

**ŞOK MARKETLER TİCARET A.Ş.  
AND ITS SUBSIDIARIES**

**CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018  
AND INDEPENDENT REVIEW REPORT**

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
Şok Marketler Ticaret Anonim Şirketi

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Şok Marketler Ticaret Anonim Şirketi ("the Company") and its subsidiaries (together will be referred as "the Group") as of 30 June 2018 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standards 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".



*Other information*

Management is responsible for the other information, which is presented in Appendix 1. The other information comprises non-IFRS measures.

Review report on interim condensed financial information doesn't cover other information and we do not express any form of assurance conclusion thereon.

In connection with our review of condensed consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the review or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Nothing has come to our attention to report in this regard.

*DRT Bağımsız Denetim ve ŞMMM A.Ş.*

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

İstanbul, 9 August 2018

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**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES****CONSOLIDATED CONDENSED BALANCE SHEET AS AT 30 JUNE 2018**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

**ASSETS**

		<b>Reviewed</b>	<b>Audited</b>	<b>Audited</b>
		<b>30 June</b>	<b>Restated (*)</b>	<b>Restated (*)</b>
	<b>Notes</b>	<b>2018</b>	<b>31 December</b>	<b>31 December</b>
		<b>2017</b>	<b>2016</b>	<b>2016</b>
<b>Current Assets</b>				
Cash and cash equivalents	5	414,767,226	92,091,962	60,831,032
Trade receivables	7	130,817,211	267,634,215	337,738,587
Due from related parties	24	31,556,186	86,872,480	71,477,129
Other trade receivables		99,261,025	180,761,735	266,261,458
Other receivables	8	7,413,221	36,899,176	22,168,652
Due from related parties	24	3,285,170	32,148,945	18,790,466
Other receivables		4,128,051	4,750,231	3,378,186
Inventories	9	723,034,415	636,247,122	503,380,085
Prepaid expenses	10	51,498,243	8,433,138	8,967,499
Other current assets	17	10,352,882	35,297,980	10,155,617
<b>Total Current Assets</b>		<b>1,337,883,198</b>	<b>1,076,603,593</b>	<b>943,241,472</b>
<b>Non Current Assets</b>				
Other receivables	8	8,938,782	5,695,390	4,033,882
Property and equipment	11	935,941,000	849,530,114	607,626,432
Intangible assets		678,809,604	677,027,576	672,144,581
Goodwill	13	578,942,596	578,942,596	578,942,596
Other intangible assets	12	99,867,008	98,084,980	93,201,985
Other non current assets		10,783	8,599	64,438
Deferred tax assets	23	285,450,476	-	-
<b>Total Non-Current Assets</b>		<b>1,909,150,645</b>	<b>1,532,261,679</b>	<b>1,283,869,333</b>
<b>TOTAL ASSETS</b>		<b>3,247,033,843</b>	<b>2,608,865,272</b>	<b>2,227,110,805</b>

(\*) The effects of restatement are disclosed in "Note 2".

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

**CONSOLIDATED CONDENSED BALANCE SHEET AS AT 30 JUNE 2018**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

**LIABILITIES AND EQUITY**

		<b>Reviewed</b>	<b>Audited</b>	<b>Audited</b>
		<b>30 June</b>	<b>Restated (*)</b>	<b>Restated (*)</b>
			<b>31 December</b>	<b>31 December</b>
	<b>Notes</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Current Liabilities</b>				
Short term borrowings	6	256,054,210	1,402,437,385	1,099,639,232
Obligations under finance leases	6	104,405,161	102,412,883	57,145,299
Trade payables	7	2,171,565,140	2,193,083,265	1,664,900,340
Due to related parties	24	220,322,958	457,458,758	393,330,371
Other trade payables		1,951,242,182	1,735,624,507	1,271,569,969
Other payables	8	25,854,098	645,718,799	600,900,136
Due to related parties	24	25,560,000	610,682,298	572,993,627
Other payables		294,098	35,036,501	27,906,509
Payables regarding employee benefits	16	77,338,613	79,106,917	48,516,643
Deferred income	10	20,349,301	8,665,160	2,579,680
Other short term provisions		49,240,429	43,049,962	36,736,311
Provision for short term employee benefits	16	15,887,531	12,193,626	9,344,963
Other provisions	14	33,352,898	30,856,336	27,391,348
Other current liabilities	17	31,895,043	17,698,527	15,776,360
<b>Total Current Liabilities</b>		<b>2,736,701,995</b>	<b>4,492,172,898</b>	<b>3,526,194,001</b>
<b>Non Current Liabilities</b>				
Obligations under finance leases	6	154,753,488	204,161,039	153,540,438
Provision for long term employee benefits	16	45,520,890	40,146,612	30,459,964
Deferred tax liabilities	23	-	47,093,900	46,333,139
Deferred income	10	7,230,944	9,531,906	-
Other payables	8	708,907	728,759	605,112
<b>Total Non-Current Liabilities</b>		<b>208,214,229</b>	<b>301,662,216</b>	<b>230,938,653</b>
<b>EQUITY</b>				
Share capital	18	611,928,571	360,000,000	360,000,000
Repurchased shares		( 199,789,445)	-	-
Accumulated other comprehensive income or expense that will not be reclassified to profit or loss:				
Actuarial loss		( 19,832,206)	( 15,317,761)	( 9,022,805)
Restricted reserves appropriated from profits	18	260,000	260,000	220,000
Effect of transactions under common control		( 602,824,230)	( 438,284,421)	( 156,558,499)
Retained earnings / (Accumulated losses)		401,460,431	( 1,538,988,319)	( 1,245,254,004)
Net profit / (loss) for the year		109,987,644	( 390,190,707)	( 360,755,627)
<b>Shareholder's equity</b>		<b>301,190,765</b>	<b>(2,022,521,208)</b>	<b>(1,411,370,935)</b>
<b>Non-controlling interest</b>		<b>926,854</b>	<b>( 162,448,634)</b>	<b>( 118,650,914)</b>
<b>Total Equity</b>		<b>302,117,619</b>	<b>( 2,184,969,842)</b>	<b>( 1,530,021,849)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,247,033,843</b>	<b>2,608,865,272</b>	<b>2,227,110,805</b>

(\*) The effects of restatement are disclosed in "Note 2".

Accompanying notes form an integral part of these consolidated financial statements.

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**
**CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2018**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

		Reviewed 1 January- 30 June 2018	Reviewed 1 April- 30 June 2018	Reviewed Restated (*) 1 January- 30 June 2017	Reviewed Restated (*) 1 April- 30 June 2017
	Note				
Revenue	19	5,453,424,554	2,883,912,951	4,072,793,936	2,167,803,146
Cost of sales (-)	19	( 4,173,354,361)	( 2,200,909,249)	( 3,143,203,591)	( 1,671,684,035)
<b>Gross profit</b>		<b>1,280,070,193</b>	<b>683,003,702</b>	<b>929,590,345</b>	<b>496,119,111</b>
Marketing and selling expenses (-)	20	( 1,118,581,305)	( 582,260,197)	( 821,347,063)	( 428,510,036)
General administrative expenses (-)	20	( 30,491,614)	( 13,182,486)	( 34,239,425)	( 18,735,556)
Other income from operating activities	21	2,686,146	1,958,455	1,879,687	312,206
Other expenses from operating activities (-)	21	( 12,635,589)	( 7,542,667)	( 11,209,012)	( 6,692,469)
<b>Operating profit</b>		<b>121,047,831</b>	<b>81,976,807</b>	<b>64,674,532</b>	<b>42,493,256</b>
Financial expense	22	( 386,530,635)	( 194,000,286)	( 301,628,992)	( 161,996,408)
Financial income	22	46,941,891	11,430,821	48,337,619	42,030,441
<b>Loss from continuing operations before taxation</b>		<b>(218,540,913)</b>	<b>(100,592,658)</b>	<b>(188,616,841)</b>	<b>(77,472,711)</b>
Income tax expense	23	( 2,174,677)	( 340,414)	( 1,736,236)	( 1,060,595)
Deferred tax income / (expense)	23	331,484,889	331,791,345	1,032,605	( 2,102,026)
<b>Profit / (Loss) from continuing operations for the period</b>		<b>110,769,299</b>	<b>230,858,273</b>	<b>( 189,320,472)</b>	<b>( 80,635,332)</b>
<b>Discontinued operations</b>					
Profit / (Loss) for the period from discontinuing operation	28	( 547,114)	( 1,382,936)	3,776,901	3,397,761
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>110,222,185</b>	<b>229,475,337</b>	<b>( 185,543,571)</b>	<b>( 77,237,571)</b>
Attributable to:					
Equity holders of the parent		109,987,644	229,484,925	( 170,327,908)	( 70,957,486)
Non-controlling interests		234,541	( 9,588)	( 15,215,663)	( 6,280,085)
<b>Profit / (Loss) per share</b>	<b>30</b>	<b>0.2618</b>	<b>0.4772</b>	<b>( 0.4731)</b>	<b>( 0.1971)</b>
<b>Other Comprehensive Income And Loss</b>					
<b>Items that will not be reclassified to profit or loss</b>		(4,219,918)	(2,418,230)	(2,604,899)	(431,880)
Define benefit plans measurement losses	16	(5,279,404)	(3,028,588)	(3,256,125)	(539,850)
Tax related to other comprehensive income that will not be reclassified to profit or loss					
Deferred tax income	25	1,059,486	610,358	651,226	107,970
<b>OTHER COMPREHENSIVE LOSS</b>		<b>(4,219,918)</b>	<b>(2,418,230)</b>	<b>(2,604,899)</b>	<b>(431,880)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>106,002,267</b>	<b>227,057,107</b>	<b>(188,148,470)</b>	<b>(77,669,451)</b>
<b>Allocation of Total comprehensive Income</b>					
Non-Controlling Interests		206,394	(45,810)	(15,227,177)	(6,351,219)
Equity Holders of the Parent		105,795,873	227,102,917	(172,921,293)	(71,318,232)
<b>PROFIT FOR THE PERIOD</b>		<b>106,002,267</b>	<b>227,057,107</b>	<b>(188,148,470)</b>	<b>(77,669,451)</b>
<b>Earnings / (Loss) Per Share</b>		<b>0.2518</b>	<b>0.4728</b>	<b>(0.4803)</b>	<b>(0.2157)</b>

(\*) The effects of restatement are disclosed in "Note 2".

**CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2018**

**Accumulated other comprehensive income or expense that will not be reclassified to profit or loss**

(\*) Effect of transactions under common control explained in Note 3.

