

BİM BİRLEŐİK MAĐAZALAR A.Ő.

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

(ORIGINALLY ISSUED IN TURKISH)

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2014**

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED FINANCIAL POSITION
AT 31 MARCH 2014 AND 31 DECEMBER 2013**

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

ASSETS

	Notes	31 March 2014 Not Reviewed	31 December 2013 Audited
Current assets		1.781.227	1.575.925
Cash and cash equivalents	4	540.727	405.493
Trade receivables	7	364.111	344.835
- Due from related parties		-	-
- Trade Receivables, Other Parties		364.111	344.835
Other receivables	8	54.030	16.973
- Due from related parties		50.873	14.562
- Other receivables, Other parties		3.157	2.411
Inventory	9	678.457	638.474
Prepaid expenses	13	121.898	68.836
Current income tax assets	24	331	84.365
Other current assets	15	21.673	16.949
Non-current assets		1.234.390	1.121.345
Financial investments	5	118.031	118.031
Other receivables		3.555	3.188
- Due from related parties		-	-
- Trade Receivables, Other Parties		3.555	3.188
Property and equipment	10	1.084.690	980.950
Intangible assets	11	4.386	3.796
- Other intangible assets		4.386	3.796
Prepaid expenses	13	22.338	14.128
Deferred tax assets	24	1.390	1.240
Other non-current assets		-	12
Total assets		3.015.617	2.697.270

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

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED FINANCIAL POSITION
AT 31 MARCH 2014 AND 31 DECEMBER 2013**

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

LIABILITIES AND EQUITY

	Notes	31 March 2014 Not Reviewed	31 December 2013 Audited
Current liabilities		1.876.287	1.645.954
Short term financial liabilities	6	15.587	13.147
Trade payables		1.759.631	1.457.749
- Due to Related parties	26	243.760	219.009
- Due to Third Parties	7	1.515.871	1.238.740
Other Payables		277	185
- Due to Related Parties		-	-
- Due to Third Parties		277	185
Deferred Revenue		5.944	4.275
Employee benefit obligations		16.588	13.934
Current Provisions	12	18.054	15.331
- Provision for Employee Benefits		4.383	3.377
- Other Short term Provisions		13.671	11.954
Current Income Tax Liabilities	24	30.767	112.609
Other Current Liabilities	15	29.439	28.724
Non-current Liabilities		53.261	52.052
Non-current provisions		40.522	38.082
- Provision for Employee Benefits	14	40.522	38.082
Deferred Tax Liabilities	24	12.739	13.970
Equity		1.086.069	999.264
Equity attributable to parent		1.086.069	999.264
Paid-in Share Capital	16	303.600	303.600
Treasury Shares (-)		(20.327)	-
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		64.261	64.261
- Property and equipment revaluation reserve	16	78.323	78.323
- Revaluation gain/loss on defined benefit plans		(14.062)	(14.062)
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		5.540	6.180
- Currency Translation Difference		5.540	6.180
Restricted Reserves		144.790	124.463
Retained Earnings		480.433	87.776
Net Income For The Period		107.772	412.984
Total Liabilities and Equity		3.015.617	2.697.270

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS 1 JANUARY – 31 MARCH 2014 AND 2013**

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

	Notes	1 January 2014 - 31 March 2014 Not Reviewed	1 January 2013- 31 March 2013 Not Reviewed
INCOME OR LOSS			
Revenue	17	3.395.069	2.795.492
Cost of sales (-)	17	(2.867.021)	(2.361.133)
GROSS PROFIT		528.048	434.359
Marketing Expenses (-)	18	(349.296)	(277.086)
General Administrative Expenses (-)	18	(50.689)	(40.080)
Other Operating Income	20	4.442	2.726
Other Operating Expense (-)	20	(1.332)	(451)
OPERATING PROFIT		131.173	119.468
Income from investing activities	23	-	-
Expense from investing activities	23	(236)	(459)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		130.937	119.009
Financial Income	21	7.325	6.431
Financial Expense (-)	22	(1.070)	(2.126)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		137.192	123.314
- Current tax expense	24	(30.771)	(26.495)
- Deferred tax income /(expense)	24	1.351	416
PROFIT FROM CONTINUED OPERATIONS		107.772	97.235
NET INCOME FOR THE PERIOD		107.772	97.235
Profit for the Period attributable to			
Non-controlling interest		-	-
Equity holders of the parent		107.772	97.235
Earnings per share			
Earnings per share from continued operations (Full TRY)		0,35	0,32
Earnings per share from discontinued operations		-	-
Other comprehensive income			
Items not to be classified to profit or loss			
Actuarial gain/loss from defined benefit plans		-	-
Gain/ loss from revaluation of property, plant and equipment		-	-
Items to be classified to profit or loss			
Currency translation difference		(640)	(457)
Change in financial investment revaluation reserve		-	-
Other comprehensive income		(640)	(457)
Total comprehensive income		107.132	96.778
Total comprehensive income attributable to			
Non-controlling interest		-	-
Equity holders of the parent		107.132	96.778

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS 1 JANUARY – 31 MARCH 2014 AND 2013**

