

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2018**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
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FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2018**

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2018 AND 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Unaudited Current Period 31 March 2018	Audited Previous Period 31 December 2017
ASSETS	Notes		
Current Assets		5.518.357	4.796.550
Cash and Cash Equivalents	5	3.482.933	3.181.120
Financial Investments	6	580	619
Trade Receivables			
- Due From Related Parties	8-22	856.115	533.606
- Other Trade Receivables	8	300.229	238.894
Other Receivables			
- Due From Related Parties	9-22	1.218	416
- Other Receivables	9	27.647	23.685
Derivative Instruments		86.913	55.912
Inventories	10	534.614	564.685
Prepaid Expenses			
- Due To Related Parties	22	119.258	97.094
- Other Prepaid Expenses		50.589	39.972
Current Income Tax Assets		167	-
Other Current Assets		58.094	60.547
Non-Current Assets		3.553.713	3.529.902
Financial Investments	6	977.567	981.132
Other Receivables			
- Other Receivables	9	183	183
Investment Properties	11	16.192	16.192
Tangible Assets	12	2.053.211	2.028.532
Intangible Assets			
- Goodwill	13	265.848	243.854
- Other Intangible Assets	14	163.457	152.398
Prepaid Expenses		24.963	61.275
Deferred Tax Assets	20	52.292	46.336
TOTAL ASSETS		9.072.070	8.326.452

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CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2017, 31 DECEMBER 2017
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Unaudited Current Period 31 March 2018	Audited Previous Period 31 December 2017
LIABILITIES	Notes		
Current Liabilities		2.062.127	1.999.151
Short Term Financial Liabilities	7	320.021	433.371
Short Term Portion of Long Term Financial Liabilities	7	479.879	450.952
Trade Payables			
- Due to Related parties	8-22	425.114	352.892
- Other Trade payables	8	570.860	585.829
Employee Benefit Related Liabilities		44.729	27.674
Other Payables			
- Due to Related Parties	9-22	3.927	130
- Other Payables	9	5.501	8.088
Deferred Revenue		13.860	18.710
Current Income Tax Liabilities	20	35.125	18.729
Short Term Provisions			
- Short Term Provisions for Employee Benefits		50.094	39.274
- Other Short Term Provisions		99.895	48.330
Other Current Liabilities		13.122	15.172
Non-Current Liabilities		4.153.234	3.631.398
Long Term Financial Liabilities	7	3.906.693	3.407.606
Long Term Provisions			
- Long Term Provisions for Employee Benefits		86.347	81.387
Deferred Tax Liabilities	20	160.194	142.405
SHAREHOLDERS' EQUITY		2.856.709	2.695.903
Equity Attributable To Equity Holders' of the Parent		2.562.575	2.427.360
Share Capital		342.000	342.000
Inflation Adjustments to Share Capital		108.056	108.056
Effect of Business Combinations Under Common Control		(366.304)	(413.214)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Increases on Revaluation of Plant, Property and Equipment		639.119	659.037
- Actuarial Loss on Post-Employment		(15.403)	(15.401)
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments		(68.565)	(74.303)
- Cash Flow Hedges		26.785	16.025
- Revaluation and classification of gains			
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		740.605	743.710
Restricted Reserves		124.497	124.497
Retained Earnings		909.961	553.800
Net Profit for the Period		121.824	383.153
Non-Controlling Interest		294.134	268.543
TOTAL LIABILITIES AND EQUITY		9.072.070	8.326.452

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 ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED
 31 MARCH 2018 AND 2017
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Unaudited Current Period 1 January - 31 March 2018	Restated (*) Unaudited Previous Period 1 January - 31 March 2017
	Notes		
Revenue	16	1.404.822	1.272.927
Cost of Sales	16	(1.025.055)	(932.940)
GROSS PROFIT FROM OPERATIONS		379.767	339.987
General Administrative Expenses	17	(32.870)	(29.577)
Marketing Expenses	17	(162.015)	(142.834)
Research and Development Expenses	17	(3.645)	(2.926)
Other Operating Income		13.950	18.529
Other Operating Expenses		(20.968)	(7.664)
OPERATING PROFIT FROM MAIN OPERATIONS		174.219	175.515
Income from Investment Activities		315.845	113.313
Expenses from Investment Activities		(8.281)	(4.739)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		481.783	284.089
Financial Income	18	5.307	9.474
Financial Expenses	19	(305.032)	(140.363)
PROFIT BEFORE TAX		182.058	153.200
Tax Expense	20	(40.101)	(26.690)
Corporate Tax Expense		(30.982)	(25.487)
Deferred Tax Expense		(9.119)	(1.203)
PROFIT FOR THE YEAR		141.957	126.510
Distribution of the Profit for the Year			
Non-Controlling Interest		20.133	13.589
Equity Holders of the Parent		121.824	112.921
Earning per Share	21	0,36	0,33

(*) Restatement effects have been explained in Note 2.

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 ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE
 INTERIM PERIODS ENDED
 31 MARCH 2018 AND 2017
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Unaudited 1 January - 31 March 2018	Restated (*) Unaudited Previous Period 1 January - 31 March 2017
PROFIT FOR THE YEAR	141.957	126.510
Other Comprehensive Income not to be Reclassified To Profit and Loss	(2)	(494)
Actuarial Loss on Post-Employment Termination Benefit Obligation	(2)	(617)
Deferred Tax For The Items That Will Not Be Reclassified in Profit and Loss		
Actuarial Loss on Post-Employment Termination Benefit Obligation, Deferred Tax Effect	-	123
Items to be Reclassified to Profit and Loss	18.851	(430)
Currency Translation Adjustments	11.476	(4.358)
Change in Revaluation Funds of Financial Assets	(3.564)	4.135
Cash Flow Hedges	13.796	-
Deferred Tax For The Items That Will be Reclassified to Profit and Loss		
Change in Revaluation Funds of Financial Assets, Deferred Tax Effect	178	(207)
Hedge Funds, Deferred Tax Effect	(3.035)	-
OTHER COMPREHENSIVE INCOME / (EXPENSE)	18.849	(924)
TOTAL COMPREHENSIVE INCOME	160.806	125.586
Distribution of Total Comprehensive Income		
Non-Controlling Interest	25.591	16.773
Equity Holders of the Parent	135.215	108.813

(*) Restatement effects have been explained in Note 2.

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

Accumulated Other Comprehensive Income To Be Reclassified To Profit or Loss	Accumulated Other Comprehensive Income Not To Be Reclassified To Profit or Loss	Accumulated Profit
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	Share Capital	Inflation Adjustments to Share Capital	Effect of Business Combinations Under Common Control	Financial Assets Measured at Fair Value	Currency Translation Adjustments	Cash Flow Hedges	Revaluation Plant, Property and Equipment	Actuarial Gains and (Losses) on Post-Employment Termination Benefit Obligation	Restricted Reserves Appropriated from Profits	Net Profit/(Loss) for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total Equity
As of 1 January 2018	342.000	108.056	(413.214)	743.710	(74.303)	16.025	659.037	(15.401)	124.497	383.153	553.800	2.427.360	268.543	2.695.903
Transfer	-	-	46.910	-	-	-	(19.918)	-	-	(383.153)	356.161	-	-	-
Total Comprehensive Income	-	-	-	(3.105)	5.738	10.760	-	(2)	-	121.824	-	135.215	25.591	160.806
As of 31 March 2018	342.000	108.056	(366.304)	740.605	(68.565)	26.785	639.119	(15.403)	124.497	121.824	909.961	2.562.575	294.134	2.856.709

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

(*) At the General Assembly Meeting for the year of 2016 held on 31 March 2017, it has been resolved to distribute TL 64.000.000 as cash and fully funded by the profit for the year and started to be distributed as of April 12th 2017.