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**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

		Reviewed 1 January-30 June 2018	Reviewed 1 January-30 June 2017
	Note		
<b>A. Cash Generated by Operating Activities</b>			
Profit / (loss) for the period		110,222,185	(185,543,571)
Profit / (loss) from discontinued operations		547,114	(3,776,901)
Profit / (loss) from continued operations		110,769,299	(189,320,472)
<b>Adjustments related to reconciliation of net profit / (loss) for the period</b>			
-Depreciation of property and equipment	11	94,067,965	76,243,675
-Amortization of intangible assets	12	2,341,508	2,177,168
-Provision for retirement pay	16	2,191,846	1,780,522
-Provision for doubtful receivables	7	3,198	30,608
-Donation payment	21	364,921	-
-Provision for unused vacation	16	11,055,480	9,528,995
-Lawsuit provisions	14	4,704,464	3,385,521
-Allowance for / reversal of impairment on inventories, net	9	4,462,226	-
-Loss on sale of property and equipment, net	22	590,273	1,583,967
-Tax income /expenses	23	(329,310,212)	703,631
-Interest income	22	(12,047,115)	(543,329)
-Interest expenses	22	174,108,830	160,087,821
<b>Cash generated by / (used in) operations before changes in working capital</b>		<b>63,302,683</b>	<b>65,658,107</b>
<b>Changes in working capital :</b>			
Changes in trade receivables		136,638,302	(69,753,458)
Changes in inventories		(91,249,519)	(188,292,913)
Changes in other receivables and current assets		21,272,729	(1,285,632)
Changes in trade payables		(21,141,323)	260,599,749
Changes in other payables and expense accruals		(22,334,043)	38,828,318
Changes in prepaid expenses		(33,681,926)	3,137,850
<b>Cash used in operations</b>		<b>52,806,903</b>	<b>108,892,021</b>
Income taxes paid		(873,704)	(1,339,645)
Collections from doubtful receivables	7	175,504	13,933
Donation payments	21	(364,921)	-
Payments for lawsuits	14	(2,207,902)	(739,737)
Retirement benefits paid	16	(6,299,224)	(3,819,600)
Unused vacation provision paid	16	(3,159,323)	(2,280,195)
<b>Net cash generated by operating activities:</b>		<b>40,077,333</b>	<b>100,726,777</b>
<b>B.INVESTING ACTIVITIES</b>			
Interest received	22	12,047,115	543,329
Purchases of property and equipment	11	(181,911,470)	(173,394,934)
Purchases of intangible assets	12	(4,133,067)	(2,597,444)
Proceeds from the sale of property and equipment		851,876	(79,655)
VAT paid for acquisition of brands		(252,000)	-
<b>Net cash used in investing activities</b>		<b>(173,397,546)</b>	<b>(175,528,704)</b>
<b>C.FINANCING ACTIVITIES</b>			
Public offering and capital increase		2,645,249,996	-
Cash paid for public offering expenses		(62,974,357)	-
Payments for finance leases		(47,792,075)	(15,025,941)
Interests paid		(217,529,777)	(100,323,794)
Changes in other payables to related parties		(556,258,523)	68,899,140
Cash paid for repurchase of company shares under price stability		(199,789,445)	-
Common control transaction related to acquisition of brands		(1,400,000)	-
Common control transaction related to acquisition of UCZ		(1,000)	-
Repayments / proceeds of borrowings		(1,102,962,228)	103,327,375
<b>Net cash (used in) / generated from financing activities</b>		<b>456,542,591</b>	<b>56,876,780</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>323,222,378</b>	<b>(17,925,147)</b>
<b>Cash flows of discontinued operation</b>		<b>(547,114)</b>	<b>3,776,901</b>
<b>D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>92,091,962</b>	<b>60,831,032</b>
<b>E.CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	5	<b>414,767,226</b>	<b>46,682,786</b>

Accompanying notes form an integral part of these consolidated financial statements.

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 1. GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Şok Marketler Ticaret Anonim Şirketi ("Şok" or the "Company") was established in 1995 to operate in the retail sector, selling fast moving consuming products in Turkey. The registered address of the Company is Kısıklı mah. Hanımseti sok No:35 B/1 Üsküdar İstanbul. The number of personnel is 27,239 as of 30 June 2018 (31 December 2017:24,255).

Şok and its subsidiaries (together the "Group"), are comprised of the parent, Şok, and three subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company.

On 25 August 2011, Şok 's shares were transferred from Migros Ticaret A.Ş. to Turkish Retail Investments BV, Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. and Bizim Toptan Satış Mağazaları A.Ş. at rates of 50%, 39% and 10%, respectively. As a result of the share transfers in 2013, the immediate and ultimate controlling party of the Group are Turkish Retail Investments B.V. and Yıldız Holding A.Ş., respectively.

The Group acquired 18 stores of Dim Devamlı İndirim Mağazacılık A.Ş between February 21, 2013 and March 28, 2013. The purchase was not made through the purchase of shares but through the purchase of the assets in stores.

On 19 April 2013, the Group signed share transfer agreement for the purpose of purchasing 100% of the DiaSA Dia Sabancı Süpermarketleri Tic. A.Ş ("DiaSA"). As a result of the approval of the purchase by the Competition Authority, all of DiaSA's shares were transferred to Şok Marketler A.Ş. on 1 July 2013. On 8 July 2013, 100% of the shares of Onur Ekspres Marketçilik A.Ş. was purchased by Şok. DiaSA and OnurEx merged with Şok on 1 November 2013 and 19 December 2013, respectively.

On 29 May 2015, the Group acquired 80% share of Mevsim Taze Sebze Meyve San. ve Tic. A.Ş. ("Mevsim") from Yıldız Holding A.Ş.

On 26 December 2017, the Group acquired 55% share of Teközel Gıda Temizlik Sağlık Marka Hizmetleri Sanayi ve Ticaret A.Ş. ("Teközel") from Yıldız Holding A.Ş. and signed put or call option contract to acquire the remaining 45% of shares. At the date of acquisition, Teközel holds 60% share of "UCZ" Mağazacılık Ticaret A.Ş. ("UCZ"). On 30 January 2018 Teközel acquired the remaining 40% to reach to a total of 100% shareholding at UCZ.

By the approval of the Board's public offering, the shares of Şok Marketler Ticaret A.Ş. started to be trade on 18 May 2018 on Yıldız Market with the "SOKM" code which was offered to public on 8-11 May 2018, with a nominal value of TL 218.500.000 issued due to the increase from TL 360.000.000 to TL 578.500.000 with 10.5 base price.

Within the framework of the registered capital system, after the completion of the public offering with restricting the rights of the existing shareholders to purchase new shares, total capital of the Company increased by TL 33.428.571 from TL 578.500.000 to TL 611.928.571. All of the shares issued within the framework of capital increase mentioned above are allocated to Yıldız Holding A.Ş.. On 16 May 2018 capital increase completed by depositing the relevant amount to the Company account at base price of 10,5 TL.

As of 30 June 2018, the Group has a total of 5,997 stores 5,732 units ("Şok" sales store), 208 units ("Şok Mini" sales store) and 57 units ("UCZ" sales store) (31 December 2017: "Şok" sales store: 5,100, "UCZ" sales store: 498).

The Group's internet address is [www.sokmarket.com.tr](http://www.sokmarket.com.tr).

#### 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basis of the presentation

###### Statement of Compliance

Group, has decided to prepare interim condensed financial statements and consolidated financial statements in accordance with International Accounting Standards 34 "Interim Financial Reporting Standards" ("IAS 34"). This consolidated financial statements is consistent with the accounting policies for the year ended 31 December 2017. Therefore, these condensed interim consolidated financial statements should be evaluated with consolidated financial statements for the year ended 31 December 2017.

The consolidated financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## **ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)**

##### **2.1 Basis of the presentation (Continued)**

The Group considers the features of the related asset or liability when calculating the fair value of an asset or liability, if the market participants consider these features when determining the prices of those assets or liabilities. The calculations and disclosures related to the fair value of the financial statements in this consolidated financial statements have been determined in accordance with this standard, except for the financial leasing transactions included in the scope of IAS 17 and other measures similar (e.g. the net realizable value as defined in IAS 2 or the value of use as defined in IAS 36).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

##### **2.2 Functional Currency**

The financial statements of the Group are presented in the currency of the primary economic environment in which the Group operates. The results and financial position of the entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the Group's financial statements.

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

### 2.3 Basis of Consolidation

The details of the Group's subsidiaries at 30 June 2018 and 31 December 2017 are as follows:

Subsidiaries	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	Direct Ownership Rate %		Group Efficiency Rate %	
Mevsim Taze Sebze Meyve San. Ve Tic. A.Ş.	%80	%80	%80	%80
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş. (*)	%100	%55	%100	%55
UCZ Mağazacılık Tic. A.Ş. (**)	-	-	%100	%60

(\*) The Group acquired 550,000 shares with par value of TL 1 each representing 55 percent shares of the total capital of TL 1,000,000 of Teközel on 26 December 2017. The Group is one of the subsidiaries of Yıldız Holding A.Ş., which owns 450,000 shares ("Shares") with par value of TL 1 each, representing 45% of the total capital of TL 1,000,000. According to the contract dated 31 December 2017, Şok requested to transfer of shares together rights, interests, liabilities and debts through a written notice sent to Yıldız Holding A.Ş. on 29 June 2018. Due to this notice, the Group completed the purchase of the remaining shares of Teközel on 2 July 2018. Şok consolidates Teközel with the effective rate of 100% due to use of option and no non-controlling interest is calculated.

(\*\*) On 25 December 2017, Teközel acquired 21,000,000 shares of UCZ, each representing a nominal value of TL 1, representing 60% of the total capital of TL 35,000,000 for a consideration of TL 1,000 and gained control of UCZ. On 30 January 2018, Teközel purchased the remaining shares of UCZ and UCZ became a 100% subsidiary of Teközel. Yıldız Holding A.Ş., which holds the control of the Group, had controlled UCZ since 1 July 2016. Hence, UCZ is included in the scope of consolidation since 1 July 2016 and it is evaluated as a business combination under common control.

Consolidated financial statements include financial statements of entities controlled by the Group and its subsidiaries. Control is obtained by the Group, when the following terms are met;

- having power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns),
- having exposure, or rights, to variable returns from its involvement with the investee
- having the ability to use its power over the investee to affect the amount of the investor's returns

If a situation or event arises that could cause any change in at least one of the criteria listed above, the Group will reevaluate the control power over the Group's investment.

Profit or loss and other comprehensive income are attributable to the equity holders of both the parent company and non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiaries in relation to accounting policies so that they conform to the accounting policies followed by the Group. All cash flows from in-group assets and liabilities, equity, income and expenses, and transactions between Group companies are eliminated in consolidation.

## **ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)**

### **2.4 Changes in Accounting Policies**

Significant changes in the accounting policies are accounted retrospectively and prior period's financial statements are restated.

The Group has applied the IFRS 9 Financial Instruments and IFRS 15 Revenue From Customer Contracts for the accounting period beginning on 1 January 2018.

In the application of IFRS 9 Financial Instruments Standard, the Group has analyzed the financial assets and liabilities as of 30 June 2018 taking into consideration the circumstances and conditions. The Group has determined that IFRS 9 has no significant impact on the condensed consolidated financial statements as of 30 June 2018

The cumulative effect of the first application of IFRS 15 Revenue From Contracts with Customers on 1 January 2018 has been retrospectively applied by the Group. Group management has applied retrospectively for each past reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in transition to IFRS 15. The effect of the application of IFRS 15 on the condensed consolidated balance sheet as of 30 June 2018 and condensed consolidated statement of income for the six month period ended at the same date is presented in Note 2.7.

#### **a) IFRS 15 Revenue From Contracts with Customers**

Approximately 68% of total revenue was made in cash and 32% in credit card in the financial reporting period ending on 30 June 2018. At the same reporting period the Group collected receivables from sales with credit cards which originally have 24 days maturity by bearing the relevant financing cost in 1 day approximately.

The Group management has concluded that there is no significant financing component for transactions identified as credit card and sales contracts. There is no difference between the promised consideration and the cash sale price of the goods or services promised and as a result it is concluded that discounted credit sales pursuant to IAS 18 will not be discounted by the application of IFRS 15.

IFRS 15 Revenue from Contracts with Customers applies to all customers except for:

Leases within the scope of IAS 7 Leases, financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures; insurance contracts within the scope of IFRS 4 Insurance Contracts; and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

Revenue Recognition Group recognises revenue based on the following five principles in accordance with the IFRS 15 - "Revenue from Contracts with Customers" standard effective from 1 January 2018:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

## **ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)**

### **2.4 Changes in Accounting Policies (Continued)**

#### **a) IFRS 15 Revenue From Contracts with Customers (Continued)**

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of Group's collection right of the consideration for the goods or services,
- b) customer's ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer's ownership of significant risks and rewards related to the goods or services,
- e) customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

#### **b) IFRS 9 Financial Instruments**

##### **Classification and measurement**

Financial assets in accordance with IFRS 9 are classified in three main categories: Measured at amortized cost, fair value through other comprehensive income ("FVOCI"), fair value through profit or loss ("FVTPL"). In accordance with IFRS 9, financial assets are classified according to the business model used to manage the financial assets and the characteristics of the contractual cash flows. IFRS 9 eliminates the classifications of held-to-maturity financial assets, loans and receivables and financial assets held for sale that are applicable in IAS 39. In accordance with IFRS 9, embedded derivative contracts are never separated in contracts where the underlying product is a financial asset within the scope of a standard. Instead, the classification of the mixed financial instrument is considered as a whole.

The application of IFRS 9 did not have a significant impact on the Group's accounting policies for its financial liabilities. As of 1 January 2018, the effects of the application of IFRS 9 on the book values of financial assets are only relevant to new impairment requirements, as explained below.