	Paid-in share capital	Treasury shares	Restricted reserves	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	Retained earnings	Net income for the period	
Balance at 31 December 2012	151.800	-	103.211	78.323	(18.102)	(158)	-	149.140	331.798	796.012
Transfer to prior year profits	-	-	-	-	-	-	-	331.798	(331.798)	-
Net income for the period	-	-	-	-	-	-	-	-	97.235	97.235
Other comprehensive income	-	-	-	-	-	(457)	-	-	-	(457)
Total comprehensive income	-	-	-	-	-	(457)	-	-	97.235	96.778
Balance at 31 March 2013	151.800	-	103.211	78.323	(18.102)	(615)	-	480.938	97.235	892.790
Balance at 31 December 2013	303.600	-	124.463	78.323	(14.062)	6.180	-	87.776	412.984	999.264
Transfer to prior year profits	-	-	-	-	-	-	-	412.984	(412.984)	-
Acquisition of treasury shares	-	(20.327)	-	-	-	-	-	-	-	(20.327)
Increase/decrease in restricted reserves due to acquisition of treasury shares	-	-	20.327	-	-	-	-	(20.327)	-	-
Net income for the period	-	-	-	-	-	-	-	-	107.772	107.772
Other comprehensive income	-	-	-	-	-	(640)	-	-	-	(640)
Total comprehensive income	-	-	-	-	-	(640)	-	-	107.772	107.132
Balance at 31 March 2014	303.600	(20.327)	144.790	78.323	(14.062)	5.540	-	480.433	107.772	1.086.069

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

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 31 MARCH 2014 AND 2013**

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

	Notes	1 January 2014 31 March 2014	1 January 2013 31 March 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES		294.779	182.168
Profit for the period		107.772	97.235
Adjustments to reconcile profit for the period		66.734	53.794
Depreciation and amortisation	10,11,19	31.956	26.143
Provision / (reversal) for impairment of inventories	9	2.686	1.001
Allowance for doubtful receivables	8	5	-
Provision for employment termination benefits	14	2.545	2.566
Provision for unused vacation	12,14	2.728	942
Legal provisions	12	985	75
Other provisions		732	2.235
Adjustments related to interest income/expense	21	(4.559)	(5.706)
Adjustments for tax income/ losses	24	29.420	26.079
(Gain)/Loss on sale of property and equipment	23	236	459
Changes in net working capital		148.805	54.370
Increases/decreases in inventories		(42.669)	(23.011)
Increases/decreases in trade receivables		(19.276)	(5.196)
Increases/decreases in other assets		(37.429)	(47.980)
Increases/decreases in trade payables		301.882	118.157
Increases/decreases in other payables		92	4
Other net working capital		(53.795)	12.396
Net cash generated from operating activities		323.311	205.399
Income taxes paid	24	(28.575)	(23.231)
Collection of doubtful receivables	8	43	-
B. CASH FLOWS FROM INVESTING ACTIVITIES		(143.813)	(55.387)
Proceeds from sale of tangible assets	10,11,23	1.751	1.298
Purchases of tangible and intangible assets	10,11	(136.586)	(50.568)
Cash advances given	13	(8.978)	(6.117)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(15.535)	(7.758)
Proceeds from financial liabilities		2.440	(10.448)
Profit share received		2.352	2.690
Acquisition of treasury shares		(20.327)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		135.431	119.023
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(2.403)	(2)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		133.028	119.021
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	403.188	386.958
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)	4	536.216	505.979

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

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BİM BİRLEŞİK MAĞAZALAR A.Ş.

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

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

1. Organization and nature of operations of the Group

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

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

The Company established a new company named BIM Stores SARL on 19 May 2008 with 100% ownership in Morocco which is engaged in hard discount retail sector and started to operate on 11 April 2009. BIM Stores SARL financial statements are consolidated by using the full consolidation method as of 31 March 2014..

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 March 2014. Hereinafter, the Company and its consolidated subsidiaries together will be referred to as “the Group”.

Shareholder structure of the Group is stated in Note 16. The consolidated financial statements were authorized for issue on 9 May 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 March 2014 and 2013, the average number of employees in accordance with their categories is shown below:

	1 January- 31 March 2014	1 January- 31 March 2013
Office personnel	1.653	1.483
Warehouse personnel	2.859	2.436
Store personnel	21.537	18.231
Total	26.049	22.150

As of 31 March 2014, the Group operates in 4.391 stores (31 December 2013: 4.199).

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

(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

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 March 2014 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

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

(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)

2.2 New and amended International Financial Reporting Standards (Continued)

a. 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.

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

(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)

2.2 New and amended International Financial Reporting Standards (Continued)

b. The new standards, amendments and interpretations that are issued but not effective yet as of 31 March 2014

- 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'
 - TFRS 13, 'Fair value measurement',
 - 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'
- 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'
- 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.

- 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.

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

(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)

2.2 New and amended International Financial Reporting Standards (Continued)

- TFRS 14, "Interim standard on regulatory deferral accounts" will be applied and is effective for annual periods beginning on or after January 1, 2016. This amendment permits first-time adopter rate regulated entities to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. TFRS 14, has not been issued by POAASA yet.

