

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019**

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

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2019 AND 31 DECEMBER 2018

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

ASSETS	Notes	Unaudited Current Period 31 March 2019	Audited Previous Period 31 December 2018
Current Assets		7.280.022	6.391.831
Cash and Cash Equivalents	5	3.830.006	3.378.761
Financial Investments	6	751	702
Trade Receivables			
- Due From Related Parties	8-22	1.864.947	1.564.689
- Other Trade Receivables	8	426.447	334.397
Other Receivables			
- Due From Related Parties	9-22	686	627
- Other Receivables	9	48.062	38.554
Derivatives Instruments		379.683	323.087
Inventories	10	596.242	604.554
Prepaid Expenses			
- Due To Related Parties	22	16.561	36.368
- Other Prepaid Expenses		53.001	39.690
Current Income Tax Assets		477	16.899
Other Current Assets		63.159	53.503
Non-Current Assets		4.363.012	4.278.041
Financial Investments	6	1.340.221	1.340.221
Other Receivables			
- Other Receivables	9	3.373	234
Investment Properties	11	21.036	21.036
Tangible Assets	12	2.297.472	2.276.366
Intangible Assets			
- Goodwill	13	366.036	331.975
- Other Intangible Assets	14	277.348	257.758
Prepaid Expenses		7.065	9.628
Deferred Tax Assets	20	50.461	40.823
TOTAL ASSETS		11.643.034	10.669.872

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2018 AND 31 DECEMBER 2018

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

		Unaudited Current Period 31 March 2019	Audited Previous Period 31 December 2018
LIABILITIES	Notes		
Current Liabilities		2.052.784	1.844.865
Short Term Financial Liabilities	7	77.245	85.519
Short Term Portion of Long Term Financial Liabilities	7	392.560	369.129
Trade Payables			
- Due to related parties	8-22	524.161	520.308
- Other trade payables	8	564.839	593.789
Employee Benefit Related Liabilities		50.087	33.332
Other Payables			
- Due to Related Parties	9-22	2.699	1.177
- Other Payables	9	6.447	5.631
Deferred Revenue		26.018	37.351
Current Income Tax Liabilities	20	123.983	15.214
Short Term Provisions			
- Short Term Provisions for Employee Benefits		59.889	51.301
- Other Short Term Provisions		196.152	90.968
Other Current Liabilities		28.704	41.146
Non-Current Liabilities		5.464.900	5.145.275
Long Term Financial Liabilities	7	5.087.497	4.791.105
Other Liabilities			
- Due to Related Parties		-	-
Long Term Provisions			
- Long Term Provisions for Employee Benefits		128.770	115.344
Deferred Tax Liabilities	20	248.633	238.826
SHAREHOLDERS' EQUITY		4.125.350	3.679.732
Equity Attributable To Equity Holders' of the Parent		3.690.938	3.296.237
Share Capital		342.000	342.000
Inflation Adjustments to Share Capital		108.056	108.056
Effect of Business Combinations Under Common Control		(498.670)	(498.670)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Increases on Revaluation of Plant , Property and Equipment		647.779	647.779
- Actuarial Gains and Losses on Post-Employment Termination Benefit Obligation		(21.173)	(21.173)
-Gains from Financial Assets Measured at fair Value through other comprehensive income		1.099.942	1.099.942
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments		(70.535)	(89.429)
- Cash Flow Hedges		62.812	52.481
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income			
Restricted Reserves		131.587	131.587
Retained Earnings		1.523.664	822.885
Net Profit for the Period		365.476	700.779
Non-Controlling Interest		434.412	383.495
TOTAL LIABILITIES AND EQUITY		11.643.034	10.669.872

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 STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED
31 MARCH 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

		Unaudited Current Period 1 January - 31 March 2019	Restated (*) Unaudited Previous Period 1 January - 31 March 2018
	Notes		
Revenue	16	1.942.360	1.407.690
Cost of Sales (-)	16	(1.404.188)	(1.026.471)
GROSS PROFIT FROM OPERATIONS		538.172	381.219
General Administrative Expenses	17	(38.613)	(34.708)
Marketing, Sales and Distribution Expenses	17	(206.804)	(152.376)
Research and Development Expenses	17	(3.836)	(3.645)
Other Operating Income		31.776	22.558
Other Operating Expenses		(24.314)	(24.283)
OPERATING PROFIT FROM MAIN OPERATIONS		296.381	188.765
Income from Investment Activities		553.322	315.845
Expenses from Investment Activities		(25.055)	(8.281)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		824.648	496.329
Financial Income	18	2.005	5.318
Financial Expenses	19	(322.380)	(305.709)
PROFIT BEFORE TAX		504.273	195.938
Tax Expense	20	(104.827)	(43.661)
Corporate Tax Expense		(108.769)	(33.208)
Deferred Tax Expense		3.942	(10.453)
PROFIT FOR THE YEAR		399.446	152.277
Distribution of the Profit for the Year			
Non-Controlling Interest		33.970	19.100
Equity Holders of the Parent		365.476	133.177
Earning per Share	21	1,07	0,39

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

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE
INTERIM PERIODS ENDED 31 MARCH 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Unaudited	Restated (*)
	1 January - 31 March	Unaudited
	2019	Previous Period
	1 January - 31 March	2018
PROFIT FOR THE YEAR	399.446	152.277
Other Comprehensive Income		
not to be Reclassified To Profit and Loss	-	(2)
Actuarial Gain/(Loss) on Post-Employment Termination Benefit Obligation	-	(2)
Items to be Reclassified to Profit and Loss	46.172	23.382
Currency Translation Adjustments	35.841	16.007
Change in Revaluation Funds of Financial Assets	-	(3.564)
Cash Flow Hedges	13.245	13.796
Deferred Tax For The Items That Will be Reclassified to Profit and Loss		
Change in Revaluation Funds of Financial Assets, Deferred Tax Effect	-	178
Cash Flow Hedges, Deferred Tax Effect	(2.914)	(3.035)
OTHER COMPREHENSIVE INCOME	46.172	23.380
TOTAL COMPREHENSIVE INCOME	445.618	175.657
Distribution of Total Comprehensive Income		
Non-Controlling Interest	50.917	24.701
Equity Holders of the Parent	394.701	150.956

