ŞOK MARKETLER TİCARET A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD
1 JANUARY - 31 MARCH 2018

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OTHER INFORMATION

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

ASSETS

Current Assets	Notes	31 March 2018	Restated (*) 31 December 2017
Cash and cash equivalents	5	63,740,063	92,091,962
Trade receivables	7	175,510,251	267,634,215
Due from related parties	24	68,346,237	86,872,480
Other trade receivables		107,164,014	180,761,735
Other receivables	8	60,912,962	36,899,176
Due from related parties	24	54,019,483	32,148,945
Other receivables		6,893,479	4,750,231
Inventories	9	665,594,700	636,247,122
Prepaid expenses	10	10,753,388	8,433,138
Other current assets	17	15,735,743	35,297,980
Total Current Assets		**992,247,107**	**1,076,603,593**
Non Current Assets			
Other receivables	8	6,372,046	5,695,390
Property and equipment	11	895,782,863	849,530,114
Intangible assets		677,786,027	677,027,576
Goodwill	13	578,942,596	578,942,596
Other intangible assets	12	98,843,431	98,084,980
Other non current assets	17	3,413	8,599
Total Non-Current Assets		**1,579,944,349**	**1,532,261,679**
TOTAL ASSETS		**2,572,191,456**	**2,608,865,272**

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

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018 AND 31 DECEMBER 2017

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

LIABILITIES AND EQUITY

	Note	31 March 2018	Restated (*) 31 December 2017
Current Liabilities			
Short term borrowings	6	1,290,689,804	1,402,437,385
Obligations under finance leases	6	77,385,388	102,412,883
Trade payables	7	2,411,171,827	2,193,083,265
Due to related parties	24	572,486,276	457,458,758
Other trade payables		1,838,685,551	1,735,624,507
Other payables	8	623,709,099	645,718,799
Due to related parties	24	588,635,986	610,682,298
Other payables		35,073,113	35,036,501
Payables regarding employee benefits	16	89,422,407	79,106,917
Deferred income	10	8,758,796	8,665,160
Other short term provisions		48,199,394	43,049,962
Provision for short term employee benefits	16	15,221,095	12,193,626
Other provisions	14	32,978,299	30,856,336
Other current liabilities	17	22,295,694	17,698,527
Total Current Liabilities		**4,571,632,409**	**4,492,172,898**
Non Current Liabilities			
Obligations under finance leases	6	206,178,385	204,161,039
Provision for long term employee benefits	16	44,231,645	40,146,612
Deferred tax liabilities	23	46,950,194	47,093,900
Deferred income	10	9,914,560	9,531,906
Other payables	8	708,912	728,759
Total Non-Current Liabilities		**307,983,696**	**301,662,216**
Equity			
Share capital	18	360,000,000	360,000,000
Other comprehensive income or expense that will not be reclassified to profit or loss			
Actuarial loss		(17,449,372)	(15,317,761)
Restricted reserves appropriated from profits	18	260,000	260,000
Effect of transactions under common control		(602,824,229)	(438,284,421)
Accumulated losses		(1,928,886,638)	(1,538,988,319)
Net loss for the year		(119,497,281)	(390,190,707)
Shareholder's equity		**(2,308,397,520)**	**(2,022,521,208)**
Non-controlling interest		**972,871**	**(162,448,634)**
Total Equity		**(2,307,424,649)**	**(2,184,969,842)**
TOTAL LIABILITIES AND EQUITY		**2,572,191,456**	**2,608,865,272**

(*) 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 PERIODS ENDED 31 MARCH 2018 AND 2017

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

	Notes	1 January- 31 March 2018	1 January- 31 March 2017
Revenue	19	2,687,929,457	2,051,989,555
Cost of sales (-)	19	(2,087,440,045)	(1,617,013,511)
Gross profit		**600,489,412**	**434,976,044**
Marketing and selling expenses (-)	20	(537,157,898)	(393,464,395)
General administrative expenses (-)	20	(18,266,718)	(16,043,848)
Other income from operating activities	21	727,691	1,567,481
Other expenses from operating activities (-)	21	(5,092,922)	(4,516,543)
Operating profit / (loss)		**40,699,565**	**22,518,739**
Finance expenses	22	(196,211,253)	(143,515,121)
Financial income	22	38,399,255	10,231,392
Loss from operations before taxation		**(117,112,433)**	**(110,764,990)**
Income tax expense	23	(1,834,263)	(675,641)
Deferred tax expense	23	(306,456)	3,134,631
LOSS FOR THE PERIOD		**(119,253,152)**	**(108,306,000)**
Attributable to:			
Owners of the parent		(119,497,281)	(99,370,423)
Non-controlling interests		244,129	(8,935,577)
Loss per share	27	**(0.3319)**	**(0.2760)**
Other Comprehensive Income And Loss			
Items that will not be reclassed to profit or loss		(1,800,655)	(2,173,020)
Defined benefit plans remeasurement losses	16	(2,250,817)	(2,716,275)
Tax related to other comprehensive expense that will not be reclassified to profit or loss			
Deferred tax income	23	450,162	543,255
OTHER COMPREHENSIVE LOSS		**(1,800,655)**	**(2,173,020)**
TOTAL OTHER COMPREHENSIVE LOSS		**(121,053,807)**	**(110,479,020)**
Total comprehensive expense attributable to:			
Non-Controlling Interests		252,411	(8,875,958)
Equity Holders of the Parent		(121,306,218)	(101,603,062)
LOSS FOR THE PERIOD		**(121,053,807)**	**(110,479,020)**

(*) 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 PERIODS ENDED 31 MARCH 2018 AND 2017
(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 period**	**Accumulated Losses**	**Shareholder's equity**	**Non-controlling interests**	**Equity**
Reported 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)**
Effect of restatement	-	-	-	-	736,344	-	736,344	(90,302)	646,042
Restated as of 1 January 2017	**360,000,000**	**(9,022,805)**	**220,000**	**(156,558,499)**	**(360,755,627)**	**(1,245,254,004)**	**(1,411,370,935)**	**(118,650,914)**	**(1,530,021,849)**
Transfer to retained earnings	-	-	8,651		360,755,627	(360,764,278)	-	-	-
Effect of transactions under common control (*)	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	(2,232,639)	-	-	(99,370,423)	-	(101,603,062)	(8,875,958)	(110,479,020)
Balance as of 31 March 2017	**360,000,000**	**(11,255,444)**	**228,651**	**(156,558,499)**	**(99,370,423)**	**(1,606,018,282)**	**(1,512,973,997)**	**(127,526,872)**	**(1,640,500,869)**
Balance as of 1 January 2018	**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 restatement	-	-	-	-	(347,354)	736,344	388,990	(30,286)	358,704
Restated as of 1 January 2018	**360,000,000**	**(15,317,761)**	**260,000**	**(438,284,421)**	**(390,190,707)**	**(1,538,988,319)**	**(2,022,521,208)**	**(162,448,634)**	**(2,184,969,842)**
Transfer to retained earnings	-	-	-	-	390,190,707	(390,190,707)	-	-	-
Effect of transactions under common control (*)	-	(322,674)	-	(164,539,808)	-	292,388	(164,570,094)	163,169,094	(1,401,000)
Total comprehensive loss	-	(1,808,937)	-	-	(119,497,281)	-	(121,306,218)	252,411	(121,053,807)
Balance as of 31 March 2018	**360,000,000**	**(17,449,372)**	**260,000**	**(602,824,229)**	**(119,497,281)**	**(1,928,886,638)**	**(2,308,397,520)**	**972,871**	**(2,307,424,649)**

(*) 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 PERIODS ENDED 31 MARCH 2018 AND 2017