2.3 Compliance with TAS

The Group prepared its consolidated financial statements for the period ended 31 March 2014 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 3,7227 amounts in the statement of comprehensive income have been translated into TRY, at the average TRY exchange rate for purchases of MAD, is TRY 1 = MAD 3,6829. 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 3,1789, at the average TRY exchange rate for purchases of EGP, is TRY 1 = EGP 3,1464. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity

2.5 Comparatives and restatement of prior periods' financial statements

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

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.

Loss on sales of property, plant and equipment amounting to TRY 459, are classified from other operating expense to expense from investing activities and personnel expense amounting to TRY 3.301 are classified from general administrative expenses to marketing expenses for the period ended 31 March 2013.

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2. Basis of preparation of financial statements (Continued)

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 period ended 31 March 2014. Subsidiaries are consolidated from the date on which control is transferred to the Group. The consolidated financial statements cover BİM and the subsidiaries with 100% control.

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

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

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.

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

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

Trade receivables

Trade receivables comprise trade receivables, credit card receivables and other receivables with fixed or determinable payments and are not quoted in an active market; which have an average maturity of 9 day term (31 December 2013: 10 days) as of balance sheet date are measured at original invoice amount and if they have long term maturity, the imputing interest is netted off and the provision of doubtful receivable is deducted. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate and credit card receivables are measured at the original invoice. Estimate is made for the doubtful provision when the collection of the trade receivable is not probable. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Inventories

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

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

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

Property, plant and equipment

All property and equipment is initially recorded at cost. Land and building are subsequently measured at revalued amounts which are the fair value at the date of the revaluation, based on valuations by external independent valuers, less subsequent depreciation for building. 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.

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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 revalued 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).

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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.

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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 50 day term (December 31, 2013 - 48 days) are initially recorded at original invoice amount and carried at amortized cost less due date expense. Due date expense is accounted for under cost of sales. This amount is the fair value of consideration to be paid in the future for goods and services received, whether or not billed.

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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 March 2014	2,1898	3,0072
31 December 2013	2,1343	2,9365

Earnings per share

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

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

Subsequent events

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

Provisions, contingent assets and contingent liabilities

i) Provisions

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

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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.

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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.

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2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Actuarial gains and losses that calculated by professional actuaries, 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 March 2014	31 December 2013
Cash on hand	65.243	70.538
Banks		
-demand deposits	192.621	76.138
-profit share deposits	248.163	235.972
Cash in transit	34.700	22.845
	540.727	405.493
Less: accrual for profit share	(4.511)	(2.305)
Cash and cash equivalents for cash flow	536.216	403.188

As of 31 March 2014 and 31 December 2013 there is no restricted cash. As of 31 March 2014, profit share deposits are in TRY and the gross rate for profit share from participation banks for TL is gross 8% (31 December 2013: gross 10%) and average maturity is 167 days (31 December 2013: 140 days). Since the profit share deposits are not used for investment purposes by the Group, are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value, profit share deposits are classified as cash and cash equivalents.

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5. Financial assets

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

Name of subsidiary	Share	31 March 2014	31 December 2013
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	73.809
Polaris Pazarlama ve Mümessillik A.Ş. (*)	% 11,5	15.816	15.816
Uğur İç ve Dış Ticaret A.Ş. (*)	% 11,5	15.816	15.816
		118.031	118.031

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

(**) 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 March 2014	31 March 2013
Opening	118.031	12.590
Purchases during period	-	-
Closing	118.031	12.590

6. Financial liabilities

The Group has interest free short term bank borrowings in amount of TRY 15.587 (31 December 2013: TRY 13.147) to pay SGK liabilities as of 31 March 2014. Such borrowings have been closed on 2 April 2014.

7. Trade receivables and payables

a) Trade receivables, other parties, net

	31 March 2014	31 December 2013
Credit card receivables	364.111	344.835
	364.111	344.835

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7. Trade receivables and payables (Continued)

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

As of 31 March 2014 the average term of credit card receivables is 9 days (31 December 2013: 10 days).

b) Trade receivables, other parties, net

	31 March 2014	31 December 2013
Other trade payables	1.525.739	1.246.500
Unincurred rediscount expense (-)	(9.868)	(7.760)
	1.515.871	1.238.740

As of 31 March 2014 the average term of trade payables is 50 days (31 December 2013 - 48 days). As of 31 March 2014 letters of guarantee and cheques are amounting to TRY 23.746 and mortgages are amounting to TRY 26.052 (31 December 2013: TRY 21.883 letters of guarantee and cheques, TRY 24.410 mortgages).

8. Other receivables and payables

a) Other Receivables

	31 March 2014	31 December 2013
Receivables from related parties (Note 26)	50.873	14.562
	50.873	14.562

b) Other receivables from other parties

	31 March 2014	31 December 2013
Other receivables	3.157	2.411
Doubtful receivables	360	398
Less: Allowance for doubtful receivables	(360)	(398)
	3.157	2.411

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

As of 31 March 2014 and 31 December 2013, the Group does not have any overdue receivables except for doubtful receivables.

