ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2017

(ORIGINALLY ISSUED IN TURKISH)

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of Ülker Bisküvi Sanayi A.Ş.

Introduction

1. We have reviewed the accompanying condensed consolidated statement of financial position of Ülker Bisküvi Sanayi A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2017 and the related condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

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

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

Mert Tüten, SMMM
Partner

Istanbul, 15 August 2017

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2017

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2017, 31 DECEMBER 2016 AND 31 DECEMBER 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

ASSETS	**Notes**	**Condensed Reviewed Current Period 30 June 2017**	**Restated (*) Reviewed Previous Period 31 December 2016**	**Restated (*) Reviewed Previous Period 31 December 2015**
Current Assets		**4.940.340.567**	**3.625.566.950**	**3.502.467.263**
Cash and Cash Equivalents	5	3.460.373.107	2.268.604.108	1.354.697.874
Financial Investments	6	644.863	754.935	704.437
Trade Receivables				
- Due From Related Parties	8-21	586.525.773	586.367.653	560.216.232
- Other Trade Receivables	8	202.707.677	177.628.090	195.467.260
Other Receivables				
- Due From Related Parties	9-21	1.618.637	4.535.293	807.438.501
- Other Receivables	9	22.219.901	20.190.356	36.142.643
Inventories	10	447.330.720	392.730.342	331.183.102
Prepaid Expenses				
- Due to Related Parties	21	94.124.658	78.046.637	116.813.193
- Other Prepaid Expenses		77.932.663	37.498.281	53.568.367
Corporate Income Tax Assets		180.271	11.063.641	825.280
Other Current Assets		46.682.297	48.147.614	45.410.374
Non-Current Assets		**2.164.624.085**	**2.053.428.591**	**1.741.059.947**
Financial Investments	6	938.507.497	928.800.295	765.334.184
Other Receivables				
- Other Receivables	9	186.771	185.292	176.911
Investment Properties	11	14.576.808	14.587.592	12.904.161
Property, Plant and Equipment	12	1.080.152.872	1.050.639.625	904.816.223
Intangible Assets	13	1.512.300	1.740.109	1.946.354
Prepaid Expenses		85.985.009	14.160.059	28.562.343
Deferred Tax Assets	19	43.702.828	43.315.619	27.271.681
Other Non-Current Assets		-	-	48.090
TOTAL ASSETS		**7.104.964.652**	**5.678.995.541**	**5.243.527.210**

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2017, 31 DECEMBER 2016 AND 31 DECEMBER 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Condensed Reviewed Current Period 30 June 2017	Restated (*) Reviewed Previous Period 31 December 2016	Restated (*) Reviewed Previous Period 31 December 2015
LIABILITIES				
Current Liabilities		**3.400.085.672**	**3.181.139.103**	**1.874.047.456**
Short Term Financial Liabilities	7	707.356.387	544.791.623	1.011.718.472
Short-Term Portion of Long-Term Financial Liabilities	7	1.878.063.137	1.815.575.753	27.836.991
Trade Payables				
- Due to Related Parties	8-21	283.164.158	341.344.634	315.390.068
- Other Trade Payables	8	337.029.397	305.133.387	286.318.235
Employee Benefit Related Liabilities		23.854.680	31.381.281	27.927.868
Other Payables				
- Due to Related Parties	9-21	-	-	86.239.625
- Other Payables	9	8.167.100	8.431.010	4.682.471
Derivatives		13.188.811	-	-
Deferred Income		28.649.214	48.439.307	39.964.444
Current Income Tax Liabilities	19	19.166.772	14.818.549	9.514.388
Short Term Provisions				
- Provisions for Employment Termination Benefits		29.200.453	32.753.813	27.503.600
- Other Short Term Provisions		55.913.240	24.095.936	24.011.257
Other Current Liabilities		16.332.323	14.373.810	12.940.037
Non-Current Liabilities		**1.755.789.986**	**687.316.199**	**1.807.699.719**
Long Term Financial Liabilities	7	1.630.532.571	569.609.803	1.735.335.344
Long Term Provisions				
- Provisions for Employment Termination Benefits		78.775.492	72.356.363	37.439.725
Deferred Tax Liabilities	19	46.481.923	45.350.033	34.924.650
SHAREHOLDERS' EQUITY		**1.949.088.994**	**1.810.540.239**	**1.561.780.035**
Equity Attributable To Equity Holders' of the Parent		**1.733.084.374**	**1.611.122.270**	**1.352.057.775**
Share Capital		342.000.000	342.000.000	342.000.000
Inflation Adjustments on Equity Items		108.056.201	108.056.201	108.056.201
Effect of Business Combinations Under Common Control		(185.919.037)	(198.258.482)	(218.268.442)
Other Comprehensive Income/Expense not to be Reclassified Under Profit and Loss				
-Gains and Losses from Revaluation Funds				
-Increases on Revaluation of Plant, Property and Equipment		5.231.735	5.231.735	5.231.735
-Actuarial loss on post employment termination benefit obli obligation		(18.007.496)	(16.686.755)	(430.543)
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss				
- Currency Translation Adjustments		(10.212.374)	(7.165.808)	494.874
- Hedge funds		(976.117)	-	-
-Gains on Revaluation Funds				
-Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		703.816.800	695.363.441	539.968.646
Restricted Reserves Appropriated from Profits		124.496.833	119.806.833	112.116.833
Retained Earnings		481.735.262	320.064.097	222.929.248
Net Profit for the Period		182.862.567	242.711.008	239.959.223
Non-Controlling Interest		**216.004.620**	**199.417.969**	**209.722.260**
TOTAL LIABILITIES AND EQUITY		**7.104.964.652**	**5.678.995.541**	**5.243.527.210**