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

	Notes	1 January- 31 March 2018	1 January- 31 March 2017
A.Cash Generated by Operating Activities			
Loss for the period		(119,253,152)	(108,306,000)
Adjustments related to reconciliation of net loss/profit for the period			
-Depreciation of property and equipment	11	44,842,672	35,472,043
-Amortization of intangible assets	12	1,423,174	1,216,228
-Provision for retirement pay	16	1,117,201	761,035
-Provision for doubtful receivables	7	30,791	-
-Donation payment	21	58,705	152,428
-Provision for unused vacation	16	7,762,191	5,689,727
-Lawsuit provisions	14	2,121,963	2,178,442
-Allowance for / reversal of impairment on inventories, net	9	1,920,206	-
-Loss on disposal of closed stores	21	192,257	44,686
-Impairment on property and equipment and intangible assets	11-12	(15,564)	-
-Tax provision	23	2,140,719	(2,458,990)
-Interest income	22	(4,538,208)	(121,044)
-Interest expenses	22	102,463,932	85,190,115
Cash generated by / (used in) operations before changes in working capital		**40,266,887**	**19,818,670**
Changes in working capital :			
Changes in trade receivables		91,972,348	(55,652,320)
Changes in inventories		(31,267,784)	(54,098,111)
Changes in other receivables and current assets		(6,171,992)	(63,813)
Changes in trade payables		218,465,364	38,567,423
Changes in other payables and expense accruals		14,929,422	20,411,173
Changes in prepaid expenses		(1,843,960)	1,866,239
Cash used in operations		**326,350,285**	**(29,150,739)**
Income taxes paid		(533,290)	(279,050)
Collections from doubtful receivables	7	120,825	3,547
Donation payments	21	(58,705)	(152,428)
Payments for lawsuits	14	-	467,342
Retirement benefits paid	16	(2,609,677)	(1,879,927)
Unused vacation provision paid	16	(1,408,030)	(1,114,565)
Net cash generated in operating activities:		**321,861,408**	**(32,105,820)**
INVESTING ACTIVITIES			
Interest received	22	4,538,208	121,044
Purchases of property and equipment	11	(91,610,157)	(62,561,191)
Purchases of intangible assets	12	(2,198,674)	(755,540)
Proceeds on sale of propert and equipment		355,092	921,782
VAT paid for acquisition of brands		(252,000)	-
Cash used in investing activities		**(89,167,531)**	**(62,273,905)**
FINANCING ACTIVITIES			
Payments for finance leases		(23,386,951)	(15,025,941)
Interest paid		(95,655,928)	(48,497,912)
Changes in other payables to related parties		(22,046,312)	150,291,112
Common control transactions related to acquisition of brands		(1,400,000)	-
Incoming cash from business combination under common control of UCZ		(1,000)	-
Repayments of borrowings		(118,555,585)	(4,908,075)
Net cash (used in) / generated from financing activities		**(261,045,776)**	**81,859,184**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(28,351,899)**	**(12,520,541)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**92,091,962**	**60,831,032**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	5	**63,740,063**	**48,310,491**

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 25,222 as of 31 March 2018 (31 December 2017:24,255).

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

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

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

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

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

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

As of 31 March 2018, the Group has a total of 5,859 stores 5,459 units ("Şok" sales store), 48 units ("Şok Mini" sales store) and 352 units ("UCZ" sales store) (31 December 2017: "Şok" sales store: 5,100, "UCZ" sales store: 498).

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

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 March 2018, 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 3,579,385,302. The Group's net loss for the period ended at 31 March 2018 is TL 119,253,152 and the total equity is negative TL 2,307,424,649. The Group has started to increase the number of stores rapidly starting from 2015. 1,000 stores were opened in 2016, 1,100 new stores were opened in 2017 and 359 new stores were opened in reporting period. 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 March 2018 and 31 December 2017 are as follows:

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

(*) The Group acquired 550,000 shares with par value of TL 1 each representing 55 percent shares of the total capital of TL 1,000,000 of Teközel on 26 December 2017. The Group is one of the subsidiaries of Yıldız Holding A.Ş., which owns 450,000 shares ("Shares") with par value of TL 1 each, representing 45% of the total capital of TL 1,000,000. According to the contract dated 31 December 2017, Şok 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. On 30 January 2018, Teközel purchased the remaining shares of UCZ and UCZ became a 100% subsidiary of Teközel. Yıldız Holding A.Ş., which holds the control of the Group, had controlled UCZ since 1 July 2016. Hence, UCZ is included in the scope of consolidation since 1 July 2016 and it is evaluated as a business combination under common control.

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

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

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

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

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 did not make any changes in the accounting policies during the related period.

2.6 Changes in Accounting Estimates and Errors

Following changes in key estimates:

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

Following errors:

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

2.7 Application of new and revised IFRSs

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

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

IFRS 9 *Financial Instruments*

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

Key requirements of IFRS 9:

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

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

2.7 Application of new and revised IFRSs (Continued)

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

IFRS 9 Financial Instruments (Continued)

Key requirements of IFRS 9 (Continued):

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

- IFRS 9 has no effect on the Group's consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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

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

The impact of IFRS 15 on the Group's consiladated financial statements are explained in Note 2 in detail.

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

2.7 Application of new and revised IFRSs (Continued)

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

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

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

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

The Interpretations Committee came to the following conclusion:

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

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

Annual Improvements to IFRS Standards 2014–2016 Cycle

- **IFRS 1:** Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

- **IAS 28:** Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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

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

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

IFRS 16	*Leases* [1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures* [1]

[1] 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 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 flowss respectively.

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

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

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

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)

Taxation (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 March 2018, 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 (31 March 2018: TL 2,142,162,731, 31 December 2017: TL 2,011,415,902).

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 7,128,912 is recognized for net realizable value of inventories (31 December 2017: TL 5,208,706).

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.

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 March 2018 and 31 December 2017 the Group evaluated the current risks and booked the required provisions (Note 14). As of 31 March 2018, the provision for the related lawsuits amounted to TL 32,978,299 (31 December 2017: TL 30,856,336).

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 March 2018. If the life of the brands was determined as 20 years, loss before tax would increase by TL 1,067,500 (31 December 2017: 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. The Group management has considered the inclusion of financing component of customer contracts, which are explained in detail in IFRS 15 "Revenue from Contracts with Customers", by taking into account various conditions of sales operations (due date, market conditions, cash and term cost difference) starting from 1 January 2017.

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

ASSETS

Current Assets	**Reported 31 December 2017**	**Restatement**	**Restated 31 December 2017**
Cash and cash equivalents	92,091,962	-	92,091,962
Trade receivables	267,185,835	448,380	267,634,215
Due from related parties	86,872,480	-	86,872,480
Other trade receivables	180,313,355	448,380	180,761,735
Other receivables	36,899,176	-	36,899,176
Due from related parties	32,148,945	-	32,148,945
Other receivables	4,750,231	-	4,750,231
Inventories	636,247,122	-	636,247,122
Prepaid expenses	8,433,138	-	8,433,138
Other current assets	35,297,980	-	35,297,980
Total Current Assets	**1,076,155,213**	**448,380**	**1,076,603,593**
NON CURRENT ASSETS			
Other receivables	5,695,390	-	5,695,390
Property and equipment	849,530,114	-	849,530,114
Intangible assets	677,027,576	-	677,027,576
Goodwill	578,942,596	-	578,942,596
Other intangible assets	98,084,980	-	98,084,980
Other non current assets	8,601	(2)	8,599
Total Non-Current Assets	**1,532,261,681**	**(2)**	**1,532,261,679**
TOTAL ASSETS	**2,608,416,894**	**448,378**	**2,608,865,272**

