

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2018**

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

To the General Assembly of Ülker Bisküvi Sanayi A.Ş.

Introduction

1. We have reviewed the accompanying condensed consolidated statement of financial position of Ülker Bisküvi Sanayi A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2018 and the related condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Baki Erdal, SMMM
Partner

Istanbul, 9 August 2018

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

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2018,
31 DECEMBER 2017 AND 31 DECEMBER 2016**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

ASSETS	Notes	Condensed Reviewed Current Period 30 June 2018	Restated (*) Reviewed Previous Period 31 December 2017	Restated (*) Reviewed Previous Period 31 December 2016
Current Assets		5.502.709	4.830.708	3.662.558
Cash and Cash Equivalents	5	3.091.167	3.189.865	2.288.339
Financial Investments	6	599	619	755
Trade Receivables				
- Due From Related Parties	8-22	1.092.696	534.993	587.415
- Other Trade Receivables	8	299.443	241.929	175.851
Other Receivables				
- Due From Related Parties	9-22	65.037	428	5.845
- Other Receivables	9	41.012	23.814	20.716
Derivative Instruments		220.895	55.912	-
Inventories	10	506.807	583.581	406.274
Prepaid Expenses				
- Due To Related Parties	22	103.791	97.094	78.047
- Other Prepaid Expenses		43.975	41.879	39.814
Current Income Tax Assets		89	-	11.064
Other Current Assets		37.198	60.594	48.438
Non-Current Assets		3.728.627	3.640.638	2.503.112
Financial Investments	6	934.483	981.132	928.800
Other Receivables				
- Other Receivables	9	1.823	183	271
Investment Properties	11	16.185	16.196	14.588
Tangible Assets	12	2.196.005	2.098.780	1.118.765
Intangible Assets				
- Goodwill	13	298.452	253.507	215.513
- Other Intangible Assets	14	223.694	182.879	167.699
Prepaid Expenses		9.510	61.625	14.160
Deferred Tax Assets	20	48.475	46.336	43.316
TOTAL ASSETS		9.231.336	8.471.346	6.165.670

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

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31 DECEMBER 2017 AND 31 DECEMBER 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

		Condensed Reviewed Current Period 30 June 2018	Restated (*) Reviewed Previous Period 31 December 2017	Restated (*) Reviewed Previous Period 31 December 2016
LIABILITIES	Notes			
Current Liabilities		1.666.259	2.211.464	3.377.536
Short Term Financial Liabilities	7	246.773	433.371	544.791
Short Term Portion of Long Term Financial Liabilities	7	170.622	457.356	1.821.637
Trade Payables				
- Due to Related parties	8-22	349.258	353.465	341.189
- Other Trade payables	8	450.522	591.861	328.310
Employee Benefit Related Liabilities		38.700	28.577	31.676
Other Payables				
- Due to Related Parties	9-22	67.679	193.060	192.333
- Other Payables	9	43.427	8.088	7.005
Deferred Revenue		31.125	18.710	20.047
Current Income Tax Liabilities	20	41.652	21.477	15.262
Short Term Provisions				
- Short Term Provisions for Employee Benefits		41.195	40.060	34.542
- Other Short Term Provisions		162.502	50.267	25.958
Other Current Liabilities		22.804	15.172	14.786
Non-Current Liabilities		4.674.212	3.696.345	1.341.826
Long Term Financial Liabilities	7	4.381.652	3.419.676	586.498
Other Liabilities				
- Due to Related Parties		-	47.749	633.397
Long Term Provisions				
- Long Term Provisions for Employee Benefits		94.876	82.958	74.073
Deferred Tax Liabilities	20	197.684	145.962	47.858
SHAREHOLDERS' EQUITY		2.890.865	2.563.537	1.446.308
Equity Attributable To Equity Holders' of the Parent		2.573.969	2.294.994	1.246.890
Share Capital		342.000	342.000	342.000
Inflation Adjustments to Share Capital		108.056	108.056	108.056
Effect of Business Combinations Under Common Control		(498.670)	(559.686)	(585.998)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss				
- Increases on Revaluation of Plant, Property and Equipment		639.119	659.037	5.232
- Actuarial Loss on Post-Employment Termination Benefit Obligation		(16.918)	(15.401)	(16.687)
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss				
- Currency Translation Adjustments		(78.129)	(67.666)	(81.306)
- Cash Flow Hedges		53.910	16.025	-
- Revaluation and classification of gains				
-Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		714.491	743.710	695.363
Restricted Reserves		124.497	124.497	119.807
Retained Earnings		815.293	547.163	385.373
Net Profit for the Period		370.320	397.259	275.050
Non-Controlling Interest		316.896	268.543	199.418
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		9.231.336	8.471.346	6.165.670

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

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED
30 JUNE 2018 AND 2017

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

		Condensed Reviewed Current Period 1 January - 30 June 2018	Condensed Reviewed Current Period 1 April - 30 June 2018	Restated (*) Condensed Reviewed Previous Period 1 January - 30 June 2017	Restated (*) Condensed Reviewed Previous Period 1 April - 30 June 2017
	Notes				
Revenue	16	2.757.596	1.329.525	2.461.199	1.167.137
Cost of Sales	16	(2.011.475)	(985.004)	(1.801.924)	(860.796)
GROSS PROFIT FROM OPERATIONS		746.121	344.521	659.275	306.341
General Administrative Expenses	17	(74.577)	(39.869)	(71.375)	(39.817)
Marketing Expenses	17	(308.305)	(135.548)	(276.196)	(126.521)
Research and Development Expenses	17	(6.775)	(3.130)	(6.336)	(3.410)
Other Operating Income		40.506	26.556	27.963	11.272
Other Operating Expenses		(45.333)	(24.365)	(22.922)	(15.258)
OPERATING PROFIT FROM MAIN OPERATIONS		351.637	168.165	310.409	132.607
Income from Investment Activities		989.967	674.122	153.100	39.787
Expenses from Investment Activities		(8.084)	197	(17.767)	(13.028)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		1.333.520	842.484	445.742	159.366
Financial Income	18	17.849	12.531	21.303	9.991
Financial Expenses	19	(830.474)	(524.765)	(191.054)	(49.558)
PROFIT BEFORE TAX		520.895	330.250	275.991	119.799
Tax Expense	20	(110.507)	(68.575)	(46.141)	(18.702)
Corporate Tax Expense		(71.414)	(38.206)	(44.422)	(18.337)
Deferred Tax Expense		(39.093)	(30.369)	(1.719)	(365)
PROFIT FOR THE PERIOD		410.388	261.675	229.850	101.097
Distribution of the Profit for the Year					
Non-Controlling Interest		40.068	19.935	24.388	10.799
Equity Holders of the Parent		370.320	241.740	205.462	90.298
Earning per Share	21	1,08	0,71	0,60	0,26

(*) 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
30 JUNE 2018 AND 2017

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

	Condensed Reviewed Current Period 1 January - 30 June 2018	Condensed Reviewed Current Period 1 April - 30 June 2018	Restated (*) Condensed Reviewed Previous Period 1 January - 30 June 2017	Restated (*) Condensed Reviewed Previous Period 1 April - 30 June 2017
PROFIT FOR THE PERIOD	410.388	261.675	229.850	101.097
Other Comprehensive Income				
not to be Reclassified To Profit and Loss	(1.572)	(1.570)	(1.338)	(844)
Actuarial Loss on Post-Employment Termination Benefit Obligation	(1.965)	(1.963)	(1.672)	(1.055)
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	393	393	334	211
Items to be Reclassified to Profit and Loss	20.431	(1.196)	19.861	19.124
Currency Translation Adjustments	14.420	168	11.615	14.806
Change in Revaluation Funds of Financial Assets	(33.552)	(29.988)	9.707	5.572
Cash Flow Hedges	49.085	35.289	(1.220)	(1.220)
Deferred Tax For The Items That Will be Reclassified to Profit and Loss				
Change in Revaluation Funds of Financial Assets, Deferred Tax Effect	1.678	1.500	(485)	(278)
Cash Flow Hedges, Deferred Tax Effect	(11.200)	(8.165)	244	244
OTHER COMPREHENSIVE INCOME / (EXPENSE)	18.859	(2.766)	18.523	18.280
TOTAL COMPREHENSIVE INCOME	429.247	258.909	248.373	119.377
Distribution of Total Comprehensive Income				
Non-Controlling Interest	62.241	36.510	24.506	7.733
Equity Holders of the Parent	367.006	222.399	223.867	111.644