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2018 AND 2017
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Unaudited Current Period 1 January - 31 March 2018	Restated Audited Previous Period 1 January - 31 March 2017
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit for the Period		141.957	126.510
Adjustments to reconcile net profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation Expenses of Tangible Assets	11-12	30.846	24.955
Amortization Expenses of Intangible Assets	14	775	174
Adjustment for Impairment Loss (Reversal of)			
Provision for Doubtful Receivables	8	108	44
Adjustment for (Reversal of) Impairment Loss of			
Other Financial Assets or Investments			
Loss of Financial Investments		39	38
Adjustment for Impairment Loss of Inventories	10	266	1.420
Adjustments for Provisions			
Adjustments for (Reversal of) Provisions Related with			
Employee Benefits			
Provision for Employment Benefits		9.371	5.612
Provision for Unused Vacation		4.118	2.962
Provision for Premium		3.550	3.505
Provision for Lawsuits		33	466
Adjustments for Other Provisions			
Change in Other Provisions (net)		51.611	18.292
Adjustments for Interest (Income)/Expenses			
Adjustments for Interest Income			
Discount Income (net)		-	(3.529)
Interest Income		(58.295)	(24.973)
Adjustments for Interest Expense			
Discount Expense (net)		5.842	-
Interest Expense		66.766	26.211
Adjustment for Tax Expenses	20	40.101	26.690
Adjustments for Losses (Gains) on Disposals of			
Non-Current Assets			
Adjustment for Losses Arised from Sale of			
Tangible Assets (net)		376	31
Adjustments for Losses (Gains) on Disposals of other Adjustments for			
which Cash Effects are Investing of Financing Cash Flow			
Change in Foreign Currency of Financial Liabilities (net)		228.312	105.016
Change in Foreign Currency from Investing Activities (net)		(247.210)	(81.815)
Commission Expenses and Finance Service Income (net)		4.175	819
Income from Derivative Instruments (net)		(1.901)	(2.845)
Other Adjustments to Reconcile Profit (Loss)			
Rent Income		(2.435)	(1.817)
Profit Effect of Transactions Under Common Control		-	(13.136)
Net Operating Cash Flows Provided Before Changes in Working Capital		278.405	214.630

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2018 AND 2017
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Unaudited Current Period 1 January - 31 March 2018	Restated Audited Previous Period 1 January - 31 March 2017
	Notes		
Changes in Working Capital			
Increase in trade receivables		(61.899)	(32.501)
Increase in trade receivables from related parties		(322.509)	(57.658)
Decrease/(increase) in inventories		29.503	(98.001)
Increase in other receivables and other current assets		(34.290)	(71.552)
(Decrease)/increase in trade payables		(20.811)	108.663
Increase/(decrease) in trade payables to related parties		72.222	(11.113)
Increase/(decrease) in other payables and liabilities		11.652	(4.808)
Net cash (used in)/generated from operations		(47.727)	47.660
Payments Related with Provisions for Employee Benefits			
Employment termination benefit paid		(5.023)	(3.208)
Unused vacation paid		(1.707)	(1.516)
Performance premium paid		(45)	(160)
Lawsuits provision paid		(79)	(110)
Taxes paid		(14.753)	(11.654)
Collections from doubtful trade receivables	8	32	2
Net cash (used in)/generated from operating activities		(69.302)	31.014
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible assets		24.493	560
Purchase of property, plant and equipment	12	(64.338)	(43.714)
Purchase of intangible assets	14	(2.784)	(56)
Changes in non-trade receivables from related parties		(802)	(26.470)
Interest received		58.295	24.973
Other advances given and payables		36.312	-
Repayments of other advances given and payables		-	(5.671)
Rent income		2.435	1.817
Net cash generated from/(used in) investing activities		53.611	(48.561)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		225.101	116.419
Repayments of borrowings		(143.581)	(129.354)
Cash outflows of repayments of other financial liabilities			
Change in leasing liabilities		-	(72)
Commission paid		(4.175)	(819)
Cash inflow from derivative instruments		1.901	2.845
Interest paid		(12.749)	(1.558)
Change in non-trade payables to related parties		3.797	29.219
Net cash generated from financing activities		70.294	16.680
NET CHANGE IN CASH AND CASH EQUIVALENTS		54.603	(867)
THE EFFECT OF FOREIGN EXCHANGE RATE			
CHANGE ON CASH AND CASH EQUIVALENTS		247.210	81.815
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3.181.120	2.272.571
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	3.482.933	2.353.519

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS

ORIGINALLY ISSUED IN TURKISH

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Ülker Bisküvi Sanayi A.Ş. ("the Company") and its subsidiaries (all together "the Group"), comprises of the parent Ülker Bisküvi Sanayi A.Ş. ("the Company") and fifteen subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2017: fifteen).

Ülker Bisküvi Sanayi A.Ş. was established in 1944. The Company's core business activities are manufacturing of biscuits, chocolate, chocolate coated biscuits, wafers and cakes.

Ülker Bisküvi Sanayi A.Ş. which is registered at the Capital Market Board, merged under its own title with Anadolu Gıda Sanayi A.Ş., whose shares have been quoted on Borsa Istanbul since 30 October 1996, as of 31 December 2003.

The headquarter of Ülker Bisküvi Sanayi A.Ş. is located Kısıklı Mah. Ferah Cad. No:1 Büyük Çamlıca Üsküdar/Istanbul.

As of 31 March 2018, the total number of people employed by the Group is 9.042, which contains 1.148 employees who worked as subcontractors (31 December 2017: 9.307, subcontractor: 1.173).

The main shareholder and the controlling party of the Group is pladis Foods Limited. The ultimate parent of the Group is Yıldız Holding A.Ş.. pladis Foods Limited is a subsidiary of Yıldız Holding A.Ş. with shares of 100%. Yıldız Holding A.Ş. is managed by Ülker Family.

As of 31 March 2018 and 31 December 2017, the names and percentages of the shareholders holding more than 5% of the Company's share capital are as follows:

Name of the Shareholders	Share	31 March 2018	Share	31 December 2017
		Percentage		Percentage
pladis Foods Limited	174.420	51,00%	174.420	51,00%
Ülker Family	25.580	7,48%	25.580	7,48%
Other	142.000	41,52%	142.000	41,52%
	342.000	100,00%	342.000	100,00%

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

As of 31 March 2018 and 31 December 2017, the details of the subsidiaries under consolidation in terms of direct and effective share of ownership and principal business activities are as follows:

Subsidiaries	31 March 2018		31 December 2017		Nature of Operation
	Ratio of Direct Ownership	Ratio of Effective Ownership	Ratio of Direct Ownership	Ratio of Effective Ownership	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.	73,9%	73,9%	73,9%	73,9%	Manufacturing
Ülker Çikolata Sanayi A.Ş.	91,7%	91,7%	91,7%	91,7%	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
İstanbul Gıda Dış Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%	Export
UI Egypt B.V.	51,0%	51,0%	51,0%	51,0%	Investing
Hi-Food for Advanced Food Industries	-	51,4%	-	51,4%	Manufacturing
Sabourne Investments Ltd	100,0%	100,0%	100,0%	100,0%	Investing
Food Manufacturers' Company	-	55,0%	-	55,0%	Manufacturing
Food Manufacturers' Company for Distribution	-	52,3%	-	52,3%	Sales
Hamle Company Ltd LLP	100,0%	100,0%	100,0%	100,0%	Manufacturing /Sales
Ulker Star LLC	-	99,0%	-	99,0%	Sales
UI Mena BV	100,0%	100,0%	100,0%	100,0%	Investing
Amir Global Trading FZE	-	100,0%	-	100,0%	Sales
Ulker for Trading and Marketing	-	99,8%	-	99,8%	Sales

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 8 May 2018. The General Assembly has the authority to amend/modify the financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the presentation:

Principles for Preparation of Financial Statements and Significant Accounting Policies

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC")

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the consolidated financial statements of the Group have been prepared accordingly.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31
MARCH 2018

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of the presentation (cont'd)

Principles for Preparation of Financial Statements and Significant Accounting Policies (cont'd)

The Company and Subsidiaries in Turkey maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the MinisTL of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for land, buildings, financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

Functional and presentation currency

Financial statements of each subsidiary of the Group are presented in the currency of the primary economic environment in which the entities operate (its functional currency). The results and financial position of the each subsidiary are expressed in Turkish Lira, which is the functional and presentation currency of the Group.