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

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

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

	Accumulated Other Comprehensive Income To Be Reclassified Under Profit And Loss					Accumulated Other Comprehensive Income Not To Be Reclassified To Profit And Loss				Accumulated Profit				
	Share Capital	Inflation Adjustments to Share Capital	Effect of Business Combinations Under Common Control	Currency Translation Adjustments	Cash Flow Hedges	Financial Assets Fair Value Through Other Comprehensive Income	Revaluation Plant, Property and Equipment	Actuarial Gains and (Losses) on Post-Employment Termination Benefit Obligation	Restricted Reserves Appropriated from Profits	Net Profit for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total
As of 1 January 2018 (Previously reported)	342.000	108.056	(413.214)	(74.303)	16.025	743.710	659.037	(15.401)	124.497	383.153	553.800	2.427.360	268.543	2.695.903
Restatement effect	-	-	-	-	-	-	-	-	-	-	(6.637)	(6.637)	-	(6.637)
Transactions under common control	-	-	(146.472)	6.637	-	-	-	-	-	14.106	-	(125.729)	-	(125.729)
Change in accounting policy (Note 2)														
Adjustments related to TFRS9 (net)	-	-	-	-	-	-	-	-	-	-	(10.652)	(10.652)	(288)	(10.940)
As of 1 January 2018 (Restated)	342.000	108.056	(559.686)	(67.666)	16.025	743.710	659.037	(15.401)	124.497	397.259	536.511	2.284.342	268.255	2.552.597
Transfer	-	-	61.016	-	-	-	(19.918)	-	-	(397.259)	356.161	-	-	-
Total comprehensive income	-	-	-	10.126	10.760	(3.105)	-	(2)	-	133.177	-	150.956	24.701	175.657
As of 31 March 2018	342.000	108.056	(498.670)	(57.540)	26.785	740.605	639.119	(15.403)	124.497	133.177	892.672	2.435.298	292.956	2.728.254

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

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

	Accumulated Other Comprehensive Income To Be Reclassified Under Profit And Loss		Accumulated Other Comprehensive Income Not To Be Reclassified To Profit And 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 Fair Value Through Other Comprehensive Income	Restricted Reserves Appropriated from Profits	Net Profit for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total
As of 1 January 2019	342.000	108.056	(498.670)	(89.429)	52.481	647.779	(21.173)	1.099.942	131.587	700.779	822.885	3.296.237	383.495	3.679.732
Transfer	-	-	-	-	-	-	-	-	-	(700.779)	700.779	-	-	-
Total comprehensive income	-	-	-	18.894	10.331	-	-	-	-	365.476	-	394.701	50.917	445.618
As of 31 March 2019	342.000	108.056	(498.670)	(70.535)	62.812	647.779	(21.173)	1.099.942	131.587	365.476	1.523.664	3.690.938	434.412	4.125.350

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

	Notes	Unaudited Current Period 1 January- 31 March 2019	Restated Unaudited Previous Period 1 January- 31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		399.446	152.277
Adjustments to Reconcile Net Profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation expenses of tangible assets	11-12	40.052	33.732
Amortization expenses of intangible assets	14	1.237	775
Adjustment for Impairment Loss (Reversal)			
Provision for doubtful receivables	8	(1.356)	3.347
Adjustment for Impairment Loss of Other Financial Investments Loss/(gain) of Financial Investments		(49)	39
Adjustment for impairment loss of inventories	10	5.279	266
Adjustment for Provisions			
Adjustments for Provisions Related with Employee Benefits			
Provision for employment benefits		15.555	9.488
Provision for unused vacation		2.956	4.218
Provision for premium		4.908	3.668
Provision for Lawsuits		304	33
Adjustments for Other Provisions			
Change in other provisions (net)		105.017	67.388
Adjustments for Interest (Income)/Expenses			
Adjustments for Interest Income			
Discount income (net)		418	5.842
Interest income		(219.521)	(58.295)
Adjustments for Interest Expense	19	84.113	67.376
Adjustment for Tax Expenses	20	104.827	43.661
Adjustments for Losses (Gains) on Disposals of Non-Current Assets			
Adjustments for Tangible Gains on Disposals of Tangible Assets		955	376
Adjustments for Losses (Gains) on Disposals of Other Adjustments for which Cash Effects are Investing of Financing Cash Flow			
Change in foreign currency of financial liabilities (net)	18-19	220.333	228.349
Change in foreign currency from investing activities (net)		(307.297)	(247.210)
Commission expenses and finance service income (net)		15.929	4.194
Income from derivative instruments (net)		-	(1.901)
Other Adjustments to Reconcile Profit/(Loss)			
Rent income		(2.404)	(2.435)
Net operating cash flows provided before changes in working capital		470.702	315.188

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

	Notes	Unaudited Current Period 1 January- 31 March 2019	Restated Unaudited Current Period 1 January- 31 March 2018
Changes in Working Capital			
Increase in trade receivables increase		(68.831)	(65.299)
Increase in trade receivables from related parties		(300.258)	(322.490)
Decrease in inventories		18.897	27.467
Decrease/(Increase) in other receivables and other current assets		3.797	(35.388)
Increase in trade payables		(55.468)	(30.243)
Increase in trade payables to related parties		3.853	71.894
(Decrease)/Increase in other payables and liabilities		(14.658)	4.412
Net cash generated from operations		58.034	(34.459)
Payments Related with Provisions for Employee Benefits			
Employment termination benefit paid		(4.515)	(5.037)
Unused vacation paid		(1.375)	(1.711)
Performance premium paid		-	(45)
Lawsuits provision paid		(56)	(79)
Taxes paid		(780)	(14.544)
Collections from doubtful trade receivables	8	348	32
Net cash generated from operating activities		51.656	(55.843)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible and intangible assets		2.219	24.493
Purchase of property, plant and equipment	12	(21.104)	(66.289)
Purchase of intangible assets	14	(1.483)	(2.784)
Changes in non-trade receivables from related parties		(59)	(802)
Interest received		219.521	58.295
Repayments from given other advances and payables		2.563	35.625
Rent income		2.404	2.435
Net cash (used)/generated from investing activities		204.061	50.973
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	225.101
Repayments of borrowings		(21.104)	(147.002)
Cash inflow from derivative instruments		-	1.901
Commission paid		(15.929)	(4.194)
Interest paid		(33.311)	(16.986)
Change in non-trade payables to related parties		1.522	6.929
Net cash used in financing activities		(68.822)	65.749
NET CHANGE IN CASH AND CASH EQUIVALENTS		186.895	60.879
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS		264.350	247.210
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	3.378.761	3.189.865
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	3.830.006	3.497.954

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 MARCH 2019
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)**

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Ülker Bisküvi Sanayi A.Ş. (“the Company”) and its subsidiaries (all together “the Group”), comprises of the parent Ülker Bisküvi Sanayi A.Ş. (“the Company”) and fifteen subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2018: Fifteen)

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

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

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

As of 31 March 2019, the total number of people employed by the Group is 8.923, which contains 1.142 employees who worked as subcontractors (31 December 2018: 9.029, subcontractor: 1.180).