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 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									
	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 (Previously Reported)	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
Restatement Effect	-	-	-	-	-	-	-	-	-	-	(6.637)	(6.637)	-	(6.637)
Transactions Under Common Control	-	-	(146.472)	-	6.637	-	-	-	-	14.106	-	(125.729)	-	(125.729)
As of 1 January 2018 (Restated)	342.000	108.056	(559.686)	743.710	(67.666)	16.025	659.037	(15.401)	124.497	397.259	547.163	2.294.994	268.543	2.563.537
Transfer	-	-	61.016	-	-	-	(19.918)	-	-	(397.259)	356.161	-	-	-
Total Comprehensive Income	-	-	-	(29.219)	(10.463)	37.885	-	(1.517)	-	370.320	-	367.006	62.241	429.247
Dividend (*)	-	-	-	-	-	-	-	-	-	-	(88.000)	(88.000)	(13.877)	(101.877)
Gain on Sale of Tangible Assets	-	-	-	-	-	-	-	-	-	-	(31)	(31)	(11)	(42)
As of 30 June 2018	342.000	108.056	(498.670)	714.491	(78.129)	53.910	639.119	(16.918)	124.497	370.320	815.293	2.573.969	316.896	2.890.865

(*) At the General Assembly Meeting for the year of 2017, it has been resolved to distribute TL 88.000 as cash and fully funded by the profit for the year in 2018 financial year.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 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 2017 (Previously Reported)	342.000	108.056	(141.863)	695.363	3.216	-	5.232	(16.687)	119.807	230.372	303.710	1.649.206	205.390	1.854.596
Restatement Effect Transactions Under Common Control	-	-	-	-	-	-	-	-	-	-	81.663	81.663	(5.972)	75.691
	-	-	(444.135)	-	(84.522)	-	-	-	-	44.678	-	(483.979)	-	(483.979)
As of 1 January 2017 (Restated)	342.000	108.056	(585.998)	695.363	(81.306)	-	5.232	(16.687)	119.807	275.050	385.373	1.246.890	199.418	1.446.308
Transfer	-	-	44.560	-	-	-	-	-	4.690	(275.050)	225.800	-	-	-
Total Comprehensive Income	-	-	-	8.454	12.247	(976)	-	(1.320)	-	205.462	-	223.867	24.506	248.373
Effect of Business Combination	-	-	(13.846)	-	-	-	-	-	-	-	-	(13.846)	-	(13.846)
Dividend Paid (*)	-	-	-	-	-	-	-	-	-	-	(64.000)	(64.000)	(7.917)	(71.917)
Gain on sale of Tangible Assets	-	-	-	-	-	-	-	-	-	-	(10)	(10)	(4)	(14)
As of 30 June 2017	342.000	108.056	(555.284)	703.817	(69.059)	(976)	5.232	(18.007)	124.497	205.462	547.163	1.392.901	216.003	1.608.904

(*) At the General Assembly Meeting for the year of 2016 held on 31 March 2017, it has been resolved to distribute TL 64.000 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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30 JUNE 2018 AND 2017**

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

		Condensed Reviewed Current Period 1 January – 30 June 2018	Restated Condensed Reviewed Previous Period 1 January – 30 June 2017
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit for the Period		410.388	229.850
Adjustments to reconcile net profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation Expenses of Tangible Assets	11-12	67.189	55.134
Amortization Expenses of Intangible Assets	14	1.663	345
Adjustment for Impairment Loss (Reversal of)			
Provision for Doubtful Receivables	8	604	(1.050)
Adjustment for (Reversal of) Impairment Loss of Other Financial Assets or Investments			
Loss of Financial Investments		20	110
Adjustment for Impairment Loss of Inventories	10	2.502	2.086
Adjustments for Provisions			
Adjustments for (Reversal of) Provisions Related with Employee Benefits			
Provision for Employment Benefits		17.764	11.765
Provision for Unused Vacation		8.241	5.210
Provision for Premium		14.788	8.872
Provision for Lawsuits		39	466
Adjustments for Other Provisions			
Change in Other Provisions (net)		112.276	34.075
Adjustments for Dividend Income		(102)	(539)
Adjustments for Interest (Income)/Expenses			
Adjustments for Interest Income			
Discount Income (net)		8.694	(3.212)
Interest Income		(84.037)	(58.989)
Adjustments for Interest Expense	19	152.286	79.193
Adjustment for Tax Expenses	20	110.507	46.141
Adjustments for Losses (Gains) on Disposals of Non-Current Assets			
Adjustment for Gains Arised from Sale of Tangible Assets (net)		1.071	(277)
Adjustments for Losses (Gains) on Disposals Financial Investments		(27.649)	-
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)	18-19	650.032	89.805
Change in Foreign Currency from Investing Activities (net)		(866.428)	(71.790)
Commission Expenses and Finance Service Income (net)		7.279	3.002
Income from Derivative Instruments (net)		(1.901)	(5.462)
Other Adjustments to Reconcile Profit (Loss)			
Rent Income		(4.738)	(3.738)
Profit Effect of Transactions Under Common Control		-	(13.846)
Net Operating Cash Flows Provided Before Changes in Working Capital		580.488	407.151

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30 JUNE 2018 AND 2017**

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

		Condensed Reviewed Current Period 1 January – 30 June 2018	Restated Condensed Reviewed Previous Period 1 January – 30 June 2017
	Notes		
Changes in Working Capital			
Increase in trade receivables		(59.741)	(51.153)
Increase in trade receivables from related parties		(557.703)	(13.545)
Decrease/(increase) in inventories		73.957	(60.699)
Increase in other receivables and other current assets		(4.235)	(50.443)
(Decrease)/increase in trade payables		(150.033)	34.398
Decrease in trade payables to related parties		(4.207)	(61.428)
Increase in other payables and liabilities		29.562	8.973
Net cash generated from operations		(91.912)	213.254
Employment termination benefit paid		(10.843)	(6.680)
Unused vacation paid		(5.673)	(3.209)
Performance premium paid		(19.905)	(15.640)
Lawsuits provision paid		(80)	(110)
Taxes paid		(51.328)	(28.314)
Collections from doubtful trade receivables	8	38	2
Net cash generated from operating activities		(179.703)	159.303
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible and intangible assets		27.906	2.325
Purchase of property, plant and equipment	12	(124.212)	(83.927)
Purchase of intangible assets	14	(3.384)	(116)
Changes in non-trade receivables from related parties		(64.609)	(26.470)
Dividend received		102	539
Interest received		84.037	58.989
Other advances given and payables		52.115	-
Repayments of other advances given and payables		-	(71.825)
Rent income		4.738	3.738
Proceeds from sales of Other Businesses or Share of Funds or Debt Instruments		40.746	-
Net cash generated from/(used in) investing activities		17.439	(116.747)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		246.580	1.591.238
Repayments of borrowings		(645.388)	(417.885)
Cash outflows of repayments of other financial liabilities			
Change in leasing liabilities		-	(72)
Commission paid		(7.279)	(3.002)
Cash inflow from derivative instruments		1.901	5.462
Dividend paid		-	(71.917)
Interest paid		(160.165)	(55.625)
Change in non-trade payables to related parties		(238.511)	30.980
Net cash generated from financing activities		(802.862)	1.079.179
NET CHANGE IN CASH AND CASH EQUIVALENTS		(965.126)	1.121.735
THE EFFECT OF FOREIGN EXCHANGE RATE			
CHANGE ON CASH AND CASH EQUIVALENTS		866.428	71.790
CASH AND CASH EQUIVALENTS AT THE			
BEGINNING OF THE PERIOD	5	3.189.865	2.288.339
CASH AND CASH EQUIVALENTS AT THE END OF			
THE PERIOD	5	3.091.167	3.481.864

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 sixteen subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2017: sixteen).

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 İstanbul 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/İstanbul.

As of 30 June 2018, the total number of people employed by the Group is 8,782, which contains 854 employees who worked as subcontractors (31 December 2017: 9.531, subcontractor: 1.186).