As of 31 March 2018, rates declared by Central Bank of Republic of Turkey are; 1 EUR = 4,8673 TL, 1 USD 3,9489 TL, 1 EGP = 0,2242 TL, 1 SAR = 1,0530 TL,

1 KZT = 0,0124 TL, 1 AED = 1,0761 TL.

(31 December 2017: 1 EUR = 4,5155 TL, 1 USD 3,7719 TL; 1 EGP = 0,2123,

1 SAR = 1,0058 TL, 1 KZT = 0,0113 TL, 1 AED = 1,0278 TL).

For the period between 1 January 2018 and 31 March 2018, average rates declared by Central Bank of Republic of Turkey are;

1 EUR = 4,6821 TL, 1 USD = 3,8094 TL, 1 EGP = 0,2158 TL, 1 SAR = 1,0158 TL,

1 KZT = 0,0118 TL, 1 AED = 1,0381 TL

(1 January – 31 March 2017: 1 EUR = 3,9331 TL, 1 USD = 3,6928 TL, 1 EGP = 0,2080 TL, 1 SAR = 0,9846 TL,

1 KZT = 0,0115 TL, 1 AED = 1,0063 TL).

2.2 Changes in the Accounting Policies:

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Accounting policy changes are applied retrospectively and the previous year financial statements are rearranged.

In order to allow the determination of financial position and performance, the Group's consolidated financial statements are prepared in comparison with the previous period. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented. The Group has made some reclassifications in order to conform to current period financial statements for prior periods. The nature of the classifications and amounts are as follows.

As per the principle related to "Accounting for business combinations under common control" the Public Oversight Accounting and Auditing Standards Authority issued in the Official Gazette dated 21 July 2013, business combinations under common control shall be accounted through restating previous periods' financial statements via the pooling of interest method. The Group management restated only its consolidated statements of comprehensive income, consolidated statement of changes in shareholders' equity and cash flows for the period then ended at 31 March 2017 for the transactions made under common control (details explained in Note 1) to fulfil the economic decision-making needs of financial statement users, because of the impracticability, within the scope of TAS 8. Effect of the restatements are shown below

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Changes in the Accounting Policies (cont'd):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (cont'd):

Effect of the restatements are shown below:

	Reported Previous Period 1 January-31 March 2017	Effects of Restatement with Eliminations	Restated Previous Period 1 January-31 March 2017
1 January-31 March 2017			
Profit or Loss			
Revenue	1.231.897	41.030	1.272.927
Cost of Sales	(928.746)	(4.194)	(932.940)
GROSS PROFIT FROM OPERATIONS	303.151	36.836	339.987
General Administrative Expenses	(27.470)	(2.107)	(29.577)
Marketing, Sales and Distribution Expenses	(122.238)	(20.596)	(142.834)
Research Expenses	(2.926)	-	(2.926)
Other Operating Income	16.637	1.892	18.529
Other Operating Expenses	(7.609)	(55)	(7.664)
OPERATING PROFIT FROM MAIN OPERATION	159.545	15.970	175.515
Income from Investment Activities	113.173	140	113.313
Expenses from Investment Activities	(4.739)	-	(4.739)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	267.979	16.110	284.089
Financial Income	10.762	(1.288)	9.474
Financial Expenses	(139.994)	(369)	(140.363)
PROFIT BEFORE TAX	138.747	14.453	153.200
Tax Expense	(26.434)	(256)	(26.690)
Tax on Income	(25.231)	(256)	(25.487)
Deferred Tax Income	(1.203)	-	(1.203)
PROFIT FOR THE YEAR	112.313	14.197	126.510
Other Comprehensive Income:			
Items not to be Reclassified Under Profit and Loss	(494)	-	(494)
Actuarial Loss on Post-Employment Termination Benefit Obligation	(617)	-	(617)
Actuarial Loss on Post-Employment Termination Benefit Obligation, Deferred Tax Effect	123	-	123
Items not to be Reclassified to Profit or Loss	5.891	(6.321)	(430)
Currency Translation Adjustments	1.963	(6.321)	(4.358)
Other Comprehensive Income Related with Fair Value Revaluation	4.135	-	4.135
Other Comprehensive Income Deferred Tax Effect	(207)	-	(207)
OTHER COMPREHENSIVE INCOME	5.397	(6.321)	(924)
TOTAL COMPREHENSIVE INCOME	117.710	7.876	125.586

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Adoption of New and Revised International Financial Reporting Standards:

The Group has applied the standards which are relevant to its operations from the standards, amendments and interpretations applicable from 1 January 2018.

a. Standards, amendments and interpretations applicable as at 31 March 2018:

IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15, 'Revenue from contracts with customers'; effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach.

The amended standard will: give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued.

The amended standard will: give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.

Amendment to IAS 40, 'Investment property' relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Adoption of New and Revised International Financial Reporting Standards (cont'd)

a. Standards, amendments and interpretations applicable as at 31 March 2018 (cont'd)

Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

IFRS 1, 'First time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,

IAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.

IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

b. Standards, amendments and interpretations that are issued but not effective as at 31 March 2018:

Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

Amendment to IAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3. Adoption of New and Revised International Financial Reporting Standards (cont'd)

b. Standards, amendments and interpretations that are issued but not effective as at 31 March 2018 (cont'd):

IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

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3. BUSINESS COMBINATIONS

The Company purchased 100% shares of UI Mena B.V from Maia International B.V. which is 100% owned by Yıldız Holding A.Ş. as of 20 December 2017 with an amount of EUR 134 thousand. Since the acquisition realized from Maia International B.V. which is 100% owned by Yıldız Holding A.Ş., who is the ultimate shareholder of the Company; the transaction is considered as "Transactions Under Common Control" and accounted in the shareholder's equity. The net asset acquired and the effects of transaction in equity are presented as follows:

	31 December 2017
Net Assets within the Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and cash equivalents	12.905
Trade receivables	67.844
Other receivables	2.960
Other current assets	2.128
Non-Current Assets	
Tangible and intangible assets (Net) (*)	394.149
Current Liabilities	
Trade Payables	(10.678)
Other current liabilities	(25.369)
Non-Current Liabilities	
Trade Payables	(8.025)
Other non-current liabilities	(615.692)
Net Assets Added into the Scope of Consolidation	(179.778)
Total share of the Group ownership	100%
The portion of the net assets to the Group	(179.778)
Cash paid for the acquisition	(607)
Net Equity Impact From the Acquisition of Subsidiary	(180.385)

(*) Consist of book values at Yıldız Holding's financial statements related with the acquisition of United Biscuits LTD.

