ŞOK MARKETLER TİCARET A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2018

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

ASSETS

Current Assets	Note	30 September 2018	Audited Restated (*) 31 December 2017	Audited Restated (*) 31 December 2016
Cash and cash equivalents	5	205,186,337	92,091,962	60,831,032
Trade receivables	7	170,053,348	267,634,215	337,738,587
Due from related parties	24	32,550,742	86,872,480	71,477,129
Other trade receivables		137,502,606	180,761,735	266,261,458
Other receivables	8	4,898,939	36,899,176	22,168,652
Due from related parties	24	-	32,148,945	18,790,466
Other receivables		4,898,939	4,750,231	3,378,186
Inventories	9	676,714,788	636,247,122	503,380,085
Prepaid expenses	10	7,069,477	8,433,138	8,967,499
Other current assets	17	11,060,062	35,297,980	10,155,617
Total Current Assets		**1,074,982,951**	**1,076,603,593**	**943,241,472**
Non Current Assets				
Other receivables	8	11,257,345	5,695,390	4,033,882
Property and equipment	11	962,766,693	849,530,114	607,626,432
Intangible assets		679,693,403	677,027,576	672,144,581
Goodwill	13	578,942,596	578,942,596	578,942,596
Other intangible assets	12	100,750,807	98,084,980	93,201,985
Other non current assets		12,927	8,599	64,438
Deferred tax assets	23	273,746,818	-	-
Total Non-Current Assets		**1,927,477,186**	**1,532,261,679**	**1,283,869,333**
TOTAL ASSETS		**3,002,460,137**	**2,608,865,272**	**2,227,110,805**

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

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEET AS AT 30 SEPTEMBER 2018

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

LIABILITIES AND EQUITY

			Audited Restated (*)	**Audited Restated (*)**
		30 September	**31 December**	**31 December**
Current Liabilities	**Note**	**2018**	**2017**	**2016**
Short term borrowings	6	76,648,176	1,402,437,385	1,099,639,232
Obligations under finance leases	6	88,143,385	102,412,883	57,145,299
Trade payables	7	2,111,681,237	2,193,083,265	1,664,900,340
Due to related parties	24	134,381,970	457,458,758	393,330,371
Other trade payables		1,977,299,267	1,735,624,507	1,271,569,969
Other payables	8	524,961	645,718,799	600,900,136
Due to related parties	24	-	610,682,298	572,993,627
Other payables		524,961	35,036,501	27,906,509
Payables regarding employee benefits	16	102,355,584	79,106,917	48,516,643
Deferred income	10	12,330,172	8,665,160	2,579,680
Other short term provisions		50,435,288	43,049,962	36,736,311
Provision for short term employee benefits	16	15,154,728	12,193,626	9,344,963
Other provisions	14	35,280,560	30,856,336	27,391,348
Other current liabilities	17	48,687,671	17,698,527	15,776,360
Total Current Liabilities		**2,490,806,474**	**4,492,172,898**	**3,526,194,001**
Non current liabilities				
Obligations under finance leases	6	146,334,065	204,161,039	153,540,438
Provision for long term employee benefits	16	45,639,538	40,146,612	30,459,964
Deferred tax liabilities	23	-	47,093,900	46,333,139
Deferred income	10	6,618,891	9,531,906	-
Other payables	8	776,507	728,759	605,112
Total Non-Current Liabilities		**199,369,001**	**301,662,216**	**230,938,653**
EQUITY				
Share capital	18	611,928,571	360,000,000	360,000,000
Repurchased shares	19	(199,789,445)	-	-
Accumulated other comprehensive income or expense that will not be reclassified to profit or loss:				
Actuarial loss		(21,160,147)	(15,317,761)	(9,022,805)
Restricted reserves appropriated from profits	18	260,000	260,000	220,000
Effect of transactions under common control		(602,824,230)	(438,284,421)	(156,558,499)
Retained earnings / (Accumulated losses)		401,237,966	(1,538,988,319)	(1,245,254,004)
Net profit / (loss) for the year		121,537,199	(390,190,707)	(360,755,627)
Shareholder's equity		**311,189,914**	**(2,022,521,208)**	**(1,411,370,935)**
Non-controlling interest		**1,094,748**	**(162,448,634)**	**(118,650,914)**
Total Equity		**312,284,662**	**(2,184,969,842)**	**(1,530,021,849)**
TOTAL LIABILITIES AND EQUITY		**3,002,460,137**	**2,608,865,272**	**2,227,110,805**

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

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

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

	Note	1 January- 30 September 2018	1 July- 30 September 2018	Restated (*) 1 January- 30 September 2017	Restated (*) 1 July- 30 September 2017
Revenue	19	8,710,248,695	3,256,824,141	6,445,817,200	2,373,023,264
Cost of sales (-)	19	(6,602,152,336)	(2,428,797,975)	(4,968,418,015)	(1,825,214,424)
Gross profit		**2,108,096,359**	**828,026,166**	**1,477,399,185**	**547,808,840**
Marketing and selling expenses (-)	20	(1,756,269,367)	(637,688,062)	(1,315,184,466)	(493,837,403)
General administrative expenses (-)	20	(44,463,876)	(13,972,262)	(51,484,964)	(17,245,539)
Other income from operating activities	21	4,190,465	1,504,319	1,996,390	116,703
Other expenses from operating activities (-)	21	(23,746,667)	(11,111,078)	(13,602,730)	(2,393,718)
Operating profit		**287,806,914**	**166,759,083**	**99,123,415**	**34,448,883**
Financial expense	22	(545,198,802)	(158,668,167)	(473,850,473)	(172,221,481)
Financial income	22	62,831,562	15,889,671	58,508,086	10,170,467
Profit / (Loss) from continuing operations before taxation		**(194,560,326)**	**23,980,587**	**(316,218,972)**	**(127,602,131)**
Income tax expense	23	(2,465,438)	(290,761)	(2,793,709)	(1,057,473)
Deferred tax income / (expense)	23	319,467,648	(12,017,241)	2,871,935	1,839,330
Profit / (Loss) from continuing operations for the period		**122,441,884**	**11,672,585**	**(316,140,746)**	**(126,820,274)**
Discontinued operations					
Profit / (Loss) for the period from discontinuing operation	28	**(547,114)**	**-**	**6,148,878**	**2,371,977**
PROFIT / (LOSS) FOR THE PERIOD		**121,894,770**	**11,672,585**	**(309,991,868)**	**(124,448,297)**
Attributable to:					
Equity holders of the parent		121,537,199	11,549,555	(285,095,986)	(114,768,078)
Non-controlling interests		357,571	123,030	(24,895,882)	(9,680,219)
Profit / (Loss) per share	27	**0.2506**	**0.0189**	**(0.7919)**	**(0.3188)**
Other Comprehensive Income And loss					
Items that will not be reclassed to profit or loss		(5,502,995)	(1,283,077)	(3,842,165)	(1,237,263)
Defined benefid plans remeasurement losses	16	(6,876,065)	(1,596,661)	(4,802,704)	(1,546,579)
Tax related to other comprehensive income that will not be reclassified to profit or loss					
Deferred Tax Income	23	1,373,070	313,584	960,539	309,316
OTHER COMPREHENSIVE LOSS		**(5,502,995)**	**(1,283,077)**	**(3,842,165)**	**(1,237,263)**
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		**116,391,775**	**10,389,508**	**(313,834,033)**	**(125,685,560)**
Allocation of Total comprehensive Income / (Loss)					
Non-Controlling Interests		374,288	167,894	(24,708,145)	(9,480,968)
Equity Holders of the Parent		116,017,487	10,221,614	(289,125,888)	(116,204,592)
PROFIT FOR THE YEAR		**116,391,775**	**10,389,508**	**(313,834,033)**	**(125,685,560)**
Earning / (Loss) Per Share		**0.2392**	**0.0167**	**(0.8031)**	**(0.3228)**