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 30 June 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	30 June 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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1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

As of 30 June 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	30 June 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
International Biscuits Company (*)	100,0%	100,0%	100,0%	100,0%	Manufacturing-Sales

(*) The Company purchased 100% shares of International Biscuits Company which 100% shares owned by UB Group Limited who is Yıldız Holding's 100% subsidiary, as of 23 May 2018 with USD 40 million. As a result of this transaction, the Company has gained controlling power of Saudi Arabia originated International Biscuits Company.

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 9 August 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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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 Ministry 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.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group preferred to present its interim condensed consolidated financial statements. The Group's interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2017 and 31 December 2016 year-end financial statements.

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 30 June 2018, rates declared by Central Bank of Republic of Turkey are; 1 EUR = 5,3092 TL, 1 USD 4,5607 TL, 1 EGP = 0,2552 TL, 1 SAR = 1,2161 TL,

1 KZT = 0,0134 TL, 1 AED = 1,2428 TL.

(30 June 2017: 1 EUR = 4,0030 TL, 1 USD 3,5071 TL; 1 EGP = 0,1937,

1 SAR = 0,9352 TL, 1 KZT = 0,0109 TL, 1 AED = 0,9557 TL).

For the period between 1 January 2018 and 30 June 2018, average rates declared by Central Bank of Republic of Turkey are;

1 EUR = 4,9416 TL, 1 USD = 4,0860 TL, 1 EGP = 0,2307 TL, 1 SAR = 1,0895 TL,

1 KZT = 0,0125 TL, 1 AED = 1,1134 TL

(1 January – 30 June 2017: 1 EUR = 3,9314 TL, 1 USD = 3,6356 TL, 1 EGP = 0,2029 TL, 1 SAR = 0,9694 TL,

1 KZT = 0,0114 TL, 1 AED = 0,9907 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 condensed consolidated financial statements are prepared in comparison with the previous period. In order to comply with the presentation of condensed 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.

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

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

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

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 balance sheets as at 31 December 2017 and 2016 and the consolidated financial statements of comprehensive income, consolidated statement of changes in shareholders' equity and cash flows for the period then ended at 30 June 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.

TFRS 9 replaces the provisions of TAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

On 1 January 2018 (the date of initial application of TFRS 9), the Group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate TFRS 9 categories. The Group continues to account its financial investment to fair value change through other comprehensive income.

The cross currency swaps are in place as at 31 December 2017 qualified as cash flow hedges under TFRS 9. The Group's risk management strategies and hedge documentation are aligned with the requirements of TFRS 9 and these relationships are therefore treated as continuing hedges.

Effect of the restatements are shown below:

	Reported Previous Period 31 December 2017	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2017
Current Assets	4.796.550	34.158	4.830.708
Cash and Cash Equivalents	3.181.120	8.745	3.189.865
Financial Investments	619	-	619
Trade Receivables	772.500	4.422	776.922
Other Receivables	24.101	141	24.242
Derivative Instruments	55.912	-	55.912
Inventories	564.685	18.896	583.581
Prepaid Expenses	137.066	1.907	138.973
Other Current Assets	60.547	47	60.594
	3.529.902	110.736	3.640.638
Non-Current Assets			
Financial Investments	981.132	-	981.132
Other Receivables	183	-	183
Investment Properties	16.192	4	16.196
Tangible Assets	2.028.532	70.248	2.098.780
Intangible Assets	396.252	40.134	436.386
Prepaid Expenses	61.275	350	61.625
Deferred Tax Assets	46.336	-	46.336
TOTAL ASSETS	8.326.452	144.894	8.471.346

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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):

	Reported Previous Period 31 December 2017	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2017
Current Liabilities	1.999.151	212.313	2.211.464
Short Term Financial Liabilities	433.371	-	433.371
Short Term Portion of Long Term Financial Liabilities	450.952	6.404	457.356
Trade Payables	938.721	6.605	945.326
Employee Benefit Related Liabilities	27.674	903	28.577
Other Payables	8.218	192.930	201.148
Deferred Revenue	18.710	-	18.710
Current Income Tax Liabilities	18.729	2.748	21.477
Short Term Provisions	87.604	2.723	90.327
Other Current Liabilities	15.172	-	15.172
Non-Current Liabilities	3.631.398	64.947	3.696.345
Long Term Financial Liabilities	3.407.606	12.070	3.419.676
Other Payables	-	47.749	47.749
Long Term Provisions	81.387	1.571	82.958
Deferred Tax Liabilities	142.405	3.557	145.962
Shareholders' Equity	2.695.903	(132.366)	2.563.537
Equity Attributable To Equity Holders' of the Parent	2.427.360	(132.366)	2.294.994
Share Capital	342.000	-	342.000
Inflation Adjustments to Share Capital	108.056	-	108.056
Effect of Business Combinations Under Common Control	(413.214)	(146.472)	(559.686)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Increases on Revaluation of Plant, Property and Equipment	659.037	-	659.037
- Actuarial Loss on Post Employment Termination Benefit Obligation	(15.401)	-	(15.401)
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments	(74.303)	6.637	(67.666)
- Cash Flow Hedges	16.025	-	16.025
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	743.710	-	743.710
Restricted Reserves	124.497	-	124.497
Retained Earnings	553.800	(6.637)	547.163
Net Profit for the Period	383.153	14.106	397.259
Non-Controlling Interest	268.543	-	268.543
TOTAL LIABILITIES AND EQUITY	8.326.452	144.894	8.471.346

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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):

	Reported Previous Period 31 December 2016	Effects of Restatement With Eliminations	Restated Previous Period 31 December 2016
Current Assets	3.501.796	160.762	3.662.558
Cash and Cash Equivalents	2.169.913	118.426	2.288.339
Financial Investments	755	-	755
Trade Receivables	772.946	(9.680)	763.266
Other Receivables	21.686	4.875	26.561
Inventories	361.942	44.332	406.274
Prepaid Expenses	115.374	2.487	117.861
Current Income Tax Assets	11.064	-	11.064
Other Current Assets	48.116	322	48.438
Non-Current Assets	2.024.393	478.719	2.503.112
Financial Investments	928.800	-	928.800
Trade Receivables	65	(65)	-
Other Receivables	185	86	271
Investment Properties	14.588	-	14.588
Tangible Assets	1.032.163	86.602	1.118.765
Intangible Assets	1.574	381.638	383.212
Prepaid Expenses	14.160	-	14.160
Deferred Tax Assets	32.858	10.458	43.316
TOTAL ASSETS	5.526.189	639.481	6.165.670

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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):

	Reported Previous Period 31 December 2016	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2016
Current Liabilities	3.169.042	208.494	3.377.536
Short Term Financial Liabilities	544.792	(1)	544.791
Short Term Portion of Long Term Financial Liabilities	1.815.280	6.357	1.821.637
Trade Payables	637.981	31.518	669.499
Employee Benefit Related Liabilities	30.594	1.082	31.676
Other Payables	8.431	190.907	199.338
Deferred Revenue	48.439	(28.392)	20.047
Current Income Tax Liabilities	14.819	443	15.262
Short Term Provisions	56.416	4.084	60.500
Other Current Liabilities	12.290	2.496	14.786
Non-Current Liabilities	502.551	839.275	1.341.826
Long Term Financial Liabilities	384.844	201.654	586.498
Other Payables	-	633.397	633.397
Long Term Provisions	72.357	1.716	74.073
Deferred Tax Liabilities	45.350	2.508	47.858
Shareholders' Equity	1.854.596	(408.288)	1.446.308
Equity Attributable To Equity Holders' of the Parent	1.649.206	(402.316)	1.246.890
Share Capital	342.000	-	342.000
Inflation Adjustments to Share Capital	108.056	-	108.056
Effect of Business Combinations Under Common Control	(141.863)	(444.135)	(585.998)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
Investment property valuation funds	5.232	-	5.232
Actuarial loss on post employment termination benefit obligation	(16.687)	-	(16.687)
Other Comprehensive Income/Expense to be Reclassified in Profit or Loss			
- Currency Translation Adjusment	3.216	(84.522)	(81.306)
- Financial Assets Revaluation Fund	695.363	-	695.363
Restricted Reserves	119.807	-	119.807
Retained Earnings	303.710	81.663	385.373
Net Profit for the Period	230.372	44.678	275.050
Non-Controlling Interest	205.390	(5.972)	199.418
TOTAL LIABILITIES AND EQUITY	5.526.189	639.481	6.165.670