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

CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED
30 JUNE 2017 AND 2016
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Notes	Condensed Reviewed Current Period 1 January - 30 June 2017	Condensed Reviewed Current Period 1 April - 30 June 2017	Restated (*) Condensed Reviewed Previous Period 1 January - 30 June 2016	Restated (*) Condensed Reviewed Previous Period 1 April - 30 June 2016
Revenue	15	2.345.657.502	1.113.760.524	2.037.883.254	1.002.523.131
Cost of Sales	15	(1.775.400.042)	(846.653.772)	(1.539.476.879)	(756.687.061)
GROSS PROFIT FROM OPERATIONS		**570.257.460**	**267.106.752**	**498.406.375**	**245.836.070**
General Administrative Expenses	16	(63.882.840)	(36.413.385)	(63.164.575)	(34.923.317)
Marketing, Selling and Distribution Expenses	16	(219.525.632)	(97.287.445)	(187.297.142)	(87.088.850)
Research and Development Expenses	16	(6.336.017)	(3.409.880)	(4.285.020)	(2.202.243)
Other Operating Income		27.354.641	10.717.581	15.856.583	8.213.360
Other Operating Expenses		(22.866.841)	(15.257.543)	(10.874.439)	(4.072.676)
OPERATING PROFIT FROM MAIN OPERATIONS		**285.000.771**	**125.456.080**	**248.641.782**	**125.762.344**
Income from Investment Activities		152.832.712	39.659.480	129.282.116	60.403.057
Expenses from Investment Activities		(17.767.041)	(13.027.652)	(81.521.160)	(5.469.156)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		**420.066.442**	**152.087.908**	**296.402.738**	**180.696.245**
Financial Income	17	19.008.036	8.245.815	104.316.730	18.232.296
Financial Expenses	18	(187.490.968)	(47.496.540)	(151.601.346)	(72.208.012)
PROFIT BEFORE TAX		**251.583.510**	**112.837.183**	**249.118.122**	**126.720.529**
Tax Expense	19	**(44.333.099)**	**(17.898.713)**	**(48.626.021)**	**(23.468.263)**
Corporate Income Tax Expense		(42.920.927)	(17.689.606)	(47.301.572)	(25.942.296)
Deferred Tax (Expense)/Income		(1.412.172)	(209.107)	(1.324.449)	2.474.033
PROFIT FOR THE PERIOD		**207.250.411**	**94.938.470**	**200.492.101**	**103.252.266**
Distribution of the Profit for the Period					
Non-Controlling Interest		24.387.844	10.798.539	20.501.032	10.243.041
Equity Holders of the Parent		182.862.567	84.139.931	179.991.069	93.009.225
Earnings Per Share	20	0,53	0,25	0,53	0,27

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

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

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE 2017 AND 2016

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

	Condensed Reviewed Current Period 1 January-30 June 2017	Condensed Reviewed Current Period 1 April-30 June 2017	Restated(*) Condensed Reviewed Previous Period 1 January-30 June 2016	Restated(*) Condensed Reviewed Previous Period 1 April-30 June 2016
PROFIT FOR THE PERIOD	**207.250.411**	**94.938.470**	**200.492.101**	**103.252.266**
OTHER COMPREHENSIVE INCOME:				
Other Comprehensive Income that Will Not Be Reclassified in Profit or Loss	**(1.337.827)**	**(844.535)**	**(1.069.563)**	**258.737**
Actuarial Loss on Post-Employment Termination Benefit Obligation	(1.672.284)	(1.055.669)	(1.336.954)	323.421
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified in Profit or Loss				
Actuarial Loss on Post-Employment Termination Benefit Obligation, Deferred Tax Effect	334.457	211.134	267.391	(64.684)
Other Comprehensive Income That Will Be Reclassified in Profit or Loss	**4.566.895**	**(1.323.866)**	**(9.369.466)**	**(2.425.109)**
Currency Translation Adjustments	(3.678.830)	(5.641.769)	(12.158.789)	392.675
Change in Revaluation Funds of Financial Assets	9.707.202	5.572.653	2.936.129	(2.966.089)
Hedge funds	(1.220.146)	(1.220.146)	-	-
Taxes Relating to Components of Other Comprehensive Income That Will be Reclassified in Profit or Loss				
Other Comprehensive Income Related with Financial Assets Measured at Fair Value through Other Comprehensive Income and Hedge Funds, Deferred Tax Effect	(241.331)	(34.604)	(146.806)	148.305
OTHER COMPREHENSIVE INCOME/(EXPENSE)	**3.229.068**	**(2.168.401)**	**(10.439.029)**	**(2.166.372)**
TOTAL COMPREHENSIVE INCOME	**210.479.479**	**92.770.069**	**190.053.072**	**101.085.894**
Distribution of Total Comprehensive Income				
Non-Controlling Interest	24.506.977	7.733.694	13.733.351	9.822.632
Equity Holders of the Parent	185.972.502	85.036.375	176.319.721	91.263.262

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

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

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

				Accumulated Other Comprehensive Income to Be Reclassified in Profit or Loss		Other Comprehensive Income Not to Be Reclassified in Profit or Loss			Accumulated Profit				
	Share Capital	Inflation Adjustments to Share Capital	Effect of Business Combinations Under Common Control	Financial Assets Measured at Fair Value	Currency Translation Adjustments	Revaluation of Plant, Property and Equipment	Actuarial Loss 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 2016 (Previously reported)	**342.000.000**	**108.056.201**	**(161.872.759)**	**539.968.646**	**1.080.204**	**5.231.735**	**(430.543)**	**112.116.833**	**292.129.375**	**160.377.409**	**1.398.657.101**	**209.722.260**	**1.608.379.361**
Restatement effect	-	-	-	-	-	-	-	-	-	62.551.839	62.551.839	-	62.551.839
Transactions under common control	-	-	(56.395.683)	-	(585.330)	-	-	-	(52.170.152)	-	(109.151.165)	-	(109.151.165)
As of 1 January 2016 (Restated)	**342.000.000**	**108.056.201**	**(218.268.442)**	**539.968.646**	**494.874**	**5.231.735**	**(430.543)**	**112.116.833**	**239.959.223**	**222.929.248**	**1.352.057.775**	**209.722.260**	**1.561.780.035**
Total comprehensive income	-	-	-	2.556.972	(5.216.611)	-	(1.011.709)	-	179.991.069	-	176.319.721	13.733.351	190.053.072
Dividend paid (*)	-	-	(14.000.000)	-	-	-	-	-	-	(94.000.000)	(108.000.000)	(6.825.333)	(114.825.333)
Gain on sale of real estate	-	-	-	-	-	-	-	-	-	185.291	185.291	65.360	250.651
Transfers	-	-	34.009.960	-	-	-	-	7.690.000	(239.959.223)	198.259.263	-	-	-
As of 30 June 2016	**342.000.000**	**108.056.201**	**(198.258.482)**	**542.525.618**	**(4.721.737)**	**5.231.735**	**(1.442.252)**	**119.806.833**	**179.991.069**	**327.373.802**	**1.420.562.787**	**216.695.638**	**1.637.258.425**