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

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018
(Amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

			Accumulated other comprehensive income or expense that will not be reclassified to profit or loss			**Retained Earnings / Accumulated Losses**				
	Share capital	**Repurchase of shares**	**Actuarial loss**	**Restricted reserves**	**Effect of transactions under common control (*)**	**Profit / (Loss) for the year**	**Retained earnings / Accumulated Losses**	**Shareholder's equity**	**Non-controlling interest**	**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 (2.7)	-	-	-	-	-	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	-	-	-	40,000	-	360,755,627	(360,795,627)	-	-	-
Total comprehensive loss	-	-	(4,029,902)	-	-	(285,095,986)	-	(289,125,888)	(24,708,145)	(313,834,033)
Balance as of 30 September 2017	**360,000,000**	**-**	**(13,052,707)**	**260,000**	**(156,558,499)**	**(285,095,986)**	**(1,606,049,631)**	**(1,700,496,823)**	**(143,359,059)**	**(1,843,855,882)**
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 (2.7)	-	-	-	-	-	(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)	-	(164,539,809)	-	292,389	(164,570,094)	163,169,094	(1,401,000)
Capital increase and share issue	251,928,571	-	-	-	-	-	2,330,124,603	2,582,053,174	-	2,582,053,174
Repurchase of shares	-	(199,789,445)	-	-	-	-	-	(199,789,445)	-	(199,789,445)
Total comprehensive income / loss	-	-	(5,519,712)	-	-	121,537,199	-	116,017,487	374,288	116,391,775
Balance as of 30 September 2018	**611,928,571**	**(199,789,445)**	**(21,160,147)**	**260,000**	**(602,824,230)**	**121,537,199**	**401,237,966**	**311,189,914**	**1,094,748**	**312,284,662**

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

ŞOK MARKETLER TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

	Note	1 January- 30 September 2018	1 January- 30 September 2017
A. Cash Generated by Operating Activities			
Profit / (loss) for the period		121,894,770	(309,991,868)
Profit / (loss) from discontinued operations		(547,114)	6,148,878
Profit / (loss) from continued operations		122,441,884	(316,140,746)
Adjustments related to reconciliation of net profit / (loss) for the period			
-Depreciation of property and equipment	11	144,598,312	122,081,660
-Amortization of intangible assets	12	3,569,151	917,242
-Provision for retirement pay	16	2,957,883	2,018,089
-Provision for doubtful receivables	7	22,125	30,607
-Provision for unused vacation	16	12,086,417	11,037,314
-Lawsuit provisions	14	6,862,085	10,455,254
-Discount (income) / expenses		(12,803,652)	(12,734,964)
-Allowance for / reversal of impairment on inventories, net	9	9,028,769	(4,777,171)
-Loss on sale of property and equipment, net	21	1,155,068	1,614,356
-Tax income / expenses	23	(317,002,210)	(78,226)
-Interest income	22	(15,190,634)	(1,132,490)
-Interest expenses	22	212,061,539	247,115,409
Cash generated by / (used in) operations before changes in working capital		**169,786,737**	**60,406,334**
Changes in working capital :			
Changes in trade receivables		96,763,264	110,761,235
Changes in inventories		(49,496,435)	(99,721,331)
Changes in other receivables and current assets		22,095,512	(976,487)
Changes in trade payables		(67,655,316)	224,131,285
Changes in other payables and expense accruals		54,525,150	54,048,680
Changes in prepaid expenses		2,115,658	4,704,751
Cash used in operations		**228,134,570**	**353,354,467**
Income taxes paid		(5,786,023)	(1,715,974)
Collections from doubtful receivables	7	229,220	16,334
Payments for lawsuits	14	(2,437,861)	(6,227,947)
Retirement benefits paid	16	(8,473,467)	(6,369,440)
Unused vacation provision paid	16	(4,992,870)	(3,692,291)
Net cash generated by operating activities:		**206,673,569**	**335,365,149**
B.INVESTING ACTIVITIES			
Interest received	22	15,190,634	1,132,490
Purchases of property and equipment	11	(259,799,159)	(195,306,421)
Purchases of intangible assets	12	(6,289,804)	(5,018,335)
Proceeds from the sale of property and equipment	11-12-21	864,026	835,129
VAT paid for acquisition of brands		(252,000)	-
Net cash used in investing activities		**(250,286,303)**	**(198,357,137)**
C.FINANCING ACTIVITIES			
Public offering and capital increase		2,645,249,996	-
Cash paid for public offering expenses		(63,196,822)	-
Payables for finance leases		(72,473,274)	(51,861,468)
Interest paid		(255,520,601)	(158,932,424)
Changes in other receivables and payables to related parties		(613,284,484)	(261,426,727)
Cash paid for repurchase of company shares under price stability	19	(199,789,445)	-
Common control transaction related to acquisition of brands		(1,400,000)	-
Common control transaction related to acquisition of UCZ		(1,000)	-
Repayments / proceeds of borrowings		(1,282,330,147)	321,384,988
Net cash (used in) / generated from financing activities		**157,254,223**	**(150,835,631)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**113,641,489**	**(13,827,619)**
Cash flows of discontinued operation		**(547,114)**	**6,148,878**
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**92,091,962**	**60,831,032**
E.CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	5	**205,186,337**	**53,152,291**

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 27,959 as of 30 September 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..

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"). 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"). The Group acquired the remaining 45% shares of Teközel on 2 July 2018.On 26 December 2017, 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.

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

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

As of 30 September 2018, the Group has a total of 6,211 stores 5,951 units ("Şok" sales store), 260 units ("Şok Mini" 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

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

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

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

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. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.3 Basis of Consolidation

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

	30 September 2018	31 December 2017	30 September 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. (*)	%100	%55	%100	%55
UCZ Mağazacılık Tic. A.Ş. (**)	-	-	%100	%60

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

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

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

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

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

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

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

2.4 Changes in Accounting Policies

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

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

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

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

a) IFRS 15 Revenue From Contracts with Customers

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

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

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

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

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

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

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

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

2.4 Changes in Accounting Policies (Continued)

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

Following indicators are considered while evaluating the transfer of control of the goods and services:
a) presence of Group's collection right of the consideration for the goods or services,
b) customer's ownership of the legal title on goods or services,
c) physical transfer of the goods or services,
d) customer's ownership of significant risks and rewards related to the goods or services,
e) customer's acceptance of goods or services.

