ÜLKER BİSKÜVİ SANAYİ A.Ş.

01.01.2018 – 30.06.2018

INTERIM REPORT

Financial statements prepared in accordance with the generally accepted accounting principles published by the Capital Markets Board and showing the results of our activities of the Company for the half period of 2018 are presented to the information of our shareholders.

1- GENERAL INFORMATION

Reporting Period	01.01.2018 - 30.06.2018
Commercial Title	Ülker Bisküvi Sanayi Anonim Şirketi
Trade Registration	41603
Paid-in/Issued Capital	342.000.000 TL
Head Office Communication Address, Phone and Fax	Kısıklı Mahallesi Ferah Caddesi No: 1 34692 Büyük Çamlıca-Üsküdar / İstanbul
Web adress:	www.ulkerbiskuvi.com.tr
Investor Relations Contact:	ir@ulker.com.tr

2- SCOPE OF ACTIVITIES

The purpose and fields of activity of Ülker Bisküvi Sanayi A.Ş. is to manufacture of all foodstuffs and particularly, manufacture, purchase, sale, export and import of all kinds of flour and sugar, cacao, nut finished and semi-finished products such as biscuits, chocolates, bars, chocolate covered biscuits and bars, cakes etc. and all raw stuffs and auxiliary products related to these finished and semi-finished products.

3 – SHAREHOLDER STRUCTURE

Shareholder structure of Ülker Bisküvi as of June 30,2018 is stated below;

		30 June 2018		**31 December 2017**
Name of the shareholdes	**Share**	**Percentage**	**Share**	**Percentage**
pladis Foods Limited	174.420.000	51,00%	174.420.000	51,00%
Ülker Family Members	25.580.499	7,48%	25.580.499	7,48%
Other	141.999.501	41,52%	141.999.501	41,52%
	342.000.000	**%100,00**	**342.000.000**	**%100,00**

a) Dividend Policy

The Company distributes profit in accordance with the Turkish Commercial Code, Capital Market Law, Tax Law, other applicable legislation and the articles related to profit distribution in the Company's Articles of Association.

The Board of Directors' profit distribution proposal, which complies with the Company's profit distribution policy and the Capital Markets Board's Corporate Governance Principles is submitted for the approval of shareholders at the General Assembly; detailed information on the history of profit distribution and capital increases is disclosed to the general public via the corporate web site.

b) Investment Policy

In 2018 , Ülker Bisküvi further reinforced its robust market position with new capital investments that included new installations in the factories, capacity increases, modifications to production lines, productivity upgrades, and improvements in hygienic conditions and warehousing processes.

Ülker's capital expenditures aim to increase consumer satisfaction, improve product quality more and more, and to make its cost structure more competitive by increasing operational efficiency.

In 2018 Jan-June period, Ülker carried out modernization activities with an approximately 128 million TL investment on consolidated basis.

4 – MANAGEMENT

The Company's Board of Directors is composed of nine members, three of whom are independent. The Board of Directors of Ülker Bisküvi Sanayi A.Ş. was elected at the Ordinary General Assembly Meeting held on 31.03.2017 to serve for three years.

At the Extraordinary General Assembly held on the 7th of September 2017, the Board of Directors of our Company decided by majority vote to appoint Mehmet Aydın Müderrisoğlu, whose independency was approved by the Capital Markets Board on the 28th of April 2017, as an Independent Member of the Board of Directors for the vacant position of late Duran Akbulut who passed away on the 23rd of March 2017.

All or part of the representation and the authority of the Board of Directors and administrative affairs of the Board of Directors are subject to the provisions of the Turkish Commercial Code article 370 may appoint one or more of its members, as well as shareholders or non-shareholders, director or directors. Managers may be appointed for a time exceeding the duty period of members of the Board of Directors. The Board of Directors may establish committees or commissions for the execution of the affairs.

The powers of the directors shall be determined by the decision of the Board of Directors, whether or not they shall be a single or a subsidiary company. Decisions of the Board of Directors are registered and announced.

Detailed information about the members of the Board of Directors is as below;

Murat ÜLKER - *Chairman*

A graduate of Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration, Murat Ülker began his professional career in 1982 and started work as Control Coordinator with the Group in 1984. He later attended various training courses (AIB and ZDS) abroad and worked as a trainee at Continental Baking Company in the US. Mr. Ülker also worked in the export business for two years in the Middle East. Subsequently, he analyzed about 60 factories and facilities operating in the biscuit, chocolate and food industries in the US and Europe over a period of three years. Mr. Ülker also participated in various IESC projects, and spearheaded many vertical integration related investments. After serving as Assistant General Manager for Enterprises, General Manager, Executive Committee Member and Board Member in various companies of the Group, Mr. Ülker was appointed Chairman of the Board of Yıldız Holding in 2000. Mr. Ülker speaks English and German; his hobbies include sailing and traveling with his family. He is married and has three children.

Mehmet TÜTÜNCÜ - *Deputy Chairman - CEO*

Mehmet Tütüncü was appointed Chairman of the Food and Beverages Group in 2005. As of October 2009, the Gum and Candy companies were incorporated into the Food Group; Mr. Tütüncü was appointed CEO for biscuit-chocolate-cake operations in September 2011, in addition to his other duties. Mr. Tütüncü began his professional career in 1981 as an engineer at the Ministry of National Education, Construction Department. From 1983 to 1987, he worked as a Local Industry Specialist at the Ministry of Industry and Trade. Between 1987 and 1996, he served as Production Manager, Business Manager and General Manager, respectively, at Best Rothmans Entegre Sigara ve Tütün Sanayi A.Ş. Mr. Tütüncü joined the Group in 1996 as Facilities Coordinator, and later served as General Manager of Ülker Bisküvi and Çikolata production facilities in 1998; in 2000, he became the Deputy Chairman of the Ülker Group. Mr. Tütüncü is a graduate of Gazi University, Faculty of Engineering, and Mechanical Engineering Department. In 1987, he won the IRI scholarship and studied Production, Quality Control and Maintenance Procedures in Italy. He also holds a Master of Science degree in the field of Industrial and Organizational Psychology. From 1993 until 1994, Mr. Tütüncü attended the Business Administration Training Program at Boğaziçi University where he studied Marketing Techniques, International Marketing, Factory Organization and Management. He also completed the Strategic Marketing Program at Harvard Business School and attended several training programs at IMD/Switzerland and Insead/Singapore. Mr. Tütüncü speaks English and is a member of TÜSİAD (Turkish Industrialists' and Businessmen's Association). Mr. Tütüncü was born in 1958. He is married and has three children.