(*) At the General Assembly Meeting for the year of 2015 held on 24 March 2016, it has been resolved to distribute TL 94.000.000 as cash and fully funded by the profit for the year and started to be distributed as of April 5th 2016.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2017 AND 2016

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

				Accumulated Other Comprehensive Income to Be Reclassified in Profit or Loss			Other Comprehensive Income Not to Be Reclassified in Profit or Loss		Accumulated Profit					
	Share Capital	**Inflation Adjustments to Share Capital**	**Effect of Business Combinations Under Common Control**	**Financial Assets Measured at Fair Value**	**Currency Translation Adjustments**	**Hedge Funds**	**Revaluation of Plant, Property and Equipment**	**Actuarial Loss 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 2017 (Previously reported)	**342.000.000**	**108.056.201**	**(141.862.799)**	**695.363.441**	**3.215.880**	**-**	**5.231.735**	**(16.686.755)**	**119.806.833**	**230.371.563**	**303.710.250**	**1.649.206.349**	**205.390.129**	**1.854.596.478**
Restatement effect	-	-	-	-	-	-	-	-	-	-	16.353.847	16.353.847	(5.972.160)	10.381.687
Transactions under common control	-	-	(56.395.683)	-	(10.381.688)	-	-	-	-	12.339.445	-	(54.437.926)	-	(54.437.926)
As of 1 January 2017 (Restated)	**342.000.000**	**108.056.201**	**(198.258.482)**	**695.363.441**	**(7.165.808)**	**-**	**5.231.735**	**(16.686.755)**	**119.806.833**	**242.711.008**	**320.064.097**	**1.611.122.270**	**199.417.969**	**1.810.540.239**
Total comprehensive income	-	-	-	8.453.359	(3.046.566)	(976.117)	-	(1.320.741)	-	182.862.567	-	185.972.502	24.506.977	210.479.479
Dividend paid (*)	-	-	-	-	-	-	-	-	-	-	(64.000.000)	(64.000.000)	(7.916.658)	(71.916.658)
Gain on sale of real estate	-	-	-	-	-	-	-	-	-	-	(10.398)	(10.398)	(3.668)	(14.066)
Transfers	-	-	12.339.445	-	-	-	-	-	4.690.000	(242.711.008)	225.681.563	-	-	-
As of 30 June 2017	**342.000.000**	**108.056.201**	**(185.919.037)**	**703.816.800**	**(10.212.374)**	**(976.117)**	**5.231.735**	**(18.007.496)**	**124.496.833**	**182.862.567**	**481.735.262**	**1.733.084.374**	**216.004.620**	**1.949.088.994**

(*) At the General Assembly Meeting for the year of 2016 held on 31 March 2017, it has been resolved to distribute TL 64.000.000 as cash and fully funded by the profit for the year and started to be distribute as of 12 April 2017.

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

	Notes	Condensed Reviewed Current Period 1 January- 30 June 2017	Restated Condensed Reviewed Previous Period 1 January- 30 June 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		207.250.411	200.492.101
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities			
Adjustments for depreciation and amortisation expense			
Depreciation expenses of tangible assets	11-12	50.730.746	40.133.515
Amortization expenses of intangible assets	13	344.140	497.480
Adjustments for Impairment Loss			
Adjustments for receivable impairment		-	411.980
Other Financial Assets or Investments			
Adjustments for Impairment Loss of Other Financial Assets or Investments		110.072	121.709
Adjustments for Impairment Loss of Inventories	10	1.875.032	2.783.431
Adjustment for provisions			
Adjustments for (Reversal of) Provisions Related with Employee Benefits			
Provision for employment benefits		11.458.076	14.333.721
Provision for unused vacation rights		5.034.171	5.740.202
Performance premium provision		8.872.198	7.214.201
Adjustments for Lawsuit Provisions		461.531	1.211.530
Adjustments for (Reversal of) Other Provisions			
Reversal of Provision for sales return		-	492.962
Change in other provisions (net)		31.355.773	19.593.261
Adjustments for Dividend Income		(539.289)	(359.526)
Adjustments for Interest (Income)/Expenses			
Adjustments for Interest Income			
Discount income (net)		(3.211.805)	(1.986.904)
Interest income		(58.721.180)	(39.876.400)
Adjustments for Interest Expenses		75.672.410	41.621.141
Adjustments for Tax Expenses	19	44.333.099	48.626.021
Adjustment for Losses (Gains) on Disposal of Non-Current Assets			
Adjustments for Gains Arised From Sale of Tangible Assets		(276.560)	(465.522)
Other adjustments for which cash effects are investing or financing cash flow			
Change in foreign currency of financial liabilities (net)	17-18	92.099.210	4.743.813
Change in foreign currency from investing activities (net)		(71.790.345)	(4.048.935)
Commission expenses and finance service income (net)		6.173.538	919.662
Income from derivative instruments	17-18	(5.462.226)	-
Other adjustments to reconcile profit (loss)			
Rent income		(3.738.297)	(3.729.467)
Net Operating cash flows provided before changes in working capital		**392.030.705**	**338.469.976**