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

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

LIABILITIES AND EQUITY

Current Liabilities	Reported 31 December 2017	Restatement	Restated 31 December 2017
Short term borrowings	1,402,437,385	-	1,402,437,385
Obligations under finance leases	102,412,883	-	102,412,883
Trade payables	2,193,083,265	-	2,193,083,265
Due to related parties	457,458,758	-	457,458,758
Other trade payables	1,735,624,507	-	1,735,624,507
Other payables	645,718,799	-	645,718,799
Due to related parties	610,682,298	-	610,682,298
Other payables	35,036,501	-	35,036,501
Payables regarding employee benefits	79,106,917	-	79,106,917
Deferred income	8,665,160	-	8,665,160
Other short term provisions	43,049,962	-	43,049,962
Provision for short term employee benefits	12,193,626	-	12,193,626
Other provisions	30,856,336	-	30,856,336
Other current liabilities	17,698,527	-	17,698,527
Total Current Liabilities	**4,492,172,898**	**-**	**4,492,172,898**
Non Current Liabilities			
Obligations under finance leases	204,161,039	-	204,161,039
Provision for long term employee benefits	40,146,612	-	40,146,612
Deferred tax liabilities	47,004,225	89,675	47,093,900
Deferred income	9,531,906	-	9,531,906
Other payables	728,760	(1)	728,759
Total Non-Current Liabilities	**301,572,542**	**89,674**	**301,662,216**
EQUITY			
Share capital	360,000,000	-	360,000,000
Other comprehensive income or expense that will not be reclassified to profit or loss			
Actuarial loss	(15,317,761)	-	(15,317,761)
Restricted reserves appropriated from profits	260,000	-	260,000
Effect of transactions under common control	(438,284,421)	-	(438,284,421)
Accumulated losses	(1,539,724,663)	736,344	(1,538,988,319)
Net loss for the year	(389,843,353)	(347,354)	(390,190,707)
Shareholder's equity	**(2,022,910,198)**	**388,990**	**(2,022,521,208)**
Non-controlling interest	**(162,418,348)**	**(30,286)**	**(162,448,634)**
Total Equity	**(2,185,328,546)**	**358,704**	**(2,184,969,842)**
TOTAL LIABILITIES AND EQUITY	**2,608,416,894**	**448,378**	**2,608,865,272**

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

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

ASSETS

Current Assets	Reported 31 December 2016	Restatement	Restated 31 December 2016
Cash and cash equivalents	60,831,032	-	60,831,032
Trade receivables	336,931,035	807,552	337,738,587
Due from related parties	71,477,129	-	71,477,129
Other trade receivables	265,453,906	807,552	266,261,458
Other receivables	22,168,652	-	22,168,652
Due from related parties	18,790,466	-	18,790,466
Other receivables	3,378,186	-	3,378,186
Inventories	503,380,085	-	503,380,085
Prepaid expenses	8,967,499	-	8,967,499
Other current assets	10,155,617	-	10,155,617
Total Current Assets	**942,433,920**	**807,552**	**943,241,472**
NON CURRENT ASSETS			
Other receivables	4,033,882	-	4,033,882
Property and equipment	607,626,432	-	607,626,432
Intangible assets	672,144,581	-	672,144,581
Goodwill	578,942,596	-	578,942,596
Other intangible assets	93,201,985	-	93,201,985
Other non current assets	64,438	-	64,438
Total Non-Current Assets	**1,283,869,333**	**-**	**1,283,869,333**
TOTAL ASSETS	**2,226,303,253**	**807,552**	**2,227,110,805**

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

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

LIABILITIES AND EQUITY

Current Liabilities	Reported 31 December 2016	Restatement	Restated 31 December 2016
Short term borrowings	1,099,639,232	-	1,099,639,232
Obligations under finance leases	57,145,299	-	57,145,299
Trade payables	1,664,900,340	-	1,664,900,340
Due to related parties	393,330,371	-	393,330,371
Other trade payables	1,271,569,969	-	1,271,569,969
Other payables	600,900,136	-	600,900,136
Due to related parties	572,993,627	-	572,993,627
Other payables	27,906,509	-	27,906,509
Payables regarding employee benefits	48,516,643	-	48,516,643
Deferred income	2,579,680	-	2,579,680
Other short term provisions	36,736,311	-	36,736,311
Provision for short term employee benefits	9,344,963	-	9,344,963
Other provisions	27,391,348	-	27,391,348
Other current liabilities	15,776,360	-	15,776,360
Total Current Liabilities	**3,526,194,001**	**-**	**3,526,194,001**
Non Current Liabilities			
Obligations under finance leases	153,540,438	-	153,540,438
Provision for long term employee benefits	30,459,964	-	30,459,964
Deferred tax liabilities	46,171,628	161,511	46,333,139
Deferred income	-	-	-
Other payables	605,113	(1)	605,112
Total Non-Current Liabilities	**230,777,143**	**161,510**	**230,938,653**
EQUITY			
Share capital	360,000,000	-	360,000,000
Other comprehensive income or expense that will not be reclassified to profit or loss			
Actuarial loss	(9,022,805)	-	(9,022,805)
Restricted reserves appropriated from profits	220,000	-	220,000
Effect of transactions under common control	(156,558,499)	-	(156,558,499)
Accumulated losses	(1,245,254,004)	-	(1,245,254,004)
Net loss for the year	(361,491,971)	736,344	(360,755,627)
Shareholder's equity	**(1,412,107,279)**	**736,344**	**(1,411,370,935)**
Non-controlling interest	**(118,560,612)**	**(90,302)**	**(118,650,914)**
Total Equity	**(1,530,667,891)**	**646,042**	**(1,530,021,849)**
TOTAL LIABILITIES AND EQUITY	**2,226,303,253**	**807,552**	**2,227,110,805**

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

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

	1 January- 31 March 2017	Restatement	Restated 1 January- 31 March 2017
Revenue	2,045,616,956	6,372,599	2,051,989,555
Cost of sales (-)	(1,617,013,511)	-	(1,617,013,511)
Gross profit	**428,603,445**	**6,372,599**	**434,976,044**
Marketing and selling expenses (-)	(393,464,395)	-	(393,464,395)
General administrative expenses (-)	(16,043,848)	-	(16,043,848)
Other income from operating activities	1,567,481	-	1,567,481
Other expenses from operating activities (-)	(4,516,543)	-	(4,516,543)
Operating profit / (loss)	**16,146,140**	**6,372,599**	**22,518,739**
Finance expenses	(143,482,395)	(32,726)	(143,515,121)
Financial income	16,117,479	(5,886,087)	10,231,392
Loss from operations before taxation	**(111,218,776)**	**453,786**	**(110,764,990)**
Income tax expense	(675,641)	-	(675,641)
Deferred tax expense	3,225,388	(90,757)	3,134,631
LOSS FOR THE PERIOD	**(108,669,029)**	**363,029**	**(108,306,000)**
Owners of the parent	(99,640,370)	269,947	(99,370,423)
Non-controlling interests	(9,028,659)	93,082	(8,935,577)
Loss per share	**(0.2768)**	**0.0007**	**(0.2760)**

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 443,559,619 is evaluated as under common control transaction, excluded from the profit / loss for the period and booked under the equity in " Effect of mergers involving undertakings or businesses subject to common control" account.

	31 March 2018 Fair 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 revivables	23,286,849
Inventories	20,247,954
Prepaid expenses	1,685,390
Other current assets	10,257,070
Property and equipment, net	7,420,910
Deferred tax assets	3,566,307
Short term borrowings	(1,585)
Trade payables	(795,684,153)
Employee benefits	(3,890,766)
Other payables	(389,840,995)
Provisions	(4,412,775)
Other short term liabilities	(2,923,017)
Long term provisions	(1,832,157)
Deferred income	(954,007)
Deferred tax liabilities	(1,245,149)
Total net assets	(386,759,619)
Consideration to be paid (A)	(56,800,000)
Non-controlling interest (B)	-
Fair value of net assets acquired (C)	(386,759,619)
Effect of business combinations under common control (A+B+C)	(443,559,619)

The Group has acquired brands from Yıldız Holding A.Ş. and subsidiaries for the consideration paid TL 166,282,000 and TL 1,400,000 on 29 December 2017 and 12 February 2018 respectively. The Group has been paying royalty in previous years for use of these brands. The amount paid for acquisition of such brands is considered to be a transaction between entities under common control and accounted under shareholder’s equity. Additionally the Group has recharged royalty expenses amounting to TL 8,418,390 to Yıldız Holding A.Ş. in 2017 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 March 2018	31 December 2017
Cash on hand	43,574,089	63,175,127
Cash at banks	20,165,974	28,916,835
Demand deposits	20,165,974	28,916,835
Cash and cash equivalents	63,740,063	92,091,962

6. FINANCIAL BORROWINGS

Financial Borrowings	31 March 2018	31 December 2017
a) Bank Borrowings	1,290,689,804	1,402,437,385
b) Leasing Payables	283,563,773	306,573,922
	1,574,253,577	1,709,011,307

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 March 2018 Current	31 March 2018 Non-current
TL	% 18.19	1,290,689,804	-

Currency Type	Weighted Average Effective Interest Rate	31 December 2017 Current	31 December 2017 Non-current
TL	% 17.61	1,402,437,385	-

	31 March 2018	31 December 2017
Short Term Bank Borrowings	1,290,689,804	1,402,437,385
Total Short Term Bank Borrowings	1,290,689,804	1,402,437,385
Total Bank Borrowings	1,290,689,804	1,402,437,385

	31 March 2018	31 December 2017
To be paid within 1 year	1,290,689,804	1,402,437,385
	1,290,689,804	1,402,437,385

Yıldız Holding A.Ş. provided guarantee on TL 1,120,246,050 of bank borrowings (31 December 2017: TL 1,182,437,385).