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

	31 March 2014	31 March 2013
Balance at the beginning of the period	398	365
Allowance for doubtful receivables	5	-
Collection in current year	(43)	-
Balance at the end of the period	360	365

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9. Inventories

	31 March 2014	31 December 2013
Trade goods, net	667.766	631.847
Other	10.691	6.627
	678.457	638.474

Cost of inventories amounting to TRY 2.934.139 (2013: TRY 2.415.915) expensed under cost of sales.

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

	31 March 2014	31 March 2013
Balance at the beginning of the period	3.121	1.423
Current year reversal	(3.121)	(1.423)
Allowance for impairment	2.686	1.001
Balance at the end of the period	2.686	1.001

As of 31 March 2014, allowance for impairment on trade goods amounting to TRY 2.686 (31 March 2013: TRY 1.001). Amount of the goods that were written down are reversed and has been included in cost of sales in the income statement.

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10. Property, plant and equipment

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

	1 January 2014	Additions	Disposals	Transfers	Currency translation difference	31 March 2014
Cost or revalued amount						
Land	213.714	49.614	-	-	256	263.584
Land improvements	4.905	122	-	-	-	5.027
Buildings	219.804	11.738	-	-	-	231.542
Leasehold improvements	349.909	18.532	(1.214)	-	1.090	368.317
Machinery and equipment	434.777	29.939	(2.498)	-	537	462.755
Vehicles	90.859	11.081	(2.130)	-	95	99.905
Furniture and fixtures	181.604	10.276	(945)	-	136	191.071
Construction in progress	2.514	4.340	-	-	-	6.854
	1.498.086	135.642	(6.787)	-	2.114	1.629.055
Less: Accumulated depreciation						
Land improvements	(2.873)	(185)	-	-	-	(3.058)
Building	(10.267)	(3.088)	-	-	-	(13.355)
Leasehold improvements	(133.650)	(8.591)	502	-	(178)	(141.917)
Machinery and equipment	(204.081)	(10.117)	1.644	-	(188)	(212.742)
Vehicles	(43.733)	(4.187)	1.656	-	(27)	(46.291)
Furniture and fixtures	(122.532)	(5.430)	998	-	(38)	(127.002)
	(517.136)	(31.598)	4.800	-	(431)	(544.365)
Net book value	980.950					1.084.690

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10. Property, plant and equipment (Continued)

	January 1, 2013	Additions	Disposals	Transfers	Effect of change in foreign currencies	March 31, 2013
Cost or revalued amount						
Land	199.589	-	-	-	-	199.589
Land improvements	3.988	309	-	-	-	4.297
Buildings	172.173	3.694	-	5.441	-	181.308
Leasehold improvements	282.712	12.625	(1.117)	102	(354)	293.968
Machinery and equipment	369.894	14.227	(1.968)	449	(140)	382.462
Vehicles	78.036	6.383	(1.890)	945	(14)	83.460
Furniture and fixtures	157.685	6.163	(806)	222	(23)	163.241
Construction in progress	6.528	6.673	(1)	(7.159)	-	6.041
	1.270.605	50.074	(5.782)	-	(531)	1.314.366
Less: Accumulated depreciation						
Land improvements	(2.107)	(190)	-	-	-	(2.297)
Building	-	(2.399)	-	-	-	(2.399)
Leasehold improvements	(105.350)	(6.723)	413	-	33	(111.627)
Machinery and equipment	(172.309)	(7.966)	1.262	-	36	(178.977)
Vehicles	(34.666)	(3.626)	1.555	-	5	(36.732)
Furniture and fixtures	(104.760)	(4.931)	796	-	6	(108.889)
	(419.192)	(25.835)	4.026	-	80	(440.921)
Net book value	851.413					873.445

Depreciation expense of TRY 28.937 (31 March 2013: TRY 23.562) has been charged in marketing expenses and TRY 2.661 (31 December 2013: TRY 2.273) 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 March 2014 and 31 December 2013, respectively:

	Land and building 31 March 2014	31 December 2013
Cost	446.304	384.952
Accumulated depreciation	(46.122)	(43.290)
	400.182	341.662

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10. Property, plant and equipment (Continued)

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 March 2014 and 31 December 2013. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'property and equipment revaluation reserve' in shareholders equity. The fair value of non-financial assets by valuation method is calculated by inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

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.

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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 March 2014.

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

	31 March 2014	31 December 2013
Machinery and equipment	75.892	74.279
Furniture and fixtures	79.293	77.882
Intangible assets and leasehold improvements	33.922	32.843
Vehicles	12.180	12.875
Land improvements	1.160	1.130
	202.447	199.009

Pledges and mortgages on assets

As of 31 March 2014 and 31 December 2013, there is no pledge or mortgage on property and equipment of the Group.