Ali ÜLKER - *Board Member*

Ali Ülker graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Economics and Business Administration. He also attended various academic programs at IMD, Harvard and Wharton. Mr. Ülker took part in the De Boccard & Yorke Consultancy Company's Internal Kaizen Study (1992) and the IESC Sales System Improvement and Internal Organization Project (1997). He began his professional career in 1985 as a trainee in the Quality Control Department of Ülker Gıda A.Ş. Later, he served as trainee, Sales Executive, Sales Coordinator, Product Group Coordinator and Product Group Manager between 1986 and 1998 at the chocolate production facilities and at Atlas Gıda Pazarlama A.Ş. He then served as General Manager of Atlas Gıda Pazarlama in 1998, Deputy Chairman of the Consumer Group for Marketing and responsible for Chain Stores in 2000, General Manager of Merkez Gıda Pazarlama A.Ş. in 2001 and Deputy Chairman of the Organized Retail Food Group in 2002. In 2005, he was appointed Chairman of Ülker (Biscuit, Chocolate, Candy) Group. Mr. Ülker speaks English and German; his hobbies include fishing, watching movies, reading books, and playing basketball and billiards.

Ahmet ÖZOKUR - *Board Member*

Ahmet Özokur studied Business Administration and Marketing at Indiana University, Department of Business Administration and at the European Business School. He began his professional career in 2004 as Executive Board Member at Hızlı Sistem A.Ş. In 2005, he was appointed General Manager of Datateknik, and he was promoted to the position of CEO of Datateknik Informatics Group within the same year. Post-merger in 2006, Datateknik Informatics Group became a fully integrated group engaged in systems integration, distribution of computer components, software development and distribution, development of interactive applications, manufacturing and distribution of Expert branded products; it was a pioneering and innovative company in its sector. In 2008, with the restructuring of Datateknik Informatics Group under the umbrella of Yıldız Holding, Mr. Özokur was appointed Assistant to the Chairman. Within the same year, he was also appointed Project Leader at Yıldız Holding Real Estate Investment Group and Executive Member of Beta Marina İşletmeciliği A.Ş. Subsequently, Mr. Özokur also served as the General Manager of Sağlam

Real Estate Investment Trust which eventually merged with SAF REIT. Mr. Özokur has an interest in aquatic sports. He is married and has two children.

İbrahim TAŞKIN - *Board Member*

Born in Trabzon in 1965, İbrahim Taşkın completed his primary education in Artvin, and his secondary education in İstanbul. He graduated from the Faculty of Law at İstanbul University in 1986. He served as an officer at the Disciplinary Court in Şanlıurfa, and completed his compulsory military service in 1988. As a self-employed lawyer, he has been a member of the İstanbul Bar Association since 1989. Between 1990 and1994, he lectured on Constitutional Law, Criminal Law, Criminal Proceedings Law and Occupational Legislation of the Police Forces at the Florya Police Training Center of the General Directorate of Security in Turkey. From 1996 to 2004 he was involved in politics in addition to practicing law. He has been responsible for legal affairs at Yıldız Holding since 2004, and currently serves as the Head of Global Legal Affairs at Yıldız Holding. He also serves as a board member for several companies, and works for various associations and foundations in the capacity of founder, manager or member. In addition to his responsibilities in the affiliated companies of the Holding, he also serves as Chairman of the Honor Board and Chairman of the Board of Food Security and Defense. Mr. Taşkın is married with four children, and he speaks English.

Cengiz SOLAKOĞLU - *Board Member*

Cengiz Solakoğlu graduated from the Istanbul Academy of Economic and Business Studies in 1964, and began his professional career in sales at Beko Ticaret A.Ş. He was promoted to Regional Sales Manager in 1969 and to Sales Director in 1975. After serving as the General Manager of Beko Ticaret from 1977 to 1983, he was appointed General Manager of Atılım A.Ş., another Koç Group company. During his eight year tenure in that position, he pioneered the efforts to strengthen the Arçelik Authorized Dealer System. In 1991, Mr. Solakoğlu was appointed Deputy Chairman of the Consumption Group of Koç Holding; he was also a Member of the Executive Committee of the Group between 1996 and 1998. In 2002, he was appointed Chairman of the Durable Consumer Goods Group of Koç Holding. Having worked at the Koç Group continuously for more than 37 years, Mr. Solakoğlu retired due to the Group’s policy of mandatory retirement at age 60. He is among the founders of the Educational Volunteers Foundation of Turkey (TEGV) and the 1907 Fenerbahçe Association. Mr. Solakoğlu was named a Leader of Civil Society by Ekonomist magazine in 2003. He is married and has two children.

Ahmet Murat YALNIZOĞLU - *Board Member (Independent)*

Born in 1957, Murat Yalnızoğlu completed his secondary education at the İstanbul High School for Boys. He obtained a Bachelor’s degree from Boğaziçi University, and a Master’s degree in industrial and systems engineering from the University of Florida, USA. He began his professional career in 1982 as an entrepreneur in the fields of information systems and software development. In 1989, he worked in an information technologies-oriented management consultancy at Arthur Andersen and Andersen Consulting. He later managed consultancy projects for leading companies in Turkey in the areas of strategy and organizational development as a senior executive, founder and partner at Coopers & Lybrand and ARGE Danışmanlık. He has been focusing on developing efficient corporate structures particularly in large multi-business companies. He has conducted a number of studies on increasing the efficiency of boards of directors, along with defining organizational structures from the “head.” In addition to management consultancy, he assumed board membership in numerous companies. Mr. Yalnızoğlu shares his experiences in management, and addresses the benefits of “good” management with non-governmental and professional organizations at universities, in seminars and conferences, and on social media.

