

BİM BİRLEŐİK MAĐAZALAR A.Ő.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015**

(ORIGINALLY ISSUED IN TURKISH)



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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of BİM Birleşik Mağazalar A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

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

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BİM Birleşik Mağazalar A.Ş. and its Subsidiaries as at 31 December 2015 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; Auditor's Report on the Early Risk Identification System and Committee has been submitted to the Company's Board of Directors on 8 March 2016.
6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors made the necessary explanations and provided the required documents within the context of our audit.

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

A handwritten signature in blue ink, appearing to read 'Adnan Akan', is written over a light blue rectangular background.

Adnan Akan, SMMM
Partner

Istanbul, 8 March 2016

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015**

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEETS.....	1-2
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	4
CONSOLIDATED STATEMENTS OF CASH FLOWS.....	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	6-52
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP	6
NOTE 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS	7-19
NOTE 3 SEGMENT REPORTING.....	20
NOTE 4 CASH AND CASH EQUIVALENTS.....	20
NOTE 5 FINANCIAL ASSETS	20-21
NOTE 6 FINANCIAL LIABILITIES.....	21
NOTE 7 TRADE RECEIVABLES AND PAYABLES	21
NOTE 8 OTHER RECEIVABLES AND PAYABLES.....	22
NOTE 9 INVENTORIES	23
NOTE 10 PROPERTY, PLANT AND EQUIPMENT	23-27
NOTE 11 INTANGIBLE ASSETS	27
NOTE 12 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	28-30
NOTE 13 PREPAID EXPENSES.....	30-31
NOTE 14 EMPLOYEE TERMINATION BENEFITS.....	31-32
NOTE 15 OTHER ASSETS AND LIABILITIES	33
NOTE 16 EQUITY	33-35
NOTE 17 SALES AND COST OF SALES	35
NOTE 18 OPERATIONAL EXPENSES	36
NOTE 19 EXPENSE BY NATURE.....	37
NOTE 20 OTHER OPERATING INCOME AND EXPENSE.....	37
NOTE 21 FINANCIAL INCOME.....	38
NOTE 22 FINANCIAL EXPENSE.....	38
NOTE 23 INCOME AND EXPENSE FROM INVESTING ACTIVITIES	38
NOTE 24 TAX ASSETS AND LIABILITIES	39-40
NOTE 25 EARNINGS PER SHARE	41
NOTE 26 RELATED PARTY DISCLOSURES	41-42
NOTE 27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	43-50
NOTE 28 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES IN THE FRAME OF HEDGE ACCOUNTING)	51-52
NOTE 29 EVENTS AFTER BALANCE SHEET DATE.....	52

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

ASSETS		31 December 2015	31 December 2014
	Notes	Audited	Audited
Current Assets		2.160.683	1.812.332
Cash and Cash Equivalents	4	348.789	325.468
Trade Receivables	7	525.685	445.330
- Trade Receivables, Other Parties		525.685	445.330
Other Receivables	8	44.166	15.662
- Due From Related Parties		39.879	12.580
- Other Receivables, Other Parties		4.287	3.082
Inventory	9	975.267	807.295
Prepaid Expenses	13	120.708	104.648
Current Income Tax assets	24	128.235	89.925
Other Current Assets	15	17.833	24.004
Non-current Assets		2.007.102	1.425.799
Financial Investments	5	181.755	157.490
Trade and Other Receivables		3.480	3.124
- Trade Receivables, Other Parties		3.480	3.124
Property, Plant and Equipment	10	1.784.675	1.243.184
Intangible Assets	11	5.350	4.688
- Other Intangible Assets		5.350	4.688
Prepaid Expenses	13	30.215	15.823
Deferred Tax Assets	24	1.627	1.481
Other Non-current Assets		-	9
Total Assets		4.167.785	3.238.131

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2015 AND 31 DECEMBER 2014**

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

LIABILITIES	31 December 2015		31 December 2014
	Notes	Audited	Audited
Current Liabilities		2.395.511	2.021.398
Short Term Financial Liabilities	6	20.260	17.327
Trade Payables		2.108.958	1.805.506
- Due to Related Parties	26	195.864	256.358
- Due to Third Parties	7	1.913.094	1.549.148
Other Payables		111	586
- Due to Third Parties		111	586
Deferred Revenue		7.279	4.722
Employee Benefit Obligations		23.506	19.600
Current Provisions	12	26.171	25.335
- Provision for Employee Termination Benefits		2.555	2.761
- Other Short Term Provisions		23.616	22.574
Current Income Tax Liabilities	24	162.882	113.071
Other Current Liabilities	15	46.344	35.251
Non-current Liabilities		101.915	67.202
Non-current Provisions		64.125	52.143
- Provision for Employee Benefits	14	64.125	52.143
Deferred Tax Liabilities	24	37.790	15.059
Equity		1.670.359	1.149.531
Equity Attributable to Parent		1.670.359	1.149.531
Paid-in Share Capital	16	303.600	303.600
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		244.929	52.903
- Property and Equipment Revaluation Reserve	16	279.957	78.323
- Actuarial Gain/Loss on Defined Benefit Plans		(35.028)	(25.420)
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		23.876	9.206
- Currency Translation Difference		4.464	9.206
- Fair value changes in available-for-sale financial assets		19.412	-
Restricted Reserves		203.399	169.541
Retained Earnings		311.424	218.982
Net Income for the Period		583.131	395.299
Total Liabilities		4.167.785	3.238.131