11. Intangible assets

The movements of intangible assets and related accumulated amortization for the periods ended 31 March 2014 and 2013 are as follows:

	1 January 2014	Additions	Disposals	Currency translation differences	31 March 2014
Cost					
Rights	13.680	944	-	9	14.633
Other intangible assets	74	-	-	-	74
	13.754	944	-	9	14.707
Accumulated amortization					
Rights	(9.932)	(358)	-	(5)	(10.295)
Other intangible assets	(26)	-	-	-	(26)
	(9.958)	(358)	-	(5)	(10.321)
Net book value	3.796				4.386

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11. Intangible assets (Continued)

	January 1, 2013	Additions	Disposals	Effect of change in foreign currencies	March 31, 2013
Cost					
Rights	11.748	494	-	(2)	12.240
Other intangibles	31	-	-		31
	11.779	494	-	(2)	12.271
Accumulated amortization					
Rights	(8.601)	(308)	-	2	(8.907)
Other intangibles	(26)	-	-	-	(26)
	(8.627)	(308)	-	2	(8.933)
Net book value	3.152				3.338

Amortisation expense of TRY 328 (31 March 2013: TRY 282) has been charged in marketing expenses and TRY 30 (31 March 2013: TRY 26) 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 4.383 is shown on the current provisions for employee benefits amounting in the Group account of short term provisions for the period ended 31 March 2014. (31 December 2013: TRY 3.377).

Current period movement of unused vacation provision is as follows;

	31 March 2014	31 March 2013
Balance at the beginning of the period	3.377	2.518
Reversals during period	(3.377)	(2.518)
Provision amount	4.383	3.026
Balance at the end of the period	4.383	3.026

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12. Provisions, contingent assets and liabilities (Continued)

b) Other short term provisions

	31 March 2014	31 December 2013
Legal provisions (*)	8.755	7.770
Other (**)	4.916	4.184
Total	13.671	11.954

(*) As of 31 March 2014 and 31 December 2013, the total amount of outstanding lawsuits filed against the Group, TRY 13.915 and TRY 11.914 (in historical terms), respectively. The Group recognized provisions amounting to TRY 8.755 and TRY 7.770 for the related periods, respectively.

Current period movement of provision for lawsuits is as follows;

	31 March 2014	31 March 2013
Balance at the beginning of the period	7.770	6.880
Provision amount, net	985	75
Balance at the end of the period	8.755	6.955

(**) As of 31 March 2014 and 31 December 2013, other short term provisions consist of telephone, electricity, water and other short term liabilities amounting to TRY 4.916 and TRY 4.184, respectively.

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12. Provisions, contingent assets and liabilities (Continued)

Letter of guarantees, mortgages and pledges given by the Group

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

	31 March 2014				
	Total TRY equivalent	TRY	USD	Euro	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of legal entity	19.817	18.932	250.000	-	1.257.373
<i>Guarantee</i>	19.817	18.932	250.000	-	1.257.373
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages given in favor of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
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	19.817	18.932	250.000	-	1.257.373

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12. Provisions, contingent assets and liabilities (Continued)

	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
<i>Guarantee</i>	17.954	17.091	250.000	-	1.257.373
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
B. Total amount of guarantees, pledges and mortgages given in favor of the parties which are included in the scope of full consolidation	-	-	-	-	-
<i>Guarantee</i>	-	-	-	-	-
<i>Pledge</i>	-	-	-	-	-
<i>Mortgage</i>	-	-	-	-	-
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

Insurance coverage on assets

As of 31 March 2014 and 31 December 2013, insurance coverage on assets of the Group is TRY 846.444 and TRY 881.986 respectively.

13. Prepaid expenses

a) Short term prepaid expenses

	31 March 2014	31 December 2013
Order advances given	108.092	59.831
Other	13.806	9.005
	121.898	68.836

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13. Prepaid expenses (Continued)

b) Long term prepaid expenses

	31 March 2014	31 December 2013
Advances given for property, plant and equipment	21.751	12.773
Other	587	1.355
	22.338	14.128

14. Employee termination benefits

	31 March 2014	31 December 2013
Provision for employee termination benefits	35.389	34.670
Provision for unused vacation	5.133	3.412
Total	40.522	38.082

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. 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 3.438,22 for each period of service as of 31 March 2014 (31 December 2013: TRY 3.254,44). The retirement pay provision ceiling is revised semi-annually, and TRY 3.438,22 which is effective from 1 January 2014, is taken into consideration in the calculation of provision for employment termination benefits (invalidated between 31 December 2013 and 1 July 2013: TRY 3.254,44). Liability of employment termination benefits is not subject to any funding as there is not any obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The 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 March 2014 and 31 December 2013 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by using real discount rate of 3,49% by assuming an annual inflation rate of 5% (31 December 2013: 5 %) and a discount rate of 10% (31 December 2013: 10%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

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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.