Halil Bülent ÇORAPÇI- *Board Member (Independent)*

Born in Yalova, İstanbul in 1936, Halil Bülent Çorapçı graduated with merit from İstanbul Economics and Business School in 1956. He began his professional career in 1953 with the Karamancılar-Gazioğulları Group and has since served in managerial and auditing roles in the Group’s companies. He has attended several training courses abroad. Throughout his career, Çorapçı has been a member of the boards of directors for Karamancılar Holding, Orta Anadolu Mensucat, Anadolu Cam Sanayii, Nasaş Aluminyum, Çelik Halat, Polinas, Henkel, and Turyağ. He is currently a board member at Astay Gayrimenkul A.Ş, Atikpaşa ve Sultanahmet (Four Seasons Hotels) A.Ş., Senapa Stampa Plastik A.Ş., Martı GYO, and Kerevitaş (Super Fresh) A.Ş. He is a member of the İstanbul Chamber of Certified Public Accountants with registration number 20. He is also a senior member of the Tax Council. Mr. Çorapçı is married with two sons. He speaks English and is an avid reader.

Mehmet Aydın MÜDERRİSOĞLU - *Board Member (Independent)*

Born in 1948, Mehmet Aydın Müderrisoğlu graduated from METU Business Administration Department in 1971. Mehmet Aydın Müderrisoğlu went to USA in 1972 and completed the MBA program at the University of North Carolina at Chapel Hill, and received a PhD in Marketing at the Pennsylvania State University. In 1980, he became a faculty member at the University of Houston College of Business, and lectured for 7 years as a Marketing & Business Administration professor. Between 1987 and 1995, Mehmet Aydın Müderrisoğlu worked as a Marketing professor at the Babson College and Harvard University in Massachusetts. Between 1990 and 1995, he organized training programs in the field of marketing and business administration for companies in South America and China. Mehmet Aydın Müderrisoğlu returned to Turkey in 1995, and became Vice Chairman of Strategic Planning at Koç Holding. In 2000, he joined Oyak

Group as Assistant General Manager in charge of New Business Development. Between 2006 and 2010, Mehmet Aydın Müderrisoğlu worked as CEO and Consultant at Ereğli Demir Çelik Fabrikalari T.A.Ş. (Ereğli Steel Ind. Co.).

5 – Subsidiaries And Financial Investments

The table below lists information relating to the direct subsidiaries of Ülker Bisküvi as of June 30, 2018. Detailed information about subsidiaries is included in the notes of consolidated financial table.

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

6- BRANCHES

Ülker Bisküvi has a factory (branch) at Esenboğa road 21.km Akyurt / ANKARA. The Ankara Factory, which has the largest biscuit production and storage facilities in the Middle East, operates in a closed area of 80.000 m² on a total area of 110.000 m². Ülker Bisküvi has factories (branches) in Gebze and Esenyurt in Istanbul. The Gebze Factory has a closed area of 80.000 m² on a total area of 85.330 m² and the Esenyurt Factory which produces cakes has a closed area 17.906 m² on a total area of 27.000 m².

Chocolate production is carried out in the factory, which operates in a closed area of 68.000 m² in Topkapi. Biscuits, cakes, crackers and chocolates are produced in Karaman factory in a closed area of 102.000 m². In Silivri facilities, established in 1995, chocolate and covered chocolate are produced in a closed area of 12.000 m². In Egypt, biscuit is produced. In Saudi Arabia and Kazakhstan, biscuits, chocolates and cakes are produced.

7 – INFORMATION ON BUSINESS ACTIVITIES

Sector Developments in Brief

Türkiye confectionary market grew by 3,2% in volume. In Biscuits category year to date volume growth is realized as 0,5%, in cake category 3,2% and in chocolate category total growth is 6,9%.

Ülker Bisküvi's position in the industry

Ülker Bisküvi is the leader of the sector in biscuits market, producing in Esenyurt, Kocaeli / Gebze and Ankara factories. Apart from these three main plants, Ülker Bisküvi produces by its subsidiary Biskot Gıda in Karaman and Silivri facilities and by its other subsidiary Ülker Çikolata in Topkapı / Istanbul facility. The Company also makes production by its subsidiaries Hi-Food, Food Manufacturers' Company and IBC and Hamle Company Ltd LLP in Egypt, Saudi Arabia and Kazakhstan, respectively.

Ülker Biscuit factories produce chocolate covered biscuits, wafers and cakes. Ülker Bisküvi, leader of the biscuit industry, is among the world's giant food producers with hundreds of kinds of products offered to the national and international markets in the fields of biscuits and crackers. Domestic distribution of biscuits, cakes, chocolate covered and chocolate products produced by Ulker Bisküvi is performed by Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş. that are subsidiaries of Yıldız Holding. Ülker Bisküvi has been Turkey's largest food company by purchasing 91,70% shares of Ülker Çikolata San. A.Ş. in September 2011.

As the first company of Yıldız Holding, Ülker Bisküvi, which has been operating in its main business line for 74 years, is the flagship of Holding with every application and results. Ülker Bisküvi was ranked 65th among Turkey's top 500 industrial corporations by the research of Istanbul Chamber of Industry (ISO) in 2015.

Ülker Bisküvi products are exported to Europe, Africa and America, mainly Middle East, Russia and Central Asian Republics. As well as contributing to the national economy by making exports, also successfully represent Turkey's approach to quality to worldwide.

Ülker Bisküvi, which has an effective control system that ensures synergy in all phases of production and consumption, continues its investments with its strategy focused on sustainable profitable growth.