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2015 AND 2014

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

	Notes	Audited 31 December 2015	Audited 31 December 2014
INCOME OR LOSS			
Revenue	17	17.428.497	14.463.059
Cost of Sales (-)	17	(14.612.083)	(12.237.034)
GROSS PROFIT		2.816.414	2.226.025
Marketing Expenses (-)	18	(1.844.990)	(1.521.255)
General Administrative Expenses (-)	18	(274.555)	(222.915)
Other Operating Income	20	27.173	20.611
Other Operating Expense (-)	20	(6.230)	(7.467)
OPERATING PROFIT		717.812	494.999
Income from Investing Activities	23	1.348	4.085
OPERATING PROFIT BEFORE FINANCIAL INCOME		719.160	499.084
Financial Income	21	36.303	21.677
Financial Expense (-)	22	(6.490)	(8.835)
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		748.973	511.926
- Current Tax Expense	24	(164.647)	(113.011)
- Deferred Tax Income/(Expense)	24	(1.195)	(3.616)
PROFIT FROM CONTINUED OPERATIONS		583.131	395.299
NET INCOME FOR THE PERIOD		583.131	395.299
Profit for The Period Attributable to			
Non-controlling Interest		-	-
Equity Holders of the Parent		583.131	395.299
Earnings Per Share			
Earnings Per Share from Continued Operations (Full TRY)	25	1,921	1,302
Earnings Per Share from Discontinued Operations		-	-
Other Comprehensive Income			
Items not to be Classified to Profit or Loss		192.026	(11.358)
Actuarial Gain/Loss from Defined Benefit Plans		(9.608)	(11.358)
Property and Equipment Revaluation Reserve		201.634	-
Items to be Classified to Profit or Loss		14.670	3.026
Fair Value Changes in Available-For-Sale Financial Assets		19.412	-
Currency Translation Difference		(4.742)	3.026
Other Comprehensive Income/(Expense)		206.696	(8.332)
Total Comprehensive Income		789.827	386.967
Total Comprehensive Income Attributable to			
Non-controlling Interest		-	-
Equity Holders of the Parent		789.827	386.967

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2015 AND 2014

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

	Audited								Total equity
	Paid-in share capital	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		
			Tangible assets fair value reserve	Actuarial gain/ loss from defined benefit plans	Currency translation difference	Fair value changes in available-for-sale financial assets	Retained earnings	Net income for the period	
Balance at 1 January 2014	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)	-
Transfers	-	45.078	-	-	-	-	(45.078)	-	-
Gain due from acquisition of treasury shares	-	-	-	-	-	-	6.033	-	6.033
Dividend (Note 16)	-	-	-	-	-	-	(242.733)	-	(242.733)
Total comprehensive income	-	-	-	(11.358)	3.026	-	-	395.299	386.967
Balance at 31 December 2014	303.600	169.541	78.323	(25.420)	9.206	-	218.982	395.299	1.149.531
Balance at 1 January 2015	303.600	169.541	78.323	(25.420)	9.206	-	218.982	395.299	1.149.531
Transfer to prior year profits	-	-	-	-	-	-	395.299	(395.299)	-
Transfers	-	33.858	-	-	-	-	(33.858)	-	-
Gains due from acquisition of treasury shares	-	-	-	-	-	-	4.018	-	4.018
Dividend (Note 16)	-	-	-	-	-	-	(273.017)	-	(273.017)
Total comprehensive income	-	-	201.634	(9.608)	(4.742)	19.412	-	583.131	789.827
Balance at 31 December 2015	303.600	203.399	279.957	(35.028)	4.464	19.412	311.424	583.131	1.670.359

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2015 AND 2014**

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

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES			
		779.335	568.931
Profit for the period		583.131	395.299
Adjustments to reconcile profit for the period		340.096	255.863
Depreciation and amortisation	10,11,19	168.387	136.648
Provision for impairment of inventories	9	7.258	3.460
Allowance for doubtful receivables	8	10	38
Provision for employment termination benefits	14	13.654	10.179
Provision for unused vacation	12,14	(607)	130
Legal provisions	12	385	4.995
Other provisions		657	5.625
Adjustments related to interest income/expense	21	(14.142)	(17.754)
Adjustments for tax income/ losses	24	165.842	116.627
(loss)/Gain on sale of property and equipment	23	(1.348)	(594)
Other adjustments related to cash flows arising from investing and financing activities		-	(3.491)
Changes in net working capital		20.748	46.935
Increases in inventories		(175.230)	(172.281)
Increases in trade receivables		(80.355)	(100.495)
Decreases in other assets related to operations		(28.870)	1.337
Increases in trade payables		303.452	347.757
Increases in other payables related to operations		(475)	401
Change in other working capital		2.226	(29.784)
Net cash generated from operating activities		943.975	698.097
Income taxes paid	24	(151.381)	(118.169)
Collection of doubtful receivables	8	22	64
Employee benefits paid	14	(13.281)	(11.061)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
		(486.742)	(433.834)
Proceeds from sale of tangible assets	10,11,23	12.596	14.469
Purchases of tangible and intangible assets	10,11	(490.396)	(410.199)
Cash advances given	13	(8.942)	(2.136)
Change in financial assets		-	(39.459)
Dividend income		-	3.491
C. CASH FLOWS FROM FINANCING ACTIVITIES			
		(251.588)	(213.950)
Proceeds from financial liabilities		2.933	4.180
Profit share received		14.478	18.570
Acquisition of treasury shares	16	(19.602)	(20.327)
Dividend paid	16	(273.017)	(242.733)
Cash received from sale of treasury shares		23.620	26.360
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		41.005	(78.853)
D. EFFECTS OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(17.348)	(356)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		23.657	(79.209)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	323.979	403.188
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(A+B+C+D+E)	4	347.636	323.979

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

(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 July 2009. BIM Stores SARL financial statements are consolidated by using the full consolidation method.

The Company established a new company named BIM Stores LLC on 24 July 2012 with 100% ownership in Egypt which is engaged in hard discount retail sector and first stores of BIM Stores LLC has been opened in April 2013. BIM Stores LLC financial statements are consolidated by using the full consolidation method as of 31 December 2015. 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 8 March 2016 by the Board of Directors of the Company.

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

For the periods ended 31 December 2015 and December 2014, the average number of employees in accordance with their categories is shown below:

	1 January - 31 December 2015	1 January - 31 December 2014
Office personnel	2.007	1.785
Warehouse personnel	3.366	2.997
Store personnel	26.374	23.316
Total	31.747	28.098

As of 31 December 2015, the Group operates in 5.400 stores (31 December 2014: 4.806).