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3. BUSINESS COMBINATIONS (cont'd)

The Company purchased 100% shares of Hamle Company Ltd LLP from Maia International B.V. which is 100% owned by Yıldız Holding A.Ş. as of 31 March 2017 with an amount of USD 3 million. Since the acquisition realized from Maia International B.V. which is 100% owned by Yıldız Holding A.Ş., who is the major shareholder of the Company; the transaction is considered as "Transactions Under Common Control" and accounted in the shareholder's equity. The net asset acquired and the effects of transaction in equity are presented as follows:

	31 December 2016
Net Assets within the Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and cash equivalents	98.691
Trade receivables	7.107
Other receivables	33
Other current assets	30.990
Non-Current Assets	
Tangible and intangible assets (Net)	18.644
Other non-current assets	10.457
Current Liabilities	
Financial liabilities	(295)
Trade payables	(24.648)
Other current liabilities	(3.187)
Non-Current Liabilities	
Financial liabilities	(184.766)
Net Assets Added into the Scope of Consolidation	(46.974)
Capital Increase	13.772
Total share of the Group ownership	100%
The portion of the net assets to the Group	(33.200)
Cash paid for the acquisition	(10.856)
Net Equity Impact From the Acquisition of Subsidiary	(44.056)

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4. SEGMENTAL INFORMATION

The Group's core business activities are manufacturing and marketing of biscuit, chocolate coated biscuit, wafer, cake and chocolate. The reports reviewed routinely by the decision makers of the Group comprise consolidated financial information of Ülker Bisküvi Sanayi A.Ş. and its subsidiaries. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The Group management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors review segmental analysis on gross profit and operational profit.

The Group, follows its operations with domestic (local operations of Turkish companies in Turkey) and international basis in accordance with TFRS 8 in management reports. The information for 1 January - 31 March 2018 and 1 January - 31 March 2017 is as follows;

	Domestic	Foreign	1 January-31 March 2018
Revenue	936.410	468.411	1.404.822
Gross Profit	205.936	173.831	379.767
Operating Profit (*)	112.031	69.206	181.237
EBITDA	131.811	81.271	213.082
Investment expenditures	26.306	40.816	67.122

(*) Operating profit before other income/expenses.

	Domestic	Foreign	1 January-31 March 2018
Revenue	819.051	453.875	1.272.927
Gross Profit	180.142	159.846	339.987
Operating Profit (*)	98.538	66.112	164.650
EBITDA	114.625	75.154	189.779
Investment expenditures	36.840	6.930	43.770

(*) Operating profit before other income/expenses.

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5. CASH AND CASH EQUIVALENTS

	31 March 2018	31 December 2017
Cash on hand	2.123	809
Demand deposits	119.331	65.193
Time deposits (*)	3.361.479	3.115.118
	3.482.933	3.181.120

(*) As of 31 March 2018, TL 3.361.479 thousand of time deposits is overnight (31 December 2017: TL 3.114.121 thousand).

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 March 2018
TL	11,45%	April 2018	123.882
EUR	2,22%	April 2018	48.965
USD	3,20%	April 2018	3.174.603
GBP	0,25%	April 2018	2.769
EGP	12,84%	April 2018	1.092
KZT	9,00%	April 2018	10.168
			3.361.479

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 December 2017
TL	13,27%	January 2018	428.778
EUR	2,02%	January 2018	2.072.346
USD	3,71%	January 2018	608.364
GBP	0,25%	January 2018	2.134
EGP	15,00%	January 2018	997
KZT	9,00%	January 2018	2.499
			3.115.118

6. FINANCIAL INVESTMENTS

Short Term Financial Investments:

	31 March 2018	31 December 2017
Available for sale financial assets	580	619
	580	619

Long Term Financial Investments:

	31 March 2018	31 December 2017
Available for sales financial assets	977.567	981.132
	977.567	981.132

Long Term

Available for Sale Financial Assets

	31 March 2018	31 December 2017
G New, Inc	113.184	113.184
Godiva Belgium BVBA	821.099	821.099
BİM Birleşik Mağazalar A.Ş.	43.084	46.649
Other	200	200
	977.567	981.132

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6. FINANCIAL INVESTMENTS (cont'd)

Available for sale financial assets are presented at their fair values. The after tax difference belonging to equity holder of TL 740.605 thousand as of 31 March 2018 (31 December 2017: TL 743.710 thousand) in the fair values of such assets has directly been presented in other comprehensive income under equity.

As the expected value gaps for available for sale financial assets of TL 200 thousand (31 December 2017: TL 200 thousand) that are not traded in an active market are high and expected values are not reliably measured, these have been presented at historical cost in accompanying consolidated financial statements.

7. FINANCIAL LIABILITIES

	31 March 2018	31 December 2017
Short Term Liabilities	320.021	433.371
Short Term Portion of Long Term Liabilities	479.879	450.952
Long Term Liabilities	3.906.693	3.407.606
	4.706.593	4.291.929
<u>Short Term Liabilities:</u>	31 March 2018	31 December 2017
Bank Loans	308.596	403.277
Funds Borrowed from Related Parties (Note 22)	11.425	30.094
	320.021	433.371
<u>Short Term Portion of Long Term Liabilities</u>	31 March 2018	31 December 2017
Bank Loans	479.879	450.952
	479.879	450.952
<u>Long Term Liabilities</u>	31 March 2018	31 December 2017
Bank Loans	3.906.693	3.407.606
	3.906.693	3.407.606

Syndication loan borrowed as of 20 April 2017 consists of two credit trenches which are USD 136.000.000 and EUR 225.144.922. 14 international banks joined to the syndication. Effective interest rate for both credit trenches are Euribor + 3.00% for EUR, Libor+ 3.10% for USD and the maturity date is 20 April 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments

The Group borrowed new syndication loan as of 27 November 2017 in addition to syndication loan borrowed as of 20 April 2017.

Syndication loan borrowed as of 27 November 2017 consists of two credit trenches which are USD 111.498.684 and EUR 290.559.069. 15 international banks joined to the syndication. Effective interest rate for both credit trenches are Euribor + 3.00% for EUR, Libor+ 2.90% for USD and the maturity date is 27 November 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments

The covenants which belong to syndication loan are as follows:

- a) **Leverage:** The ratio of the consolidated net debt at balance sheet date to the last twelve months consolidated EBITDA (Earnings before interest, tax, depreciation and amortization) in the valid period should not be over 3,50 to 1.
- b) **Interest Coverage:** Consolidated interest coverage ratio of the Group should be at least 2 to 1.

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7. FINANCIAL LIABILITIES (cont'd)

In current period, the consolidated financial statements of the Group comply with the loan agreement

Borrowings:

31 March 2018

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate</u>	<u>Short Term</u>	<u>Long Term</u>
TL	April 2018-January 2021	14,69%	350.022	8.000
EUR	May 2018-November 2020	3,21%	322.265	2.746.732
USD	April 2018-November 2020	4,92%	109.318	944.861
EGP	May 2018-September 2019	18,75%	1.437	582
KZT	April 2018-December 2023	9,50%	16.858	206.518
			799.900	3.906.693

31 December 2017

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate</u>	<u>Short Term</u>	<u>Long Term</u>
TL	February 2018-January 2021	12,42%	368.681	8.000
EUR	May 2018-November 2020	3,32%	294.206	2.308.404
USD	January 2018-November 2020	4,64%	215.285	891.588
EGP	March 2018-September 2019	20,75%	2.612	1.147
KZT	January 2018-December 2023	8,50%	3.539	198.467
			884.323	3.407.606

Repayment schedule of bank loans are as follows:

	<u>31 March 2018</u>	<u>31 December 2017</u>
to be paid within 1 year	799.900	884.323
to be paid within 1-2 years	240.435	60.074
to be paid within 2-3 years	3.357.764	3.224.671
to be paid within 3-4 years	84.414	37.803
to be paid within 4-5 years	71.898	37.803
Above 5 years	152.182	47.255
	4.706.593	4.291.929

8. TRADE RECEIVABLES AND PAYABLES

	<u>31 March 2018</u>	<u>31 December 2017</u>
Short Term Due from Related Parties		
Due from related parties (Note 22) (Net)	856.115	533.606
	856.115	533.606
Other Trade Receivables		
Trade receivables (Net)	308.854	246.680
Notes receivables (Net)	37	426
Provision for doubtful receivables	(8.662)	(8.212)
	300.229	238.894
Total Short Term Trade Receivables	1.156.344	772.500

The provision for trade receivables is provided for based on the estimated irrecoverable amounts from sale of goods, determined by reference to past default experience.