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 March 2014	1 January - 31 March 2013
Current service cost (Note 19)	1.743	1.751
Financial expense of employee termination benefit (Note 22)	802	815
Total	2.545	2.566

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

	1 January - 31 March 2014	1 January - 31 March 2013
Balance at the beginning of the period	34.670	36.712
Financial expense of employee termination benefit	802	815
Current service cost	1.743	1.751
Benefits paid	(1.826)	(1.627)
Actuarial loss/(gain) for the period		
Balance at the end of the period	35.389	37.651

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

	1 January - 31 March 2014	1 January - 31 March 2013
Balance at the beginning of the period	3.412	3.066
Unused amounts reversed	(3.412)	(3.066)
Provision during the period	5.133	3.980
Balance at the end of the period	5.133	3.980

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15. Other assets and liabilities

a) Other current assets

	31 March 2014	31 December 2013
VAT receivable	16.969	14.057
Other	4.704	2.892
	21.673	16.949

b) Other current liabilities

	31 March 2014	31 December 2013
Taxes and funds payables	28.008	27.626
Other	1.431	1.098
	29.439	28.724

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

16. Equity

a) Share capital and capital reserves

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

	31 March 2014		31 December 2013	
	Historical cost	%	Historical cost	%
Mustafa Latif Topbaş	46.397	15,3	47.897	15,8
Ahmet Afif Topbaş	28.900	9,5	27.400	9,0
Abdulrahman A. El Khereiji	10.626	3,5	10.626	3,5
Firdevs Çizmeci	3.500	1,1	3.500	1,1
Fatma Fitnat Topbaş	3.036	1,0	3.036	1,0
Ömer Hulusi Topbaş	360	0,1	360	0,1
Ahmet Hamdi Topbaş	200	0,1	200	0,1
Publicly traded	210.581	69,4	210.581	69,4
	303.600	100	303.600	100

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

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16. Equity (Continued)

Revaluation surplus

As of 31 March 2014 the Group has revaluation surplus amounting TRY 78.323 (31 December 2013 : TRY 78.323) related to revaluation of land and buildings. The revaluation surplus is not available for distribution to shareholders.

b) Restricted reserves and retained earnings

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

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

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

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

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

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16. Equity (Continued)

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

	31 March 2014	31 December 2013
Legal reserves	144.790	124.463
Extraordinary reserves	61.049	81.376
Net profit for the period	120.340	446.152
	326.179	651.991

As of 31 March 2014, net profit for the Company's statutory books is TRY 120.340 and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY 107.772.

c) Treasury Shares

With a view that the shares of the Company do not reflect the actual performance of the operations of the Company due to the fluctuations in the market, and as part of the resolution of the Board of Directors on 27 December 2013, CFO has been duly authorized for an amount up to 200.000 TL to repurchase the shares of the Company from the stock exchange and the upper price has been limited as 40 TL (TRY full) for such buy-back operations. As part of such buy-back operation, %0,18 of shares of the Company that 533.624 units of BIM shares corresponding to 20.327 TL have been repurchased and financed through own resources of the Company.

Since the stability in the share prices of the Company has been regained thanks to such buy-back operation, it has been terminated with the resolution of the Board of Directors dated 24 March 2014 and, as of the date of the report as of 31 March 2014, 240.132 shares so repurchased have been sold at the stock exchange.

17. Sales and cost of sales

a) Net Sales

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

	1 January - 31 March 2014	1 January - 31 March 2013
Sales	3.406.466	2.805.921
Sales returns (-)	(11.397)	(10.429)
	3.395.069	2.795.492

b) Cost of sales

	1 January - 31 March 2014	1 January - 31 March 2013
Beginning inventory	631.847	478.323
Purchases	2.902.940	2.364.527
Ending inventory (-)	(667.766)	(481.717)
	2.867.021	2.361.133

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18. Operational Expenses

a) Marketing expenses

	1 January - 31 March 2014	1 January - 31 March 2013
Personnel expenses	162.100	122.055
Rent expenses	81.057	68.018
Depreciation and amortization expenses	29.265	23.844
Electricity, water and communication expenses	15.798	13.448
Packaging expenses	17.195	13.646
Trucks fuel expense	11.698	10.423
Advertising expenses	9.306	8.475
Maintenance and repair expenses	6.441	5.176
Provision for employee termination benefit	1.457	1.453
Other	14.979	10.548
	349.296	277.086

b) General and administrative expenses

	1 January - 31 March 2014	1 January - 31 March 2013
Personnel expenses	33.895	26.931
Depreciation and amortization expenses	2.691	2.299
Legal and consultancy expenses	2.693	2.263
Motor vehicle expenses	2.244	1.813
Money collection expenses	1.625	1.330
Provision for employee termination benefits	286	298
Communication expenses	280	215
Office supplies expenses	194	169
Other	6.781	4.762
	50.689	40.080

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19. Expenses by nature

a) Depreciation and amortisation expenses

	1 January - 31 March 2014	1 January - 31 March 2013
Marketing and selling expenses	29.265	23.844
General and administrative expenses	2.691	2.299
	31.956	26.143

a) Personnel Expenses

	1 January - 31 March 2014	1 January - 31 March 2013
Wages and salaries	170.545	130.419
Provision for employee termination benefits (Note 14)	1.743	1.751
Social security premiums - employer contribution	25.450	18.567
	197.738	150.737

20. Other operating income and expense

a) Other Operating Income

	1 January - 31 March 2014	1 January - 31 March 2013
Gain on sale of scraps	2.032	1.708
Other income from operations	2.410	1.018
	4.442	2.726

b) Other Operating Expense

	1 January - 31 March 2014	1 January - 31 March 2013
Provision expenses	1.004	230
Other expenses and losses related to operations	328	221
	1.332	451

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21. Financial Income

	1 January - 31 March 2014	1 January - 31 March 2013
Income on profit share account deposits	4.559	5.706
Foreign exchange gains	2.766	725
	7.325	6.431

