ŞOK MARKETLER TİCARET A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED 31 DECEMBER 2017,
2016 AND 2015

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the General Assembly of
Şok Marketler Ticaret Anonim Şirketi

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Şok Marketler Ticaret Anonim Şirketi (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated balance sheets as at 31 December 2017, 2016 and 2015 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (*IESBA Code) and "Independence Audit by-Law" published by the Public Oversight Accounting and Auditing Standards Authority (POA) and independent auditing requirements referred to in the Turkish Commercial Code ("TCC") (collectively referred to as "Turkish Local Independence Rules"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and Turkish Local Independence Rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of TL 433,684,003 during the year ended 31 December 2017 and as of that date the Group's total current liabilities exceeded total current assets by TL 3,416,017,685. Additionally, as of 31 December 2017 total equity is also negative TL 2,185,328,546 and is not sufficient based on Turkish Commercial Code Article No 376. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Deloitte.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 audit 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. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Hakan Erten.

DRT Bağımsız Denetim ve SMMM A.Ş.

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

İstanbul, 18 April 2018

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ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017, 2016 AND 2015

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

ASSETS

Current Assets	Notes	31 December 2017	Restated(*) 31 December 2016	Restated(*) 31 December 2015
Cash and cash equivalents	5	92,091,962	60,831,032	32,794,413
Trade receivables	7	267,185,835	336,931,035	285,935,576
Due from related parties	24	86,872,480	71,477,129	47,439,049
Other trade receivables		180,313,355	265,453,906	238,496,527
Other receivables	8	36,899,176	22,168,652	20,438,207
Due from related parties	24	32,148,945	18,790,466	17,408,191
Other receivables		4,750,231	3,378,186	3,030,016
Inventories	9	636,247,122	503,380,085	418,182,386
Prepaid expenses	10	8,433,138	8,967,499	4,285,423
Other current assets	17	35,297,980	10,155,617	1,837,396
Total Current Assets		**1,076,155,213**	**942,433,920**	**763,473,401**
Non Current Assets				
Other receivables	8	5,695,390	4,033,882	3,270,558
Property and equipment	11	849,530,114	607,626,432	344,086,138
Intangible assets		677,027,576	672,144,581	672,825,083
Goodwill	13	578,942,596	578,942,596	578,942,596
Other intangible assets	12	98,084,980	93,201,985	93,882,487
Other non current assets	17	8,601	64,438	484,846
Total Non-Current Assets		**1,532,261,681**	**1,283,869,333**	**1,020,666,625**
TOTAL ASSETS		**2,608,416,894**	**2,226,303,253**	**1,784,140,026**

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

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017, 2016 AND 2015

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

LIABILITIES AND EQUITY

Current Liabilities	Notes	31 December 2017	Restated(*) 31 December 2016	Restated(*) 31 December 2015
Short term borrowings	6	1,402,437,385	1,099,639,232	873,562,535
Short term portion of long term borrowings	6	-	-	250,000,000
Obligations under finance leases	6	102,412,883	57,145,299	34,013,860
Trade payables	7	2,193,083,265	1,664,900,340	1,154,216,382
Due to related parties	24	457,458,758	393,330,371	312,140,931
Other trade payables		1,735,624,507	1,271,569,969	842,075,451
Other payables	8	645,718,799	600,900,136	147,558,008
Due to related parties	24	610,682,298	572,993,627	146,221,747
Other payables		35,036,501	27,906,509	1,336,261
Payables regarding employee benefits	16	79,106,917	48,516,643	22,689,629
Deferred income	10	8,665,160	2,579,680	2,001,996
Other short term provisions	24	43,049,962	36,736,311	30,444,069
Provision for short term employee benefits	16	12,193,626	9,344,963	6,638,473
Other provisions	14	30,856,336	27,391,348	23,805,596
Other current liabilities	17	17,698,527	15,776,360	7,870,711
Total Current Liabilities		**4,492,172,898**	**3,526,194,001**	**2,522,357,190**
Non Current Liabilities				
Obligations under finance leases	6	204,161,039	153,540,438	80,656,542
Provision for long term employee benefits	16	40,146,612	30,459,964	20,467,049
Deferred tax liabilities	23	47,004,225	46,171,628	43,951,822
Deferred income	10	9,531,906	-	-
Other payables	8	728,760	605,113	523,418
Total Non-Current Liabilities		**301,572,542**	**230,777,143**	**145,598,831**
EQUITY				
Share capital	18	360,000,000	360,000,000	360,000,000
Other comprehensive income or expense that will not be reclassified to profit or loss:				
Actuarial loss / gain		(15,317,761)	(9,022,805)	131,637
Restricted reserves appropriated from profits	18	260,000	220,000	220,000
Effect of transactions under common control		(438,284,421)	(156,558,499)	1,000,000
Accumulated losses		(1,539,724,663)	(1,245,254,004)	(872,581,613)
Net loss for the year		(389,843,353)	(361,491,971)	(372,672,391)
Shareholder's equity		**(2,022,910,198)**	**(1,412,107,279)**	**(883,902,367)**
Non-controlling interests		**(162,418,348)**	**(118,560,612)**	**86,372**
Total Equity		**(2,185,328,546)**	**(1,530,667,891)**	**(883,815,995)**
TOTAL LIABILITIES AND EQUITY		**2,608,416,894**	**2,226,303,253**	**1,784,140,026**

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

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017, 2016 AND 2015

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

	Notes	1 January- 31 December 2017	Restated(*) 1 January- 31 December 2016	Restated(*) 1 January- 31 December 2015
Revenue	19	9,512,254,042	6,726,102,717	5,071,943,474
Cost of sales (-)	19	(7,478,663,120)	(5,401,535,657)	(4,160,912,067)
Gross profit		**2,033,590,922**	**1,324,567,060**	**911,031,407**
Marketing and selling expenses (-)	20	(1,811,399,486)	(1,283,407,365)	(958,997,707)
General administrative expenses (-)	20	(65,203,987)	(43,871,484)	(43,745,711)
Other income from operating activities	21	2,169,618	237,406	21,087,898
Other expenses from operating activities (-)	21	(36,776,391)	(10,824,274)	(26,750,879)
Operating profit / (loss)		**122,380,676**	**(13,298,657)**	**(97,374,992)**
Financial expense	22	(645,609,591)	(446,046,754)	(304,898,603)
Financial income	22	94,046,470	89,020,666	48,910,409
Loss from operations before taxation		**(429,182,445)**	**(370,324,745)**	**(353,363,186)**
Income tax expense	23	(2,090,951)	(400,125)	(200,073)
Deferred tax expense	23	(2,410,607)	(4,036,216)	(19,072,760)
LOSS FOR THE YEAR		**(433,684,003)**	**(374,761,086)**	**(372,636,019)**
Attributable to:				
Equity holders of the parent		(389,843,353)	(361,491,971)	(372,672,391)
Non-controlling interests		(43,840,650)	(13,269,115)	36,372
Loss per share	27	**(1.0829)**	**(1.0041)**	**(1.0352)**
Other Comprehensive Income and Loss				
Items that will not be reclassed to profit or loss		(6,312,042)	(9,493,313)	311,121
Defined benefit plans remeasurement (losses) / gains	16	(7,890,052)	(11,866,641)	388,901
Tax related to other comprehensive income that will not be reclassified to profit or loss Deferred tax income / (expense)	23	1,578,010	2,373,328	(77,780)
OTHER COMPREHENSIVE INCOME AND LOSS		**(6,312,042)**	**(9,493,313)**	**311,121**
TOTAL OTHER COMPREHENSIVE LOSS		**(439,996,045)**	**(384,254,399)**	**(372,324,898)**
Total compherensive expense attributable to:				
Non-Controlling Interests		(43,857,736)	(13,607,986)	36,372
Equity Holders of the Parent		(396,138,309)	(370,646,413)	(372,361,270)
LOSS FOR THE YEAR		**(439,996,045)**	**(384,254,399)**	**(372,324,898)**

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

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017, 2016 AND 2015

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

		Accumulated other comprehensive income or expenses that will not be reclassified to profit or loss			Retained Earnings / Accumulated Losses				
	Share capital	Actuarial loss / gain	Restricted reserves	Effect of transactions under common control (*)	Loss for the year	Accumulated Losses	Shareholder's Equity	Non-controlling interests	Equity
Balance as of 1 January 2015	**360,000,000**	**(155,860)**	**20,000**	**-**	**(338,832,464)**	**(533,006,639)**	**(511,974,963)**	**-**	**(511,974,963)**
Effect of restatement	-	(23,624)	200,000	1,000,000	(8,509,361)	7,766,851	433,866	-	433,866
Restated as of 1 January 2015	**360,000,000**	**(179,484)**	**220,000**	**1,000,000**	**(347,341,825)**	**(525,239,788)**	**(511,541,097)**	**-**	**(511,541,097)**
Transfer to retained earnings	-	-	-	-	347,341,825	(347,341,825)	-	-	-
Effect of transactions under common control	-	-	-	-	-	-	-	50,000	50,000
Total comprehensive loss	-	311,121	-	-	(372,672,391)	-	(372,361,270)	36,372	(372,324,898)
Balance as of 31 December 2015	**360,000,000**	**131,637**	**220,000**	**1,000,000**	**(372,672,391)**	**(872,581,613)**	**(883,902,367)**	**86,372**	**(883,815,995)**
Balance as of 1 January 2016	**360,000,000**	**172,392**	**20,000**	**-**	**(374,417,129)**	**(871,840,169)**	**(886,064,906)**	**86,372**	**(885,978,534)**
Effect of restatement (2.10)	-	(40,755)	200,000	1,000,000	1,744,738	(741,444)	2,162,539	-	2,162,539
Restated as of 1 January 2016	**360,000,000**	**131,637**	**220,000**	**1,000,000**	**(372,672,391)**	**(872,581,613)**	**(883,902,367)**	**86,372**	**(883,815,995)**
Transfer to retained earnings	-	-	-	-	372,672,391	(372,672,391)	-	-	-
Effect of transactions under common control (*)	-	-	-	(157,558,499)	-	-	(157,558,499)	(105,038,998)	(262,597,497)
Total comprehensive loss	-	(9,154,442)	-	-	(361,491,971)	-	(370,646,413)	(13,607,986)	(384,254,399)
Balance as of 31 December 2016	**360,000,000**	**(9,022,805)**	**220,000**	**(156,558,499)**	**(361,491,971)**	**(1,245,254,004)**	**(1,412,107,279)**	**(118,560,612)**	**(1,530,667,891)**
Balance as of 1 January 2017	**360,000,000**	**(9,022,805)**	**220,000**	**(156,558,499)**	**(361,491,971)**	**(1,245,254,004)**	**(1,412,107,279)**	**(118,560,612)**	**(1,530,667,891)**
Transfer to retained earnings	-	-	40,000	-	361,491,971	(361,531,971)	-	-	-
Effect of transactions under common control (*)	-	-	-	(281,725,922)	-	67,061,312	(214,664,610)	-	(214,664,610)
Total comprehensive loss	-	(6,294,956)	-	-	(389,843,353)	-	(396,138,309)	(43,857,736)	(439,996,045)
Balance as of 31 December 2017	**360,000,000**	**(15,317,761)**	**260,000**	**(438,284,421)**	**(389,843,353)**	**(1,539,724,663)**	**(2,022,910,198)**	**(162,418,348)**	**(2,185,328,546)**

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

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017, 2016 AND 2015

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

	Notes	1 January- 31 December 2017	Restated(*) 1 January- 31 December 2016	Restated(*) 1 January- 31 December 2015
A.Cash Generated by Operating Activities				
Loss for the year		(433,684,003)	(374,761,086)	(372,636,019)
Adjustments related to reconciliation of net loss/profit for the year				
-Depreciation of property and equipment	11	163,011,875	107,409,548	84,953,383
-Amortization of intangible assets	12	1,999,012	2,956,084	2,674,283
-Provision for retirement pay	16	3,489,425	3,778,085	11,593,630
-Provision for doubtful receivables	7	901,920	65,916	32,055
-Donation payment	21	1,848,501	2,120,500	1,715,388
-Provision for unused vacation	16	12,303,139	10,222,170	11,815,785
-Lawsuit provisions	14	5,140,389	5,378,114	3,778,838
-Impairment on property and equipment and intangible assets	11-12	14,832,338	-	-
-Allowance for / reversal of impairment on inventories, net	9	(4,777,171)	9,985,877	-
- (Gain) / Loss on sale of property and equipment, net	21	3,876,315	1,500,986	3,845,317
-Tax provision	23	4,501,558	4,436,341	19,272,833
-Interest income	22	(2,480,102)	(1,373,315)	(359,698)
-Interest expense	22	362,958,489	237,174,357	160,696,825
Cash generated by / (used in) operations before changes in working capital		**133,921,685**	**8,893,577**	**(72,617,380)**
Changes in working capital :				
Changes in trade receivables		68,687,541	(59,229,465)	12,259,408
Changes in inventories		(128,089,866)	(79,782,576)	(88,408,363)
Changes in other receivables and current assets		(10,639,415)	535,354	17,109,995
Changes in trade payables		528,182,925	504,210,545	206,287,276
Changes in other payables and expense accruals		39,766,080	25,823,272	11,311,153
Changes in prepaid expenses		16,151,747	(4,459,076)	(1,569,840)
Collections from doubtful receivables	7	155,739	3,395	170,560
Donation payments	21	(1,848,501)	(2,120,500)	(1,715,388)
Payments for lawsuits	14	(1,675,401)	(1,792,362)	(12,055,358)
Retirement benefits paid	16	(5,857,632)	(9,530,167)	(11,418,555)
Unused vacation provision paid	16	(5,289,673)	(4,468,680)	(5,561,087)
Cash provided by operations		**633,465,229**	**378,083,317**	**53,792,421**
Income taxes paid		(2,999,334)	(470,786)	(244,685)
Net cash generated by operating activities:		**630,465,895**	**377,612,531**	**53,547,736**
B.INVESTING ACTIVITIES				
Interest received	22	2,480,102	1,373,315	359,698
Purchases of property and equipment	11	(255,082,264)	(217,752,960)	(73,436,883)
Purchases of intangible assets	12	(7,270,847)	(1,961,048)	(7,221,145)
Proceeds from the sale of property and equipment		1,080,564	913,901	2,465,267
VAT paid for acquisition of brands		(29,930,760)	-	-
Cash paid regarding purchases of stores	13	-	-	(910,470)
Cash used in investing activities		**(288,723,205)**	**(217,426,792)**	**(78,743,533)**
C.FINANCING ACTIVITIES				
Cash from the sale of subsidiary		-	-	48,934
Payments for finance leases	6	(73,345,485)	(40,761,313)	(18,400,669)
Interests paid		(328,891,779)	(174,089,562)	(158,968,907)
Changes in other payables to related parties		(438,407,089)	92,629,058	(119,041,738)
Common control transaction related to acquisition of brands		204,631,150	-	-
Common control transaction related with Teközel		56,800,000	-	-
Incoming cash from business combination under common control of UCZ		-	13,996,000	-
Proceeds from borrowings	6	519,284,967	284,531,827	328,893,393
Repayments of borrowings	6	(250,553,524)	(308,455,130)	-
Net cash (used in) / generated from financing activities		**(310,481,760)**	**(132,149,120)**	**32,531,013**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**31,260,930**	**28,036,619**	**7,335,216**
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**60,831,032**	**32,794,413**	**25,459,197**
E.CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)	5	**92,091,962**	**60,831,032**	**32,794,413**

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

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 24,255 as of 31 December 2017 (31 December 2016: 18,931, 31 December 2015: 12,947).