6. FINANCIAL BORROWINGS (Continued)

a) Leasing Payables

	Minimum Leasing Payable		Minimum Leasing Payable Net Present Value	
	31 March	31 December	31 March	31 December
Leasing Payables	2018	2017	2018	2017
Within 1 year	104,712,563	136,628,653	77,385,388	102,412,883
Between 1-5 years	241,598,780	234,006,266	206,178,385	204,161,039
Less: future financial expense	(62,747,570)	(64,060,997)	-	-
Leasing obligation net present value	283,563,773	306,573,922	283,563,773	306,573,922
Less : liabilities to paid within 12 months (presented in short term liabilities)			(77,385,388)	(102,412,883)
Liabilities to paid after 12 months			206,178,385	204,161,039

As of 31 March 2018 net book value of property and equipment acquired by financial lease is TL 261,626,354 (31 December 2017: TL 274,285,574). The interest rate is between 13% and 14%. Ownership of such property and equipment will be transferred to Şok if payments are made regularly throughout the remaining 4 years. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

b) Reconciliation of obligations arising from financing activities:

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

			Non cash		
	1 January 2018	Financing cash flows	New finance leases	Interest accrual	31 March 2018
Bank borrowings	1,402,437,385	(118,555,585)	-	6,808,004	1,290,689,804
Leasing payables	306,573,922	(23,386,951)	376,802	-	283,563,773
	1,709,011,307	(141,942,536)	376,802	6,808,004	1,574,253,577

7. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	31 March 2018	31 December 2017
Trade receivables	98,424,071	119,376,380
Trade receivables from related parties (Note 24)	68,346,237	86,872,480
Credit card receivables	17,122,423	69,803,732
Allowance for doubtful receivables (-)	(8,382,480)	(8,418,377)
	175,510,251	267,634,215

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 6 days when wholesale revenue is taken into consideration (31 December 2017:10 days).

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

As of 31 March 2018, the Group provided allowance for doubtful receivables amounting to TL 8,382,480 based on reference to past default experience (31 December 2017: TL 8,418,377).

There are no guarantee letters obtained for trade receivables as of 31 March 2018 and 2017.

As of 31 March 2018 and 2017 the movements of allowance for doubtful receivables are as follows:

Movement of Allowance for Doubtful Receivables	1 January- 31 March 2018	1 January- 31 March 2017
Balance at beginning of the year	(8,418,377)	(7,548,223)
Charge for the year (Not 21)	(30,791)	-
Foreign exchange loss	(54,137)	(30,532)
Collections	120,825	3,547
Closing balance	(8,382,480)	(7,575,208)

7. TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables	31 March 2018	31 December 2017
Trade payables	1,838,685,551	1,735,624,507
Due to related parties (Note 24)	572,486,276	457,458,758
	2,411,171,827	2,193,083,265

The interest rate used for discount of trade payables is 20.68% (31 December 2017: 18.80%), weighted average maturity is 104 days (2017: 107 days).

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

8. OTHER RECEIVABLES AND PAYABLES

Other short term receivables	31 March 2018	31 December 2017
Other receivables from related parties (Note 24)	54,019,483	32,148,945
Insurance receivables	1,915,789	1,709,591
VAT receivables	64,496	64,496
Receivables from social security institution	3,605	3,605
Other receivables	4,909,589	2,972,539
	60,912,962	36,899,176

Other short term payables	31 March 2018	31 December 2017
Due to related parties (Note 24)	588,635,986	610,682,298
Other (*)	35,073,113	35,036,501
	623,709,099	645,718,799

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

Other long term receivables	31 March 2018	31 December 2017
Guarantee and deposits given	6,372,046	5,695,390
	6,372,046	5,695,390

Other long term payables	31 March 2018	31 December 2017
Deposits and guarantees received	708,912	728,759
	708,912	728,759

9. INVENTORIES

	31 March 2018	31 December 2017
Trade goods	662,988,782	635,205,901
Allowance for diminution in value of inventories (-)	(7,128,912)	(5,208,706)
Other inventory	9,734,830	6,249,927
	665,594,700	636,247,122

Movement of allowance for net relizable value of inventories	1 January 31 March 2018	1 January 31 March 2017
Balance at beginning of the year	5,208,706	9,985,877
Charge for the year	1,920,206	-
Closing balance	7,128,912	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 7,128,912 has been booked as of 31 March 2018, net realizable value of inventories is TL 665,594,700 (31 December 2017: TL 636,247,122).

10. PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses	31 March 2018	31 December 2017
Prepaid expenses	9,902,279	6,666,661
Work advances given	851,109	1,766,477
	10,753,388	8,433,138

Short term deferred income	31 March 2018	31 December 2017
Unearned revenues (*)	4,684,262	5,544,290
Order advances received	4,074,534	3,120,870
	8,758,796	8,665,160

Long term deferred income	31 March 2018	31 December 2017
Unearned revenues (*)	9,914,560	9,531,906
	9,914,560	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 2018	87,791,540	-	988,509,735	386,076,618	-	1,462,377,893
Additions	18,750	-	78,631,853	12,959,554	-	91,610,157
Disposals	-	-	(86,480)	(704,770)	-	(791,250)
Closing balance as of 31 March 2018	87,810,290	-	1,067,055,108	398,331,402	-	1,553,196,800
Accumulated Depreciation						
Opening balance as of 1 January 2018	82,010,078	-	380,627,844	150,209,857	-	612,847,779
Charge of the year	556,473	-	34,824,848	9,461,351	-	44,842,672
Impairment	-	-	(15,564)	-	-	(15,564)
Disposals	-	-	(18,487)	(242,463)	-	(260,950)
Closing balance as of 31 March 2018	82,566,551	-	415,418,641	159,428,745	-	657,413,937
Carrying value as of 31 March 2018	5,243,739	-	651,636,467	238,902,657	-	895,782,863

There is insurance coverage amounting to TL 797,068,992 on the furniture & fixtures and machinery. (31 December 2017: TL 748,876,662). No furniture and fixture was purchased via financial leasing (31 March 2017: TL 60,831,036) Net book value of leased property and equipment is TL 261,626,354 (31 December 2017: TL 274,285,574).

