

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 2019**

(ORIGINALLY ISSUED IN TURKISH)

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FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2019**

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2019 AND
31 DECEMBER 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

ASSETS	Notes	Condensed Unaudited Current Period 30 September 2019	Audited Previous Period 31 December 2018
Current Assets		7.891.469	6.391.831
Cash and Cash Equivalents	4	3.815.902	3.378.761
Financial Investments	5	721	702
Trade Receivables			
- Due From Related Parties	7-22	2.156.046	1.564.689
- Other Trade Receivables	7	410.204	334.397
Other Receivables			
- Due From Related Parties	8-22	337.105	627
- Other Receivables	8	33.120	38.554
Derivatives Instruments	9	307.072	323.087
Inventories	10	681.432	604.554
Prepaid Expenses			
- Due To Related Parties	22	10.356	36.368
- Other Prepaid Expenses		84.463	39.690
Current Income Tax Assets		4.606	16.899
Other Current Assets		50.442	53.503
Non-Current Assets		4.535.042	4.278.041
Financial Investments	5	1.490.059	1.340.221
Other Receivables			
- Other Receivables	8	365	234
Investment Properties	11	21.036	21.036
Tangible Assets	12	2.337.141	2.276.366
Intangible Assets			
- Goodwill	13	346.740	331.975
- Other Intangible Assets	14	274.062	257.758
Prepaid Expenses		7.222	9.628
Deferred Tax Asset	20	58.417	40.823
TOTAL ASSETS		12.426.511	10.669.872

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

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31 DECEMBER 2018
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		Condensed Unaudited Current Period 30 September 2019	Audited Previous Period 31 December 2018
LIABILITIES	Notes		
Current Liabilities		4.494.951	1.844.865
Short Term Financial Liabilities	6	355.486	85.519
Short Term Portion of Long Term Financial Liabilities	6	2.531.162	369.129
Trade Payables			
- Due to related parties	7-22	590.244	520.308
- Other trade payables	7	552.512	593.789
Employee Benefit Related Liabilities		42.525	33.332
Other Payables			
- Due to Related Parties	8-22	1.194	1.177
- Other Payables	8	8.061	5.631
Deferred Revenue		27.468	37.351
Current Income Tax Liabilities	20	92.927	15.214
Short Term Provisions			
- Short Term Provisions for Employee Benefits		60.590	51.301
- Other Short Term Provisions		206.126	90.968
Other Current Liabilities		26.656	41.146
Non-Current Liabilities		3.320.006	5.145.275
Long Term Financial Liabilities	6	2.932.969	4.791.105
Long Term Provisions			
- Long Term Provisions for Employee Benefits		143.663	115.344
Deferred Tax Liabilities	20	243.374	238.826
SHAREHOLDERS' EQUITY		4.611.554	3.679.732
Equity Attributable To Equity Holders' of the Parent		4.131.062	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		(20.807)	(21.173)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		1.242.288	1.099.942
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments		(92.163)	(89.429)
- Cash Flow Hedges		6.605	52.481
Restricted Reserves		138.385	131.587
Retained Earnings		1.516.866	822.885
Net Profit for the Period		740.723	700.779
Non-Controlling Interest		480.492	383.495
TOTAL LIABILITIES AND EQUITY		12.426.511	10.669.872

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	Condensed Unaudited Current Period 1 January - 30 September 2019	Condensed Unaudited Current Period 1 July - 30 September 2019	Restated (*) Condensed Unaudited Previous Period 1 January - 30 September 2018	Restated (*) Condensed Unaudited Previous Period 1 July - 30 September 2018
Revenue	16	5.655.967	1.893.109	4.157.633	1.437.674
Cost of Sales (-)	16	(4.110.466)	(1.394.946)	(3.064.072)	(1.052.597)
GROSS PROFIT FROM OPERATIONS		1.545.501	498.163	1.093.561	385.077
General Administrative Expenses	17	(161.202)	(66.617)	(114.177)	(39.600)
Marketing, Sales and Distribution Expenses	17	(533.526)	(153.876)	(416.353)	(145.685)
Research and Development Expenses	17	(13.540)	(4.451)	(9.868)	(3.093)
Other Operating Income		57.762	9.607	120.608	71.551
Other Operating Expenses		(60.302)	(22.614)	(95.046)	(46.863)
OPERATING PROFIT FROM MAIN OPERATIONS		834.693	260.212	578.725	221.387
Income from Investment Activities		960.688	264.157	2.565.490	1.603.173
Expenses from Investment Activities		(304.079)	(293.818)	(290.904)	(282.820)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		1.491.302	230.551	2.853.311	1.541.740
Financial Income	18	522.995	438.376	438.789	420.940
Financial Expenses	19	(1.007.761)	(327.458)	(2.479.203)	(1.648.729)
PROFIT BEFORE TAX		1.006.536	341.469	812.897	313.951
Tax Expense	20	(188.390)	(68.703)	(168.241)	(57.256)
Corporate Tax Expense		(198.552)	(82.959)	(123.842)	(52.428)
Deferred Tax Expense		10.162	14.256	(44.399)	(4.828)
PROFIT FOR THE PERIOD		818.146	272.766	644.656	256.695
Distribution of the Profit for the Period					
Non-Controlling Interest		77.423	19.252	72.594	35.856
Equity Holders of the Parent		740.723	253.514	572.062	220.839
Earning per Share	21	2,17	0,74	1,67	0,65