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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):

	Reported Previous Period 1 January-30 June 2017	Effects of Restatement with Eliminations	Restated Previous Period 1 January-30 June 2017
1 January-30 June 2017			
Profit or Loss			
Revenue	2.345.658	115.541	2.461.199
Cost of Sales	(1.775.400)	(26.524)	(1.801.924)
GROSS PROFIT FROM OPERATIONS	570.258	89.017	659.275
General Administrative Expenses	(63.883)	(7.492)	(71.375)
Marketing, Sales and Distribution Expenses	(219.526)	(56.670)	(276.196)
Research Expenses	(6.336)	-	(6.336)
Other Operating Income	27.355	608	27.963
Other Operating Expenses	(22.867)	(55)	(22.922)
OPERATING PROFIT FROM MAIN OPERATION	285.001	25.408	310.409
Income from Investment Activities	152.833	267	153.100
Expenses from Investment Activities	(17.767)	-	(17.767)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	420.067	25.675	445.742
Financial Income	19.008	2.295	21.303
Financial Expenses	(187.491)	(3.563)	(191.054)
PROFIT BEFORE TAX	251.584	24.407	275.991
Tax Expense	(44.333)	(1.808)	(46.141)
Tax on Income	(42.921)	(1.501)	(44.422)
Deferred Tax Income	(1.412)	(307)	(1.719)
PROFIT FOR THE YEAR	207.251	22.599	229.850
Other Comprehensive Income: Items not to be Reclassified Under Profit and Loss	(1.338)	-	(1.338)
Actuarial Gain/(Loss) on Post-Employment Termination Benefit Obligation	(1.672)	-	(1.672)
Actuarial Gain/(Loss) on Post-Employment Termination Benefit Obligation, Deferred Tax Effect	334	-	334
Items not to be Reclassified to Profit or Loss	4.567	15.294	19.861
Currency Translation Adjustments	(3.679)	15.294	11.615
Other Comprehensive Income			
Related With Fair Value Revaluation	9.707	-	9.707
Cash Flow Hedges	(1.220)	-	(1.220)
Other Comprehensive Income			
Related With Fair Value Revaluation, Deferred Tax Effect	(485)	-	(485)
Cash Flow Hedges, Deferred Tax Effect	244	-	244
OTHER COMPREHENSIVE INCOME	3.229	15.294	18.523
TOTAL COMPREHENSIVE INCOME	210.480	37.893	248.373

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 30 June 2018:

TFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2018.

TFRS 15, 'Revenue from contracts with customers'; effective from annual periods beginning on or after 1 January 2018.

TFRS 15, 'Revenue from contracts with customers' is a converged standard from the TASB and FASB on revenue recognition.

Amendments to TFRS 4, 'Insurance contracts' regarding the implementation of TFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018.

Amendment to TAS 40, 'Investment property' relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018.

Amendments to TFRS 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.

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

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

TAS 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.

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

2.3 Adoption of New and Revised International Financial Reporting Standards:

b. Standards, amendments and interpretations that are issued but not effective as at 30 June 2018:

Amendment to TFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019.

Amendment to TAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019.

TFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15 'Revenue from Contracts with Customers' is also applied.

IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019.

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.

TFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2021.

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

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

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

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

TAS 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 TAS 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS**ORIGINALLY ISSUED IN TURKISH****ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

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

3. BUSINESS COMBINATIONS

The Company purchased 100% shares of UB Group Limited from International Biscuits Company which is 100% owned by Yıldız Holding A.Ş. as of 23 May 2018 with an amount of USD 40 million. Since the acquisition realized from UB Group Limited 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	8.745
Trade receivables	29.509
Other receivables	218
Other current assets	20.850
Non-Current Assets	
Tangible and intangible assets (Net) (*)	110.386
Other non-current assets	350
Current Liabilities	
Financial liabilities	(6.404)
Trade payables	(31.770)
Other current liabilities	(16.180)
Non-Current Liabilities	
Financial liabilities	(12.070)
Other non-current liabilities	(52.877)
Net Assets Added into the Scope of Consolidation	50.757
Total share of the Group ownership	%100
The portion of the net assets to the Group	50.757
Cash paid for the acquisition	(183.124)
Net Equity Impact from the Acquisition of Subsidiary	(132.367)

(*) 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 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 - 30 June 2018 and 1 January - 30 June 2017 is as follows;

	Domestic	Foreign	1 January-30 June 2018
Revenue	1.819.044	938.552	2.757.596
Gross Profit	392.929	353.192	746.121
Operating Profit (*)	213.548	142.916	356.464
EBITDA (**)	252.091	173.225	425.316
EBITDA/Revenue	%13,9	%18,5	%15,4
Investment expenditures	54.216	73.380	127.596

	Domestic	Foreign	1 January-30 June 2017
Revenue	1.604.604	856.595	2.461.199
Gross Profit	352.508	306.767	659.275
Operating Profit (*)	192.867	112.501	305.368
EBITDA (**)	225.519	135.328	360.847
EBITDA/Revenue	%14,1	%15,8	%14,7
Investment expenditures	70.307	13.736	84.043

(*) Operating profit before other income/expenses.

(**) EBITDA (Earnings before interest, tax, depreciation and amortization) is calculated by adding back the non-cash expenses of depreciation and amortization to a firm's operating income. EBITDA isn't a measure of performance identified in TFRS, thus it may not be a tool for comparison for firms.

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5. CASH AND CASH EQUIVALENTS

	30 June 2018	31 December 2017	31 December 2016
Cash on hand	2.831	822	1.712
Demand deposits	233.841	73.925	55.389
Time deposits	2.854.495	3.115.118	2.231.238
	3.091.167	3.189.865	2.288.339

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	30 June 2018
TL	15,17%	July 2018	98.435
EUR	1,10%	July 2018	8.495
USD	3,10%	July 2018	2.738.616
EGP	13,97%	July 2018	1.285
KZT	9,00%	July 2018	7.665
			2.854.495

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

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 December 2017
TL	10,62%	January 2017	374.320
EUR	1,50%	January 2017	672.616
USD	2,49%	January 2017	1.102.819
KZT	10,50%	January 2017	81.483
			2.231.238

6. FINANCIAL INVESTMENTS

<u>Short Term Financial Investments:</u>	30 June 2018	31 December 2017	31 December 2016
Available for sale financial assets	599	619	755
	599	619	755

<u>Long Term Financial Investments:</u>	30 June 2018	31 December 2017	31 December 2016
Available for sales financial assets	934.483	981.132	928.800
	934.483	981.132	928.800

Long Term

<u>Available for Sale Financial Assets</u>	30 June 2018	31 December 2017	31 December 2016
G New, Inc	113.184	113.184	187.228
Godiva Belgium BVBA	821.099	821.099	712.011
BİM Birleşik Mağazalar A.Ş.	-	46.649	29.361
Other	200	200	200
	934.483	981.132	928.800

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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 714.491 thousand as of 30 June 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

	30 June 2018	31 December 2017	31 December 2016
Short Term Liabilities	246.773	433.371	544.791
Short Term Portion of Long Term Liabilities	170.622	457.356	1.821.637
Long Term Liabilities	4.381.652	3.419.676	586.498
	4.799.047	4.310.403	2.952.926
<u>Short Term Liabilities</u>	30 June 2018	31 December 2017	31 December 2016
Bank Loans	176.062	403.277	514.162
Funds Borrowed from Related Parties (Note 22)	70.711	30.094	30.629
	246.773	433.371	544.791
<u>Short Term Portion of Long Term Liabilities</u>	30 June 2018	31 December 2017	31 December 2016
Bank Loans	170.622	457.356	1.821.631
Financial Lease Payables	-	-	6
	170.622	457.356	1.821.637
<u>Long Term Liabilities</u>	30 June 2018	31 December 2017	31 December 2016
Bank Loans	4.381.652	3.419.676	586.432
Financial Lease Payables	-	-	66
	4.381.652	3.419.676	586.498