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

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

	Notes	Condensed Reviewed Current Period 1 January- 30 June 2017	Restated Condensed Reviewed Previous Period 1 January- 30 June 2016
Changes in Working Capital			
(Increase)/Decrease in trade receivables		(24.609.800)	26.858.740
Decrease in trade receivables from related parties		4.057.289	42.201.569
(Increase)/Decrease in inventories		(56.657.126)	3.733.134
(Increase)/Decrease in other receivables and other current assets		(57.078.110)	19.363.703
Increase/(Decrease) in trade payables		31.986.181	(80.192.324)
Decrease in trade payables to related parties		(59.798.939)	(54.547.191)
Decrease in other payables and liabilities		(24.380.847)	(25.859.441)
Net cash generated from operations		**205.549.353**	**270.028.166**
Payments related with provisions for employee benefits			
Employment termination benefit paid		(6.642.145)	(11.543.724)
Unused vacation rights paid		(3.209.376)	(4.582.625)
Performance premium paid		(15.301.655)	(12.285.501)
Lawsuits provision paid		(117.357)	(2.888)
Taxes paid		(27.689.334)	(28.389.184)
Collections from doubtful trade receivables	8	1.773	1.479
Net cash generated from operating activities		**152.591.259**	**213.225.723**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of property, plant and equipment and intangible assets		2.865.210	2.168.054
Purchase of property, plant and equipment	12	(82.492.616)	(135.952.191)
Purchase of intangible assets	13	(109.086)	(87.554)
Changes in non-trade receivables from related parties		2.916.656	801.972.659
Dividend received		539.289	359.526
Interest received		58.721.180	39.876.400
Other outflows of cash		(71.824.950)	-
Other inflows of cash		-	5.489.920
Rent income		3.738.297	3.729.467
Net cash (used in)/received from investing activities		**(85.646.020)**	**717.556.281**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans acquired		1.571.421.746	341.635.883
Loan repayments		(399.817.126)	(645.258.865)
Change in leasing liabilities		-	(175.509)
Interest paid		(52.102.707)	(33.619.855)
Cash inflow from sale of derivative instrument		5.462.226	-
Dividend paid		(71.916.658)	(114.825.333)
Changes in non-trade payables to related parties		(14.066)	(85.988.974)
Net cash used in financing activities		**1.053.033.415**	**(538.232.653)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**1.119.978.654**	**392.549.351**
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS		**71.790.345**	**4.048.935**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**2.268.604.108**	**1.354.697.874**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	**3.460.373.107**	**1.751.296.160**

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

(Amounts expressed in 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 twelve subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2016: twelve).

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 June 2017, the total number of people employed by the Group is 9.286, which contains 1.076 employees who worked as subcontractors (31 December 2016: 9.305, subcontractor: 986).

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

As of 30 June 2017 and 31 December 2016, the names and percentages of the shareholders holding more than 5% of the Company's share capital are as follows:

Name of the Shareholders	Share	30 June 2017 Percentage	Share	31 December 2016 Percentage
Yıldız Holding A.Ş.	98.912.930	28,92%	98.912.930	28,92%
pladis Foods Limited (*)	71.820.000	21,00%	71.820.000	21,00%
Ülker Family	29.267.569	8,56%	29.267.569	8,56%
Other	141.999.501	41,52%	141.999.501	41,52%
	342.000.000	**100,00%**	**342.000.000**	**100,00%**

(*)Yıldız Holding A.Ş. has sold 71.820.000 shares of Ülker Bisküvi Sanayi A.Ş. which is equivalent 21% shares to pladis Foods Limited as of 23 December 2016.

As of 30 June 2017 and 31 December 2016, the details of the subsidiaries under full consolidations in terms of direct and effective share of ownership and principal business activities (The rates in ownership of the entities which were acquired with transaction under common control in 2017 have been presented in 2016 as well) are as follows:

	30 June 2017		31 December 2016		
Subsidiaries	**Ratio of Direct Ownership %**	**Ratio of Effective Ownership %**	**Ratio of Direct Ownership %**	**Ratio of Effective Ownership %**	**Nature of Operations**
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%	Investment
Hi-Food for Advanced Food Industries	-	51.4%	-	51.4%	Manufacturing
Sabourne Investments Ltd	100.0%	100.0%	100.0%	100.0%	Investment
Food Manufacturers' Company	-	55.0%	-	55.0%	Manufacturing
Food Manufacturers' Company for Distribution	-	52.3%	-	52.3%	Export
Hamle Company Ltd LLP (*)	100.0%	100.0%	100.0%	100.0%	Manufacturing /Sales
Ulker Star LLC (*)	-	99.0%	-	99.0%	Sales

(*) The Company purchased 100% shares of Hamle Company Ltd LLP which 100% shares owned by Maia International B.V. who is Yıldız Holding A.Ş.'s 100% subsidiary, as of 31 March 2017 with USD 3 million. As a result of this transaction, the Company has gained controlling power of Hamle Company Ltd LLP and Ulker Star LLC which is owned 99% by Hamle Company Ltd LLP.

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

Dividend Paid:

The Company has decided to pay dividend amount of TL 64.000.000 (2016: TL 94.000.000) in the current period. Dividend per share is TL 0.19 (2016: TL 0.27).

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 15 August 2017. The General Assembly has the authority to amend/modify the financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the presentation:

Principles for Preparation of Financial Statements and Significant Accounting Policies

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the consolidated financial statements of the Group have been prepared accordingly.

The Company 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 financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group preferred to present its interim condensed consolidated financial statements. The Group's interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2016 and 31 December 2015 year-end financial statements.

Functional and presentation currency

Financial statements of each subsidiary of the Group are presented in the currency of the primary economic environment in which the entities operate (its functional currency). The results and financial position of the each subsidiary are expressed in Turkish Lira, which is the functional and presentation currency of the Group.