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

As of 31 March 2019 and 31 December 2018, the names and percentages of the shareholders holding more than 5% of the Company’s share capital are as follows:

Name of the Shareholders	Share	31 March 2019		31 December 2018	
		Percentage	Share	Percentage	
pladis Foods Limited	174.420	51,00%	174.420	51,00%	
Ülker Family Members and Yıldız Holding A.Ş.	25.580	7,48%	25.580	7,48%	
Other	142.000	41,52%	142.000	41,52%	
	342.000	100,00%	342.000	100,00%	

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31 MARCH 2019
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)**

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

As of 31 March 2019 and 31 December 2018, the details of the subsidiaries under consolidation in terms of direct and effective share of ownership and principal business activities are as follows:

Subsidiaries	31 March 2019		31 December 2018		Nature of Operation
	Ratio of Direct Ownership	Ratio of Effective Ownership	Ratio of Direct Ownership	Ratio of Effective Ownership	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.	73,9%	73,9%	73,9%	73,9%	Manufacturing
Ülker Çikolata Sanayi A.Ş.	91,7%	91,7%	91,7%	91,7%	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
İstanbul Gıda Dış Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%	Export
UI Egypt B.V.	51,0%	51,0%	51,0%	51,0%	Investing
Hi-Food for Advanced Food Industries	-	51,4%	-	51,4%	Manufacturing
Sabourne Investments Ltd	100,0%	100,0%	100,0%	100,0%	Investing
Food Manufacturers’ Company	-	55,0%	-	55,0%	Manufacturing
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

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 8 May 2019. 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 (“TFRIC”).

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations.

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)

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.

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.

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 2018 and 31 December 2017 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 presentation currency of the Group.

As of 31 March 2019, rates declared by Central Bank of Republic of Turkey are;

1 Euro = 6,3188 TL, 1 USD 5,6284 TL, 1 EGP = 0,3251 TL, 1 SAR = 1,5008 TL, 1 KZT = 0,0148 TL,
1 AED = 1,5337 TL (31 December 2018: 1 Euro = 6,0280 TL, 1 USD 5,2609 TL, 1 EGP = 0,2943 TL,
1 SAR = 1,4024 TL, 1 KZT = 0,0138 TL, 1 AED = 1,4336 TL).

For the period between 1 January 2019 and 31 March 2019, average rates declared by Central Bank of Republic of Turkey are;

1 Euro = 6,0928 TL, 1 USD = 5,3629 TL, 1 EGP = 0,3047 TL, 1 SAR = 1,4299 TL, 1 KZT = 0,0142 TL,
1 AED = 1,4614 TL’dır (1 January – 31 March 2018: 1 Euro = 4,6821 TL, 1 USD = 3,8094 TL, 1 EGP = 0,2158 TL,
1 SAR = 1,0158 TL, 1 KZT = 0,0118 TL, 1 AED = 1,0381 TL)

2.2 Changes in the Accounting Policies:

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

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

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

Cost of customer activities amounting to TL 20.382 thousand which had been classified under marketing expenses account in the consolidated statement of financial position as of 1 January 2019 - 31 March 2018 has been reclassified deductively under revenue account. These reclassifications performed in order to conform to changes in presentation in the current period consolidated financial statements are not material to the consolidated financial statements.

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)

As per the principle related to “Accounting for business combinations under common control” the Public Oversight Accounting and Auditing Standards Authority issued in the Official Gazette dated 21 July 2013, business combinations under common control shall be accounted through restating previous periods’ financial statements via the pooling of interest method. The Group management restated only its consolidated statements of comprehensive income, consolidated statement of changes in shareholders’ equity and cash flows for the period then ended at 31 March 2018 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.

Transition to TFRS 9 “Financial instruments”

Group has applied TFRS 9 “Financial instruments”, which has replaced TMS 39 on the first application date, 1 January 2018. The amendments include the classification and measurement of financial assets and liabilities and the expected credit risk model which will replace incurred credit risk model. Effect of transition is accounted based on the simplified approach. In accordance with this method, Group recorded the cumulative effect related to the transition of TFRS 9 in retained earnings on the first application date. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with TMS 39.

As of 1 January 2018 (first application date of TFRS 9), the classification of financial assets is determined considering the entity’s business model for managing the financial assets. Group management classifies its financial assets measured at fair value through other comprehensive income. The hedging strategy and documentation of the Group are applicable with TFRS 9, therefore the Group evaluate to recognise hedging accounting similar with prior period.

Effects of the transition to TFRS 9 on the consolidated financial statements as of 1 January 2018 are as follows:

	31 December 2017 Restated	TFRS 9 Effect	1 January 2018 Restated
Consolidated statement of financial position			
Cash and cash equivalents	3.189.865	(10.395)	3.179.470
Short term trade receivables	241.929	(3.633)	238.296
Deferred tax assets	46.336	3.088	49.424
Equity effects of the transition to TFRS 9		(10.940)	

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)

Changes related to the classification of financial assets and liabilities are as follows and these changes in the classification do not result in changes in measurement of assets except for financial assets:

Financial Assets	Original classification under TMS 39	New classification under TFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Trades receivable	Loans and receivables	Amortized cost
	Fair value through statement of profit or loss	Fair value through statement of profit or loss
Derivative instruments	Available for sale financial assets	Fair value through other comprehensive income
Financial assets		
Financial Liabilities	Original classification under TMS 39	New classification under TFRS 9
Borrowings	Amortized cost	Amortized cost
Financial lease liabilities	Amortized cost	Amortized cost
Factoring liabilities	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost

Changes related to to "Accounting for business combinations under common control"

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 period's financial statements via the pooling of interest method. The Group management restated its consolidated statements of income, consolidated statements of comprehensive income, consolidated statement of changes in shareholder's equity and cash flows for the year then ended at 31 March 2018 for the transactions made under common control (details explained in Note 1).