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

b) IFRS 9 Financial Instruments

Classification and measurment

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

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

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

2.4 Changes in Accounting Policies (Continued)

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

	Classification under IAS 39	**Classification under IFRS 9**
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Financial liabilities		
Borrowings	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost
Other payables	Amortized cost	Amortized cost

Impairment of financial assets

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

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

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

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

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

2.5 Changes in Accounting Estimates and Errors

Following changes in key estimates:

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

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

Following errors:

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

2.6 Application of new and revised IFRSs

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

IFRS 9	*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)

2.6 Application of new and revised IFRSs (Continued)

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

IFRS 9 *Financial Instruments (continued)*

Key requirements of IFRS 9 (continued)

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

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

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

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

IFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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

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

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

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

2.6 Application of new and revised IFRSs (Continued)

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

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

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

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

The Interpretations Committee came to the following conclusion:

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

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

Annual Improvements to IFRS Standards 2014–2016 Cycle

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

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

Annual improvements to IFRS Standards 2014-2016 cycle have no impact on the Group's condensed 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]
IFRIC 23	*Uncertainty over Income Tax Treatments* [1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation* [1]
Annual Improvements to IFRS Standards 2015–2017 Cycle	*Annual Improvements to IFRSs: 2014-16 Cycle - IFRS 3, IFRS 11, IAS 12 and IAS 23 Amendments* [1]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement* [1]
IFRS 17	*Insurance Contracts* [2]

[1] Effective for annual periods beginning on or after 1 January 2019.
[2] Effective for annual periods beginning on or after 1 January 2021.
[3] Effective for annual periods beginning on or after a date to be determined.

IFRS 16 *Leases*

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

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

2.6 Application of new and revised IFRSs (Continued)

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

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

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

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

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

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

IFRIC 23 *Uncertainty over Income Tax Treatments*

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

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

Amendments to IFRS 9 *Prepayment Features with Negative Compensation*

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

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

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

Annual Improvements to IFRS Standards 2015–2017 Cycle

- **IFRS 3** and **IFRS 11** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- **IAS 12** - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.

- **IAS 23** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

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

2.6 Application of new and revised IFRSs (Continued)

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

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

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

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

IFRS 17 *Insurance Contracts*

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

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

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

2.7 Comparative Information and Restatement of Prior Period Financial Statements

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

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

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

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

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

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

As of 1 January 2018 due to change in Teközel's shareholder structure the Group management decided to gradually discontinue Teközel's retail, wholesale and export operations associated with customers other than Şok Marketler Ticaret A.Ş. ("Non-Şok Operations") and discontinued the related activities on 1 March 2018. Teközel's Non-Şok profits and losses are classified in profit / loss from discontinued operations line in accordance with IFRS 15 in the statement of profit or loss. The relevant footnote is detailed in Note 28.

	Previously reported 1 January- 30 September 2017	**Discontinued operations**	**Restatement Effect of IFRS 15**	**Restated 1 January- 30 September 2017**
Revenue	6,835,195,710	(410,526,882)	21,148,372	6,445,817,200
Cost of sales (-)	(5,369,548,153)	401,130,138	-	(4,968,418,015)
Gross profit	**1,465,647,557**	**(9,396,744)**	**21,148,372**	**1,477,399,185**
Marketing and selling expenses (-)	(1,316,997,513)	1,813,047	-	(1,315,184,466)
General administrative expenses (-)	(52,839,304)	1,354,340	-	(51,484,964)
Other income from operating activities	1,996,390	-	-	1,996,390
Other expenses from operating activities (-)	(13,602,730)	-	-	(13,602,730)
Operating profit / (loss)	**84,204,400**	**(6,229,357)**	**21,148,372**	**99,123,415**
Finance expenses	(487,255,942)	12,485,401	920,068	(473,850,473)
Financial income	92,061,381	(12,404,922)	(21,148,372)	58,508,086
Loss from operations before taxation	**(310,990,162)**	**(6,148,878)**	**920,068**	**(316,218,972)**
Income tax expense	(2,793,709)	-	-	(2,793,709)
Deferred tax expense	3,055,949	-	(184,014)	2,871,935
Loss from continuing operations for the period	**(310,727,922)**	**(6,148,878)**	**736,054**	**(316,140,746)**
Discontinued operations				
Profit for the period from discontinuing operation	-	6,148,878	-	6,148,878
LOSS FOR THE PERIOD	**(310,727,922)**	**-**	**736,054**	**(309,991,868)**
Owners of the parent	(285,832,040)	-	736,054	(285,095,986)
Non-controlling interests	(24,895,882)	-	-	(24,895,882)
Loss per share	**(0.7940)**	-	**0.0020**	**(0.7919)**

3. TRANSACTIONS UNDER COMMON CONTROL

The Group purchased 55% shares of Teközel from Yıldız Holding A.Ş. on 26 December 2017 and bought the remaining 45% shares on 2 July 2018. Due to fact that the acquisition is considered to be a transaction under common control, consolidated financial statements have been presented as if the acquisition had occurred since 1 January 2015, which is 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.

	30 September 2018 **Fair value**
Amount will be paid for acquisition	56,800,000
Purchased % share of the company (Note 2.3)	100%
Acquisition paid	
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)	-
Registered 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 163,169,094 to Yıldız Holding A.Ş. in 2017 and related recharge amount has been accounted as transactions under common control under shareholder's equity. On 18 January 2018, the Group acquired the remaining 40% shares of UCZ for a consideration of TL 1,000.

4. SEGMENT REPORTING

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

5. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	30 September 2018	31 December 2017
Cash on hand	66,758,044	63,175,127
Cash at banks	138,428,293	28,916,835
Time deposits	98,350,000	-
Demand deposits	40,078,293	28,916,835
Cash and cash equivalents	205,186,337	92,091,962

As of 30 September 2018 the Group's average interest rate on time deposits is 28.20%.

6. FINANCIAL BORROWINGS

Financial Borrowings	30 September 2018	31 December 2017
a) Bank Borrowings	76,648,176	1,402,437,385
b) Leasing Payables	234,477,450	306,573,922
	311,125,626	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 (*)	30 September 2018	
		Current	Non-current
TL	% 43,74	76,648,176	-

Currency Type	Weighted Average Effective Interest Rate (*)	31 December 2017	
		Current	Non-current
TL	% 17,61	1,402,437,385	-

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

	30 September 2018	31 December 2017
To be paid within 1 year	76,648,176	1,402,437,385
	76,648,176	1,402,437,385

As of 30 September 2018 there are no Yıldız Holding A.Ş. provided guarantee on 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	
	30 September	31 December	30 September	31 December
Leasing Payables	2018	2017	2018	2017
Within 1 year	111,915,223	136,628,653	88,143,385	102,412,883
Between 1-5 years	166,695,774	234,006,266	146,334,065	204,161,039
Less: future financial expense	(44,133,547)	(64,060,997)	-	-
Leasing obligation net present value	234,477,450	306,573,922	234,477,450	306,573,922
Less : liabilities to paid within 12 months (presented in short term liabilities			(88,143,385)	(102,412,883)
Liabilities to paid after 12 months			146,334,065	204,161,039

As of 30 September 2018 net book value of property and equipment acquired by financial lease is TL 225,868,729 (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	Interest accrual	Other	30 September 2018
Bank borrowings	1,402,437,385	(1,282,330,147)	(43,459,062)	-	76,648,176
Leasing payables	306,573,922	(72,473,274)	-	376,802	234,477,450
	1,709,011,307	(1,354,803,421)	(43,459,062)	376,802	311,125,626

7. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	30 September 2018	31 December 2017
Trade receivables	121,663,207	119,376,380
Trade receivables from related parties (Note 24)	32,550,742	86,872,480
Credit card receivables	23,658,183	69,803,732
Allowance for doubtful receivables (-) (Note 25)	(7,818,784)	(8,418,377)
	170,053,348	267,634,215

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

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

As of 30 September 2018, the Group provided allowance for doubtful receivables amounting to TL 7,818,784 based on reference to past default experience (31 December 2017: TL 8,418,377).