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"). After the reporting period Teközel acquired the remaining 40% to reach to a total of 100% shareholding at UCZ as noted in Note 28.

As of 31 December 2017, the Group has a total of 5,598 stores (5,100 units ("Şok" sales store) and 498 units ("UCZ" sales store) (31 December 2016: "Şok" sales store: 4,000, "UCZ" sales store: 476; 31 December 2015: "Şok" sales store: 3,000, "UCZ" sales store: None).

The Group's internet address is www.sokmarket.com.tr.

Dividend Payable:

Management did not propose any dividend per share related with current year. Dividend payables are subject to approval in the annual General Assembly meeting.

Approval of financial statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 27 February 2018. The General Assembly has the authority to amend/modify the financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the presentation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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.

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 (unaudjusted) 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.

2.3 Going Concern

Consolidated financial statements of the Group have been prepared on the basis of the going concern under the assumption that the Group will benefit from its assets and fulfill its obligations within the next year and the natural course of its activities. As of 31 December 2017, when consolidated financial statements are taken into consideration, the Group's capital has remained inadequate in terms of Article 376 of the Turkish Commercial Code. Due to the fact that the Group is in the investment period, total current liabilities exceed total current assets by TL 3,416,017,685. The Group's net loss for the year ended 31 December 2017 is TL 433,684,003 and the total equity is negative TL 2,185,328,546. The Group has started to increase the number of stores rapidly starting from 2015. 1,000 stores were opened in 2016 and 1,100 new stores were opened in 2017, and the Group plans to open similar number of stores in the coming years. Although the stores cannot make profit in the first year of opening, they begin to make profits in the following years. Accordingly, management anticipates that the stores will be profitable in future periods, which will contribute positively to the equity of the Group. The ultimate shareholder of the Group, Yıldız Holding A.Ş. and main shareholder Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş., commit to provide continued financial support to do Group, when needed, to ensure that the Group does not face any difficulties in paying its existing liabilities. Under these circumstances, the Group management believes that the Group will continue its activities for the foreseeable future.

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

2.4 Basis of Consolidation

The details of the Group's subsidiaries at 31 December 2017, 31 December 2016 and 31 December 2015 are as follows:

	31 December 2017	31 December 2016	31 December 2015	31 December 2017	31 December 2016	31 December 2015
Subsidiaries	Direct Ownership Rate %			Effective Rate %		
Mevsim Taze Sebze Meyve San. Ve Tic. A.Ş.	80%	80%	80%	80%	80%	80%
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş. (*)	55%	55%	55%	55%	55%	55%
UCZ Mağazacılık Tic. A.Ş. (**)	-	-	-	60%	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 has the right to request the transfer of shares together with all rights, interests, liabilities and debts of the shares with a written notice to the Yıldız Holding A.Ş. until June 30, 2018. Yıldız Holding A.Ş. shall have the right to demand the take over of shares by Şok together with all rights, interests, obligations and debts with a written notice to be sent to Şok by 30 June 2018 at the latest. The Group anticipates that this put or call option will be used and accordingly, the liability for this option has been recognized in other payables to related parties. Therefore Şok consolidates Teközel with the effective rate of 100% as if the related option had been exercised.

(**) 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. After the reporting period, 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. For the year ended 31 December 2017, revenue and loss for the year attributable to UCZ is TL 291,673,946 and TL 110,898,714, respectively.(TL 110,318,648 and TL 33,544,126, respectively, for the period between 1 July 2016 and 31 December 2016).

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.

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

2.5 Changes in Accounting Policies

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

The Group began to calculate write off for the inventory of its store by estimating loss and theft amounts between the year end and last count date by the beginning of 2017. The change in the accounting policy is applied consistently to 2016 and 2015 financial statements (Note 2.10).

2.6 Changes in Accounting Estimates and Errors

<u>Following changes in key estimates:</u>

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.

<u>Following errors:</u>

If any significant accounting errors are identified, changes are applied retrospectively and prior year's financial statements are restated. The Group has restated its' financial statements in the current year as described in detail in Note 2.10.

Volume rebates received from purchases, which were previously recognized directly as revenues are deducted from the carrying value of the inventories.

2.7 Application of new and revised IFRSs

a) <u>Amendments to IFRSs that are mandatorily effective for the current year</u>

Amendments to IAS 7 Disclosure Initiative

This amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities consist of borrowings (Note 6) and certain other financial liabilities (Note 26). A reconciliation between the opening and closing balances of these items is provided in Note 6. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 6, the application of these amendments has had no impact on the Group's consolidated financial statements.

b) <u>New and revised IFRSs in issue but not yet effective:</u>

IFRS 9	*Financial Instruments* [1]
IFRS 15	*Revenue from Contracts with Customers* [1]
IFRS 16	*Leases* [2]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration 1*

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.

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

2.7 Application of new and revised IFRSs (Continued)

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

IFRS 9 *Financial Instruments*

IFRS 9 issued in July 2014 introduced new requirements for the classification, measurement and derecognition of financial assets / liabilities and for general hedge accounting.

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 Fair Value Through Other Comprehensive Income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods at FVTPL. 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.

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.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Group have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and measurement

Trade and other receivables carried at amortized cost as disclosed in Notes 7 and 8: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortized cost upon the application of IFRS 9.

All other financial assets and financial liabilities will continue to be measured on the same basis as is currently adopted under IAS 39.

Impairment

Financial assets measured at amortized cost, listed redeemable notes that will be carried at FVTOCI under IFRS 9 and finance lease receivables will be subject to the impairment provisions of IFRS 9.

The directors of the Group do not anticipate that the application of the IFRS 9 will have a significant impact on the Group's consolidated financial statements in the future.

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

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

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.

In April 2016, the IASB issued *Clarifications to IFRS 15* in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors intend to use the full retrospective method of transition to IFRS 15.

The management analysis on IFRS 15 application and effects are initial and exact effect will be presented on the earliest financial statements presented in the year of adoption.

68% of total revenue is made via cash and 32% is made via credit card. Average days in receivable due to sales via credit cards is 24 days. Per IAS 18, the credit sales is discounted and financing component is reclassified to financial income from revenue in IFRS financials.

As it is explicitly stated in IFRS 15, the management considers that this transaction does not carry financing component, because the price doesn't differentiate according to collection methods. Therefore it concluded that there is no significant finance compenent on credit sales and therefore related accounting will be adjusted by the adoption of IFRS 15.

Based on the estimations by the Group management, impacts of IFRS 15 adoption will increase revenue and decrease other income from operating activities by TL 28,114,828, TL 22,850,820 and TL 18,306,799 for 2017, 2016 and 2015 years respectively.

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

2.7 New and Revised IFRSs in issue but not yet effective (Continued)

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.

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.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of TL 44,062,758 (31 December 2016: TL 75,011,539, 31 December 2015: TL 57,861,358). IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 14. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognized in the Group's consolidated financial statements and the management is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the management complete the review.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognized an asset and a related finance lease liability for the lease arrangement.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The management of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

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

2.8 Summary of Significant Accounting Policies

Revenue

Revenue is recognized on an accrual basis over the amount obtained or the current value of the amount to be obtained when the delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is reasonably assured. Net sales represent the invoiced value of goods less any sales returns and rebates. Sales premiums and rebates from vendors are accounted for on accrual basis in the period of the services of the vendors and deducted from cost of sales. Retail sales are done generally with cash or credit cards.

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

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

Other income gained by the Group is reflected by the basis mentioned below:

- Rent income – accrual basis
- Interest income – accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Inventories

Inventories are stated at the lower of cost and net realizable value as of balance sheet date. Cost is calculated as the average cost over the month. Net realizable value represents the estimated selling price less all estimated costs incurred in marketing and selling.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Other expenses are accounted under expense items in income statement in the period in which they are incurred.

Depreciation is charged on a straight-line basis over the assets' estimated useful lives. Based on the average useful lives of property and equipment, the following depreciation rates are determined as stated below:

Machinery and equipment	4-50 years
Vehicles	5 years
Fixtures and Furniture	4-15 years
Leasehold improvements	5-20 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

2.8 Summary of Significant Accounting Policies (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

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

2.8 Summary of Significant Accounting Policies (Continued)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

2.8 Summary of Significant Accounting Policies (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group’s general policy, stated above, on borrowing costs.

Operating lease payments (including rent incentives which are collected or will be collected from the lessor) are recognized as an expense on a straight-line basis over the lease term. Contingent rents under operating leases are recognized as an expense in the period they are incurred.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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

2.8 Summary of Significant Accounting Policies (Continued)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Financial assets

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. A regular way purchase or sale of financial assets shall be recognised using trade date accounting or settlement date accounting. When a financial asset is recognised initially, the Group measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

2.8 Summary of Significant Accounting Policies (Continued)

Financial assets

Impairment of financial assets (Continued)

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group's cash and cash equivalents are classified under the category of 'Loans and Receivables'.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Accounting policies for certain financial liabilities and equity instruments are described below.

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

2.8 Summary of Significant Accounting Policies (Continued)

Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

Foreign Currency Transactions

Transactions in foreign currencies (currencies other than Turkish Lira) in the legal books of the Group are translated into Turkish Lira at the rates of exchange prevailing at the transaction dates. Assets and liabilities in balance sheet denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of profit or loss.

Events After the Reporting Period

Events after the reporting period cover the events which arise between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or disclosure of other selected financial information.

The Company restates its financial statements if such subsequent events arise which require to adjust financial statements.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this standard referred to as the 'reporting entity'

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

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

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) Transactions with the related parties: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them.

Transactions with the related parties could be operational.

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

2.8 Summary of Significant Accounting Policies (Continued)

Business combinations under common control

The Group recognizes business combinations under common control by using pooling of interest method in the consolidated financial statements. Accordingly:

- No goodwill is recognized in the financial statements
- Goodwill recognized from the acquisition of an acquiree in consolidated financial statements of the ultimate controlling party has not been reflected in the consolidated financial statements.
- While application of the pooling of interest method financial statements are restated as if the business combination was effected and presented comparatively as of the beginning of the reporting period when the common control existed;
- As it would be appropriate for parent company to consider the inclusion of business combinations under common control to financial statements, for consolidation purposes, financial statements including combination accounting are restated in accordance with IAS as if the financial statements are prepared in accordance with IAS prior and subsequent to the date that Company's controlling party has common control over entities.
- In order to eliminate potential assets-liabilities difference arising from business combinations within the scope of under common control transactions, "Effect of transactions under common control" account has been used as an offset account.

Taxation

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Current tax

Taxable profit/loss differs from 'profit/loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

2.8 Summary of Significant Accounting Policies (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities represent cash flows generated from fast-moving consuming goods sales of the Group.

Cash flows from investment activities represent cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to finance activities represent cash inflows due to financing activities and cash outflows due to repayment of such borrowings.

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

2.8 Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows (Continued)

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which mature within three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.9 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the process of applying the Group's accounting policies, which are described in Note 2.8, management has made the following judgments that have significant effect on the amounts recognized in the financial statements (apart from those involving estimations), which are dealt with below:

Critical judgments in applying the entity's accounting policies

Deferred tax asset

The Group recognizes deferred tax asset and liability on the differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with IFRS and the corresponding tax bases which are used in the computation of taxable profit. Under current circumstances, the partial or complete recoverable amounts of deferred tax assets are predicted. During the evaluation, future profit projections, current year's losses, unused losses and the expiration dates of other tax assets, and if necessary tax planning strategies are considered. In accordance with the data obtained, if the Group's taxable profit, which will be obtained in the future, is not sufficient to utilize the deferred tax assets, an allowance is recognized either for the whole or for a portion of the deferred tax assets. As of 31 December 2017, in accordance with the evaluations made, no deferred tax asset has been recognised for the total unused tax losses of the Group since there is not sufficient evidence that these losses can be used as of the reporting date (2017: TL 2,011,415,902, 2016: TL 1,883,957,019, 2015: TL 1,584,771,293).