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

(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 September 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 consolidated 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 Group have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

2.2 New and amended International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2015 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 2015. 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 FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

(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)

Group has implemented the new and revised standards and interpretations effective from 1 January 2015 which are related to its main operations.

a. Amendments to published standards and interpretations effective as at 31 December 2015

- Amendment to TAS 19 regarding defined benefit plans, effective from 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. The standart has no impact on the financial position or performance of the Group.
- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 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’
 - TAS 16, ‘Property, plant and equipment’ and TAS 38, ‘Intangible assets’
 - 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; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycles 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’.

b. New standards, amendments and IFRICs effective after 31 December 2015

- Amendment to TFRS 11, ‘Joint arrangements’ on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The standart has no impact on the financial position or performance of the Group.
- Amendments to TAS 16 ‘Property, plant and equipment’, and TAS 41, ‘Agriculture’, regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41. The standart has no impact on the financial position or performance of the Group.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

(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)

- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The standart has no impact on the financial position or performance of the Group.
- TFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. The standart has no impact on the financial position or performance of the Group.
- Amendments to TAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The standart has no impact on the financial position or performance of the Group.
- Amendments to TFRS 10, 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The standart has no impact on the financial position or performance of the Group.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - TFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to TFRS 1) regarding servicing contracts.
 - TAS 19, 'Employee benefits' regarding discount rates.
 - TAS 34, 'Interim financial reporting' regarding disclosure of information.
- Amendment to TAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The standart has no impact on the financial position or performance of the Group.
- Amendment to TFRS 10 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The standart has no impact on the financial position or performance of the Group.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

(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 15 ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. TFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The Group evaluates the effects of the standard.
- TFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The standard has no impact on the financial position or performance of the Group.

2.3 Compliance with TAS

The Group prepared its consolidated financial statements for the period ended 31 December 2015 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, TRY1 = MAD 3,3925 amounts in the statement of comprehensive income have been translated into TRY, at the average TRY exchange rate for purchases of MAD, is TRY1 = MAD 3,5847. 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, TRY1 = EGP 2,6906, at the average TRY exchange rate for purchases of EGP, is TRY1 = EGP 2,8133. 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. No classification related to prior year has been made in the current period.

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 December 2015. 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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

2. Basis of preparation of financial statements (Continued)

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

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

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

2.6. Summary of Significant Accounting Policies

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

Revenue is recognized on accrual basis over the amount obtained or the current value of the amount to be obtained when the delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is reasonably assured. Net sales represent the invoiced value of goods less any sales returns. Retail sales are done generally with cash or credit cards.

Sales of Goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer all the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value 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 10 days term (31 December 2014: 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. Group revaluates the amounts of their lands and buildings every 3 years unless there is a change in the circumstances. 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. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against property and equipment revaluation reserve directly in equity; all other decreases are charged to the income statement.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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).

Financial assets

Classification

The group classifies its financial assets in the following categories: 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.

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. Trade receivables and cash and cash equivalents are classified in this category.

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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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.

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’.

Trade payables

Trade payables which generally have an average of 49 days term (31 December 2014: 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.

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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

Foreign currency transactions

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

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

	USD/TRY (full)	EUR/TRY (full)
31 December 2015	2,9076	3,1776
31 December 2014	2,3189	2,8207

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.

Events after balance sheet date

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.

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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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 Expense

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 or other comprehensive income. In such case, the tax is recognized in shareholders' equity or other comprehensive income.

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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

2. Basis of preparation of financial statements (Continued)

2.6. Summary of Significant Accounting Policies (Continued)

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.

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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

3. Segment reporting

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

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

4. Cash and cash equivalents

	31 December 2015	31 December 2014
Cash on hand	105.401	82.131
Banks		
-demand deposits	76.875	62.156
-profit share deposits	134.801	139.353
Cash in transit	31.712	41.828
	348.789	325.468
Less: accrual for profit share	(1.153)	(1.489)
Cash and cash equivalents for cash flow	347.636	323.979

As of 31 December 2015 and 31 December 2014 there is no restricted cash. As of 31 December 2015, profit share deposits are in TRY and the gross rate for profit share from participation banks for TRY is gross 8,25% per annum (31 December 2014: gross 8.5% per annum) and average maturity is 60 days (31 December 2014: 66 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.

5. Financial assets

a) Subsidiaries

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

Name of subsidiary	Share	31 December 2015	31 December 2014
İdeal Standart İşletmecilik ve Müessesilik San. ve Tic. A.Ş. (*)	% 100	12.590	12.590
		12.590	12.590

(*) As of 30 January 2012, the Group took over the shares of İdeal Standart İşletmecilik ve Müessesilik Sanayi ve Ticaret Anonim Şirketi (“İdeal Standart”) by TRY12.590. İdeal Standart is carried at cost and 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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

5. Financial assets (Continued)

b) Available-for-sale financial assets

The details of available-for-sale financial assets of the Group are as below:

Name of available-for-sale financial assets -	Share	31 December 2015	31 December 2014
Ziylan Mağazacılık ve Pazarlama A.Ş. (*)	% 11,5	169.165	144.900
		169.165	144.900

(*) The Group acquired 11,5% of shares of Ziylan Mağazacılık ve Pazarlama Anonim Şirketi (“Ziylan”), on 2014 for TRY144.900. As of 31 December 2015 the fair value of aforementioned available-for-sale financial asset is calculated by an independent valuation company by using discounted cash flow analysis method. The netoff deferred tax amount of increase in fair value of available-for-sale financial asset which is amounting to TRY19.412 is accounted under "Fair Value Changes in Available-For-Sale Financial Assets" in other comprehensive income.

6. Short-Term Financial Liabilities

The Group has interest free short term bank borrowings in amount of TRY20.260 (31 December 2014: TRY17.327) to pay SGK liabilities as of 31 December 2015. Such borrowings have been closed on 4 and 5 January 2016.

7. Trade receivables and payables

a) Trade receivables, other parties, net

	31 December 2015	31 December 2014
Credit card receivables	525.685	445.330
	525.685	445.330

As of 31 December 2015 the average term of credit card receivables is 10 days (31 December 2014: 10 days).

b) Trade payables, other parties, net

	31 December 2015	31 December 2014
Other trade payables	1.928.360	1.558.698
Unincurred rediscount expense (-)	(15.266)	(9.550)
	1.913.094	1.549.148

As of 31 December 2015 the average term of trade payables is 49 days (31 December 2014: 48 days). As of 31 December 2015 letters of guarantee and cheques are amounting to TRY46.127 and mortgages are amounting to TRY41.488 (31 December 2014: TRY33.435 letters of guarantee and cheques, TRY25.588 mortgages).

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

8. Other receivables and payables

a) Other receivables from related parties

	31 December 2015	31 December 2014
Receivables from related parties (*)	39.879	12.580
	39.879	12.580

(*) Receivables from related parties consist of advance given to Natura Gıda and the payable given to Ziylan Mağazacılık as of 31 December 2015 and 2014.

b) Other receivables from other parties

	31 December 2015	31 December 2014
Other receivables	4.287	3.082
Doubtful receivables	360	372
Less: Allowance for doubtful receivables	(360)	(372)
	4.287	3.082

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

As of 31 December 2015 and 31 December 2014, the Group does not have any overdue receivables except for doubtful receivables.

