ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2018

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CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2018, 31 DECEMBER 2017 AND 31 DECEMBER 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

ASSETS	**Notes**	**Condensed Unaudited Current Period 30 September 2018**	**Restated (*) Reviewed Previous Period 31 December 2017**	**Restated (*) Reviewed Previous Period 31 December 2016**
Current Assets		**7.285.036**	**4.830.708**	**3.662.558**
Cash and Cash Equivalents	5	4.036.195	3.189.865	2.288.339
Financial Investments	6	734	619	755
Trade Receivables				
- Due from Related Parties	8-22	1.450.097	534.993	587.415
- Other Trade Receivables	8	399.967	241.929	175.851
Other Receivables				
- Due from Related Parties	9-22	68.621	428	5.845
- Other Receivables	9	48.076	23.814	20.716
Derivative Instruments		490.183	55.912	-
Inventories	10	584.473	583.581	406.274
Prepaid Expenses				
- Due to Related Parties	22	101.613	97.094	78.047
- Other Prepaid Expenses		60.574	41.879	39.814
Current Income Tax Assets		218	-	11.064
Other Current Assets		44.285	60.594	48.438
Non-Current Assets		**4.070.050**	**3.640.638**	**2.503.112**
Financial Investments	6	934.483	981.132	928.800
Other Receivables				
- Other Receivables	9	-	183	271
Investment Properties	11	16.196	16.196	14.588
Tangible Assets	12	2.355.854	2.098.780	1.118.765
Intangible Assets				
- Goodwill	13	389.614	253.507	215.513
- Other Intangible Assets	14	291.891	182.879	167.699
Prepaid Expenses		2.142	61.625	14.160
Deferred Tax Assets	20	79.870	46.336	43.316
TOTAL ASSETS		**11.355.086**	**8.471.346**	**6.165.670**

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

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2018, 31 DECEMBER 2017 AND 31 DECEMBER 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

LIABILITIES	**Notes**	**Condensed Unaudited Current Period 30 September 2018**	**Restated (*) Reviewed Previous Period 31 December 2017**	**Restated (*) Reviewed Previous Period 31 December 2016**
Current Liabilities		**1.991.464**	**2.211.464**	**3.377.536**
Short Term Financial Liabilities	7	192.618	433.371	544.791
Short Term Portion of Long Term Financial Liabilities	7	219.539	457.356	1.821.637
Trade Payables				
- Due to Related parties	8-22	490.274	353.465	341.189
- Other Trade payables	8	537.218	591.861	328.310
Employee Benefit Related Liabilities		39.765	28.577	31.676
Other Payables				
- Due to Related Parties	9-22	66.284	193.060	192.333
- Other Payables	9	44.618	8.088	7.005
Deferred Revenue		24.060	18.710	20.047
Current Income Tax Liabilities	20	69.833	21.477	15.262
Short Term Provisions				
- Short Term Provisions for Employee Benefits		49.079	40.060	34.542
- Other Short Term Provisions		234.797	50.267	25.958
Other Current Liabilities		23.379	15.172	14.786
Non-Current Liabilities		**6.119.065**	**3.696.345**	**1.341.826**
Long Term Financial Liabilities	7	5.762.607	3.419.676	586.498
Other Liabilities				
- Due to Related Parties		-	47.749	633.397
Long Term Provisions				
- Long Term Provisions for Employee Benefits		107.356	82.958	74.073
Deferred Tax Liabilities	20	249.102	145.962	47.858
SHAREHOLDERS' EQUITY		**3.244.557**	**2.563.537**	**1.446.308**
Equity Attributable To Equity Holders' of the Parent		**2.841.505**	**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		(17.361)	(15.401)	(16.687)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		714.491	-	-
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss				
- Currency Translation Adjustments		(79.211)	(67.666)	(81.306)
- Cash Flow Hedges		101.116	16.025	-
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		-	743.710	695.363
Restricted Reserves		124.497	124.497	119.807
Retained Earnings		839.371	547.163	385.373
Net Profit for the Period		568.097	397.259	275.050
Non-Controlling Interest		**403.052**	**268.543**	**199.418**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**11.355.086**	**8.471.346**	**6.165.670**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2018 AND 2017
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	Condensed Unaudited Current Period 1 January - 30 September 2018	Condensed Unaudited Current Period 1 July - 30 September 2018	Restated (*) Condensed Unaudited Previous Period 1 January - 30 September 2017	Restated (*) Condensed Unaudited Previous Period 1 July - 30 September 2017
Revenue	16	4.220.779	1.463.183	3.523.510	1.062.311
Cost of Sales	16	(3.064.072)	(1.052.597)	(2.581.716)	(779.792)
GROSS PROFIT FROM OPERATIONS		**1.156.707**	**410.586**	**941.794**	**282.519**
General Administrative Expenses	17	(114.177)	(39.600)	(104.765)	(33.390)
Marketing Expenses	17	(479.499)	(171.194)	(382.130)	(105.934)
Research and Development Expenses	17	(9.868)	(3.093)	(9.525)	(3.189)
Other Operating Income		112.081	71.575	37.845	9.882
Other Operating Expenses		(90.800)	(45.467)	(34.168)	(11.246)
OPERATING PROFIT FROM MAIN OPERATIONS		**574.444**	**222.807**	**449.051**	**138.642**
Income from Investment Activities		2.565.490	1.603.173	298.143	145.043
Expenses from Investment Activities		(290.904)	(282.820)	(21.072)	(3.305)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		**2.849.030**	**1.543.160**	**726.122**	**280.380**
Financial Income	18	438.789	420.940	22.838	1.535
Financial Expenses	19	(2.479.203)	(1.648.729)	(366.636)	(175.582)
PROFIT BEFORE TAX		**808.616**	**315.371**	**382.324**	**106.333**
Tax Expense	20	**(166.617)**	**(57.492)**	**(56.712)**	**(10.571)**
Corporate Tax Expense		(123.842)	(52.428)	(60.995)	(16.573)
Deferred Tax Expense		(42.775)	(5.064)	4.283	6.002
PROFIT FOR THE PERIOD		**641.999**	**257.879**	**325.612**	**95.762**
Distribution of the Profit for the Year					
Non-Controlling Interest		73.902	36.024	35.283	10.895
Equity Holders of the Parent		568.097	221.855	290.329	84.867
Earning per Share	21	1,66	0,65	0,85	0,25