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

2.2 Changes in the Accounting Policies (cont'd)

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

	Reported Previous Period 1 January- 31 March 2018	Effects of Restatement with Eliminations	Effects of Classifications from TFRS 9 and TFRS 15	Restated Previous Period 1 January- 31 March 2018
1 January-31 March 2018				
Profit or Loss				
Revenue	1.404.822	23.250	(20.382)	1.407.690
Cost of Sales (-)	(1.025.055)	(1.416)	-	(1.026.471)
GROSS PROFIT FROM OPERATIONS	379.767	21.834	(20.382)	381.219
General Administrative Expenses	(32.870)	(1.838)	-	(34.708)
Marketing, Sales and Distribution	(162.015)	(10.743)	20.382	(152.376)
Research Expenses	(3.645)	-	-	(3.645)
Other Operating Income	13.950	-	8.608	22.558
Other Operating Expenses	(20.968)	(2.566)	(749)	(24.283)
OPERATING PROFIT FROM MAIN OPERATION	174.219	6.687	7.859	188.765
Income from Investment Activities	315.845	-	-	315.845
Expenses from Investment Activities	(8.281)	-	-	(8.281)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	481.783	6.687	7.859	496.329
Financial Income	5.307	11	-	5.318
Financial Expenses	(305.032)	(677)	-	(305.709)
PROFIT BEFORE TAX	182.058	6.021	7.859	195.938
Tax Expense	(40.101)	(1.831)	(1.729)	(43.661)
Tax on Income	(30.982)	(497)	(1.729)	(33.208)
Deferred Tax Income	(9.119)	(1.334)	-	(10.453)
PROFIT FOR THE YEAR	141.957	4.190	6.130	152.277
Other Comprehensive Income:				
Items not to be Reclassified Under Profit and Loss	(2)	-	-	(2)
Actuarial Gain/(Loss) on Post Employment Termination Benefit Obligation,	(2)	-	-	(2)
Items to be Reclassified to Profit or Loss	18.851	4.531	-	23.382
Currency Translation Adjustments	11.476	4.531	-	16.007
Other Comprehensive Income Related With Fair Value Revaluation	(3.564)	-	-	(3.564)
Cash Flow Hedges	13.796	-	-	13.796
Other Comprehensive Income Related With Fair Value Revaluation, Deferred Tax Effect	178	-	-	178
Cash Flow Hedges, Deferred Tax Effect	(3.035)	-	-	(3.035)
OTHER COMPREHENSIVE INCOME	18.849	4.531	-	23.380
TOTAL COMPREHENSIVE INCOME	160.806	8.721	6.130	175.657

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 2019.

a) Standards, amendments and interpretations applicable as at 31 March 2019:

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.

TFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 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.

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

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

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

a) Standards, amendments and interpretations applicable as at 31 March 2019 (cont'd)

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

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

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

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

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

use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

b) Standards, amendments and interpretations that are issued but not effective as at 31 March 2019:

Amendments to TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020

Amendments to TFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020.

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

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

The Group has finalised study over impact of TFRS 16 "Leases" and concluded that there is no material impact on consolidated financial statements.

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3. BUSINESS COMBINATIONS

The Company purchased 100% shares of International Biscuits Company from UB Group Limited which is 100% owned by Yıldız Holding A.Ş. as of 23 May 2018 with an amount of USD 40 million. Since the acquisition is 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 payable	(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)

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

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4. SEGMENTAL INFORMATION

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

The Group, follows its operations with domestic (local operations of Turkish companies in Turkey) and international basis in accordance with TFRS 8. The information for 1 January - 31 March 2019 and 1 January - 31 March 2018.

	Domestic	Foreign	1 January-31 March 2019
Revenue	1.202.223	740.137	1.942.360
Gross Profit	265.601	272.571	538.172
Operating Profit (*)	154.417	134.502	288.919
EBITDA (**)	174.773	155.435	330.208
EBITDA/Revenue	14,5%	21,0%	17,0%
Investment Expense	9.323	13.264	22.587

	Domestic	Foreign	1 January-31 March 2018
Revenue	930.381	477.309	1.407.690
Gross Profit	200.343	180.876	381.219
Operating Profit (*)	112.466	78.025	190.491
EBITDA (**)	132.262	92.736	224.998
EBITDA/Revenue	14,2%	19,4%	16,0%
Investment Expense	26.302	42.771	69.073

(*) Profit before other income/expense.

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

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5. CASH AND CASH EQUIVALENTS

	31 March 2019	31 December 2018
Cash on hand	812	421
Demand deposits	775.650	714.195
Time deposits	3.058.302	2.666.312
Impairment provision	(4.758)	(2.167)
	3.830.006	3.378.761

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 March 2019
TL	20,14%	April 2019	95.687
EUR	1,30%	April 2019	53.268
USD	2,25%	April 2019	2.883.897
GBP	0,15%	April 2019	2.333
EGP	12,00%	April 2019	8.658
KZT	9,00%	April 2019	14.459
			3.058.302

Currency Type	Annual Weighted Average Effective Interest Rate (%)	Maturity	31 December 2018
TL	20,80%	January 2019	25.540
EUR	1,15%	January 2019	5.293
USD	1,21%	January 2019	2.613.527
GBP	0,25%	January 2019	732
EGP	14,01%	January 2019	7.574
KZT	9,00%	January 2019	13.646
			2.666.312

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6. FINANCIAL INVESTMENTS

<u>Short Term Financial Investments:</u>	31 March 2019	31 December 2018
Available for sale financial assets	751	702
	751	702
<u>Long Term Financial Investments:</u>	31 March 2019	31 December 2018
Available for sales financial assets	1.340.221	1.340.221
	1.340.221	1.340.221
<u>Long Term Available for Sale Financial</u>	31 March 2019	31 December 2018
G New, Inc	105.612	105.612
Godiva Belgium BVBA	1.234.409	1.234.409
Other	200	200
	1.340.221	1.340.221

Available for sale financial assets are presented at their fair values. There is no difference in fair value of available for sale financial assets as at 31 March 2019. Net changes in fair value of available for sales financial assets attributable to shareholders as at 31 December 2018 amounting to TL 1.099.942 thousand have been directly presented in other comprehensive income under equity.

7. FINANCIAL LIABILITIES

	31 March 2019	31 December 2018
Short term liabilities	77.245	85.519
Short term portion of long term liabilities	392.560	369.129
Long term liabilities	5.087.497	4.791.105
	5.557.302	5.245.753
<u>Short Term Liabilities</u>	31 March 2019	31 December 2018
Bank loans	23.663	66.064
Non-trade payables to related parties (Note 22)	53.582	19.455
	77.245	85.519
<u>Short Term Portion of Long Term Liabilities</u>	31 March 2019	31 December 2018
Bank loans	392.560	369.129
	392.560	369.129
<u>Long Term Liabilities</u>	31 March 2019	31 December 2018
Bank loans	5.087.497	4.791.105
	5.087.497	4.791.105

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7. FINANCIAL LIABILITIES (cont'd)

The syndication loans have received as of 20 April 2017 and 27 November 2017. Details of Group's syndication loans are as follows: Syndication loan 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% for EUR, Libor+ 3.1% for USD and the maturity date is April 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments

Syndication loan 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 November 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments

The covenants which belong to syndicated 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.