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8. TRADE RECEIVABLES AND PAYABLES (cont'd)

The movement of the allowance for doubtful receivables as of 31 March 2018 and 2017 is as follows:

	1 January - 31 March 2018	1 January - 31 March 2017
Opening balance	(8.212)	(7.260)
Charge for the period	(108)	(44)
Reversal of provision	50	854
Currency translation adjustments	(424)	(245)
Collections	32	2
Closing balance	(8.662)	(6.693)

	31 March 2018	31 December 2017
Short Term Trade Payables		
Due to related parties (Note 22)	425.114	352.892
Trade payables	570.860	585.829
	995.974	938.721

9. OTHER RECEIVABLES AND PAYABLES

	31 March 2018	31 December 2017
Other Receivables		
Due from related parties (Note 22)	1.218	416
Short term other receivables	27.647	23.685
	28.865	24.101

	31 March 2018	31 December 2017
Other Short Term Receivables		
VAT receivables	15.254	16.834
Deposits and guarantees given	3.728	1.043
Receivables from personnel	1.729	1.695
Other	6.936	4.113
	27.647	23.685

	31 March 2018	31 December 2017
Other Long Term Receivables		
Deposits and guarantees given	183	183
	183	183

	31 March 2018	31 December 2017
Other Payables		
Due to related parties (Note 22)	3.927	130
Other short term payables	5.501	8.088
	9.428	8.218

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9. OTHER RECEIVABLES AND PAYABLES (cont'd)

	31 March 2018	31 December 2017
Other short term payables		
Other short term payables	2.788	4.296
Deposits and guarantees received	2.713	3.792
	5.501	8.088

10. INVENTORIES

Details of inventory are as follows:

	31 March 2018	31 December 2017
Raw materials	241.793	285.010
Work in progress	20.284	13.938
Finished goods	214.385	208.190
Trade goods	31.604	32.374
Other inventories	36.324	35.235
Allowance for impairment on inventory (-)	(9.776)	(10.062)
	534.614	564.685

Inventory is presented on cost value and allowance for impairment is booked for inventory valuing lower than cost.

The movement of allowance for impairment on inventory for the years ended on 31 March 2018 and 2017 are below:

	1 January- 31 March 2018	1 January- 31 Mart 2017
Opening balance	(10.062)	(10.403)
Charge for the period	(266)	(1.420)
Used allowance	-	634
Write off	854	-
Currency translation differences	(302)	307
Closing balance	(9.776)	(10.882)

11. INVESTMENT PROPERTIES

	31 March 2018	31 March 2017
Opening balance	16.192	14.588
Charge for the year	-	(6)
Closing balance	16.192	14.582

The fair value of the Group's investment properties at 31 March 2018 and 2017 has been calculated on the basis of a valuation carried out at that date by 31 December 2017 and 31 December 2016, by certified valuation company not related to the Group. EVA Gayrimenkul Değerleme Danışmanlık A.Ş. is one of the certified valuation company by Capital Markets Board of Turkey, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, based on market evidence of transaction prices for similar properties.

The rent income earned by the Group from its investment properties amounting to TL 279 thousand (31 March 2017: TL 96 thousand) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 22 thousand (31 March 2017: TL 22 thousand).

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12. TANGIBLE ASSETS

Movement of tangible assets between 1 January 2018 and 31 March 2018 is as follows:

Cost	1 January 2018	Addition	Disposal	Transfers (Note 14)	Currency Translation Differences	31 March 2018
Land	731.004	-	(14.810)	-	1.549	717.743
Buildings	730.781	1.337	(151.758)	7.914	3.071	591.345
Machinery, plant and equipment	1.488.999	2.224	(1.330)	38.645	18.956	1.547.494
Vehicles	10.111	102	(283)	327	364	10.621
Furniture and fixture	76.458	1.281	(46)	330	737	78.760
Leasehold improvements	37.362	212	-	-	26	37.600
Other tangible assets	556	-	-	-	-	556
Construction in progress	187.455	59.182	-	(48.615)	4.703	202.725
	3.262.726	64.338	(168.227)	(1.399)	29.406	3.186.844

Accumulated Depreciation	1 January 2018	Charge for the Period	Disposal	Transfers	Currency Translation Differences	31 March 2018
				-		
Buildings	(435.614)	(3.779)	142.695	-	(3.153)	(299.851)
Machinery, plant and equipment	(720.745)	(24.133)	373	-	(8.092)	(752.597)
Vehicles	(4.853)	(520)	263	-	(202)	(5.312)
Furniture and fixture	(56.716)	(1.540)	27	-	(510)	(58.739)
Leasehold improvements	(15.981)	(861)	-	-	(1)	(16.843)
Other tangible assets	(285)	(13)	-	-	7	(291)
	(1.234.194)	(30.846)	143.358	-	(11.951)	(1.133.633)

Net Book Value	2.028.532					2.053.211
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If the Group recognized land and buildings at historical cost, net book value of land would be TL 136.138 thousand and TL 142.923 thousand for buildings.

From depreciation and amortization expenses, TL 28.881 thousand (31 March 2017: TL 22.559 thousand) is included in cost of goods sold, TL 110 thousand (31 March 2017: TL 87 thousand) is included in research and development expenses, TL 612 thousand (31 March 2017: TL 587 thousand) is included in marketing and selling expenses, TL 2.018 thousand (31 March 2017: TL 1.896 thousand) is included in general and administrative expenses. There are not any fixed assets acquired through financial leasing in the current period. There is not any mortgage or collateral on tangible assets in the current period. In 2018, the Group has capitalized TL 317 thousand interest and TL 4.207 thousand foreign exchange losses with regards to borrowings and accounted for such borrowing costs under tangible assets, (2017: TL 80 thousand interest, TL 1.152 thousand foreign exchange loss).

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12. TANGIBLE ASSETS (cont'd)

Movement of tangible assets between 1 January 2017 and 31 March 2017 is as follows:

Cost	1 January 2017	Addition	Disposal	Transfers	Currency Translation Differences	31 March 2017
Land	129.067	-	-	-	605	129.672
Buildings	253.973	35	-	9.333	2.660	266.001
Machinery, plant and equipment	1.259.993	4.245	(22.735)	46.308	8.499	1.296.310
Vehicles	9.142	638	-	-	246	10.026
Furniture and fixture	65.508	1.335	(125)	528	314	67.560
Leasehold improvements	25.775	320	-	4.786	-	30.881
Other tangible assets	4.413	-	-	-	151	4.564
Construction in progress	161.033	37.141	(1)	(60.955)	3.680	140.898
	1.908.904	43.714	(22.861)	-	16.155	1.945.912
Accumulated Depreciation	1 January 2017	Charge for the Period	Disposal	Transfers	Currency Translation Differences	31 March 2017
Buildings	(123.492)	(3.100)	-	-	(1.648)	(128.240)
Machinery, plant and equipment	(663.454)	(19.830)	22.228	-	(5.279)	(666.335)
Vehicles	(4.128)	(236)	-	-	(150)	(4.514)
Furniture and fixture	(48.552)	(1.166)	42	-	(163)	(49.839)
Leasehold improvements	(14.049)	(588)	-	-	-	(14.637)
Other tangible assets	(4.413)	(29)	-	-	(151)	(4.593)
	(858.088)	(24.949)	22.270	-	(7.391)	(868.158)
Net Book Value	1.050.816					1.077.754

There are not any fixed assets acquired through financial leasing as of 31 March 2017. There is not any mortgage or collateral on tangible assets.