Current depreciation expense related to fixed assets amounting to TL 44,345,327 (2017: TL 33,931,300) booked in marketing and selling expenses and TL 497,345 booked in general administrative expenses (2017: TL 1,540,742) (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 2017	86,936,443	640,800	644,945,120	284,968,966	29,545,776	1,047,037,105
Additions	-	-	106,550,320	16,841,907	-	123,392,227
Disposals	-	(640,800)	(284,368)	(344,717)	-	(1,269,885)
Closing balance as of 31 March 2017	86,936,443	-	751,211,072	301,466,156	29,545,776	1,169,159,447
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
Charge of the year	1,141,179	32,044	26,970,737	7,328,083	-	35,472,043
Disposals	-	(170,884)	(25,707)	(124,295)	-	(320,886)
Closing balance as of 31 March 2017	79,713,529	-	263,955,208	120,338,609	10,554,484	474,561,830
Carrying value as of 31 March 2017	7,222,914	-	487,255,864	181,127,547	18,991,292	694,597,617

12. INTANGIBLE ASSETS

Cost	Rights	Trademarks	Total
Opening balance as of 1 January 2018	24,840,723	85,675,510	110,516,233
Additions	2,198,674	-	2,198,674
Disposals	(31,259)	-	(31,259)
Closing balance as of 31 March 2018	27,008,138	85,675,510	112,683,648
Accumulated Amortization			
Opening balance as of 1 January 2018	12,431,253	-	12,431,253
Charge for the year	1,423,174	-	1,423,174
Disposals	(14,210)	-	(14,210)
Closing balance as of 31 March 2018	13,840,217	-	13,840,217
Carrying value as of 31 March 2018	13,167,921	85,675,510	98,843,431

Cost Value	Rights	Trademarks	Total
Opening balance as of 1 January 2017	17,777,433	85,675,510	103,452,943
Additions	755,540	-	755,540
Disposals	(19,497)	-	(19,497)
Closing balance as of 31 March 2017	18,513,476	85,675,510	104,188,986
Accumulated Amortization			
Opening balance as of 1 January 2017	10,250,958	-	10,250,958
Charge for the year	1,216,228	-	1,216,228
Disposals	(2,028)	-	(2,028)
Closing balance as of 31 March 2017	11,465,158	-	11,465,158
Carrying value as of 31 March 2017	7,048,318	85,675,510	92,723,828

The amortization expense of intangible assets amounting to TL 1,423,174 is presented in marketing and selling expenses (2017: TL 1,216,228) (Note 20).

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13. GOODWILL

The movement of the goodwill for the periods ended 31 March 2018 and 2017 is as follows:

	1 January- 31 March 2018	1 January- 31 March 2017
Opening balance	578,942,596	578,942,596
Closing balance	578,942,596	578,942,596

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

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

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

	31 March 2018	31 December 2017
Lawsuits	32,978,299	30,856,336
	32,978,299	30,856,336

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

	1 January- 31 March 2018	1 January- 31 March 2017
Balance at 1 January	30,856,336	27,391,348
Additional provisions recognized (Note 21)	2,121,963	2,178,442
Payments	-	467,342
Balance at 31 March	32,978,299	30,037,132

Majority of lawsuits filed against the Group consist of labor cases. Total amount of the lawsuits against the Group is TL 20,724,742. 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 March 2018 is expected to be utilised within one year. As of 31 March 2018, the provision amount related with the lawsuits is amounting to TL 32.978.299 (31 December 2017: TL 30,856,336).

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

As of 31 March 2018, the non-cancellable operating lease commitments of the Group is TL 53,793,495 related to agreements in case of cancellation. Non-cancellable term is up to 1 year (31 December 2017: TL 44,062,758). In addition, fixed assets acquired with financial lease of the Group are pledged in favor of the lessor (Note 6). The book value of these liabilities is TL 261,626,354 (2017: TL 274,285,574).

15. COMMITMENTS

	31 March 2018	31 December 2017
A. CPM's given by the Group		
-Collateral	116,050,025	120,289,838
-Pledges	-	-
-Mortgages	-	-
B. CPM's given on behalf of the fully consolidated companies	6,115,740	6,115,740
C. CPM's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPM's given		
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given on behalf of third parties which are not in scope of B and C	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope C	-	-
	122,165,765	126,405,578

Guarantee letters are given in TL.
The ratio of other given CPM's by the Group to equity is 0% as of 31 March 2018 (2017: 0%).

16. EMPLOYEE BENEFITS

Liabilities within the scope of employee benefits:

Short-term benefits	31 March 2018	31 December 2017
Due to personnel	47,137,244	32,440,063
Social security premiums payable	42,285,163	46,666,854
	89,422,407	79,106,917

Provisions for employee benefits	31 March 2018	31 December 2017
Provision for unused vacation short term	15,221,095	12,193,626
Provision for unused vacation long term	28,925,888	25,599,196
	44,146,983	37,792,822

16. EMPLOYEE BENEFITS (Continued)

The movement of provisions for unused vacation for the periods ended 31 March 2018 and 2017 is as follows:

	1 January- 31 March 2018	1 January- 31 March 2017
Opening balance at 1 January	37,792,822	30,779,356
Charge for the period	7,762,191	5,689,727
Payments	(1,408,030)	(1,114,565)
Closing balance at 31 March	44,146,983	35,354,518

Retirement Pay Provision

	31 March 2018	31 December 2017
Retirement pay provision	15,305,757	14,547,416
	15,305,757	14,547,416

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

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 March 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 7.00% and a discount rate of 11.81%, resulting in a real discount rate of approximately 4.50% (31 December 2017: 4.50%). Ceiling amount of TL 5,001.76 which is in effect since 1 April 2018 is used in the calculation of Groups' provision for retirement pay liability (1 April 2017: TL 4,426.16).

16. EMPLOYEE BENEFITS (Continued)

Movement for retirement pay provision for the periods ended 31 March 2018 and 2017 is as follows:

	1 January-31 March 2018	1 January-31 March 2017
Provision at 1 January	14,547,416	9,025,570
Service cost	705,754	507,017
Interest cost	411,447	254,018
Termination benefits paid	(2,609,677)	(1,879,927)
Actuarial (gain) / loss	2,250,817	2,716,275
Provision at 31 March	15,305,757	10,622,953

17. OTHER ASSETS AND LIABILITIES

Other current assets	31 March 2018	31 December 2017
VAT deductible	15,535,126	33,693,050
Prepaid taxes and funds	-	1,552,182
Other assets	200,617	52,748
	15,735,743	35,297,980

Other non-current assets	31 March 2018	31 December 2017
Long term prepaid expenses	3,413	8,599
	3,413	8,599

Other current liabilities	31 March 2018	31 December 2017
Taxes and dues payable	20,782,501	16,164,448
Other liabilities	1,513,193	1,534,079
	22,295,694	17,698,527

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18. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

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

Shareholders	%	31 March 2018	%	31 December 2017
Turkish Retail Investments B.V.	50	180,000,000	50	180,000,000
Gözde Girişim Sermayesi Yat.Ort. A.Ş.	39	140,400,327	39	140,400,327
Templeton Strategic Emerging Markets Fund IV.LDC	10	36,000,000	10	36,000,000
Diğer	<1	3,599,673	<1	3,599,673
Nominal Capital	100	360,000,000	100	360,000,000
Capital Commitments		-		-
Paid Capital		360,000,000		360,000,000

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

Legal Reserves

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

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

Actuarial Loss / Gain

As of 31 March 2018, actuarial loss / gain is negative TL 17,449,372 (31 December 2017: negative TL 15,317,761).

Effect of transactions under common control

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

Resources subject to Profit Distribution

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

19. REVENUE AND COST OF SALES

As of 31 March 2018 and 2017, the sales of Group are as follows:

a) Revenue

	1 January- 31 March 2018	1 January- 31 March 2017
Revenue from merchandises sold	2,712,614,461	2,072,133,793
Sales returns (-)	(24,685,004)	(20,144,238)
	2,687,929,457	2,051,989,555

b) Cost of Sales

	1 January- 31 March 2018	1 January- 31 March 2017
Cost of merchandises sold	(2,087,440,045)	(1,617,013,511)
	(2,087,440,045)	(1,617,013,511)

20. MARKETING, SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Marketing and selling expenses	1 January- 31 March 2018	1 January- 31 March 2017
Personnel expenses	(237,782,581)	(167,724,791)
Store rent expenses	(113,945,478)	(83,626,646)
Transportation expenses	(63,208,796)	(43,235,261)
Depreciation and amortization expenses (Note: 11-12)	(45,768,501)	(35,147,529)
Store utility expenses	(26,704,897)	(19,095,461)
Advertising expenses	(12,971,070)	(15,264,450)
Packaging expenses	(10,284,008)	(8,555,248)
Vehicle expenses	(4,772,902)	(3,319,124)
Information technology expenses	(3,993,871)	(3,499,151)
Maintenance expenses	(2,886,921)	(2,315,987)
Stationery expenses	(2,565,574)	(1,764,379)
Tax expenses and duties	(3,196,320)	(2,183,855)
Communication expenses	(1,306,090)	(1,209,260)
Cleaning expenses	(1,470,398)	(1,054,191)
Insurance expenses	(1,316,713)	(894,948)
Other marketing and sales expenses	(4,983,778)	(4,574,114)
	(537,157,898)	(393,464,395)