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

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

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

	Condensed Unaudited Current Period 1 January - 30 September 2018	Condensed Unaudited Current Period 1 July - 30 September 2018	Restated (*) Condensed Unaudited Previous Period 1 January - 30 September 2017	Restated (*) Condensed Unaudited Previous Period 1 April - 30 September 2017
PROFIT FOR THE PERIOD	**641.999**	**257.879**	**325.612**	**95.762**
Other Comprehensive Income not to be Reclassified To Profit and Loss	**(7.618)**	**(438)**	**(1.562)**	**(224)**
Actuarial Loss on Post-Employment Termination Benefit Obligation	(2.512)	(547)	(1.953)	(281)
Change in Revaluation Funds of Financial Assets	(5.903)	-	-	-
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	502	109	391	57
Change in Revaluation Funds of Financial Assets, Deferred Tax Effect	295	-	-	-
Items to be Reclassified to Profit and Loss	**148.559**	**96.253**	**31.977**	**12.116**
Currency Translation Adjustments	63.467	49.047	17.777	6.162
Change in Revaluation Funds of Financial Assets	-	-	15.011	5.304
Cash Flow Hedges	109.605	60.520	(75)	1.145
Deferred Tax For The Items That Will be Reclassified to Profit and Loss				
Change in Revaluation Funds of Financial Assets, Deferred Tax Effect	-	-	(751)	(266)
Cash Flow Hedges, Deferred Tax Effect	(24.513)	(13.314)	15	(229)
OTHER COMPREHENSIVE INCOME	**140.941**	**95.815**	**30.415**	**11.892**
TOTAL COMPREHENSIVE INCOME	**782.940**	**353.694**	**356.027**	**107.654**
Distribution of Total Comprehensive Income				
Non-Controlling Interest	148.398	86.184	37.430	12.924
Equity Holders of the Parent	634.542	267.510	318.597	94.730

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

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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**	**Currency Translation Adjustments**	**Cash Flow Hedges**	**Revaluation Plant, Property and Equipment**	**Actuarial Gains and (Losses) on Post-Employment Termination Benefit Obligation**	**Financial Assets Measured at Fair Value**	**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)**	**(74.303)**	**16.025**	**659.037**	**(15.401)**	**743.710**	**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)**	**(67.666)**	**16.025**	**659.037**	**(15.401)**	**743.710**	**124.497**	**397.259**	**547.163**	**2.294.994**	**268.543**	**2.563.537**
Transfer	-	-	61.016	-	-	(19.918)	-	(24.078)	-	(397.259)	380.239	-	-	-
Total Comprehensive Income	-	-	-	(11.545)	85.091	-	(1.960)	(5.141)	-	568.097	-	634.542	148.398	782.940
Dividend (*)	-	-	-	-	-	-	-	-	-	-	(88.000)	(88.000)	(13.877)	(101.877)
Gain on Sale of Tangible Assets	-	-	-	-	-	-	-	-	-	-	(31)	(31)	(12)	(43)
As of 30 September 2018	**342.000**	**108.056**	**(498.670)**	**(79.211)**	**101.116**	**639.119**	**(17.361)**	**714.491**	**124.497**	**568.097**	**839.371**	**2.841.505**	**403.052**	**3.244.557**

(*) It has been resolved to distribute TL 88.000 as cash by the end of 2018 financial year.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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**	**Cash Flow Hedges**	**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)**	**3.216**	**5.232**	**-**	**(16.687)**	**695.363**	**119.807**	**230.372**	**303.710**	**1.649.206**	**205.390**	**1.854.596**
Restatement Effect	-	-	-	-	-	-	-	-	-	-	81.663	81.663	(5.972)	75.691
Transactions Under Common Control	-	-	(444.135)	(84.522)	-	-	-	-	-	44.678	-	(483.979)	-	(483.979)
As of 1 January 2017 (Restated)	**342.000**	**108.056**	**(585.998)**	**(81.306)**	**5.232**	**-**	**(16.687)**	**695.363**	**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	-	-	-	16.801	-	(60)	(1.545)	13.072	-	290.329	-	318.597	37.430	356.027
Effect of Business Combination	-	-	(13.326)	-	-	-	-	-	-	-	-	(13.326)	-	(13.326)
Dividend (*)	-	-	-	-	-	-	-	-	-	-	(64.000)	(64.000)	(7.917)	(71.917)
Gain on sale of Tangible Assets	-	-	-	-	-	-	-	-	-	-	(10)	(10)	(3)	(13)
As of 31 September 2017	**342.000**	**108.056**	**(554.764)**	**(64.505)**	**5.232**	**-**	**(18.232)**	**708.435**	**124.497**	**290.329**	**547.163**	**1.488.151**	**228.928**	**1.717.079**

(*) 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.

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

	Notes	Condensed Unaudited Current Period 1 January - 30 September 2018	Restated Condensed Unaudited Previous Period 1 January - 30 September 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit for the Period		641.999	325.612
Adjustments to reconcile net profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation expenses of tangible assets	11-12	104.980	85.220
Amortization expenses of intangible assets	14	2.537	577
Adjustment for Impairment Loss (Reversal of)			
Provision for/(Reversal of) Doubtful Receivables	8	1.042	(1.310)
Adjustment for (Reversal of) Impairment Loss of Other Financial Assets or Investments			
(Gain)/Loss of financial investments		(115)	106
Adjustment for Impairment Loss of Inventories	10	3.221	1.952
Adjustments for Provisions			
Adjustments for (Reversal of) Provisions Related with Employee Benefits			
Provision for employment benefits		27.927	17.703
Provision for unused vacation		11.959	11.196
Provision for premium		19.960	12.943
Provision for Lawsuits		226	495
Adjustments for Other Provisions			
Change in other provisions (net)		184.417	39.259
Adjustments for Dividend Income		(102)	(539)
Adjustments for Interest (Income)/Expenses			
Adjustments for Interest Income			
Discount (income)/expense (net)		12.042	(3.212)
Interest income		(151.225)	(92.240)
Adjustments for Interest Expense	19	237.930	147.377
Adjustment for Tax Expenses	20	166.617	56.712
Adjustments for Losses (Gains) on Disposals of Non-Current Assets			
Adjustmenst for Gains Arised from Sale of Tangible Assets (net)		978	(253)
Adjustments Relating to Other Items That Caused Cash Flows from Investment or Financing Activities			
Change in foreign currency of financial liabilities (net)	18-19	1.778.983	190.788
Change in foreign currency from investing activities (net)		(2.117.535)	(178.076)
Commission expenses and finance service income (net)		19.490	4.778
Income from derivative instruments (net)		(1.901)	(5.083)
Other Adjustments to Reconcile Profit (Loss)			
Rent Income		(6.702)	(5.963)
Profit Effect of Transactions Under Common Control		-	(13.326)
Net Operating Cash Flows Provided Before Changes in Working Capital		**936.728**	**594.716**

The accompanying notes form an integral part of these condensed consolidated financial statements.