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

Borrowings:

31 March 2019

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average</u>	<u>Short Term</u>	<u>Long Term</u>
		<u>Interest Rate (%)</u>		
TL	April 2019	22,59%	53.582	-
EUR	April 2019- May 2023	2,96%	313.555	3.480.615
USD	April 2019-November 2020	5,79%	78.229	1.343.357
EGP	September 2019	17,75%	848	-
KZT	April 2019-December 2023	10,00%	6.837	259.022
SAR	July 2019-July 2020	4,16%	16.754	4.503
			469.805	5.087.497

31 December 2018

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted Average</u>	<u>Short Term</u>	<u>Long Term</u>
		<u>Interest Rate (%)</u>		
TL	January 2019	25,70%	19.455	-
EUR	January 2019- May 2023	2,96%	294.503	3.302.700
USD	January 2019-November 2020	5,43%	118.456	1.238.120
EGP	Mach 2019-September 2019	18,75%	1.669	-
KZT	January 2019-December 2023	9,50%	4.765	241.871
SAR	January 2019-July 2020	4,16%	15.800	8.414
			454.648	4.791.105

The maturity detail of the bank loans is as follows:

	<u>31 March 2019</u>	<u>31 December 2018</u>
to be paid within 1 year	469.805	454.648
to be paid within 1-2 years	4.605.638	4.336.860
to be paid within 2-3 years	154.155	145.670
to be paid within 3-4 years	153.801	145.332
to be paid within 4-5 years	109.147	102.776
Above 5 years	64.756	60.467
	5.557.302	5.245.753

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8. TRADE RECEIVABLES AND PAYABLES

	31 March 2019	31 December 2018
Short Term Due from Related Parties		
Due from related parties (Note 22)	1.864.947	1.564.689
	1.864.947	1.564.689
Other Trade Receivables		
Trade receivables	444.762	352.982
Notes receivables	237	766
Provision for doubtful receivables (-)	(18.552)	(19.351)
	426.447	334.397
Total Short Term Trade Receivables	2.291.394	1.899.086

The movement of the allowance for doubtful receivables as of 31 March 2019 and 2018 is as follows:

	1 January – 31 March 2019	1 January – 31 March 2018
In accordance with TAS 39 as of 1 January	(19.351)	(8.212)
Accounting policy change for TFRS 9	-	(3.633)
Restated as of 1 January	(19.351)	(11.845)
Current year expense	(855)	(3.397)
Canceled provision	2.211	50
Currency translation differences	(905)	(516)
Collection	348	32
Closing balance	(18.552)	(15.676)
Short Term Trade Payables	31 March 2019	31 December 2018
Due to related parties (Note 22)	524.161	520.308
Trade payables	564.839	593.789
	1.089.000	1.114.097

9. OTHER RECEIVABLES AND PAYABLES

Other Receivables	31 March 2019	31 December 2018
Due from related parties (Note 22)	686	627
Short term other receivables	48.062	38.554
	48.748	39.181
Other Short Term Receivables	31 March 2019	31 December 2018
VAT receivables	30.974	19.339
Deposits and guarantees given	9.723	13.440
Receivables from personnel	1.843	2.020
Other	5.522	3.755
	48.062	38.554
Other Long Term Receivables	31 March 2019	31 December 2018
Deposits and guarantees given	3.373	234
	3.373	234

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9. OTHER RECEIVABLES AND PAYABLES (cont'd)

Other Payables	31 March 2019	31 December 2018
Due to related parties (Note 22)	2.699	1.177
Other short term payables	6.447	5.631
	9.146	6.808

Other Short Term Payables	31 March 2019	31 December 2018
Deposits and guarantees received	3.503	3.214
Other short term payables	2.944	2.417
	6.447	5.631

10. INVENTORIES

Details of inventory are as follows;

	31 March 2019	31 December 2018
Raw materials	214.852	229.264
Work in progress	19.402	16.907
Finished goods	283.605	265.841
Trade goods	48.064	59.854
Other inventories	47.023	44.517
Allowance for impairment on inventory(-)	(16.704)	(11.829)
	596.242	604.554

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 periods ended on 31 March 2019 and 2018 are below:

	1 January- 31 March 2019	1 January- 31 March 2018
Opening balance	(11.829)	(10.062)
Charge for the year	(5.279)	(266)
Reversal of provision	784	854
Currency translation differences	(380)	(302)
Closing balance	(16.704)	(9.776)

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11. INVESTMENT PROPERTIES

	1 January- 31 March 2019	1 January- 31 March 2018
Opening balance	21.036	16.192
Increase in fair value	-	-
Closing balance	21.036	16.192

The fair value of the Group's investment properties at 31 December 2018 has been calculated on the basis of a valuation carried out at that date by 31 December 2018, by independent valuers not related to the Group. EVA Gayrimenkul Değerleme Danışmanlık A.Ş. is one of the accredited independent valuers 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 296 thousand (31 March 2018: TL 279 thousand) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 12 thousand (31 March 2018: TL 22 thousand)

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12. TANGIBLE ASSETS

Movement of tangible assets between 1 January 2019 and 31 March 2019 is as follows:

Cost	1 January 2019	Addition	Disposal	Transfers	Currency Translation Differences	31 March 2019
Land	714.750	-	-	32	2.243	717.025
Buildings	698.303	504	-	697	14.196	713.700
Machinery, plant and equipment	2.038.567	3.582	(2.542)	3.725	50.714	2.094.046
Vehicles	11.697	-	(249)	-	507	11.955
Furniture and fixture	95.810	1.290	(40)	3	2.233	99.296
Leasehold improvements	41.326	348	-	-	17	41.691
Other tangible assets	798	-	-	-	56	854
Construction in progress	44.470	15.380	(547)	(4.457)	2.655	57.501
	3.645.721	21.104	(3.378)	-	72.621	3.736.068
Accumulated Depreciation	1 January 2019	Charge for the Period	Disposal	Transfers	Currency Translation Differences	31 March 2019
Buildings	(346.062)	(4.984)	-	-	(5.602)	(356.648)
Machinery, plant and equipment	(925.608)	(31.723)	98	-	(21.824)	(979.057)
Vehicles	(7.054)	(409)	67	-	(371)	(7.767)
Furniture and fixture	(70.149)	(1.915)	39	-	(1.557)	(73.582)
Leasehold improvements	(19.545)	(1.001)	-	-	(5)	(20.551)
Other tangible assets	(937)	(20)	-	-	(34)	(991)
	(1.369.355)	(40.052)	204	-	(29.393)	(1.438.596)
Net Book Value	2.276.366					2.297.472

From depreciation and amortization expenses, TL 37.781 thousand (31 March 2018: TL 31.599 thousand) is included in cost of goods sold, TL 107 thousand (31 March 2018: TL 110 thousand) is included in research and development expenses, TL 777 thousand (31 March 2018: TL 612 thousand) is included in marketing and selling expenses, TL 2.624 thousand (31 March 2018: TL 2.186 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 2019, the Group has no capitalized interest and foreign exchange losses with regards to borrowings and accounted for such borrowing costs under tangible assets. (31 March 2018: TL 317 thousand interest, TL 4.207 thousand foreign exchange difference).