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

2.9 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance of inventory

The Group has recognized an allowance for net realizable value of non-food inventory that is not expected to be used and/or slow moving over 90 days. The Group has identified inventories for which the net realizable value is less than carrying value. Based on the management analysis, an allowance amounting to TL 5,208,706 is recognized for net realizable value of inventories (31 December 2016: TL 9,985,877, 31 December 2015: None).

Impairment of goodwill

The goodwill is tested for impairment in accordance with the accounting policy in Note 2.8 by the Group. The goodwill is not impaired in the current period.

In accordance with the accounting policy stated in Note 2.8, goodwill is annually tested by the Group for impairment. The recoverable value of cash generating units is determined on the basis of fair value.

The Group performed an impairment analysis of goodwill for the year ended 31 December 2017, as described below:

Recoverable amount of each cash generating unit is determined based on fair value ("FV") less cost to sell of each cash generating unit that is determined according to relative valuation techniques by applying combination of multiples FV/EBITDA and FV/Sales by 40% and 60% respectively. Group management has applied 14.0X multiple for FV/EBITDA and 0.75X multiple for FV/Sales in the impairment model which is consistent with benchmarks and market conditions. Based on calculations above the management concluede that there is no impairment of goodwill associated with cash-generating units.

Provisions

In accordance with the accounting policy in Note 2.8, provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Accordingly as of 31 December 2017, 2016 and 2015 the Group evaluated the current risks and booked the required provisions (Note 14). As of 31 December 2017, the provision for the related lawsuits amounted to TL 30,856,336 (2016: TL 27,391,348, 2015: TL 23,805,596).

Useful life of property and equipment and intangible assets

The Group calculates depreciation for its tangible and intangible fixed assets over their expected useful lives as disclosed in Note 2.8.

Şok brand value is determined by independent valuation specialists during the purchase of Şok which is mentioned in Note 1. Because the useful life of brand value is not limited by any special agreement or regulation and it keeps generating cash flows; it is assumed that the brand value has an indefinite useful life. The brand which is considered as indefinite useful life is annually reviewed by the Group for impairment.

The brand value is determined by the calculation amount generated from the operations. These calculations are based on estimates of cash flows after tax based on the financial budget covering five-year period. Estimates of EBITDA (earnings before interest, tax, depreciation and amortization) are an important part of these calculations. As a result of estimations and calculations made by the Group management, Group management concluded that there is no impairment on brand value as of 31 December 2017. If the life of the brands was determined as 20 years, loss before tax would increase by TL 4,270,000 (31 December 2016: TL 4,270,000, 31 December 2015: TL 4,270,000) due to the extinguishment of the brands.

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

2.10 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. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and significant differences are disclosed. The nature, cause and amount of the corrections are explained below:

ASSETS	31 December 2016 As Previously Reported	Adjustment Effect	Effect of transactions under common control	31 December 2016 Restated
Current assets				
Cash and cash equivalents	49,292,161	-	11,538,871	60,831,032
Trade receivables				
Due from related parties	37,162,388	-	34,314,741	71,477,129
Other trade receivables	201,409,103	-	64,044,803	265,453,906
Other receivables				
Due from related parties	-	-	18,790,466	18,790,466
Other receivables	3,321,594	-	56,592	3,378,186
Inventories (1)	511,307,103	(28,963,153)	21,036,135	503,380,085
Prepaid expenses	4,459,172	-	4,508,327	8,967,499
Other current assets	380,228	(19,155)	9,794,544	10,155,617
Total Current Assets	**807,331,749**	**(28,982,308)**	**164,084,479**	**942,433,920**
Non-current assets				
Other receivables	3,374,691	-	659,191	4,033,882
Property, plant and equipment (2)	572,693,190	16,207,690	18,725,552	607,626,432
Intangible assets				
Goodwill	578,942,596	-	-	578,942,596
Other intangible assets	92,867,614	-	334,371	93,201,985
Other non current assets	64,438	-	-	64,438
Total Non-Current Assets	**1,247,942,529**	**16,207,690**	**19,719,114**	**1,283,869,333**
Total Assets	**2,055,274,278**	**(12,774,618)**	**183,803,593**	**2,226,303,253**

(1) Volume rebates charged to suppliers are netted off from cost of inventory purchased, where as such rebates were previously recognized directly as a deduction from cost of sales without allocation to inventory (31 December 2016: TL 24,263,635, 31 December 2015: TL 17,421,582). In addition, the Group has calculated inventory write off due to theft and loss for stores that cannot be counted at the end of 2016 (31 December 2016: TL 4,699,518, TL 31 December 2015: TL 3,705,309).

(2) Since the Group will acquire the ownership of the forklifts and other equipments used inside the warehouses which has been accounted as rent expenses at the maturity date, the Group has evaluated these transactions as finance leases and has restated the prior year financial statements accordingly (31 December 2016: TL 16,207,690, 31 December 2015: TL 16,470,983).

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

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

LIABILITIES	31 December 2016 As Previously Reported	Adjustment Effect	Effect of transactions under common control	31 December 2016 Restated
Current liabilities				
Short term borrowings	1,099,639,232	-	-	1,099,639,232
Short term portion of long term borrowings (1)	53,873,394	3,271,905	-	57,145,299
Trade payables				
Due to related parties	620,549,590	-	(227,219,219)	393,330,371
Other trade payables (3)	904,967,451	428,346	366,174,172	1,271,569,969
Other payables				
Due to related parties	281,917,757	-	291,075,870	572,993,627
Other payables	123,268	-	27,783,241	27,906,509
Payables regarding employee benefits	45,348,888	-	3,167,755	48,516,643
Deferred income	2,579,680	-	-	2,579,680
Short-term provisions				
Short term provisions for employee benefits	8,792,878	-	552,085	9,344,963
Other short term provisions (3)	24,569,036	(428,346)	3,250,658	27,391,348
Other current liabilities	15,225,005	(50,482)	601,837	15,776,360
Total current liabilities	**3,057,586,179**	**3,221,423**	**465,386,399**	**3,526,194,001**
Long-term borrowings (1)	150,637,249	2,903,189	-	153,540,438
Long term provisions for employee benefits	29,136,150	-	1,323,814	30,459,964
Other non-current payables	605,113	-	-	605,113
Deferred tax liabilities (2)	48,878,823	(3,786,111)	1,078,916	46,171,628
Total non-current liabilities	**229,257,335**	**(882,922)**	**2,402,730**	**230,777,143**
EQUITY				
Share capital	360,000,000	-	-	360,000,000
Accumulated other comprehensive expense not to be reclassified to profit and loss				
Actuarial loss / gain	(8,367,328)	-	(655,477)	(9,022,805)
Restricted reserves appropriated from profits	20,000	-	200,000	220,000
Effect of mergers involving undertakings or businesses subject to common control	-	-	(156,558,499)	(156,558,499)
Retained earnings / Accumulated losses	(1,246,257,298)	(11,238,609)	12,241,903	(1,245,254,004)
Net loss for the period	(337,199,519)	(3,874,510)	(20,417,942)	(361,491,971)
Shareholder's Equity	**(1,231,804,145)**	**(15,113,119)**	**(165,190,015)**	**(1,412,107,279)**
Non-controlling interests	234,909	-	(118,795,521)	(118,560,612)
Total Equity	**(1,231,569,236)**	**(15,113,119)**	**(283,985,536)**	**(1,530,667,891)**
Total Liabilities and Equity	**2,055,274,278**	**(12,774,618)**	**183,803,593**	**2,226,303,253**

(1) Since the Group will acquire the ownership of the forklifts and other equipments used inside warehouses which has been accounted as rent expenses at maturity date, the Group have evaluated these transactions as finance leases and have restated the prior year financial statements accordingly (31 December 2016: TL 6,175,094, 31 December 2015: TL 9,200,427).

(2) Adjustments to deferred tax liabilities represent the net deferred tax impact of restatement adjustments explained above.

(3) Reclassification of trade payables which were previously recorded under other short term provisions.

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

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

	31 December 2016 As Previously Reported	Adjustment Effect	Effect of transactions under common control	31 December 2016 Restated
Revenue	6,076,392,383	-	649,710,334	6,726,102,717
Cost of sales (-) (1)	(4,792,191,774)	(7,836,262)	(601,507,621)	(5,401,535,657)
Gross profit	**1,284,200,609**	**(7,836,262)**	**48,202,713**	**1,324,567,060**
Marketing and selling expenses (-) (2)	(1,225,539,925)	(9,311,510)	(48,555,930)	(1,283,407,365)
General administrative expenses (-) (3)	(33,343,168)	(4,590,715)	(5,937,601)	(43,871,484)
Other income from operating activities	875,400	16,664	(654,658)	237,406
Other expenses from operating activities (-) (2)	(21,730,922)	13,205,034	(2,298,386)	(10,824,274)
Operating loss	**4,461,994**	**(8,516,789)**	**(9,243,862)**	**(13,298,657)**
Finance expenses (-) (3)	(336,915,821)	3,669,487	(23,779,754)	(357,026,088)
Loss before taxation	**(332,453,827)**	**(4,847,302)**	**(33,023,616)**	**(370,324,745)**
Income tax expense	(201,376)	-	(198,749)	(400,125)
Deferred tax expense (4)	(4,395,779)	972,792	(613,229)	(4,036,216)
Loss for the period	**(337,050,982)**	**(3,874,510)**	**(33,835,594)**	**(374,761,086)**
Loss per share	**(0.9363)**			**(1.0410)**

(1) Adjustments amounting to TL 6,842,052 (2015: TL 3,307,267) is related to netting off volume rebate from cost of the acquisition of inventories. Adjustments amounting to TL 994,210 (2015: TL 27,049) related to provisions for inventory counts.

(2) Since the Group will acquire the ownership of the forklifts and equipments used in the warehouses investments which has been accounted as rent expenses at maturity date, the Group have evaluated these transactions as finance leases and have restated the prior year financial statements. Accordingly, rent expenses amounting to TL 7,464,372 (2015: TL 8,920,464) under other expenses from operating expenses have been reversed. Instead, depreciation expense amounting to TL 3,570,848 (2015: TL 3,112,738) has been recorded under "marketing and selling expenses".The cashier indemnities amounting to TL 5,740,662 (2015: TL 4,152,936) is reclassified to marketing and selling expenses from other expenses.

(3) Cash collection expenses amounting to TL 4,590,715 (2015: TL 2,501,286) is reclassified to general administrative expenses from financial expenses. Adjustments amounting to TL 921,208 (2015: TL 1,509,804) is related to transactions of finance leasing, as explained above.

(4) Adjustments to deferred tax expense represent the net deferred tax impact of restatement adjustments explained above.

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

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

ASSETS	31 December 2015 As Previously Reported	Adjustment Effect	Effect of transactions under common control	31 December 2015 Restated
Current assets				
Cash and cash equivalents	32,782,086	-	12,327	32,794,413
Trade receivables				
Due from related parties	9,834,923	-	37,604,126	47,439,049
Other trade receivables	147,163,510	-	91,333,017	238,496,527
Other receivables				
Due from related parties	-	-	17,408,191	17,408,191
Other receivables	3,025,196	-	4,820	3,030,016
Inventories (1)	437,442,903	(21,126,891)	1,866,374	418,182,386
Prepaid expenses	4,242,291	-	43,132	4,285,423
Other current assets	932,801	-	904,595	1,837,396
Total Current Assets	**635,423,710**	**(21,126,891)**	**149,176,582**	**763,473,401**
Non-current assets				
Other receivables	3,270,558	-	-	3,270,558
Property, plant and equipment (2)	327,140,734	16,470,983	474,421	344,086,138
Intangible assets				
Goodwill	578,942,596	-	-	578,942,596
Other intangible assets	93,837,205	-	45,282	93,882,487
Other non current assets	484,681	-	165	484,846
Total Non-Current Assets	**1,003,675,774**	**16,470,983**	**519,868**	**1,020,666,625**
Total Assets	**1,639,099,484**	**(4,655,908)**	**149,696,450**	**1,784,140,026**

(1) Volume rebates charged to suppliers amounting to TL 17,421,582 are netted off from cost of inventory purchased, where as such rebates were previously recognized directly as a deduction from cost of sales without allocation to inventory. In addition, the Group has calculated inventory write off due to theft and loss for stores amounting to TL 3,705,309 that cannot be counted at the end of 2015.

(2) Since the Group will acquire the ownership of the forklifts and other equipments used inside the warehouses which has been accounted as rent expenses at the maturity date, the Group has evaluated these transactions as finance leases and has restated the prior year financial statements accordingly (31 December 2015: TL 16,470,983).

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

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

LIABILITIES	31 December 2015 As Previously Reported	Adjustment Effect	Effect of transactions under common control	31 December 2015 Restated
Current liabilities				
Short term borrowings (1)	867,265,297	6,297,238	-	873,562,535
Short term portion of long term borrowings	283,803,604	210,256	-	284,013,860
Trade payables				
Due to related parties	428,913,484	-	(116,772,553)	312,140,931
Other trade payables (3)	586,191,227	3,635,491	252,248,733	842,075,451
Other payables				
Due to related parties	146,221,747	-	-	146,221,747
Other payables	1,323,523	-	12,738	1,336,261
Payables regarding employee benefits	22,472,454	-	217,175	22,689,629
Deferred income	2,001,996	-	-	2,001,996
Short-term provisions				
Short term provisions for employee benefits (4)	24,489,901	(18,000,000)	148,572	6,638,473
Other short term provisions (3)	27,441,087	(3,635,491)	-	23,805,596
Other current liabilities	7,692,412	(14,666)	192,965	7,870,711
Total current liabilities	**2,397,816,732**	**(11,507,172)**	**136,047,630**	**2,522,357,190**
Long-term borrowings (1)	77,753,353	2,903,189	-	80,656,542
Long term provision for employee benefits (4)	2,366,543	18,000,000	100,506	20,467,049
Other non-current payables	523,418	-	-	523,418
Deferred tax liabilities (2)	46,617,972	(2,813,316)	147,166	43,951,822
Total non-current liabilities	**127,261,286**	**18,089,873**	**247,672**	**145,598,831**
EQUITY				
Share capital	360,000,000	-	-	360,000,000
Accumulated other comprehensive expense not to be reclassified to profit and loss				
Actuarial loss / gain	172,392	-	(40,755)	131,637
Restricted reserves appropriated from profits	20,000	-	200,000	220,000
Effect of mergers involving undertakings or businesses subject to common control	-	-	1,000,000	1,000,000
Retained earnings / Accumulated losses	(871,840,169)	(12,009,494)	11,268,050	(872,581,613)
Net loss for the period	(374,417,129)	770,885	973,853	(372,672,391)
Shareholder's equity	**(886,064,906)**	**(11,238,609)**	**13,401,148**	**(883,902,367)**
Non-controlling interests	86,372	-	-	86,372
Total Equity	**(885,978,534)**	**(11,238,609)**	**13,401,148**	**(883,815,995)**
Total Liabilities and Equity	**1,639,099,484**	**(4,655,908)**	**149,696,450**	**1,784,140,026**

(1) Since the Group will acquire the ownership of the forklifts and other equipments used which has been accounted as rent expenses at maturity date, the Group have evaluated these transactions as finance leases and have restated the prior year financial statements accordingly (31 December 2015: TL 9,200,427).