As of 30 June 2017, rates declared by Central Bank of Republic of Turkey are 1 Euro = TL 4,0030, 1 USD = TL 3,5071, 1 EGP = TL 0,1937, 1 SAR = TL 0,9352, 1 KZT = TL 0,0109 (31 December 2016: 1 Euro = TL 3,7099, 1 USD = TL 3,5192, 1 EGP = TL 0,1943, 1 SAR = TL 0,9383, 1 KZT = TL 0,0106). For the period between January 1, 2017 and June 30, 2017, average rates declared by Central Bank of Republic of Turkey are 1 Euro = TL 3,9314, 1 USD = TL 3,6356, 1 EGP = TL 0,2029, 1 SAR = TL 0,9694, 1 KZT = TL 0,0114. (January 1, 2016 and June 30, 2016: 1 Euro = TL 3,2558, 1 USD = TL2,9179, 1 EGP = TL 0,3455, 1 SAR = TL 0,7780, 1 KZT = TL 0,0085).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

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

2.2 Change in Accounting Policies:

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

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

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

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 balance sheets as at 31 December 2016 and 2015 and the consolidated statements of comprehensive income and cash flows for the periods ended at 30 June 2016 for the transactions made under common control to fulfil the economic decision-making needs of financial statement users, because of the impracticability, within the scope of TAS 8. Effect of the restatements are shown below.

Group management has preferred early adoption of TFRS 15 "Revenue from Contracts with Customers". Starting from 1 January 2017, the Group management has considered the inclusion of the financing component of customer contracts detailed in TFRS 15, taking into account the various terms of the purchase and sell operations (maturity, market conditions, cash and future cost differences). It is intended that financial information be comparable in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" which is also referred to in TFRS 15. In this context, condensed consolidated statement of income for the interim period ended 30 June 2016 has been reclassified.

The effects of related restatements and reclassifications are presented below.

	Reported Previous Period 31 December 2016	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2016
Current Assets	**3.501.795.901**	**123.771.049**	**3.625.566.950**
Cash and Cash Equivalents	2.169.912.611	98.691.497	2.268.604.108
Financial Investments	754.935	-	754.935
Trade Receivables	772.946.269	(8.950.526)	763.995.743
Other Receivables	21.686.032	3.039.617	24.725.649
Inventories	361.942.164	30.788.178	392.730.342
Prepaid Expenses	115.373.488	171.430	115.544.918
Current Income Tax Assets	11.063.641	-	11.063.641
Other Current Assets	48.116.761	30.853	48.147.614
Non-Current Assets	**2.024.393.048**	**29.035.543**	**2.053.428.591**
Financial Investments	928.800.295	-	928.800.295
Trade Receivables	65.491	(65.491)	-
Other Receivables	185.292	-	185.292
Investment Properties	14.587.592	-	14.587.592
Tangible Assets	1.032.162.499	18.477.126	1.050.639.625
Intangible Assets	1.573.673	166.436	1.740.109
Prepaid Expenses	14.160.059	-	14.160.059
Deferred Tax Assets	32.858.147	10.457.472	43.315.619
TOTAL ASSETS	**5.526.188.949**	**152.806.592**	**5.678.995.541**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

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

2.2 Change in Accounting Policies (cont'd):

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

	Reported Previous Period 31 December 2016	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2016
Current Liabilities	**3.169.041.952**	**12.097.151**	**3.181.139.103**
Short Term Financial Liabilities	544.791.623	-	544.791.623
Short Term Portion of Long Term Financial Liabilities	1.815.280.366	295.387	1.815.575.753
Trade Payables	637.981.293	8.496.728	646.478.021
Employee Benefit Related Liabilities	30.593.339	787.942	31.381.281
Other Payables	8.431.010	-	8.431.010
Deferred Revenue	48.439.307	-	48.439.307
Current Income Tax Liabilities	14.818.549	-	14.818.549
Short Term Provisions	56.416.195	433.554	56.849.749
Other Current Liabilities	12.290.270	2.083.540	14.373.810
Non-Current Liabilities	**502.550.519**	**184.765.680**	**687.316.199**
Long Term Financial Liabilities	384.844.123	184.765.680	569.609.803
Long Term Provisions	72.356.363	-	72.356.363
Deferred Tax Liabilities	45.350.033	-	45.350.033
SHAREHOLDERS' EQUITY	**1.854.596.478**	**(44.056.239)**	**1.810.540.239**
Equity Attributable To Equity Holders' of the Parent	**1.649.206.349**	**(38.084.079)**	**1.611.122.270**
Share Capital	342.000.000	-	342.000.000
Inflation Adjustments to Share Capital	108.056.201	-	108.056.201
Effect of Business Combinations Under Common Control	(141.862.799)	(56.395.683)	(198.258.482)
Other Comprehensive Income/Expense not to be Reclassified in Profit or Loss			
- Investment property valuation funds	5.231.735	-	5.231.735
- Actuarial loss on post employment termination benefit obligation	(16.686.755)	-	(16.686.755)
Other Comprehensive Income/Expense to be Reclassified in Profit or Loss			
- Currency Translation Adjusment	3.215.880	(10.381.688)	(7.165.808)
- Financial assets revaluation fund	695.363.441	-	695.363.441
Restricted Reserves Appropriated from Profits	119.806.833	-	119.806.833
Retained Earnings	303.710.250	16.353.847	320.064.097
Net Profit for the Period	230.371.563	12.339.445	242.711.008
Non-Controlling Interest	**205.390.129**	**(5.972.160)**	**199.417.969**
TOTAL LIABILITIES AND EQUITY	**5.526.188.949**	**152.806.592**	**5.678.995.541**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