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12. TANGIBLE ASSETS (cont'd)

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

Cost	1 January 2018	Addition	Disposal	Transfers (Note 14)	Currency Translation Differences	31 March 2018
Land	731.004	-	(14.810)	-	1.549	717.743
Buildings	753.909	1.337	(151.758)	7.914	4.156	615.558
Machinery, plant and equipment	1.566.324	2.224	(1.330)	38.646	22.585	1.628.449
Vehicles	10.787	102	(283)	327	395	11.328
Furniture and fixture	79.633	1.281	(46)	331	886	82.085
Leasehold improvements	37.362	212	-	-	-	37.574
Other tangible assets	556	-	-	-	26	582
Construction in progress	189.912	61.133	-	(48.615)	4.893	207.323
	3.369.487	66.289	(168.227)	(1.397)	34.490	3.300.642

Accumulated Depreciation	1 January 2018	Charge for the Period	Disposal	Transfers (Note 14)	Currency Translation Differences	31 March 2018
Buildings	(440.109)	(4.091)	142.695	-	(3.375)	(304.880)
Machinery, plant and equipment	(750.452)	(26.505)	373	-	(9.573)	(786.157)
Vehicles	(5.281)	(554)	263	-	(223)	(5.795)
Furniture and fixture	(58.599)	(1.708)	27	-	(604)	(60.884)
Leasehold improvements	(15.981)	(861)	-	-	(1)	(16.843)
Other tangible assets	(285)	(13)	-	-	6	(292)
	(1.270.707)	(33.732)	143.358	-	(13.770)	(1.174.851)

Net Book Value	2.098.780					2.125.791
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There are not any fixed assets acquired through financial leasing as of 31 March 2018. There is not any mortgage or collateral on tangible assets in the current period.

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 TMS 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.

13. GOODWILL

	31 March 2019	31 March 2018
1 January	331.975	253.507
Currency translation adjustments	34.061	22.864
Closing Balance	366.036	276.371

Goodwill details are as follow:

Company	31 March 2019	31 December 2018
UI Mena B.V.	352.099	319.335
IBC	13.937	12.640
	366.036	331.975

UI Mena B.V.

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

International Biscuits Company

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

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14. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2019 – 31 March 2019 are as follows:

Cost	1 January 2019	Addition	Disposal	Transfer	Currency Translation Differences	31 March 2019
Rights (*)	263.730	1.432	-	-	19.739	284.901
Other intangible assets	3.251	51	-	-	-	3.302
	266.981	1.483	-	-	19.739	288.203

Accumulated Amortization	1 January 2019	Charge for the Period	Disposal	Transfer	Currency Translation Differences	31 March 2019
Rights	(6.382)	(1.158)	-	-	(395)	(7.935)
Other intangible assets	(2.841)	(79)	-	-	-	(2.920)
	(9.223)	(1.237)	-	-	(395)	(10.855)
Net Book Value	257.758					277.348

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

Cost	1 January 2018	Addition	Disposal	Transfer (Note 12)	Currency Translation Differences	31 March 2018
Rights (*)	185.326	2.733	-	1.397	10.371	199.827
Other intangible assets	3.120	51	-	-	51	3.222
	188.446	2.784	-	1.397	10.422	203.049

Accumulated Amortization	1 January 2018	Charge for the Period	Disposal	Transfer (Note 12)	Currency Translation Differences	31 March 2018
Rights	(2.608)	(676)	-	-	(19)	(3.303)
Other intangible assets	(2.959)	(99)	-	-	-	(3.058)
	(5.567)	(775)	-	-	(19)	(6.361)
Net Book Value	182.879					196.688

(*) As of 31 March 2019 Rights contain reacquired rights related with Saudi distribution agreements of Groups products in Saudi Arabia amounting to TL 223.943 thousand (31 March 2018: TL 157.118 thousand). The remaining amount TL 44.012 thousand (31 March 2018: TL 33.231 thousand) contains the right of Rana brand. Reacquired rights are not subject to depreciation and has indefinite useful life. Impairment test is applied every year of when there is any indicator that impairment may occur.

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14. INTANGIBLE ASSETS (cont'd)

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

	Useful Life
Rights	2 years - Unlimited life
Other intangible assets	2 – 12 years
Brand	Unlimited life

15. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees Given

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

	31 March 2019			31 December 2018		
	TL	USD	EUR	TL	USD	EUR
A) CPM's given in the name of own legal personality (*)	373.720	49.252	-	374.039	57.302	-
B) CPM's given on behalf of the fully consolidated companies	-	-	87.922	226	-	87.922
C) CPM's given on behalf of third parties for ordinary course of business (**)	-	-	96.294	-	-	96.294
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	373.720	49.252	184.216	374.265	57.302	184.216

(*) Non-cash risk amounting to TL 55 million and USD 6,8 million.

(**) 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 31 March 2019 (31 December 2018: 0%).

15. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

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 TL 511,1 million and TL 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.

16. REVENUE AND COST OF SALES

a) Revenue

The detail of operating income is as follows:

	1 January - 31 March 2019	1 January - 31 March 2018
Domestic sales(*)	2.173.522	1.593.405
Export sales	380.331	264.409
Sales returns and discounts (-)	(611.493)	(450.124)
Sales Income (net)	1.942.360	1.407.690
Cost of merchandises sold	(1.316.439)	(978.255)
Cost of trade goods sold	(87.749)	(48.216)
Cost of sales	(1.404.188)	(1.026.471)
Gross Profit	538.172	381.219

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

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17. EXPENSES BY NATURE

The detail of operating expenses is as follow:

	1 January - 31 March 2019	1 January - 31 March 2018
General Administrative Expenses		
Personnel expenses	(20.302)	(16.872)
Operating expenses (*)	(6.891)	(6.489)
Consultancy expenses	(2.802)	(3.461)
Depreciation and amortization expenses	(2.624)	(2.186)
Other	(5.994)	(5.700)
	(38.613)	(34.708)
Marketing Expenses		
Marketing operating expenses	(164.182)	(120.866)
Personnel expenses	(32.076)	(23.070)
Rent expenses	(1.310)	(1.393)
Depreciation and amortization expenses	(777)	(612)
Other	(8.459)	(6.435)
	(206.804)	(152.376)
Research Expenses		
Personnel expenses	(2.254)	(2.184)
Materials used	(301)	(503)
Depreciation and amortization expenses	(107)	(110)
Other	(1.174)	(848)
	(3.836)	(3.645)

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

18. FINANCIAL INCOME

	1 January - 31 March 2019	1 January - 31 March 2018
Foreign exchange gain	1.435	3.417
Income from derivative instruments	-	1.901
Other	570	-
	2.005	5.318

19. FINANCIAL EXPENSES

	1 January - 31 March 2019	1 January - 31 March 2018
Foreign exchange losses from financing	(221.768)	(231.766)
Interest expenses	(84.113)	(67.376)
Other	(16.499)	(6.567)
	(322.380)	(305.709)

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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%. The exemption to be applied on the capital gains obtained from the sales of the real estates held by the corporate tax payers for at least two years has been reduced from 75% to 50% with the regulation published in the Official Gazette dated 5 December 2017.