(2) Adjustments to deferred tax liabilities represent the net deferred tax impact of restatement adjustments explained above.

(3) Reclassification of trade payables which were previously recorded under other short term provisions.

(4) Reclassification of employee benefits which were previously recorded under other short term provisions.

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

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

	31 December 2015 As Previously Reported	Adjustment Effect	Effect of transactions under common control	31 December 2015 Restated
Revenue	4,461,841,318	-	610,102,156	5,071,943,474
Cost of sales (-) (1)	(3,564,901,191)	(3,334,316)	(592,676,560)	(4,160,912,067)
Gross profit	**896,940,127**	**(3,334,316)**	**17,425,596**	**911,031,407**
Marketing and selling expenses (-) (2)	(940,620,216)	(7,265,674)	(11,111,817)	(958,997,707)
General administrative expenses (-) (3)	(35,157,929)	(2,501,286)	(6,086,496)	(43,745,711)
Other income from operating activities	18,247,348	-	2,840,550	21,087,898
Other expenses from operating activities (-) (2)	(37,594,975)	13,073,400	(2,229,304)	(26,750,879)
Operating loss	**(98,185,645)**	**(27,876)**	**838,529**	**(97,374,992)**
Finance expenses (-) (2)	(257,386,163)	991,482	406,487	(255,988,194)
Loss before taxation	**(355,571,808)**	**963,606**	**1,245,016**	**(353,363,186)**
Income tax expense	(54,209)	-	(145,864)	(200,073)
Deferred tax expense (4)	(18,754,740)	(192,721)	(125,299)	(19,072,760)
Loss for the period	**(374,380,757)**	**770,885**	**973,853**	**(372,636,019)**
Loss per share	**(1.0399)**			**(1.0351)**

(1) Adjustments amounting to TL 6,842,052 (2015: TL 3,307,267) is related to netting off volume rebate from cost of the acquisition of inventories. Adjustments amounting to TL 994,210 (2015: TL 27,049) related to provisions for inventory counts.

(2) Since the Group will acquire the ownership of the forklifts and equipments used in the warehouses investments which has been accounted as rent expenses at maturity date, the Group have evaluated these transactions as finance leases and have restated the prior year financial statements. Accordingly, rent expenses amounting to TL 7,464,372 (2015: TL 8,920,464) under other expenses from operating expenses have been reversed. Instead, depreciation expense amounting to TL 3,570,848 (2015: TL 3,112,738) has been recorded under "marketing and selling expenses".The cashier indemnities amounting to TL 5,740,662 (2015: TL 4,152,936) is reclassified to marketing and selling expenses from other expenses.

(3) Cash collection expenses amounting to TL 4,590,715 (2015: TL 2,501,286) is reclassified to general administrative expenses from financial expenses. Adjustments amounting to TL 921,208 (2015: TL 1,509,804) is related to transactions of finance leasing, as explained above.

(4) Adjustments to deferred tax expense represent the net deferred tax impact of restatement adjustments explained above.

3. TRANSACTIONS UNDER COMMON CONTROL

The Group purchased 55% shares of Teközel from Yıldız Holding A.Ş. on 26 December 2017 and at the same date signed a put or call option agreement to buy the remaining 45% shares. 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 openning date of the earliest period as presented in the shareholder's equity movement. Loss from the acquisition amounting to TL 280,420,811 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.

	26 December 2017 Previous carrying value
Amount will be paid for acquisition	56,800,000
Purchased % share of the company (Note 2.4)	100%
Acquisition cost	
Payment in cash and cash equivalents	56,800,000
	56,800,000
Acquired net assets	
Cash and cash equivalents	1,749,334
Trade receivables	745,811,171
Other receivables	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	(1,245,150)
Total net assets	(386,759,619)
Consideration to be paid (A)	(56,800,000)
Non-controlling interest (B)	163,138,808
Registered value of net assets acquired (C)	(386,759,619)
Effect of business combinations under common control (A+B+C)	(280,420,811)

The Group has acquired brands from Yıldız Holding A.Ş. and subsidiaries for the consideration paid TL 166,282,000 on 29 December 2017. 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 8,418,390 to Yıldız Holding A.Ş. in the current year and related recharge amount has been accounted as transactions under common control under shareholder's equity.

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

	31 December 2017	31 December 2016	31 December 2015
Cash on hand	63,175,127	40,484,232	31,889,726
Cash at banks	28,916,835	20,346,800	904,687
Demand deposits	28,916,835	20,346,800	904,687
Cash and cash equivalents	92,091,962	60,831,032	32,794,413

6. FINANCIAL BORROWINGS

Financial Borrowings	31 December 2017	31 December 2016	31 December 2015
a) Bank Borrowings	1,402,437,385	1,099,639,232	1,123,562,535
b) Leasing Payables	306,573,922	210,685,737	114,670,402
	1,709,011,307	1,310,324,969	1,238,232,937

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 (*)	31 December 2017 Current	31 December 2017 Non-current
TL	17.61 %	1,402,437,385	-

Currency Type	Weighted Average Effective Interest Rate (*)	31 December 2016 Current	31 December 2016 Non-current
TL	14.83 %	1,099,639,232	-

Currency Type	Weighted Average Effective Interest Rate (*)	31 December 2015 Current	31 December 2015 Non-current
TL	13.50 %	1,123,562,535	-

(*) Weighted average effective interest rates includes Yıldız Holding A.Ş. credit guarantee commissions rates. The guarantee commission rate related with loans which are provided by Yıldız Holding A.Ş. is 1.83 % (31 December 2016: 1.46 % 31 December 2015: 1.50 %). The weighted average of the interest rates applied by the banks is 16.05 % (31 December 2016: 13.37 % 31 December 2015: 12.00 %).

6. FINANCIAL BORROWINGS (Continued)

a) Bank Borrowings (Continued):

	31 December 2017	31 December 2016	31 December 2015
Short Term Portion of Long Term Bank Borrowings	-	-	250,000,000
Short Term Bank Borrowings	1,402,437,385	1,099,639,232	873,562,535
Total Short Term Bank Borrowings	1,402,437,385	1,099,639,232	1,123,562,535
Total Bank Borrowings	1,402,437,385	1,099,639,232	1,123,562,535

	31 December 2017	31 December 2016	31 December 2015
To be paid within 1 year	1,402,437,385	1,099,639,232	1,123,562,535
	1,402,437,385	1,099,639,232	1,123,562,535

Yıldız Holding A.Ş. provided guarantee on TL 1,182,437,385 of bank borrowings (31 December 2016: TL 1,099,639,232 and 31 December 2015: TL 1,123,562,535).

b) Leasing Payables

	Minimum Leasing Payable			Minimum Leasing Payable Net Present Value		
Leasing Payables	31 December 2017	31 December 2016	31 December 2015	31 December 2017	31 December 2016	31 December 2015
Within 1 year	136,628,653	79,367,099	48,093,809	102,412,883	57,145,299	34,013,860
Between 1-5 years	234,006,266	175,120,303	95,404,075	204,161,039	153,540,438	80,656,542
Less: future financial expenses	(64,060,997)	(43,801,665)	(28,827,482)	-	-	-
Leasing obligation net present value	306,573,922	210,685,737	114,670,402	306,573,922	210,685,737	114,670,402
Less : liabilities to be paid within 12 months (presented in short term liabilities)				(102,412,883)	(57,145,299)	(34,013,860)
Liabilities to be paid after 12 months				204,161,039	153,540,438	80,656,542

As of 31 December 2017 net book value of property and equipment acquired by financial lease is TL 274,285,574. (31 December 2016: TL 201,383,125, 31 December 2015: TL 104,659,408). 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.

6. FINANCIAL BORROWINGS (Continued)

c) 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.

			Non cash		
	1 January 2017	Financing cash flows	New finance leases	Interest accrual	31 December 2017
Bank borrowings	1,099,639,232	268,731,443	-	34,066,710	1,402,437,385
Leasing payables	210,685,737	(73,345,485)	169,233,670	-	306,573,922
	1,310,324,969	195,385,958	169,233,670	34,066,710	1,709,011,307

7. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	31 December 2017	31 December 2016	31 December 2015
Trade receivables	118,928,000	80,362,766	121,270,884
Trade receivables from related parties (Note 24)	86,872,480	71,477,129	47,439,049
Credit card receivables	69,803,732	192,639,363	124,509,795
Allowance for doubtful receivables(-)	(8,418,377)	(7,548,223)	(7,284,152)
	267,185,835	336,931,035	285,935,576

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 7 days when wholesale revenue is taken into consideration (2016:10 days, 2015: 11 days).

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

As of 31 December 2017, the Group provided allowance for doubtful receivables amounting to TL 8,418,377 based on reference to past default experience (31 December 2016: TL 7,548,223, 31 December 2015: TL 7,284,152).

There are no guarantee letters obtained for trade receivables as of 31 December 2017, 2016 and 2015.

As of 31 December 2017, 2016 and 2015, the movements of allowance for doubtful receivables are as follows:

Movement of Allowance for Doubtful Receivables	1 January-31 December 2017	1 January-31 December 2016	1 January-31 December 2015
Balance at beginning of the year	(7,548,223)	(7,284,152)	(7,367,734)
Reversal	-	-	546,632
Charge for the year (Note 21)	(901,920)	(65,916)	(578,687)
Effect of transactions under common control	-	(119,635)	-
Foreign exchange loss	(123,973)	(81,915)	(54,923)
Collections	155,739	3,395	170,560
Closing balance	(8,418,377)	(7,548,223)	(7,284,152)

7. TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables	31 December 2017	31 December 2016	31 December 2015
Other trade payables	1,735,624,507	1,271,569,969	842,075,451
Due to related parties (Note 24)	457,458,758	393,330,371	312,140,931
	2,193,083,265	1,664,900,340	1,154,216,382

The interest rate used for discount of trade payables is 18.80% (31 December 2016: 15.76%, 31 December 2015: 14.90%), weighted average maturity is 87 days (2016: 86 days, 2015: 82 days).

The average maturity days in purchase of commercial products vary based on industry and company types. The average maturity is less than one month in fresh food industry. The average maturity is more than three months in other industries.

As of 31 December 2017, 2016 and 2015, the Group does not have any long term trade payables.

8. OTHER RECEIVABLES AND PAYABLES

Other short term receivables	31 December 2017	31 December 2016	31 December 2015
Other receivables from related parties (Note 24)	32,148,945	18,790,466	17,408,191
Insurance receivables	1,709,591	1,203,791	518,341
VAT receivables	64,496	502,797	64,496
Receivables from social security institution	3,605	202,897	202,896
Rent receivables from ATM	-	1,333,482	2,089,149
Other receivables	2,972,539	135,219	155,134
	36,899,176	22,168,652	20,438,207

Other short term payables	31 December 2017	31 December 2016	31 December 2015
Due to related parties (Note 24)	610,682,298	572,993,627	146,221,747
Other (*)	35,036,501	27,906,509	1,336,261
	645,718,799	600,900,136	147,558,008

(*) TL 34,751,131 is related to other payables from non related parties (31 December 2016: TL 27,770,503, 31 December 2015: None).

Other long term receivables	31 December 2017	31 December 2016	31 December 2015
Guarantees and deposits given	5,695,390	4,033,882	3,270,558
	5,695,390	4,033,882	3,270,558

Other long term payables	31 December 2017	31 December 2016	31 December 2015
Deposits and guarantees received	728,760	605,113	523,418
	728,760	605,113	523,418

9. INVENTORIES

	31 December 2017	31 December 2016	31 December 2015
Trade goods	635,205,901	506,887,256	407,430,914
Allowance for diminution in value of inventories (-)	(5,208,706)	(9,985,877)	-
Other inventory	6,249,927	6,478,706	10,751,472
	636,247,122	503,380,085	418,182,386

Movement of allowance for net realizable value of inventories	1 January 31 December 2017	1 January 31 December 2016	1 January 31 December 2015
Balance at beginning of the year	9,985,877	-	-
Allowance released	(4,777,171)	-	(6,269,801)
Charge for the year	-	9,985,877	6,269,801
Closing balance	5,208,706	9,985,877	-

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 year. Accordingly allowance for net realizable value of inventories amounting to TL 5,208,706 has been booked as of 31 December 2017, net realizable value of inventories is TL 636,247,122 (31 December 2016: TL 503,380,085, 31 December 2015: TL 418,182,386).

10. PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses	31 December 2017	31 December 2016	31 December 2015
Prepaid expenses	6,666,661	4,202,996	3,828,098
Work advances given	1,766,477	4,764,503	457,325
	8,433,138	8,967,499	4,285,423

Short term deferred income	31 December 2017	31 December 2016	31 December 2015
Unearned revenues (*)	5,544,290	783,966	1,977,303
Order advances received	3,120,870	1,795,714	24,693
	8,665,160	2,579,680	2,001,996

Long term deferred income	31 December 2017	31 December 2016	31 December 2015
Unearned revenues (*)	9,531,906	-	-
	9,531,906	-	-

(*) The amounts are related to income from banks due to salary payment agreements made with the banks for a period of 3 years.

11. PROPERTY AND EQUIPMENT

	Machinery and Equipment	Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Cost						
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
Transfers	-	-	29,545,776	-	(29,545,776)	-
Additions	897,974	-	316,293,182	107,124,778	-	424,315,934
Disposals	(42,877)	(640,800)	(2,274,343)	(6,017,126)	-	(8,975,146)
Closing balance as of 31 December 2017	87,791,540	-	988,509,735	386,076,618	-	1,462,377,893
Accumulated Depreciation						
Opening balance as of 1 January 2017	78,572,350	138,840	237,010,178	113,134,821	10,554,484	439,410,673
Transfers	-	-	10,554,484	-	(10,554,484)	-
Charge for the year	3,480,072	32,044	125,124,297	34,375,462	-	163,011,875
Impairment	-	-	9,694,087	4,887,536	-	14,581,623
Disposals	(42,344)	(170,884)	(1,755,202)	(2,187,962)	-	(4,156,392)
Closing balance as of 31 December 2017	82,010,078	-	380,627,844	150,209,857	-	612,847,779
Carrying value as of 31 December 2017	5,781,462	-	607,881,891	235,866,761	-	849,530,114

There is insurance coverage amounting to TL 748,876,662 on the furniture & fixtures and machinery. (31 December 2016: TL 514,848,278, 31 December 2015: TL 350,079,290). Furniture and fixture amounting to TL 169,233,670 was purchased via financial leasing (31 December 2016: TL 136,776,648, 31 December 2015: TL 97,694,032) Net book value of leased property and equipment is TL 274,285,574 (31 December 2016: TL 201,383,125, 31 December 2015: TL 104,659,408).

Current depreciation expense related to fixed assets amounting to TL 161,298,346 (2016: TL 106,575,272, 2015: TL 84,380,995) booked in marketing and selling expenses and TL 1,713,529 booked in general administrative expenses (2016: TL 834,276, 2015: TL 572,388) (Note 20).

11. PROPERTY AND EQUIPMENT (Continued)

	Machinery and Equipment	Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Cost						
Opening balance as of 1 January 2016	87,124,181	640,800	370,202,664	184,133,237	22,473,965	664,574,847
The effect of acquisition under common control	-	-	27,620,929	5,122,920	-	32,743,849
Additions	-	-	248,929,245	98,528,552	7,071,811	354,529,608
Disposals	(187,738)	-	(1,807,718)	(2,815,743)	-	(4,811,199)
Closing balance as of 31 December 2016	86,936,443	640,800	644,945,120	284,968,966	29,545,776	1,047,037,105
Accumulated Depreciation						
Opening balance as of 1 January 2016	72,332,509	10,680	155,237,284	86,905,253	6,002,983	320,488,709
The effect of acquisition under common control	-	-	11,457,755	2,461,352	-	13,919,107
Charge for the year	6,404,170	128,160	71,246,783	25,078,934	4,551,501	107,409,548
Disposals	(164,329)	-	(931,644)	(1,310,718)	-	(2,406,691)
Closing balance as of 31 December 2016	78,572,350	138,840	237,010,178	113,134,821	10,554,484	439,410,673
Carrying value as of 31 December 2016	8,364,093	501,960	407,934,942	171,834,145	18,991,292	607,626,432

11. PROPERTY AND EQUIPMENT (Continued)

	Machinery and Equipment	Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Cost						
Opening balance as of 1 January 2015	87,243,447	-	250,665,450	145,789,516	20,867,567	504,565,980
Additions	11,483	640,800	123,092,937	45,779,297	1,606,398	171,130,915
Disposals	(130,749)	-	(3,555,723)	(7,435,576)	-	(11,122,048)
Closing balance as of 31 December 2015	87,124,181	640,800	370,202,664	184,133,237	22,473,965	664,574,847
Accumulated Depreciation						
Opening balance as of 1 January 2015	63,647,773	-	103,452,091	70,630,188	2,890,245	240,620,297
Charge for the year	8,804,350	10,680	53,550,170	19,475,445	3,112,738	84,953,383
Disposals	(119,614)	-	(1,764,977)	(3,200,380)	-	(5,084,971)
Closing balance as of 31 December 2015	72,332,509	10,680	155,237,284	86,905,253	6,002,983	320,488,709
Carrying value as of 31 December 2015	14,791,672	630,120	214,965,380	97,227,984	16,470,982	344,086,138

12. INTANGIBLE ASSETS

Cost	Rights	Trademarks	Total
Opening balance as of 1 January 2017	17,777,433	85,675,510	103,452,943
Additions	7,270,847	-	7,270,847
Disposals	(207,557)	-	(207,557)
Closing balance as of 31 December 2017	24,840,723	85,675,510	110,516,233
Accumulated Amortization			
Opening balance as of 1 January 2017	10,250,958	-	10,250,958
Charge for the year	1,999,012	-	1,999,012
Impairment	250,715	-	250,715
Disposals	(69,432)	-	(69,432)
Closing balance as of 31 December 2017	12,431,253	-	12,431,253
Carrying value as of 31 December 2017	12,409,470	85,675,510	98,084,980

Cost	Rights	Trademarks	Total
Opening balance as of 1 January 2016	15,381,565	85,675,510	101,057,075
The effect of acquisition under common control	445,810	-	445,810
Additions	1,961,048	-	1,961,048
Disposals	(10,990)	-	(10,990)
Closing balance as of 31 December 2016	17,777,433	85,675,510	103,452,943
Accumulated Amortization			
Opening balance as of 1 January 2016	7,174,588	-	7,174,588
The effect of acquisition under common control	120,897	-	120,897
Charge for the year	2,956,084	-	2,956,084
Disposals	(611)	-	(611)
Closing balance as of 31 December 2016	10,250,958	-	10,250,958
Carrying value as of 31 December 2016	7,526,475	85,675,510	93,201,985

Cost	Rights	Trademarks	Total
Opening balance as of 1 January 2015	9,755,081	85,537,755	95,292,836
Additions	7,083,390	137,755	7,221,145
Disposals	(1,456,906)	-	(1,456,906)
Closing balance as of 31 December 2015	15,381,565	85,675,510	101,057,075
Accumulated Amortization			
Opening balance as of 1 January 2015	5,683,704	-	5,683,704
Charge for the year	2,674,283	-	2,674,283
Disposals	(1,183,399)	-	(1,183,399)
Closing balance as of 31 December 2015	7,174,588	-	7,174,588
Carrying value as of 31 December 2015	8,206,977	85,675,510	93,882,487

The amortization expense of intangible assets amounting to TL 1,999,012 is presented in marketing and selling expenses (31 December 2016: TL 2,956,084, 31 December 2015: TL 2,674,283) (Note 20).

The recoverable amount of the trademark is determined by the calculation of the amounts to be generated from the operations. These calculations are based on estimates of cash flows after tax based on the financial budget covering a five-year period. Estimates of EBITDA (earnings before interest, tax, depreciation and amortization) are important parts of these calculations. As a result of estimations and calculations made by the Group management, Group management concluded that there is no impairment on brand value as of 31 December 2017.

13. GOODWILL

The movement of the goodwill for the years ended 31 December 2017, 2016 and 2015 is as follows:

	1 January-31 December 2017	1 January-31 December 2016	1 January-31 December 2015
Opening balance	578,942,596	578,942,596	578,032,126
Additions from business combinations	-	-	910,470
Closing balance	578,942,596	578,942,596	578,942,596

Detail of goodwill for the years ended 31 December 2017, 2016 and 2015 is as follows:

Company	Acquisition Date	31 December 2017	31 December 2016	31 December 2015
Şok Marketler Ticaret A.Ş.	August 2011	245,485,151	245,485,151	245,485,151
Dia Sabancı Süpermarketleri Tic. A.Ş.	July 2013	301,974,645	301,974,645	301,974,645
Onur Ekspres Marketçilik A.Ş.	July 2013	27,524,000	27,524,000	27,524,000
Other	-	3,958,800	3,958,800	3,958,800
		578,942,596	578,942,596	578,942,596

The Group performed an impairment analysis of goodwill for the period ended 31 December 2017, as described below;

As a result of internal management purposes, goodwill is allocated to groups of cash-generating units that have similar neighborhoods and similar customer basis. Group of cash geerating units are that allocated to districts by post codes.

Recoverable amount of each cash generating unit is determined based on fair value ("FV") less cost to sell of each cash generating unit that is determined according to relative valuation techniques by applying combination of multiples FV/EBITDA and FV/Sales by 40% and 60% respectively. Group management has applied 14.0X multiple for FV/EBITDA and 0.75X multiple for FV/Sales in the impairment model which is consistent with benchmarks and market conditions. Based on calculations above there is no impairment of goodwill associated with cash-generating units.

No impairment of goodwill associated with cash-generating units would have been determined, even if the estimated multiples for FV / EBITDA and FV / Sales used in the calculation of the recoverable amount of the cash-generating units had been decreased or increased by 5% as part of the sensitivity analysis.

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

Provisions for short term liabilities as of 31 December 2017, 2016 and 2015 are as follows:

	31 December 2017	31 December 2016	31 December 2015
Lawsuits	30,856,336	27,391,348	23,805,596
	30,856,336	27,391,348	23,805,596

Provisions for lawsuits as of 31 December 2017, 2016 and 2015 are as follows:

	1 January-31 December 2017	1 January-31 December 2016	1 January-31 December 2015
Balance at 1 January	27,391,348	23,805,596	32,082,116
Additional provisions recognized (Note 21)	5,140,389	5,378,114	3,778,838
Payments	(1,675,401)	(1,792,362)	(12,055,358)
Balance at 31 December	30,856,336	27,391,348	23,805,596

Majority of lawsuits filed against the Group consist of labor cases. Total amount of the lawsuits against the Group is TL 18,920,225. 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 31 December 2017 is expected to be utilised within one year. As of 31 December 2017, the provision amount related with the lawsuits is amounting to TL 30,856,336 (31 December 2016: TL 27,391,348, 31 December 2015: TL 23,805,596).

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

As of 31 December 2017, the non-cancellable operating lease commitments of the Group is TL 44,062,758 related to agreements in case of cancellation. Non-cancellable term is up to 1 year (31 December 2016: TL 75,011,539, 31 December 2015: TL 57,861,358). 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 274,285,574 (2016: TL 201,383,125, 2015: TL 104,659,408).

15. COMMITMENTS

	31 December 2017	31 December 2016	31 December 2015
A. CPM's given by the Group			
-Collateral	120,289,838	95,963,878	61,898,272
-Pledges	-	-	-
-Mortgages	-	-	-
B. CPM's given on behalf of the fully consolidated companies	6,115,740	6,743,640	26,640
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	-	-	-
	126,405,578	102,707,518	61,924,912

Guarantee letters are given in TL.
The ratio of other given CPM's by the Group to equity is 0% as of 31 December 2017 (2016: 0% 2015: 0%).

16. EMPLOYEE BENEFITS

Liabilities within the scope of employee benefits:

Short-term benefits	31 December 2017	31 December 2016	31 December 2015
Due to personnel	32,440,063	22,365,969	14,177,182
Social security premiums payable	46,666,854	26,150,674	8,512,447
	79,106,917	48,516,643	22,689,629

Provisions for employee benefits	31 December 2017	31 December 2016	31 December 2015
Provision for unused vacation short term	12,193,626	9,344,963	6,638,473
Provision for unused vacation long term	25,599,196	21,434,393	18,000,000
	37,792,822	30,779,356	24,638,473

16. EMPLOYEE BENEFITS (Continued)

The movement of provisions for unused vacation for the years ended 31 December 2017, 2016 and 2015 is as follows:

	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Opening balance at 1 January	30,779,356	24,638,473	18,383,775
The effect of acquisition under common control	-	387,393	-
Charge for the year	12,303,139	10,222,170	11,815,785
Payments	(5,289,673)	(4,468,680)	(5,561,087)
Closing balance at 31 December	37,792,822	30,779,356	24,638,473

Retirement Pay Provision

	31 December 2017	31 December 2016	31 December 2015
Retirement pay provision	14,547,416	9,025,571	2,467,049
	14,547,416	9,025,571	2,467,049

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 4,732.48 for each period of service at 31 December 2017 (31 December 2016: TL 4,297.21, 31 December 2015: TL 3,828.37).

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 31 December 2017, 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 2016: 4.00%, 31 December 2015: 4.00%). Ceiling amount of TL 5,001.76 which is in effect since 1 January 2018 is used in the calculation of Groups' provision for retirement pay liability (1 January 2017: TL 4,426.16, 1 January 2016: TL 4,092.53). Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 8.4 % for employees with 0-15 years of service, and 0% for those with 16 or more years of service (2016: 8,40% – 0%, 2015: 6,98% – 6,98%).

The significant estimates used in the calculation of the termination indemnity obligation are the discount rate and the probability of leaving the entity on a voluntary basis.

- If the discount rate is 1% lower in the event of a default, the retirement pay liability will be less TL 252,946 (more TL 309,993).
- If other assumptions are left unchanged, and if the likelihood of leaving the work voluntarily is 1% lower (higher), the severance pay liability will be more TL 286,738 (TL 353,740 less).