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12. TANGIBLE ASSETS (cont'd)

The estimated useful lives of tangible assets are as follow:

	Useful Life
Buildings	25 – 50 years
Land improvements	10 – 50 years
Machinery, plant and equipments	4 – 15 years
Vehicles	4 – 10 years
Other tangible assets	4 – 10 years
Furniture and fixtures	3 – 10 years
Leasehold improvements	During rent period

The Group decided to apply revaluation model to land and buildings in accordance with TAS 16. Land and buildings were revalued with “compare with similars” technique on 15 January 2018. The revaluation was performed by Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. authorized by Capital Markets Board. Properties were accounted on 31 March 2018 and 31 December 2017 financial statements based on their fair values. The frequency of revaluations are related with the changes on the market values of the properties. If there is material change at the fair value, revaluation is performed. If not, properties are only subject to periodical revaluation.

13. GOODWILL

	2018	2017
1 January	243.854	207.307
Currency translation adjustments	21.994	9.504
31 March	265.848	216.811

Goodwill details are as follow:

	31 March 2018	31 December 2017
Company		
UI MENA B.V.	265.848	243.854
	265.848	243.854

Goodwill impairment test:

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

UI MENA B.V.

Yıldız Holding A.Ş. acquired United Biscuit Group as of 3 November 2014. Goodwill accounted at Yıldız Holding’s financial statement related with UI MENA operations is accounted to these financial statement.

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14. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2018 - 31 March 2018 are as follows:

Cost	1 January 2018	Addition	Disposal	Transfers (Note 12)	Currency Translation Differences	31 March 2018
Rights (*)	154.844	2.733	-	1.399	7.619	166.595
Other intangible assets	3.120	51	-	-	51	3.222
	157.964	2.784	-	1.399	7.670	169.817
Accumulated Amortization	1 January 2018	Charge for the Period	Disposal	Transfers	Currency Translation Differences	31 March 2018
Rights (*)	(2.608)	(676)	-	-	(19)	(3.303)
Other intangible assets	(2.958)	(99)	-	-	-	(3.057)
	(5.566)	(775)	-	-	(19)	(6.360)
Net Book Value	152.398					163.457

Movements of intangible assets between 1 January 2017 - 31 March 2017 are as follows:

Cost	1 January 2017	Addition	Disposal	Transfers	Currency Translation Differences	31 March 2017
Rights (*)	142.864	8	-	-	4.750	147.622
Development costs	675	-	-	-	-	675
Other intangible assets	3.039	48	-	-	-	3.087
	146.578	56	-	-	4.750	151.384
Accumulated Amortization	1 January 2017	Charge for the Period	Disposal	Transfers	Currency Translation Differences	31 March 2017
Rights (*)	(2.330)	(43)	-	-	(15)	(2.388)
Development costs	(357)	(34)	-	-	-	(391)
Other intangible assets	(2.106)	(97)	-	-	-	(2.203)
	(4.793)	(174)	-	-	(15)	(4.982)
Net Book Value	141.785					146.402

(*) As of 31 March 2018 Rights contain reacquired rights related with Saudi Arabia distribution agreements of Groups products in Saudi Arabia amounting to TL 157.118 (31 March 2017: TL 144.773). Reacquired rights are not subject to depreciation and has indefinite useful life. Impairment test is applied every year of when there is any indicator that impairment may occur.

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14. INTANGIBLE ASSETS (cont'd)

The intangible assets are amortized on a straight-line basis over their estimated useful lives.

	Useful Life
Rights	2 years-unlimited life
Development costs	5 years
Other intangible assets	2 – 12 years

15. CONTINGENT ASSETS AND LIABILITIES

Guarantees Given

(Balances denominated in foreign currencies have been presented in their original currency)

	31 Mart 2018			31 Aralık 2017		
	TL	USD	EUR	TL	USD	EUR
A) CPM's given in the name of own legal personality	207.036	-	-	185.146	1.187	-
B) CPM's given on behalf of the fully consolidated companies	1.326	-	37.922	1.326	-	37.922
C) CPM's given on behalf of third parties for ordinary course of business (*)	-	-	93.670	-	-	115.000
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 the group companies 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 of C	-	-	-	-	-	-
Total	208.362	-	131.592	186.472	1.187	152.922

(*) The guarantee given for raw material supplier of the Group in order to purchases done for the Group.

(**) As of 31 March 2018, the ratio of other CPM's to the Group's equity is zero (31 December 2017: zero).

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16. REVENUE AND COST OF SALES

a) Revenue

The detail of operating income is as follows:

	1 January - 31 March 2018	1 January - 31 March 2017
Domestic sales	1.579.182	1.348.373
Export sales	253.445	299.019
Sales returns and discounts (-)	(427.805)	(374.465)
Sales Income (net)	1.404.822	1.272.927
Cost of merchandises sold	(949.270)	(849.970)
Cost of trade goods sold	(75.785)	(82.970)
Cost of sales	(1.025.055)	(932.940)
Gross Profit	379.767	339.987

17. EXPENSES BY NATURE

The detail of operating expenses is as follow:

	1 January - 31 March 2018	1 January - 31 March 2017
General Administrative Expenses		
Personnel expenses	(16.190)	(14.925)
Operating expenses (*)	(6.488)	(7.874)
Consultancy expenses	(3.353)	(671)
Depreciation and amortization expenses	(2.018)	(1.896)
Other	(4.821)	(4.211)
	(32.870)	(29.577)
Marketing Expenses		
Marketing operating expenses	(127.681)	(113.400)
Personnel expenses	(23.070)	(20.943)
Rent expenses	(1.393)	(1.283)
Depreciation and amortization expenses	(612)	(587)
Other	(9.259)	(6.621)
	(162.015)	(142.834)
Research Expenses		
Personnel expenses	(2.184)	(2.085)
Materials used	(503)	(214)
Depreciation and amortization expenses	(110)	(87)
Other	(848)	(540)
	(3.645)	(2.926)

(*) The operating expenses of the Group mainly comprise management support, information technology and administration expenses that are charged by Yıldız Holding.

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18. FINANCIAL INCOME

	1 January - 31 March 2018	1 January - 31 March 2017
Foreign exchange gain	3.406	6.174
Income from derivative instruments	1.901	2.845
Other	-	455
	5.307	9.474

19. FINANCIAL EXPENSES

	1 January - 31 March 2018	1 January - 31 March 2017
Foreign exchange losses from financing	(231.718)	(111.190)
Interest expenses	(66.766)	(26.211)
Other	(6.548)	(2.962)
	(305.032)	(140.363)

20. TAX ASSET AND LIABILITIES

The Group accounts deferred tax assets and liabilities for temporary timing differences rooted from differences between legal financial statements and financial statements prepared in accordance with TFRS. The differences in question are caused generally by the fact that some profit and loss accounts come up in different periods in legal financial statements and financial statements prepared in accordance with TFRS. These differences are specified below.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, deferred tax positions of the firms with deferred tax assets is netted against those with deferred tax liabilities and reflected on a separate-entity basis.

The Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020. Therefore, deferred tax assets and liabilities shall be measured in accordance with materiality at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences will be measured by 20%. At the same time, the exemption to be applied on the capital gains obtained from their sales of real estate held by the taxpayers for at least two years has been reduced from 75% to 50% by the regulation published in the Official Gazette dated 5 December 2017.

The rate applied in the calculation of deferred tax assets and liabilities in Turkey is 22% (2017: 20%, 2019: 22%, 2020: 22%), for entities in Saudi Arabia and Kazakhstan is 20% (2017:20%), for entities in Egypt 22,5% (2017: 22,5%), for entity in Kyrgyzstan 10% (2017: 10%) and for entity in the United Arab Emirates is zero (2017: zero).