The focus of Ülker Bisküvi is on consumers. Ülker Bisküvi, which meets the needs and expectations of its customers to the maximum level, has established a consistent and consistent relationship with the target mass. Research conducted in recent years shows that the commitment to the Ülker brand is at a high level.

8 – COMPANY GUIDANCE

In the first half of 2018, as we always do to our activities; customer focused, innovative approach, quality and high hygiene principles without compromising.

As a result of the restructuring efforts, Ülker Bisküvi has taken its companies out its portfolio since 2010 which are out of core business, has gathered all the functions such as production, sales and similar functions under one roof and formed a structure to manage the biscuit-chocolate-cake categories in one hand.

With this new structuring realized;

1. Move the leadership vision and competitiveness of Ülker to the future
2.Power with the focus in the confectionary categories
3. To better evaluate innovation opportunities
4. Provide efficiency in supply chain and channel costs
5. Aims to be able to respond more effectively to consumer needs.

We will continue to work to achieve our strategic goals that we have set within the scope of our strategic plan. In 2018, we continue to work towards our budget and strategic plan goals that we have set up to keep our financial and operational results at the highest level.

9 – CORPORATE GOVERNANCE COMPLIANCE REPORT

PART I- CORPORATE GOVERNANCE PRINCIPLES: COMPLIANCE STATEMENT

The Company has provided in detail below the assessment and findings on the level of compliance with the Corporate Governance Principles and our comments on the potential improvement areas related to compliance in scope and quality. Pursuant to Capital Markets Board Communiqué and Article 17 of the Capital Market Law No: 6362, dated December 6, 2012, and II-17.1 Corporate Governance Communique released on 1.3.2014 issuance of a “Corporate Governance Compliance Report” and compliance with specified Corporate Governance Principles have become mandatory for companies traded on Borsa Istanbul (BIST). Accordingly, the Company has resolved that the requirements imposed by the CMB be strictly followed, and the Company has also completed all the work necessary for compliance with the other principles specified in the Communiqué. The established committees of the Board of Directors actively carry out their tasks. Committee working principles were announced on the website. Committee chairmen were determined amongst the independent members of the Board of Directors while independent member candidates are in majority in the committees.. Related party transactions were submitted to the information of the Board of Directors, and by getting the approval of the independent members of the Board of Directors a decision was taken to continue the transactions. Company website and the annual report were reviewed and action was taken to make necessary updates. A report for the “extensive and continuous transactions in 2017” was prepared and published on the Public Disclosure Platform upon the decision of the Board of Directors. Independency of the independent members of the Board of Directors was examined, and new candidates were presented by the Nomination Committee to the Board of Directors.

Reasons for the Corporate Governance Principles that are not implemented

No model or mechanism was created for the Stakeholders to participate in the management. However, the independent members of the Board of Directors make sure that the Company and shareholders as well as all stakeholders are represented in the management. The Company takes the advices and opinions of the employees, suppliers, various non-governmental organizations and all other stakeholders into consideration.

For our employees, we have an existing written compensation policy that must be formulated as per the Article 3.1.2 of the "Corporate Governance Principles" and we are still working on the issue.

Some of the members of the Board of Directors assume duties in a number of committees.

As per the Article 4.6.5 of the "Corporate Governance Principles", the remuneration of the members of the Board of Directors and executive senior managers as well as all other benefits granted are publicly announced via Annual Report. However, the announcement is not made on personal basis but made to indicate the differentiation between the Board of Directors and executive senior managers. There are no female members in the Board of Directors.

There are no provisions in the Articles of Association, giving the shareholders any personal right to request "private audit" from the general assembly. The regulations of the Turkish Code of Commerce and the Capital Markets Board are deemed sufficient to appoint a private auditor. Every shareholder's right to request private audit is "recognized" within the framework of the regulations of the Turkish Code of Commerce n.6102 that entered into force on 01.07.2012.

The Company also plans to implement those principles that have not been implemented yet as soon as possible, although there have not been any conflicts of interest among shareholders due to the limited number of corporate governance principles implemented to date.

Even if the aim is to fully comply with the non-compulsory Corporate Governance Principles as well; we have not yet achieved to fully comply with the principles due to the difficulties faced in the implementation of a number of principles, and due to the fact that some of the principles do not match with the current structure of the market and the company. We are working on the principles that have not yet been implemented; and thus we're planning to start the implementation after completing the administrative, legal, and technical infrastructure procedures that will support the effective management of our company.

The Company has also disclosed the following Corporate Governance Principles Compliance Report to the public via the websites: www.ulkerbiskuvi.com.tr and http://ulkerbiskuviyatirimciiliskileri.com/default.aspx

PART II – SHAREHOLDERS

2.1 INVESTOR RELATIONS UNIT

Investor Relations Unit is managed by the Investor Relations Director functioning under Ülker Bisküvi Financial Affairs – CFO office. Our Company executives responsible for relations with the shareholders are listed below.

Verda Beste Taşar-Director of Investment Relations
Tel: +90 216 524 25 56
Fax: 0 216 316 43 44
beste.tasar@ulker.com.tr
ir@ulker.com.tr

Serkan Aslıyüce- Finance Director
Tel: +90 216 524 25 56
serkan.asliyüce@ulker.com.tr

The Unit processes any and all written or online inquiries submitted by our shareholders and attends all local and international investor conferences.

Relations with shareholders are coordinated by the Financial Affairs Department. The Financial Affairs Department manages the public disclosures as required to the BIST, the Capital Markets Board, and the Central Registry Agency and other communications with these agencies. In addition to organizing the ordinary and extraordinary general assembly meetings, the Investor Relations Unit may organize other ad-hoc meetings held at the request of shareholders.