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

General administrative expenses	1 January-31 March 2018	1 January-31 March 2017
Personnel expenses	(9,744,867)	(6,812,518)
Outsourced expenses	(1,700,517)	(2,365,396)
Cash collection expenses	(1,935,256)	(1,551,357)
Information technology expenses	(1,068,174)	(1,001,716)
Tax expenses and duties	(902,937)	(743,583)
Rent expenses	(481,842)	(437,720)
Depreciation and amortization expenses (Note 11)	(497,345)	(1,540,742)
Vehicle expenses	(195,792)	(152,202)
Food expenses	(171,778)	(136,299)
Comminication expenses	(44,060)	(111,546)
Cleaning expenses	(65,835)	(61,716)
Transportation expenses	(61,234)	(62,062)
Insurance expenses	(5,335)	(7,043)
Stationery expenses	(49,269)	(84,877)
Other administrative expenses	(1,342,477)	(975,071)
	(18,266,718)	(16,043,848)

21. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income	1 January-31 March 2018	1 January-31 March 2017
Unused provision	120,825	3,547
Gain on sale of fixed assets	50,213	153,180
Other income	556,653	1,410,754
	727,691	1,567,481

Other expense	1 January-31 March 2018	1 January-31 March 2017
Provision expense	(2,121,962)	(2,178,442)
Doubtful receivables allowance (Note 7)	(30,791)	-
One-off expenses	(839,210)	-
Loss on fixed asset sale	(242,470)	(197,866)
Other expenses (-)	(1,799,784)	(1,987,807)
Donations and aids	(58,705)	(152,428)
	(5,092,922)	(4,516,543)

22. FINANCIAL EXPENSES AND INCOME

For the periods ended 31 March 2018 and 2017 financial expenses are as follows:

Finance Expense	1 January-31 March 2018	1 January-31 March 2017
Financial expenses from credit purchases and discount on trade receivables	(93,035,438)	(54,996,143)
Interest on bank overdrafts and loans	(65,948,426)	(46,186,051)
Interest expense from related parties (Note 24)	(25,856,086)	(31,574,801)
Interest on finance lease obligations	(10,205,720)	(6,940,529)
Foreign exchange loss	(711,883)	(3,328,863)
Other	(453,700)	(488,734)
	(196,211,253)	(143,515,121)

For the periods ended 31 March 2018 and 2017 financial incomes are as follows:

Finance Income	1 January-31 March 2018	1 January-31 March 2017
Financial income from credit sales and discount on trade paybables	32,532,693	9,178,165
Interest income	4,538,208	121,044
Foreign exchange income	1,328,354	932,183
	38,399,255	10,231,392

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

Current tax asset / (liability)	31 March 2018	31 March 2017
Current corporate tax provision	(1,834,263)	(675,641)
Less: Prepaid taxes and funds	2,968,743	248,459
	1,134,480	(427,182)

Corporate Tax:

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

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

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

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

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 March 2018 because the related temporary differences are not expected to be reversed in 2018, 2019 and 2020. In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

	Temporary Differences		Deferred Tax	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Deferred tax assets / (liabilities) :				
Property and equipment and intangible assets	(294,160,713)	(298,673,045)	(58,832,143)	(59,734,609)
Inventory	74,597,940	71,387,505	14,919,588	14,277,501
Provision for retirement payments	15,386,609	14,547,415	3,077,322	2,909,483
Provision for unused vacation	44,215,857	37,792,820	8,843,171	7,558,564
Effect of amortized cost method on receivables and payables	(106,046,850)	(90,497,780)	(21,209,370)	(18,099,556)
Provision for legal claims	31,163,173	29,041,210	6,232,635	5,808,242
Provision for doubtful receivables	186,491	158,900	37,298	31,780
Accrual of interest	761,454	(2,754,545)	152,291	(550,909)
Other	(854,929)	3,528,020	(170,986)	705,604
	(234,750,968)	(235,469,500)	(46,950,194)	(47,093,900)

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 March 2018	31 December 2017
Expiring in 2018	428,662,893	428,662,893
Expiring in 2019	392,219,600	392,219,600
Expiring in 2020	448,128,324	448,128,324
Expiring in 2021	332,084,618	332,084,618
Expiring in 2022	410,320,467	410,320,467
Expiring in 2023	130,746,829	-
	2,142,162,731	2,011,415,902

The movement of deferred tax liability for the periods ended as of 31 March 2018 and 2017 is as follows :

Movement of deferred tax asset/ (liabilities):	1 January- 31 March 2018	1 January- 31 March 2017
Opening balance at 1 January	(47,093,900)	(46,333,138)
Recognised in income statement	(306,456)	3,134,631
Recognised in other compherensive income	450,162	543,255
Closing balance at 31 March	(46,950,194)	(42,655,252)

The amounts reflected in compherensive statement of profit or loss of the periods ended at 31 March 2018 and 2017 are as follows:

	1 January- 31 March 2018	1 January- 31 March 2017
Current corporate tax provision	(1,834,263)	(675,641)
Deferred tax expense	(306,456)	3,134,631
Total tax expense	(2,140,719)	2,458,990

Tax reconciliation:	1 January- 31 March 2018	1 January- 31 March 2017
Loss from operations before taxation	(117,112,433)	(110,764,990)
	%20	%20
Tax at the domestic income tax rate of 20% (2017: 20%)	23,422,487	22,152,998
Tax effects of:		
- Carryforward tax losses not recognized as deferred tax assets	(26,149,366)	(22,152,998)
- Expenses that are not deductible	1,340,726	8,189,128
- Other	(754,566)	(5,730,138)
Income tax expense recognised in profit or loss	(2,140,719)	2,458,990

24. RELATED PARTY BALANCES AND TRANSACTIONS

	31 March 2018			
	Receivables		Payables	
	Current		Current	
	Trading	Non-trading	Trading	Non-trading
Shareholders				
Yıldız Holding A.Ş.	-	-	3,259,742	535,894,062
Related parties - Controlled by shareholders				
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	2,083	-	185,883,665	39,495,948
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	54,017,367	-	-
Bizim Toptan Satış Magazaları A.Ş.	43,880,238	-	21,995,848	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	53,398,316	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	86,736	-	49,906,881	-
Kerevitaş Gıda San. ve Tic. A.Ş.	-	-	36,472,892	2,478,000
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	23,118,869	10,767,976
Enfesler Gıda Pazarlama A.Ş.	-	-	31,306,429	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	30,897,925	-
Aktül Kağıt Üretim Pazarlama A.Ş.	-	-	28,845,718	-
Poleks Gıda San. ve Dış Tic. A.Ş.	12,263,640	-	34,922	-
Marsa Yağ San. ve Tic. A.Ş.	3,731	-	10,700,514	-
Önem Gıda San. ve Tic. A.Ş.	-	-	8,104,857	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	6,862,780	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	6,805,270	-	-	-
Asil Hamur Undan Mamüller Gıda San. ve Tic. A.Ş.	-	-	6,168,557	-
Polinas Plastik San. Tic. A.Ş.	-	-	5,246,868	-
Natura Gıda San. ve Tic. A.Ş.	-	-	4,789,869	-
G2m Dağıtım Pazarlama veTic A.Ş.	4,627,545	-	-	-
Other	656,544	2,116	16,370,266	-
Jointly Controlled Companies by shareholders				
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	18,800	-	34,760,273	-
Milhans Gıda Ürün. San. Tic. A.Ş.	-	-	6,389,266	-
CCC Gıda San. ve Tic. A.Ş.	1,650	-	4,078,736	-
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	-	-	2,739,964	-
Kellogg Med Gıda Tic. Ltd. Şti.	-	-	1,153,119	-
	68,346,237	54,019,483	572,486,276	588,635,986

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
Yıldız Holding A.Ş. (*)	TL	% 18.21	481,042,904
Yıldız Holding A.Ş. (*)	EUR	% 4.12	54,851,158
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	EUR	% 4.12	39,495,948
Besler Gıda ve Kimya San. ve Tic. A.Ş. (**)	TL	-	10,767,976
Kerevitaş Gıda San. ve Tic. A.Ş. (**)	TL	-	2,478,000
			588,635,986

(*) Non-trade payables amounting to TL 294,732,702 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 184,361,360 and TL 56,800,000 respectively.