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

##### 2.4 Changes in Accounting Policies (Continued)

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

	Classification under IAS 39	Classification under IFRS 9
<b>Financial assets</b>		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
<b>Financial liabilities</b>		
Borrowings	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost
Other payables	Amortized cost	Amortized cost
Impairment of financial assets		

IFRS 9 replaces the "loss incurred" model in IAS 39 with the "expected credit losses" model. The new impairment model is applied to financial assets and contract assets measured at amortized cost, but not to investments in equity instruments.

The Group management measures the expected credit loss and expected credit loss over the life of these receivables ("ECL"), after deducting any provision for trade receivables as a result of a specific event. The calculation of expected credit losses is based on the Group's past experience and expectations based on macroeconomic indicators. Increases and decreases in expected credit losses are recognized in other operating losses and income.

The Group has made amendments to the TFRS 9 methodology for allocating impairment of financial assets in accordance with the newly expected credit loss model. The related amendments does not have significant impact on the Group's financial statements.

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of such financial assets. This method requires the recognition of expected life-time losses for all trade receivables.

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

### 2.5 Changes in Accounting Estimates and Errors

#### Following changes in key estimates:

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group's expects net profit in 2019 and following years after its public offering in 2018 with the improvement in equity structure. Accordingly, the Group recorded deferred tax assets due to its losses in previous years amounting TL 293,804,666, TL 552,366,272 and TL 497,156,711. The Group recorded deferred tax assets with 22% ratio by using its losses in 2019 and 2020 due to the fact that the corporate tax rate is 22% in related years.

#### Following errors:

If any significant accounting errors are identified, changes are applied retrospectively and prior year's financial statements are restated.

### 2.6 Application of new and revised IFRSs

#### a) Amendments to IFRSs that are mandatorily effective for the current year

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRS Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Annual Improvements to IFRS Standards 2014–2016 Cycle	<i>IFRS 1, IAS 28</i>

#### **IFRS 9 Financial Instruments**

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

#### Key requirements of IFRS 9:

- all recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.



## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

##### 2.6 Application of new and revised IFRSs (Continued)

###### a) Amendments to IFRSs that are mandatorily effective for the current year (Continued)

###### **IFRS 9 Financial Instruments (continued)**

###### Key requirements of IFRS 9 (continued)

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

IFRS 9 has no effect on the Consolidated Financial Statements of the Group.

###### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Later on *Clarifications to IFRS 15* in relation to the identification of performance obligations, principal versus agent considerations were issued, as well as licensing application guidance.

The impact of IFRS 15 on the Group's consolidated financial statements are explained in Note 2.7 in detail.

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

### 2.6 Application of new and revised IFRSs (Continued)

#### a) Amendments to IFRSs that are mandatorily effective for the current year (Continued)

##### **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

IFRIC 22 has no impact on the Group's consolidated financial statements.

##### **Annual Improvements to IFRS Standards 2014–2016 Cycle**

- **IFRS 1:** Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- **IAS 28:** Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Annual improvements to IFRS Standards 2014-2016 cycle have no impact on the Group's consolidated financial statements.

#### b) New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16	<i>Leases</i> <sup>1</sup>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i> <sup>1</sup>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i> <sup>1</sup>
Annual Improvements to IFRS Standards 2015–2017 Cycle	<i>Annual Improvements to IFRSs: 2014-16 Cycle - IFRS 3, IFRS 11, IAS 12 and IAS 23 Amendments</i> <sup>1</sup>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i> <sup>1</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

##### **IFRS 16 Leases**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

## **ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

## **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)**

### **2.6 Application of new and revised IFRSs (Continued)**

#### **b) New and revised IFRSs in issue but not yet effective (Continued)**

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

#### **Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

#### **IFRIC 23 *Uncertainty over Income Tax Treatments***

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances.

#### **Amendments to IFRS 9 *Prepayment Features with Negative Compensation***

This amendment amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

#### **Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures***

This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

#### **Annual Improvements to IFRS Standards 2015–2017 Cycle**

- **IFRS 3 and IFRS 11** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12** - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- **IAS 23** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

## **ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)**

##### **2.6 Application of new and revised IFRSs (Continued)**

###### **Annual Improvements to IFRS Standards 2015–2017 Cycle (Continued)**

###### **Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement***

The amendments to IAS 19 clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) *but ignoring the effect of the asset ceiling*.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended.

###### **IFRS 17 *Insurance Contracts***

This new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

##### 2.7 Comparative Information and Restatement of Prior Period Financial Statements

The financial statements of the Group are prepared comparatively with the prior period to allow for the determination of the financial position and performance trends. The Group management has considered the inclusion of financing component of customer contracts, which are explained in detail in IFRS 15 "Revenue from Contracts with Customers", by taking into account various conditions of sales operations (due date, market conditions, cash and term cost difference) starting from 1 January 2017.

The effects of the relevant adjustments and classifications are presented below:

	Previously Reported 31 December 2017	Restatement Effect of IFRS 15	Restated 31 December 2017
Trade receivables	267,185,835	448,380	267,634,215
Other trade receivables	180,313,355	448,380	180,761,735
Deferred tax liabilities	47,004,225	89,675	47,093,900
Accumulated losses	(1,539,724,663)	736,344	(1,538,988,319)
Net loss for the year	(389,843,353)	(347,354)	(390,190,707)
Shareholder's equity	(2,022,910,198)	388,990	(2,022,521,208)
Non-controlling interest	(162,418,348)	(30,286)	(162,448,634)
<b>Total Equity</b>	<b>(2,185,328,546)</b>	<b>358,704</b>	<b>(2,184,969,842)</b>

	Previously Reported 31 December 2016	Restatement Effect of IFRS 15	Restated 31 December 2016
Trade receivables	336,931,035	807,552	337,738,587
Other trade receivables	265,453,906	807,552	266,261,458
Deferred tax liabilities	46,171,628	161,511	46,333,139
Accumulated losses	(1,245,254,004)	-	(1,245,254,004)
Net loss for the year	(361,491,971)	736,344	(360,755,627)
Shareholder's equity	(1,412,107,279)	736,344	(1,411,370,935)
Non-controlling interest	(118,560,612)	(90,302)	(118,650,914)
<b>Total Equity</b>	<b>(1,530,667,891)</b>	<b>646,042</b>	<b>(1,530,021,849)</b>

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

##### 2.7 Comparative Information and Restatement of Prior Period Financial Statements (Continued)

As of 1 January 2018 due to change in Teközel's shareholder structure the Group management decided to gradually discontinue Teközel's retail, wholesale and export operations associated with customers other than Şok Marketler Ticaret A.Ş. ("Non-Şok Operations") and discontinued the related activities as of 30 June 2018. Teközel's Non-Şok profits and losses are classified in profit / loss from discontinued operations line in accordance with TFRS 5 in the statement of profit or loss. The relevant footnote is detailed in Note 28.

	Previously reported 1 January- 30 June 2017	Discontinued operations	Restatement Effect of IFRS 15	Restated 1 January- 30 June 2017
Revenue	4,349,695,702	(292,298,554)	15,396,788	4,072,793,936
Cost of sales (-)	(3,429,383,512)	286,179,921	-	(3,143,203,591)
<b>Gross profit</b>	<b>920,312,190</b>	<b>(6,118,633)</b>	<b>15,396,788</b>	<b>929,590,345</b>
Marketing and selling expenses (-)	(822,648,627)	1,301,564	-	(821,347,063)
General administrative expenses (-)	(35,219,273)	979,848	-	(34,239,425)
Other income from operating activities	1,879,687	-	-	1,879,687
Other expenses from operating activities (-)	(11,209,012)	-	-	(11,209,012)
<b>Operating profit / (loss)</b>	<b>53,114,965</b>	<b>(3,837,221)</b>	<b>15,396,788</b>	<b>64,674,532</b>
Finance expenses	(277,378,115)	(8,854,089)	(15,396,788)	(301,628,992)
Financial income	38,567,666	8,914,409	855,544	48,337,619
<b>Loss from operations before taxation</b>	<b>(185,695,484)</b>	<b>(3,776,901)</b>	<b>855,544</b>	<b>(188,616,841)</b>
Income tax expense	(1,736,236)	-	-	(1,736,236)
Deferred tax expense	1,203,714	-	(171,109)	1,032,605
<b>Loss from continuing operations for the period</b>	<b>(186,228,006)</b>	<b>(3,776,901)</b>	<b>684,435</b>	<b>(189,320,472)</b>
<b>Discontinued operations</b>				
Profit for the period from discontinuing operation	-	3,776,901	-	3,776,901
<b>LOSS FOR THE PERIOD</b>	<b>(186,228,006)</b>	<b>-</b>	<b>684,435</b>	<b>(185,543,571)</b>
Owners of the parent	(171,012,343)	-	684,435	(170,327,908)
Non-controlling interests	(15,215,663)	-	-	(15,215,663)
<b>Loss per share</b>	<b>(0.2768)</b>	<b>-</b>	<b>0.0019</b>	<b>(0.4731)</b>

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

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#### 3. TRANSACTIONS UNDER COMMON CONTROL

The Group purchased 55% shares of Teközel from Yıldız Holding A.Ş. on 26 December 2017 and bought the remaining 45% shares on 2 July 2018. Due to fact that the acquisition is considered to be a transaction under common control, consolidated financial statements have been presented as if the acquisition had occurred since 1 January 2015, which is opening date of the earliest period as presented in the shareholder's equity movement. Loss from the acquisition amounting to TL 443,559,619 is evaluated as under common control transaction, excluded from the profit / loss for the period and booked under the equity in "Effect of mergers involving undertakings or businesses subject to common control" account.

	<b>30 June 2018</b>
	<b>Fair value</b>
Amount will be paid for acquisition	56,800,000
Purchased % share of the company (Note 2.4)	100%
<u>Acquisition paid</u>	
Payment in cash and cash equivalents	56,800,000
	<u>56,800,000</u>
<b>Acquired net assets</b>	
Cash and cash equivalents	1,749,334
Trade receivables	745,811,171
Other revivables	23,286,849
Inventories	20,247,954
Prepaid expenses	1,685,390
Other current assets	10,257,070
Property and equipment, net	7,420,910
Deferred tax assets	3,566,307
Short term borrowings	(1,585)
Trade payables	(795,684,153)
Employee benefits	(3,890,766)
Other payables	(389,840,995)
Provisions	(4,412,775)
Other short term liabilities	(2,923,017)
Long term provisions	(1,832,157)
Deferred income	(954,007)
Deferred tax liabilities	(1,245,149)
<b>Total net assets</b>	<b>(386,759,619)</b>
Consideration to be paid (A)	(56,800,000)
Non-controlling interest (B)	-
Registered value of net assets acquired (C)	(386,759,619)
<b>Effect of business combinations under common control (A+B+C)</b>	<b>(443,559,619)</b>

The Group has acquired brands from Yıldız Holding A.Ş. and subsidiaries for the consideration paid TL 166,282,000 and TL 1,400,000 on 29 December 2017 and 12 February 2018 respectively. The Group has been paying royalty in previous years for use of these brands. The amount paid for acquisition of such brands is considered to be a transaction between entities under common control and accounted under shareholder's equity. Additionally the Group has recharged royalty expenses amounting to TL 163,169,094 to Yıldız Holding A.Ş. in 2017 and related recharge amount has been accounted as transactions under common control under shareholder's equity. On 18 January 2018, the Group acquired the remaining 40% shares of UCZ for a consideration of TL 1,000.

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 4. SEGMENT REPORTING

The Group's operating segments are identified based on the information provided to and analyzed by the CEO, which represents the chief operating decision maker (CODM), making decisions regarding the allocation of resources and assessing performance. For the purposes of IFRS 8, the activities performed by the Group are identified as belonging to a single operating segment, given that the Group's business consists of retail stores selling fast moving consumer products in Turkey and that the CODM reviews the Group's stores as a whole.

#### 5. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	30 June 2018	31 December 2017
Cash on hand	50,761,451	63,175,127
Cash at banks	364,005,775	28,916,835
Time Deposits	343,520,000	-
Demand deposits	20,485,775	28,916,835
Cash and cash equivalents	<u>414,767,226</u>	<u>92,091,962</u>

As of 30 June 2018 the Group's average interest rate on time deposits is 18.44%.

#### 6. FINANCIAL BORROWINGS

	30 June 2018	31 December 2017
Financial Borrowings		
a) Bank Borrowings	256,054,210	1,402,437,385
b) Leasing Payables	259,158,649	306,573,922
	<u>515,212,859</u>	<u>1,709,011,307</u>

Group management believes that the fair value of the Group's debts approximate to the carrying value of such debts due to their short term nature.