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 year, the consolidated financial statements of the Group comply with the covenants of the syndication loan agreement

Borrowings:

30 June 2018

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate</u>	<u>Short Term</u>	<u>Long Term</u>
TL	July 2018	16,71%	70.735	-
EUR	August 2018- May 2023	2,95%	93.978	3.074.011
USD	July 2018- November 2020	5,24%	221.835	1.073.181
EGP	November 2018-September 2019	18,75%	6.403	663
KZT	July 2018- December 2023	9,50%	16.760	222.852
SAR	July 2018-July 2020	4,16%	7.684	10.945
			417.395	4.381.652

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
SAR	January 2018- July 2020	4,16%	6.404	12.070
			890.727	3.419.676

31 December 2016

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate</u>	<u>Short Term</u>	<u>Long Term</u>
TL	January 2017-January 2021	Spot-10,59 %	14.384	199.500
EUR	January 2017-December 2023	2,75%	809.483	268.746
USD	June 2017-June 2020	3,90%	1.522.762	7.978
EGP	January 2017-September 2019	17,00%	4.267	1.593
KZT	April 2017-December 2023	9,50%	289	91.727
SAR	January 2017-July 2020	3,29%	15.243	16.954
			2.366.428	586.498

Repayment schedule of bank loans are as follows:

	30 June 2018	31 December 2017	31 December 2016
to be paid within 1 year	417.395	890.727	2.366.422
to be paid within 1-2 years	2.051.523	60.075	510.947
to be paid within 2-3 years	2.028.561	3.236.741	32.255
to be paid within 3-4 years	123.019	37.803	43.230
to be paid within 4-5 years	122.836	37.803	-
Above 5 years	55.713	47.254	-
	4.799.047	4.310.403	2.952.854

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8. TRADE RECEIVABLES AND PAYABLES

	30 June 2018	31 December 2017	31 December 2016
Short Term Due from Related Parties			
Due from related parties (Note 22)	1.092.696	534.993	587.415
	1.092.696	534.993	587.415
Other Trade Receivables			
Trade receivables	309.806	249.715	182.068
Notes receivables	-	426	1.043
Provision for doubtful receivables	(10.363)	(8.212)	(7.260)
	299.443	241.929	175.851
Total Short Term Trade Receivables	1.392.139	776.922	763.266

The movement of the allowance for doubtful receivables as of 30 June 2018 and 2017 is as follows:

	1 January - 30 June 2018	1 January - 30 June 2017
Opening balance	(8.212)	(7.260)
Charge for the period	(655)	(59)
Reversal of provision	51	1.109
Currency translation adjustments	(1.585)	(51)
Collections	38	2
Closing balance	(10.363)	(6.259)

	30 June 2018	31 December 2017	31 December 2016
Short Term Trade Payables			
Due to related parties (Not 22)	349.258	353.465	341.189
Trade payables	450.522	591.861	328.310
	799.780	945.326	669.499

9. OTHER RECEIVABLES AND PAYABLES

	30 June 2018	31 December 2017	31 December 2016
Other Receivables			
Due from related parties (Note 22)	65.037	428	5.845
Other short term receivables	41.012	23.814	20.716
	106.049	24.242	26.561
Other Short Term Receivables			
VAT receivables	29.163	16.834	11.969
Deposits and guarantees given	6.651	1.172	502
Receivables from personnel	1.403	1.695	1.369
Other	3.795	4.113	6.876
	41.012	23.814	20.716

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9. OTHER RECEIVABLES AND PAYABLES (cont'd)

	30 June 2018	31 December 2017	31 December 2016
Other Long Term Receivables			
Deposits and guarantees given	1.823	183	271
	1.823	183	271
	30 June 2018	31 December 2017	31 December 2016
Other Payables			
Due to related parties (Note 22)	67.679	193.060	192.333
Other short term payables	43.427	8.088	7.005
	111.106	201.148	199.338
	30 June 2018	31 December 2017	31 December 2016
Other short term payables			
Deposits and guarantees received	2.990	3.791	2.870
Other short term payables	40.437	4.297	4.135
	43.427	8.088	7.005

10. INVENTORIES

Details of inventory are as follows:

	30 June 2018	31 December 2017	31 December 2016
Raw materials	214.496	295.515	204.061
Work in progress	19.077	14.184	10.533
Finished goods	209.215	210.272	164.101
Trade goods	31.853	32.374	8.181
Other inventories	44.069	41.298	29.801
Allowance for impairment on inventory (-)	(11.903)	(10.062)	(10.403)
	506.807	583.581	406.274

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 30 June 2018 and 2017 are below:

	1 January- 30 June 2018	1 January- 30 June 2017
Opening balance	(10.062)	(10.403)
Charge for the period	(2.502)	(2.086)
Used allowance	976	459
Currency translation differences	(315)	28
Closing balance	(11.903)	(12.002)

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11. INVESTMENT PROPERTIES

	1 January- 30 June 2018	1 January- 30 June 2017
Opening balance	16.196	14.588
Charge for the period	(11)	(11)
Closing balance	<u>16.185</u>	<u>14.577</u>

The fair value of the Group's investment properties at 31 December 2017 and 2016 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 705 thousand (30 June 2017: TL 422 thousand) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 48 thousand (30 June 2017: TL 41 thousand).

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12. TANGIBLE ASSETS

Movement of tangible assets between 1 January 2018 and 30 June 2018 is as follows:

Cost	1 January 2018	Addition	Disposal	Transfers (Note 14)	Currency Translation Differences	30 June 2018
Land	731.004	-	(14.810)	-	4.880	721.074
Buildings	753.909	2.996	(151.829)	26.703	21.902	653.681
Machinery, plant and equipment	1.566.324	17.058	(8.968)	54.036	85.777	1.714.227
Vehicles	10.787	109	(504)	206	1.188	11.786
Furniture and fixture	79.633	1.776	(107)	308	3.515	85.125
Leasehold improvements	37.362	294	-	-	-	37.656
Other tangible assets	556	-	-	-	116	672
Construction in progress	189.912	101.979	(77)	(83.341)	5.941	214.414
	3.369.487	124.212	(176.295)	(2.088)	123.319	3.438.635

Accumulated Depreciation	1 January 2018	Charge for the Period	Disposal	Transfers (Note 14)	Currency Translation Differences	30 June 2018
Buildings	(440.109)	(8.362)	142.701	-	(10.492)	(316.262)
Machinery, plant and equipment	(750.452)	(53.015)	4.249	-	(38.134)	(837.352)
Vehicles	(5.281)	(820)	304	-	(790)	(6.587)
Furniture and fixture	(58.599)	(3.233)	64	-	(2.578)	(64.346)
Leasehold improvements	(15.981)	(1.721)	-	-	(6)	(17.708)
Other tangible assets	(285)	(27)	-	-	(63)	(375)
	(1.270.707)	(67.178)	147.318	-	(52.063)	(1.242.630)

Net Book Value	2.098.780					2.196.005
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From depreciation and amortization expenses, TL 63.358 thousand (30 June 2017: TL 49.883 thousand) is included in cost of goods sold, TL 229 thousand (30 June 2018: TL 176 thousand) is included in research and development expenses, TL 1.207 thousand (30 June 2017: TL 1.152 thousand) is included in marketing and selling expenses, TL 4.058 thousand (30 June 2017: TL 4.268 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 532 thousand interest and TL 7.068 thousand foreign exchange losses with regards to borrowings and accounted for such borrowing costs under tangible assets, (30 June 2017: TL 151 thousand interest, TL 2.157 thousand foreign exchange loss).