(**) 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 2017			
	Receivables		Payables	
	Current		Current	
	Trading	Non-trading	Trading	Non-trading
Shareholders				
Yıldız Holding A.Ş.	-	27,674,985	14,328,731	561,260,023
Related parties - Controlled by shareholders				
Kerevitaş Gıda San. ve Tic. A.Ş.	18,399	-	39,823,913	2,478,000
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	-	114,236,927	36,170,875
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	26,388,423	10,773,400
Bizim Toptan Satış Magazaları A.Ş.	65,623,997	-	53,781	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	38,542,036	-
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 Mam.Gıda San.Ve Tic.A.Ş.	-	-	3,872,184	-
Duru G2M Gıda Tarım ve Tem. Ürün. Dağ. Paz. San. A.Ş.	1,282,355	-	-	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	-	-	498,395	-
Other	178,031	2,021	264,582	-
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

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 (TL Equivalent)
Yıldız Holding A.Ş.	TL	% 17.29	510,861,218
Yıldız Holding A.Ş.	EUR	% 3.6	50,398,805
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	EUR	% 3.6	36,170,875
Besler Gıda ve Kimya San. ve Tic. A.Ş.	TL	-	10,773,400
Kerevitaş Gıda San. ve Tic. A.Ş.	TL	-	2,478,000
			610,682,298

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 31 March 2018				
Transactions with related parties	Purchases	Interest received	Interest paid	Sales / Other income	Other expense
Shareholders					
Yıldız Holding A.Ş.	-	4,842,756	(22,526,598)	270,521	(218,023)
Related Parties - Controlled by shareholders					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	108,095,472	-	(3,302,811)	-	(25,826)
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	50,213,759	-	-	130	-
Enfesler Gıda Pazarlama A.Ş.	44,057,193	-	-	19,445	(684)
Bizim Toptan Satış Magazaları A.Ş.	40,572	-	-	42,211,219	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	36,933,113	-	-	12,521	-
Kerevitaş Gıda San. ve Tic. A.Ş.	30,722,657	-	-	25,181	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	23,225,332	-	-	-	(304)
Aktül Kağıt Üretim Pazarlama A.Ş.	17,543,306	-	-	6,150	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	13,925,372	-	-	32,972	-
Atademir Gıda San. ve Tic. A.Ş.	8,113,602	-	-	35	-
Poleks Gıda San. ve Dış Tic. A.Ş.	479,313	-	-	7,541,054	(1,286)
Marsa Yağ San. ve Tic. A.Ş.	7,966,924	-	-	-	-
Asil Hamur Undan Mamüller Gıda San. ve Tic. A.Ş.	5,196,973	-	-	105	-
Azmüsebat Çelik San. Tic. A.Ş.	3,825,077	-	-	503	-
Polinas Plastik San. Tic. A.Ş.	3,735,624	-	-	9,544	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	-	-	-	3,687,396	(1,281)
Önem Gıda San. ve Tic. A.Ş.	205,620	-	(10,012)	3,961	(1,487,191)
G2m Dağıtım Pazarlama veTic A.Ş.	-	-	-	1,585,218	(81,570)
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	-	330,398	(8,431)	-	(247,578)
Donuk Fırın. Ür. San. ve Tic. A.Ş.	436,291	-	-	-	-
Other	1,271	95	-	138,460	(459,324)
Jointly Controlled Companies by shareholders					
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	20,329,021	-	-	8,811	-
Milhans Gıda Ürün. San. Tic. A.Ş.	7,539,642	-	-	35	-
Natura Gıda San. ve Tic. A.Ş.	4,802,049	-	-	-	-
CCC Gıda San. ve Tic. A.Ş.	2,944,341	-	-	-	-
Kellogg Med Gıda Tic. Ltd. Şti.	917,234	-	-	-	(1,069)
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	4,247	-	-	-	(63,196)
Nissin Yıldız Gida San. ve Tic. A.S.	52,128	-	(8,234)	-	(2,172)
PNS Pendik Nişasta San. A.Ş.	-	-	-	6,283	-
	391,306,133	5,173,249	(25,856,086)	55,559,544	(2,589,504)

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 31 March 2017				
Transactions with related parties	Purchases	Interest received	Interest paid	Sales / Other income	Other expense
Shareholders					
Yıldız Holding A.Ş.	-	130,113	(30,793,106)	1,487,503	(332,571)
Related Parties - Controlled by shareholders					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	104,376,685	-	(781,221)	30,028	-
Ak Gıda San. ve Tic. A.Ş.	82,186,124	-	-	-	-
Bizim Toptan Satış Magazaları A.Ş.	-	-	-	74,700,678	-
Bagetürk Gıda San. ve Tic. A.Ş.	36,168,333	-	-	188	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	34,644,963	-	-	41,060	-
Kerevitaş Gıda San. ve Tic. A.Ş.	26,875,395	-	-	9,536	-
Aktül Kağıt Üretim Pazarlama A.Ş.	18,630,451	-	-	2,743	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	16,588,772	-	-	61,006	-
Enfesler Gıda Pazarlama A.Ş.	13,047,119	-	-	11,849	(321)
Seher Gıda Paz. San. Tic. A.Ş.	12,817,525	-	-	7,019	-
Örgen Gıda San. ve Tic. A.Ş.	11,649,256	-	-	10,407	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	10,397,574	-	-	766	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	9,614,590	-	-	390	-
Marsa Yağ San. ve Tic. A.Ş.	8,246,847	-	-	1,190	-
G2m Dağıtım Pazarlama veTic A.Ş.	-	-	-	7,781,356	-
Poleks Gıda San. ve Dış Tic. A.Ş.	-	-	-	6,009,194	(90,150)
Polinas Plastik San. Tic. A.Ş.	3,378,752	-	-	125	-
Azmüsebat Çelik San. Tic. A.Ş.	3,182,351	-	-	4,737	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	-	-	-	2,613,397	-
Atademir Gıda San. ve Tic. A.Ş.	1,992,137	-	-	4,200	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	559,425	-	-	-	-
Önem Gıda San. ve Tic. A.Ş.	2,023,341	-	(312)	4,268	(1,724,548)
Other	2,652	64	-	63,685	(184,279)
Jointly Controlled Companies by shareholders					
CCC Gıda San. ve Tic. A.Ş.	2,898,501	-	-	6,807	-
Kellogg Med Gıda Tic. Ltd. Şti.	-	-	-	1,757	-
Nissin Yıldız Gida San. ve Tic. A.S.	-	-	(162)	1,757	-
PNS Pendik Nişasta San. A.Ş.	-	-	-	14,058	-
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	5,388,418	-	-	11,216	-
Milhans Gıda Ürün. San. Tic. A.Ş.	8,164,732	-	-	-	-
	412,833,943	130,177	(31,574,801)	92,880,920	(2,331,869)

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

	1 January- 31 Mart 2018	1 Ocak- 31 Mart 2017
Salaries and short term benefits	1,398,134	1,134,344
	1,398,134	1,134,344

25. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

(a) Capital Risk Management

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

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

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 March 2018 and 31 December 2017 net debt / total capital ratio is as follows:

	31 March 2018	31 December 2017
Total liabilities	2,143,621,211	2,322,295,791
Less: Cash and cash equivalents (Note 5)	(63,740,063)	(92,091,962)
Net debt	2,079,881,148	2,230,203,829
Total equity	(2,307,424,649)	(2,184,969,842)
Total capital	(227,543,501)	45,233,987
Gearing ratio	-914%	4930%

