	-
24. Import	-	-	-	-	-	-	-	

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

27. Financial Instruments and Financial Risk Management (Continued)

Exchange rate risk

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

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

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

27. Financial Instruments and Financial Risk Management (Continued)

31 December 2012	**Exchange rate sensitivity analysis**			
	Prior period			
	Profit/Loss		**Equity**	
	Foreign currency appreciation	**Foreign currency devaluation**	**Foreign currency appreciation**	**Foreign currency devaluation**
Increase/Decrease of 10% in value of U.S Dollar against TRY:				
1- U.S Dollar net asset/(liability)	14	(14)	-	-
2- Protected part from U.S Dollar risk (-)	-	-	-	-
3- U.S Dollar net effect (1+2)	14	(14)	-	-
Increase/Decrease of 10% in value of Euro against TRY:				
4- Euro net asset/(liability)	14	(14)	-	-
5- Protected part from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	14	(14)	-	-
Increase/Decrease of 10% in value of GBP against TRY :				
7- GBP net asset/(liability)	3	(3)	-	-
8- Protected part from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	3	(3)	-	-
Total (3+6+9)	**31**	**(31)**	**-**	**-**

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.

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

27. Financial Instruments and Financial Risk Management (Continued)

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

31 December 2013

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

31 December 2012

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

Capital risk management

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

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

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

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

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

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

Fair value estimation

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

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

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

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

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

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

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

There were no transfers between levels during year.

(a) Financial instruments in level 2

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments,

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves,

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value,

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

As of 31 December 2013 and 2012, except for the available for sale financial assets disclosed in Note 5, the fair values of certain financial assets carried at cost including cash and cash equivalents profit share accruals and other short term financial assets are considered to approximate their respective carrying values due to their short-term nature. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

- Financial liabilities

Financial liabilities of which fair values approximate their carrying values:

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

29. EVENTS AFTER BALANCE SHEET DATE

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

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