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12. TANGIBLE ASSETS (cont'd)

Movement of tangible assets between 1 January 2017 and 30 June 2017 is as follows:

Cost	1 January 2017	Addition	Disposals	Transfers (Note 14)	Currency Translation Differences	30 June 2017
Land	129.067	-	-	-	122	129.189
Buildings	275.548	365	(108)	8.698	259	284.762
Machinery, plant and equipment	1.319.327	5.503	(25.591)	86.284	63	1.385.586
Vehicles	9.774	740	(610)	-	43	9.947
Furniture and fixture	68.459	3.035	(185)	1.157	(5)	72.461
Leasehold improvements	25.775	489	-	4.786	-	31.050
Other tangible assets	4.413	-	(2.066)	-	(14)	2.333
Construction in progress	168.355	73.795	(946)	(100.940)	(268)	139.996
	2.000.718	83.927	(29.506)	(15)	200	2.055.324
Accumulated Depreciation	1 January 2017	Charge for the Period	Disposals	Transfers (Note 14)	Currency Translation Differences	30 June 2017
Buildings	(126.469)	(6.613)	108	-	(260)	(133.234)
Machinery, plant and equipment	(682.947)	(43.179)	24.608	-	(344)	(701.862)
Vehicles	(4.395)	(561)	541	-	(17)	(4.432)
Furniture and fixture	(49.680)	(3.501)	135	-	50	(52.996)
Leasehold improvements	(14.049)	(1.269)	-	-	-	(15.318)
Other tangible assets	(4.413)	-	2.066	-	(25)	(2.372)
	(881.953)	(55.123)	27.458	-	(596)	(910.214)
Net Book Value	1.118.765					1.145.110

There are not any fixed assets acquired through financial leasing for the six-month period ended as of 30 June 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 – 20 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 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. Revalued properties as of 31 December 2017 are shown on the movement table.

13. GOODWILL

	30 June 2018	30 June 2017
1 January	253.507	215.513
Currency translation adjustments	44.945	11.097
Closing	298.452	226.610

Goodwill details are as follow:

Company	30 June 2018	31 December 2017	31 December 2016
UI Mena B.V.	287.088	243.854	207.307
IBC	11.364	9.653	8.206
	298.452	253.507	215.513

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 by restating prior years.

International Biscuits Company

Yıldız Holding A.Ş. acquired United Biscuit Group as of 3 November 2014. Goodwill accounted at Yıldız Holding’s financial statement related with IBC acquisition is accounted to these financial statement by restating prior years.

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14. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2018 - 30 June 2018 are as follows:

Cost	1 January 2018	Addition	Transfers (Note 12)	Currency Translation Differences	30 June 2018
Rights (*)	185.326	3.330	2.038	37.040	227.734
Other intangible assets	3.120	54	50	-	3.224
	188.446	3.384	2.088	37.040	230.958

Accumulated Amortization	1 January 2018	Charge for the Period	Transfers	Currency Translation Differences	30 June 2018
Rights (*)	(2.608)	(1.503)	-	(34)	(4.145)
Other intangible assets	(2.959)	(160)	-	-	(3.119)
	(5.567)	(1.663)	-	(34)	(7.264)

Net Book Value	182.879				223.694
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Movements of intangible assets between 1 January 2017 - 30 June 2017 are as follows:

Cost	1 January 2017	Addition	Transfers	Currency Translation Differences	30 June 2017
Rights (*)	168.785	65	-	838	169.688
Development costs	675	-	-	-	675
Other intangible assets	3.031	51	15	-	3.097
	172.491	116	15	838	173.460

Accumulated Amortization	1 January 2017	Charge for the Period	Transfers	Currency Translation Differences	30 June 2017
Rights (*)	(2.330)	(85)	-	(22)	(2.437)
Development costs	(357)	(68)	-	-	(425)
Other intangible assets	(2.105)	(192)	-	-	(2.297)
	(4.792)	(345)	-	(22)	(5.159)

Net Book Value	167.699				168.301
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(*) As of 30 June 2018, Rights contain reacquired rights related with Saudi Arabia distribution agreements of Groups products in Saudi Arabia amounting to TL 181.641 (30 June 2017: TL 139.540), TL 35.886 (30 June 2017: TL 27.248 of which is related with Rana brand. 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
Brand	Unlimited life

15. CONTINGENT ASSETS AND LIABILITIES

Guarantees Given

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

	30 June 2018			31 December 2017		
	TL	USD	EUR	TL	USD	EUR
A) CPM's given in the name of own legal personality (*)	424.426	67.997	-	185.146	1.187	-
B) CPM's given on behalf of the fully consolidated companies	226	-	87.922	1.326	-	37.922
C) CPM's given on behalf of third parties for ordinary course of business (**)	-	-	96.294	-	-	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	424.652	67.997	184.216	186.472	1.187	152.922

(*) Non-cash risk amounting to TRY 105,7 million and USD 25,5million.

(**) Includes the surety given for the group's raw material supplier in relation to the raw material purchases to be made on behalf of the group.

(***) The ratio of other collaterals, pledges and mortgages given by the group to the group's parent company's equities is 0% as of 30 June 2018 (31 December 2017: 0%).

On February 2018, Yıldız Holding A.Ş. started to negotiate with the creditors in order to refinance the loan payables for which no guarantee was provided and the balances which are used by the holding and various Yıldız Holding group entities in connection with the miscellaneous loan agreements the holding company entered into with Turkish banks. The purpose of these negotiations is to move all loan payable balances to the level of Yıldız Holding A.Ş. within the framework of a single maturity, interest rate and payment plan.

The company's ultimate parent company Yıldız Holding A.Ş. and some Yıldız Holding Group entities including Ülker Bisküvi's subsidiaries entered into syndicated loan agreement with some of the "creditors" of Yıldız Holding A.Ş. and Yıldız Holding Group entities.

The bank loans of Ülker Bisküvi's subsidiaries which are totally 511,1 million TRY and 72,4 million TRY contingencies as of 8 June 2018, were increased to the level of Yıldız Holding A.Ş. through syndication. The company's total debt has not increased as a result of the syndicated loan. Related Ülker Bisküvi's subsidiaries became guarantors of Yıldız Holding A.Ş. as of the date of using the loan limited to the current total bank loan risk exposure.

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16. REVENUE AND COST OF SALES

The detail of operational income is as follow:

	1 January- 30 June 2018	1 April- 30 June 2018	1 January- 30 June 2017	1 April- 30 June 2017
Domestic sales	3.066.299	1.472.895	2.611.503	1.251.623
Export sales	505.065	240.656	546.411	237.034
Sales returns and discounts (-)	(813.768)	(384.026)	(696.715)	(321.520)
Sales Income (net)	2.757.596	1.329.525	2.461.199	1.167.137
Cost of merchandises sold	(1.923.221)	(970.899)	(1.675.176)	(821.793)
Cost of trade goods sold	(88.254)	(14.105)	(126.748)	(39.003)
Cost of sales	(2.011.475)	(985.004)	(1.801.924)	(860.796)
Gross Profit	746.121	344.521	659.275	306.341

17. EXPENSES BY NATURE

The detail of operating expenses is as follow:

	1 January- 30 June 2018	1 April- 30 June 2018	1 January- 30 June 2017	1 April- 30 June 2017
General Administrative Expenses				
Personnel expenses	(35.556)	(18.684)	(35.258)	(18.867)
Operating expenses (*)	(18.148)	(11.659)	(18.549)	(10.654)
Consultancy expenses	(5.349)	(1.888)	(1.583)	(2.195)
Depreciation and amortization expenses	(4.058)	(1.872)	(4.268)	(790)
Other	(11.466)	(5.766)	(11.717)	(7.311)
	(74.577)	(39.869)	(71.375)	(39.817)
Marketing Expenses				
Marketing operating expenses	(232.709)	(94.456)	(214.060)	(95.278)
Personnel expenses	(50.366)	(27.296)	(40.761)	(19.743)
Rent expenses	(2.959)	(1.566)	(2.652)	(1.369)
Depreciation and amortization expenses	(1.207)	(595)	(1.152)	(552)
Other	(21.064)	(11.635)	(17.571)	(9.580)
	(308.305)	(135.548)	(276.196)	(126.521)
Research Expenses				
Personnel expenses	(4.544)	(2.360)	(3.910)	(1.825)
Materials used	(532)	(29)	(809)	(595)
Depreciation and amortization expenses	(229)	(119)	(176)	(89)
Other	(1.470)	(622)	(1.441)	(901)
	(6.775)	(3.130)	(6.336)	(3.410)

(*) 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- 30 June 2018	1 April- 30 June 2018	1 January- 30 June 2017	1 April- 30 June 2017
Foreign exchange gain	15.807	12.390	13.632	7.458
Income from derivative instruments	1.901	-	6.909	2.226
Other	141	141	762	307
	17.849	12.531	21.303	9.991