##### a) Bank Borrowings:

Details of bank borrowings are as follows:

Currency Type	Weighted Average Effective Interest Rate (*)	30 June 2018	
		Current	Non-current
TL	% 24.51	256,054,210	-
Currency Type	Weighted Average Effective Interest Rate (*)	31 December 2017	
		Current	Non-current
TL	% 17.61	1,402,437,385	-

(\*) Weighted average effective interest rates does not include Yıldız Holding A.Ş. credit guarantee commissions rates (31 December 2017: % 1.83).

	30 June 2018	31 December 2017
Short Term Borrowings	256,054,210	1,402,437,385
Total Short Term Borrowings	<u>256,054,210</u>	<u>1,402,437,385</u>
Total Borrowings	<u>256,054,210</u>	<u>1,402,437,385</u>
	30 June 2018	31 December 2017
To be paid within 1 year	256,054,210	1,402,437,385
	<u>256,054,210</u>	<u>1,402,437,385</u>

As of 30 June 2018 there are no Yıldız Holding A.Ş. provided guarantee on bank borrowings (31 December 2017: TL 1,182,437,385).



# **ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

## **NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

### **6. FINANCIAL BORROWINGS (Continued)**

#### **a) Leasing Payables**

	Minimum Leasing Payable		Minimum Leasing Payable Net Present Value	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Leasing Payables				
Within 1 year	135,189,231	136,628,653	104,405,161	102,412,883
Between 1-5 years	176,975,656	234,006,266	154,753,488	204,161,039
Less: future financial expenses	(53,006,238)	(64,060,997)	-	-
Leasing obligation net present value	<u>259,158,649</u>	<u>306,573,922</u>	<u>259,158,649</u>	<u>306,573,922</u>
			(104,405,161)	(102,412,883)
Less : liabilities to paid within 12 months (presented in short term liabilities)				
Liabilities to paid after 12 months			<u>154,753,488</u>	<u>204,161,039</u>

As of 30 June 2018 net book value of property and equipment acquired by financial lease is TL 243,983,133 (31 December 2017: TL 274,285,574). The interest rate is between 13% and 14%. Ownership of such property and equipment will be transferred to Şok if payments are made regularly throughout the remaining 4 years. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

#### **b) Reconciliation of obligations arising from financing activities:**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2018	Financing cash flows	Non cash		30 June 2018
			Interest accrual	Other	
Bank borrowings	1,402,437,385	(1,102,962,228)	(43,420,947)	-	256,054,210
Leasing payables	306,573,922	(47,792,075)	-	376,802	259,158,649
	<u>1,709,011,307</u>	<u>(1,150,754,303)</u>	<u>(43,420,947)</u>	<u>376,802</u>	<u>515,212,859</u>

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 7. TRADE RECEIVABLES AND PAYABLES

	30 June 2018	31 December 2017
<u>Current trade receivables</u>		
Trade receivables	90,611,464	119,376,380
Trade receivables from related parties (Note 24)	31,556,186	86,872,480
Credit card receivables	17,017,774	69,803,732
Allowance for doubtful receivables(-)	(8,368,213)	(8,418,377)
	<u>130,817,211</u>	<u>267,634,215</u>

The Group makes retail sales for cash or credit card with 24 days maturity. Moreover, in 2017, the Group collected receivables from sales with credit cards which originally have 24 days maturity by bearing the relevant financing cost in 1 day approximately. The Group's average period for collection of receivables is 4 days when wholesale revenue is taken into consideration (31 December 2017: 10 days).

Explanations about the nature and level of risks related to trade receivables are provided in Note 25.

As of 30 June 2018, the Group provided allowance for doubtful receivables amounting to TL 8,368,213 based on reference to past default experience (31 December 2017: TL 8,418,377).

There are no guarantee letters obtained for trade receivables as of 30 June 2018 and 2017.

As of 30 June 2018 and 2017 the movements of allowance for doubtful receivables are as follows:

	1 January- 30 June 2018	1 January- 30 June 2017
<u>Movement of Allowance for Doubtful Receivables</u>		
Balance at beginning of the year	(8,418,377)	(7,548,223)
Charge for the year (Not 21)	(3,198)	(30,608)
Foreign exchange loss	(122,142)	(45,105)
Collections	175,504	13,933
Closing balance	<u>(8,368,213)</u>	<u>(7,610,003)</u>

The Group has concluded that, with the discontinuation of Teközel's Non-Şok operations in 2018, there is no need to make an additional provision in accordance with IFRS 9 due to fact nearly all of the group sales are done by cash or credit card in store cash registers and made to Group companies.

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY – 30 JUNE 2018**

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**7. TRADE RECEIVABLES AND PAYABLES (Continued)**

	30 June 2018	31 December 2017
Short term trade payables		
Trade payables (*)	1,951,242,182	1,735,624,507
Due to related parties (Note 24)	220,322,958	457,458,758
	<u>2,171,565,140</u>	<u>2,193,083,265</u>

The interest rate used for discount of trade payables is 21.31% (31 December 2017: 18.80%), weighted average maturity is 94 days (2017: 107 days).

As of 30 June 2018 and 31 December 2017, the Group does not have any long term trade payables.

**8. OTHER RECEIVABLES AND PAYABLES**

	30 June 2018	31 December 2017
Other short term receivables		
Other receivables from related parties (Note 24)	3,285,170	32,148,945
Insurance receivables	1,915,789	1,709,591
VAT receivables	64,496	64,496
Receivables from social security institution	3,605	3,605
Other receivables	2,144,161	2,972,539
	<u>7,413,221</u>	<u>36,899,176</u>

	30 June 2018	31 December 2017
Other short term payables		
Due to related parties (Note 24)	25,560,000	610,682,298
Other (*)	294,098	35,036,501
	<u>25,854,098</u>	<u>645,718,799</u>

(\*) As of 31 December 2017 TL 34,751,131 is related to other payables from non related parties.

	30 June 2018	31 December 2017
Other long term receivables		
Guarantee and deposits given	8,938,782	5,695,390
	<u>8,938,782</u>	<u>5,695,390</u>

	30 June 2018	31 December 2017
Other long term payables		
Deposits and guarantees received	708,907	728,759
	<u>708,907</u>	<u>728,759</u>

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY – 30 JUNE 2018**

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**9. INVENTORIES**

	30 June 2018	31 December 2017
Trade goods	721,734,369	635,205,901
Allowance for diminution in value of inventories (-)	(9,670,932)	(5,208,706)
Other inventory	10,970,978	6,249,927
	<u>723,034,415</u>	<u>636,247,122</u>
	1 January 30 June 2018	1 January 30 June 2017
<u>Movement of allowance for net realizable value of inventories</u>		
Balance at beginning of the year	5,208,706	9,985,877
Allowance released	-	(3,873,127)
Charge for the year	4,462,226	-
Closing balance	<u>9,670,932</u>	<u>6,112,750</u>

Allowance for net realizable value of inventories is allocated for non-food products and recognized in the cost of goods sold.

The Group has identified inventories that net realizable value lower than cost in the current period. Accordingly allowance for net realizable value of inventories amounting to TL 9,670,932 has been booked as of 30 June 2018, net realizable value of inventories is TL 721,734,369 (31 December 2017: TL 636,247,122).

**10. PREPAID EXPENSES AND DEFERRED INCOME**

	30 June 2018	31 December 2017
<u>Short term prepaid expenses</u>		
Prepaid expenses	7,844,307	6,666,661
Work advances given	43,653,936	1,766,477
	<u>51,498,243</u>	<u>8,433,138</u>

The Group has given order advances to the related parties Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş. and Teközel amounting to TL 19,959,002 and TL 23,167,554 respectively.

	30 June 2018	31 December 2017
<u>Short term deferred income</u>		
Unearned revenues	11,213,244	5,544,290
Received advances	9,136,057	3,120,870
	<u>20,349,301</u>	<u>8,665,160</u>
	30 June 2018	31 December 2017
<u>Long term deferred income</u>		
Unearned revenues	7,230,944	9,531,906
	<u>7,230,944</u>	<u>9,531,906</u>

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

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**11. PROPERTY AND EQUIPMENT**

<u>Cost</u>	Machinery and Equipment	Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Opening balance as of 1 January 2018	87,791,540	-	988,509,735	386,076,618	-	1,462,377,893
Additions	18,750	-	149,328,263	32,564,457	-	181,911,470
Disposals	-	-	(578,927)	(5,287,956)	-	(5,866,883)
Closing balance as of 30 June 2018	87,810,290	-	1,137,259,071	413,353,119	-	1,638,422,480
<u>Accumulated Depreciation</u>						
Opening balance as of 1 January 2018	82,010,078	-	380,627,844	150,209,857	-	612,847,779
Charge of the year	1,004,388	-	72,772,592	20,290,985	-	94,067,965
Disposals	(1,736)	-	(338,406)	(4,094,122)	-	(4,434,264)
Closing balance as of 30 June 2018	83,012,730	-	453,062,030	166,406,720	-	702,481,480
Carrying value as of 30 June 2018	4,797,560	-	684,197,041	246,946,399	-	935,941,000

There is insurance coverage amounting to TL 864,464,883 on the furniture & fixtures and machinery. (31 December 2017: TL 748,876,662). No furniture and fixture was purchased via financial leasing (30 June 2017: TL 60,831,036) Net book value of leased property and equipment is TL 243,983,133 (31 December 2017: TL 274,285,574).

Current depreciation expense related to fixed assets amounting to TL 93,093,442 (2017: TL 72,630,574) booked in marketing and selling expenses and TL 974,523 booked in general administrative expenses (2017: TL 3,613,101) (Note 20).

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(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**11. PROPERTY AND EQUIPMENT (Continued)**

<u>Cost</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Furniture and Fixture</u>	<u>Leasehold Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
Opening balance as of 1 January 2017	86,936,443	640,800	644,945,120	284,968,966	29,545,776	1,047,037,105
Additions	-	-	166,149,354	68,076,616	-	234,225,970
Disposals	(14,061)	(640,800)	(135,906)	(4,926,767)	-	(5,717,534)
Closing balance as of 30 June 2017	<u>86,922,382</u>	<u>-</u>	<u>810,958,568</u>	<u>348,118,815</u>	<u>29,545,776</u>	<u>1,275,545,541</u>
<u>Accumulated Depreciation</u>						
Opening balance as of 1 January 2017	78,572,350	138,840	237,010,178	113,134,821	10,554,484	439,410,673
Transfer	-	-	2,450,249	-	-	2,450,249
Charge of the year	2,054,658	32,044	58,178,861	15,978,112	-	76,243,675
Disposals	(14,060)	(170,884)	(49,370)	(4,159,320)	-	(4,393,634)
Closing balance as of 30 June 2017	<u>80,612,948</u>	<u>-</u>	<u>297,589,918</u>	<u>124,953,613</u>	<u>10,554,484</u>	<u>513,710,963</u>
Carrying value as of 30 June 2017	<u>6,309,434</u>	<u>-</u>	<u>513,368,650</u>	<u>223,165,202</u>	<u>18,991,292</u>	<u>761,834,578</u>

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**12. INTANGIBLE ASSETS**

<b><u>Cost</u></b>	<b><u>Rights</u></b>	<b><u>Trademarks</u></b>	<b><u>Total</u></b>
Opening balance as of 1 January 2018	24,840,723	85,675,510	110,516,233
Additions	4,133,067	-	4,133,067
Disposals	(60,199)	-	(60,199)
Closing balance as of 30 June 2018	28,913,591	85,675,510	114,589,101
<b><u>Accumulated Amortization</u></b>			
Opening balance as of 1 January 2018	12,431,253	-	12,431,253
Charge for the year	2,341,508	-	2,341,508
Disposals	(50,668)	-	(50,668)
Closing balance as of 30 June 2018	14,722,093	-	14,722,093
Carrying value as of 30 June 2018	14,191,498	85,675,510	99,867,008
<b><u>Cost</u></b>	<b><u>Rights</u></b>	<b><u>Trademarks</u></b>	<b><u>Total</u></b>
Opening balance as of 1 January 2017	17,777,433	85,675,510	103,452,943
Additions	2,597,444	-	2,597,444
Disposals	(46,949)	-	(46,949)
Closing balance as of 30 June 2017	20,327,928	85,675,510	106,003,438
<b><u>Accumulated Amortization</u></b>			
Opening balance as of 1 January 2017	10,250,958	-	10,250,958
Transfer	(2,450,249)	-	(2,450,249)
Charge for the year	2,177,168	-	2,177,168
Disposals	133,463	-	133,463
Closing balance as of 30 June 2017	10,111,340	-	10,111,340
Carrying value as of 30 June 2017	10,216,588	85,675,510	95,892,098

The amortization expense of intangible assets amounting to TL 2,341,508 is presented in marketing and selling expenses (2017: TL 2,177,168) (Note 20).