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

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Condensed Unaudited Current Period 1 January - 30 September 2019	Condensed Unaudited Current Period 1 July - 30 September 2019	Restated (*) Condensed Unaudited Previous Period 1 January - 30 September 2018	Restated (*) Condensed Unaudited Previous Period 1 July - 30 September 2018
PROFIT FOR THE PERIOD	818.146	272.766	644.656	256.695
Other Comprehensive Income				
Not to be Reclassified To Profit and Loss	142.676	(205.796)	(7.618)	(438)
Actuarial Gain/(Loss) on Post-Employment Termination Benefit Obligation	413	583	(2.512)	(547)
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	149.838	(217.118)	(5.903)	-
Deferred Tax for the Items That Will not be Reclassified in Profit and Loss				
Actuarial Loss on Post-Employment Termination Loss Obligation, Deferred Tax Effect	(83)	(117)	502	109
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income, Tax Effect	(7.492)	10.856	295	-
Items to be Reclassified to Profit and Loss	(29.000)	(46.252)	147.618	95.639
Currency Translation Adjustments	16.876	(16.441)	62.526	48.433
Cash Flow Hedges	(58.815)	(38.219)	109.605	60.520
Deferred Tax For The Items That Will be Reclassified to Profit and Loss				
Cash Flow Hedges, Deferred Tax Effect	12.939	8.408	(24.513)	(13.314)
OTHER COMPREHENSIVE INCOME	113.676	(252.048)	140.000	95.201
TOTAL COMPREHENSIVE INCOME	931.822	20.718	784.656	351.896
Distribution of Total Comprehensive Income				
Non-Controlling Interest	96.997	15.332	146.694	85.736
Equity Holders of the Parent	834.825	5.386	637.962	266.160

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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 2018 (Previously reported)	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
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	659.037	(15.401)	743.710	124.497	397.259	536.511	2.284.342	268.255	2.552.597
Transfer	-	-	61.016	-	-	(19.918)	-	(24.078)	-	(397.259)	380.239	-	-	-
Total comprehensive income	-	-	-	(12.090)	85.091	-	(1.960)	(5.141)	-	572.062	-	637.962	146.694	784.656
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)	(79.756)	101.116	639.119	(17.361)	714.491	124.497	572.062	828.719	2.834.273	401.060	3.235.333
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	-	-	-	-	-	-	-	-	6.798	(700.779)	693.981	-	-	-
Total comprehensive income	-	-	-	(2.734)	(45.876)	-	366	142.346	-	740.723	-	834.825	96.997	931.822
As of 30 September 2019	342.000	108.056	(498.670)	(92.163)	6.605	647.779	(20.807)	1.242.288	138.385	740.723	1.516.866	4.131.062	480.492	4.611.554

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

		Condensed Unaudited Current Period 1 January - 30 September 2019	Restated Condensed Unaudited Previous Period 1 January- 30 September 2018
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		818.146	644.656
Adjustments to Reconcile Net Profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation expenses of tangible assets	11-12	121.942	104.980
Amortization expenses of intangible assets	14	4.172	2.537
Adjustment for Impairment Loss (Reversal)			
Provision for doubtful receivables	7	(1.154)	5.256
Adjustment for impairment loss of other financial investments Loss/(gain)			
Increase in financial investments		(19)	(115)
Adjustment for impairment loss of inventories	10	10.559	3.221
Adjustment for Provisions			
Adjustments for Provisions Related with Employee Benefits			
Provision for employment benefits		41.415	27.927
Provision for unused vacation		4.979	11.959
Provision for premium		33.245	19.960
Provision for Lawsuits		874	226
Adjustments for Other Provisions			
Change in Other Provisions (net)		114.852	184.417
Adjustments for Dividend Income		(83)	(102)
Adjustments for Interest Income		(331.352)	(151.225)
Adjustments for Interest Expense			
Interest Expense	19	311.417	237.930
Discount Expense		-	12.042
Adjustment for Tax Expenses	20	188.390	168.241
Adjustments for Losses (Gains) on Disposals of Non-Current Assets			
Adjustments for Gains Arised from Sale of Tangible Assets		1.692	978
Adjustments for which Cash Effects are Investing of Financing Cash Flow			
Change in foreign currency of financial liabilities (net)	18-19	153.165	1.778.983
Change in foreign currency from investing activities (net)		(318.932)	(2.117.535)
Commission expenses and finance service income (net)		20.184	19.490
Income from derivative instruments (net)		-	(1.901)
Other Adjustments to Reconcile Profit/(Loss)			
Rent income		(7.934)	(6.702)
Net operating cash flows provided before changes in working capital		1.165.558	945.223

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30 SEPTEMBER 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

	Condensed Unaudited Current Period 1 January- 30 September 2019	Restated Condensed Unaudited Previous Period 1 January- 30 September 2018
Notes		
Changes in Working Capital		
Increase in trade receivables	(49.691)	(33.776)
Increase in trade receivables from related parties	(591.357)	(915.104)
(Increase)/decrease in inventories	(67.738)	76.079
Increase in other receivables and other current assets	(6.608)	(16.978)
Decrease in trade payables	(72.214)	(191.485)
Increase in trade payables to related parties	69.936	136.809
Decrease in other payables and liabilities	(14.237)	(6.567)
Net cash generated/(used) from operations	433.649	(5.799)
Payments related with provisions for employee benefits		
Employment termination benefit paid	(15.601)	(14.924)
Unused vacation paid	(6.400)	(10.585)
Performance premium paid	(34.647)	(21.475)
Lawsuits provision paid	(362)	(113)
Taxes paid	(108.546)	(75.704)
Collections from doubtful trade receivables	367	38
Net cash generated/(used) from operating activities	268.460	(128.562)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of tangible and intangible assets	5.518	29.248
Purchase of property, plant and equipment	(75.410)	(193.822)
Purchase of intangible assets	(2.157)	(4.359)
Changes in non-trade receivables from related parties	(336.478)	(68.193)
Cash generated from dividends	83	102
Interest received	331.352	151.225
Repayments from given other advances and payables	2.406	59.483
Rent Income	7.934	6.702
Proceeds from sales of other businesses or share of funds or debt instruments	-	40.746
Net cash (used)/generated from investing activities	(66.752)	21.132
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	320.342	309.462
Repayments of borrowings	(78.258)	(729.707)
Cash inflow from derivative instruments	-	1.901
Commission paid	(20.184)	(19.490)
Interest paid	(260.868)	(182.187)
Change in non-trade payables to related parties	17	(239.907)
Net cash used in financing activities	(38.951)	(859.928)
NET CHANGE IN CASH AND CASH EQUIVALENTS	162.757	(967.358)
THE EFFECT OF FOREIGN EXCHANGE RATE		
CHANGE ON CASH AND CASH EQUIVALENTS	274.384	1.811.772
CASH AND CASH EQUIVALENTS AT THE		
BEGINNING OF THE PERIOD	3.378.761	3.189.865
CASH AND CASH EQUIVALENTS AT THE END OF		
THE PERIOD	3.815.902	4.034.279