19. FINANCIAL EXPENSES

	1 January- 30 June 2018	1 April- 30 June 2018	1 January- 30 June 2017	1 April- 30 June 2017
Foreign exchange losses from financing	(665.839)	(434.073)	(103.437)	7.729
Interest expenses	(152.286)	(84.910)	(79.193)	(51.842)
Loss from derivative instruments	-	-	(1.447)	(1.447)
Other	(12.349)	(5.782)	(6.977)	(3.998)
	(830.474)	(524.765)	(191.054)	(49.558)

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:

	30 June 2018	31 December 2017	31 December 2016	30 June 2018	31 December 2017	31 December 2016
Indexation and useful life differences of						
tangible and intangible assets	-	-	-	1.023.785	985.873	209.965
Investment properties valuation differences	-	-	-	16.300	16.300	13.036
Marketable securities valuation differences	-	-	-	751.530	785.074	732.878
Derivative instruments	-	-	-	220.895	55.912	-
Profit elimination on inventories	(2.627)	(1.970)	(3.532)	-	-	-
Discount of trade receivables / payables (net)	-	-	-	4.781	13.895	1.319
Allowance of employee termination benefits	(78.950)	(70.497)	(64.159)	-	-	-
Provision for doubtful receivables	(1.657)	(1.116)	(1.324)	-	-	-
Previous year losses	(64.329)	(54.288)	(51.251)	-	-	-
Provision for lawsuits	(6.019)	(6.060)	(5.547)	-	-	-
Impairment on inventories	(12.453)	(10.062)	(7.019)	-	-	-
Performance premium provision	(3.315)	(2.345)	-	-	-	-
Provision for unused vacation	(15.091)	(13.507)	(11.883)	-	-	-
Other	(9.287)	(20.321)	(13.013)	(19.214)	27.468	4.105
	(193.728)	(180.166)	(157.728)	1.998.077	1.884.522	961.303

Deferred tax (assets) / liabilities:

	30 June 2018	31 December 2017	31 December 2016	30 June 2018	31 December 2017	31 December 2016
Indexation and useful life differences of						
tangible and intangible assets	-	-	-	133.941	126.359	41.993
Investment properties valuation differences	-	-	-	1.630	1.630	652
Marketable securities valuation differences	-	-	-	37.577	39.254	36.644
Derivative instruments	-	-	-	48.597	11.182	-
Profit elimination on inventories	(578)	(394)	(706)	-	-	-
Discount of trade receivables / payables (net)	-	-	-	1.052	2.779	264
Allowance of employee termination benefits	(15.790)	(14.099)	(12.832)	-	-	-
Provision for doubtful receivables	(365)	(223)	(265)	-	-	-
Previous year losses	(12.866)	(10.858)	(10.250)	-	-	-
Provision for lawsuits	(1.324)	(1.212)	(1.109)	-	-	-
Impairment on inventories	(2.740)	(2.012)	(1.404)	-	-	-
Performance premium provision	(729)	(469)	-	-	-	-
Investment incentive	(29.605)	(51.039)	(44.286)	-	-	-
Provision for unused vacation	(3.320)	(2.701)	(2.377)	-	-	-
Other	(2.044)	(4.065)	(2.603)	(4.227)	5.494	821
	(69.361)	(87.072)	(75.832)	218.570	186.698	80.374

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20. TAX ASSET AND LIABILITIES (cont'd)

Deferred tax (assets) / liabilities:

Movement of Deferred Tax Liabilities:

	1 January – 30 June 2018	1 January - 30 June 2017
Opening balance	99.626	4.542
Taxes netted from funds recognised under equity	10.807	(93)
Taxes netted with profit and loss recognized under equity	(1.678)	-
Currency translation adjustments	1.361	(594)
Deferred tax expense	39.093	1.719
	149.209	5.574

As of 30 June 2018, the Group calculated deferred tax assets of TL 64.329 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:

	30 June 2018	31 December 2017	31 December 2016
2025	64.329	54.288	51.251
Total	64.329	54.288	51.251

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 30 June 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)

Corporate Tax (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 in Egypt where Ulker for Trading and Marketing, a subsidiary of the Group is 22,5% (2017: 22,5%). The corporate tax rate in Saudi Arabia where Food Manufacturers' Company and International Biscuits Company, subsidiaries 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%).

In UAE where Amir Global Trading FZE, a subsidiary of the Group is exempt from corporate tax earnings (2017: 0 %).

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 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Total corporate tax provision	(71.414)	(68.413)
Prepaid taxes and funds	29.762	46.936
Tax provision in the balance sheet	(41.652)	(21.477)
	1 January - 30 June 2018	1 January - 30 June 2017
Current year corporate tax provision	71.414	44.422
Deferred tax expense	39.093	1.719
Tax expense in the income statement	110.507	46.141

21. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 30 June 2018 and 2017 and computation of earnings per share set out here as follows:

	1 January - 30 June 2018	1 January - 30 June 2017
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net profit	370.320	205.462
Basic Earnings per Share (TL 1 per value each)	1,08	0,60

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	30 June 2018	31 December 2017	31 December 2016
Trade receivables	1.092.696	534.993	587.415
Non-trade receivables	65.037	428	5.845
	1.157.733	535.421	593.260

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

	30 June 2018		31 December 2017		31 December 2016	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder						
Yıldız Holding A.Ş.	-	-	-	-	327	2.917
Other Companies Controlled by the Principle Shareholder						
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	591.529	-	165.982	-	286.184	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	312.313	-	221.851	-	209.964	-
Teközel Gıda T. Sağ. Mrk. Hiz. San. Tic. A.Ş.	28.572	-	38.642	-	46.952	-
Ekspert Tüketim Mad. Sat. ve Paz. A.Ş.	58.838	-	27.862	-	19.055	-
United Biscuits (UK) Ltd.	32.494	-	53.996	-	12.315	942
Misbis Gıda San. Tic. A.Ş.	-	63.504	-	-	1.991	1.619
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	36.824	-	-	-	-	-
Other	32.126	1.533	26.660	428	10.627	367
	1.092.696	65.037	534.993	428	587.415	5.845

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:

	30 June 2018	31 December 2017	31 December 2016
Önem Gıda San. ve Tic. A.Ş.	103.791	97.094	78.047
	103.791	97.094	78.047

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

	30 June 2018	31 December 2017	31 December 2016
Trade payables	349.258	353.465	341.189
Non-trade payables	67.679	240.809	825.730
	416.937	594.274	1.166.919

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

The detail of payables to related parties is as follows:

	30 June 2018		31 December 2017		31 December 2016	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder						
Yıldız Holding A.Ş.	25.620	1.381	18.797	-	12.886	-
Other Companies Controlled by the Principle Shareholder						
Ülker Aile Bireyleri	-	16.750	-			
pladis Foods Limited	-	44.880	-			
United Biscuits (UK) Ltd.	18.124	-	12.174	240.680	-	799.842
Önem Gıda San. ve Tic. A.Ş.	172.356	-	214.662	-	226.852	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	65.782	-	58.383	-	56.675	-
Marsa Yağ San. ve Tic. A.Ş.	20.759	-	20.017	-	15.411	-
CCC Gıda San. ve Tic. A.Ş.	24.258	-	14.022	-	10.409	-
Other	22.359	4.667	15.410	129	18.956	25.888
	349.258	67.679	353.465	240.809	341.189	825.730

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

	30 June 2018	31 December 2017	31 December 2016
Yıldız Holding A.Ş.	70.711	30.094	30.629
	70.711	30.094	30.629

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

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

	1 January - 30 June 2018		1 April - 30 June 2018		1 January - 30 June 2017		1 April - 30 June 2017	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
<i>Other Companies Controlled by the Principle Shareholder</i>								
Önem Gıda San. ve Tic. A.Ş.	599.107	14	274.189	-	616.328	-	294.540	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	106.308	-	49.399	-	122.623	-	50.685	-
Marsa Yağ San. ve Tic. A.Ş.	32.104	-	14.465	-	31.707	82	14.553	-
Pendik Nişasta San. A.Ş.	29.380	-	13.109	-	26.241	-	12.074	-
CCC Gıda San. ve Tic. A.Ş.	9.157	-	4.553	-	11.572	-	5.002	-
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	173	37.019	-	-	16	51.565	5	16.950
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	506.237	-	251.440	146	510.043	-	252.728
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.162	1.161.442	-	556.447	787	984.653	10	479.998
United Biscuits (UK) Ltd.	31.936	30.183	14.414	18.098	-	40.751	-	20.118
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	39.227	-	36.256	-	-	-	-
Other	9.623	87.876	5.170	40.951	18.235	60.354	3.060	30.618
	818.950	1.861.998	375.299	903.192	827.655	1.647.448	379.929	800.412