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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#### 13. GOODWILL

The movement of the goodwill for the periods ended 30 June 2018 and 2017 is as follows:

	1 January- 30 June 2018	1 January- 30 June 2017
Opening balance	578,942,596	578,942,596
Closing balance	578,942,596	578,942,596

Goodwill allocated to cash generated units is subject to annual impairment test.

The Group management did not find an issue that could lead to an impairment in the interim period considering the variables in the related impairment model.

#### 14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### Provisions

Provisions for short term liabilities as of 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Lawsuits	33,352,898	30,856,336
	33,352,898	30,856,336

Provisions for lawsuits as of 30 June 2018 and 31 June 2017 are as follows:

	1 January- 30 June 2018	1 January- 30 June 2017
Balance at 1 January	30,856,336	27,391,348
Additional provisions recognized (Note 21)	4,704,464	3,385,521
Payments	(2,207,902)	(739,737)
Balance at 30 June	33,352,898	30,037,132

At each balance sheet date, the management of the Group evaluates probable results of those cases and accordingly provisions are provided for. The balance at 30 June 2018 is expected to be utilised within one year. As of 30 June 2018, the provision amount related with the lawsuits is amounting to TL 33.352.898 (31 December 2017: TL 30,856,336).



## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

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#### 14. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS (Continued)

As of 30 June 2018, the non-cancellable operating lease commitments of the Group is TL 41,096,678 related to agreements in case of cancellation. Non-cancellable term is up to 1 year (31 December 2017: TL 44,062,758). In addition, fixed assets acquired with financial lease of the Group are pledged in favor of the lessor (Note 6). The book value of these liabilities is TL 243,983,133 (2017: TL 274,285,574).

#### 15. COMMITMENTS

	30 June 2018	31 December 2017
A. CPM's given in the name of its own legal personality (*) (**)		
-Guarantees	1,104,712,803	120,289,838
-Mortgages	-	-
-Pledges	-	-
B. CPM's given on behalf of the fully consolidated companies	5,315,740	6,115,740
C. CPM's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPM's given		
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given on behalf of third parties which are not in scope of B and C	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope C	-	-
	<u>1,110,028,543</u>	<u>126,405,578</u>

(\*) TL 95,826,659 of this figure relates to non-cash risks.

(\*\*) In February 2018, Yıldız Holding A.Ş. commenced negotiations with its lenders to refinance the outstanding and unsecured debt withdrawn by Yıldız Holding and its group companies (including Şok) under facility agreements with Turkish banks. The goal was to transfer all of such outstanding liabilities at the Yıldız Holding level with a single maturity, interest rate, repayment plan and collateral structure. Yıldız Holding A.Ş. that is the ultimate parent of the Company, and certain group companies, (including Şok), have entered into loan agreements with some of their lenders. Cash loans of the Company amounting to TL 1,044.2 million and non-cash loans amounting to TL 54.8 million were transferred to Yıldız Holding A.Ş.. As a result of the agreements made, there was no increase in the Company's total debt burden; only a part of the current cash and non-cash loans are transferred to Yıldız Holding A.Ş.. The Company has provided a guarantee to the lenders in the aggregate amount of Şok's original debt that will be transferred to Yıldız Holding on the Loan Utilization Date.

On 13 June 2018, the Company paid to Yıldız Holding both the financial debts that existed prior to such agreements, and cash bank loans which were transferred to Yıldız Holding A.Ş., with a portion of the proceeds obtained from the public offering. Following the repayment of the loans, the Company has issued a written notification to the banks on 6 July 2018, and has initiated the necessary process to cease the guarantor status for the cash loans. The process still continues as of the date of the report.

The ratio of given CPM's by the Group to equity is 33,51% as of 30 June 2018 (2017: 0%).

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**16. EMPLOYEE BENEFITS**Liabilities within the scope of employee benefits:

	30 June 2018	31 December 2017
<b>Short-term benefits</b>		
Due to personnel	29,548,537	32,440,063
Social security premiums payable	47,790,076	46,666,854
	<u>77,338,613</u>	<u>79,106,917</u>
<b>Provisions for employee benefits</b>		
Provision for unused vacation short term	15,887,531	12,193,626
Provision for unused vacation long term	29,801,448	25,599,196
	<u>45,688,979</u>	<u>37,792,822</u>

The movement of provisions for unused vacation for the periods ended 30 June 2018 and 2017 is as follows:

	1 January- 30 June 2018	1 January- 30 June 2017
Opening balance at 1 January	37,792,822	30,779,356
Charge for the period	11,055,480	9,528,995
Payments	(3,159,323)	(2,280,195)
Closing balance at 30 June	<u>45,688,979</u>	<u>38,028,156</u>

Retirement Pay Provision

	30 June 2018	31 December 2017
Retirement pay provision	15,719,442	14,547,416
	<u>15,719,442</u>	<u>14,547,416</u>

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 5,001.76 for each period of service at 30 June 2018 (31 December 2017: TL 4,732.48).

The liability is not funded, as there is no funding requirement. The provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

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 financial statements as at 30 June 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 7.00% and a discount rate of 11.81%, resulting in a real discount rate of approximately 4.50% (31 December 2017: 4.50%). Ceiling amount of TL 5,434.42 which is in effect since 1 July 2018 is used in the calculation of Groups' provision for retirement pay liability (1 July 2017: TL 4,732.48).

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**16. EMPLOYEE BENEFITS (Continued)**

Movement for retirement pay provision for the periods ended 30 June 2018 and 30 June 2017 is as follows:

	1 January- 30 June 2018	1 January- 30 June 2017
Provision at 1 January	14,547,416	9,025,570
Service cost	1,364,379	1,276,479
Interest cost	827,467	504,043
Termination benefits paid	(6,299,224)	(3,819,600)
Actuarial loss	5,279,404	3,256,125
Provision at 30 June	15,719,442	10,242,617

**17. OTHER ASSETS AND LIABILITIES**

	30 June 2018	31 December 2017
<b>Other current assets</b>		
VAT deductible	8,451,116	33,693,050
Prepaid taxes and funds	1,584,688	1,552,182
Other assets	317,078	52,748
	10,352,882	35,297,980
<b>Other short term liabilities</b>		
Taxes and dues payable	29,823,495	16,164,448
Other liabilities	2,071,548	1,534,079
	31,895,043	17,698,527

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

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#### 18. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Shareholder structure as of 30 June 2018 and 31 December 2017 is stated below:

Shareholders	%	30 June 2018	%	31 December 2017
Turkish Retail Investments B.V.	23	144,000,000	50	180,000,000
Gözde Girişim Sermayesi Yat.Ort. A.Ş.	23	140,400,327	39	140,400,327
Turkish Holdings IV Cooperatief U.A.	6	36,000,000	-	-
Templeton Strategic Emerging Markets Fund IV.LDC	6	36,000,000	10	36,000,000
Yıldız Holding A.Ş. (**)	5	33,428,571	-	-
Other	1	3,599,673	1	3,599,673
Free Float (*)	36	218,500,000	-	-
Nominal Capital	100	611,928,571	100	360,000,000
Capital Commitments		-		-
Paid Capital		611,928,571		360,000,000

(\*) By the approval of the Board's public offering, the shares of Şok Marketler Ticaret A.Ş. started to be trade on 18 May 2018 on Yıldız Market with the "SOKM" code which was offered to public on 8-11 May 2018, with a nominal value of TL 218.500.000 issued due to the increase from TL 360.000.000 to TL 578.500.000 with 10.5 base price.

(\*\*) Within the framework of the registered capital system, after the completion of the public offering with restricting the rights of the existing shareholders to purchase new shares, total capital of the Company increased by TL 33.428.571 from TL 578.500.000 to TL 611.928.571. All of the shares issued within the framework of capital increase mentioned above are allocated to Yıldız Holding A.Ş.. On 16 May 2018 capital increase completed by depositing the relevant amount to the Company account at base price of 10,5 TL.

The Group's nominal capital has been divided into 611,928,571 registered shares with a par value of TL 1 per share (31 December 2017: 360,000,000 shares).

#### **Legal Reserves**

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

As of 30 June 2018 restricted reserves is TL 260,000 (31 December 2017: TL 260,000).

#### **Actuarial Loss / Gain**

As of 30 June 2018, actuarial loss / gain is negative TL 19,832,206 (31 December 2017: negative TL 15,317,761).

#### **Effect of transactions under common control**

As of 30 June 2018 effect of mergers involving undertakings or businesses subject to common control is negative TL 602,824,229 (31 December 2017: negative TL 438,284,421).

#### **Resources subject to Profit Distribution**

The Group do not have resources for profit distribution as of the balance sheet date.

#### **Premium on Issued Shares**

The Group has deducted the emission premium on issued shares amounting to TL 2,330,347,068 which it had acquired from the public offering in 2018 from the accumulated losses according to decision taken on General Assembly.

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**19. REVENUE AND COST OF SALES**

As of 30 June 2018 and 2017, the sales of Group are as follows:

**a) Revenue**

	1 January- 30 June 2018	1 April- 30 June 2018	1 January- 30 June 2017	1 April- 30 June 2017
Revenue from merchandises sold	5,508,573,717	2,915,196,978	4,118,031,983	2,191,683,649
Sales returns (-)	(55,149,163)	(31,284,027)	(45,238,047)	(23,880,503)
	<u>5,453,424,554</u>	<u>2,883,912,951</u>	<u>4,072,793,936</u>	<u>2,167,803,146</u>

As of 30 June 2018 the Group sales amounting to TL 5,324,677,176 consists of sales by cash, credit card and Istanbul Metropolitan Municipality pos method at its stores (June 30, 2017: TL 3.905.936.609). The remaining sales consists of wholesale and current sales.

**b) Cost of Sales**

	1 January- 30 June 2018	1 April- 30 June 2018	1 January- 30 June 2017	1 April- 30 June 2017
Cost of merchandises sold	(4,173,354,361)	(2,200,909,249)	(3,143,203,591)	(1,671,684,035)
	<u>(4,173,354,361)</u>	<u>(2,200,909,249)</u>	<u>(3,143,203,591)</u>	<u>(1,671,684,035)</u>

**20. MARKETING, SELLING AND GENERAL ADMINISTRATIVE EXPENSES**

	1 Ocak - 30 Haziran 2018	1 Nisan - 30 Haziran 2018	1 Ocak - 30 Haziran 2017	1 Nisan - 30 Haziran 2017
<b>Marketing and sales expenses</b>				
Personnel expenses	(529,039,508)	(272,746,084)	(385,633,371)	(205,810,952)
Rent expenses	(254,338,251)	(131,825,934)	(185,571,743)	(96,603,403)
Transportation expenses	(69,750,321)	(39,203,609)	(35,980,003)	(14,051,182)
Depreciation and amortization expenses (Note: 11, 12)	(95,434,950)	(49,666,449)	(74,807,742)	(39,660,213)
Utility expenses	(72,823,419)	(38,866,844)	(51,396,744)	(27,056,157)
Advertising expenses	(27,372,536)	(14,401,466)	(29,599,058)	(14,334,608)
Packaging expenses	(23,125,076)	(12,841,068)	(19,253,485)	(10,698,237)
Tax expenses and duties	(8,378,896)	(4,385,025)	(7,012,566)	(3,513,415)
Maintenance expenses	(6,203,733)	(3,638,159)	(3,841,796)	(2,077,417)
Other marketing and sales expenses	(32,114,615)	(14,685,559)	(28,250,555)	(14,704,452)
	<u>(1,118,581,305)</u>	<u>(582,260,197)</u>	<u>(821,347,063)</u>	<u>(428,510,036)</u>