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

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

Movement of Allowance for Doubtful Receivables	1 January- 30 September 2018	1 January- 30 September 2017
Balance at beginning of the period	(8,418,377)	(7,548,223)
Charge for the year (Note 21)	(22,125)	(30,607)
Foreign exchange gain / (loss)	392,498	(74,252)
Collections (Note 21)	229,220	16,334
Closing balance	(7,818,784)	(7,636,748)

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

7. TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables	30 September 2018	31 December 2017
Trade payables	1,977,299,267	1,735,624,507
Due to related parties (Note 24)	134,381,970	457,458,758
	2,111,681,237	2,193,083,265

The interest rate used for discount of trade payables is 26.66% (31 December 2017: 18.80%), weighted average maturity is 86 days (2017: 102 days).

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

8. OTHER RECEIVABLES AND PAYABLES

Short term other receivables	30 September 2018	31 December 2017
Other receivables from related parties (Note 24)	-	32,148,945
Insurance receivables	1,835,927	1,709,591
VAT receivables	65,186	64,496
Receivables from social security premium	3,605	3,605
Other receivables	2,994,221	2,972,539
	4,898,939	36,899,176

Other short term payables	30 September 2018	31 December 2017
Due to related parties (Note 24)	-	610,682,298
Other	524,961	35,036,501
	524,961	645,718,799

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

Other long term receivables	30 September 2018	31 December 2017
Guarantee and deposits given	11,257,345	5,695,390
	11,257,345	5,695,390

Other long term payables	30 September 2018	31 December 2017
Deposits and quarantees	776,507	728,759
	776,507	728,759

9. INVENTORIES

	30 September 2018	31 December 2017
Trade goods	679,224,821	635,205,901
Allowance for diminution in value of inventories (-)	(14,237,475)	(5,208,706)
Other inventory	11,727,442	6,249,927
	676,714,788	636,247,122

Movement of allowance for net realizable value of inventories (-)	1 January 30 September 2018	1 January 30 September 2017
Balance at beginning of the year	5,208,706	9,985,877
Allowance released	-	(4,777,171)
Charge for the year	9,028,769	-
Closing balance	14,237,475	5,208,706

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

The Group has identified inventories that net realizable value lower than cost in the current period. Accordingly allowance for net realizable value of inventories amounting to TL 14,237,475 has been booked as of 30 September 2018, net realizable value of inventories is TL 676,714,788 (31 December 2017: TL 636,247,122).

10. PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses	30 September 2018	31 December 2017
Prepaid expenses	6,542,097	6,666,661
Work advances given	527,380	1,766,477
	7,069,477	8,433,138

Short term deferred income	30 September 2018	31 December 2017
Unearned revenues	5,363,829	5,544,290
Received advances	6,966,343	3,120,870
	12,330,172	8,665,160

Long term deferred income	30 September 2018	31 December 2017
Unearned revenues	6,618,891	9,531,906
	6,618,891	9,531,906

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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	-	204,878,061	54,902,348	-	259,799,159
Disposals	(1,736)	-	(585,241)	(6,008,562)	-	(6,595,539)
Closing balance as of 30 September	87,808,554	-	1,192,802,555	434,970,404	-	1,715,581,513
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	1,382,765	-	111,811,087	31,404,460	-	144,598,312
Disposals	(1,736)	-	(306,746)	(4,322,789)	-	(4,631,271)
Closing balance as of 30 September	83,391,107	-	492,132,185	177,291,528	-	752,814,820
Carrying value as of 30 September 2018	4,417,447	-	700,670,370	257,678,876	-	962,766,693

There is insurance coverage amounting to TL 869,904,883 on the furniture & fixtures and machinery. (31 December 2017: TL 748,876,662). No furniture and fixture was purchased via financial leasing (30 September 2017: TL 146,140,841) Net book value of leased property and equipment is TL 225,868,729 (31 December 2017: TL 274,285,574).

Current depreciation expense related to fixed assets amounting to TL 143,098,606 (2017: TL 116,398,135) booked in marketing and selling expenses and TL 1,499,706 booked in general administrative expenses (2017: TL 5,683,525) (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	-	-	266,828,106	74,619,156	-	341,447,262
Disposals	(14,061)	(640,800)	(190,777)	(2,275,520)	-	(3,121,158)
Closing balance as of 30 September 2017	86,922,382	-	911,582,449	357,312,602	29,545,776	1,385,363,209
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	2,831,498	32,044	94,581,762	24,636,356	-	122,081,660
Disposals	(14,061)	(170,884)	(54,021)	(497,341)	-	(736,307)
Closing balance as of 30 September 2017	81,389,787	-	331,537,919	137,273,836	10,554,484	560,756,026
Carrying value as of 30 September 2017	5,532,595	-	580,044,530	220,038,766	18,991,292	824,607,183

12. INTANGIBLE ASSETS

Cost	Rights	Trademarks	Total
Opening balance as of 1 January 2018	24,840,723	85,675,510	110,516,233
Additions	6,289,804	-	6,289,804
Disposals	(81,629)	-	(81,629)
Closing balance as of 30 September 2018	31,048,898	85,675,510	116,724,408
Accumulated Amortization			
Opening balance as of 1 January 2018	12,431,253	-	12,431,253
Charge for the year	3,569,151	-	3,569,151
Disposals	(26,803)	-	(26,803)
Closing balance as of 30 September 2018	15,973,601	-	15,973,601
Carrying value as of 30 September 2018	15,075,297	85,675,510	100,750,807

Cost	Rights	Trademarks	Total
Opening balance as of 1 January 2017	17,777,433	85,675,510	103,452,943
Additions	5,018,335	-	5,018,335
Disposals	(89,276)	-	(89,276)
Closing balance as of 30 September 2017	22,706,492	85,675,510	108,382,002
Accumulated Amortization			
Opening balance as of 1 January 2017	10,250,958	-	10,250,958
Charge for the year	917,242	-	917,242
Disposals	(24,642)	-	(24,642)
Closing balance as of 30 September 2017	11,143,558	-	11,143,558
Carrying value as of 30 September 2017	11,562,934	85,675,510	97,238,444

The amortization expense of intangible assets amounting to TL 3,569,151 is presented in marketing and selling expenses (2017: TL 917,242) (Note 20).

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13. GOODWILL

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

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

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

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

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

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

	30 September 2018	31 December 2017
Lawsuits	35,280,560	30,856,336
	35,280,560	30,856,336

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

	1 January-30 September 2018	1 January-30 September 2017
Balance at 1 January	30,856,336	27,391,348
Additional provisions recognized (Note 21)	6,862,085	10,455,254
Payments	(2,437,861)	(6,227,947)
Balance at 30 September	35,280,560	31,618,655

At each balance sheet date, the management of the Group evaluates probable results of those cases and accordingly provisions are provided for. The balance at 30 September 2018 is expected to be utilised within one year. As of 30 September 2018, the provision amount related with the lawsuits is amounting to TL 35,280,560 (31 December 2017: TL 30,856,336).

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

As of 30 September 2018, the non-cancellable operating lease commitments of the Group is TL 44,835,101 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 225,868,729 (2017: TL 274,285,574).