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

	Notes	Condensed Unaudited Current Period 1 January – 30 September 2018	Restated Condensed Unaudited Previous Period 1 January – 30 September 2017
Changes in Working Capital			
Increase in trade receivables		(33.776)	(69.058)
Increase in trade receivables from related parties		(915.104)	(100.583)
Decrease/(increase) in inventories		76.079	(96.259)
Increase in other receivables and other current assets		(16.978)	(89.211)
(Decrease)/increase in trade payables		(191.485)	94.105
Increase/(decrease) in trade payables to related parties		136.809	(49.879)
(Decrease)/increase in other payables and liabilities		(6.567)	24.702
Net cash (used in)/generated from operations		**(14.294)**	**308.533**
Payments Related with Provisions for Employee Benefits			
Employment termination benefit paid		(14.924)	(10.306)
Unused vacation paid		(10.585)	(9.254)
Performance premium paid		(21.475)	(16.399)
Lawsuits Provision Paid		(113)	(117)
Taxes Paid		(75.704)	(40.813)
Collections from Doubtful Trade Receivables	8	38	2
Net cash (used in)/generated from operating activities		**(137.057)**	**231.646**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible and intangible assets		29.248	2.871
Purchase of property, plant and equipment	12	(193.822)	(153.654)
Purchase of intangible assets	14	(4.359)	(1.281)
Changes in non-trade receivables from related parties		(68.193)	(23.921)
Dividend received		102	539
Interest received		151.225	92.240
Other advances given and payables		59.483	-
Repayments of other advances given and payables		-	(75.226)
Rent income		6.702	5.963
Proceeds from sales of other businesses or share of funds or debt instruments		40.746	-
Net cash generated from/(used in) investing activities		**21.132**	**(152.469)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		309.462	1.732.373
Repayments of borrowings		(719.296)	(604.510)
Cash outflows of repayments of other financial liabilities			
Change in leasing liabilities		-	(72)
Cash inflow from derivative instruments		1.901	5.083
Dividend paid		-	(71.917)
Commission paid		(19.490)	(4.778)
Interest paid		(182.187)	(70.844)
Change in non-trade payables to related parties		(239.907)	41.373
Net cash generated from/(used in) financing activities		**(849.517)**	**1.026.708**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(965.442)**	**1.105.885**
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS		**1.811.772**	**178.076**
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	**4.036.195**	**3.572.300**

The accompanying notes form an integral part of these condensed consolidated financial statements.

(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 Istanbul since 30 October 1996, as of 31 December 2003.

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

As of 30 September 2018, the total number of people employed by the Group is 8.761, which contains 1.034 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 September 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 September 2018 Percentage	Share	31 December 2017 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%**

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

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

As of 30 September 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:

	30 September 2018		31 December 2017		
Subsidiaries	**Ratio of Direct Ownership**	**Ratio of Effective Ownership**	**Ratio of Direct Ownership**	**Ratio of Effective Ownership**	**Nature of Operation**
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 8 November 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.

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 September 2018, rates declared by Central Bank of Republic of Turkey are;
1 EUR = 6,9505 TL, 1 USD 5,9902 TL, 1 EGP = 0,3346 TL, 1 SAR = 1,5973 TL,
1 KZT = 0,0165 TL, 1 AED = 1,6323 TL.
(31 December 2017: 1 EUR = 4,5155 TL, 1 USD 3,7719 TL; 1 EGP = 0,2123,
1 SAR = 1,0058 TL, 1 KZT = 0,0113 TL, 1 AED = 1,0278 TL).

For the period between 1 January 2018 and 30 September 2018, average rates declared by Central Bank of Republic of Turkey are;
1 EUR = 5,4737 TL, 1 USD = 4,6020 TL, 1 EGP = 0,2588 TL, 1 SAR = 1,2271 TL,
1 KZT = 0,0136 TL, 1 AED = 1,2540 TL
(1 January – 30 September 2017: 1 EUR = 3,9966 TL, 1 USD = 3,5936 TL, 1 EGP = 0,2011 TL,
1 SAR = 0,9582 TL, 1 KZT = 0,0111 TL, 1 AED = 0,9793 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.

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

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 September 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 Group has recognized marketable securities sale income amounting to TL 27.649 thousand and deferred tax expense amounting to TL 1.382 thousand in the condensed consolidated statement of income for the six-month period ended 30 June 2018, in equity under retained earnings and non controlling interests in accordance with TFRS 9.

The cross currency swaps are in place as at 31 December 2017 qualified as cash flow hedges under TFRS 9. Theh 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
Non-Current Assets	**3.529.902**	**110.736**	**3.640.638**
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**

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

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**

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

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**

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

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			
- Increases on Revaluation of Plant, Property and Equipment	5.232	-	5.232
- Actuarial loss on post employment termination benefit obligation	(16.687)	-	(16.687)
Other Comprehensive Income/Expense to be Reclassified to Profit and 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**

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

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):

1 January-30 September 2017	**Reported Previous Period 1 January-30 September 2017**	**Effects of Restatement with Eliminations**	**Restated Previous Period 1 January-30 September 2017**
Profit or Loss			
Revenue	3.358.199	165.311	3.523.510
Cost of Sales	(2.554.261)	(27.455)	(2.581.716)
GROSS PROFIT FROM OPERATIONS	**803.938**	**137.856**	**941.794**
General Administrative Expenses	(95.980)	(8.785)	(104.765)
Marketing, Sales and Distribution Expenses	(307.437)	(74.693)	(382.130)
Research Expenses	(9.525)	-	(9.525)
Other Operating Income	37.845	-	37.845
Other Operating Expenses	(33.468)	(700)	(34.168)
OPERATING PROFIT FROM MAIN OPERATION	**395.373**	**53.678**	**449.051**
Income from Investment Activities	297.856	287	298.143
Expenses from Investment Activities	(21.072)	-	(21.072)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	**672.157**	**53.965**	**726.122**
Financial Income	22.713	125	22.838
Financial Expenses	(358.675)	(7.961)	(366.636)
PROFIT BEFORE TAX	**336.195**	**46.129**	**382.324**
Tax Expense	**(54.328)**	**(2.384)**	**(56.712)**
Tax on Income	(58.961)	(2.034)	(60.995)
Deferred Tax Income	4.633	(350)	4.283
PROFIT FOR THE YEAR	**281.867**	**43.745**	**325.612**
Other Comprehensive Income:			
Items not to be Reclassified Under Profit and Loss	**(1.562)**	**-**	**(1.562)**
Actuarial Gain/(Loss) on Post-Employment Termination Benefit Obligation	(1.953)	-	(1.953)
Actuarial Gain/(Loss) on Post-Employment Termination Benefit Obligation, Deferred Tax Effect	391	-	391
Items not to be Reclassified to Profit or Loss	**15.871**	**16.106**	**31.977**
Currency Translation Adjustments	1.672	16.105	17.777
Other Comprehensive Income Related with Fair Value Revaluation	15.010	1	15.011
Cash Flow Hedges	(75)	-	(75)
Other Comprehensive Income Related with Fair Value Revaluation, Deferred Tax Effect	(751)	-	(751)
Cash Flow Hedges, Deferred Tax Effect	15	-	15
OTHER COMPREHENSIVE INCOME	**14.309**	**16.106**	**30.415**
TOTAL COMPREHENSIVE INCOME	**296.176**	**59.851**	**356.027**

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 September 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.