22. Financial Expenses

	1 January - 31 March 2014	1 January - 31 March 2013
Finance charge on employee termination benefit (Note 14)	802	815
Foreign exchange losses	82	1.120
Other financial expenses	186	191
	1.070	2.126

23. Income and expense from investing activities

a) Income from Investing Activities

Income from investing activities consists of dividend income and gain on sale of property, plant and equipment. As of 31 March 2014 there is no dividend income and gain on sale of property, plant and equipment. (31 March 2013: None)

b) Expense from Investing Activities

Expense from investing activities consists of loss from sale of property, plant and equipment. As of 31 March 2014, loss from sale of property, plant and equipment is TRY 236. (31 March 2013: 459).

24. Tax assets and liabilities

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

	31 March 2014	31 December 2013
Current period tax provision	30.767	112.609
Current tax assets (Prepaid taxes)	(331)	(84.365)
Corporate tax payable	30.436	28.244

In Turkey, as of 31 March 2014, corporate tax rate is 20% (31 December 2013: 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

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24. Tax assets and liabilities (Continued)

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

There is no taxable temporary differences related with the consolidated subsidiaries for which the Company recognised deferred tax liability (31 December 2013: None).

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

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

As of 31 March 2014 and 31 December 2013, temporary differences based for deferred tax and deferred tax asset and liability calculated by using applicable tax rates are as follows:

	Balance sheet		Comprehensive income	
	31 March 2014	31 December 2013	1 January- 31 March 2014	1 January- 31 March 2013
<i>Deferred tax liability</i>				
Tangible and intangible assets, except the effect of revaluation effect	20.851	20.965	(114)	(211)
The effect of the revaluation of land and buildings	4.538	4.538	-	-
Other adjustments	2.174	1.703	471	90
<i>Deferred tax asset</i>				
Reserve for employee termination benefit	(7.078)	(6.935)	(143)	(187)
Other adjustments	(9.136)	(7.541)	(1.595)	(104)
Currency translation difference	-	-	30	(4)
Deferred tax	11.349	12.730	(1.351)	(416)

Deferred tax is presented in financial statements as follows:

	31 March 2014	31 December 2013
Deferred tax assets	1.390	1.240
Deferred tax liabilities	(12.739)	(13.970)
Net tax liability	(11.349)	(12.730)

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24. Tax assets and liabilities (Continued)

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

	1 January - 31 March 2014	1 January - 31 March 2013
Balance at the beginning of the period	12.730	11.312
Deferred tax expense/(income) recognized in statement of comprehensive income	(1.351)	(416)
Deferred tax expense/(income) recognized in statement of other comprehensive income	-	-
Foreign currency translation differences	(30)	4
Balance at the end of the period	11.349	10.900

Tax reconciliation

	1 January - 31 March 2014	1 January - 31 March 2013
Net income before tax	137.192	123.314
Corporation tax at effective tax rate of 20%	(27.438)	(24.663)
Disallowable expenses	(231)	(621)
Effect of non-tax deductible and tax exempt items	61	46
Tax rate effect of the consolidated subsidiary	(757)	(484)
Other	(1.055)	(357)
Provision for taxes	(29.420)	(26.079)
- Current	(30.771)	(26.495)
- Deferred	1.351	416

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 March 2014 and 2013, earnings per share is 0,35 and 0,32 , respectively. All shares of the Company are in same status.

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

	1 January - 31 March 2014	1 January - 31 March 2013
Balance at the beginning of the period	303.600.000	151.800.000
Bonus Shares distributed to shareholders from retained earnings during the period	-	-
Balance at the end of the period	303.600.000	151.800.000

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26. Related party disclosures

a) Due to related parties

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

Payables related to goods and services received:

	31 March 2014	31 December 2013
Ak Gıda A.Ş. (Ak Gıda) ⁽¹⁾	124.776	116.541
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) ⁽¹⁾	59.024	44.646
Hedef Tüketim Ürünleri San ve Dış Tic. A.Ş. (Hedef) ⁽¹⁾	25.563	33.971
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) ⁽¹⁾	28.259	21.065
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) ⁽²⁾	2.905	2.185
Bahariye Mensucat San. ve Tic. A.Ş. (Bahariye) ⁽¹⁾	2.084	-
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) ^{(1)(*)}	-	325
Bahar Su San. ve Tic. A.Ş. (Bahar Su) ⁽¹⁾	-	264
Seher Gıda Paz. San. ve Tic. A.Ş. (Seher) ⁽¹⁾	2	12
Proline Bilişim Sistemleri ve Ticaret A.Ş. ⁽¹⁾	1.147	-
	243.760	219.009

⁽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 50.873 as of 31 March 2014 is included in other receivables due from related parties (31 December 2013: TRY 14.562) (Note 8).

b) Related party transactions

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

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

	1 January - 31 March 2014	1 January - 31 March 2013
Ak Gıda ⁽¹⁾	231.094	189.578
Başak ⁽¹⁾	109.708	90.014
Turkuvaz ⁽¹⁾	35.039	27.375
Hedef ⁽¹⁾	31.670	22.540
Natura ⁽¹⁾	8.233	5.641
İdeal Standart ⁽²⁾	2.700	2.408
Bahariye ⁽¹⁾	1.973	526
Proline ⁽¹⁾	1.045	123
Seher ⁽¹⁾	141	344
Bahar Su ⁽¹⁾	48	1.053
	421.651	339.602

⁽¹⁾ Companies owned by shareholders of the Company.