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 SEPTEMBER 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 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 2019, the total number of people employed by the Group is 8.781, which contains 1.305 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 30 September 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	30 September 2019	Share	31 December 2018
		Percentage		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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30 SEPTEMBER 2019

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

As of 30 September 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	30 September 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 /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

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 5 November 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Principles for Preparation of Financial Statements and Significant Accounting Policies (Continued)

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 30 September 2019, rates declared by Central Bank of Republic of Turkey are;
1 Euro = 6,1836 TL, 1 USD 5,6591 TL, 1 EGP = 0,3473 TL, 1 SAR = 1,5087 TL, 1 KZT = 0,0146 TL,
1 AED = 1,5421 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 30 September 2019, average rates declared by Central Bank of Republic of Turkey are;

1 Euro = 6,3299 TL, 1 USD = 5,6338 TL, 1 EGP = 0,3312 TL, 1 SAR = 1,5022 TL, 1 KZT = 0,0148 TL,
1 AED = 1,5352 TL (1 January – 30 September 2018: 1 Euro = 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)

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 63.146 thousand which had been classified under marketing expenses account in the consolidated statement of financial position as of 1 January 2018 - 30 September 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in the Accounting Policies (Continued)

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	TFRS 9	1 January
	Restated	Effect	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)	

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in the Accounting Policies (Continued)

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
Derivative instruments	Fair value through statement of profit or loss	Fair value through statement of profit or loss
Financial Investments	Available for sale financial assets	Fair value through other comprehensive income
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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in the Accounting Policies (Continued)

Effect of the restatements are shown below:

	Reported Previous Period 1 January- 30 September 2018	Effects of Classifications from TFRS 9 and TFRS 15	Restated Previous Period 1 January- 30 September 2018
Profit or Loss			
Revenue	4.220.779	(63.146)	4.157.633
Cost of Sales (-)	(3.064.072)	-	(3.064.072)
GROSS PROFIT FROM OPERATIONS	1.156.707	(63.146)	1.093.561
General Administrative Expenses	(114.177)	-	(114.177)
Marketing, Sales and Distribution	(479.499)	63.146	(416.353)
Research Expenses	(9.868)	-	(9.868)
Other Operating Income	112.081	8.527	120.608
Other Operating Expense	(90.800)	(4.246)	(95.046)
OPERATING PROFIT FROM MAIN OPERATION	574.444	4.281	578.725
Income from Investment Activities	2.565.490	-	2.565.490
Expenses from Investment Activities	(290.904)	-	(290.904)
OPERATING PROFIT BEFORE FINANCIAL INCOME	2.849.030	4.281	2.853.311
Financial Income	438.789	-	438.789
Financial Expenses	(2.479.203)	-	(2.479.203)
PROFIT BEFORE TAX	808.616	4.281	812.897
Tax Expense	(166.617)	(1.624)	(168.241)
Tax on Income	(123.842)	-	(123.842)
Deferred Tax Income	(42.775)	(1.624)	(44.399)
PROFIT FOR THE PERIOD	641.999	2.657	644.656
Other Comprehensive Income:			
Items not to be Reclassified Under			
Profit and Loss	(7.618)	-	(7.618)
Actuarial Loss on Post-Employment Benefit Obligation	(2.512)	-	(2.512)
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	(5.903)	-	(5.903)
Actuarial Loss on Post- Employment Benefit Obligation			
Deferred Tax Effect	502	-	502
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income			
Deferred Tax Effect	295	-	295
Items to be Reclassified Under			
Profit and Loss	148.559	(941)	147.618
Currency Translation Adjustments	63.467	(941)	62.526
Cash Flow Hedges	109.605	-	109.605
Cash Flow Hedges, Deferred Tax Effect	(24.513)	-	(24.513)
OTHER COMPHERENSIVE INCOME	140.941	(941)	140.000
TOTAL COMPHERENSIVE INCOME	782.940	1.716	784.656

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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 30 September 2019:

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.

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

TFRS 3 "Business combinations"; - a company remeasures its previously held interest in a joint operation when it obtains control of the business.

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

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

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

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

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

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

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2019:

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Adoption of New and Revised International Financial Reporting Standards (continued)

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2019 (continued):

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.

As of the reporting date, the Group has completed the activities related to TFRS 16 "Leases, and deemed that TFRS 16 does not have a significant effect on the consolidated financial statements.

3. 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 - 30 September 2019 and 1 January - 30 September 2018.