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 September 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 reminder 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.

(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:

Net Assets within the Scope of Consolidation	31 December 2017 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.

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

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.

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

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:

Net Assets within the Scope of Consolidation	**31 December 2016 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)**

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

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 September 2018 and 1 January - 30 September 2017 is as follows;

	Domestic	**Foreign**	**1 January- 30 September 2018**
Revenue	2.717.879	1.502.900	4.220.779
Gross Profit	566.363	590.344	1.156.707
Operating Profit (*)	312.958	240.205	553.163
EBITDA (**)	369.640	291.040	660.680
EBITDA/Revenue	13,6%	19,4%	15,7%
Investment expenditures	94.294	103.887	198.181

	Domestic	**Foreign**	**1 January- 30 September 2017**
Revenue	2.351.468	1.172.042	3.523.510
Gross Profit	511.870	429.924	941.794
Operating Profit (*)	282.866	162.508	445.374
EBITDA (**)	333.567	197.604	531.171
EBITDA/Revenue	14,2%	16,9%	15,1%
Investment expenditures	123.178	31.757	154.935

(*) 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.

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

5. CASH AND CASH EQUIVALENTS

	30 September 2018	31 December 2017	31 December 2016
Cash on hand	1.020	822	1.712
Demand deposits	209.674	73.925	55.389
Time deposits	3.825.501	3.115.118	2.231.238
	4.036.195	**3.189.865**	**2.288.339**

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	30 September 2018
TL	18,68%	October 2018	17.710
EUR	1,60%	October 2018	18.839
USD	3,11%	October 2018	3.781.991
GBP	0,25%	October 2018	5.075
EGP	13,97%	October 2018	1.721
KZT	9,00%	October 2018	165
			3.825.501

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

Short Term Financial Investments	30 September 2018	31 December 2017	31 December 2016
Available for sale financial assets	734	619	755
	734	**619**	**755**

Long Term Financial Investments	30 September 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 Available for Sale Financial Assets	30 September 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**

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

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 September 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.

7. FINANCIAL LIABILITIES

	30 September 2018	31 December 2017	31 December 2016
Short Term Liabilities	192.618	433.371	544.791
Short Term Portion of Long Term Liabilities	219.539	457.356	1.821.637
Long Term Liabilities	5.762.607	3.419.676	586.498
	6.174.764	**4.310.403**	**2.952.926**

Short Term Liabilities	**30 September 2018**	**31 December 2017**	**31 December 2016**
Bank Loans	134.735	403.277	514.162
Funds Borrowed from Related Parties (Note 22)	57.883	30.094	30.629
	192.618	**433.371**	**544.791**

Short Term Portion of Long Term Liabilities	**30 September 2018**	**31 December 2017**	**31 December 2016**
Bank Loans	219.539	457.356	1.821.631
Financial Lease Payables	-	-	6
	219.539	**457.356**	**1.821.637**

Long Term Liabilities	**30 September 2018**	**31 December 2017**	**31 December 2016**
Bank Loans	5.762.607	3.419.676	586.432
Financial Lease Payables	-	-	66
	5.762.607	**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.

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

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 September 2018

Currency Type	Maturity	Effective Weighted Average Interest Rate	Short Term	Long Term
TL	October 2018	27,11%	57.884	-
EUR	October 2018- May 2023	2,96%	125.850	4.048.074
USD	October 2018- November 2020	5,34%	199.264	1.429.784
EGP	November 2018-September 2019	18,75%	2.091	-
KZT	October 2018- December 2023	9,50%	17.272	275.165
SAR	October 2018-July 2020	4,16%	9.796	9.584
			412.157	**5.762.607**

31 December 2017

Currency Type	Maturity	Effective Weighted Average Interest Rate	Short Term	Long Term
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	891.589
EGP	March 2018-September2019	20,75%	2.612	1.146
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

Currency Type	Maturity	Effective Weighted Average Interest Rate	Short Term	Long Term
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 September 2018	31 December 2017	31 December 2016
to be paid within 1 year	412.157	890.727	2.366.422
to be paid within 1-2 years	2.704.320	60.075	510.947
to be paid within 2-3 years	2.674.132	3.236.741	32.255
to be paid within 3-4 years	157.799	37.803	43.230
to be paid within 4-5 years	157.559	37.803	-
Above 5 years	68.797	47.254	-
	6.174.764	**4.310.403**	**2.952.854**

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

8. TRADE RECEIVABLES AND PAYABLES

	30 September 2018	31 December 2017	31 December 2016
Short Term Due from Related Parties			
Due from related parties (Note 22)	1.450.097	534.993	587.415
	1.450.097	**534.993**	**587.415**
Other Trade Receivables			
Trade receivables	413.442	249.715	182.068
Notes receivables	241	426	1.043
Provision for doubtful receivables	(13.716)	(8.212)	(7.260)
	399.967	**241.929**	**175.851**
Total Short Term Trade Receivables	**1.850.064**	**776.922**	**763.266**

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

	1 January - 30 September 2018	1 January - 30 September 2017
Opening balance	(8.212)	(7.260)
Charge for the period	(1.099)	(105)
Reversal of provision	57	1.415
Currency translation adjustments	(4.500)	(65)
Collections	38	2
Closing balance	**(13.716)**	**(6.013)**

	30 September 2018	31 December 2017	31 December 2016
Short Term Trade Payables			
Due to related parties (Not 22)	490.274	353.465	341.189
Trade payables	537.218	591.861	328.310
	1.027.492	**945.326**	**669.499**

9. OTHER RECEIVABLES AND PAYABLES

	30 September 2018	31 December 2017	31 December 2016
Other Receivables			
Due from related parties (Note 22)	68.621	428	5.845
Other short term receivables	48.076	23.814	20.716
	116.697	**24.242**	**26.561**

	30 September 2018	31 December 2017	31 December 2016
Other Short Term Receivables			
VAT receivables	27.645	16.834	11.969
Deposits and guarantees given	13.502	1.172	502
Receivables from personnel	1.870	1.695	1.369
Other	5.059	4.113	6.876
	48.076	**23.814**	**20.716**

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

9. OTHER RECEIVABLES AND PAYABLES (cont'd)

	30 September 2018	31 December 2017	31 December 2016
Other Long Term Receivables			
Deposits and guarantees given	-	183	271
	-	**183**	**271**

	30 September 2018	31 December 2017	31 December 2016
Other Payables			
Due to related parties (Note 22)	66.284	193.060	192.333
Other short term payables	44.618	8.088	7.005
	110.902	**201.148**	**199.338**