16. EMPLOYEE BENEFITS (Continued)

Movement for retirement pay provision for the years ended 31 December 2017, 2016 and 2015 is as follows:

	1 January-31 December 2017	1 January-31 December 2016	1 January-31 December 2015
Provision at 1 January	9,025,571	2,467,049	2,680,875
The effect of acquisition under common control	-	443,963	-
Service cost	2,423,506	3,441,518	11,490,992
Interest cost	1,065,919	336,567	102,638
Termination benefits paid	(5,857,632)	(9,530,167)	(11,418,555)
Actuarial (gain) / loss	7,890,052	11,866,641	(388,901)
Provision at 31 December	14,547,416	9,025,571	2,467,049

17. OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2017	31 December 2016	31 December 2015
VAT deductible	33,693,050	8,810,881	1,633,092
Prepaid taxes and funds	1,552,182	350,379	98,821
Other assets	52,748	994,357	105,483
	35,297,980	10,155,617	1,837,396

Other non-current assets	31 December 2017	31 December 2016	31 December 2015
Long term prepaid expenses	8,601	5,492	165
Other	-	58,946	484,681
	8,601	64,438	484,846

Other current liabilities	31 December 2017	31 December 2016	31 December 2016
Taxes and dues payable	16,164,448	15,546,449	7,721,708
Other liabilities	1,534,079	229,911	149,003
	17,698,527	15,776,360	7,870,711

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18. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Shareholder structure as of 31 December 2017, 2016 and 2015 is stated below:

Shareholders	%	31 December 2017	%	31 December 2016	%	31 December 2015
Turkish Retail Investments B.V.	50	180,000,000	50	180,000,000	50	180,000,000
Gözde Girişim Sermayesi Yat.Ort. A.Ş.	39	140,400,327	39	140,400,327	39	140,400,327
Templeton Strategic Emerging Markets Fund IV.LDC	10	36,000,000	10	36,000,000	10	36,000,000
Murat Ülker	<1	1,897,777	<1	1,897,777	<1	1,439,591
Uğur Demirel	<1	1,439,755	<1	1,439,755	<1	1,439,754
Mustafa Yaşar Serdengeçti	<1	262,141	-	262,141	-	-
Halil Cem Karakaş	<1	-	<1	-	<1	720,164
Yıldız Holding A.Ş.	<1	-	-	-	-	164
Nominal Capital	100	360,000,000	100	360,000,000	100	360,000,000

The Group's nominal capital has been divided into 36,000,000,000 registered shares with a par value of TL 0.01 per share (31 December 2016: 36,000,000,000 shares, 31 December 2015: 36,000,000,000 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 31 December 2017 restricted reserves is TL 260,000 (31 December 2016: TL 220,000, 31 December 2015: TL 220,000).

Actuarial Loss / Gain

As of 31 December 2017, actuarial loss / gain is negative TL 15,317,761 (31 December 2016: negative TL 9,022,805, 31 December 2015: negative TL 131,637).

Effect of transactions under common control

As of 31 December 2017 effect of mergers involving undertakings or businesses subject to common control is negative TL 438,284,421 (31 December 2016: negative TL 156,558,499, 31 December 2015: negative TL 1,000,000).

Resources subject to Profit Distribution

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

19. REVENUE AND COST OF SALES

As of 31 December 2016 and 2015, the sales of Group are as follows:

a) Revenue

	1 January-31 December 2017	1 January-31 December 2016	1 January-31 December 2015
Revenue from merchandises sold	9,601,292,091	6,743,924,794	5,097,311,231
Sales returns (-)	(89,038,049)	(17,822,077)	(25,367,757)
	9,512,254,042	6,726,102,717	5,071,943,474

b) Cost of Sales

	1 January-31 December 2017	1 January-31 December 2016	1 January-31 December 2015
Cost of merchandises sold	(7,478,663,120)	(5,401,535,657)	(4,160,912,067)
	(7,478,663,120)	(5,401,535,657)	(4,160,912,067)

20. MARKETING, SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Marketing and selling expenses	1 January-31 December 2017	1 January-31 December 2016	1 January-31 December 2015
Personnel expenses	(774,453,651)	(549,132,871)	(388,774,537)
Store rent expenses	(384,958,572)	(269,987,834)	(200,605,830)
Transportation expenses	(105,687,784)	(73,029,351)	(54,693,576)
Depreciation and amortization expenses (Note:11, 12)	(163,297,358)	(109,531,356)	(87,055,278)
Store utility expenses	(89,255,305)	(69,601,528)	(52,933,912)
Warehouse personnel expenses	(62,143,165)	(54,703,445)	(47,117,339)
Packaging expenses	(39,925,605)	(26,236,186)	(17,974,756)
Advertising expenses	(50,221,247)	(30,427,792)	(23,327,910)
Warehouse rent expenses	(24,052,347)	(20,213,086)	(21,232,699)
Other warehouse expenses	(21,080,598)	(12,193,034)	(11,630,835)
Vehicle expenses	(15,436,682)	(8,561,861)	(7,335,608)
Information technology expenses	(14,445,670)	(12,677,832)	(10,435,611)
Maintenance expenses	(13,265,169)	(8,962,448)	(7,999,525)
Stationery expenses	(9,081,431)	(6,120,091)	(6,023,671)
Tax expenses and duties	(8,660,113)	(6,625,367)	(4,314,519)
Communication expenses	(5,310,120)	(4,642,660)	(3,855,988)
Cleaning expenses	(5,868,548)	(3,036,720)	(2,676,100)
Insurance expenses	(4,470,209)	(2,918,945)	(1,835,746)
Clothing expenses	(2,422,979)	(1,638,685)	(54,169)
Small furniture & fitting expenses	(1,938,482)	(1,467,745)	(1,172,534)
Other marketing and selling expenses	(15,424,451)	(11,698,528)	(7,947,564)
	(1,811,399,486)	(1,283,407,365)	(958,997,707)

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

General administrative expenses	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Personnel expenses	(32,972,582)	(22,949,422)	(24,797,884)
Outsourced expenses	(7,891,334)	(5,426,815)	(6,546,025)
Cash collection expenses	(7,034,301)	(4,590,715)	(2,501,286)
Information technology expenses	(3,980,474)	(2,853,264)	(2,786,961)
Tax expenses and duties	(2,677,945)	(1,849,453)	(1,295,112)
Rent expenses	(1,961,550)	(1,759,175)	(1,418,279)
Depreciation and amortization expenses (Note 11)	(1,713,529)	(834,276)	(572,388)
Vehicle expenses	(617,005)	(545,859)	(506,907)
Food expenses	(581,758)	(415,451)	(299,815)
Communication expenses	(474,056)	(330,268)	(411,484)
Cleaning expenses	(251,578)	(279,523)	(238,975)
Transportation expenses	(298,071)	(264,360)	(220,028)
Stationery expenses	(184,815)	(129,591)	(159,086)
Other administrative expenses	(4,564,989)	(1,643,312)	(1,991,481)
	(65,203,987)	(43,871,484)	(43,745,711)

21. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Unused provision	573,239	-	726,164
Gain on sale of property and equipment	212,997	43,409	1,482
Other income (*)	1,383,382	193,997	20,360,252
	2,169,618	237,406	21,087,898

(*) Other income in the year 2015 amounting to TL 17,302,511 consists of the settlement of the reconciliation differences arising from the acquisition of DiaSA and the collection of the related amount from the previous shareholders of DiaSA.

Other expenses	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Provision expense (Note 14)	(5,140,389)	(5,378,114)	(3,778,838)
Allowance for doubtful receivables (Note 7)	(901,920)	(65,916)	(578,687)
Donations and aids	(1,848,501)	(2,120,500)	(1,715,388)
Loss on sale of property and equipment	(4,089,312)	(1,544,395)	(3,846,799)
Impairment on property and equipment	(14,832,338)	-	-
One-off expenses	(320,000)	-	-
Other expenses	(9,643,931)	(1,715,349)	(16,831,167)
	(36,776,391)	(10,824,274)	(26,750,879)

22. FINANCIAL EXPENSES AND INCOME

For the years ended 31 December 2017, 2016 and 2015 financial expenses are as follows:

Financial expenses	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Interest on bank overdrafts and loans (*)	(217,951,933)	(158,387,054)	(99,861,602)
Financial expenses from credit purchases and discount on trade receivables	(273,665,342)	(207,143,610)	(144,133,055)
Interest expense from related parties (Note 24)	(111,756,188)	(63,084,796)	(52,596,988)
Interest on finance lease obligations	(32,673,489)	(15,022,266)	(7,487,762)
Foreign exchange loss	(8,985,760)	(1,728,787)	(68,723)
Other	(576,879)	(680,241)	(750,473)
	(645,609,591)	(446,046,754)	(304,898,603)

(*)As of 2017, the Group has the guarantee of Yıldız Holding A.Ş. amounting to TL 1,182,437,385 and TL 120,405,578 for its loans and non-cash loans respectively (2016: TL 1,099,639,232 and TL 102,707,518; 2015: TL 1,123,562,535 and TL 61,924,912). Due to this guarentee, interest was accrued at % 1.83 for the loans and % 0.47 for the non cash loans. (2016-%1.46 and % 0.36; 2015-% 1.51 and % 0.25). Interest accrued to Yıldız Holding A.Ş. for guarantee is TL 17,177,648 for 2017 (2016:TL 16,072,720; 2015:TL 13,582,207).

As of 31 December 2017, 2016 and 2015 financial incomes are as follows:

Financial income	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Financial income from credit sales and discount on trade payables	90,651,334	87,258,922	48,512,141
Foreign exchange income	915,034	388,429	38,570
Interest income	2,480,102	1,373,315	359,698
	94,046,470	89,020,666	48,910,409

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

Current tax asset / (liability)	31 December 2017	31 December 2016	31 December 2015
Current corporate tax provision	(2,090,951)	(400,125)	(200,073)
Less: Prepaid taxes and funds	2,968,743	369,534	98,821
	877,792	(30,591)	(101,252)

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 2017 is 20% (2016: 20% and 2015: 20%) for the Group.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2017 is 20%. (2016: 20% and 2015: 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.

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. 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 31 December 2017 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		
	31 December 2017	31 December 2016	31 December 2015	31 December 2017	31 December 2016	31 December 2015
Deferred tax assets / (liabilities) :						
Property and equipment	37,405,527	69,212,792	142,043,981	7,481,105	13,842,558	28,408,796
Intangible assets	(336,078,569)	(368,595,127)	(414,833,007)	(67,215,714)	(73,719,025)	(82,966,601)
Inventory	71,387,505	55,905,880	34,746,895	14,277,501	11,181,176	6,949,379
Provision for retirement payments	14,547,416	9,025,569	2,435,966	2,909,483	1,805,114	487,193
Provision for unused vacation	37,792,822	30,391,960	24,632,255	7,558,564	6,078,392	4,926,451
Effect of amortized cost method on receivables and payables	(90,049,404)	(52,865,906)	(31,321,029)	(18,009,881)	(10,573,181)	(6,264,206)
Provision for legal claims	29,041,208	24,140,690	23,805,596	5,808,242	4,828,138	4,761,119
Provision for doubtful receivables	158,898	211,049	-	31,780	42,210	-
Accrual of interest	(2,754,545)	(914,398)	(1,269,765)	(550,909)	(182,880)	(253,953)
Other	3,528,018	2,629,350	-	705,604	525,870	-
	(235,021,124)	(230,858,141)	(219,759,108)	(47,004,225)	(46,171,628)	(43,951,822)

Allowance is provided for deferred tax assets of the Group since there is uncertainty that the Group's previous years' losses will be deducted from its taxable income in the foreseeable future.

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

Expiration schedule of carryforward tax losses is as follows :

	31 December 2017	31 December 2016	31 December 2015
Expiring in 2016	-	-	144,641,694
Expiring in 2017	-	282,861,584	273,910,191
Expiring in 2018	428,662,893	428,662,893	391,066,073
Expiring in 2019	392,219,600	392,219,600	354,087,062
Expiring in 2020	448,128,324	448,128,324	421,066,273
Expiring in 2021	332,084,618	332,084,618	-
Expiring in 2022	410,320,467	-	-
	2,011,415,902	1,883,957,019	1,584,771,293

The movement of deferred tax liability for the years ended as of 31 December 2017, 2016 and 2015 is as follows :

Movement of deferred tax asset/ (liabilities):	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Opening balance at 1 January	(46,171,628)	(43,951,822)	(24,801,282)
Recognised in income statement	(2,410,607)	(4,036,216)	(19,072,760)
Effect of mergers under common control	-	(556,918)	-
Recognised in other compherensive income	1,578,010	2,373,328	(77,780)
Closing balance at 31 December	(47,004,225)	(46,171,628)	(43,951,822)

The amounts reflected in compherensive statement of profit or loss of the years ended at 31 December 2017, 2016 and 2015 are as follows:

	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Current corporate tax provision	(2,090,951)	(400,125)	(200,073)
Deferred tax expense	(2,410,607)	(4,036,216)	(19,072,760)
Total tax expense	(4,501,558)	(4,436,341)	(19,272,833)

Tax reconciliation:	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Loss from operations before taxation	(429,182,445)	(370,324,745)	(353,363,186)
	%20	%20	%20
Tax at the domestic income tax rate of 20% (2016: 20% 2015: 20%)	85,836,489	74,064,949	70,672,637
Tax effects of:			
- Carryforward tax losses not recognized as deferred tax assets	(82,064,093)	(66,416,924)	(84,213,255)
- Expenses that are not deductible	(9,075,371)	(10,867,440)	(8,624,384)
- Increase in tax base under tax amnesty	-	(184,716)	-
- Other	801,417	(1,032,210)	2,892,169
Income tax expense recognised in profit or loss	(4,501,558)	(4,436,341)	(19,272,833)

24. RELATED PARTY BALANCES AND TRANSACTIONS

	31 December 2017			
	Receivables		Payables	
	Current		Current	
Shareholders	Trading	Non - trading	Trading	Non - trading
Yıldız Holding A.Ş.	-	27,674,985	14,328,731	561,260,023
Related Parties - Controlled by shareholders				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	114,236,927	36,170,875
Bizim Toptan Satış Magazaları A.Ş.	65,623,997	-	53,781	-
Kerevitaş Gıda San. ve Tic. A.Ş.	18,399	-	39,823,913	2,478,000
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	26,388,423	10,773,400
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	38,542,036	-
Aytaç 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 veTic 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 Undan Mamül 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	-
Jointly Controlled Companies by shareholders				
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	-
	86,872,480	32,148,945	457,458,758	610,682,298

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.