⁽²⁾ Subsidiaries of the Group.

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26. Related party disclosures (Continued)

- ii) For the periods ended 31 March 2014 and 2013 salaries, bonuses and compensations provided to board of directors and key management comprising of 94 and 85 personnel, respectively, are as follows

	1 January - 31 March 2014	1 January - 31 March 2013
Short-term benefits to employees	6.387	5.049
Long-term defined benefits	1.570	1.174
Total benefits	7.957	6.223

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	248.163	235.972
Financial liabilities		-	-
	Variable profit share bearing financial instruments		
Financial assets		-	-
Financial liabilities		-	-

Credit risk

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

Credit risk table (Current period)

	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)	-	364.111	50.873	3.157	-	440.784	118.031	-
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	364.111	50.873	3.157	-	440.784	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)	-	-	-	360	-	-	-	-
- Impairment	-	-	-	(360)	-	-	-	-
- 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)

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)	-	344.835	14.562	2.411	-	312.110	118.031	-
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	344.835	14.562	2.411	-	312.110	118.031	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	398	-	-	-	-
- Impairment	-	-	-	(398)	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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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 March 2014 and 31 December 2013, the Group’s foreign currency position is as follows

	31 March 2014				31 December 2013			
	TRY equivalent	USD	Euro	GBP	TRY equivalent	USD	Euro	GBP
1. Trade receivables	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash, bank accounts)	830	265.259	83.870	4.840	488	89.657	100.333	8.532
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current assets (1+2+3)	830	265.259	83.870	4.840	488	89.657	100.333	8.532
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	58	25.300	1.278	-	55	25.300	1.278	-
8. Non-current assets (5+6+7)	58	25.300	1.278	-	55	25.300	1.278	-
9. Total assets(4+8)	888	290.559	85.148	4.840	543	114.957	101.611	8.532
10. Trade payables	-	-	-	-	-	-	-	-
11. Financial liabilities	-	-	-	-	-	-	-	-
12a. Monetary other liabilities	-	-	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	-	-	-	-	-	-	-	-
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-	-	-	-	-
18. Total liabilities (13+17)	-	-	-	-	-	-	-	-
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-	-	-	-
19a. Hedged total assets amount	-	-	-	-	-	-	-	-
19b. Hedged total liabilities amount	-	-	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	-	-	-	-	-	-	-	-
21. Net foreign currency asset/(liability) position of monetary items (IFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a))	830	265.259	83.870	4.840	488	89.657	100.333	8.532
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
23. Export	-	-	-	-	-	-	-	-
24. Import	-	-	-	-	-	-	-	-

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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 March 2014 and 31 December 2013:

31 March 2014	Exchange rate sensitivity analysis			
	Prior period			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
<i>Increase/Decrease of 10% in value of U.S Dollar against TRY</i>				
1- U.S Dollar net asset/(liability)	62	(62)	-	-
2- Protected part from U.S Dollar risk(-)	-	-	-	-
3- U.S Dollar net effect (1+2)	62	(62)	-	-
<i>Increase/Decrease of 10% in value of Euro against TRY</i>				
4- Euro net asset/(liability)	25	(25)	-	-
5- Protected part from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	25	(25)	-	-
<i>Increase/Decrease of 10% in value of GBP against TRY :</i>				
7- GBP net asset/(liability)	2	(2)	-	-
8- Protected part from GBP risk (-)	-	-	-	-
GBP net effect (7+8)	2	(2)	-	-
Total (3+6+9)	89	(89)	-	-

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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.)

27. Financial Instruments and Financial Risk Management (Continued)

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

Liquidity risk

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

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

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27. Financial Instruments and Financial Risk Management (Continued)

As of 31 March 2014 and 31 December 2013, 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	1.515.871	1.525.739	1.525.739	-	-	-
Due to related parties	243.760	245.315	245.315	-	-	-

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	-	-	-

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 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Total liabilities	1.929.548	1.698.006
Less: Cash and cash equivalents	(540.727)	(405.493)
Net debt	1.388.821	1.292.513
Total equity	1.086.069	999.264
Total equity+net debt	2.474.890	2.291.777
Net debt/ (Total equity + net debt)	%56	%56

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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.)

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 March 2014 and 31 December 2013. See note 10 for disclosures of the land and buildings that are measured at fair value.

31 March 2014	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 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

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.

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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 March 2014 and 31 December 2013, except for the available for sale financial assets disclosed in Note 5, the fair values of certain financial assets carried at cost including cash and cash equivalents profit share accruals and other short term financial assets are considered to approximate their respective carrying values due to their short-term nature. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

- Financial liabilities

Financial liabilities of which fair values approximate their carrying values:

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

29. EVENTS AFTER BALANCE SHEET DATE

None.

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