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20. TAX ASSET AND LIABILITIES (cont'd)

Deferred tax bases:

	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Indexation and useful life differences of tangible and intangible assets	-	-	965.779	966.516
Investment properties valuation differences	-	-	16.300	16.300
Marketable securities valuation differences	-	-	781.469	785.074
Derivative instruments	86.913	-	-	55.912
Profit elimination on inventories	(2.226)	(1.970)	-	-
Discount of trade receivables / payables (net)	-	-	8.810	13.895
Allowance of employee termination benefits	(73.249)	(68.926)	-	-
Provision for doubtful receivables	(1.157)	(2.745)	-	-
Previous year losses	(59.614)	(54.288)	-	-
Provision for lawsuits	(6.014)	(6.060)	-	-
Impairment on inventories	(9.164)	(10.062)	-	-
Performance premium provision	(983)	(2.345)	-	-
Provision for unused vacation	(15.195)	(13.507)	-	-
Other	(44.108)	(18.691)	46.550	27.468
	(124.797)	(178.594)	1.818.908	1.865.165

Deferred tax (assets) / liabilities:

	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Indexation and useful life differences of tangible and intangible assets	-	-	122.340	122.488
Investment properties valuation differences	-	-	1.630	1.630
Marketable securities valuation differences	-	-	39.073	39.254
Derivative instruments	19.121	-	-	11.182
Profit elimination on inventories	(490)	(394)	-	-
Discount of trade receivables / payables (net)	-	-	1.938	2.779
Allowance of employee termination benefits	(14.650)	(13.785)	-	-
Provision for doubtful receivables	(255)	(549)	-	-
Previous year losses	(11.923)	(10.858)	-	-
Provision for lawsuits	(1.323)	(1.212)	-	-
Impairment on inventories	(2.016)	(2.012)	-	-
Performance premium provision	(216)	(469)	-	-
Investment incentive	(42.522)	(51.039)	-	-
Provision for unused vacation	(3.343)	(2.701)	-	-
Other	(9.703)	(3.739)	10.241	5.494
	(67.320)	(86.758)	175.222	182.827

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20. TAX ASSET AND LIABILITIES (cont'd)

Movement of Deferred Tax Liabilities:

	1 January - 31 March 2018	1 January - 31 March 2017
Opening balance	96.069	2.034
Taxes netted from funds recognised under equity	2.857	84
Currency translation adjustments	(143)	(990)
Deferred tax expense	9.119	1.203
	107.902	2.331

As of 31 March 2018, the Group calculated deferred tax assets of TL 59.614 thousand for deductible financial losses in the consolidated financial statements for the current year (31 December 2017: TL 54.288 thousand). The maturities of these losses are as follows

	31 March 2018	31 December 2017
2025	59.614	54.288
Toplam	59.614	54.288

Corporate Tax

The Company and its Turkish subsidiaries are 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 period.

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 31 March 2018 is 22% (31 December 2017: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 22% in 2018 (2017: 20%).

Losses are allowed to be carried five years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1st-25th of April following the close of the accounting year to which they relate. The companies with special accounting periods, file their tax returns between 1st-25th of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

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20. TAX ASSET AND LIABILITIES (cont'd)

Until December 2018, Hi Food for Advanced Food Industries, the Group's subsidiary, is exempt from corporate tax earnings gained from operating activities due to tax incentives made within the scope of foreign trade legislation. The corporate tax rate in Saudi Arabia where Food Manufacturers' Company, a subsidiary of the Group is 20% (2017: 20%). The corporate tax in Kazakhstan where Hamle Company Ltd LLP, a subsidiary of the Group is 20% (2017: 20%). The corporate tax in Kyrgyzstan where Ülker Star LLC, a subsidiary of the Group is 10% (2017: 10%).

Income withholding tax

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 in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Provision for taxation as of 31 March 2018 and 31 December 2017 is as follows:

	31 March 2018	31 December 2017
Total corporate tax provision	(95.867)	(65.424)
Prepaid taxes and funds	60.742	46.695
Tax provision in the balance sheet	(35.125)	(18.729)
	1 January - 31 March 2018	1 January - 31 March 2017
Current year corporate tax provision	30.982	25.487
Deferred tax expense	9.119	1.203
Tax expense in the income statement	40.101	26.690

21. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 31 March 2018 and 2017 and computation of earnings per share set out here as follows:

	1 January - 31 March 2018	1 January - 31 March 2017
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net profit	121.824	112.921
Basic Earnings per Share (TL 1 per value each)	0,36	0,33

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) The detail of receivables from related parties is as follows:

	31 March 2018	31 December 2017
Trade receivables	856.115	533.606
Non-trade receivables	1.218	416
	857.333	534.022

The detail of trade and non-trade receivables is as follows:

	31 March 2018		31 December 2017	
	Trade	Non-trade	Trade	Non-trade
Other Companies Controlled by the Principle Shareholder				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	434.002	-	165.982	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	278.033	-	221.851	-
Teközel Gıda T. Sağ. Mrk. Hiz. San. Tic. A.Ş.	50.221	-	38.642	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	49.972	-	27.862	-
United Biscuits (UK) Ltd.	15.683	-	52.609	-
Other	28.204	1.218	26.660	416
	856.115	1.218	533.606	416

The Group's trade receivables from related parties mainly arise from sales to Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Ticaret A.Ş. those make the sale and distribution of products throughout Turkey.

b) The detail of advances given to related parties is as follow:

	31 March 2018	31 December 2017
Önem Gıda San. ve Tic. A.Ş.	119.258	97.094
	119.258	97.094

c) The detail of payables to related parties is as follows:

	31 March 2018	31 December 2017
Trade payables	425.114	352.892
Non-trade payables	3.927	130
	429.041	353.022

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

The detail of payables to related parties is as follows:

	31 March 2018		31 December 2017	
	Trade	Non-trade	Trade	Non-trade
Principle Shareholder				
Yıldız Holding A.Ş.	27.692	-	18.797	-
Other Companies Controlled by the Principle Shareholder				
United Biscuits (UK) Ltd.	25.688	-	11.601	-
Önem Gıda San. ve Tic. A.Ş.	249.221	-	214.662	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	60.581	-	58.383	-
Marsa Yağ San. ve Tic. A.Ş.	21.061	-	20.017	-
CCC Gıda San. ve Tic. A.Ş.	18.080	-	14.022	-
Other	22.791	3.927	15.410	130
	425.114	3.927	352.892	130

The detail of due to related parties as loan payable is as follows:

	31 March 2018	31 December 2017
Yıldız Holding A.Ş.	11.425	30.094
	11.425	30.094

b) The detail of purchases from and sales to related parties is as follows:

	2018		2017	
	Purchases	Sales	Purchases	Sales
Other Companies Controlled by the Principle Shareholder				
Önem Gıda San. ve Tic. A.Ş.	324.918	14	321.337	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	56.909	-	71.938	-
Marsa Yağ San. ve Tic. A.Ş.	17.639	-	17.155	82
Pendik Nişasta San. A.Ş.	16.271	-	14.167	-
CCC Gıda San. ve Tic. A.Ş.	-	-	6.570	-
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	173	37.019	11	34.615
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	254.797	146	257.315
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.162	604.995	777	504.655
Other	26.196	61.803	15.176	49.643
	443.268	958.628	447.277	846.310

The Group mainly acquires raw materials from Besler Gıda ve Kimya Sanayi ve Ticaret A.Ş., which produces vegetable oil and margarine, Önem Gıda San. ve Tic. A.Ş. and Pendik Nişasta San. A.Ş.. The major part of selling and distribution operations of the Group all Turkey are operated by Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Ticaret A.Ş..