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

2.2 Change in Accounting Policies (cont'd):

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

	Reported Previous Period 31 December 2015	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2015
Current Assets	**3.477.399.742**	**25.067.521**	**3.502.467.263**
Cash and Cash Equivalents	1.344.388.200	10.309.674	1.354.697.874
Financial Investments	704.437	-	704.437
Trade Receivables	763.203.505	(7.520.013)	755.683.492
Other Receivables	838.229.645	5.351.499	843.581.144
Inventories	315.486.154	15.696.948	331.183.102
Prepaid Expenses	169.202.618	1.178.942	170.381.560
Current Income Tax Assets	825.280	-	825.280
Other Current Assets	45.359.903	50.471	45.410.374
Non-Current Assets	**1.724.400.850**	**16.659.097**	**1.741.059.947**
Financial Investments	765.334.184	-	765.334.184
Trade Receivables	6.196.664	(6.196.664)	-
Other Receivables	176.911	-	176.911
Investment Properties	12.904.161	-	12.904.161
Tangible Assets	891.477.307	13.338.916	904.816.223
Intangible Assets	1.808.877	137.477	1.946.354
Prepaid Expenses	28.562.343	-	28.562.343
Deferred Tax Assets	17.936.217	9.335.464	27.271.681
Other Non-Current Assets	4.186	43.904	48.090
TOTAL ASSETS	**5.201.800.592**	**41.726.618**	**5.243.527.210**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

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

2.2 Change in Accounting Policies (cont'd):

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

	Reported Previous Period 31 December 2015	**Effects of Restatement with Eliminations**	**Restated Previous Period 31 December 2015**
Current Liabilities	**1.785.736.307**	**88.311.149**	**1.874.047.456**
Short Term Financial Liabilities	932.018.207	79.700.265	1.011.718.472
Short Term Portion of Long Term Financial Liabilities	27.772.158	64.833	27.836.991
Trade Payables	595.456.614	6.251.689	601.708.303
Employee Benefit Related Liabilities	27.331.047	596.821	27.927.868
Other Payables	90.712.243	209.853	90.922.096
Deferred Revenue	39.895.543	68.901	39.964.444
Current Income Tax Liabilities	9.514.388	-	9.514.388
Short Term Provisions	51.262.503	252.354	51.514.857
Other Current Liabilities	11.773.604	1.166.433	12.940.037
Non-Current Liabilities	**1.807.684.924**	**14.795**	**1.807.699.719**
Long Term Financial Liabilities	1.735.320.937	14.407	1.735.335.344
Long Term Provisions	37.439.337	388	37.439.725
Deferred Tax Liabilities	34.924.650	-	34.924.650
SHAREHOLDERS' EQUITY	**1.608.379.361**	**(46.599.326)**	**1.561.780.035**
Equity Attributable To Equity Holders' of the Parent	**1.398.657.101**	**(46.599.326)**	**1.352.057.775**
Share Capital	342.000.000	-	342.000.000
Inflation Adjustments to Share Capital	108.056.201	-	108.056.201
Effect of Business Combinations Under Common Control	(161.872.759)	(56.395.683)	(218.268.442)
Other Comprehensive Income/Expense not to be Reclassified in Profit or Loss			
- Investment property valuation funds	5.231.735	-	5.231.735
- Actuarial loss on post employment termination benefit obligation	(430.543)	-	(430.543)
Other Comprehensive Income/Expense to be Reclassified in Profit or Loss			
- Currency Translation Adjusment	1.080.204	(585.330)	494.874
- Financial assets revaluation fund	539.968.646	-	539.968.646
Restricted Reserves Appropriated from Profits	112.116.833	-	112.116.833
Retained Earnings	160.377.409	62.551.839	222.929.248
Net Profit for the Period	292.129.375	(52.170.152)	239.959.223
Non-Controlling Interest	**209.722.260**	**-**	**209.722.260**
TOTAL LIABILITIES AND EQUITY	**5.201.800.592**	**41.726.618**	**5.243.527.210**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

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

2.2 Change in Accounting Policies (cont'd):

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

1 January-30 June 2016 Income Statement	**Reported Previous Period 1 January-30 June 2016**	**Effects of Restatement with Eliminations**	**Effects of classifications from IFRS 15**	**Restated Previous Period 1 January-30 June 2016 Restated**
Revenue	1.980.545.370	30.098.476	27.239.408	2.037.883.254
Cost of Sales	(1.505.900.240)	(16.710.324)	(16.866.315)	(1.539.476.879)
GROSS PROFIT FROM OPERATIONS	**474.645.130**	**13.388.152**	**10.373.093**	**498.406.375**
General Administrative Expenses	(60.183.703)	(2.980.872)		(63.164.575)
Marketing, Sales and Distribution Expenses	(181.590.340)	(5.706.802)		(187.297.142)
Research and Developmet Expenses	(4.285.020)	-		(4.285.020)
Other Operating Income	35.673.139	4.922.852	(24.739.408)	15.856.583
Other Operating Expenses	(20.143.731)	(5.097.023)	14.366.315	(10.874.439)
OPERATING PROFIT FROM MAIN OPERATIONS	**244.115.475**	**4.526.307**	**-**	**248.641.782**
Income from Investment Activities	129.717.515	134.601	-	129.282.116
Expenses from Investment Activities	(81.521.160)	-	-	(81.521.160)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	**291.741.830**	**4.660.908**	**-**	**296.402.738**
Financial Income	96.089.103	8.227.627	-	104.316.730
Financial Expenses	(141.559.344)	(10.042.002)	-	(151.601.346)
PROFIT BEFORE TAX	**246.271.589**	**2.846.533**	**-**	**249.118.122**
Tax Expense	**(48.022.457)**	**(603.564)**	**-**	**(48.626.021)**
Tax on Income	(47.301.572)	-	-	(47.301.572)
Deferred Tax Income	(720.885)	(603.564)	-	(1.324.449)
PROFIT FOR THE YEAR	**198.249.132**	**2.242.969**	**-**	**200.492.101**
Other Comprehensive Income:				
Items not to be Reclassified to Profit or Loss	**(1.069.563)**	**-**	**-**	**(1.069.563)**
Actuarial Gain/(Loss) on Post-Employment Termination Benefit Obligation	(1.336.954)	-	-	(1.336.954)
Deferred Tax Effect	267.391	-	-	267.391
Items to be Reclassified to Profit or Loss	**(9.382.252)**	**12.786**	**-**	**(9.369.466)**
Currency Translation Adjustments	(12.171.575)	12.786	-	(12.158.789)
Other Comprehensive Income Related with Financial Assets Measured at Fair Value through Other Comprehensive Income	2.936.129	-	-	2.936.129
Deferred Tax Effect	(146.806)	-	-	(146.806)
OTHER COMPREHENSIVE INCOME	**(10.451.815)**	**12.786**	**-**	**(10.439.029)**
TOTAL COMPREHENSIVE INCOME	**187.797.317**	**2.255.755**	**-**	**190.053.072**