2.2 SHAREHOLDERS' RIGHT TO INFORMATION

Except for information considered either commercial secret or insider information, all written or verbal requests from our investors for information in the period were met. We provided our shareholders with all the information as required under their rights as shareholders via the annual report, material disclosures, and replies to individual inquiries. The principles regarding the process run by Ülker Bisküvi to provide information to our shareholders in conformity with legal regulations, and the detailed information about the manner, frequency and methods of providing information to the shareholders, is available in "Ülker Bisküvi Information Policy". Current Information Policy text is available for shareholders on our Investor Relations website. In accordance with Article 1524 of the Turkish Commercial Code No: 6102, dated January 13, 2011, the Company has also shared all necessary information and announcements with shareholders on its corporate website, www.ulkerbiskuvi.com.tr and http://ulkerbiskuviyatirimciiliskileri.com/default.aspx
Auditing principles and procedures are described in Article 20 of the Company's Articles of Association. In the first half of 2018 , shareholders did not call for any private audits.

2.3. GENERAL ASSEMBLY MEETINGS

Pursuant to Article 1527 of the Turkish Commercial Code No. 6102 dated January 13, 2011, which stipulates that online participation in general assembly meetings, making proposals and statements online, and online voting shall have the same legal effects in all aspects as participating and voting in any general assembly meeting in person; and that all companies traded on the stock exchange are required to set up and maintain a system allowing online participation in general assembly meetings and voting; the online general assembly convenes on the same date and with a parallel agenda as the physical general assembly.

2.4. VOTING AND MINORITY RIGHTS

According to the Articles of Association, each share carries the right to one vote.Any shareholder, who is entitled to attend General Assembly meetings, may attend the meetings via electronic communication means in accordance with Article 1527 of the Turkish Commercial Code. Pursuant to the Regulation on the General Assembly of Joint Stock Companies to be Held via Electronic Means, the Company may set up an electronic General Assembly system or procure any system developed for this purpose so that shareholders are able to attend, express their views, make suggestions, and cast their votes via electronic communication means. Pursuant to the relevant provision in the Articles of Association, shareholders and their proxies are allowed to exercise their respective rights at any General Assembly meeting, under the referenced regulations via the electronic system set up for this purpose.The Company does not grant any privileges to share groups or other shares. None of our shareholders controls, or is controlled by, the Company. Cumulative voting is not practiced in the Company.As per Article 27 of the Company's Articles of Association, shareholders representing one-twentieth (1/20) of the share capital can exercise minority rights. The Articles of Association do not contain any provision prohibiting voting by proxy, who is not a shareholder of the Company.

2.5. DIVIDEND RIGHTS

Our Board of Directors has adopted the profit distribution policy in accordance with the Corporate Governance Principles published by the CMB. The Company distributes profit in accordance with the Turkish Commercial Code, Capital Market Law, Tax Law, other applicable legislation and the articles related to profit distribution in the Company's Articles of Association. The Board of Directors' profit distribution proposal, which complies with the Company's profit distribution policy and the Capital Markets Board's Corporate Governance Principles is submitted for the approval of shareholders at the General Assembly; detailed information on the history of profit distribution and capital increases is disclosed to the general public via the corporate web site.

2.6. SHARE TRANSFER

Following the approval of the amendments to the Articles of Association at the Ordinary General Assembly meeting held on March 28, 2013, the Company shall not issue any registered shares. There are no restrictions in the Company's Articles of Association regarding the transfer of Ülker Bisküvi shares that are publicly traded in Borsa Istanbul, in accordance with the 3rd paragraph of Article 137 of the Capital Markets Law n.6362

PART III – PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. COMPANY'S WEBSITE AND CONTENTS THEREOF

The Company website at www.ulkerbiskuvi.com.tr is available in Turkish and English. Furthermore, company's investor relations website is available in Turkish and English on the address http://ulkerbiskuviyatirimciiliskileri.com/default.aspx. The following information is available for the purpose of disclosure to our shareholders:

- Company's Vision
- Code of Conduct
- Information on the Board of Directors and Executive Management
- Company's Shareholding Structure
- Organizational Chart
- Social Responsibility
- Registration Information and Company Profile
- Articles of Association
- Financial Statements and Notes
- Annual Reports
- Material Event Disclosures
- Report on Compliance with Corporate Governance Principles
- Information on the General Assembly (Agenda, Proceedings, List of Attendees and Proxy Form Template)
- Company's Information Policy
- Committees
- News and Announcements (Invitations to the General Assembly, and the like)
- List of Corporate Insiders
- Ratings Reports
- Ülker on the BIST (Ratios and Charts related to the Company's Shares)
- List of Monitoring Analysts and Investor Presentations
- Sustainability

3.2. ANNUAL REPORT

The Annual Reports issued by our Company are prepared in conformity with; (i) Ministry of Customs and Trade "Regulation on Determining the Minimum Content of the Annual Reports of the Companies" (issued via Official Gazette n.28395 on August 28, 2012); (ii) Capital Markets Board ("CMB") Communiqué n.II-14.1 on "Principles Regarding Financial Reporting in the Capital Markets", and; (iii) Capital Markets Board regulations on Corporate Governance Principles. Upon the approval of our Board of Directors, the Annual Reports of our Company are publicly announced in conformity with the provisions of the relevant legislation, and made available on our Investor Relations website.

PART IV – STAKEHOLDERS

4.1. INFORMATION TO STAKEHOLDERS

In the event there is not any regulation in laws or contracts regarding rights of stakeholders, the Company endeavors to protect their rights in good faith and within means available to the Company with due consideration given to the reputation of the Company. Furthermore, Company employees may access the circulars and announcements through our internal portal, and important announcements are sent to all our employees promptly. There are no restrictions that prevent stakeholders from contacting the Corporate Governance Committee or the Audit Committee about any Company transactions they deem either unethical or contrary to regulations. Stakeholders may contact these committees by any communication means they prefer.

4.2. PARTICIPATION OF STAKEHOLDERS IN MANAGEMENT

According to the Articles of Association, the Board of Directors has at least seven members who are elected by the General Assembly upon nomination by shareholders of different share classes in accordance with the Articles of Association. The Board of Directors has nine members, including three independent directors. The Company does not have any practices related to stakeholders' participation in management.