			1 January-30 September 2019
	Domestic	Foreign	
Revenue	3.499.827	2.156.140	5.655.967
Gross Profit	747.552	797.949	1.545.501
Operating Profit (*)	452.250	384.983	837.233
EBITDA (**)	512.561	450.786	963.347
EBITDA/Revenue	14,6%	20,9%	17,0%
Investment Expense	117.234	25.897	143.131
			1 January-30 September 2018
	Domestic	Foreign	
Revenue	2.700.129	1.457.504	4.157.633
Gross Profit	548.613	544.948	1.093.561
Operating Profit (*)	312.958	240.205	553.163
EBITDA (**)	369.640	291.040	660.680
EBITDA/Revenue	13,7%	20,0%	15,9%
Investment Expense	94.294	103.887	198.180

(*) 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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4. CASH AND CASH EQUIVALENTS

	30 September 2019	31 December 2018
Cash on hand	551	421
Demand deposits	299.241	714.195
Time deposits	3.522.381	2.666.312
Impairment provision	(6.271)	(2.167)
	3.815.902	3.378.761

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate	Maturity	30 September 2019
TL	16,82%	October 2019	94.437
EUR	1,25%	October 2019	103.363
USD	2,33%	October 2019	3.283.531
GBP	0,15%	October 2019	3.662
EGP	11,23%	October 2019	20.261
KZT	10,50%	October 2019	17.127
			3.522.381

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

5. FINANCIAL INVESTMENTS

Short Term Financial Investments:	30 September 2019	31 December 2018
Available for sale financial assets	721	702
	721	702

Long Term Financial Investments:	30 September 2019	31 December 2018
Available for sales financial assets	1.490.059	1.340.221
	1.490.059	1.340.221

Long Term Available for Sale Financial	30 September 2019	31 December 2018
G New, Inc	105.612	105.612
Godiva Belgium BVBA	1.384.247	1.234.409
Other	200	200
	1.490.059	1.340.221

Available for sale financial assets are presented at their fair values. Net changes in fair value of available for sale financial assets attributable to shareholders as at 30 September 2019 amounting to TL 1.242.288 (31 December 2018 :1.099.942 TL) thousand have been directly presented in other comprehensive income under equity.

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6. FINANCIAL LIABILITIES

	30 September 2019	31 December 2018
Short term liabilities	355.486	85.519
Short term portion of long term liabilities	2.531.162	369.129
Long term liabilities	2.932.969	4.791.105
	5.819.617	5.245.753
<u>Short Term Liabilities</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
Bank loans	162.386	66.064
Non-trade payables to related parties (Note 22)	193.100	19.455
	355.486	85.519
<u>Short Term Portion of Long Term Liabilities</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
Bank loans	2.518.239	369.129
Financial lease payables	12.923	-
	2.531.162	369.129
<u>Long Term Liabilities</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
Bank Loans	2.880.328	4.791.105
Financial Lease Payables	52.641	-
	2.932.969	4.791.105

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:

- 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.
- 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.

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6. FINANCIAL LIABILITIES (Continued)

Details of borrowings as of 30 September 2019 and 31 December are as follows:

30 September 2019

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted</u>	<u>Short Term</u>	<u>Long Term</u>
		<u>Average Interest Rate</u>		
TL	October 2019-April 2023	20,21%	206.022	52.641
EUR	October 2019-May 2023	2,96%	1.758.240	2.018.159
USD	October 2019-November 2020	5,52%	906.784	606.647
KZT	October 2019-January 2026	10,00%	6.550	255.522
SAR	January 2020-July 2020	4,00%	9.052	-
			<u>2.886.648</u>	<u>2.932.969</u>

31 December 2018

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted</u>	<u>Short Term</u>	<u>Long Term</u>
		<u>Average 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	March 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
			<u>454.648</u>	<u>4.791.105</u>

The maturity detail of the bank loans is as follows:

	<u>30 September 2019</u>	<u>31 December 2018</u>
to be paid within 1 year	2.873.725	454.648
to be paid within 1-2 years	2.438.613	4.336.860
to be paid within 2-3 years	151.401	145.670
to be paid within 3-4 years	151.069	145.332
to be paid within 4-5 years	75.364	102.776
Above 5 years	63.881	60.467
	<u>5.754.053</u>	<u>5.245.753</u>

Financial Lease Liabilities

<u>Short Term Financial Lease Liabilities</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
Financial lease liabilities	29.282	-
Future finance charges on finance leases (-)	(16.359)	-
	<u>12.923</u>	<u>-</u>
<u>Long Term Financial Lease Liabilities</u>	<u>30 September 2019</u>	<u>31 December 2018</u>
Financial lease liabilities	73.215	-
Future finance charges on finance leases (-)	(20.574)	-
	<u>52.641</u>	<u>-</u>
	<u>30 September 2019</u>	<u>31 December 2018</u>
to be paid within 1 year	12.923	-
to be paid within 1-2 years	16.927	-
to be paid within 2-3 years	22.172	-
to be paid within 3-4 years	13.542	-
	<u>65.564</u>	<u>-</u>

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7. TRADE RECEIVABLES AND PAYABLES

	30 September 2019	31 December 2018
Short Term Due from Related Parties		
Due from related parties (Note 22)	2.156.046	1.564.689
	2.156.046	1.564.689
Other Trade Receivables		
Trade receivables	428.782	352.982
Notes receivables	-	766
Provision for doubtful receivables	(18.578)	(19.351)
	410.204	334.397
Total Short Term Trade Receivables	2.566.250	1.899.086

The movement of the allowance for doubtful receivables as of 30 September 2019 and 2018 is as follows:

	1 January - 30 September 2019	1 January - 30 September 2018
In accordance with TAS 39 as of 1 January		
Accounting policy change for TFRS 9	(19.351)	(8.212)
	-	(3.633)
Restated as of 1 January	(19.351)	(11.845)
Current period expense	(1.318)	(5.313)
Canceled provision	2.472	57
Currency translation differences	(748)	(5.425)
Collection	367	38
Closing balance	(18.578)	(22.488)
	30 September 2019	31 December 2018
Short Term Trade Payables		
Due to related parties (Note 22)	590.244	520.308
Trade payables	552.512	593.789
	1.142.756	1.114.097