	30 September 2018	31 December 2017	31 December 2016
Other short term payables			
Deposits and guarantees received	3.801	3.791	2.870
Other short term payables	40.817	4.297	4.135
	44.618	**8.088**	**7.005**

10. INVENTORIES

Details of inventory are as follows:

	30 September 2018	31 December 2017	31 December 2016
Raw materials	234.440	295.515	204.061
Work in progress	22.906	14.184	10.533
Finished goods	218.480	210.272	164.101
Trade goods	71.449	32.374	8.181
Other inventories	49.251	41.298	29.801
Allowance for impairment on inventory (-)	(12.053)	(10.062)	(10.403)
	584.473	**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 September 2018 and 2017 are below:

	1 January-30 September 2018	1 January-30 September 2017
Opening balance	(10.062)	(10.403)
Charge for the period	(3.221)	(1.952)
Used allowance	1.895	2.770
Currency translation differencies	(665)	(261)
Closing balance	**(12.053)**	**(9.846)**

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

11. INVESTMENT PROPERTIES

	1 January-30 September 2018	**1 January-30 September 2017**
Opening balance	16.196	14.588
Charge for the period	-	(17)
Closing balance	**16.196**	**14.571**

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 972 thousand (30 September 2017: TL 859 thousand) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 59 thousand (30 September 2017: TL 53 thousand).

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

12. TANGIBLE ASSETS

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

Cost	**1 January 2018**	**Addition**	**Disposal**	**Transfers (Note 14)**	**Currency Translation Differences**	**30 September 2018**
Land	731.004	-	(14.810)	-	13.676	729.870
Buildings	753.909	3.730	(151.959)	28.245	66.733	700.658
Machinery, plant and equipment	1.566.324	27.572	(7.835)	172.117	239.383	1.997.561
Vehicles	10.787	129	(965)	255	3.234	13.440
Furniture and fixture	79.633	3.354	(171)	1.333	9.860	94.009
Leasehold improvements	37.362	1.671	-	-	99	39.132
Other tangible assets	556	-	-	-	327	883
Construction in progress	189.912	157.366	(3.768)	(204.534)	16.072	155.048
	3.369.487	**193.822**	**(179.508)**	**(2.584)**	**349.384**	**3.730.601**

Accumulated Depreciation	**1 January 2018**	**Charge for the Period**	**Disposal**	**Transfers (Note 14)**	**Currency Translation Differences**	**30 September 2018**
				-		
Buildings	(440.109)	(12.290)	142.719	-	(29.000)	(338.680)
Machinery, plant and equipment	(750.452)	(83.740)	5.730	-	(108.968)	(937.430)
Vehicles	(5.281)	(1.184)	718	-	(2.232)	(7.979)
Furniture and fixture	(58.599)	(5.124)	115	-	(7.394)	(71.002)
Leasehold improvements	(15.981)	(2.597)	-	-	(18)	(18.596)
Other tangible assets	(285)	(45)	-	-	(730)	(1.060)
	(1.270.707)	**(104.980)**	**149.282**	**-**	**(148.342)**	**(1.374.747)**
Net Book Value	**2.098.780**					**2.355.854**

From depreciation and amortization expenses, TL 98.855 thousand (30 September 2017: TL 77.389 thousand) is included in cost of goods sold, TL 384 thousand (30 September 2017: TL 266 thousand) is included in research and development expenses, TL 1.844 thousand (30 September 2017: TL 1.702 thousand) is included in marketing and selling expenses, TL 6.434 thousand (30 September 2017: TL 6.440 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 September 2017: TL 232 thousand interest, TL 3.082 thousand foreign exchange loss).

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

12. TANGIBLE ASSETS (cont'd)

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

Cost	**1 January 2017**	**Addition**	**Disposals**	**Transfers (Note 14)**	**Currency Translation Differences**	**30 September 2017**
Land	129.067	-	-	-	209	129.276
Buildings	275.548	876	(112)	9.079	795	286.186
Machinery, plant and equipment	1.319.327	18.161	(25.730)	94.150	2.525	1.408.433
Vehicles	9.774	860	(637)	-	9	10.006
Furniture and fixture	68.459	3.576	(343)	1.172	60	72.924
Leasehold improvements	25.775	880	-	4.807	24	31.486
Other tangible assets	4.413	125	(4.507)	-	280	311
Construction in progress	168.355	129.176	(946)	(109.224)	3.485	190.846
	2.000.718	**153.654**	**(32.275)**	**(16)**	**7.387**	**2.129.468**

Accumulated Depreciation	**1 January 2017**	**Charge for the Period**	**Disposals**	**Transfers (Note 14)**	**Currency Translation Differences**	**30 September 2017**
Buildings	(126.469)	(9.975)	112	-	(244)	(136.576)
Machinery, plant and equipment	(682.947)	(67.186)	24.974	-	(1.187)	(726.346)
Vehicles	(4.395)	(876)	564	-	(24)	(4.731)
Furniture and fixture	(49.680)	(5.120)	224	-	443	(54.133)
Leasehold improvements	(14.049)	(1.965)	-	-	4	(16.010)
Other tangible assets	(4.413)	(81)	3.783	-	(83)	(794)
	(881.953)	**(85.203)**	**29.657**	**-**	**(1.091)**	**(938.590)**
Net Book Value	**1.118.765**					**1.190.878**

There are not any fixed assets acquired through financial leasing for the nine-month period ended as of 30 September 2017. There is not any mortgage or collateral on tangible assets.

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

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 September 2018	**30 September 2017**
1 January	253.507	215.513
Currency translation adjustments	136.107	21.402
Closing	**389.614**	**236.915**

Goodwill details are as follow:

Company	**30 September 2018**	**31 December 2017**	**31 December 2016**
UI Mena B.V.	374.779	243.854	207.307
IBC	14.835	9.653	8.206
	389.614	**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.