4.3. HUMAN RESOURCES POLICY

The main purpose of the Company's human resources policy is to build a team of high performance employees by improving and developing the human capital on the basis of the things done so far. The human resources policy adopted by the Company is fundamentally that of Yıldız Holding's, and is available at www.ulkerbiskuvi.com.tr and http://ulkerbiskuviyatirimciiliskileri.com/default.aspx The Company has never received any complaints that its human resources policy is discriminatory.

4.4. CODE OF CONDUCT AND SOCIAL RESPONSIBILITY

Information on the corporate social responsibility activities of the parent company, Yıldız Holding, is available in our annual reports and on the website: www.ulkerbiskuvi.com.tr and http://ulkerbiskuviyatirimciiliskileri.com/default.aspx.Keenly aware of our social responsibility, the Company takes utmost care to adopt policies that support environmental, sports, educational, and health care related projects. The Code of Conduct is also available in a related section on the website. The Company observes the continuity of service quality and standard at all phases of production and maintains trade secrets of customers and suppliers as confidential. Customer satisfaction is one of the main principles of our Company. Ülker Bisküvi, since its inception, has been a part of a Group of companies that produce quality and healthy products; respect their employees; uphold the rights of their partners and shareholders, and of their suppliers and customers; comply with all applicable laws; recognize social values; and have social responsibility. In addition, the Group of companies' management philosophy pursues the highest level of respect and trust among executives, employees, suppliers, and customers; achieves employee cooperation and high performance of personnel; maintains dignity, consistency and a sense of responsibility in its approach; all the while continually striving to improve this management philosophy. The Code of Conduct as adopted by Ülker Bisküvi is generally abided by all Group companies and is disclosed to the public within the scope of the Group's information policy and is available to our shareholders on the website: www.ulkerbiskuvi.com.tr. and http://ulkerbiskuviyatirimciiliskileri.com/default.aspx.

PART V – BOARD OF DIRECTORS

5.1. STRUCTURE, ORGANIZATION, AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

The Company's Board of Directors is composed of nine members, three of whom are independent members. The Board of Directors comprises executive and non-executive members, and a majority of the Board's members are non-executive members. Non-executive members include independent members, who satisfy all of the criteria set out in the Capital Market Law, who have the capacity to perform their duties with impartiality, and who can devote their time to monitor the functioning of the Company and to fulfill all the responsibilities vested to them as independent members. Details of the Company's Board of Directors are as follows:

Name Surname	Position	Executive	Name Surname
Murat ÜLKER	Chairman of the Board	No	31.03.2017-31.03.2020
Mehmet TÜTÜNCÜ	Vice Chairman of the Board & CEO	Yes	31.03.2017-31.03.2020
Ali ÜLKER	Member of the Board	Yes	31.03.2017-31.03.2020
Ahmet ÖZOKUR	Member of the Board	No	31.03.2017-31.03.2020
İbrahim TAŞKIN	Member of the Board	No	31.03.2017-31.03.2020
Cengiz SOLAKOĞLU	Member of the Board	No	31.03.2017-31.03.2020
Ahmet Murat YALNIZOĞLU	Member of the Board (Independent Member)	No	31.03.2017-31.03.2020
Halil Bülent ÇORAPÇI	Member of the Board (Independent Member)	No	31.03.2017-31.03.2020
Mehmet Aydın MÜDERRİSOĞLU	Member of the Board (Independent Member)	No	07.09.2017 31.03.2020

We have no female members among the members of the Board of Directors and we are working on the issue.
The internal and external Group duties of each Board member assumed on behalf of the Company and rationale thereof are disclosed for the information of the General Assembly where the election of each Board member is discussed.

The duties assumed by our Directors outside of our Company are indicated below;

Name Surname	Position	Duties Assumed Elsewhere
Murat ÜLKER	Chairman of the Board	Chairman of the BoD of Group companies
Mehmet TÜTÜNCÜ	Vice Chairman of the Board & CEO	Member of the BoD of Group companies
Ali ÜLKER	Member of the Board	Member of the BoD of Group companies
Ahmet ÖZOKUR	Member of the Board	Member of the BoD of Group companies
Ibrahim TAŞKIN	Member of the Board	Member of the BoD of Group companies
Cengiz SOLAKOĞLU	Member of the Board	Member of the BoD of Group companies
Mehmet Aydın Müderrisoğlu	Member of the Board (Independent Member)	Member of the BoD of Group companies Consultant in Ankon Consulting
Halil Bülent ÇORAPÇI	Member of the Board (Independent Member)	Member of BoD in; Astay Gayrimenkul AŞ, Atikpaşa Turizm A.Ş, Sultanahmet (Four Seasons Otelleri) A.Ş., Pilen Pak A.Ş, Martı GYO, Kerevitaş (Super Fresh) A.Ş. Bağımsız Senapa Stampa Plastik A.Ş.
Ahmet Murat YALNIZOĞLU	Member of the Board (Independent Member)	Member of the BoD in IELEV Eğitim Kurumları AŞ., Managing Partner in Pruva Yönetim Danışmanlığı Ltd.