Detail of Group’s non-trade payables to related parties is disclosed below:

Non-trade payables to related parties	Original Currency	Interest Rate	Short Term Payables (TL Equivalent)
Yıldız Holding A.Ş. (*)	TL	17.29%	271,099,858
Yıldız Holding A.Ş. (**)	TL	-	239,761,360
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
			610,682,298

(*) Non-trade payables amounting to TL 321,498,663 represent short term group borrowings from Yıldız Holding A.Ş.

(**) Non-trade payables from Yıldız Holding A.Ş. consist of acquisition of brands and Teközel amounting to TL 182,961,360 and TL 56,800,000 respectively. No interest is charged on related amounts.

(***) Non-trade payables are related to acquisition of brands amounting to TL 13,251,400. No interest is charged on related amounts.

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	31 December 2016			
	Receivables		Payables	
	Current		Current	
Balances with related parties	Trading	Non-trading	Trading	Non-trading
Shareholders				
Yıldız Holding A.Ş.	-	18,776,936	7,737,651	572,993,627
Related Parties - Controlled by shareholders				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	23,215	-	162,787,504	-
Bizim Toptan Satış Magazaları A.Ş.	56,352,628	-	3,432,954	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	5,000	-	46,919,932	-
Kerevitaş Gıda San. ve Tic. A.Ş.	-	-	31,499,434	-
Bagetürk Gıda San. ve Tic. A.Ş.	-	-	30,161,581	-
Aktül Kağıt Üretim Pazarlama A.Ş.	-	-	23,390,754	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	9,765	-	14,053,683	-
Örgen Gıda San. ve Tic. A.Ş.	478	-	11,907,251	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	11,746,665	-
Enfesler Gıda Pazarlama A.Ş.	67,127	-	10,651,311	-
Marsa Yağ San. ve Tic. A.Ş.	2,173	-	8,489,859	-
G2m Dağıtım Pazarlama veTic A.Ş.	7,012,441	-	-	-
Önem Gıda San. ve Tic. A.Ş.	-	-	5,693,197	-
Poleks Gıda San. ve Dış Tic. A.Ş.	4,111,409	-	-	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	3,673,678	-
Polinas Plastik San. Tic. A.Ş.	-	-	3,425,032	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	3,235,772	-	-	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	25,152	-	1,128,112	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	-	-	524,057	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	335,794	-
Other	595,264	13,530	6,482,107	-
Jointly Controlled Companies by shareholders				
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	16,375	-	5,730,609	-
CCC Gıda San. ve Tic. A.Ş.	20,330	-	3,180,656	-
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	-	-	378,550	-
	71,477,129	18,790,466	393,330,371	572,993,627

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

Non-trade payables to related parties	Original Currency	Interest Rate	Short Term Payables
Yıldız Holding A.Ş.	TL	13.39%	572,993,627
			572,993,627

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	31 December 2015			
	Receivables		Payables	
	Current		Current	
Balances with related parties	Trading	Non-trading	Trading	Non-trading
Shareholders				
Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.	1,062	-	-	140,055,616
Yıldız Holding A.Ş.	-	17,406,633	11,577,305	6,166,131
Related Parties - Controlled by shareholders				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	118,624,093	-
Bizim Toptan Satış Magazaları A.Ş.	38,892,057	-	59,256	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	-	-	42,453,809	-
Kerevitaş Gıda San. ve Tic. A.Ş.	238,266	-	19,770,797	-
Bagetürk Gıda San. ve Tic. A.Ş.	-	-	17,060,698	-
Örgen Gıda San. ve Tic. A.Ş.	14,700	-	10,542,354	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	10,375,634	-
Aktül Kağıt Üretim Pazarlama A.Ş.	-	-	8,378,095	-
Önem Gıda San. ve Tic. A.Ş.	-	-	8,376,572	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	7,921,704	-
Enfesler Gıda Pazarlama A.Ş.	-	-	6,247,847	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	6,057,709	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	4,270,839	-	16,947	-
Rekor Gıda Paz. San. ve Tic. A.Ş.	3,819,771	-	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	-	3,648,567	-
İlk Mevsim Meyve Suları Pazarlama A.Ş.	-	-	3,261,004	-
Marsa Yağ San. ve Tic. A.Ş.	877	-	3,145,263	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	3,053,330	-
Ülker Çikolata Sanayi A.Ş.	4,378	-	2,083,297	-
Bahar Su Sanayi ve Tic. A.Ş.	-	-	1,361,862	-
Rotopaş Ambalaj San. ve Tic. A.Ş.	-	-	1,350,400	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	-	-	894,261	-
Della Gıda San. ve Tic. A.Ş.	-	-	272,523	-
Other	177,749	1,558	3,311,119	-
Jointly Controlled Companies by shareholders				
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	17,350	-	18,351,888	-
CCC Gıda San. ve Tic. A.Ş.	2,000	-	2,220,622	-
Natura Gıda San. ve Tic. A.Ş.	-	-	1,047,275	
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	-	-	676,700	-
	47,439,049	17,408,191	312,140,931	146,221,747

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

Non-trade payables to related parties	Original Currency	Interest Rate	Short Term Payables
Yıldız Holding A.Ş.	TL	12.89%	6,166,131
Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.	TL	14.50%	140,055,616
			146,221,747

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 31 December 2017				
Transactions with related parties	Purchases	Interest received	Interest paid	Sales/ Other income	Other expense
Shareholders					
Yıldız Holding A.Ş.	-	2,734,702	(104,140,200)	3,006,564	-
Related Parties - Controlled by shareholders					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	379,005,514	-	(7,171,124)	9,138,488	-
Bagetürk Gıda San. ve Tic. A.Ş.	163,381,885	-	-	132,001	-
Kerevitaş Gıda San. ve Tic. A.Ş.	117,175,236	-	(366,648)	55,126	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	119,228,267	-	-	157,384	-
Aktül Kağıt Üretim Pazarlama A.Ş.	88,365,178	-	-	2,572,945	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	84,789,674	-	-	-	(14,702)
Bizim Toptan Satış Magazaları A.Ş.	11,805,670	-	-	318,826,185	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	69,044,383	-	-	52,932	(5,836)
Enfesler Gıda Pazarlama A.Ş.	66,243,947	-	-	187,831	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	49,916,871	-	-	-	(50,821)
Marsa Yağ San. ve Tic. A.Ş.	37,484,298	-	-	11,818	-
Poleks Gıda San. ve Dış Tic. A.Ş.	1,531,219	79,685	-	29,033,286	(63,531)
Atademir Gıda San. ve Tic. A.Ş.	18,060,182	-	-	20,394	-
Azmüsebat Çelik San. Tic. A.Ş.	16,143,427	71,955	-	6,231	-
Önem Gıda San. ve Tic. A.Ş.	9,010,841	65,711	(73,055)	-	(6,641,667)
Polinas Plastik San. Tic. A.Ş.	15,763,434	-	-	525	-
Asil Hamur Undan Mam.Gıda San.Ve Tic.A.Ş.	15,133,616				
Örgen Gıda San. ve Tic. A.Ş.	11,649,256	-	-	-	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	1,913,902	-	-	13,044	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	-	-	-	(1,000,831)
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	-	-	(763,881)
G2m Dağıtım Pazarlama veTic A.Ş.	-	-	-	-	(443,602)
Other	12,768	135	-	319,381	(494,128)
Jointly Controlled Companies by shareholders					
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	56,223,925	-	-	55,560	-
Milhans Gıda Ürün. San. Tic. A.Ş.	40,838,491	-	-	-	-
CCC Gıda San. ve Tic. A.Ş.	10,910,936	-	-	18,435	-
Kellogg Med Gıda Tic. Ltd. Şti.	1,024,430	-	-	8,561	-
Nissin Yildiz Gida San. ve Tic. A.S.	1,243,945	8,722	(5,161)	32,608	-
	1,385,901,295	2,960,910	(111,756,188)	363,649,299	(9,478,999)

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 31 December 2016				
Transactions with related parties	Purchases	Interest received	Interest paid	Sales / Other income	Other expense
Shareholders					
Yıldız Holding A.Ş.	4,472,218	608,764	(42,157,458)	-	(1,150,739)
Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-	(19,130,169)	-	-
Related Parties - Controlled by shareholders					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	325,557,028	-	(1,794,520)	1,664,294	-
Bizim Toptan Satış Magazaları A.Ş.	9,725,779	-	-	280,754,210	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	143,022,207	-	-	687,511	-
Bagetürk Gıda San. ve Tic. A.Ş.	118,210,384	-	-	18,503	-
Kerevitaş Gıda San. ve Tic. A.Ş.	98,492,654	-	-	46,283	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	61,743,595	-	-	122,753	-
Örgen Gıda San. ve Tic. A.Ş.	48,205,001	-	(2,649)	95,659	-
Aktül Kağıt Üretim Pazarlama A.Ş.	44,731,103	-	-	47,363	-
Enfesler Gıda Pazarlama A.Ş.	33,878,041	-	-	681,801	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	29,682,909	-	-	117,982	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	27,158,172	-	-	12,152	-
Marsa Yağ San. ve Tic. A.Ş.	21,217,695	-	-	23,273	-
G2m Dağıtım Pazarlama veTic A.Ş.	-	-	-	19,011,665	-
Poleks Gıda San. ve Dış Tic. A.Ş.	762,334	-	-	16,867,612	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	243,586	-	-	16,212,356	-
Azmüsebat Çelik San. Tic. A.Ş.	11,302,537	-	-	11,013	-
Polinas Plastik San. Tic. A.Ş.	5,748,906	-	-	120	-
Önem Gıda San. ve Tic. A.Ş.	9,325,511	-	-	-	(5,862,005)
Donuk Fırın. Ür. San. ve Tic. A.Ş.	3,335,766	-	-	-	-
Rotopaş Ambalaj San. ve Tic. A.Ş.	1,422,980	-	-	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	658,081	-	-	-	(218,073)
Ülker Çikolata Sanayi A.Ş.	327,100	-	-	-	(4,974)
Other	35,391	831	-	31,621	(1,948,723)
Jointly Controlled Companies by shareholders					
Milhans Gıda Ürün. San. Tic. A.Ş.	15,715,729	-	-	-	-
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	13,808,079	-	-	28,762	-
CCC Gıda San. ve Tic. A.Ş.	9,213,597	-	-	22,783	-
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	1,251,656	-	-	-	(81,339)
	1,039,248,039	609,595	(63,084,796)	336,457,716	(9,265,853)

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 31 December 2015				
Transactions with related parties	Purchases	Interest received	Interest paid	Sales / Other income	Other expense
Shareholders					
Yıldız Holding A.Ş.	2,625,002	310,758	(35,495,754)	-	(1,735,438)
Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-	(17,100,753)	-	-
Related Parties - Controlled by shareholders					
Ak Gıda San. ve Tic. A.Ş.	147,734,476	-	-	340	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	282,781,414	-	-	1,308,870	-
Bizim Toptan Satış Magazaları A.Ş.	2,033,268	-	-	178,438,619	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	182,502,169	-	-	163,789	(1,337)
Kerevitaş Gıda San. ve Tic. A.Ş.	90,308,112	-	-	511,212	(45,865)
Bagetürk Gıda San. ve Tic. A.Ş.	87,546,858	-	-	5,105	(22,405)
Aytaç Gıda Yatırım San. Tic. A.Ş.	50,773,639	-	-	71,970	(4,502)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	45,387,392	-	-	687,084	(279,867)
Seher Gıda Paz. San. Tic. A.Ş.	42,120,184	-	-	-	-
Örgen Gıda San. ve Tic. A.Ş.	41,050,871	-	-	72,341	(1,344)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	28,044,611	-	-	3,259,657	(603,560)
İlk Mevsim Meyve Suları Pazarlama A.Ş.	28,200,268	-	-	188,089	-
Aktül Kağıt Üretim Pazarlama A.Ş.	23,599,600	-	-	15,838	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	19,613,193	-	-	19,969	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	10,960	-	-	18,972,634	(506,351)
Marsa Yağ San. ve Tic. A.Ş.	16,569,259	-	-	5,321	(516)
Azmüsebat Çelik San. Tic. A.Ş.	9,909,388	-	-	7,182	-
G2m Dağıtım Pazarlama veTic A.Ş.	-	-	-	9,477,660	(2,241)
Önem Gıda San. ve Tic. A.Ş.	9,495,142	-	-	17,254	(914,121)
Rekor Gıda Paz. San. ve Tic. A.Ş.	-	-	-	8,294,055	(20)
Della Gıda San. ve Tic. A.Ş.	7,980,068	-	(481)	106,903	-
Bahar Su Sanayi ve Tic. A.Ş.	7,249,612	-	-	2,393	-
Rotopaş Ambalaj San. ve Tic. A.Ş.	5,008,338	-	-	-	-
Ülker Çikolata Sanayi A.Ş.	4,745,907	-	-	9,554	(65,740)
Donuk Fırın. Ür. San. ve Tic. A.Ş.	3,566,440	-	-	993	-
Other	131,428	315	-	64,830	(1,578,549)
Jointly Controlled Companies by shareholders					
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	72,295,413	-	-	67,370	(176)
Natura Gıda San. ve Tic. A.Ş.	19,163,407	-	-	18,570	-
Milhans Gıda Ürün. San. Tic. A.Ş.	12,426,005	-	-	-	-
CCC Gıda San. ve Tic. A.Ş.	7,756,809	-	-	19,820	-
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	6,286,545	-	-	1,202	(23,090)
	1,256,915,778	311,073	(52,596,988)	221,808,624	(5,785,122)

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

	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Salaries and other short term benefits	7,795,352	5,918,413	5,621,754
	7,795,352	5,918,413	5,621,754

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, interest bearing 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.