15. COMMITMENTS

		30 September 2018	31 December 2017
A. CPM's given in the name of its own legal personality			
	-Guarantees	1,064,053,853	120,289,838
	-Mortgages	-	-
	-Pledges	-	-
B. CPM's given on behalf of the fully consolidated companies		5,315,740	6,115,740
C. CPM's given on behalf of third parties for ordinary course of business		-	-
D. Total amount of other CPM's given			
i) Total amount of CPM's given on behalf of the majority shareholder		-	-
ii) Total amount of CPM's given on behalf of third parties which are not in scope of B and C		-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope C		-	-
		1,069,369,593	126,405,578

(*) TL 55,167,709 of this figure relates to non-cash risks.

(**) In February 2018, Yıldız Holding A.Ş. commenced negotiations with its lenders to refinance the outstanding and unsecured debt withdrawn by Yıldız Holding and its group companies (including Şok) under facility agreements with Turkish banks. The goal was to transfer all of such outstanding liabilities at the Yıldız Holding level with a single maturity, interest rate, repayment plan and collateral structure. Yıldız Holding A.Ş. that is the ultimate parent of the Company, and certain group companies, (including Şok), have entered into loan agreements with some of their lenders. Cash loans of the Company amounting to TL 1,044.2 million and non-cash loans amounting to TL 54,8 million were transferred to Yıldız Holding A.Ş.. As a result of the agreements made, there was no increase in the Company's total debt burden; only a part of the current cash and non-cash loans are transferred to Yıldız Holding A.Ş.. The Company has provided a guarantee to the lenders in the aggregate amount of Şok's original debt that will be transferred to Yıldız Holding on the Loan Utilization Date.

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

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

16. EMPLOYEE BENEFITS

Liabilities within the scope of employee benefits:

Short-term benefits	30 September 2018	31 December 2017
Due to personnel	53,970,218	32,440,063
Social security premiums payable	48,385,366	46,666,854
	102,355,584	79,106,917

Provisions for employee benefits	30 September 2018	31 December 2017
Provision for unused vacation short term	15,154,728	12,193,626
Provision for unused vacation long term	29,731,641	25,599,196
	44,886,369	37,792,822

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

	1 January- 30 September 2018	1 January- 30 September 2017
Opening balance at 1 January	37,792,822	30,779,356
Charge for the period	12,086,417	11,037,314
Payments	(4,992,870)	(3,692,291)
Closing balance at 30 September	44,886,369	38,124,379

Retirement Pay Provision

	30 September 2018	31 December 2017
Retirement pay provision	15,907,897	14,547,416
	15,907,897	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 5,434.42 for each period of service at 30 September 2018 (31 December 2017: TL 4,732.48).

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 September 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 7.00% and a discount rate of 11.81%, resulting in a real discount rate of approximately 4.50% (31 December 2017: 4.50%). Ceiling amount of TL 5,434.42 which is in effect since 1 July 2018 is used in the calculation of Groups' provision for retirement pay liability (1 July 2017: TL 4,732.48).

16. EMPLOYEE BENEFITS (Continued)

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

	1 January- 30 September 2018	1 January- 30 September 2017
Provision at 1 January	14,547,416	9,025,570
Service cost	1,810,028	1,334,665
Interest cost	1,147,855	683,424
Termination benefits paid	(8,473,467)	(6,369,440)
Actuarial loss	6,876,065	4,802,704
Provision at 30 September	15,907,897	9,476,923

17. OTHER ASSETS AND LIABILITIES

Other current assets	30 September 2018	31 December 2017
VAT deductible	7,099,208	33,693,050
Prepaid taxes and funds	3,250,093	1,552,182
Other assets	710,761	52,748
	11,060,062	35,297,980

Other short term liabilities	30 September 2018	31 December 2017
Taxes and dues payable	46,738,425	16,164,448
Other liabilities	1,949,246	1,534,079
	48,687,671	17,698,527

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18. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

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

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

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

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

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

Legal Reserves

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

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

Actuarial Loss / Gain

As of 30 September 2018, actuarial loss / gain is negative TL 21,160,147 (31 December 2017: negative TL 15,317,761).

Effect of transactions under common control

As of 30 September 2018 effect of mergers involving undertakings or businesses subject to common control is negative TL 602,824,230 (31 December 2017: negative TL 438,284,421).

Resources subject to Profit Distribution

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

Premium on Issued Shares

The Group has deducted the emission premium on issued shares amounting to TL 2,330,124,603 which it had acquired from the public offering in 2018 from the accumulated losses according to decision taken on General Assembly.

Repurchased Shares

The amount of TL 199,789,445 arising from the transactions made within the scope of price stability transactions is presented under "Repurchased Shares" in the accompanying condensed consolidated financial statements according to Capital Markets Board (CMB) Communiqué Serial VII-128.1 ("CMB Communiqué on Shares") and Borsa İstanbul A.Ş.("BİAŞ") Procedures and Principles of Operation of Share Market.

19. REVENUE AND COST OF SALES

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

a) Revenue

	1 January-30 September 2018	1 July-30 September 2018	1 January-30 September 2017	1 July-30 September 2017
Revenue from merchandises sold	8,802,567,406	3,293,993,689	6,521,264,203	2,403,232,220
Sales returns (-)	(92,318,711)	(37,169,548)	(75,447,003)	(30,208,956)
	8,710,248,695	3,256,824,141	6,445,817,200	2,373,023,264

b) Cost of Sales

	1 January-30 September 2018	1 July-30 September 2018	1 January-30 September 2017	1 July-30 September 2017
Cost of merchandises sold	(6,602,152,336)	(2,428,797,975)	(4,968,418,015)	(1,825,214,424)
	(6,602,152,336)	(2,428,797,975)	(4,968,418,015)	(1,825,214,424)

20. MARKETING, SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Marketing and sales expenses	1 January-30 September 2018	1 July-30 September 2018	1 January-30 September 2017	1 July-30 September 2017
Personnel expenses	(827,667,997)	(298,628,489)	(611,302,688)	(225,669,317)
Rent expenses	(397,094,085)	(142,755,834)	(292,676,266)	(107,104,523)
Transportation expenses	(105,374,605)	(35,624,284)	(76,761,037)	(40,781,034)
Depreciation and amortization expenses (Note:11, 12)	(146,667,757)	(51,232,807)	(117,315,377)	(42,507,635)
Utility expenses	(119,569,221)	(49,271,395)	(86,158,026)	(34,761,282)
Advertising expenses	(40,964,837)	(13,592,301)	(40,782,492)	(11,183,434)
Packaging expenses	(40,732,200)	(17,607,124)	(30,507,397)	(11,253,912)
Tax expenses and duties	(8,946,249)	(2,484,265)	(10,410,039)	(3,397,473)
Maintenance expenses	(9,766,020)	(4,695,865)	(6,617,138)	(2,775,342)
Other marketing and sales expenses	(59,486,395)	(21,795,697)	(42,654,006)	(14,403,451)
	(1,756,269,367)	(637,688,062)	(1,315,184,466)	(493,837,403)