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 six months period ended 30 June 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.	29	(577)	608	(75.149)	349.829	(78.077)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	92	(60)	2	(1.534)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	3	-	153	(7.856)	11.051	-
Önem Gıda San. ve Tic. A.Ş.	1.571	(8)	3.156	(20.274)	2.831	(1.072)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	55	(1)	146	(6.971)	1.759	-
İzsal Gayrimenkul Geliştirme A.Ş.	19	(912)	4	(972)	-	-
United Biscuits (UK) Ltd.	-	-	-	(1.098)	2.931	(3.021)
CCC Gıda San. ve Tic. A.Ş.	-	-	462	(482)	-	(3.101)
Other	157	-	513	(1.255)	13.783	(2.697)
	1.834	(1.498)	5.134	(114.117)	382.186	(89.502)

For the 3 months period between 1 April and 30 June 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.	13	(188)	6	(37.065)	107.898	(78.077)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	80	(16)	1	(1.243)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	-	109	(3.828)	9.574	-
Önem Gıda San. ve Tic. A.Ş.	867	(4)	1.488	(11.039)	1.481	(420)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	26	-	116	(3.507)	1.023	-
İzsal Gayrimenkul Geliştirme A.Ş.	10	(474)	-	(482)	-	-
United Biscuits (UK) Ltd.	-	-	-	(556)	1.565	(1.642)
CCC Gıda San. ve Tic. A.Ş.	-	-	355	(406)	-	(2.065)
Other	137	-	303	(600)	9.551	(150)
	1.053	(666)	2.457	(57.499)	131.093	(83.597)

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

For the six months period ended 30 June 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.	34	(2)	462	(64.447)	146.827	(38.512)
Other Companies Controlled by the Principle Shareholder						
Hüner Pazarlama San. ve Tic. A.Ş.	228	(3)	175	(129)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	9	-	57	(4.865)	-	-
Önem Gıda San. ve Tic. A.Ş.	250	-	1.834	(21.045)	1.336	(972)
Marsa Yağ San. ve Tic. A.Ş.	4	-	29	-	35	(154)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	91	-	35	(4.082)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	16	(710)	7	(417)	-	-
United Biscuits (UK) Ltd.	19	-	-	(523)	1.325	(3.455)
Other	428	(85)	1.045	(400)	5.338	(2.944)
	1.079	(800)	3.644	(95.908)	154.861	(46.037)

For the 3 months period between 1 April and 30 June 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	(2)	(125)	(31.408)	23.753	(14.016)
Other Companies Controlled by the Principle Shareholder						
Hüner Pazarlama San. ve Tic. A.Ş.	53	-	27	(129)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	4	-	34	(2.510)	-	-
Önem Gıda San. ve Tic. A.Ş.	130	-	872	(11.545)	493	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	45	-	12	(2.083)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	8	(378)	3	(224)	-	-
United Biscuits (UK) Ltd.	19	-	-	(280)	136	(1.626)
Other	330	(43)	516	(178)	1.818	(599)
	606	(423)	1.339	(48.357)	26.200	(16.241)

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

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

	30 June 2018	30 June 2017
Fees and other short term benefits	6.991	4.844
	6.991	4.844

23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT

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:

	30 June 2018					
	TL Equivalent	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	139.843	20.672	7.708	776	-	-
2a. Monetary Financial Assets	3.554.506	776.859	1.964	172	3	21
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	8.541	821	882	19	-	-
4. CURRENT ASSETS	3.702.890	798.352	10.554	967	3	21
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	109	24	-	-	-	-
6b. 2b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	22.264	1.113	3.205	5	31	-
8. NON-CURRENT ASSETS	22.373	1.137	3.205	5	31	-
9. TOTAL ASSETS	3.725.263	799.489	13.759	972	34	21
10. Trade Payables	94.159	7.335	10.822	486	75	-
11. Financial Liabilities	315.815	48.641	17.701	-	-	-
12a. Other Monetary Financial Liabilities	60	-	-	10	-	-
12b. Other Non-monetary Financial Liabilities	27.597	5.715	256	29	-	-
13. CURRENT LIABILITIES	437.631	61.691	28.779	525	75	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	4.147.192	235.311	578.997	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	4.147.192	235.311	578.997	-	-	-
18. TOTAL LIABILITIES	4.584.823	297.002	607.776	525	75	-
19. Net Assets of Off Statement of Financial Position (19a-19b)	688.317	116.000	30.000	-	-	-
19a. Net Assets of Statement of Off Balance Sheet	-	-	-	-	-	-
19b. Net Liabilities of Statement of Off Balance Sheet	(688.317)	(116.000)	(30.000)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(171.243)	618.487	(564.017)	447	(41)	21
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(862.768)	506.268	(597.848)	452	(72)	21
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	220.895	36.110	10.587	-	-	-
23. Instruments Used to Hedge the Foreign Currency Position	-	-	-	-	-	-
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. 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	55.912	9.052	4.821	-	-	-
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 2016					
	TL Equivalent	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	131.483	22.826	12.915	750	-	-
2a. Monetary Financial Assets	2.370.946	474.047	188.978	344	29	14
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	3.297	610	309	-	-	-
4. CURRENT ASSETS	2.505.726	497.483	202.202	1.094	29	14
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	11.365	1.113	1.984	5	19	-
8. NON-CURRENT ASSETS	11.365	1.113	1.984	5	19	-
9. TOTAL ASSETS	2.517.091	498.596	204.187	1.099	48	14
10. Trade Payables	127.316	25.048	10.228	272	14	-
11. Financial Liabilities	2.332.245	432.701	218.195	-	-	-
12a. Other Monetary Financial Liabilities	33.175	756	7.372	733	-	-
12b. Other Non-monetary Financial Liabilities	16.036	3.730	782	2	-	-
13. CURRENT LIABILITIES	2.508.772	462.235	236.577	1.007	14	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	276.724	2.267	72.440	-	-	-
16a. Other Monetary Financial Liabilities	559.605	159.015	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	836.329	161.282	72.440	-	-	-
18. TOTAL LIABILITIES	3.345.101	623.517	309.017	1.007	14	-
19. Net Assets of Off Statement of Financial Position (19a-19b)	-	-	-	-	-	-
19a. Net Assets of Statement of Off Balance Sheet	-	-	-	-	-	-
19b. Net Liabilities of Statement of Off Balance Sheet	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(828.010)	(124.921)	(104.830)	92	34	14
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(826.636)	(122.914)	(106.342)	89	15	14
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 six-month periods are presented below:

	1 January – 30 June 2018	1 January – 30 June 2017
Total exports	505.065	546.411
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 profit before tax.

	30 June 2018		30 June 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	283.798	(283.798)	(23.849)	23.849
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1 +2)	283.798	(283.798)	(23.849)	23.849
In case of %10 appreciation of EUR against TL				
4 - EUR net asset / liability	(301.482)	301.482	(22.005)	22.005
5 - Part of hedged from EUR risk (-)				
6- EUR net effect (4+5)	(301.482)	301.482	(22.005)	22.005
Total (3 + 6)	(17.684)	17.684	1.844	(1.844)

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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:

	30 June 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	599	599	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	934.283	-	934.283	-
- Derivative instruments	220.895	-	220.895	-
- Land and buildings	730.465	-	730.465	-
Total	1.886.242	599	1.885.643	-

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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	-
	31 December 2016	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	755	755	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	928.600	29.361	899.239	-
- Land and buildings	752.597	-	752.597	-
Total	1.681.952	30.116	1.651.836	-

25. EVENTS AFTER THE BALANCE SHEET DATE

None.