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 2017.

a) Standards, amendments and interpretations applicable as at 30 June 2017

- **Amendments to IAS 7 'Statement of cash flows'** on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- **Amendments IAS 12 'Income Taxes',** effective from annual periods beginning on or after 1 January 2017. The amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruements measured at fair value.
- **Annual improvements 2014–2016;**
  IFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

b) Standards, amendments and interpretations applicable as at 30 June 2017

- **Amendments to IFRS 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. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
- **IFRS 9 'Financial instruments',** effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- **IFRS 15 'Revenue from contracts with customers',** effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- **Amendment to IFRS 15, 'Revenue from contracts with customers'**, effective from annual periods begining on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- **IFRS 16 'Leases',** effective from annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

- **Amendments to IFRS 4, 'Insurance contracts'** regarding the implementation of IFRS 9, 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

  • give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and

  • give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard— IAS 39.

- **Amendment to IAS 40, Investment property'** relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- **Annual improvements 2014–2016;**
  IFRS 1,' First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
  IAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

- **IFRIC 22, 'Foreign currency transactions and advance consideration',** effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

- **IFRS 17, 'Insurance contracts',** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

3. BUSINESS COMBINATIONS

The Company purchased 100% shares of Hamle Company Ltd LLP from Maia International B.V which is 100% owned by Yıldız Holding A.Ş., as of 31 March 2017 with an amount of USD 3 million. Since the acquisition is from Maia International B.V. which is 100% owned by Yıldız Holding A.Ş., who is the major shareholder of the Company; the transaction is considered as “Transactions Under Common Control” and accounted in the shareholders’ equity. The net assets acquired and the effects of transaction in equity are presented as follows:

Net Assets within the Scope of Consolidation	**Asset/(Liability)**
Current Assets	
Cash and cash equivalents	98.691.498
Trade receivables	7.107.451
Other receivables	32.940
Other current assets	30.990.460
Non-Current Assets	
Tangible and intangible assets (Net)	18.643.562
Other non-current assets	10.457.472
Current Liabilities	
Financial liabilities	(295.387)
Trade payables	(24.648.072)
Other current liabilities	(3.187.138)
Non-Current Liabilities	
Financial liabilities	(184.765.680)
Net Assets added into the scope of consolidation	**(46.972.894)**
Capital increase	13.772.456
Total share of the Group ownership	100,0%
The portion of the net assets to Group	(33.200.438)
Cash paid for the acquisition	(10.855.800)
Net Equity Impact from the acquisition of subsidiary	**(44.056.238)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

3. BUSINESS COMBINATIONS (cont'd)

The Company purchased 20.250.000 shares of İstanbul Gıda Dış Ticaret A.Ş. from Yıldız Holding A.Ş., who is 100% shareholder, for an amount of TL 43 million as of 31 March 2016. The net assets acquired and the effects of transaction in equity are presented as follows:

Net Assets within the Scope of Consolidation	**Asset/(Liability)**
Current Assets	
Cash and cash equivalents	2.107.616
Trade receivables	180.630.937
Other receivables	1.061.196.715
Other current assets	21.474.982
Non-Current Assets	
Tangible and intangible assets (Net)	2.882.635
Other non-current assets	1.707.255
Current Liabilities	
Financial liabilities	(877.541.939)
Trade payables	(155.346.116)
Other current liabilities	(57.421.414)
Non-Current Liabilities	
Financial liabilities	(145.809.229)
Other non-current liabilities	(4.132.149)
Net Assets added into the scope of consolidation	**29.749.293**
Total share of the Group ownership	100,0%
The portion of the net assets to Group	29.749.293
Cash paid for the acquisition	(43.000.000)
Net Equity Impact from the acquisition of subsidiary	**(13.250.707)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

3. BUSINESS COMBINATIONS (cont'd)

The Company purchased 100.0% shares of Sabourne Investments Limited from Yıldız Holding A.Ş. for an amount of USD 50 million as of 27 June 2016. As a result of the transaction, the Company has gained the controlling power in Food Manufacturers' Company, which Sabourne Investments Limited. has 55.0% shares and the controlling power in Food Manufacturers' Company for Distribution, which Food Manufacturers' Company has 95.0% shares. The net assets acquired and the effects of transaction in equity are presented as follows:

Net Assets within the Scope of Consolidation	**Asset/(Liability)**
Current Assets	
Cash and cash equivalents	20.739.660
Trade receivables	44.777.045
Other receivables	745.081
Other current assets	68.509.347
Non-Current Assets	
Tangible and intangible assets (Net)	99.047.045
Current Liabilities	
Financial liabilities	(7.063.661)
Trade payables	(75.796.136)
Other current liabilities	(27.658.240)
Non-Current Liabilities	
Other non-current liabilities	(5.968.579)
Net Assets added into the scope of consolidation	**117.331.562**
Minority shares	53.291.094
Total share of the Group ownership	100,0%
The portion of the net assets to Group	64.040.468
Cash paid for the acquisition	(145.275.000)
Net Equity Impact from the acquisition of subsidiary	**(81.234.532)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