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

14. INTANGIBLE ASSETS

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

Cost	**1 January 2018**	**Addition**	**Transfers (Note 12)**	**Currency Translation Differences**	**30 September 2018**
Rights (*)	185.326	4.305	2.533	105.263	297.427
Other intangible assets	3.120	54	51	-	3.225
	188.446	**4.359**	**2.584**	**105.263**	**300.652**

Accumulated Amortization	**1 January 2018**	**Charge for the Period**	**Transfers (Note 12)**	**Currency Translation Differences**	**30 September 2018**
Rights	(2.608)	(2.251)	-	(657)	(5.516)
Other intangible assets	(2.959)	(286)	-	-	(3.245)
	(5.567)	**(2.537)**	**-**	**(657)**	**(8.761)**
Net Book Value	**182.879**				**291.891**

Movements of intangible assets between 1 January 2017 - 30 September 2017 are as follows:

Cost	**1 January 2017**	**Addition**	**Transfers (Note 12)**	**Currency Translation Differences**	**30 September 2017**
Rights (*)	168.785	1.205	-	3.787	173.777
Development Costs	675	-	-	-	675
Other intangible assets	3.031	76	16	-	3.123
	172.491	**1.281**	**16**	**3.787**	**177.575**

Accumulated Amortization	**1 January 2017**	**Charge for the Period**	**Transfers (Note 12)**	**Currency Translation Differences**	**30 September 2017**
Rights	(2.330)	(178)	-	4	(2.504)
Development costs	(357)	(101)	-	-	(458)
Other intangible assets	(2.105)	(298)	-	-	(2.403)
	(4.792)	**(577)**	**-**	**4**	**(5.365)**
Net Book Value	**167.699**				**172.210**

(*) As of 30 September 2018, Rights contain reacquired rights related with Saudi Arabia distribution agreements of Groups products in Saudi Arabia amounting to TL 238.338 (30 September 2017: TL 141.331), TL 46.847 (30 September 2017: TL 28.487) 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.

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

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 September 2018			31 December 2017		
	TL	USD	EUR	TL	USD	EUR
A) CPM's given in the name of own legal personality (*)	420.988	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	**421.214**	**67.997**	**184.216**	**186.472**	**1.187**	**152.922**

(*) Non-cash risks amounting to TRY 102,2 million and USD 25,5 million.
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 TRY 511,1 million and TRY 72,4 million 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.

(**) 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 September 2018 (31 December 2017: 0%).

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

16. REVENUE AND COST OF SALES

The detail of operational income is as follow:

	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July - 30 September 2017
Domestic sales (*)	4.698.549	1.632.250	3.834.487	1.222.984
Export sales	793.198	288.133	714.997	168.586
Sales returns and discounts (-)	(1.270.968)	(457.200)	(1.025.974)	(329.259)
Sales Income (net)	**4.220.779**	**1.463.183**	**3.523.510**	**1.062.311**
Cost of merchandises sold	(2.972.214)	(1.048.993)	(2.333.049)	(657.873)
Cost of trade goods sold	(91.858)	(3.604)	(248.667)	(121.919)
Cost of sales	**(3.064.072)**	**(1.052.597)**	**(2.581.716)**	**(779.792)**
Gross Profit	**1.156.707**	**410.586**	**941.794**	**282.519**

(*) Denotes domestic sales in Turkey and in countries where abroad subsidiaries are located.

17. EXPENSES BY NATURE

The detail of operating expenses is as follow:

	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July - 30 September 2017
General Administrative Expenses				
Personnel expenses	(55.295)	(19.739)	(51.969)	(16.711)
Operating expenses (*)	(26.601)	(8.453)	(26.082)	(7.533)
Consultancy expenses	(10.171)	(4.822)	(3.234)	(2.172)
Depreciation and amortization expenses	(6.434)	(2.376)	(6.440)	(1.651)
Other	(15.676)	(4.210)	(17.040)	(5.323)
	(114.177)	**(39.600)**	**(104.765)**	**(33.390)**
Marketing Expenses				
Marketing operating expenses	(358.619)	(125.910)	(293.458)	(79.398)
Personnel expenses	(80.172)	(29.806)	(60.541)	(19.780)
Rent expenses	(4.239)	(1.280)	(4.881)	(2.229)
Depreciation and amortization expenses	(1.844)	(637)	(1.702)	(550)
Other	(34.625)	(13.561)	(21.548)	(3.977)
	(479.499)	**(171.194)**	**(382.130)**	**(105.934)**
Research Expenses				
Personnel expenses	(6.682)	(2.138)	(5.845)	(1.935)
Materials used	(784)	(252)	(1.040)	(231)
Depreciation and amortization expenses	(384)	(155)	(266)	(90)
Other	(2.018)	(548)	(2.374)	(933)
	(9.868)	**(3.093)**	**(9.525)**	**(3.189)**

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

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

18. FINANCIAL INCOME

	1 January-30 September 2018	1 July-30 September 2018	1 January-30 September 2017	1 July - 30 September 2017
Foreign exchange gain	436.160	420.353	15.436	1.804
Income from derivative instruments	1.901	-	6.909	-
Other	728	587	493	(269)
	438.789	**420.940**	**22.838**	**1.535**

19. FINANCIAL EXPENSES

	1 January-30 September 2018	1 July-30 September 2018	1 January-30 September 2017	1 July - 30 September 2017
Foreign exchange losses from financing	(2.215.143)	(1.549.304)	(206.224)	(102.787)
Interest expenses	(237.930)	(85.644)	(147.377)	(68.184)
Loss from derivative instruments	-	-	(1.826)	(379)
Other	(26.130)	(13.781)	(11.209)	(4.232)
	(2.479.203)	**(1.648.729)**	**(366.636)**	**(175.582)**

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).

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

20. TAX ASSET AND LIABILITIES (cont’d)

Deferred tax bases:

	30 September 2018	31 December 2017	31 December 2016	30 September 2018	31 December 2017	31 December 2016
Indexation and useful life differences of tangible and intangible asets	-	-	-	1.064.668	985.873	209.965
Investment properties valuation differences	-	-	-	16.300	16.300	13.036
Marketable securities valuation differences	-	-	-	751.666	785.074	732.878
Derivative instruments	-	-	-	490.183	55.912	-
Profit elimination on inventories	(3.767)	(1.970)	(3.532)	-	-	-
Discount of trade receivables / payables (net)	-	-	-	2.132	13.895	1.319
Allowance of employee termination benefits	(85.485)	(70.497)	(64.159)	-	-	-
Provision for doubtful receivables	(1.974)	(1.116)	(1.324)	-	-	-
Previous year losses	(200.684)	(54.288)	(51.251)	-	-	-
Provision for lawsuits	(6.173)	(6.060)	(5.547)	-	-	-
Impairment on inventories	(11.293)	(10.062)	(7.019)	-	-	-
Performance premium provision	(4.570)	(2.345)	-	-	-	-
Provision for unused vacation	(14.647)	(13.507)	(11.883)	-	-	-
Other	(94.238)	(20.321)	(13.013)	19.252	27.468	4.105
	(422.831)	**(180.166)**	**(157.728)**	**2.344.201**	**1.884.522**	**961.303**

Deferred tax (assets) / liabilities:

	30 September 2018	31 December 2017	31 December 2016	30 September 2018	31 December 2017	31 December 2016
Indexation and useful life differences of tangible and intangible assets	-	-	-	144.331	126.359	41.993
Investment properties valuation differences	-	-	-	1.630	1.630	652
Marketable securities valuation differences	-	-	-	37.583	39.254	36.644
Derivative instruments	-	-	-	107.840	11.182	-
Profit elimination on inventories	(829)	(394)	(706)	-	-	-
Discount of trade receivables / payables (net)	-	-	-	469	2.779	264
Allowance of employee termination benefits	(17.097)	(14.099)	(12.832)	-	-	-
Provision for doubtful receivables	(434)	(223)	(265)	-	-	-
Previous year losses	(42.562)	(10.858)	(10.250)	-	-	-
Provision for lawsuits	(1.358)	(1.212)	(1.109)	-	-	-
Impairment on inventories	(2.484)	(2.012)	(1.404)	-	-	-
Performance premium provision	(1.005)	(469)	-	-	-	-
Investment incentive	(37.133)	(51.039)	(44.286)	-	-	-
Provision for unused vacation	(3.222)	(2.701)	(2.377)	-	-	-
Other	(20.732)	(4.065)	(2.603)	4.235	5.494	821
	(126.856)	**(87.072)**	**(75.832)**	**296.088**	**186.698**	**80.374**

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

20. TAX ASSET AND LIABILITIES (cont’d)

Deferred tax (assets) / liabilities:

Movement of Deferred Tax Liabilities:

	1 January – 30 September 2018	1 January – 30 September 2017
Opening balance	99.626	4.542
Taxes netted from funds recognised under equity	23.716	345
Currency translation adjustments	3.115	(109)
Deferred tax expense/(income)	42.775	(4.283)
	169.232	**495**

As of 30 September 2018, the Group calculated deferred tax assets of TL 200.684 thousand for deductible financial losses in the consolidated financial statements for the current period (31 December 2017: TL 54.288 thousand). The maturities of these losses are as follows:

	30 September 2018	31 December 2017	31 December 2016
2017	-	-	832
2023	121.247	-	-
2025	79.437	54.288	50.419
Total	**200.684**	**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 September 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 5 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.

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

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: exempt).

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 September 2018 and 31 December 2017 is as follows:

	30 September 2018	**31 December 2017**	**31 December 2016**
Total corporate tax provision	(126.673)	(68.413)	(60.032)
Prepaid taxes and funds	56.840	46.936	44.770
Tax provision in the balance sheet	**(69.833)**	**(21.477)**	**(15.262)**

	1 January – 30 September 2018	**1 January – 30 September 2017**
Current year corporate tax provision	123.842	60.995
Deferred tax expense/(income)	42.775	(4.283)
Tax expense in the income statement	**166.617**	**56.712**

21. EARNINGS PER SHARE

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

	1 January – 30 September 2018	**1 January – 30 September 2017**
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net profit	568.097	290.329
Basic Earnings per Share (TL 1 per value each)	**1,66**	**0,85**

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

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	30 September 2018	31 December 2017	31 December 2016
Trade receivables	1.450.097	534.993	587.415
Non-trade receivables	68.621	428	5.845
	1.518.718	**535.421**	**593.260**

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

	30 September 2018		31 December 2017		31 December 2016	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder						
Yıldız Holding A.Ş.	426	-	-	-	327	2.917
Other Companies Controlled by the Principle Shareholder						
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	835.890	-	165.982	-	286.184	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	379.249	-	221.851	-	209.964	-
Teközel Gıda T. Sağ. Mrk. Hiz. San. Tic. A.Ş.	10.568	-	38.642	-	46.952	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	71.620	-	27.862	-	19.055	-
United Biscuits (UK) Ltd.	18.819	18	53.996	-	12.315	942
Misbis Gıda San. Tic. A.Ş.	-	67.907	-	-	1.991	1.619
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	63.754	-	-	-	-	-
Other	69.771	696	26.660	428	10.627	367
	1.450.097	**68.621**	**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 September 2018	31 December 2017	31 December 2016
Önem Gıda San. ve Tic. A.Ş.	101.613	97.094	78.047
	101.613	**97.094**	**78.047**

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

	30 September 2018	31 December 2017	31 December 2016
Trade payables	490.274	353.465	341.189
Non-trade payables	66.284	240.809	825.730
	556.558	**594.274**	**1.166.919**

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

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

The detail of payables to related parties is as follows:

	30 September 2018		31 December 2017		31 December 2016	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**	**Trade**	**Non-Trade**
Principle Shareholder						
Yıldız Holding A.Ş.	46.518	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.	28.800	699	12.174	240.680	-	799.842
Önem Gıda San. ve Tic. A.Ş.	281.459	24	214.662	-	226.852	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	57.558	-	58.383	-	56.675	-
Marsa Yağ San. ve Tic. A.Ş.	10.303	-	20.017	-	15.411	-
CCC Gıda San. ve Tic. A.Ş.	31.677	-	14.022	-	10.409	-
Other	33.959	2.550	15.410	129	18.956	25.888
	490.274	**66.284**	**353.465**	**240.809**	**341.189**	**825.730**

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

	30 September 2018	31 December 2017	31 December 2016
Yıldız Holding A.Ş.	57.883	30.094	30.629
	57.883	**30.094**	**30.629**

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

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 September 2018		1 July - 30 September 2018		1 January - 30 September 2017		1 July - 30 September 2017	
	Purchases	**Sales**	**Purchases**	**Sales**	**Purchases**	**Sales**	**Purchases**	**Sales**
Other Companies Controlled by the Principle Shareholder								
Önem Gıda San. ve Tic. A.Ş.	898.962	370	299.855	356	814.471	-	198.143	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	174.019	1.563	67.711	1.563	165.455	13	42.832	13
Marsa Yağ San. ve Tic. A.Ş.	52.236	-	20.132	-	44.000	86	12.293	4
Pendik Nişasta San. A.Ş.	37.592	-	8.212	-	32.599	-	6.358	-
CCC Gıda San. ve Tic. A.Ş.	12.947	-	3.790	-	15.155	-	3.583	-
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	216	37.019	43	-	17	75.764	1	24.199
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	753.441	-	247.204	221	745.077	75	235.034
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	2.134	1.730.638	972	569.196	1.544	1.449.085	757	464.432
United Biscuits (UK) Ltd.	58.485	60.839	26.549	30.656	17.935	54.738	17.935	13.987
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	84.745	-	45.518	-	-	-	-
Other	15.014	155.254	5.391	67.378	23.799	87.101	5.563	26.748
	1.251.605	**2.823.869**	**432.655**	**961.871**	**1.115.196**	**2.411.864**	**287.541**	**764.416**

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..