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**20. MARKETING, SELLING AND GENERAL ADMINISTRATIVE EXPENSES (Continued)**

	1 Ocak - 30 Haziran 2018	1 Nisan - 30 Haziran 2018	1 Ocak - 30 Haziran 2017	1 Nisan - 30 Haziran 2017
<b>General administrative expenses</b>				
Personnel expenses	(14,634,500)	(5,675,445)	(15,386,978)	(8,978,138)
Cash collection expenses	(4,323,451)	(2,388,195)	(3,337,275)	(1,785,918)
Outsourced expenses	(3,204,747)	(1,504,230)	(5,038,290)	(2,672,894)
Information technology expenses	(2,298,607)	(1,230,433)	(2,085,069)	(1,083,353)
Tax expenses and duties	(1,732,826)	(829,889)	(1,279,066)	(535,483)
Amortization expenses (Note 11)	(974,523)	(477,178)	(3,613,101)	(2,072,359)
Rent expenses	(787,525)	(305,683)	(738,083)	(300,363)
Vehicle expenses	(531,178)	(335,386)	(303,683)	(151,481)
Other administrative expenses	(2,004,257)	(436,047)	(2,457,880)	(1,155,567)
	<u>(30,491,614)</u>	<u>(13,182,486)</u>	<u>(34,239,425)</u>	<u>(18,735,556)</u>

**21. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**

	1 January- 31 June 2018	1 April- 31 June 2018	1 January- 31 June 2017	1 April- 31 June 2017
<b>Other income</b>				
Unused provision	175,504	54,679	13,933	10,386
Gain on sale of property and equipment	56,179	5,966	159,910	6,730
Other income	<u>2,454,463</u>	<u>1,897,810</u>	<u>1,705,844</u>	<u>295,090</u>
	<u>2,686,146</u>	<u>1,958,455</u>	<u>1,879,687</u>	<u>312,206</u>
	1 January- 31 June 2018	1 April- 31 June 2018	1 January- 31 June 2017	1 April- 31 June 2017
<b>Other expense</b>				
Provision expense	(4,704,464)	(2,551,711)	(3,385,521)	(1,207,079)
Allowance for doubtful receivables (Note 7)	(3,198)	(3,198)	(30,608)	(30,608)
One-off expenses	(1,800,752)	(1,800,752)	-	-
Loss on sale of property and equipment	(646,452)	(403,982)	(1,743,877)	(1,546,011)
Donations and aids	(364,921)	(306,216)	-	-
Other expenses (-)	<u>(5,115,802)</u>	<u>(2,476,808)</u>	<u>(6,049,006)</u>	<u>(3,908,771)</u>
	<u>(12,635,589)</u>	<u>(7,542,667)</u>	<u>(11,209,012)</u>	<u>(6,692,469)</u>

## SOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

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#### 22. FINANCIAL EXPENSES AND INCOME

For the periods ended 30 June 2018 and 2017 financial expenses are as follows:

	1 January- 30 June 2018	1 April- 30 June 2018	1 January- 30 June 2017	1 April- 30 June 2017
<b>Finance Expense</b>				
Financial expenses from credit purchases and discount on trade receivables	(196,712,242)	(107,357,708)	(138,123,727)	(87,010,121)
Interest on bank overdrafts and loans	(117,589,907)	(51,641,481)	(90,402,730)	(44,216,679)
Interest expense from related parties (Note 24)	(35,172,579)	(9,316,493)	(53,938,906)	(22,364,105)
Interest on finance lease obligations	(20,065,739)	(9,860,019)	(14,759,130)	(7,818,601)
Foreign exchange loss	(15,709,563)	(14,997,680)	(3,417,444)	(88,581)
Other	(1,280,604)	(826,904)	(987,055)	(498,321)
	<u>(386,530,635)</u>	<u>(194,000,286)</u>	<u>(301,628,992)</u>	<u>(161,996,408)</u>

For the periods ended 30 June 2018 and 2017 financial incomes are as follows:

	1 January- 30 June 2018	1 April- 30 June 2018	1 January- 30 June 2017	1 April- 30 June 2017
<b>Finance Income</b>				
Financial income from credit sales and discount on trade payables	32,504,179	2,859,671	46,747,017	41,493,066
Interest income	12,047,115	7,508,907	543,329	422,285
Foreign exchange income	2,390,597	1,062,243	1,047,273	115,090
	<u>46,941,891</u>	<u>11,430,821</u>	<u>48,337,619</u>	<u>42,030,441</u>

#### 23. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 June 2018	30 June 2017
<i>Current tax asset / (liability):</i>		
Current corporate tax provision	(2,174,677)	(1,736,236)
Less: Prepaid tax and funds	2,968,743	627,910
	<u>794,066</u>	<u>(1,108,326)</u>

##### Corporate Tax:

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2018 is 22% (2017: 20%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2018 is 22%. (2017: 20%) Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

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#### 23. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

##### Corporate Tax (Continued):

Furthermore, there is no procedure for a final and definitive agreement on tax assessments in Turkey. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

##### Income Tax Withholding:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied from 22 July 2006 is 15% upon the Council of Minister's Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

##### Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation.

The Group has used the 20% tax rate in calculating the deferred tax assets / liabilities for the related temporary differences in the financial statements as of 30 Haziran 2018 because the related temporary differences are not expected to be reversed in 2018, 2019 and 2020. In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

	Temporary Differences		Deferred Tax	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<b>Deferred tax assets / (liabilities) :</b>				
Losses to be deducted from prior year losses	1,530,407,345	-	323,004,887	-
Property and equipment and intangible assets	(292,922,158)	(298,673,045)	(58,584,432)	(59,734,609)
Inventory	102,850,635	71,387,505	20,570,127	14,277,501
Provision for retirement payments	15,373,039	14,547,415	3,074,608	2,909,483
Provision for unused vacation	45,396,860	37,792,820	9,079,372	7,558,564
Effect of amortized cost method on receivables and payables	(93,943,626)	(90,497,780)	(18,788,725)	(18,099,556)
Provision for legal claims	33,352,900	29,041,210	6,670,580	5,808,242
Provision for doubtful receivables	158,898	158,900	31,780	31,780
Accrual of interest	(45,185)	(2,754,545)	(9,037)	(550,909)
Other	2,006,580	3,528,020	401,316	705,604
	<b>1,342,635,288</b>	<b>(235,469,500)</b>	<b>285,450,476</b>	<b>(47,093,900)</b>

The Group did not calculate deferred tax assets for the UCZ's previous years' losses since there is uncertainty that these losses will be deducted from its taxable income in the foreseeable future

22% tax rate is used for the amount of TL 846,170,900 prior year losses to be deducted that expected to be used in 2019 and 2020 years.

Expiration schedule of carryforward tax losses is as follows :

	30 June 2018	31 December 2017
Expiring in 2018	428,662,893	428,662,893
Expiring in 2019	392,219,600	392,219,600
Expiring in 2020	448,128,324	448,128,324
Expiring in 2021	332,084,618	332,084,618
Expiring in 2022	410,320,467	410,320,467
Expiring in 2023	263,917,406	-
	<b>2,275,333,308</b>	<b>2,011,415,902</b>



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**23. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (Continued))**

The expiration dates of previous year losses for which no deferred tax asset is calculated are as follows:

	30 June 2018	31 December 2017
Expiring in 2018	428,662,893	428,662,893
Expiring in 2019	98,414,934	392,219,600
Expiring in 2020	27,062,051	448,128,324
Expiring in 2021	20,453,443	332,084,618
Expiring in 2022	93,494,932	410,320,467
Expiring in 2023	76,837,710	-
	<b>744,925,963</b>	<b>2,011,415,902</b>

The movement of deferred tax liability for the periods ended as of 30 June 2018 and 2017 is as follows :

	1 January- 30 June 2018	1 January- 30 June 2017
<b><u>Movement of deferred tax asset/ (liabilities):</u></b>		
Opening balance at 1 January	(47,093,900)	(46,333,138)
Recognized in income statement	331,484,889	1,032,605
Recognized in comprehensive income	1,059,486	651,226
Closing balance at 31 December	<b>285,450,475</b>	<b>(44,649,307)</b>

The amounts reflected in comprehensive statement of profit or loss of the periods ended at 30 June 2018 and 2017 are as follows:

	1 January- 30 June 2018	1 January- 30 June 2017
Current corporate tax provision	(2,174,677)	(1,736,236)
Deferred tax income	331,484,889	1,032,605
Total tax income / (expense)	<b>329,310,212</b>	<b>(703,631)</b>

**Tax reconciliation:**

	1 January- 30 June 2018	1 January- 30 June 2017
Loss from continuing operations before taxation	(218,540,913)	(188,616,841)
	<b>%22</b>	<b>%20</b>
Tax at the domestic income tax rate of 20% (2017: 20%)	48,079,001	37,723,368
Tax effects of:		
- Carryforward tax losses not recognized as deferred tax	(13,014,609)	(37,723,368)
- Expenses that are not deductible	2,352,932	9,525,830
- Unused tax losses that are previously not recognized as deferred tax assets	285,588,948	-
- Other	6,303,940	(10,229,461)
Income tax expense recognized in profit or loss	<b>329,310,212</b>	<b>(703,631)</b>

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 24. RELATED PARTY BALANCES AND TRANSACTIONS

	30 June 2018			
	Receivables		Payables	
	Trading	Non-trading	Trading	Non-trading
<b>Shareholders</b>				
Yıldız Holding A.Ş. (*)	-	1,618,035	14,275	25,560,000
<b>Related parties - Controlled by shareholders</b>				
Natura Gıda San. ve Tic. A.Ş.	-	-	32,000,181	-
Kereviş Gıda San. ve Tic. A.Ş.	358,719	-	26,785,217	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	193,643	-	28,570,814	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	1,162,585	-	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	2,083	-	312,454	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	19,165,269	-
Bizim Toptan Satış Magazaları A.Ş.	17,724,194	-	152,959	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	29,297,240	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	675	-	15,925,715	-
Aktül Kağıt Üretim Pazarlama A.Ş.	-	-	14,955,177	-
Poleks Gıda San. ve Dış Tic. A.Ş.	11,200,609	-	2,649	-
Marsa Yağ San. ve Tic. A.Ş.	43,800	-	8,834,658	-
Asil Hamur Undan Mamüller Gıda San. ve Tic. A.Ş.	-	-	4,909,315	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	3,863,146	-
Polinas Plastik San. Tic. A.Ş.	-	-	2,823,579	-
Enfesler Gıda Pazarlama A.Ş.	-	-	2,420,165	-
G2m Dağıtım Pazarlama ve Tic. A.Ş.	1,306,514	-	-	-
Önem Gıda San. ve Tic. A.Ş.	-	-	1,174,506	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	502,106	-	-
Other	700,903	2,444	528,624	-
<b>Jointly Controlled Companies by Shareholders</b>				
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	15,875	-	19,573,528	-
Milhans Gıda Ürün. San. Tic. A.Ş.	-	-	5,632,015	-
CCC Gıda San. ve Tic. A.Ş.	1,050	-	2,236,994	-
Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş.	-	-	1,105,142	-
Kellogg Med Gıda Tic. Ltd. Şti.	8,121	-	39,336	-
	<b>31,556,186</b>	<b>3,285,170</b>	<b>220,322,958</b>	<b>25,560,000</b>

Receivables from related parties result from sales. Major portion of the Group's liabilities to related parties comprise of the liabilities from merchandise purchases. Non-trade payables to and receivables from related parties compose of Group's borrowings obtained from or repayable to Yıldız Holding A.Ş.. Interest is obtained on an effective market interest rate monthly.

(\*) Non-trade payables to Yıldız Holding A.Ş. consist of acquisition of Teközel amounting to TL 25,560,000. No interest is charged on related amount.

In addition, the Group has given order advances to the related parties Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş. and Teközel amounting to TL 19,959,002 and TL 23,167,554 respectively.