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

e) The detail of income and expenses pertaining to interest, rent and services arising from transactions with related parties is as follows:

For the three months period ended 31 March 2018:

	Rent Income	Rent Expense	Service Income	Service Expense	Interest and Foreign Exchange Gain	Interest and Foreign Exchange Loss
Principle Shareholder						
Yıldız Holding A.Ş.	16	(389)	602	(38.084)	248.645	(6.696)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	12	(44)	2	(291)
Hüner Pazarlama San. ve Tic. A.Ş.	-	-	12	-	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	3	-	44	(4.028)	1.477	-
Önem Gıda San. ve Tic. A.Ş.	704	(4)	1.667	(9.235)	1.350	(652)
Marsa Yağ San. ve Tic. A.Ş.	2	-	1	-	6	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	29	(1)	30	(3.464)	736	-
İzsal Gayrimenkul Geliştirme A.Ş.	9	(438)	4	(490)	-	-
Eksper Gıda Pazarlama San. ve Tic A.Ş.	-	-	45	(7)	-	-
United Biscuits (UK) Ltd.	-	-	-	(445)	1.366	(964)
Other	18	-	260	(724)	4.227	(3.581)
	781	(832)	2.677	(56.521)	257.809	(12.184)

For the three months period ended 31 March 2017:

	Rent Income	Rent Expense	Service Income	Service Expense	Interest and Foreign Exchange Gain	Interest and Foreign Exchange Loss
Principle Shareholder						
Yıldız Holding A.Ş.	17	-	587	(33.039)	123.074	(24.496)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	170	-	198	(285)
Hüner Pazarlama San. ve Tic. A.Ş.	175	(3)	148	-	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	5	-	23	(2.355)	-	-
Önem Gıda San. ve Tic. A.Ş.	216	-	1.005	(9.500)	852	(972)
Marsa Yağ San. ve Tic. A.Ş.	2	-	9	-	35	(154)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	46	-	23	(1.999)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	8	(332)	4	(193)	-	-
United Biscuits (UK) Ltd.	-	-	-	(161)	1.189	(991)
Other	3	(42)	188	(210)	3.025	(1.973)
	472	(377)	2.157	(47.457)	128.373	(28.871)

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

f) Benefits provided to members of BOD and key management personnel:

	31 March 2018	31 March 2017
Fees and other short term benefits	6.725	4.889
	6.725	4.889

23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk.

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Group manages this risk with a method of netting foreign currency denominated assets and liabilities. The management reviews the foreign currency open position and provides measures when needed.

The Group is mainly exposed to foreign currency risk in USD, EUR, GBP, CHF and DKK.

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23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT (cont'd)

Foreign currency risk management (cont'd)

The foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	31 March 2018					
	TL Equivalent	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	139.303	22.499	9.835	467	-	-
2a. Monetary Financial Assets	3.841.929	959.288	10.333	622	11	19
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	15.619	2.001	1.551	11	26	-
4. CURRENT ASSETS	3.996.851	983.788	21.719	1.100	37	19
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	103	26	-	-	-	-
6b. 2b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	29.873	1.523	4.886	5	12	-
8. NON-CURRENT ASSETS	29.976	1.549	4.886	5	12	-
9. TOTAL ASSETS	4.026.827	985.337	26.605	1.105	49	19
10. Trade Payables	101.611	11.475	10.696	709	75	-
11. Financial Liabilities	431.581	27.683	66.210	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-	-	-
12b. Other Non-monetary Financial Liabilities	10.316	2.346	190	23	-	-
13. CURRENT LIABILITIES	543.508	41.504	77.096	732	75	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	3.691.593	239.272	564.324	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	3.691.593	239.272	564.324	-	-	-
18. TOTAL LIABILITIES	4.235.101	280.776	641.420	732	75	-
19. Net Assets of Off Statement of Financial Position (19a-19b)	604.091	116.000	30.000	-	-	-
19a. Net Assets of Statement of Off Balance Sheet	-	-	-	-	-	-
19b. Net Liabilities of Statement of Off Balance Sheet	(604.091)	(116.000)	(30.000)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	395.817	820.561	(584.815)	373	(26)	19
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(243.450)	703.383	(621.062)	380	(64)	19
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	-	-	-	-	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-	-	-

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23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT (cont'd)

Foreign currency risk management (cont'd)

	31 December 2017					
	TL Equivalent	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	132.011	21.554	10.381	755	-	-
2a. Monetary Financial Assets	3.310.275	326.807	459.479	542	13	17
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	6.490	1.078	530	6	-	-
4. CURRENT ASSETS	3.448.776	349.439	470.390	1.303	13	17
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	98	26	-	-	-	-
6b. 2b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	70.374	1.060	14.665	5	34	-
8. NON-CURRENT ASSETS	70.472	1.086	14.665	5	34	-
9. TOTAL ASSETS	3.519.248	350.525	485.055	1.308	47	17
10. Trade Payables	109.811	17.879	8.808	455	75	-
11. Financial Liabilities	509.492	57.076	65.155	-	-	-
12a. Other Monetary Financial Liabilities	10.142	-	2.246	-	-	-
12b. Other Non-monetary Financial Liabilities	14.076	2.691	218	579	-	-
13. CURRENT LIABILITIES	643.521	77.646	76.427	1.034	75	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	3.199.995	236.377	511.218	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	3.199.995	236.377	511.218	-	-	-
18. TOTAL LIABILITIES	3.843.516	314.023	587.645	1.034	75	-
19. Net Assets of Off Statement of Financial Position (19a-19b)	573.005	116.000	30.000	-	-	-
19a. Net Assets of Statement of Off Balance Sheet	-	-	-	-	-	-
19b. Net Liabilities of Statement of Off Balance Sheet	(573.005)	(116.000)	(30.000)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	248.737	152.502	(72.590)	274	(28)	17
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(387.056)	37.055	(117.567)	842	(62)	17
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	-	-	-	-	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-	-	-

The Group's export and import balances for twelve-month periods are presented below:

	1 January – 31 March 2018	1 January – 31 March 2017
Total exports	253.445	299.019
Total imports	44.561	54.483

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23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT (cont'd)

Foreign currency risk sensitivity

The Group is exposed to foreign exchange risk arising primarily from USD and EUR .In the table below, the foreign currency sensitivity of the Company arising from 10% change in US dollar and EUR rates. The rate used as 10% is a fair benchmark for the Company as it is limited to capital commitment threshold. This rate is the anticipated rate change of the Company's senior management. Sensitivity analysis includes only the monetary items in foreign currency at year end and shows the effect of 10% increase in USD and in EUR foreign currency rates. Negative value implies the effect of 10% increase in USD and in EUR foreign currency rates against TL on the decrease in the net profit.

	31 March 2018		31 March 2017	
	Profit / Loss		Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of %10 appreciation of USD against TL				
1 - US Dollar net asset / liability	323.566	(323.566)	(39.110)	39.110
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1 +2)	323.566	(323.566)	(39.110)	39.110
In case of %10 appreciation of EUR against TL				
4 - EUR net asset / liability	(287.688)	287.688	(42.009)	42.009
5 - Part of hedged from EUR risk (-)				
6- EUR net effect (4+5)	(287.688)	287.688	(42.009)	42.009
Total (3 + 6)	35.878	(35.878)	(81.119)	81.119

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24. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

Fair value measurements by level of the following fair value measurement hierarchy is as follows:

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

The classification of the Company's financial assets and liabilities at fair value is as follows:

	31 March 2018	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Shares	580	580	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	977.367	43.084	934.283	-
- Derivative instruments	86.913	-	86.913	-
- Land and buildings	730.465	-	730.465	-
Total	1.795.325	43.664	1.751.661	-

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24. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments (cont'd)

	31 December 2017	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Shares	619	619	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	980.932	46.649	934.283	-
- Derivative instruments	55.912	-	55.912	-
- Land and buildings	752.597	-	752.597	-
Total	1.790.060	47.268	1.742.792	-

25. EVENTS AFTER THE BALANCE SHEET DATE

None.