(b) Financial Risk Factors:

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

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

(c) Credit Risk Management

Credit 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 March 2018	**Related Party**	**Other**	**Related Party**	**Other**	**Deposits in banks**
Maximum net credit risk as of balance sheet date (i)	68,346,237	107,164,014	54,019,483	13,265,525	20,165,974
The part of maximum risk under guarantee with colleteral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	68,346,237	61,079,656	54,019,483	13,265,525	20,165,974
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	-	46,084,358	-	-	-
D. Impaired asset net book value					
- Past due (gross amount)	-	8,382,480	-	-	-
- Impairment (-)	-	(8,382,480)	-	-	-
- 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 14,275,873 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 2017	**Related Party**	**Other**	**Related Party**	**Other**	**Deposits in banks**
Maximum net credit risk as of balance sheet date (i)	86,872,480	180,761,735	32,148,945	10,445,621	28,916,835
The part of maximum risk under guarantee with colleteral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	86,872,480	167,080,209	32,148,945	10,445,621	28,916,835
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets	-	13,681,526	-	-	-
D. Impaired asset net book value					
- Past due (gross amount)	-	8,418,377	-	-	-
- Impairment (-)	-	(8,418,377)	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
- Not over due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value collateralized or guaranteed part of net value	-	-	-	-	-
E. Off-balance sheet items bearing credit risk	-	-	-	-	-

(i) The factors that increase the credit reliability such as guarantees received are not considered in the balance.
(ii) Except for "the part of maximum risk under guarantee with collateral ", there is a credit card receivable amounting to TL 69,803,732 which holds no credit risk..

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 March 2018

	Book value	Contractual undiscounted cash flow (I+II+III)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)
Financial liabilities					
Bank borrowings	1,290,689,804	1,399,621,317	914,347,725	485,273,592	-
Leasing payables	283,563,773	370,634,919	34,157,163	102,471,490	234,006,266
Trade payables	2,411,171,827	2,411,171,827	2,411,171,827	-	-
Other payables	623,709,099	623,709,099	-	623,709,099	-
Total liability	4,609,134,503	4,805,137,162	3,359,676,715	1,211,454,181	234,006,266

31 December 2017

	Book value	Contractual undiscounted cash flow (I+II+III)	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	2,898,053,301	1,661,867,355	234,006,266

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 March 2018	TL Equivalent (Functional Currency)	US Dollar	Euro	Other
Trade receivables	23,697,584	261,833	3,989,594	605,595
Monetary financial assets	42,733,480	427,381	8,432,970	882,672
CURRENT ASSETS	66,431,064	689,214	12,422,564	1,488,267
Monetary financial assets	299,722	75,900	-	-
NON CURRENT ASSETS	299,722	75,900	-	-
TOTAL ASSETS	66,730,786	765,114	12,422,564	1,488,267
Trade payables	25,928,568	3,874,736	2,183,474	(20,382)
Financial liabilities	94,016,806	-	19,316,008	-
CURRENT LIABILITIES	119,945,374	3,874,736	21,499,482	(20,382)
Monetary other liabilities	744,614	-	152,983	-
NON CURRENT LIABILITIES	744,614	-	152,983	-
TOTAL LIABILITIES	120,689,988	3,874,736	21,652,465	(20,382)
Net foreign currency position	(53,959,202)	(3,109,622)	(9,229,901)	1,508,649
Monetary items net foreign currency asset / liability position	(53,959,202)	(3,109,622)	(9,229,901)	1,508,649

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

31 December 2017	TL Equivalent (Functional Currency)	US Dollar	Euro	Other
Trade receivables	8,576,940	151,830	1,772,617	-
Monetary financial assets	48,988	4,993	6,682	-
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	120,261,975	-	26,633,147	-
CURRENT LIABILITIES	122,187,075	301,794	26,807,383	-
Monetary other liabilities	951,664	68,562	153,483	-
NON CURRENT LIABILITIES	951,664	68,562	153,483	-
TOTAL LIABILITIES	123,138,739	370,356	26,960,866	-
Net foreign currency position	(113,954,570)	(65,533)	(25,181,567)	-
Monetary items net foreign currency asset / liability position	(113,954,570)	(65,533)	(25,181,567)	-

Foreign currency sensitivity

The Company undertakes certain transactions denominated in US Dollar hence exposures to certain exchange rate fluctuations arise. As of 31 March 2018, a 10% strengthening of US Dollar against the TL, on the basis that all other variables remain constant, would have increased loss before taxation by TL 1,227,959 (31 December 2017: TL 24,717).

The Company undertakes certain transactions denominated in Euro hence exposures to certain exchange rate fluctuations arise. As of 31 March 2018, a 10% strengthening of Euro against the TL, on the basis that all other variables remain constant, would have increased loss before taxation by TL 4,492,470 (31 December 2017: TL 11,370,733).

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 March 2018	Loans and receivables	Financial liabilities at amortized cost	Carrying value	Note
Financial assets				
Cash and cash equivalents	63,740,063	-	63,740,063	5
Trade receivables (including related parties)	175,510,251	-	175,510,251	7
Other receivables (including related parties)	67,285,008	-	67,285,008	8
Financial liabilities				
Borrowings	-	1,574,253,577	1,574,253,577	6
Trade payables (including related parties)	-	2,411,171,827	2,411,171,827	7
Other liabilities (including related parties)	-	623,709,099	623,709,099	8

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)	267,634,215	-	267,634,215	7
Other receivables (including related parties)	42,594,566	-	42,594,566	8
Financial liabilities				
Borrowings	-	1,709,011,307	1,709,011,307	6
Trade payables (including related parties)	-	2,193,083,265	2,193,083,265	7
Other liabilities (including related parties)	-	645,718,799	645,718,799	8

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

27. LOSS PER SHARE

As of 31 March 2018 and 31 March 2017 loss per share calculation is as follows:

	31 March 2018	31 March 2017
Net loss for the year from attributable to equity holders of the parents	(119,497,281)	(99,370,423)
Average number of shares of outstanding during the year (full value)	360,000,000	360,000,000
Losses per share from operations	(0.3319)	(0.2760)

28. EVENTS AFTER THE REPORTING PERIOD

On 20 April 2018 an application had been made to the Capital Markets Board ("the Board") regarding the capital increase to public offering and the draft Prospectus was presented to the Board for approval. Within the framework of the relevant legislative provisions, the draft Prospectus was approved by the Board on 4 May 2018. At the same date, the approved Prospectus and Annexes were published on the Company's website and on the Kamuyu Aydınlatma Platformu (Public Disclosure Platform).

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

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

APPENDIX 1 - SUPPLEMENTARY UNAUDITED INFORMATION

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

	1 January - 31 March 2018	1 January - 31 March 2017
Loss for the period	**(119,253,152)**	**(108,306,000)**
Tax (expense) / income	(2,140,719)	2,458,990
Loss from operations before taxation	**(117,112,433)**	**(110,764,990)**
Financial income and expense net	(157,811,998)	(133,283,729)
Amortization and depreciation	(46,265,846)	(36,688,271)
EBITDA	**86,965,411**	**59,207,010**
Other income and expense net	(4,365,231)	(2,949,062)
Royalty expense effect (*)	-	(1,414,183)
Non Şok operations of Teközel (**)	723,511	262,164
Adjusted EBITDA	**90,607,131**	**63,308,091**
Warehouse and Rent Expenses (***)	123,176,395	88,560,132
Adjusted EBITDAR	**213,783,526**	**151,868,223**

(*) By the end of 2017 the Group has acquired the brands for which royalty has been paid in the current and prior years. These royalty expenses have been recharged to Yıldız Holding in 2017 and the recharged amount has been accounted under shareholder's equity. Royalty expenses have been adjusted in the table above for the year 2017 as the related brands are now owned by Şok as Şok will no longer bear royalty expenses (2017:TL 1,414,183).

(**) Subsequent to 31 December 2017, 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 period ended 31 March 2018 are TL 118,398,999 (2017: TL 148,339,248) for revenue, TL 2,653,986 (2017: TL 1,489,823) for gross 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.