5.2. RULES OF CONDUCT OF THE BOARD OF DIRECTORS

The Board of Directors meets regularly and as often as necessary to conduct its business and affairs effectively. The Board of Directors shall convene once a month when it is deemed necessary due to the Company operations and transactions. The Board of Directors must also convene when it is deemed necessary by the Chairman or one-third of the Board members. The meetings of the Board of Directors may be held at the headquarters of the Company or at a convenient location in the city where the headquarters is located or in another city by resolution of the Board of Directors. The Board of Directors may, upon resolution, determine whether or not they will have a distribution of responsibilities among the Board members. An invitation for the meeting must be made by a seven-day prior notice and includes the agenda and documentations related to the call for the meeting. In principle, members participate in a Board of Directors meeting in person. However, it is possible that Board members may participate in a Board of Directors meeting by means of electronic communication. Written stipulations of a member who does not participate in a Board meeting but submits his/her comments on the agenda in writing shall be presented to the other members. Any discussion and resolution of Board of Directors must be recorded in written minutes, which must be signed by each member present at the meeting and then recorded in the book of resolutions. Any member with a dissenting vote must also state his/her rationale for his/her dissenting vote before signing the minutes of that meeting. Minutes of meetings and related documents and correspondence related therewith shall be regularly archived by the Secretariat of the Board of Directors. The Board of Directors shall meet with a quorum of at least more than one-half of the number of members and resolve by a majority of members present at the meeting. In the event there is a tie in the votes, the voted issue shall be discussed at the next meeting. The proposal shall be deemed rejected if it is not approved by a majority vote at the next meeting. Each Board member has one voting right regardless of his/her title and area of duty. The names, duties and responsibilities of members of the Board of Directors are clearly specified in the Articles of Association which is available on our website: www.ulkerbiskuvi.com.tr. While carrying out their responsibilities, the members of the Board Directors are furnished all the information necessary for them to fully perform their duties and act prudently and in good faith. No objection has been raised against any resolution adopted by the Board of Directors during 2017. In 2017, Audit Committee's, Corporate Governance Committee's and Risk Committee's meeting minutes and reports were monitored and reviewed by the Board of Directors. Nor has there been any material transaction with respect to related party transactions which were presented to independent members for approval. Any material information which must be disclosed to the public is promptly disclosed after the end of each meeting.

5.3. NUMBER, STRUCTURE, AND INDEPENDENCY OF COMMITTEES FORMED BY THE BOARD OF DIRECTORS

AUDIT COMMITTEE

The Audit Committee, which was established by a resolution of the Board of Directors on May 22, 2006, was restructured by a resolution of the Board of Directors dated August 5, 2008 in accordance with Communiqué No. 22 Serial No.: X of the Capital Markets Board. The Audit Committee ensures that the Company's financial and operational functions are monitored in a reliable manner. The purpose of the Committee, which reports directly to the Board of Directors, is to oversee the Company's accounting system, audit and disclosure of financial information, and the functioning and effectiveness of the internal audit system. This Committee meets as necessary, but at least four times each year.

Name Surname	Title	Relation with the company
Halil Bülent ÇORAPÇI	Committee Chairman	Member of the Board (Independent Member)
Ahmet Murat YALNIZOĞLU	Committee Member	Member of the Board (Independent Member)

CORPORATE GOVERNANCE COMMITTEE

The Company established a Corporate Governance Committee by resolution of the Board of Directors dated August 5, 2008 in accordance with the Corporate Governance Principles published by the Capital Markets Board. This Committee reports directly to the Board of Directors and meets as necessary but at least three times each year. . The structure of our Corporate Governance Committee and Board of Directors changed with the decision of the Board of Directors dated 07.09.2017 is given below:

Pursuant to the Capital Markets Board's II-17.1 Decree on Corporate Governance, It has been decided that Ahmet Murat YALNIZOGLU, Chairman of the Corporate Governance Committee, will elect Halil Bülent ÇORAPÇI, Mehmet Aydın MÜDERRİSOĞLU and Verda Beste TAŞAR as committee members and that they will not pay any fees due to these duties.

The structure of the Corporate Governance Committee changed by the decision of the Board of Directors dated 18.05.2017 is as follows:

Name Surname	Title	Relation with the company
Ahmet Murat YALNIZOĞLU	Committee Chairman	Member of the Board (Independent Member)
Halil Bülent ÇORAPÇI	Committee Member	Member of the Board (Independent Member)
Mehmet Aydın MÜDERRİSOGLU	Committee Member	Member of the Board (Independent Member)
Verda Beste TAŞAR	Committee Member	Director/Investor Relations

RISK COMMITTEE

The Company established a Risk Committee in accordance with the Corporate Governance Principles published by the Capital Markets Board. This Committee reports directly to the Board of Directors and meets as necessary.

Name Surname	Title	Relation with the company
Halil Bülent ÇORAPÇI	Committee Chairman	Member of the Board (Independent Member)
Ahmet Murat YALNIZOĞLU	Committee Member	Member of the Board (Independent Member)

5.4. RISK MANAGEMENT AND INTERNAL AUDIT MECHANISM

The Company's activities with regard to risk management are carried out by the Risk Committee. The Company is also audited regularly by the auditing units of Yıldız Holding A.Ş., which is the majority shareholder of the Company, and an independent audit firm. The findings of these audits are communicated to the members of the Audit Committee and to the Board of Directors. The business flows, and procedures of the Company, and authorities and responsibilities of employees are controlled within the framework of risk management and are subject to continuous monitoring and checks.

5.5. STRATEGIC OBJECTIVES OF THE COMPANY

Mission, Vision, and Strategic Objectives of the Company

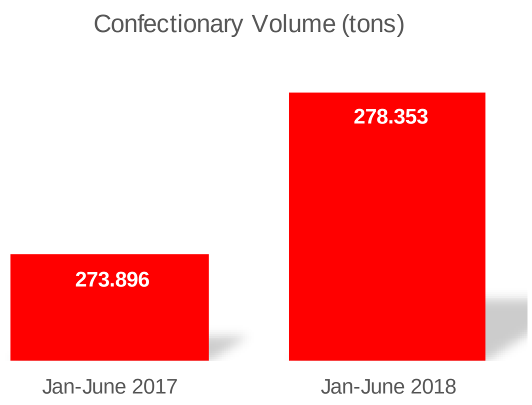
The Company and all subsidiaries of Yıldız Holding were founded on the philosophy that "every person has the right to a nice childhood regardless of the country s/he lives in." The vision of Ülker Bisküvi is to further strengthen and advance its brand reputation, which is the most preferred brand by consumers particularly in bakery products, and become one of the top five companies in Turkey within the next 10 years. The vision and mission of Yıldız Holding and our Company is disclosed to the public and is available on the websites: www.ulker.com.tr and www.ulkerbiskuvi.com.tr.