The rate applied in the calculation of deferred tax assets and liabilities for entities in Turkey is 22% (2018: 22%, 2019: 22%, 2020: 22%), for entities in Saudi Arabia and Kazakhstan is 20% (2018: 20%), for entities in Egypt 22,5% (2018: 22,5%), and for entity in Kyrgyzstan 10% (2018: 10%), for entity in the United Arab Emirates is zero (2018: Zero).

Deferred tax bases:

	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Indexation and useful life differences of tangible and intangible assets	-	-	1.075.094	1.071.068
Investment properties valuation differences	-	-	48.440	48.440
Marketable securities valuation differences	-	-	1.157.833	1.157.372
Derivative instruments	-	-	379.683	323.087
Profit margin elimination on inventories	(14.775)	(6.515)	-	-
Discount of trade receivables / payables (net)	-	-	5.826	5.804
Allowance of employee termination benefits	(98.061)	(87.259)	-	-
Provision of doubtful receivables	(11.603)	(8.463)	-	-
Previous year losses	(71.210)	(66.494)	-	-
Provision for lawsuits	(5.925)	(5.758)	-	-
Impairment on inventories	(10.451)	(11.670)	-	-
Turnover premium provision	(33.931)	-	-	-
Provision for unused vacation	(17.262)	(15.340)	-	-
Other	(66.184)	(26.697)	14.191	16.721
	(329.402)	(228.196)	2.681.067	2.622.492

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20. TAX ASSET AND LIABILITIES (cont'd)

Deferred tax assets / liabilities:

	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Indexation and useful life differences				
of tangible and intangible assets	-	-	144.786	143.981
Investment properties valuation differences	-	-	4.844	4.844
Marketable securities valuation differences	-	-	57.892	57.869
Derivative instruments	-	-	83.530	71.079
Profit margin elimination on inventories	(3.250)	(1.433)	-	-
Discount of trade receivables / payables (net)	-	-	1.282	1.277
Allowance of employee termination benefits	(19.612)	(17.452)	-	-
Provision of doubtful receivables	(2.553)	(1.862)	-	-
Previous year losses	(14.242)	(13.299)	-	-
Provision for lawsuits	(1.303)	(1.267)	-	-
Impairment on inventories	(2.299)	(2.567)	-	-
Turnover premium provision	(7.465)	-	-	-
Investment incentive	(28.201)	(37.596)	-	-
Provision for unused vacation	(3.798)	(3.375)	-	-
Other	(14.560)	(5.874)	3.121	3.678
	(97.283)	(84.725)	295.455	282.728

Movement of Deferred Tax Liabilities:

	1 January – 31 March 2019	1 January – 31 March 2018
1 January - reported	198.003	99.626
TFRS 9 implementation tax effect	-	(3.088)
1 January - restated	198.003	96.538
Taxes netted from funds recognised under equity	2.914	2.857
Currency translation differences	1.197	30
Deferred tax expense	(3.942)	10.453
	198.172	109.878

As of 31 March 2019, the Group calculated deferred tax assets of TL 71.210 thousand for deductible financial losses in the consolidated financial statements for the current year (31 December 2018: TL 66.494 thousand). The maturities of these losses are as follows:

	31 March 2019	31 December 2018
2025	71.210	66.494
Total	71.210	66.494

20. TAX ASSET AND LIABILITIES (cont’d)

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 tax rate in 31 March 2019 is 22% (2018: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 22% in 2019 (2018: 22%).

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

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

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

The corporate tax in Egypt where Hi-Food for Advanced Food Industries and Ulker for Trading and Marketing, a subsidiary of the Group is 22,5% (2018: 22,5%). The corporate tax rate in Saudi Arabia where Food Manufacturers’ Company and International Biscuits Company, subsidiaries of the Group is 20% (2018: 20%).

The corporate tax in Kazakhstan where Hamle Company Ltd LLP, a subsidiary of the Group is 20% (2018: 20%).

The corporate tax in Kyrgyzstan where Ülker Star LLC, a subsidiary of the Group is 10% (2018: 10%).

In UAE where Amir Global Trading FZE, a subsidiary of the Group is exempt from corporate tax earnings (2018: 0 %).

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20. TAX ASSET AND LIABILITIES (cont'd)

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Provision for taxation as of 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019	31 March 2018
Total corporate tax provision	(124.763)	(118.197)
Prepaid taxes and funds	780	102.983
Taxation in the balance sheet	(123.983)	(15.214)
	1 January – 31 March 2019	1 January – 31 March 2018
Current year corporate tax expense	108.769	33.208
Deferred tax income	(3.942)	10.453
Tax expense in the income statement	104.827	43.661

21. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 31 March 2019 and 2018 and computation of earnings per share set out here as follows:

	1 January – 31 March 2019	1 January – 31 March 2018
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net profit	365.476	133.177
Basic Earnings per Share	1,07	0,39

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	31 March 2019	31 December 2018
Trade receivables	1.864.947	1.564.689
Non-trade receivables	686	627
	1.865.633	1.565.316

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

	31 March 2019		31 December 2018	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder				
Yıldız Holding A.Ş.	181	-	-	-
Other Companies Controlled by the Principle Shareholder				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	956.156	-	764.899	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	570.219	-	472.546	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	87.290	-	107.634	-
g2mEksper Satış ve Dağıtım Hizmetleri A.Ş. (*)	73.151	-	54.316	-
United Biscuits (UK) Ltd.	46.552	-	38.137	-
Other	131.398	686	127.157	627
	1.864.947	686	1.564.689	627

(*) G2m Dağıtım Paz. and Tic. A.Ş. and Eksper Tüketim Mad. Sat. ve Paz. A.Ş. were merged as of 28 February 2019 and have been operating under the title of g2mEksper Satış ve Dağıtım Hizmetleri A.Ş. since 27 March 2019.

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.