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

General administrative expenses	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Personnel expenses	(19,799,594)	(5,165,094)	(21,962,727)	(6,575,749)
Cash collection expenses	(7,327,597)	(3,004,146)	(5,444,250)	(2,106,975)
Outsourced expenses	(3,630,051)	(425,304)	(7,316,232)	(2,277,942)
Information tecnology expenses	(3,475,901)	(1,177,294)	(3,346,617)	(1,261,548)
Tax expenses and duties	(2,958,047)	(1,225,221)	(1,917,242)	(638,176)
Amortization expenses (Note 11)	(1,499,706)	(525,183)	(5,683,525)	(2,070,424)
Rent expenses	(1,139,333)	(351,808)	(1,485,587)	(747,504)
Vehicle expenses	(803,693)	(272,515)	(476,566)	(172,883)
Other administrative expenses	(3,829,954)	(1,825,697)	(3,852,218)	(1,394,338)
	(44,463,876)	(13,972,262)	(51,484,964)	(17,245,539)

21. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Unused provision	229,220	53,716	16,334	2,401
Gain on sale of property and equipment	60,795	4,616	159,910	-
Other income	3,900,450	1,445,987	1,820,146	114,302
	4,190,465	1,504,319	1,996,390	116,703

Other expense	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Provision expense	(6,862,085)	(2,157,621)	(10,455,254)	(7,069,732)
Loss on sale of property and equipment	(1,215,863)	(569,411)	(1,774,266)	(30,389)
Allowance for doubtful receivables (Note 7)	(22,125)	(18,927)	(30,607)	-
Other expenses (-)	(15,646,594)	(8,365,119)	(1,342,603)	4,706,403
	(23,746,667)	(11,111,078)	(13,602,730)	(2,393,718)

22. FINANCIAL EXPENSES AND INCOME

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

Finance Expense	1 January-30 September 2018	1 July-30 September 2018	1 January-30 September 2017	1 July-30 September 2017
Financial expenses from credit purchases and discount on trade receivables	(310,277,835)	(113,565,593)	(214,826,390)	(76,702,663)
Interest on bank overdrafts and loans	(101,643,582)	(7,809,957)	(141,243,595)	(50,840,865)
Financing cost of cash collection for credit card receivables	(40,797,677)	(17,041,395)	(3,009,414)	(3,009,414)
Interest expense from related parties (Note 25)	(38,734,145)	(3,561,566)	(77,917,696)	(23,978,790)
Interest on finance lease obligations	(28,938,431)	(8,872,692)	(23,559,380)	(8,800,250)
Foreign loss from financal activities	(22,859,428)	(7,149,865)	(11,908,674)	(8,491,230)
Other	(1,947,704)	(667,099)	(1,385,324)	(398,269)
	(545,198,802)	(158,668,167)	(473,850,473)	(172,221,481)

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

Finance Income	1 January-30 September 2018	1 July-30 September 2018	1 January-30 September 2017	1 July-30 September 2017
Financial income from credit sales and discount on trade payables	45,250,331	12,746,152	55,845,150	9,098,133
Interest income	15,190,634	3,143,519	1,132,490	589,161
Foreign exchange gain	2,390,597	-	1,530,446	483,173
	62,831,562	15,889,671	58,508,086	10,170,467

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

Current tax asset / (liability):	30 September 2018	31 December 2017
Current corporate tax provision	(2,465,438)	(2,090,951)
Less prepaid tax and funds	6,663,815	2,968,743
	4,198,377	877,792

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 in Turkey. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Tax Withholding:

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

Deferred tax:

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

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

	Temporary Differences		Deferred Tax	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Deferred tax assets / (liabilities) :				
Losses to be deducted from prior year losses	1,478,768,330	-	312,677,084	-
Propertyand equipment and intangible assets	(298,416,216)	(298,673,045)	(59,683,243)	(59,734,609)
Inventory	109,840,880	71,387,505	21,968,176	14,277,501
Provision for retirement payments	15,536,791	14,547,415	3,107,358	2,909,483
Provision for unused vacation	44,570,935	37,792,820	8,914,187	7,558,564
Effect of amortized cost method on receivables and payables	(104,546,112)	(90,497,780)	(20,909,222)	(18,099,556)
Provision for legal claims	35,280,560	29,041,210	7,056,112	5,808,242
Provision for doubtful receivables	-	158,900	-	31,780
Accrual of interest	(83,109)	(2,754,545)	(16,622)	(550,909)
Other	3,164,940	3,528,020	632,988	705,604
	1,284,116,999	(235,469,500)	273,746,818	(47,093,900)

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

22% tax rate is used for the amount of TL 846,170,938 prior year losses to be deducted that expected to be used in 2019 and 2020 years.

Expiration schedule of carryforward tax losses is as follows :

	30 September 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	151,170,178	-
	2,162,586,080	2,011,415,902

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

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

	30 September 2018	31 December 2017
Expiring in 2018	428,662,893	428,662,893
Expiring in 2019	98,414,934	392,219,600
Expiring in 2020	27,062,051	448,128,324
Expiring in 2021	20,453,443	332,084,618
Expiring in 2022	93,494,932	410,320,467
Expiring in 2023	15,729,497	-
	683,817,750	2,011,415,902

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

<u>Movement of deferred tax asset/ (liabilities):</u>	1 January-30 September 2018	1 January-30 September 2017
Opening balance at 1 January	(47,093,900)	(46,333,138)
Deferred tax expense recognised in statement of comprehensive income statement	319,467,648	2,871,935
Recognised in compherensive income	1,373,070	960,539
Closing balance at 30 September	273,746,818	(42,500,664)

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

	1 January-30 September 2018	1 January-30 September 2017
Current period legal tax	(2,465,438)	(2,793,709)
Deferred tax expense	319,467,648	2,871,935
Total tax expense	317,002,210	78,226

<u>Tax reconciliation:</u>	1 January-30 September 2018	1 January-30 September 2017
Loss from continuing operations before taxation	(194,560,326)	(316,218,972)
	%22	%20
Tax at the domestic income tax rate of 22% (2017: 20%)	42,803,272	63,243,794
Tax effects of:		
- Carryforward tax losses not recognized as deferred tax assets	(19,915,337)	(63,243,794)
- Expenses that are not deductible	3,145,899	10,279,632
- Unused tax losses that are previously not recognized as deferred tax assets	285,588,948	-
- Other	5,379,428	(10,201,406)
Tax income recognized in profit or loss	317,002,210	78,226

24. RELATED PARTY BALANCES AND TRANSACTIONS

	30 September 2018			
	Receivables		Payables	
	Current		Current	
Balances with related parties	Trading	Non-trading	Trading	Non-trading
Shareholders				
Yıldız Holding A.Ş.	2,756	-	740,600	-
Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-	537	-
Related parties - Controlled by shareholders				
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	-	-	31,334,551	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	1,294,846	-	25,745,200	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	-	-	18,524,223	-
Bizim Toptan Satış Magazaları A.Ş.	18,443,882	-	3,271	-
Poleks Gıda San. ve Dış Tic. A.Ş.	8,152,318	-	2,649	-
Asil Hamur Undan Mamüller Gıda San. ve Tic. A.Ş.	-	-	6,803,724	-
Aktül Kağıt Üretim Pazarlama A.Ş.	-	-	6,509,053	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	116,176	-	10,564,983	-
Azmüsebat Çelik San. Tic. A.Ş.	-	-	4,722,710	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	2,083	-	4,257,443	-
Önem Gıda San. ve Tic. A.Ş.	-	-	2,688,548	-
G2m Dağıtım Pazarlama veTic A.Ş.	1,325,904	-	-	-
Enfesler Gıda Pazarlama A.Ş.	-	-	1,019,780	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	987,158	-
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	568,012	-	265,896	-
Dank Gıda San. ve Tic. A.Ş.	839	-	212,723	-
Other	445,455	-	505,836	-
Jointly Controlled Companies by Shareholders				
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	-	-	11,410,972	-
Milhans Gıda Ürün. San. Tic. A.Ş.	-	-	6,801,533	-
Natura Gıda San. ve Tic. A.Ş.	2,197,553	-	-	-
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	-	-	1,217,957	-
Kellogg Med Gıda Tic. Ltd. Şti.	-	-	54,031	-
Nissin Yildiz Gida San. ve Tic. A.S.	20	-	8,592	-
CCC Gıda San. ve Tic. A.Ş.	507	-	-	-
PNS Pendik Nişasta San. A.Ş.	391	-	-	-
	32,550,742	-	134,381,970	-

Receivables from related parties result from sales. Major portion of the Group's liabilities to related parties comprise of the liabilities from merchandise purchases.