8. OTHER RECEIVABLES AND PAYABLES

	30 September 2019	31 December 2018
Other Receivables		
Due from related parties (Note 22)	337.105	627
Short term other receivables	33.120	38.554
	370.225	39.181
	30 September 2019	31 December 2018
Other Short Term Receivables		
VAT receivables	11.787	19.339
Deposits and guarantees given	16.744	13.440
Receivables from personnel	1.573	2.020
Other	3.016	3.755
	33.120	38.554
	30 September 2019	31 December 2018
Other Long Term Receivables		
Deposits and guarantees given	365	234
	365	234

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8. OTHER RECEIVABLES AND PAYABLES (Continued)

	30 September 2019	31 December 2018
Other Payables		
Due from related parties (Note 22)	1.194	1.177
Other short term payables	8.061	5.631
	9.255	6.808
	30 September 2019	31 December 2018
Other Short Term Payables		
Deposits and guarantees received	3.223	3.214
Other short term payables	4.838	2.417
	8.061	5.631

9. DERIVATIVE INSTRUMENTS

As date of 20 April 2017, the Group received syndication loans which are USD 136.000.000 and EUR 225.144.922 respectively. Effective interest rate for both credits are fluctuated and the maturity date is April 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments in parallel with repayment schedule, the Group entered into a cross currency fixed interest rate swap contracts amounting to USD 116.000.000 and EUR 30.000.000, respectively to manage its exposure to interest rate and foreign currency fluctuations.

Derivative instruments as of 30 September 2019 and 31 December 2018 are as follows:

	30 September 2019		31 December 2018	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Derivative instruments held for hedge				
Cross Currency Fixed Interest Rate Swap	528.132	307.072	528.132	323.087
Total Asset	528.132	307.072	528.132	323.087

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10. INVENTORIES

Details of inventory are as follows;

	30 September 2019	31 December 2018
Raw materials	287.205	229.264
Work in progress	23.781	16.907
Finished goods	266.253	265.841
Trade goods	75.992	59.854
Other inventories	49.431	44.517
Allowance for impairment on inventory(-)	(21.230)	(11.829)
	681.432	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 30 September 2019 and 2018 are below:

	1 January- 30 September 2019	1 January- 30 September 2018
Opening balance	(11.829)	(10.062)
Charge for the period	(10.559)	(3.221)
Reversal of provision	1.451	1.895
Currency translation differences	(293)	(665)
Closing balance	(21.230)	(12.053)

11. INVESTMENT PROPERTIES

	1 January- 30 September 2019	1 January- 30 September 2018
Opening balance	21.036	16.196
Charge for the period	-	-
Closing balance	21.036	16.196

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. NOVA Taşınmaz Değerleme ve 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 1.255 thousand (30 September 2018: TL 972 thousand) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 70 thousand. (30 September 2018: TL 59 thousand).

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12. TANGIBLE ASSETS

Movement of tangible assets between 1 January 2019 and 30 September 2019 is as follows:

Cost	1 January 2019	Addition	Disposal	Transfers (Note 14)	Currency Translation Differences	30 September 2019
Land	714.750	-	-	(1.966)	3.494	716.278
Buildings	698.303	72.617	-	14.033	17.161	802.114
Machinery, plant and equipment	2.038.567	7.189	(10.849)	23.426	57.715	2.116.048
Vehicles	11.697	31	(147)	-	569	12.150
Furniture and fixture	95.810	4.005	(541)	4.898	2.789	106.961
Leasehold improvements	41.326	430	-	-	19	41.775
Other tangible assets	798	-	-	-	60	858
Construction in progress	44.470	56.702	(557)	(40.391)	2.539	62.763
	3.645.721	140.974	(12.094)	-	84.346	3.858.947
Accumulated Depreciation	1 January 2019	Charge for the Period	Disposal	Transfers (Note 14)	Currency Translation Differences	30 September 2019
Buildings	(346.062)	(16.250)	-	-	(4.396)	(366.708)
Machinery, plant and equipment	(925.608)	(95.534)	4.609	-	(28.647)	(1.045.180)
Vehicles	(7.054)	(1.010)	-	-	(404)	(8.468)
Furniture and fixture	(70.149)	(6.090)	275	-	(1.905)	(77.869)
Leasehold improvements	(19.545)	(2.994)	-	-	(5)	(22.544)
Other tangible assets	(937)	(64)	-	-	(36)	(1.037)
	(1.369.355)	(121.942)	4.884	-	(35.393)	(1.521.806)
Net Book Value	2.276.366					2.337.141

From depreciation and amortization expenses, TL 115.296 thousand (30 September 2018: TL 98.855 thousand) is included in cost of goods sold, TL 289 thousand (30 September 2018: TL 384 thousand) is included in research and development expenses, TL 2.429 thousand (30 September 2018: TL 1.844 thousand) is included in marketing and selling expenses, TL 8.100 thousand (30 September 2018: TL 6.434 thousand) is included in general and administrative expenses. There are TL 70.000 worth buildings 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 (30 September 2018: TL 532 thousand interest, TL 7.068 thousand foreign exchange difference).

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12. TANGIBLE ASSETS (Continued)

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)	1.334	9.860	94.010
Leasehold improvements	37.362	1.671	-	-	99	39.132
Other tangible assets	556	-	-	-	327	883
Construction in progress	189.912	157.366	(3.768)	(204.535)	16.072	155.047
	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	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
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There are not any fixed assets acquired through financial leasing as of 30 September 2018. There is not any mortgage or collateral on tangible assets in the current period.