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

	31 December 2015	31 December 2014
Balance at the beginning of the period	372	398
Allowance for doubtful receivables	10	38
Collection in current year	(22)	(64)
Balance at the end of the period	360	372

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

9. Inventories

	31 December 2015	31 December 2014
Trade goods, net	963.155	794.473
Other	12.112	12.822
	975.267	807.295

Cost of inventories amounting to TRY14.888.114 (31 December 2014: TRY12.517.111) expensed under cost of sales.

The movement of impairment for inventories in 2015 is as follows:

	31 December 2015	31 December 2014
Balance at the beginning of the period	3.460	3.121
Current year reversal	(3.460)	(3.121)
Allowance for impairment	7.258	3.460
Balance at the end of the period	7.258	3.460

As of 31 December 2015, allowance for impairment on trade goods amounting to TRY7.258 (31 December 2014: TRY3.460). Amount of the goods that were written down are reversed and has been included in cost of sales in the income statement.

10. Property, plant and equipment

The movements of property and equipment and the related accumulated depreciation for the periods ended 31 December 2015 and 2014 are as follows:

	1 January 2015	Additions	Disposals	Transfers	Net off	Loss on revaluation	Revaluation fund	Currency translation difference	31 December 2015
Cost or revalued amount									
Land	291.456	45.331	-	(1.040)	-	-	168.944	1.249	505.940
Land improvements	6.094	1.495	-	-	-	-	-	-	7.589
Buildings	289.825	55.264	(39)	42.369	(40.911)	(769)	51.563	755	398.057
Leasehold improvements	426.640	102.319	(8.382)	1.508	-	-	-	7.159	529.244
Machinery and equipment	527.365	117.935	(11.473)	7.136	-	-	-	4.757	645.720
Vehicles	107.298	27.245	(13.029)	3.682	-	-	-	714	125.910
Furniture and fixtures	213.381	43.503	(4.345)	1.852	-	-	-	1.090	255.481
Construction in progress	11.836	94.856	-	(55.507)	-	-	-	165	51.350
	1.873.895	487.948	(37.268)	-	(40.911)	(769)	220.507	15.889	2.519.291
Less : Accumulated depreciation									
Land improvements	(3.647)	(956)	-	-	-	-	-	-	(4.603)
Buildings	(23.828)	(17.086)	3	-	40.911	-	-	-	-
Leasehold improvements	(167.597)	(45.450)	4.320	-	-	-	-	(1.784)	(210.511)
Machinery and equipment	(242.017)	(54.406)	8.040	-	-	-	-	(1.883)	(290.266)
Vehicles	(51.452)	(20.914)	9.702	-	-	-	-	(247)	(62.911)
Furniture and fixtures	(142.170)	(27.789)	3.963	-	-	-	-	(329)	(166.325)
	(630.711)	(166.601)	26.028	-	40.911	-	-	(4.243)	(734.616)
Net book value	1.243.184								1.784.675

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

10. Property, plant and equipment (Continued)

	1 January 2014	Additions	Disposals	Transfers	Currency translation difference	31 December 2014
Cost or revalued amount						
Land	213.714	77.298	-	-	444	291.456
Land improvements	4.905	1.173	-	16	-	6.094
Buildings	219.804	50.236	-	19.785	-	289.825
Leasehold improvements	349.909	82.466	(7.992)	81	2.176	426.640
Machinery and equipment	434.777	99.306	(10.119)	2.023	1.378	527.365
Vehicles	90.859	29.542	(13.671)	353	215	107.298
Furniture and fixtures	181.604	35.188	(4.300)	583	306	213.381
Construction in progress	2.514	32.522	(423)	(22.841)	64	11.836
	1.498.086	407.731	(36.505)	-	4.583	1.873.895
Less : Accumulated depreciation						
Land improvements	(2.873)	(774)	-	-	-	(3.647)
Buildings	(10.267)	(13.561)	-	-	-	(23.828)
Leasehold improvements	(133.650)	(36.832)	3.365	-	(480)	(167.597)
Machinery and equipment	(204.081)	(43.380)	5.950	-	(506)	(242.017)
Vehicles	(43.733)	(17.429)	9.776	-	(66)	(51.452)
Furniture and fixtures	(122.532)	(23.102)	3.555	-	(91)	(142.170)
	(517.136)	(135.078)	22.646	-	(1.143)	(630.711)
Net book value	980.950					1.243.184

Depreciation expense amounting to TRY154.543 (31 December 2014: TRY124.964) were accounted for in marketing expenses and TRY12.058 (31 December 2014: TRY10.114) in general and administrative expenses. The land and buildings were revalued and reflected to financial statements with their fair value. The book values of such assets were adjusted to the revalued amounts and the resulting surplus net of deferred income tax was credited to revaluation surplus in the equity. The revaluation surplus is not available for distribution to shareholders.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts of land and buildings would have been as follows as of 31 December 2015 and 31 December 2014, respectively:

	Land and building	
	31 December 2015	31 December 2014
Cost	676.605	532.715
Accumulated depreciation	(74.032)	(56.851)
	602.573	475.864

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

10. Property, plant and equipment (Continued)

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 30 December 2015 and 31 December 2014. 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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

10. Property, plant and equipment (Continued)

Valuation processes of the Group

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

Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount as of balance sheet date. Group revaluates the amount of their lands and buildings every 3 years unless there is a change in the circumstances.

The fair values of the land and buildings (administrative building, warehouses and stores) of the Group have been determined by Harmoni Gayrimenkul Değerleme ve Danışmanlık A.Ş. who has CMB license, holds a recognised and relevant professional qualification and has recent experience in the location and category of the the land and buildings.

As of 31 December 2015, The fair value of land and buildings according to the revaluation reports is as follows:

Property and Equipment of type	Cost	Accumulated depreciation	Net book value	Fair value	Revaluation surplus, net
Land	157.823	-	157.823	326.767	168.944
Building	175.351	(29.914)	145.437	196.231	50.794

As of 31 December 2015, the fair value gain between the fair value and carrying amount is amounting to TRY219.738 recognized in property, plant and equipment in assets and “Property and equipment revaluation reserve” in liabilities. The fair value of land and buildings have been determined by harmonization of “Discounted Cashflow Analysis”, “Direct Capitalization” and “Market Comparable Method”.