# **ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

## **NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

### **24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)**

	31 December 2017			
	Receivables		Payables	
	Trading	Non-trading	Trading	Non-trading
<b>Shareholders</b>				
Yıldız Holding A.Ş.	-	27,674,985	14,328,731	561,260,023
<b>Related parties - Controlled by shareholders</b>				
Kerevitaş Gıda San. ve Tic. A.Ş.	18,399	-	39,823,913	2,478,000
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	114,236,927	36,170,875
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	26,388,423	10,773,400
Bizim Toptan Satış Magazaları A.Ş.	65,623,997	-	53,781	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	38,542,036	-
Aytaş Gıda Yatırım San. Tic. A.Ş.	-	-	35,314,725	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	-	-	38,253,490	-
Aktül Kağıt Üretim Pazarlama A.Ş.	-	-	29,335,025	-
Enfesler Gıda Pazarlama A.Ş.	-	-	29,144,701	-
Poleks Gıda San. ve Dış Tic. A.Ş.	7,712,762	4,471,939	-	-
Marsa Yağ San. ve Tic. A.Ş.	4,638	-	11,959,017	-
Önem Gıda San. ve Tic. A.Ş.	-	-	9,444,474	-
Atademir Gıda San. ve Tic. A.Ş.	54,693	-	8,018,801	-
G2m Dağıtım Pazarlama ve Tic. A.Ş.	7,152,117	-	-	-
Polinas Plastik San. Tic. A.Ş.	-	-	5,628,598	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	4,844,388	-	19,427	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	3,740,141	-
Asil Hamur Ündan Mam. Gıda San. Ve Tic. A.Ş.	-	-	3,872,184	-
Duru G2M Gıda Tarım ve Tem. Ürün. Dağ. Paz. San. A.Ş.	1,282,355	-	-	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	-	-	498,395	-
Other	178,031	2,021	264,582	-
<b>Jointly Controlled Companies by Shareholders</b>				
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	-	-	30,347,095	-
Milhans Gıda Ürün. San. Tic. A.Ş.	-	-	12,770,382	-
CCC Gıda San. ve Tic. A.Ş.	1,100	-	3,029,793	-
Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş.	-	-	1,904,451	-
Kellogg Med Gıda Tic. Ltd. Şti.	-	-	539,666	-
	<b>86,872,480</b>	<b>32,148,945</b>	<b>457,458,758</b>	<b>610,682,298</b>

Detail of Group's non-trade payables to related parties are disclosed below:

Non-Trade payables to related parties	Original Currency	Interest Rate %	Short Term Liabilities (TL Equivalent)
Yıldız Holding A.Ş.	TL	% 17.29	510,861,218
Yıldız Holding A.Ş.	EUR	% 3.6	50,398,805
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	EUR	% 3.6	36,170,875
Besler Gıda ve Kimya San. ve Tic. A.Ş.	TL	-	10,773,400
Kerevitaş Gıda San. ve Tic. A.Ş.	TL	-	2,478,000
			<b>610,682,298</b>

# **ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

## **NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

### **24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)**

1 January - 30 June 2018					
Transactions with related parties	Purchases	Interest received	Interest paid and exchange losses	Other income	Other expense
<b>Shareholders</b>					
Yıldız Holding A.Ş.	-	11,308,710	(33,395,612)	348,009	(669,056)
<b>Related parties - Controlled by shareholders</b>					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	199,524,687	-	(1,210,720)	28,349	(230,327)
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	71,227,395	288	(2,317)	1,443	-
Aytaş Gıda Yatırım San. Tic. A.Ş.	44,250,411	-	-	26,604	(304)
Bizim Toptan Satış Magazaları A.Ş.	-	-	-	36,127,912	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	133,753,895	-	-	-	(375)
Poleks Gıda San. ve Dış Tic. A.Ş.	720,757	-	-	13,343,464	(3,446)
Asil Hamur Undan Mamüller Gıda San. ve Tic. A.Ş.	10,225,184	-	-	105	-
Aktül Kağıt Üretim Pazarlama A.Ş.	21,373,140	-	-	94,216	-
Azmüsebat Çelik San. Tic. A.Ş.	6,044,451	-	-	74,826	-
Atademir Gıda San. ve Tic. A.Ş.	-	-	-	-	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	42,122	2,251,049	(506,006)	-	(568,500)
Enfesler Gıda Pazarlama A.Ş.	44,057,193	-	-	15,272	(684)
Önem Gıda San. ve Tic. A.Ş.	205,620	-	(43,419)	50,222	(2,821,716)
Kerevitaş Gıda San. ve Tic. A.Ş.	31,028,416	-	-	758,862	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	36,856,844	-	-	35,654	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	13,925,372	-	-	28,110	-
Marsa Yağ San. ve Tic. A.Ş.	7,966,924	-	-	27,552	-
Polinas Plastik San. Tic. A.Ş.	3,735,624	-	-	209,867	-
Donuk Fırın Ür. San. ve Tic. A.Ş.	779,660	-	-	-	-
Other	7,480	423	-	542,901	(970,414)
<b>Jointly Controlled Companies by shareholders</b>					
CCC Gıda San. ve Tic. A.Ş.	2,944,341	-	-	25,447	-
Nissin Yıldız Gıda San. ve Tic. A.Ş.	52,128	-	(14,505)	2,687	(2,172)
Kellogg Med Gıda Tic. Ltd. Şti.	917,234	-	-	3,720	(1,069)
Natura Gıda San. ve Tic. A.Ş.	33,650,939	-	-	107,525	-
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	28,097,623	-	-	21,572	-
Milhans Gıda Ürün. San. Tic. A.Ş.	12,605,502	-	-	55	-
	703,992,942	13,560,470	(35,172,579)	51,874,374	(5,268,063)

# ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

### 24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 30 June 2017				
Transactions with related parties	Purchases	Interest received	Interest paid and exchange losses	Other income	Other expense
<b>Shareholders</b>					
Yıldız Holding A.Ş.	2,490,490	549,283	(52,939,263)	18,722	(366,261)
<b>Related parties - Controlled by shareholders</b>					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	205,162,780	-	(989,744)	504,482	-
Bağetürk Gıda San. ve Tic. A.Ş.	71,246,603	-	-	10,863	-
Kereviş Gıda San. ve Tic. A.Ş.	56,105,503	-	-	-	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	61,764,451	-	-	-	-
Aktül Kağıt Üretim Pazarlama A.Ş.	38,326,565	-	-	-	-
Bizim Toptan Satış Magazaları A.Ş.	288,757	-	-	33,157,813	(62,250)
Aytaş Gıda Yatırım San. Tic. A.Ş.	33,201,685	-	-	-	-
Enfesler Gıda Pazarlama A.Ş.	28,171,581	-	-	-	(476)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	27,013,231	-	-	-	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	22,128,262	-	-	87,534	-
Marsa Yağ San. ve Tic. A.Ş.	18,693,490	-	-	-	(660)
Poleks Gıda San. ve Dış Tic. A.Ş.	-	-	-	12,821,052	(591)
Örgen Gıda San. ve Tic. A.Ş.	11,649,256	-	(9,356)	-	-
Önem Gıda San. ve Tic. A.Ş.	5,045,512	-	-	-	(3,397,740)
Azmüsebat Çelik San. Tic. A.Ş.	7,359,259	-	-	-	(3,300)
Polinas Plastik San. Tic. A.Ş.	7,037,610	-	-	-	(2,213)
Atademir Gıda San. ve Tic. A.Ş.	6,537,818	-	-	-	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	990,600	-	-	-	-
Ancoker Su Ürünleri San. ve Tic. A.Ş.	975,284	-	-	-	-
Other	9,359	-	-	470,681	(485,794)
<b>Jointly Controlled Companies by shareholders</b>					
Mihans Gıda Ürün. San. Tic. A.Ş.	16,825,137	-	-	-	-
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	14,740,431	-	-	218	-
CCC Gıda San. ve Tic. A.Ş.	5,249,181	-	-	-	-
Nissin Yıldız Gıda San. ve Tic. A.Ş.	1,094,667	16,490	(543)	5,503	-
Kellogg Med Gıda Tic. Ltd. Şti.	130,512	-	-	11,114	-
PNS Pendik Nişasta San. A.Ş.	-	-	-	34,975	-
	642,238,024	565,773	(53,938,906)	47,122,957	(4,319,285)

The total amount of benefits for the key management personnel in the current period is as follows:

	1 January- 30 June 2018	1 January- 30 June 2017
Salaries and short term benefits	4,457,520	4,128,256
	4,457,520	4,128,256

## SOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 25. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

##### (a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 6, other payables to non-related parties disclosed in Note 8, other receivables from related parties and other payables to related parties disclosed in Note 24, cash and cash equivalents disclosed in Note 5 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 18.

Group management reviews capital based on the leverage ratio to be consistent with other companies in industry. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of borrowings, other receivables from related parties and other payables to related parties and interest bearing other payables to non-related parties) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the consolidated balance sheet.

As of 30 June 2018 and 31 December 2017 net debt / total capital ratio is as follows:

	30 June 2018	31 December 2017
Total liabilities	537,487,689	2,322,295,791
Less: Cash and cash equivalents (Note 5)	(414,767,226)	(92,091,962)
Net debt	122,720,463	2,230,203,829
Total equity	302,117,619	(2,184,969,842)
Total capital	424,838,082	45,233,987
Gearing ratio	29%	4930%

##### (b) Financial Risk Factors:

The Group's corporate treasury function provides services to the business, coordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk and cash flow interest rate risk.

The treasury department presents the financial and risk positions of the Group and how to reduce financial risks of the Group to the Board of Directors three times a year and sends monthly reports of its financial position to the main shareholders.

##### (c) Credit Risk Management

Credit risk refer to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Receivables arising from sales consists of credit card slips. Since the customers are final consumers, the Group has no risk for credit card slip receivables.

The risk arised from the advances and deposits given in order to make investments by the Group, is under control by obtaining letter of guarantees from various banks. Based on the Group policy, the Group does not pay any advance or deposits without obtaining a letter of guarantee from banks.

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**25. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)**

**(c) Credit Risk Management (Continued)**

**The credit risks exposed because of financial instrument types**

The credit risks exposed because of financial instrument types	Receivables				Deposits in banks
	Trade receivables		Other Receivables		
30 June 2018	Related Party	Other	Related Party	Other	
Maximum net credit risk as of balance sheet date (i)	31,556,186	99,261,025	3,285,170	13,066,833	364,005,775
The part of maximum risk under guarantee with collateral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	31,556,186	79,835,495	3,285,170	13,066,833	364,005,775
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets	-	19,425,530	-	-	-
D. Impaired asset net book value					
- Past due (gross amount)	-	8,368,213	-	-	-
- Impairment (-)	-	(8,368,213)	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not over due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-

(i) The factors that increase the credit reliability such as guarantees received are not considered in the balance.

(ii) Except for "the part of maximum risk under guarantee with collateral.", there is a credit card receivable amounting to TL 17,017,774 which holds no credit risk.

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**25. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)**

**(c) Credit Risk Management (Continued)**

**The credit risks exposed because of financial instrument types**

The credit risks exposed because of financial instrument types	Receivables				Deposits in banks
	Trade receivables		Other Receivables		
31 December 2017	Related Party	Other	Related Party	Other	
Maximum net credit risk as of balance sheet date (i)	86,872,480	180,761,735	32,148,945	10,445,621	28,916,835
The part of maximum risk under guarantee with collateral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	86,872,480	167,080,209	32,148,945	10,445,621	28,916,835
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets	-	13,681,526	-	-	-
D. Impaired asset net book value					
- Past due (gross amount)	-	8,418,377	-	-	-
- Impairment (-)	-	(8,418,377)	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not over due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-

(i) The factors that increase the credit reliability such as guarantees received are not considered in the balance.

(ii) Except for "the part of maximum risk under guarantee with collateral ", there is a credit card receivable amounting to TL 69,803,732 which holds no credit risk..



## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 25. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

##### (d) Liquidity risk management:

Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

##### Liquidity Risk Tables

The following table details the Group's expected maturity for its non-derivative financial assets and prepared with the assumption that the liabilities will be paid as soon as they mature. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets.