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12. TANGIBLE ASSETS (Continued)

The estimated useful lives of tangible assets are as follow:

	Useful Life
Buildings	25 – 50 year
Machinery, plant and equipments	4 – 20 year
Vehicles	4 – 10 year
Other tangible assets	4 – 10 year
Furniture and fixtures	3 – 10 year
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

	30 September 2019	31 December 2018
1 January	331.975	253.507
Currency translation adjustments	14.765	78.468
Closing Balance	346.740	331.975

Goodwill details are as follow:

Company	30 September 2019	31 December 2018
UI Mena B.V.	333.538	319.335
IBC	13.202	12.640
	346.740	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 – 30 September 2019 are as follows:

Cost	1 January 2019	Addition	Transfer	Currency Translation Differences	30 September 2019
Rights (*)	263.730	1.703	-	18.997	284.430
Other intangible assets	3.251	454	-	-	3.705
	266.981	2.157	-	18.997	288.135

Accumulated Amortization	1 January 2019	Charge for the Period	Transfer	Currency Translation Differences	30 September 2019
Rights	(6.382)	(3.880)	-	(678)	(10.940)
Other intangible assets	(2.841)	(292)	-	-	(3.133)
	(9.223)	(4.172)	-	(678)	(14.073)
Net Book Value	257.758				274.062

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

Cost	1 January 2018	Addition	Transfer (Note 12)	Currency Translation Differences	30 September 2018
Rights (*)	185.326	4.305	2.533	105.262	297.426
Other intangible assets	3.120	54	51	-	3.225
	188.446	4.359	2.584	105.262	300.651

Accumulated Amortization	1 January 2018	Charge for the Period	Transfer	Currency Translation Differences	30 September 2018
Rights	(2.608)	(2.251)	-	(656)	(5.515)
Other intangible assets	(2.959)	(286)	-	-	(3.245)
	(5.567)	(2.537)	-	(656)	(8.760)
Net Book Value	182.879				291.891

(*) As of 30 September 2019 Rights contain reacquired rights related with Saudi distribution agreements of Groups products in Saudi Arabia amounting to TL 225.164 thousand (30 September 2018: TL 238.338 thousand), the remaining amount TL 41.692 thousand (30 September 2018: TL 46.847 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 (Continued)

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

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

15. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees Given

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

	30 September 2019			31 December 2018		
	TL	USD	EURO	TL	USD	EURO
A) CPM's given in the name of own legal personality (*)	373.640	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 (**)	-	-	97.270	-	-	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	373.640	49.252	185.192	374.265	57.302	184.216

(*) Non-cash risk amounting to TL 54,9 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 30 September 2019 (31 December 2018: 0%).

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15. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees Given (Continued)

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 - 30 September 2019	1 July- 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Domestic sales(*)	6.196.538	2.089.006	4.698.549	1.632.250
Export sales	1.205.442	400.797	793.198	288.133
Sales returns and discounts (-)	(1.746.013)	(596.694)	(1.334.114)	(482.709)
Sales Income (net)	5.655.967	1.893.109	4.157.633	1.437.674
Cost of merchandises sold	(3.994.853)	(1.360.463)	(2.972.214)	(1.048.993)
Cost of trade goods sold	(115.613)	(34.483)	(91.858)	(3.604)
Cost of sales	(4.110.466)	(1.394.946)	(3.064.072)	(1.052.597)
Gross Profit	1.545.501	498.163	1.093.561	385.077

(*) 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 - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
General Administrative Expenses				
Personnel expenses	(69.428)	(22.353)	(55.296)	(19.740)
Operating expenses	(51.977)	(32.661)	(26.601)	(8.453)
Consultancy expenses	(10.309)	(3.220)	(10.171)	(4.822)
Depreciation and amortization expenses	(8.100)	(2.688)	(6.434)	(2.376)
Other	(21.388)	(5.695)	(15.675)	(4.209)
	(161.202)	(66.617)	(114.177)	(39.600)
Marketing Expenses				
Marketing operating expenses	(391.273)	(107.731)	(302.088)	(103.385)
Personnel expenses	(99.753)	(31.724)	(80.172)	(29.806)
Rent expenses	(11.212)	(3.936)	(8.645)	(3.194)
Depreciation and amortization expenses	(2.429)	(833)	(1.844)	(637)
Other	(28.859)	(9.652)	(23.604)	(8.663)
	(533.526)	(153.876)	(416.353)	(145.685)
Research Expenses				
Personnel expenses	(8.271)	(2.527)	(6.682)	(2.138)
Materials used	(1.189)	(467)	(784)	(252)
Depreciation and amortization expenses	(289)	(84)	(384)	(155)
Other	(3.791)	(1.373)	(2.018)	(548)
	(13.540)	(4.451)	(9.868)	(3.093)

18. FINANCIAL INCOME

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Foreign exchange gain	521.251	437.795	436.160	420.353
Income from derivative instruments	-	-	1.901	-
Other	1.744	581	728	587
	522.995	438.376	438.789	420.940

19. FINANCIAL EXPENSES

	1 January - 30 September 2019	1 July - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2018
Foreign exchange losses from financing	(674.416)	(208.453)	(2.215.143)	(1.549.304)
Interest expenses	(311.417)	(111.842)	(237.930)	(85.644)
Other	(21.928)	(7.163)	(26.130)	(13.781)
	(1.007.761)	(327.458)	(2.479.203)	(1.648.729)

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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%, 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:

	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Indexation and useful life differences				
of tangible and intangible assets	-	-	1.083.519	1.099.723
Investment properties valuation differences	-	-	19.785	19.785
Marketable securities valuation differences	-	-	1.307.672	1.157.372
Derivative instruments	-	-	307.072	323.087
Profit margin elimination on inventories	(20.366)	(6.515)	-	-
Discount of trade receivables / payables (net)	-	-	5.119	5.804
Allowance of employee termination benefits	(109.656)	(87.259)	-	-
Provision of doubtful receivables	(13.396)	(8.463)	-	-
Previous year losses	(70.247)	(66.494)	-	-
Provision for lawsuits	(6.064)	(5.758)	-	-
Impairment on inventories	(17.660)	(11.670)	-	-
Turnover premium provision	(38.748)	-	-	-
Provision for unused vacation	(15.764)	(15.340)	-	-
Other	(68.876)	(26.697)	9.130	16.721
	(360.777)	(228.196)	2.732.297	2.622.492

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20. TAX ASSET AND LIABILITIES (Continued)

Deferred tax assets / liabilities (continued):

	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Indexation and useful life differences				
of tangible and intangible assets	-	-	146.471	146.846
Investment properties valuation differences	-	-	1.979	1.979
Marketable securities valuation differences	-	-	65.384	57.869
Derivative instruments	-	-	67.556	71.079
Profit margin elimination on inventories	(4.481)	(1.433)	-	-
Discount of trade receivables /				
payables (net)	-	-	1.126	1.277
Allowance of employee				
termination benefits	(21.931)	(17.452)	-	-
Provision of doubtful receivables	(2.947)	(1.862)	-	-
Previous year losses	(14.049)	(13.299)	-	-
Provision for lawsuits	(1.334)	(1.267)	-	-
Impairment on inventories	(3.885)	(2.567)	-	-
Turnover premium provision	(8.525)	-	-	-
Investment incentive	(23.464)	(37.596)	-	-
Provision for unused vacation	(3.468)	(3.375)	-	-
Other	(15.483)	(5.874)	2.008	3.678
	<u>(99.567)</u>	<u>(84.725)</u>	<u>284.524</u>	<u>282.728</u>

Movement of Deferred Tax Liabilities:

	1 January - 30 September 2019	1 January - 30 September 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	(5.364)	23.716
Currency translation differences	2.480	3.115
Deferred tax expense	(10.162)	44.399
	<u>184.957</u>	<u>167.768</u>

As of 30 September 2019, the Group calculated deferred tax assets of TL 70.247 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:

	30 September 2019	31 December 2018
2025	70.247	66.494
Total	<u>70.247</u>	<u>66.494</u>

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20. TAX ASSET AND LIABILITIES (Continued)

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 tax rate in 30 September 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 (Continued)

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 2019 and 31 December 2018 is as follows:

	30 September 2019	31 December 2018
Total corporate tax provision	(198.552)	(118.197)
Prepaid taxes and funds	105.625	102.983
Taxation in the balance sheet	(92.927)	(15.214)
	30 September 2019	30 September 2018
Current period corporate tax expense	198.552	123.842
Deferred tax income	(10.162)	44.399
Tax expense in the income statement	188.390	168.241

21. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 30 September 2019 and 2018 and computation of earnings per share set out here as follows:

	1 January - 30 September 2019	1 January - 30 September 2018
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net profit	740.723	572.062
Basic Earnings per Share	2,17	1,67

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The detail of receivables from related parties is as follows:

	30 September 2019	31 December 2018
Trade receivables	2.156.046	1.564.689
Non-trade receivables	337.105	627
	2.493.151	1.565.316

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

	30 September 2019		31 December 2018	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder				
Yıldız Holding A.Ş.	166	-	-	-
Other Companies Controlled by the Principle Shareholder				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.161.788	-	764.899	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	603.670	-	472.546	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	140.124	-	107.634	-
G2M Eksper Satış ve Dağıtım Hizmetleri A.Ş. (*)	71.836	-	54.316	-
G New, Inc (**)	-	336.392	-	-
United Biscuits (UK) Ltd.	30.779	-	38.137	-
Other	147.683	713	127.157	627
	2.156.046	337.105	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 amount of 336.392 is given to G New, Inc as capital advance and that is presented as non-trade receivable since the capital increase has not been realized yet.

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.

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

	30 September 2019	31 December 2018
Önem Gıda San. ve Tic. A.Ş.	10.356	36.368
	10.356	36.368

The detail of payables to related parties is as follows:

	30 September 2019	31 December 2018
Trade payables	590.244	520.308
Non-trade payables	1.194	1.177
	591.348	521.485

The detail of trade and non-trade payables to related parties is as follows:

	30 September 2019		31 December 2018	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder				
Yıldız Holding A.Ş.	87.516	-	61.240	-
Other Companies Controlled by the Principle Shareholder				
Önem Gıda San. ve Tic. A.Ş.	372.763	-	244.060	-
United Biscuits (UK) Ltd.	45.037	-	42.619	-
pladis Foods Limited	34.744	-	-	-
CCC Gıda San. ve Tic. A.Ş.	12.940	-	14.660	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	11.576	-	65.178	-
Adapazarı Şeker Fabrikası A.Ş.	9.383	-	38.251	-
Marsa Yağ San. ve Tic. A.Ş.	2.604	-	25.298	-
Other	13.681	1.194	29.002	1.177
	590.244	1.194	520.308	1.177