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

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

	31 March 2019	31 December 2018
Önem Gıda San. ve Tic. A.Ş.	16.561	36.368
	16.561	36.368

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

	31 March 2019	31 December 2018
Trade payables	524.161	520.308
Non-trade payables	2.699	1.177
	526.860	521.485

The detail of payables to related parties is as follows:

	31 March 2019		31 December 2018	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder				
Yıldız Holding A.Ş.	89.798	2.413	61.240	-
Other Companies Controlled by the Principle Shareholder				
Önem Gıda San. ve Tic. A.Ş.	312.810	231	244.060	6
Adapazarı Şeker Fabrikası A.Ş.	42.289	-	38.251	-
United Biscuits (UK) Ltd.	23.017	50	42.619	922
CCC Gıda San. ve Tic. A.Ş.	12.432	-	14.660	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	10.790	-	65.178	-
Marsa Yağ San. ve Tic. A.Ş.	4.906	-	25.298	-
Other	28.119	5	29.002	249
	524.161	2.699	520.308	1.177

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

	31 March 2019	31 December 2018
Yıldız Holding A.Ş.	53.582	19.455
	53.582	19.455

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

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

	1 January - 31 March 2019		1 January - 31 March 2018	
	Purchases	Sales	Purchases	Sales
Other Companies Controlled by the Principle Shareholder				
Önem Gıda San. ve Tic. A.Ş.	491.783	312	324.918	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	65.492	-	56.909	-
United Biscuits (UK) Ltd.	27.292	31.080	17.522	13.224
Marsa Yağ San. ve Tic. A.Ş.	17.966	-	17.639	-
Pendik Nişasta San. A.Ş.	13.396	-	16.271	-
CCC Gıda San. ve Tic. A.Ş.	11.836	30	4.604	52
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	91	737.485	1.162	604.995
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	349.363	-	254.797
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	73.652	-	2.971
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	-	-	173	37.019
Other	5.111	82.784	4.070	45.748
	632.967	1.274.706	443.268	958.806

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.

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

For the three month period ended 31 March 2019:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(91)	(49.793)	5.146
Other Companies Controlled by the Principle Shareholder			
Önem Gıda San. ve Tic. A.Ş.	640	(4.757)	854
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	36	(3.997)	11.055
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	8	(3.396)	19.751
İzsal Gayrimenkul Geliştirme A.Ş.	(492)	(461)	-
United Biscuits (UK) Ltd.	9	(58)	2.003
CCC Gıda San. ve Tic. A.Ş.	(187)	413	(648)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	16	(1.018)
Other	411	(259)	5.371
	334	(62.292)	42.514

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

For the three month period ended 31 March 2018:

	Rent Income/ (Expense) Net	Service Income/ (Expense) Net	Interest and Foreign Exchange Income/ (Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(373)	(37.482)	241.949
Other Companies Controlled by the Principle Shareholder			
Önem Gıda San. ve Tic. A.Ş.	700	(7.568)	698
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	28	(3.434)	736
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	3	(3.984)	1.477
United Biscuits (UK) Ltd.	-	(445)	402
İzsal Gayrimenkul Geliştirme A.Ş.	(429)	(486)	-
Other	19	(542)	363
	(52)	(53.941)	245.625

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

	31 March 2019	31 December 2018
Fees and other short term benefits	7.555	7.133
	7.555	7.133

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 mainly faces USD, EUR, GBP, CHF and DKK currency risks.

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

Foreign Currency Risk Management (cont'd)

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

	31 March 2018					
	TL	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	301.868	39.740	11.588	678	-	-
2a. Monetary Financial Assets	4.387.807	765.881	11.796	351	2	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	6.221	554	467	20	1	-
4. CURRENT ASSETS	4.695.896	806.175	23.851	1.049	3	-
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	68	12	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	39	7	-	-	-	-
8. NON-CURRENT ASSETS	107	19	-	-	-	-
9. TOTAL ASSETS	4.696.003	806.194	23.851	1.049	3	-
10. Trade Payables	186.519	25.053	6.592	442	109	-
11. Financial Liabilities	391.787	13.899	49.623	-	-	-
12a. Other Monetary Financial Liabilities	3.043	397	128	-	-	-
12b. Other Non-monetary Financial Liabilities	17.576	2.918	173	8	-	-
13. CURRENT LIABILITIES	598.925	42.267	56.516	450	109	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	4.823.972	238.675	550.835	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	4.823.972	238.675	550.835	-	-	-
18. TOTAL LIABILITIES	5.422.897	280.942	607.351	450	109	-
19. Net Assets of Off Statement of Financial Position (19a-19b)	842.458	116.000	30.000	-	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(842.458)	(116.000)	(30.000)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	115.564	641.252	(553.500)	599	(106)	-
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(715.578)	527.609	(583.794)	587	(107)	-
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	379.683	52.568	13.263	-	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-	-	-

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

Foreign Currency Risk Management (cont'd)

	31 December 2018					
	TL	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	229.628	27.963	13.209	435	-	-
2a. Monetary Financial Assets	4.006.762	760.408	897	139	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	7.016	729	520	7	-	-
4. CURRENT ASSETS	4.243.406	789.100	14.626	581	-	-
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	8.050	26	1.305	7	-	-
8. NON-CURRENT ASSETS	8.050	26	1.305	7	-	-
9. TOTAL ASSETS	4.251.456	789.126	15.931	588	-	-
10. Trade Payables	140.448	17.050	7.741	571	54	-
11. Financial Liabilities	412.958	22.516	48.856	-	-	-
12a. Other Monetary Financial Liabilities	687	87	38	-	-	-
12b. Other Non-monetary Financial Liabilities	32.469	5.534	370	169	-	-
13. CURRENT LIABILITIES	586.562	45.187	57.005	740	54	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	4.540.820	235.344	547.893	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	4.540.820	235.344	547.893	-	-	-
18. TOTAL LIABILITIES	5.127.382	280.531	604.898	740	54	-
19. Net Assets of Off Statement of Financial Position (19a-19b)	791.104	116.000	30.000	-	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(791.104)	(116.000)	(30.000)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(84.822)	624.595	(558.967)	(152)	(54)	-
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(858.523)	513.374	(590.422)	3	(54)	-
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	323.088	46.390	13.111	-	-	-
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 period are presented below:

	1 January – 31 March 2019	1 January – 31 March 2018
Total exports	380.331	264.409
Total imports	97.447	53.484

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

Foreign currency risk sensitivity

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

	31 March 2019		31 March 2018	
	Income / Expense		Income / Expense	
	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	362.249	(362.249)	323.566	(323.566)
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1 +2)	362.249	(362.249)	323.566	(323.566)
In case of %10 appreciation of EUR against EUR				
4 -Euro net asset / liability	(349.931)	349.931	(287.688)	287.688
5 - Part of hedged from Euro risk (-)				
6- Euro net effect (4+5)	(349.931)	349.931	(287.688)	287.688
Total (3 + 6)	12.318	(12.318)	35.878	(35.878)

24. FINANCIAL INSTRUMENTS

The management of Groups considers that the carrying values of the financial assets reflect their fair values.

Fair Value of Financial Assets

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

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

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

	31 March 2019	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Shares	751	751	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	1.340.021	-	1.340.021	-
- Derivative instruments	379.683	-	379.683	-
Total	1.720.455	751	1.719.704	-

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24. FINANCIAL INSTRUMENTS (cont'd)

	31 December 2018	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Shares	702	702	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	1.340.021	-	1.340.021	-
- Derivative instruments	323.087	-	323.087	-
Total	1.663.810	702	1.663.810	-

25. EVENTS AFTER THE BALANCE SHEET DATE

None.