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

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 nine months period ended 30 September 2018:

	Rent Income/(Expense) (Net)	Service Income/(Expense) (Net)	Interest and Foreign Exchange Gain/(Loss) (Net)
Principle Shareholder			
Yıldız Holding A.Ş.	(594)	(117.140)	483.313
Other Companies Controlled by the Principle Shareholder			
Besler Gıda ve Kimya San. Ve Tic. A.Ş.	-	20	(3.054)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	15	(11.992)	31.344
Önem Gıda San. ve Tic. A.Ş.	2.313	(27.950)	813
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	79	(10.053)	10.064
İzsal Gayrimenkul Geliştirme A.Ş.	(1.346)	(1.389)	-
United Biscuits (UK) Ltd.	-	(2.238)	4.942
CCC Gıda San. ve Tic. A.Ş.	-	(333)	(9.904)
Other	415	(803)	20.154
	882	**(171.878)**	**537.672**

For the 3 months period between 1 July and 30 September 2018:

	Rent Income/(Expense) (Net)	Service Income/(Expense) (Net)	Interest and Foreign Exchange Gain/(Loss) (Net)
Principle Shareholder			
Yıldız Holding A.Ş.	(46)	(42.599)	211.561
Other Companies Controlled by the Principle Shareholder			
Besler Gıda ve Kimya San. Ve Tic. A.Ş.	-	(12)	(1.522)
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	12	(4.289)	20.293
Önem Gıda San. ve Tic. A.Ş.	750	(10.832)	(946)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	25	(3.228)	8.305
İzsal Gayrimenkul Geliştirme A.Ş.	(453)	(421)	-
United Biscuits (UK) Ltd.	-	(1.140)	5.032
CCC Gıda San. ve Tic. A.Ş.	-	(313)	(6.803)
Other	258	(61)	9.068
	546	**(62.895)**	**244.988**

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

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

For the nine months period ended 30 September 2017:

	Rent Income/(Expense) (Net)	Service Income/(Expense) (Net)	Interest and Foreign Exchange Gain/(Loss) (Net)
Principle Shareholder			
Yıldız Holding A.Ş.	41	(95.252)	168.269
Other Companies Controlled by the Principle Shareholder			
Hüner Pazarlama San. ve Tic. A.Ş.	225	(58)	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	14	(7.902)	-
Önem Gıda San. ve Tic. A.Ş.	859	(25.848)	1.523
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	124	(5.782)	-
İzsal Gayrimenkul Geliştirme A.Ş.	(1.070)	(684)	-
United Biscuits (UK) Ltd.	(649)	(2.583)	(7.673)
Other	310	541	2.635
	(146)	**(137.568)**	**164.754**

For the 3 months period between 1 July and 30 September 2017:

	Rent Income/(Expense) (Net)	Service Income/(Expense) (Net)	Interest and Foreign Exchange Gain/(Loss) (Net)
Principle Shareholder			
Yıldız Holding A.Ş.	9	(31.267)	59.954
Other Companies Controlled by the Principle Shareholder			
Hüner Pazarlama San. ve Tic. A.Ş.	-	(104)	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	5	(3.094)	-
Önem Gıda San. ve Tic. A.Ş.	609	(6.637)	1.159
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	33	(1.735)	-
İzsal Gayrimenkul Geliştirme A.Ş.	(376)	(274)	-
United Biscuits (UK) Ltd.	-	(2.060)	(5.543)
Other	(39)	(133)	(11)
	241	**(45.304)**	**55.559**

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

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

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

	30 September 2018	**30 September 2017**
Fees and other short term benefits	22.115	16.136
	22.115	**16.136**

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.

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

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 September 2018					
	TL Equivalent	**USD**	**EUR**	**GBP**	**CHF**	**DKK**
1. Trade Receivables	170.661	20.692	6.305	370	-	-
2a. Monetary Financial Assets	4.785.262	794.085	3.272	737	2	27
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	10.226	720	815	31	1	-
4. CURRENT ASSETS	**4.966.149**	**815.497**	**10.392**	**1.138**	**3**	**27**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. 2b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	25.507	891	2.894	7	-	-
8. NON-CURRENT ASSETS	**25.507**	**891**	**2.894**	**7**	**-**	**-**
9. TOTAL ASSETS	**4.991.656**	**816.388**	**13.286**	**1.145**	**3**	**27**
10. Trade Payables	165.951	11.768	13.162	481	36	-
11. Financial Liabilities	325.117	33.265	18.107	-	-	-
12a. Other Monetary Financial Liabilities	78	-	-	10	-	-
12b. Other Non-monetary Financial Liabilities	15.444	2.204	281	37	-	-
13. CURRENT LIABILITIES	**506.590**	**47.237**	**31.550**	**528**	**36**	**-**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	5.477.858	238.687	582.415	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**5.477.858**	**238.687**	**582.415**	**-**	**-**	**-**
18. TOTAL LIABILITIES	**5.984.448**	**285.924**	**613.965**	**528**	**36**	**-**
19. Net Assets of Off Statement of Financial Position (19a-19b)	**903.378**	**116.000**	**30.000**	**-**	**-**	**-**
19a. Net Assets of Statement of Off Balance Sheet	-	-	-	-	-	-
19b. Net Liabilities of Statement of Off Balance Sheet	(903.378)	(116.000)	(30.000)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(89.414)**	**646.464**	**(570.679)**	**617**	**(33)**	**27**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(1.013.081)**	**531.057**	**(604.107)**	**616**	**(34)**	**27**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	490.183	61.927	17.154	-	-	-
23. Instruments Used to Hedge the Foreign Currency Position Currency Assets	-	-	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-	-	-

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

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	-	-	-	-	-	-

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

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 nine-month periods are presented below:

	1 January - 30 September 2018	**1 January - 30 September 2017**
Total exports	793.198	714.997
Total imports	254.580	269.495

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

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 September 2018		**30 September 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	387.600	(387.600)	6.940	(6.940)
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1 +2)	**387.600**	**(387.600)**	**6.940**	**(6.940)**
In case of %10 appreciation of EUR against TL				
4 - EUR net asset / liability	(399.033)	399.033	8.191	(8.191)
5 - Part of hedged from EUR risk (-)				
6- EUR net effect (4+5)	**(399.033)**	**399.033**	**8.191**	**(8.191)**
Total (3 + 6)	**(11.433)**	**11.433**	**15.131**	**(15.131)**

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

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:

		Fair value hierarchy as of reporting date		
Financial assets	**30 September 2018**	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Financial assets at fair value through profit and loss				
- Shares	734	734	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	934.283	-	934.283	-
- Derivative instruments	490.183	-	490.183	-
- Land and buildings	730.465	-	730.465	-
Total	**2.155.665**	**734**	**2.154.931**	**-**

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

24. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments (cont'd)

Financial assets	31 December 2017	Fair value hierarchy as of reporting date Level 1 TL	Level 2 TL	Level 3 TL
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**	**-**

Financial assets	31 December 2016	Fair value hierarchy as of reporting date Level 1 TL	Level 2 TL	Level 3 TL
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	-
Total	**929.355**	**30.116**	**899.239**	**-**

25. EVENTS AFTER THE BALANCE SHEET DATE

None.