The Group controls its capital using the net debt/total capital ratio. This ratio is the 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 31 December 2017,2016 and 2015 net debt / total capital ratio is as follows:

	31 December 2017	31 December 2016	31 December 2015
Total liabilities	2,322,295,791	1,892,298,633	1,367,046,493
Less: Cash and cash equivalents (Note 5)	(92,091,962)	(60,831,032)	(32,794,413)
Net debt	2,230,203,829	1,831,467,601	1,334,252,080
Total equity	(2,185,328,546)	(1,530,667,891)	(883,815,995)
Total capital	44,875,283	300,799,710	450,436,085
Gearing ratio	4970%	609%	296%

(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 risks 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 the counterparty.

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

(c) Credit Risk Management (Continued)

The credit risks exposured because of financial instrument types	**Receivables**				
	Trade receivables		**Other Receivables**		
31 December 2017	**Related Party**	**Other**	**Related Party**	**Other**	**Deposits in banks**
Maximum net credit risk as of balance sheet date (i)	86,872,480	180,313,355	32,148,945	10,445,621	28,916,835
The part of maximum risk under guarantee with colleteral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	86,872,480	166,631,829	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.

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

(c) Credit Risk Management (Continued)

The credit risks exposured because of financial instrument types	**Receivables**				
	Trade receivables		**Other Receivables**		
31 December 2016	**Related Party**	**Other**	**Related Party**	**Other**	**Deposits in banks**
Maximum net credit risk as of balance sheet date (i)	71,477,129	265,453,906	18,790,466	7,412,068	20,346,800
The part of maximum risk under guarantee with colleteral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	71,477,129	255,619,087	18,790,466	7,412,068	20,346,800
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	-	9,834,819	-	-	-
D. Impaired asset net book value					
- Past due (gross amount)	-	7,548,223	-	-	-
- Impairment (-)	-	(7,548,223)	-	-	-
- 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 192,639,363 which holds no credit risk.

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

(c) Credit Risk Management (Continued)

The credit risks exposured because of financial instrument types	**Receivables**				
	Trade receivables		**Other Receivables**		
31 December 2015	**Related Party**	**Other**	**Related Party**	**Other**	**Deposits in banks**
Maximum net credit risk as of balance sheet date (i)	47,439,049	238,496,527	17,408,191	6,300,574	904,687
The part of maximum risk under guarantee with colleteral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	47,439,049	224,207,653	17,408,191	6,300,574	904,687
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	-	14,288,874	-	-	-
- Guaranteed amount by colleteral					
D. Impaired asset net book value					
- Past due (gross amount)	-	7,284,152	-	-	-
- Impairment (-)	-	(7,284,152)	-	-	-
- 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 124,509,795 which holds no credit risk.

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

31 December 2017

	Book value	Contractual undiscounted cash flow (I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)
Financial liabilities					
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	-
Total liability	4,547,813,371	4,793,926,922	2,898,053,302	1,661,867,355	234,006,266

31 December 2016

	Book value	Contractual undiscounted cash flow (I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)
Financial liabilities					
Bank Borrowings	1,099,639,232	1,153,232,268	435,113,085	718,119,183	-
Leasing payables	210,685,737	254,487,402	19,841,775	59,525,324	175,120,303
Trade payables	1,664,900,340	1,664,900,340	1,664,900,340	-	-
Other payables	600,900,136	600,900,136	-	600,900,136	-
Total liability	3,576,125,445	3,673,520,146	2,119,855,200	1,378,544,643	175,120,303

31 December 2015

	Book value	Contractual undiscounted cash flow (I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)
Financial liabilities					
Bank Borrowings	1,123,562,535	1,231,335,278	310,666,806	920,668,472	
Leasing payables	114,670,402	143,497,884	12,023,452	36,070,357	95,404,075
Trade payables	1,154,216,382	1,154,216,382	1,154,216,382	-	-
Other payables	147,558,008	147,558,008	-	147,558,008	-
Total liability	2,540,007,327	2,676,607,552	1,476,906,640	1,104,296,837	95,404,075

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:

31 December 2017	Equivalent of TL (Functional Currency)	US Dollar	Euro
Trade receivables	8,576,940	151,830	1,772,617
Monetary financial assets	48,988	4,993	6,682
CURRENT ASSETS	8,625,928	156,823	1,779,299
Monetary financial assets	558,241	148,000	-
NON CURRENT ASSETS	558,241	148,000	-
TOTAL ASSETS	9,184,169	304,823	1,779,299
Trade payables	1,925,100	301,794	174,236
Financial liabilities	120,261,977	-	26,633,147
CURRENT LIABILITIES	122,187,077	301,794	26,807,384
Monetary other liabilities	951,664	68,562	153,483
NON CURRENT LIABILITIES	951,664	68,562	153,483
TOTAL LIABILITIES	123,138,741	370,356	26,960,867
Net foreign currency position	(113,954,572)	(65,533)	(25,181,568)
Monetary items net foreign currency asset / liability position	(113,954,572)	(65,533)	(25,181,568)

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

31 December 2016	Equivalent of TL (Functional Currency)	US Dollar	Euro
Trade receivables	5,241	944	517
Monetary financial assets	31,633	3,795	4,927
CURRENT ASSETS	36,874	4,739	5,444
Monetary financial assets	473,221	133,922	518
NON CURRENT ASSETS	473,221	133,922	518
TOTAL ASSETS	510,094	138,661	5,962
Trade payables	83,092	20,309	3,132
CURRENT LIABILITIES	83,092	20,309	3,132
Monetary other liabilities	652,648	20,345	156,621
NON CURRENT LIABILITIES	652,648	20,345	156,621
TOTAL LIABILITIES	735,740	40,654	159,753
Net foreign currency position	(225,645)	98,007	(153,792)
Monetary items net foreign currency asset / liability position	(225,645)	98,007	(153,792)

31 December 2015	Equivalent of TL (Functional Currency)	US Dollar	Euro
Trade receivables	4,388	944	517
Monetary financial assets	26,871	2,855	5,844
CURRENT ASSETS	31,258	3,799	6,361
Monetary financial assets	391,178	134,049	446
NON CURRENT ASSETS	391,178	134,049	446
TOTAL ASSETS	422,437	137,848	6,807
Trade payables	48,498	15,258	1,301
Monetary other liabilities	24,693	8,493	-
CURRENT LIABILITIES	73,191	23,751	1,301
Monetary other liabilities	488,609	12,633	142,207
NON CURRENT LIABILITIES	488,609	12,633	142,207
TOTAL LIABILITIES	561,800	36,384	143,508
Net foreign currency position	(139,363)	101,464	(136,701)
Monetary items net foreign currency asset / liability position	(139,363)	101,464	(136,701)

Foreign currency sensitivity

The Company undertakes certain transactions denominated in US Dollar hence exposures to certain exchange rate fluctuations arise. As of 31 December 2017, a 10% strengthening of US Dollar against the TL, on the basis that all other variables remain constant, would have increased equity and profit and loss by TL 24,717 (31 December 2016: TL 34,491, December 2015: TL 29,502 would have decreased).

The Company undertakes certain transactions denominated in Euro hence exposures to certain exchange rate fluctuations arise. As of 31 December 2017, a 10% strengthening of Euro against the TL, on the basis that all other variables remain constant, would have decreased equity and profit and loss by TL 11,370,733 (31 December 2016: TL 57,055 31 December 2015: TL 43,438).

Interest rate sensitivity

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

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

31 December 2017	Loans and receivables	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	92,091,962	-	92,091,962	5
Trade receivables (including related parties)	267,185,835	-	267,185,835	7
Other receivables (including related parties)	42,594,566	-	42,594,566	8
Financial liabilities				
Borrowings	-	1,402,437,385	1,402,437,385	6
Obligations under finance leases	-	306,573,922	306,573,922	6
Trade payables (including related parties)	-	2,193,083,265	2,193,083,265	7
Other payables (including related parties)	-	645,718,799	645,718,799	8

31 December 2016	Loans and receivables	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	60,831,032	-	60,831,032	5
Trade receivables (including related parties)	336,931,035	-	336,931,035	7
Other receivables (including related parties)	26,202,534	-	26,202,534	8
Financial liabilities				
Borrowings	-	1,099,639,232	1,099,639,232	6
Obligations under finance leases	-	210,685,737	210,685,737	6
Trade payables (including related parties)	-	1,664,900,340	1,664,900,340	7
Other payables (including related parties)	-	600,900,136	600,900,136	8

31 December 2015	Loans and receivables	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	32,794,413	-	32,794,413	5
Trade receivables (including related parties)	285,935,576	-	285,935,576	7
Other receivables (including related parties)	23,708,765	-	23,708,765	8
Financial liabilities				
Borrowings	-	1,123,562,535	1,123,562,535	6
Obligations under finance leases		114,670,402	114,670,402	6
Trade payables (including related parties)	-	1,154,216,382	1,154,216,382	7
Other payables (including related parties)	-	147,558,008	147,558,008	8

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

27. LOSS PER SHARE

As of 31 December 2017, 2016 and 2015 loss per share calculation is as follows:

	1 January 31 December 2017	1 January 31 December 2016	1 January 31 December 2015
Net loss for the year from attributable to equity holders of the parents	(389,843,353)	(361,491,971)	(372,672,391)
Average number of shares outstanding during the year (full value)	360,000,000	360,000,000	360,000,000
Losses per share from operations	(1.0829)	(1.0041)	(1.0352)

28. EVENTS AFTER THE REPORTING PERIOD

Subsequent to reporting date, the Group management decided to focus the operations of Teközel exclusively on Şok Marketler Ticaret A.Ş.. Accordingly, operations associated with customers other than Şok Marketler Ticaret A.Ş. ("Non-Şok Operations") will be gradually discontinued during the year 2018. Key financial metrics related with Non-Şok operations for the year ended 31 December 2017 are TL 620,044,182 (2016: TL 575,409,924 and 2015: TL 610,102,155) for revenue, TL 7,173,340 (2016: TL 4,957,370 and 2015: TL 5,277,542) for gross profit and TL 4,507,771 (2016: TL 1,858,789 and 2015: TL 1,699,451) for operating profit.

Teközel acquired 40% shares of UCZ on 30 January 2018 in exchange for TL 1,000 to reach to a total shareholding of 100% at UCZ.

Pursuant to Board of Directors' resolution dated 9 February 2018, the Company has consented to the repayment of its loan amounting to TL 40,390,000 by Yıldız Holding A.Ş., Şok's ultimate controlling party, and the Company has provided a joint and several surety limited to TL 40,390,000 to the benefit of Yıldız Holding A.Ş. regarding the Akbank T.A.Ş. loan.

Based on the decision that taken at the Extraordinary General Assembly on March 8, 2018 and declared in the Turkey Trade Registry Gazette on March 19,2018, our current issued share capital consists of 144,000,000 privileged shares (Odak Paylar) (the "Privileged Shares") (%40 of the share capital) and 216,000,000 ordinary shares (Ana Paylar) (the "Ordinary Shares") (%60 of the share capital), all of which are fully paid, issued and outstanding. Turkish Retail Investments holds 100% of our Privileged Shares.

In February 2018, Yıldız Holding 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 and repayment plan.

On April 12, 2018, Yıldız Holding and certain group companies (including Şok) signed a Syndicated Loan Agreement with certain lenders of Yıldız Holding group companies. With respect to the Syndicated Loan Agreement, Şok 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. Sok's guarantee liabilities related to the agreement will cease, on the date that Şok pays back its aggregate debts related to the Syndicated Loan.

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 calculates the adjusted EBITDAR by excluding rent expenses on adjusted EBITDA.

	1 January- 31 December 2017	1 January- 31 December 2016	1 January- 31 December 2015
Loss for the year	**(433,684,003)**	**(374,761,086)**	**(372,636,019)**
Tax expense	(4,501,558)	(4,436,341)	(19,272,833)
Loss from operations before taxation	**(429,182,445)**	**(370,324,745)**	**(353,363,186)**
Financial income and expense net	(551,563,121)	(357,026,088)	(255,988,194)
Amortization and depreciation	(165,010,887)	(110,365,632)	(87,627,666)
EBITDA	**287,391,563**	**97,066,975**	**(9,747,326)**
Other income and expense net	(34,606,773)	(10,586,868)	(5,662,981)
Royalty expense effect (*)	(8,418,390)	(4,472,680)	(2,625,002)
Non Şok operations of Teközel (**)	4,220,627	1,801,440	(700,678)
Adjusted EBITDA	**326,196,099**	**110,325,083**	**(758,665)**
Warehouse and Rent Expenses (***)	410,972,469	291,960,095	223,256,808
Adjusted EBITDAR	**737,168,568**	**402,285,178**	**222,498,143**

(*) 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 years; 2017, 2016 and 2015 as the related brands are now owned by Şok as Şok will no longer bear royalty expenses (2017:TL 8.418.390, 2016: TL 4.472.680, 2015: TL 2.625.002).

(**) Subsequent to reporting date, the Group management decided to focus the operations of Teközel exclusively on Şok Marketler Ticaret A.Ş.. Accordingly, operations associated with customers other than Şok Marketler Ticaret A.Ş. ("Non-Şok Operations") will be gradually discontinued during the year 2018. Key financial metrics related with Non-Şok operations for the year ended 31 December 2017 are TL 620,044,182 (2016: TL 575,409,924 and 2015: TL 610,102,155) for revenue, TL 7,173,340 (2016: TL 4,957,370 and 2015: TL 5,277,542) for gross profit and TL 4,507,771 (2016: TL 1,858,789 and 2015: TL 1,699,451) for operating profit.

(***) 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.