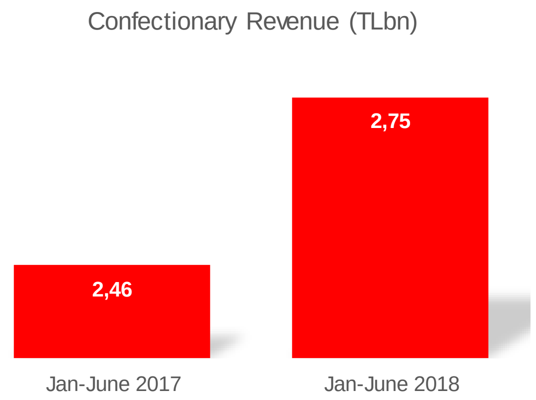
5.6. REMUNERATION

Remuneration of the members of the Board of Directors is determined – separately for each member – by the General Assembly according the financial situation of the Company. In the General Assembly dated March 30, 2017, it was decided; to pay a net salary of TL 5.000 to Ahmet Murat Yalnizoğlu and Halil Bülent Çorapçi until the next ordinary general assembly and; not to pay any salaries – for the tasks the Board members carry out in the committees – to the members of the Board of Directors who assume tasks in the committees established within the Company.
In the General Assembly dated September 7, 2017, it was decided; to pay a net salary of TL 5.000 to Mehmet Aydın Müderresoğlu until the next ordinary general assembly and; not to pay any salaries – for the tasks the Board members carry out in the committees – to the members of the Board of Directors who assume tasks in the committees established within the Company. No loan was extended to any member or executive officer during the period, nor extended, directly or through a third party, any personal loan or given any collateral on their behalf, such as a surety. Principles for remuneration regarding interests of executive management and the Board of Directors are explained in detail on the website: www.ulkerbiskuvi.com.tr and http://ulkerbiskuviyatirimciiliskileri.com/default.aspx

10– OPERATIONAL DEVELOPMENTS

Ülker Bisküvi' confectionary revenue and tonnages informations in the first six months of the year are shown in the table below.





11 – R&D

The ethical principles of Ülker Bisküvi' R & D activities are determined as follows:

• Use scientific methods and techniques to research and find truths and report them.
• To observe the human and environmental health and public interest while working in accordance with the current laws and regulations and the principles and objectives of the Group.
• To keep consumer needs and expectations always on the first plenary.
• To provide Food Safety-Quality-Price-Diversity optimization in products.
• Act in line with the principle of "We will not consume any products that we will not consume and that we will not eat with our children".
With the completion of the Global R & D organization structure in R & D work, Ülker's global targets became clear. New tasks and tasks have been added to the work done in this framework. The company has continued to work in a customer-focused manner in line with new product development, current product improvement, cost reduction, quality improvement, alternative raw material approval and technical / technological support.

12 – RİSK MANAGEMENT

Corporate Risk Management efforts include determining potential incidents that may affect Ülker Bisküvi, managing risks in line with the Company's risk taking profile, and providing an acceptable level of assurance for the Company to achieve its goals. Corporate Risk Management is a systematic process which is utilized in devising strategies, implemented across the Company and impacted by the Company's Board of Directors, senior management as well as all of its employees.

13 – CAPITAL MARKET INSTRUMENTS

There are no capital market instruments issued during the period 01.01.2018 – 36.06.2018.

14 – SENIOR MANAGEMENT

Mehmet TÜTÜNCÜ; - CEO
Mehmet Tütüncü, who started his career in 1981 as an engineer in the Ministry of Education's Construction Department, is serving as the President of the Food and Ülker Group.
Cenker UÇAN:GROUP CFO
Cenker Uçan, who joined the Yıldız Holding family in July 2010, was appointed as Food and Beverage CFO in March 2011. As of May 2016, he is in charge of Ülker Group CFO.

15– EMPLOYEE INFORMATION

The number of employees was 8.782 of 30.06.2018 (31.12.2017: 9.307).

16 – FINANCIAL SUMMARY

Income Statement (TLmn)	2Q'17 Restated	2Q'18	6M 17 Restated	6M 18
Sales Revenues	1.167	1.330	2.461	2.758
Growth (%)		13,9%		12,0%
Gross Profit	**306**	**345**	**659**	**746**
Growth (%)		12,5%		13,2%
Gross Profit Margin	**26,2%**	**25,9%**	**26,8%**	**27,1%**
Marketing, Sales & Distribution Expenses	(127)	(136)	(276)	(308)
General Administration Expenses	(40)	(40)	(71)	(75)
Research and Development Expenses	(3)	(3)	(6)	(7)
Operating Profit	**137**	**166**	**305**	**356**
Other Operating Inc/Exp, Net	(4)	2	5	(5)
Operating Profit including Other Income/Expense	**133**	**168**	**310**	**352**
Income and Expenses from Investments	27	674	135	982
Operating Profit before Financial Inc/Exp	**159**	**842**	**446**	**1.334**
Finance Inc/Exp, Net	(40)	(512)	(170)	(813)
Profit Before Taxation	**120**	**330**	**276**	**521**
Tax Charge from Continued Operations	(19)	(69)	(46)	(111)
Profıt For The Perıod	**101**	**262**	**230**	**410**
Non – Controlling Interests	11	20	24	40
Equity Holders of the Parent	**90**	**242**	**205**	**370**
EBITDA	**164**	**200**	**361**	**425**
EBITDA Margin	**14,1%**	**15,1%**	**14,7%**	**15,4%**

(TLm)	31.12.2017	30.06.2018
Current Assets	4.831	5.503
Non-current Assets	3.641	3.729
Current Liabilities	2.211	1.666
Non-current Liabilities	3.696	4.674
Shareholders Equity	2.564	2.891
Net Financial Debt	1.305	1.526