The movement of revaluation fund of land and buildings of the Group is as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Balance at the beginning of the period	78.323	78.323
Increase in revaluation reserve	220.387	-
Deferred income tax on revaluation reserve	(18.753)	-
Balance at the end of the period	279.957	78.323

As of 31 December 2015 and 31 December 2014, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	31 December 2015	31 December 2014
Machinery and equipment	87.321	83.322
Furniture and fixtures	101.692	86.175
Intangible assets and leasehold improvements	43.858	38.320
Vehicles	11.274	10.459
Land improvements	2.311	1.802
	246.456	220.078

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

10. Property, plant and equipment (Continued)

Pledges and mortgages on assets

As of 31 December 2015 and 31 December 2014, there is no pledge or mortgage on property and equipment of the Group.

11. Intangible assets

The movements of intangible assets and related accumulated amortization for the periods ended 31 December 2015 and 2014 are as follows:

	1 January 2015	Additions	Disposals	Currency translation differences	31 December 2015
Cost					
Rights	16.111	2.393	(32)	66	18.538
Other intangible assets	84	55	-	-	139
	16.195	2.448	(32)	66	18.677
Accumulated amortization					
Rights	(11.481)	(1.775)	24	(58)	(13.290)
Other intangible assets	(26)	(11)	-	-	(37)
	(11.507)	(1.786)	24	(58)	(13.327)
Net book value	4.688				5.350
	1 January 2014	Additions	Disposals	Currency translation differences	31 December 2014
Cost					
Rights	13.680	2.458	(59)	32	16.111
Other intangible assets	74	10	-	-	84
	13.754	2.468	(59)	32	16.195
Accumulated amortization					
Rights	(9.932)	(1.570)	43	(22)	(11.481)
Other intangible assets	(26)	-	-	-	(26)
	(9.958)	(1.570)	43	(22)	(11.507)
Net book value	3.796				4.688

As of 31 December 2015 amortization expense amounting to TRY1.657 (31 December 2014: TRY1.453) has been charged in marketing expenses and TRY129 (31 December 2014: TRY117) 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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

12. Provisions, contingent assets and liabilities

a) Short term for employee benefits

Unused vacation amounting to TRY2.555 is shown on the current provisions for employee benefits amounting in the Group account of short term provisions for the period ended 31 December 2015 (31 December 2014: TRY2.761).

Current period movement of short term unused vacation provision is as follows;

	1 January - 31 December 2015	1 January - 31 December 2014
Balance at the beginning of the period	2.761	3.377
Reversals during period	(2.761)	(3.377)
Provision amount	2.555	2.761
Balance at the end of the period	2.555	2.761

b) Other short term provisions

	31 December 2015	31 December 2014
Legal provisions (*)	13.150	12.765
Other	10.466	9.809
Total	23.616	22.574

(*) As of 31 December 2015 and 31 December 2014, the total amount of outstanding lawsuits filed against the Group, TRY20.319 and TRY18.897 (in historical terms), respectively. The Group recognized provisions amounting to TRY13.150 and TRY12.765 for the related periods, respectively.

Current period movement of provision for lawsuits is as follows;

	1 January- 31 December 2015	1 January - 31 December 2014
Balance at the beginning of the period	12.765	7.770
Provision amount, net	385	4.995
Balance at the end of the period	13.150	12.765

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

12. Provisions, contingent assets and liabilities (Continued)

Letter of guarantees, mortgages and pledges given by the Group

As of 31 December 2015 and 31 December 2014, breakdown of the guarantees, mortgage and pledges given by the Group is as follows:

	31 December 2015				
	Total TRY equivalent	TRY	USD	Euro	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	14.237	13.510	250.000	-	-
<i>Guarantee</i>	14.237	13.510	250.000	-	-
<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	14.237	13.510	250.000	-	-

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

12. Provisions, contingent assets and liabilities (Continued)

	31 December 2014				
	Total TRY equivalent	TRY	USD	Euro	Moroccan Dirham
A. Total amount of guarantees, pledges and mortgages given in the name of	10.888	9.393	250.870	-	3.414.425
<i>Guarantee</i>	10.888	9.393	250.870	-	3.414.425
<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	10.888	9.393	250.870	-	3.414.425

Insurance coverage on assets

As of 31 December 2015 and 31 December 2014, insurance coverage on assets of the Group is TRY1.221.416 and TRY975.858 respectively.

13. Prepaid expenses

a) Short term prepaid expenses

	31 December 2015	31 December 2014
Order advances given	115.302	95.156
Other	5.406	9.492
	120.708	104.648

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

13. Prepaid expenses (Continued)

b) Long term prepaid expenses

	31 December 2015	31 December 2014
Advances given for property, plant and equipment	23.851	14.909
Other	6.364	914
	30.215	15.823

14. Employee termination benefits

	31 December 2015	31 December 2014
Provision for employee termination benefits	60.368	47.985
Provision for unused vacation	3.757	4.158
Total	64.125	52.143

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

The amount payable consists of one month’s salary limited to a maximum of TRY3.828,37 for each period of service as of 31 December 2015 (31 December 2014: TRY3.438,22). The retirement pay provision ceiling is revised semi-annually, and TRY4.092,53 which is effective from 1 January 2016, is taken into consideration in the calculation of provision for employment termination benefits (effective from 1 January 2015: TRY3.541,37). Liability of employment termination benefits is not subject to any funding as there is not any obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the Group’s obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/(gain) is accounted in the statement of comprehensive income under “Actuarial gain/loss from defined benefit plans”.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2015 and 31 December 2014 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 4,25% by assuming an annual inflation rate of 6,0% (31 December 2014: 5,5 %) and a discount rate of 10,50% (31 December 2014: 9%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

14. Employee termination benefits (Continued)

Significant actuarial assumptions are as follows;

The voluntary and involuntary turnover rates used in the calculation of employee termination benefit are 30,29 % and 8,54%, (31 December 2014: %30,96 and %8,97) respectively and the rates are calculated as weighted average of various age groups of each specific employee. Average service year is 2,74 for women, 4,38 for men and 3,78 years in total. Retirement age of women and men are 50 and 55 respectively and 53,19 for the Group.