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	31 December 2017			
	Receivables		Payables	
	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

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 are disclosed below:

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

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 30 September 2018				
Transactions with related parties	Purchases	Interest received	Interest paid	Sales / Other income	Other expense
Shareholders					
Yıldız Holding A.Ş.	-	9,537,712	(33,991,508)	344,648	(977,047)
Related parties - Controlled by shareholders					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	288,717,713	-	(4,220,525)	28,349	(267,990)
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	202,666,767	-	-	-	(95)
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş	140,525,125				
Aytaç Gıda Yatırım San. Tic. A.Ş.	66,187,229	-	-	26,604	(304)
Bizim Toptan Satış Magazaları A.Ş.	827,925	-	-	58,632,167	-
Asil Hamur Un. Mam. Gıda San. ve Tic. A.Ş.	16,696,267	-	-	105	-
Aktül Kağıt Üretim Pazarlama A.Ş.	10,495,585	-	-	94,476	-
Poleks Gıda San. ve Dış Tic. A.Ş.	697,203	-	-	6,227,756	(4,111)
Azmüsebat Çelik San. Tic. A.Ş.	6,701,441	-	-	74,576	(2,196)
Önem Gıda San. ve Tic. A.Ş.	-	-	-	51,046	(4,157,269)
Enfesler Gıda Pazarlama A.Ş.	4,187,502	-	-	6,485	(684)
Sun Doğal Gıda ve Ambalaj Sanayi A.Ş.	42,122	2,076,697	(512,188)	414	(682,200)
Kerevitaş Gıda San. ve Tic. A.Ş.	306,256	-	-	1,106,292	-
Donuk Fırın. Ür. San. ve Tic. A.Ş.	1,082,061	-	-	-	-
Polinas Plastik San. Tic. A.Ş.	730,376	-	-	209,867	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	-	19,150	(417,945)
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	-	-	-	194,442	-
Biskot Gıda Silivri Şubesi	-	-	-	105,733	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	-	28,110	-
Marsa Yağ San. ve Tic. A.Ş.	-	-	-	27,552	-
Atademir Gıda San. ve Tic. A.Ş.	-	-	-	1,220	-
Other	2,090	-	(837)	626,030	(602,265)
Jointly Controlled Companies by Shareholders					
Natura Gıda San. ve Tic. A.Ş.	64,660,039	-	-	108,306	-
Milhans Gıda Ürün. San. Tic. A.Ş.	18,131,388	-	-	55	-
SCA Yıldız Kağıt ve Kişisel Bak. Üre. A.Ş.	25,292,254	-	-	23,372	-
CCC Gıda San. ve Tic. A.Ş.	-	-	-	19,708	-
Nissin Yildiz Gida San. ve Tic. A.S.	-	-	(9,087)	2,687	(2,172)
Kellogg Med Gıda Tic. Ltd. Şti.	-	-	-	4,315	(1,069)
PNS Pendik Nişasta San. A.Ş.	-	-	-	18,322	-
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	8,079	-	-	92,867	(189,426)
	847,957,422	11,614,409	(38,734,145)	68,074,654	(7,304,773)

24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 30 September 2017				
Transactions with related parties	Purchases	Interest received	Interest paid	Sales / Other income	Other expense
Shareholders					
Yıldız Holding A.Ş.	4,248,532	1,262,316	(76,577,755)	660	(311,169)
Related parties - Controlled by shareholders					
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	280,758,855	-	(1,320,983)	873,215	-
Bagetürk Gıda San. ve Tic. A.Ş.	109,203,999	-	-	1,878	-
Kerevitaş Gıda San. ve Tic. A.Ş.	83,190,245	-	-	-	-
Biskot Bisküvi Gıda San. ve Tic. A.Ş.	73,732,367	-	-	-	-
Aktül Kağıt Üretim Pazarlama A.Ş.	67,151,275	-	-	1,085	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	58,666,871	-	-	670	-
Bizim Toptan Satış Magazaları A.Ş.	705,511	-	-	51,162,942	(62,250)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	45,656,613	-	-	-	-
Enfesler Gıda Pazarlama A.Ş.	39,911,877	-	-	-	(1,021)
Seher Gıda Paz. San. Tic. A.Ş.	37,630,438	-	-	302,140	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	33,741,603	-	-	78,083	-
Marsa Yağ San. ve Tic. A.Ş.	26,952,736	-	-	2,488	(660)
Poleks Gıda San. ve Dış Tic. A.Ş.	911,242	-	-	21,010,846	(24,440)
Önem Gıda San. ve Tic. A.Ş.	8,857,107	65,711	(13,797)	-	(5,394,717)
Biskot Gıda Silivri Şubesi	12,146,160	-	-	-	-
Azmüsebat Çelik San. Tic. A.Ş.	12,055,044	-	-	-	(4,764)
Örgen Gıda San. ve Tic. A.Ş.	11,649,256	-	-	-	-
Polinas Plastik San. Tic. A.Ş.	11,425,201	-	-	-	(2,198)
Atademir Gıda San. ve Tic. A.Ş.	11,075,400	-	-	-	-
Asil Hamur Un. Mam. Gıda San. ve Tic. A.Ş.	10,444,043				
Donuk Fırın. Ür. San. ve Tic. A.Ş.	1,411,864	-	-	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	-	-	-	(516,896)
Other	3,617	18	-	712,930	(619,593)
Jointly Controlled Companies by Shareholders					
Milhans Gıda Ürün. San. Tic. A.Ş.	291,800,600	-	-	-	-
SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş.	34,811,147	-	-	10,046	-
CCC Gıda San. ve Tic. A.Ş.	8,091,481	-	-	-	-
Nissin Yildiz Gida San. ve Tic. A.S.	1,094,965	6,373	(5,161)	12,850	-
Kellogg Med Gıda Tic. Ltd. Şti.	511,896	-	-	-	(3,286)
PNS Pendik Nişasta San. A.Ş.	-	-	-	48,651	-
Penta Teknoloji Ürünleri Dağıtım Tic.A.Ş.	5,353	-	-	-	(148,240)
	1,277,845,298	1,334,418	(77,917,696)	74,218,484	(7,089,234)

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

	1 January-30 September 2018	1 January-30 September 2017
Salaries and short term benefits	5,785,325	4,924,657
	5,785,325	4,924,657