The maturities estimated by the Group are same as the maturities on agreements

##### 30 June 2018

	<u>Book value</u>	<u>Contractual undiscounted cash flow (I+II+III+IV)</u>	<u>Up to 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>
<b>Financial liabilities</b>					
Bank borrowings	256,054,210	271,245,419	271,245,419	-	-
Leasing payables	259,158,649	312,164,887	33,797,308	101,391,923	176,975,656
Trade payables	2,171,565,140	2,171,565,140	2,171,565,140	-	-
Other payables	25,854,098	25,854,098	-	25,854,098	-
<b>Total liability</b>	<b>2,712,632,097</b>	<b>2,780,829,544</b>	<b>2,476,607,867</b>	<b>127,246,021</b>	<b>176,975,656</b>

##### 31 December 2017

	<u>Book value</u>	<u>Contractual undiscounted cash flow (I+II+III+IV)</u>	<u>Up to 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 years (III)</u>
<b>Financial liabilities</b>					
Bank borrowings	1,402,437,385	1,584,489,939	670,812,873	913,677,066	-
Leasing payables	306,573,922	370,634,919	34,157,163	102,471,490	234,006,266
Trade payables	2,193,083,265	2,193,083,265	2,193,083,265	-	-
Other payables	645,718,799	645,718,799	-	645,718,799	-
<b>Total liability</b>	<b>4,547,813,371</b>	<b>4,793,926,922</b>	<b>2,898,053,301</b>	<b>1,661,867,355</b>	<b>234,006,266</b>

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**25. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)****(e) Market Risk Management**

The Group's activity is subject to very limited financial risks of changes in foreign currency exchange rates.

Market risk exposures of the Group are measured using sensitivity analysis.

In the current period there has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

**Foreign currency risk management**

Transactions in foreign currencies expose the Group to foreign currency risk. The Group does not use any derivative instruments to preserve its foreign currency risk as a result of its major transactions and cash flows.

The detail by foreign currency of the Group's monetary assets and liabilities with foreign currencies as below:

<b>30 June 2018</b>	<b>TL Equivalent (Functional Currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>
Trade receivables	1,868,525	-	2,554	310,143
Monetary financial assets	1,045,530	-	196,928	-
<b>CURRENT ASSETS</b>	<b>2,914,055</b>	<b>-</b>	<b>199,482</b>	<b>310,143</b>
Monetary financial assets	1,572,694	344,836	-	-
<b>NON CURRENT ASSETS</b>	<b>1,572,694</b>	<b>344,836</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>4,486,749</b>	<b>344,836</b>	<b>199,482</b>	<b>310,143</b>
Trade payables	16,952,243	3,687,104	25,704	-
Financial liabilities	592,053	129,816	-	-
<b>CURRENT LIABILITIES</b>	<b>17,544,296</b>	<b>3,816,920</b>	<b>25,704</b>	<b>-</b>
Monetary other liabilities	622,647	-	117,277	-
<b>NON CURRENT LIABILITIES</b>	<b>622,647</b>	<b>-</b>	<b>117,277</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>18,166,943</b>	<b>3,816,920</b>	<b>142,981</b>	<b>-</b>
Net foreign currency position	(13,680,195)	(3,472,084)	56,501	310,143
Monetary items net foreign currency asset / liability position	(13,680,195)	(3,472,084)	56,501	310,143

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 25. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)

##### Foreign currency risk management (Continued)

31 December 2017

	TL Equivalent (Functional Currency)	US Dollar	Euro	Other
Trade receivables	8,576,940	151,830	1,772,617	-
Monetary financial assets	48,988	4,993	6,682	-
<b>CURRENT ASSETS</b>	<b>8,625,928</b>	<b>156,823</b>	<b>1,779,299</b>	<b>-</b>
Monetary financial assets	558,241	148,000	-	-
<b>NON CURRENT ASSETS</b>	<b>558,241</b>	<b>148,000</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>9,184,169</b>	<b>304,823</b>	<b>1,779,299</b>	<b>-</b>
Trade payables	1,925,100	301,794	174,236	-
Financial liabilities	120,261,975	-	26,633,147	-
<b>CURRENT LIABILITIES</b>	<b>122,187,075</b>	<b>301,794</b>	<b>26,807,383</b>	<b>-</b>
Monetary other liabilities	951,664	68,562	153,483	-
<b>NON CURRENT LIABILITIES</b>	<b>951,664</b>	<b>68,562</b>	<b>153,483</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>123,138,739</b>	<b>370,356</b>	<b>26,960,866</b>	<b>-</b>
Net foreign currency position	(113,954,570)	(65,533)	(25,181,567)	-
Monetary items net foreign currency asset / liability position	(113,954,570)	(65,533)	(25,181,567)	-

##### Foreign currency sensitivity

The Company undertakes certain transactions denominated in US Dollar hence exposures to certain exchange rate fluctuations arise. As of 30 June 2018, a 10% strengthening of US Dollar against the TL, on the basis that all other variables remain constant, would have increased loss before taxation by TL 1,583,513 (30 June 2017: TL 82,777).

The Company undertakes certain transactions denominated in Euro hence exposures to certain exchange rate fluctuations arise. As of 30 June 2018, a 10% strengthening of Euro against the TL, on the basis that all other variables remain constant, would have decreased loss before taxation by TL 29,998 (30 June 2017: TL 10,073,346 increase).

##### Interest rate sensitivity

The Group is not subject to interest rate risk, as the Group does not have any floating rate liability.

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY – 30 JUNE 2018**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**25. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS (Continued)**Other price risks

The Group does not hold equity investments or liability like bond / stocks etc. which can be exposed to price changes.

**26. FINANCIAL INSTRUMENTS**

Categories of financial instruments:

Categories of financial instruments and fair values

	Amortized cost	Financial assets at fair value through other comprehensive income	Carrying value	Note
30 June 2018				
<u>Financial assets</u>				
Cash and cash equivalents	414,767,226	-	414,767,226	5
Trade receivables (including related parties)	130,817,211	-	130,817,211	7
Other receivables (including related parties)	16,352,003	-	16,352,003	8
<u>Financial liabilities</u>				
Borrowings and finance leases	515,212,859	-	515,212,859	6
Trade payables (including related parties)	2,171,565,140	-	2,171,565,140	7
Other liabilities (including related parties)	25,854,098	-	25,854,098	8
31 December 2017				
<u>Financial assets</u>				
Cash and cash equivalents	92,091,962	-	92,091,962	5
Trade receivables (including related parties)	267,634,215	-	267,634,215	7
Other receivables (including related parties)	42,594,566	-	42,594,566	8
<u>Financial liabilities</u>				
Borrowings and finance leases	1,709,011,307	-	1,709,011,307	6
Trade payables (including related parties)	2,193,083,265	-	2,193,083,265	7
Other liabilities (including related parties)	645,718,799	-	645,718,799	8

Group management believes that the carrying value of the financial instruments approximate to their fair values.

## ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2018

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

#### 27. EARNINGS PER SHARE

As of 30 June 2018 and 2017 loss per share calculation is as follows:

	1 January 30 June 2018	1 April 30 June 2018	1 January 30 June 2017	1 April 30 June 2017
Net loss for the period from continuing operations attributable to equity holders of the parents	110,534,758	230,867,861	(174,104,809)	(74,355,247)
Average number of shares outstanding during the period (full value)	420,182,936	480,365,873	360,000,000	360,000,000
Losses / (earnings) per share from continuing operations	0.2631	0.4806	(0.4836)	(0.2065)
Net loss for the period from discontinued operations attributable to equity holders of the parents	(547,114)	(1,382,936)	3,776,901	3,397,761
Average number of shares outstanding during the period (full value)	420,182,936	480,365,873	360,000,000	360,000,000
Losses / (earnings) per share from discontinued operations	(0.0013)	(0.0029)	0.0105	0.0094

#### 28. DISCONTINUED OPERATIONS

Due to change in its shareholding structure Teközel has decided to gradually discontinue its retail, wholesale and export operations associated with customers other than Şok Marketler Ticaret A.Ş. ("Non-Şok Operations") from 1 January 2018 and has discontinued the related operations as of 30 June 2018.

All profit and loss items of the operations to be withdrawn are shown in the "Profit from discontinued operations" line in the income statement.

	1 January 30 June 2018	1 April 30 June 2018	1 January 30 June 2017	1 April 30 June 2017
Profit for the period from discontinued operation:	2018	2018	2017	2017
Revenue	106,189,409	(12,228,445)	292,298,554	145,220,243
Cost of sales (-)	(104,456,449)	10,538,484	(286,179,921)	(140,685,966)
<b>Gross profit</b>	<b>1,732,960</b>	<b>(1,689,961)</b>	<b>6,118,633</b>	<b>4,534,277</b>
General administrative expenses (-)	(1,047,433)	(89,843)	(979,848)	(352,480)
Marketing and sales expenses (-)	(860,161)	(23,371)	(1,301,564)	(761,585)
Finance income and expenses	(372,480)	420,239	(60,320)	(22,451)
<b>Loss from operations before taxation</b>	<b>(547,114)</b>	<b>(1,382,936)</b>	<b>3,776,901</b>	<b>3,397,761</b>

#### 29. EVENTS AFTER THE REPORTING PERIOD

According to our Board of Directors' resolution no.38 dated 16.07.2018, and within the scope of the option agreement dated 31.12.2017 announced in the prospectus that was approved by the Capital Markets Board for the public offering of our shares, the remainder of Teközel that Group owned 55% of previously, amounting to 45% of shares (450.000 shares) are purchased with the rights, benefits, liabilities and debts, for the price of 25.560.000 TL in cash from Hüner Pazarlama ve Ticaret A.Ş., which is a fully owned subsidiary of Yıldız Holding A.Ş., and the shares transfer is completed. The amount of 25.560.000 TL that is the price of the shares purchased this time, is determined as 45% of the total shares amounting to 56.800.000 TL, of which 55% of shares were previously purchased.

**ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES****SUPPLEMENTARY UNAUDITED INFORMATION**

(Amounts are expressed as Turkish Lira ("TL") unless otherwise stated.)

**APPENDIX 1 - SUPPLEMENTARY UNAUDITED INFORMATION**

The supporting information not required by IFRS is considered important for the Group's financial performance by the Group management and the calculation of EBITDA (earnings before interest, tax, depreciation and amortization) and (earnings before interest, tax, depreciation and amortization and warehouse and rent expenses) EBITDAR are presented below. The Group calculates the adjusted EBITDA (earnings before interest, tax, depreciation and amortization, other income and expense royalty expense effect and Teközel wholesale operation) for the better understanding of investors and other interested parties about Group operations. The Group calculated the adjusted EBITDAR by excluding rent expenses on adjusted EBITDA.

	1 January- 30 June 2018	1 April- 30 June 2018	1 January- 30 June 2017	1 April- 30 June 2017
<b>Profit / (Loss) from continuing operations for the period</b>	<b>110,769,299</b>	<b>230,858,273</b>	<b>(189,320,472)</b>	<b>(80,635,332)</b>
Tax (expense) / income	329,310,212	331,450,931	( 703,631)	( 3,162,621)
<b>Loss from continuing operations before taxation</b>	<b>( 218,540,913)</b>	<b>( 100,592,658)</b>	<b>( 188,616,841)</b>	<b>( 77,472,711)</b>
Financial income and expense net	( 339,588,744)	( 182,569,465)	( 253,291,373)	( 119,965,967)
Amortization and depreciation	( 96,409,473)	( 50,143,627)	( 78,420,843)	( 41,732,572)
<b>EBITDA</b>	<b>217,457,304</b>	<b>132,120,434</b>	<b>143,095,375</b>	<b>84,225,828</b>
Other income and expense net	( 9,949,443)	( 5,584,212)	( 9,329,325)	( 6,380,263)
Royalty expense effect (*)	-	-	( 3,123,120)	( 1,708,937)
<b>Adjusted EBITDA</b>	<b>227,406,747</b>	<b>137,704,646</b>	<b>155,547,820</b>	<b>92,315,028</b>
Warehouse and Rent Expenses (**)	255,107,524	131,931,129	186,833,814	98,273,682
<b>Adjusted EBITDAR</b>	<b>482,514,271</b>	<b>269,635,775</b>	<b>342,381,634</b>	<b>190,588,710</b>

(\*) By the end of 2017 the Group has acquired the brands for which royalty has been paid in the current and prior years. These royalty expenses have been recharged to Yıldız Holding in 2017 and the recharged amount has been accounted under shareholder's equity. Royalty expenses have been adjusted in the table above for the year 2017 as the related brands are now owned by Şok as Şok will no longer bear royalty expenses (2017:TL 3,123,120).

(\*\*) Rent expenses consist of rent expenses of stores, warehouses and administrative buildings.

Such financial information are presented for informational purposes and are not an integral part of the consolidated financial statements.