If the discount rate used in calculation of employee termination benefits had been 10% instead of 10,5%, total provision would be TRY61.820 and if the discount rate had been 11%, total provision would be TRY58.97. The aforementioned sensitivity analyses is based on a change in discount rate while holding all other assumptions constant.

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

	1 January - 31 December 2015	1 January - 31 December 2014
Current service cost (Note 19)	9.675	6.973
Financial expense of employee termination benefit (Note 22)	3.979	3.206
Total	13.654	10.179

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

	1 January - 31 December 2015	1 January - 31 December 2014
Balance at the beginning of the period	47.985	34.670
Financial expense of employee termination benefit	3.979	3.206
Current service cost	9.675	6.973
Benefits paid	(13.281)	(11.061)
Actuarial loss for the period	12.010	14.197
Balance at the end of the period	60.368	47.985

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

15. Other assets and liabilities

a) Other current assets

	31 December 2015	31 December 2014
VAT receivable	13.149	19.818
Other	4.684	4.186
	17.833	24.004

b) Other current liabilities

	31 December 2015	31 December 2014
Taxes and funds payables	40.296	33.051
Other	6.048	2.200
	46.344	35.251

As of 31 December 2015 and 31 December 2014, the Group does not have any other long-term liability.

16. Equity

a) Share capital and capital reserves

As of 31 December 2015 and 31 December 2014, the breakdown of shareholders and their ownership percentages in the Company are summarized as follows:

	31 December 2015		31 December 2014	
	Historical cost	(%)	Historical cost	(%)
Mustafa Latif Topbaş	44.877	14,8	45.877	15,1
Ahmet Afif Topbaş	28.500	9,4	28.500	9,4
Abdulrahman A. El Khereiji	6.072	2,0	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
Ahmed Hamdi Topbaş	1.600	0,5	600	0,2
Ahmet Hamdi Topbaş	520	0,2	520	0,2
Ömer Hulusi Topbaş	360	0,1	360	0,1
Publicly traded	215.135	70,9	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 2014: 303.600.000) shares of TRY1 nominal value each.

Revaluation surplus

As of 31 December 2015 the Group has revaluation surplus amounting TRY279.957 (31 December 2014: TRY78.323) related to revaluation of land and buildings (Note 10). The revaluation surplus is not available for distribution to shareholders.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

16. Equity (Continued)

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 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.

As of 31 December 2015 and 31 December 2014 legal reserves, prior year profits and net income for the period in statutory accounts which is prepared in accordance with Tax Procedural Law of the Company are as follows:

	31 December 2015	31 December 2014
Legal reserves	203.398	169.541
Extraordinary reserves	377.112	239.717
Net profit for the period	644.675	444.270
	1.225.185	853.528

As of 31 December 2015, net profit for the Company’s statutory books is TRY644.675 (31 December 2014: TRY444.270) and net profit per consolidated financial statements in accordance with CMB accounting standards is TRY583.131 (31 December 2014: TRY395.299).

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

16. Equity (Continued)

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 5 March 2015, CFO has been duly authorized for an amount up to TRY150.000.000 (TRY full) to repurchase the shares of the Company from the stock exchange and the upper price has been limited as TRY47 (TRY full) for such buy-back operations. As part of such buy-back operation between 11 March-19 March 2015, 0,15% of shares of the Company that 446.115 (TRY full) units of BIM shares corresponding to TRY19.601.546 (TRY full) have been repurchased and financed through own resources of the Company.

Buy back operation terminated as a result by itself with the resolution of 2014 General Assembly Meeting dated 15 April 2015 and all shares repurchased have been sold as of 31 December 2015. The gain on sale of shares amounting to TRY4.018 and dividend payment on these shares amounting to TRY223 has been presented in retained earnings and the repurchased shares have been booked in equity.

Dividend paid

A As part as the resolution of General Assembly on 15 April 2015, cash profit distribution is decided to be paid in two installments. First installment amounting to gross TRY151.577 and second installment amounting to gross TRY121.440 are paid as of the reporting date (2014: TRY242.733).

17. Sales and cost of sales

a) Net Sales

The Group’s net sales for the periods ended 31 December 2015 and 2014 are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Sales	17.489.006	14.517.702
Sales returns (-)	(60.509)	(54.643)
	17.428.497	14.463.059

b) Cost of sales

	1 January - 31 December 2015	1 January - 31 December 2014
Beginning inventory	794.473	631.847
Purchases	14.780.765	12.399.660
Ending inventory (-)	(963.155)	(794.473)
	14.612.083	12.237.034

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

18. Operational Expenses

a) Marketing expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Personnel expenses	856.838	704.778
Rent expenses	423.155	351.240
Depreciation and amortization expenses	156.200	126.417
Electricity, water and communication expenses	96.987	78.161
Packaging expenses	94.117	73.287
Advertising expenses	49.011	40.715
Trucks fuel expense	45.734	48.483
Maintenance and repair expenses	37.198	29.936
Tax and duty expenses	13.728	12.125
Provision for employee termination benefit	8.061	5.831
Other	63.961	50.282
	1.844.990	1.521.255

b) General and administrative expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Personnel expenses	180.010	145.033
Legal and consultancy expenses	15.449	10.995
Depreciation and amortization expenses	12.187	10.231
Vehicle rent expenses	10.014	5.106
Motor vehicle expenses	8.686	9.406
Money collection expenses	8.145	7.067
Tax and duty expenses	7.510	6.279
Provision for employee termination benefits	1.614	1.142
Communication expenses	1.399	1.290
Office supplies expenses	1.024	830
Other	28.517	25.536
	274.555	222.915

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

19. Expenses by nature

a) Depreciation and amortisation expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Marketing and selling expenses	156.200	126.417
General and administrative expenses	12.187	10.231
	168.387	136.648

b) Personnel expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Wages and salaries	907.119	739.037
Social security premiums - employer contribution	129.729	110.774
Provision for employee termination benefits (Note 14)	9.675	6.973
	1.046.523	856.784

20. Other operating income and expense

a) Other Operating Income

	1 January - 31 December 2015	1 January - 31 December 2014
Gain on sale of scraps	7.925	8.143
Other income from operations	19.248	12.468
	27.173	20.611

b) Other Operating Expense

	1 January - 31 December 2015	1 January - 31 December 2014
Provision expenses	3.461	5.915
Other	2.769	1.552
	6.230	7.467

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

21. Financial Income

	1 January - 31 December 2015	1 January - 31 December 2014
Foreign exchange gains	22.161	3.923
Income on profit share account deposits	14.142	17.754
	36.303	21.677

22. Financial Expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Finance charge on employee termination	3.979	3.206
Foreign exchange losses	1.766	4.652
Other financial expenses	745	977
	6.490	8.835

23. Income and expense from investing activities

a) Income from Investing Activities

	1 January - 31 December 2015	1 January - 31 December 2014
Gain on sale of property, plant and equipment	1.348	594
Dividend income	-	3.491
	1.348	4.085

b) Expense from Investing Activities

None (1 January- 31 December 2014: None).