25. NATURE AND LEVEL OF RISK RESULTED FROM FINANCIAL INSTRUMENTS

(a) Capital Risk Management

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

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

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

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

	30 September 2018	31 December 2017
Total liabilities	311,125,626	2,322,295,791
Less: Cash and cash equivalents (Note 5)	(205,186,337)	(92,091,962)
Net debt	105,939,289	2,230,203,829
Total equity	312,284,662	(2,184,969,842)
Total capital	418,223,951	45,233,987
Gearing ratio	25%	4,930%

(b) Financial Risk Factors:

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

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

(c) Credit Risk Management

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

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

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		
30 September 2018	Related Party	Other	Related Party	Other	Deposits in banks
Maximum net credit risk as of balance sheet date (i)	32,550,742	137,502,606	-	16,156,284	138,428,293
The part of maximum risk under guarantee with colleteral (ii)	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	32,550,742	112,890,037	-	16,156,284	138,428,293
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	-	24,612,569	-	-	-
D. Impaired asset net book value					
- Past due (gross amount)	-	7,818,784	-	-	-
- Impairment (-)	-	(7,818,784)	-	-	-
- 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 23,658,153 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 20,363,809 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

30 September 2018

	Book value	Contractual undiscounted cash flow (I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)
Financial liabilities					
Bank borrowings	76,648,176	84,287,288	84,287,288	-	-
Leasing payables	234,477,450	278,610,997	27,978,806	83,936,417	166,695,774
Trade payables	2,111,681,237	2,215,110,373	2,215,110,373	-	-
Other payables	1,301,468	1,301,468	-	524,961	776,507
Total liability	2,424,108,331	2,579,310,126	2,327,376,467	84,461,378	167,472,281

31 December 2017

	Book value	Contractual undiscounted cash flow (I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)
Financial liabilities					
Bank borrowings	1,402,437,385	1,584,489,939	670,812,873	913,677,066	-
Leasing payables	306,573,922	370,634,919	34,157,163	102,471,490	234,006,266
Trade payables	2,193,083,265	2,281,167,608	2,281,167,608	-	-
Other payables	646,447,558	646,447,558	-	645,718,799	728,759
Total liability	4,548,542,130	4,882,740,024	2,986,137,644	1,661,867,355	234,735,025

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:

30 September 2018	TL Equivalent (Functional Currency)	US Dollar	Euro	Other
Trade receivables	168,516	-	23,324	820
Monetary financial assets	1,526,777	91,625	140,699	-
CURRENT ASSETS	1,695,293	91,625	164,023	820
Monetary financial assets	454,656	75,900	-	-
NON CURRENT ASSETS	454,656	75,900	-	-
TOTAL ASSETS	2,149,949	167,525	164,023	820
Trade payables	3,806,839	635,511	-	-
Financial liabilities	-	-	-	-
CURRENT LIABILITIES	3,806,839	635,511	-	-
Monetary other liabilities	1,063,308	-	152,983	-
NON CURRENT LIABILITIES	1,063,308	-	152,983	-
TOTAL LIABILITIES	4,870,147	635,511	152,983	-
Net foreign currency position	(2,720,198)	(467,986)	11,040	820
Monetary items net foreign currency asset / liability position	(2,720,198)	(467,986)	11,040	820

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

Foreign currency risk management (Continued)

31 December 2017	TL Equivalent (Functional Currency)	US Dollar	Euro	Other
Trade receivables	8,576,940	151,830	1,772,617	-
Monetary financial assets	48,988	4,993	6,682	-
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 30 September 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 280,333 (30 September 2017: TL 358,272).

The Company undertakes certain transactions denominated in Euro hence exposures to certain exchange rate fluctuations arise. As of 30 September 2018, a 10% strengthening of Euro against the TL, on the basis that all other variables remain constant, would have decreased loss before taxation by TL 7,673 (30 September 2017: TL 10,733,472 increase).

Interest rate sensitivity

The Group is not subject to 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

30 September 2018	Amortized cost	Financial assets fair value through other comprehensive income	Carrying value	Note
Financial assets				
Cash and cash equivalents	205,186,337	-	205,186,337	5
Trade receivables (including related parties)	170,053,348	-	170,053,348	7
Other receivables (including related parties)	16,156,284	-	16,156,284	8
Financial liabilities				
Borrowings and finance leases	311,125,626	-	311,125,626	6
Trade payables (including related parties)	2,111,681,237	-	2,111,681,237	7
Other liabilities (including related parties)	524,961	-	524,961	8

31 December 2017	Amortized cost	Financial assets fair value through other comprehensive income	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 and finance leases	1,709,011,307	-	1,709,011,307	6
Trade payables (including related parties)	2,193,083,265	-	2,193,083,265	7
Other liabilities (including related parties)	645,718,799	-	645,718,799	8

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

27. EARNINGS PER SHARE

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

	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Net loss for the period from continuing operations attributable to equity holders of the parents	121,537,199	11,549,555	(285,095,986)	(114,768,078)
Average number of shares outstanding during the period (full value)	485,038,078	611,928,571	360,000,000	360,000,000
Losses / (earnings) per share from continuing operations	0.2506	0.0189	(0.7919)	(0.3188)
Net loss for the period from discontinued operations attributable to equity holders of the parents	(547,114)	-	6,148,878	2,371,977
Average number of shares outstanding during the period (full value)	485,038,078	611,928,571	360,000,000	360,000,000
Losses / (earnings) per share from discontinued operations	(0.0011)	-	0.0171	0.0066

28. DISCONTINUED OPERATIONS

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

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

Profit for the period from discontinued operations	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Revenue	106,189,409	-	410,526,882	118,228,328
Cost of sales (-)	(104,456,449)	-	(401,130,138)	(114,950,217)
Gross profit	**1,732,960**	**-**	**9,396,744**	**3,278,111**
General administrative expenses (-)	(1,047,433)	-	(1,354,340)	(374,492)
Marketing and sales expenses (-)	(860,161)	-	(1,813,047)	(511,483)
Finance income and expenses	(372,480)	-	(80,479)	(20,159)
Loss from operations before taxation	**(547,114)**	**-**	**6,148,878**	**2,371,977**

29. EVENTS AFTER THE REPORTING PERIOD

None.

APPENDIX 1 - SUPPLEMENTARY UNAUDITED INFORMATION

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

	1 January-30 September 2018	1 July-30 September 2018	1 January-30 September 2017	1 July-30 September 2017
Profit / (Loss) from continuing operations for the period	**122,441,884**	**11,672,585**	**(316,140,746)**	**(126,820,274)**
Tax (expense) / income	317,002,210	(12,308,002)	78,226	781,857
Loss from continuing operations before taxation	**(194,560,326)**	**23,980,587**	**(316,218,972)**	**(127,602,131)**
Financial income and expense net	(482,367,240)	(142,778,496)	(415,342,387)	(162,051,014)
Amortization and depreciation	(148,167,463)	(51,757,990)	(122,998,902)	(44,578,059)
EBITDA	**435,974,377**	**218,517,073**	**222,122,317**	**79,026,942**
Other income and expense net	(19,556,202)	(9,606,759)	(11,606,340)	(2,277,015)
Royalty expense effect (*)	-	-	(4,849,142)	(1,726,022)
Adjusted EBITDA	**455,530,579**	**228,123,832**	**238,577,799**	**83,029,979**
Warehouse and Rent Expenses (**)	397,168,191	142,060,667	294,629,061	107,795,247
Adjusted EBITDAR	**852,698,770**	**370,184,499**	**533,206,860**	**190,825,226**

(*) 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 4,849,142).

(**) 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.