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

	30 September 2019	31 December 2018
Yıldız Holding A.Ş.	193.100	19.455
	193.100	19.455

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

	30 September 2019	31 December 2018
Pervin Finansal Kiralama A.Ş.	65.564	-
	65.564	-

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

	1 January - 30 September 2019		1 July - 30 September 2019		1 January - 30 September 2018		1 July - 30 September 2018	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
Other Companies Controlled by the Principle Shareholder								
Önem Gıda San. ve Tic. A.Ş.	1.345.911	558	391.049	-	898.962	370	299.855	356
Besler Gıda ve Kimya San. ve Tic. A.Ş.	175.883	750	55.065	661	174.019	1.563	67.711	1.563
United Biscuits (UK) Ltd.	63.882	80.798	9.801	27.671	58.485	60.839	26.549	30.656
CCC Gıda San. ve Tic. A.Ş.	41.776	1.790	14.727	1.743	12.947	-	3.790	-
Marsa Yağ San. ve Tic. A.Ş.	41.660	-	10.113	-	52.236	-	20.132	-
Pendik Nişasta San. A.Ş.	34.305	-	9.664	-	37.592	-	8.212	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	91	2.162.499	-	735.786	2.134	1.730.638	972	569.196
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	-	-	-	-	216	37.019	43	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	1.042.834	-	346.721	-	753.441	-	247.204
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	190.704	-	63.669	-	84.745	-	45.518
Other	18.482	257.250	8.023	98.348	15.014	155.254	5.391	67.378
	1.721.990	3.737.183	498.442	1.274.599	1.251.605	2.823.869	432.655	961.871

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

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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 2019:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(128)	(143.031)	(104.003)
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(34.744)	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	16	(19.550)	90.185
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	67	(12.959)	43.671
Önem Gıda San. ve Tic. A.Ş.	2.308	(11.979)	5.465
United Biscuits (UK) Ltd.	9	(6.769)	3.116
İzsal Gayrimenkul Geliştirme A.Ş.	(1.444)	(1.820)	-
Besler Gıda ve Kimya San. Ve Tic. A.Ş.	-	(179)	(1.100)
CCC Gıda San. ve Tic. A.Ş.	(560)	1.842	(699)
Other	1.210	(6.253)	4.996
	1.478	(235.442)	41.631

For the 3 months period between 1 July and 30 September 2019:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(14)	(46.003)	(59.785)
Other Companies Controlled by the Principle Shareholder			
pladis Foods Limited	-	(25.385)	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(7.884)	31.779
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	14	(3.097)	14.431
Önem Gıda San. ve Tic. A.Ş.	861	(5.862)	2.947
United Biscuits (UK) Ltd.	-	(5.765)	2.037
İzsal Gayrimenkul Geliştirme A.Ş.	(451)	(786)	-
CCC Gıda San. ve Tic. A.Ş.	(184)	565	195
Other	338	(3.348)	(2.025)
	564	(97.565)	(10.421)

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22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

For the nine months period ended 30 September 2018:

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

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

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

Benefits provided to members of BOD and key management personnel:

	30 September 2019	31 December 2018
Fees and other short term benefits	28.069	22.115
	28.069	22.115

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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.

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

	30 September 2019				
	TL	USD	EURO	GBP	CHF
1. Trade Receivables	332.229	43.298	13.194	808	-
2a. Monetary Financial Assets	4.320.994	743.558	17.645	577	1
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	42.809	6.565	882	26	4
4. CURRENT ASSETS	4.696.032	793.421	31.721	1.411	5
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	4.696.032	793.421	31.721	1.411	5
10. Trade Payables	137.928	15.328	6.826	1.196	117
11. Financial Liabilities	2.663.830	160.024	284.339	-	-
12a. Other Monetary Financial Liabilities	792	-	127	1	-
12b. Other Non-monetary Financial Liabilities	17.750	2.902	209	5	-
13. CURRENT LIABILITIES	2.820.300	178.254	291.501	1.202	117
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	2.624.804	107.198	326.373	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	2.624.804	107.198	326.373	-	-
18. TOTAL LIABILITIES	5.445.104	285.452	617.874	1.202	117
19. Net Assets of Off Statement of Financial Position (19a-19b)	841.964	116.000	30.000	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(841.964)	(116.000)	(30.000)	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	92.892	623.969	(556.153)	209	(112)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(774.131)	504.306	(586.826)	188	(116)
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	307.072	42.778	10.510	-	-
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 (Continued)

Foreign currency risk management (Continued)

	31 December 2018				
	TL	USD	EUR	GBP	CHF
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-months period are presented below:

	1 January – 30 September 2019	1 January – 30 September 2018
Total exports	1.205.442	793.198
Total imports	276.437	254.580

23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

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.

	30 September 2019		30 September 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	351.037	(351.037)	387.600	(387.600)
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1 +2)	351.037	(351.037)	387.600	(387.600)
In case of %10 appreciation of EUR against TL				
4 - Euro net asset/liability	(344.319)	344.319	(399.033)	399.033
5 - Part of hedged from Euro risk (-)				
6- Euro net effect (4+5)	(344.319)	344.319	(399.033)	399.033
Total (3 + 6)	6.718	(6.718)	(11.433)	11.433

24. FINANCIAL INSTRUMENTS

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)

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24. FINANCIAL INSTRUMENTS (Continued)

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

	30 September 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	721	721	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	1.489.859	-	1.489.859	-
- Derivative instruments	307.072	-	307.072	-
Total	1.797.652	721	1.796.931	-

	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	1.663.108	-

25. EVENTS AFTER THE BALANCE SHEET DATE

Godiva Belgium BVBA, in which the company has a shareholding of %19.23 as of 30 September 2019, has informed us that their shareholders used their receivables from Godiva Belgium BVBA amounting to EUR 564.737.875,70 in a capital increase as of 10 October 2019. The company does not have any receivables from Godiva Belgium BVBA to be used in this capital increase. Although the General Assembly Meeting of Godiva Belgium for dividend distribution has not been held yet, the company has decided not to participate in this capital increase, in order to maximize its cash position, because net of the capital increase amount payable by the company and the possible dividend amount to be received after such participation in the capital increase will be lower than the possible dividend amount to be obtained in case of non-participation in the capital increase. After the capital increase, the partnership share decreased from %19.23 to %12.95.