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

24. Tax assets and liabilities

As of 31 December 2015 and 31 December 2014, provision for taxes of the Group is as follows:

	31 December 2015	31 December 2014
Current income tax provision	162.882	113.071
Current tax assets (Prepaid taxes)	(128.235)	(89.925)
Corporate tax payable	34.647	23.146

In Turkey, as of 31 December 2015, corporate tax rate is 20% (31 December 2014: 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Morocco, as of 31 December 2015 the corporate tax rate is 30% (31 December 2014: 30%) where the consolidated subsidiary of the Company, BIM Stores SARL operates. In Egypt, as of 31 December 2015 the corporate tax rate is 22,5% (31 December 2014 :22,5%) 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 2014: 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 December 2015 and 31 December 2014, temporary differences based for deferred tax and deferred tax asset and liability calculated by using applicable tax rates are as follows:

	Balance sheet		Comprehensive income	
	31 December 2015	31 December 2014	1 January - 31 December 2015	1 January- 31 December 2014
<i>Deferred tax liability</i>				
Tangible and intangible assets, except the effect of revaluation effect	30.096	27.005	3.091	6.040
The effect of the revaluation of land and buildings	23.291	4.538	18.753	-
Financial asset the effect of revaluation effect	4.853	-	4.853	-
Other adjustments	2.596	2.101	495	398
<i>Deferred tax asset</i>				
Reserve for employee termination benefit	(12.074)	(9.597)	(2.477)	(2.663)
Other adjustments	(12.599)	(10.469)	(2.130)	(2.927)
Currency translation difference	-	-	(186)	(71)
Deferred tax	36.163	13.578	22.399	777

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

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

24. Tax assets and liabilities (Continued)

Deferred tax is presented in financial statements as follows:

	31 December 2015	31 December 2014
Deferred tax assets	1.627	1.481
Deferred tax liabilities	(37.790)	(15.059)
Net deferred tax liability	(36.163)	(13.578)

Movement of net deferred tax liability for the periods ended 31 December 2015 and 2014 are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Balance at the beginning of the period	13.578	12.730
Deferred tax expense/(income) recognized in statement of comprehensive income, net	1.195	3.616
Deferred tax expense/(income) recognized in statement of other comprehensive income	21.204	(2.839)
- Revaluation gain of available-for-sale financial assets	4.853	-
- Revaluation gain on property, plant and equipment	18.753	-
- Actuarial losses on defined benefit plans	(2.402)	(2.839)
Foreign currency translation differences	186	71
Balance at the end of the period	36.163	13.578

Tax reconciliation

	1 January - 31 December 2015	1 January - 31 December 2014
Profit before tax	748.973	511.926
Corporation tax at effective tax rate of 20%	(149.795)	(102.385)
Disallowable expenses	(867)	(469)
Effect of non-tax deductible and tax exempt items	372	154
Tax rate effect of the consolidated subsidiary	(4.200)	(3.177)
Other	(11.352)	(10.750)
	(165.842)	(116.627)
- Current	(164.647)	(113.011)
- Deferred	(1.195)	(3.616)

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

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. All shares of the Company are in same status.

For the periods ended 31 December 2015 and 2014, the movement of shares numbers is as follows:

Earnings per share	1 January - 31 December 2015	1 January - 31 December 2014
Average number of shares at the beginning of the period (thousand)	303.600	303.600
Net profit of the year	583.131	395.299
Earnings per share	1,921	1,302

26. Related party disclosures

a) Due to related parties

Due to related parties balances as of 31 December 2015 and 31 December 2014 are as follows:

Payables related to goods and services received:

	31 December 2015	31 December 2014
Başak Gıda Dağıtım ve Pazarlama A.Ş. (Başak) ⁽¹⁾	67.750	57.588
Turkuvaz Plastik ve Tem. Ürün. Tic. A.Ş. (Turkuvaz) ⁽¹⁾	56.190	34.042
Aktül Kağıt Üretim Pazarlama A.Ş. (Aktül) ⁽¹⁾	30.215	16.782
Hedef Tüketim Ürünleri San. ve Dış Tic. A.Ş. (Hedef) ⁽¹⁾	26.731	36.763
Sena Muhtelif Ürün Paketleme Gıda Sanayi ve Tic. Ltd.Şti. (Sena) ⁽³⁾	7.482	6.058
Aytaç Gıda Yatırım San. Ve Ticaret A.Ş. (Aytaç) ⁽¹⁾	4.295	-
İdeal Standart İşletmecilik ve Mümessillik San. ve Tic. A.Ş. (İdeal Standart) ⁽²⁾	2.578	2.311
Natura Gıda Sanayi ve Ticaret A.Ş. (Natura) ⁽¹⁾	360	1.315
Proline Bilişim Sistemleri ve Ticaret A.Ş. (Proline) ⁽¹⁾	133	1
Avansas Ofis Malzemeleri Ticaret A.Ş. (Avansas) ⁽¹⁾	130	4
Ak Gıda A.Ş. (Ak Gıda) ⁽¹⁾	-	101.494
	195.864	256.358

⁽¹⁾ Companies owned by shareholders of the Company.

⁽²⁾ Subsidiaries of the Group.

⁽³⁾ Other related party.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

26. Related party disclosures (Continued)

b) Related party transactions

For the periods ended 31 December 2015 and 2014, summary of the major transactions with related parties are as follows:

i) Purchases from related parties during the periods ended 31 December 2015 and 2014 are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Başak ⁽¹⁾	544.669	448.475
Ak Gıda ^{(1)(*)}	512.769	860.587
Turkuvaz ⁽¹⁾	244.467	161.751
Hedef ⁽¹⁾	211.136	163.691
Aktül ⁽¹⁾	118.571	68.293
Natura ⁽¹⁾	100.988	83.177
Sena ⁽³⁾	35.108	27.791
Aytaç ⁽¹⁾	29.280	-
İdeal Standart ⁽²⁾	12.218	11.250
Proline ⁽¹⁾	2.246	1.657
Avansas ⁽¹⁾	1.740	253
Bahariye ⁽¹⁾	960	3.175
Seher ^{(1)(*)}	705	141
Bahar Su ⁽¹⁾	-	48
	1.814.857	1.830.289

(1) Companies owned by shareholders of the Company.

(2) Subsidiaries of the Group.

(3) Other related party.

(*) Ak Gıda A.Ş and Seher Gıda are released from related party by 20 July 2015 and 14 August 2015 as a result of sale of majority shares and management change of the Company. The purchases in 2015 reflect the period up to that date.

ii) For the periods ended 31 December 2015 and 2014 salaries, bonuses and compensations provided to board of directors and key management comprising of 134 and 129 personnel, respectively, are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Short-term benefits to employees	36.444	34.178
Long-term defined benefits	2.394	1.889
Total benefits	38.838	36.067

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

27. Financial Instruments and Financial Risk Management (Continued)

Credit risk table (Current period - 31 December 2015)

	Receivables							
	Credit card receivables		Trade and other receivables		Bank deposits		Financial assets	
	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)	-	525.685	39.879	4.287	-	211.676	181.755	-
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	525.685	39.879	4.287	-	211.676	181.755	-
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	-	-	-	-	-	-	-	-

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

27. Financial Instruments and Financial Risk Management (Continued)

Credit risk table (Prior period - 31 December 2014)

	Receivables							
	Credit card receivables		Trade and other receivables		Bank deposits		Financial assets	
	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)	-	445.330	12.580	3.082	-	201.509	157.490	-
- Maximum risk secured by guarantees etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	445.330	12.580	3.082	-	201.509	157.490	-
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)	-	-	-	372	-	-	-	-
- Impairment	-	-	-	(372)	-	-	-	-
- 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	-	-	-	-	-	-	-	-

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

(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)

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

Foreign currency position

As of 31 December 2015 and 31 December 2014, the Group’s foreign currency position is as follows ;

	31 December 2015				31 December 2014			
	TRY equivalent	USD	Euro	GBP	TRY equivalent	USD	Euro	GBP
1. Trade receivables	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash, banks accounts)	1.662	443.524	109.939	5.472	226	73.646	4.244	11.898
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Other current assets (1+2+3)	1.662	443.524	109.939	5.472	226	73.646	4.244	11.898
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	77	25.100	1.278	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	10	3.500	-	-	-	-	-	-
8. Non-current assets (5+6+7)	87	28.600	1.278	-	62	25.300	1.278	-
9. Total assets (4+8)	1.749	472.124	111.217	5.472	288	98.946	5.522	11.898
10. Trade payables	6	2.000	-	-	-	-	-	-
11. Financial liabilities	-	-	-	-	-	-	-	-
12a. Monetary other liabilities	19	6.500	-	-	-	-	-	-
12b. Non monetary other liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	25	8.500	-	-	-	-	-	-
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)	25	8.500	-	-	-	-	-	-
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)	1.724	463.624	111.217	5.472	288	98.946	5.522	11.898
21. Net foreign currency asset/(liability) position of monetary items (IFRS 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a))	1.714	460.124	111.217	5.472	226	73.646	4.244	11.898
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
23. Export	-	-	-	-	-	-	-	-
24. Import	-	-	-	-	-	-	-	-

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

27. Financial Instruments and Financial Risk Management (Continued)

Exchange rate risk

The following table demonstrates the sensitivity to a possible change in the U.S. Dollar and Euro exchange rates, with all other variables held constant, of the Group’s profit before tax as of 31 December 2015 and 31 December 2014:

	31 December 2015			
	Exchange rate sensitivity analysis			
	Current 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)	149	(149)	-	-
2- Protected part from U.S Dollar risk(-)	-	-	-	-
3- U.S Dollar net effect (1+2)	149	(149)	-	-
<i>Increase/Decrease of 10% in value of Euro against TRY</i>				
4- Euro net asset/(liability)	35	(35)	-	-
5- Protected part from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	35	(35)	-	-
<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 (-)	-	-	-	-
9- GBP net effect (7+8)	2	(2)	-	-
Total (3+6+9)	186	(186)	-	-

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

(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 2014	Exchange rate sensitivity analysis			
	Current 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)	2	(2)	-	-
5- Protected part from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	2	(2)	-	-
<i>Increase/Decrease of 10% in value of GBP against TRY :</i>				
7- GBP net asset/(liability)	4	(4)	-	-
8- Protected part from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	4	(4)	-	-
Total (3+6+9)	29	(29)	-	-

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.

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

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

27. Financial Instruments and Financial Risk Management (Continued)

As of 31 December 2015 and 31 December 2014, maturities of undiscounted trade payables and financial liabilities of the Group are as follows:

31 December 2015

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	1.913.094	1.928.360	1.928.360	-	-	-
Due to related parties	195.864	197.123	197.123	-	-	-

31 December 2014

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	1.549.148	1.558.698	1.558.698	-	-	-
Due to related parties	256.358	257.923	257.923	-	-	-

Capital risk management

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

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

The gearing ratios at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
Total liabilities	2.497.426	2.088.600
Less: Cash and cash equivalents	(348.789)	(325.468)
Net debt	2.148.637	1.763.132
Total equity	1.670.359	1.149.531
Total equity+net debt	3.818.996	2.912.663
Net debt/(Total equity + net debt)	56%	61%

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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

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

Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group’s financial assets and liabilities that are measured at fair value at 31 December 2015 and 31 December 2014. See note 10 for disclosures of the land and buildings that are measured at fair value.

31 December 2015	Level 1	Level 2	Level 3	Total
Available for sale financial assets				
Retail industry	-	169.165	-	169.165
Total assets	-	169.165	-	169.165
31 December 2014	Level 1	Level 2	Level 3	Total
Available for sale financial assets				
Retail industry	-	144.900	-	144.900
Total assets		144.900		144.900

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.

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

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

BİM BİRLEŞİK MAĞAZALAR A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2015**

(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)
(Continued)**

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments,
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves,
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value,
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

As of 31 December 2015 and 2014, 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.

.....