3. BUSINESS COMBINATIONS (cont'd)

The Company purchased 51.0% shares of UI Egypt B.V., operating in Netherlands, from Yıldız Holding A.Ş. for an amount of USD 30 million as of 31 March 2016. As a result of the transaction, the Company has gained the controlling power in UI Egypt B.V. and Hi Food for Advanced Food Industries, which UI Egypt B.V. has 90% shares. Since the acquisition is from Yıldız Holding A.Ş., who is the major shareholder of the Company; the transaction is considered as "Transactions Under Common Control" and accounted in the shareholders' equity. The net assets acquired and the effects of transaction in equity are presented as follows:

Net Assets within the Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and cash equivalents	2.488.891
Trade receivables	10.833.046
Other receivables	5.195.245
Other current assets	36.779.487
Non-Current Assets	
Tangible and intangible assets (Net)	112.375.536
Current Liabilities	
Financial liabilities	(20.065.284)
Trade payables	(16.867.164)
Other current liabilities	(6.367.205)
Non-Current Liabilities	
Financial liabilities	(19.686.374)
Other non-current liabilities	(20.084.669)
Net Assets added into the scope of consolidation	**84.601.509**
Minority shares	8.481.038
Total share of the Group ownership	51,0%
The portion of the net assets to Group	38.821.440
Cash paid for the acquisition	(86.199.000)
Net Equity Impact from the acquisition of subsidiary	**(47.377.560)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

4. SEGMENTAL INFORMATION

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

The Group, follows its operations with domestic (local operations of Turkish companies in Turkey) and international basis in accordance with TFRS 8. The information for 1 January – 30 June 2017 and 1 January - 30 June 2016.

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	Domestic	Foreign	1 January-30 June 2017
Revenue	1.604.748.935	740.908.567	2.345.657.502
Gross Profit	352.079.046	218.178.414	570.257.460
Operating Profit (*)	192.566.547	87.946.424	280.512.971
Capital Expenditures	70.229.057	12.372.645	82.601.702

(*) Operating profit before other operational income and expenses.

	Domestic	Foreign	1 January-30 June 2016
Revenue	1.433.525.258	604.357.996	2.037.883.254
Gross Profit	342.377.205	156.029.170	498.406.375
Operating Profit (*)	185.602.089	58.057.549	243.659.638
Capital Expenditures	116.143.015	19.896.730	136.039.745

(*) Operating profit before other operational income and expenses.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

5. CASH AND CASH EQUIVALENTS

	30 June 2017	31 December 2016	31 December 2015
Cash on hand	2.204.030	1.692.690	431.464
Demand deposits	63.293.337	36.089.792	30.679.367
Time deposits (*)	3.394.875.740	2.230.821.626	1.323.587.043
	3.460.373.107	**2.268.604.108**	**1.354.697.874**

(*) As of 30 June 2017, TL 2.486.406.254 of time deposits is overnight (31 December 2016: TL 2.230.821.626 and 31 December 2015: TL 1.323.587.043).

Details of time deposits are shown below:

Currency Type	**Annual Weighted Average Effective Interest Rate (%)**	**Maturity**	**30 June 2017**
TL	13,23%	July 2017	291.554.935
EUR	1,46%	July-September 2017	1.616.624.958
USD	3,66%	July 2017	1.475.162.194
GBP	0,20%	July 2017	2.270.668
KZT	10,50%	July 2017	9.262.985
			3.394.875.740

Currency Type	**Annual Weighted Average Effective Interest Rate (%)**	**Maturity**	**31 December 2016**
TL	10,62%	January 2017	374.319.771
EUR	1,50%	January 2017	672.616.138
USD	2,49%	January 2017	1.102.402.307
KZT	10,50%	January 2017	81.483.410
			2.230.821.626

Para Cinsi	**Annual Weighted Average Effective Interest Rate(%)**	**Maturity**	**31 December 2015**
EUR	1,59%	January 2016	533.399.795
USD	2,47%	January 2016	790.187.248
			1.323.587.043

6. FINANCIAL INVESTMENTS

Short Term Financial Investments:	**30 June 2017**	**31 December 2016**	**31 December 2015**
Available for sale financial assets	644.863	754.935	704.437
	644.863	**754.935**	**704.437**

Long Term Financial Investments:	**30 June 2017**	**31 December 2016**	**31 December 2015**
Available for sales financial assets	938.507.497	928.800.295	765.334.184
	938.507.497	**928.800.295**	**765.334.184**

Long Term Available for Sale Financial

Investments	**Share %**	**30 June 2017**	**Share %**	**31 December 2016**	**Share %**	**31 December 2015**
G New, Inc	12,20%	187.228.229	12,20%	187.228.229	12,20%	196.711.611
Godiva Belgium BVBA	19,23%	712.010.658	19,23%	712.010.658	19,23%	537.772.863
BİM Birleşik Mağazalar A.Ş.	0,20%	39.068.492	0,20%	29.361.290	0,20%	30.649.592
Other		200.118		200.118		200.118
		938.507.497		**928.800.295**		**765.334.184**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

6. FINANCIAL INVESTMENTS (cont'd)

Available for sale financial assets are presented at their fair values. The after tax difference belonging to equity holder of TL 703.816.800 as of 30 June 2017 (31 December 2016: TL 695.363.441) in the fair values of such assets has directly been presented in other comprehensive income under equity.

As the expected value gaps for available for sale financial assets of TL 200.118 (31 December 2016: TL 200.118 and 31 December 2015: TL 200.118) that are not traded in an active market are high and expected values are not reliably measured, these have been presented at historical cost in accompanying consolidated financial statements.

7. FINANCIAL LIABILITIES

	30 June 2017	31 December 2016	31 December 2015
Short Term Liabilities	707.356.387	544.791.623	1.011.718.472
Short Term Portion of Long Term Liabilities	1.878.063.137	1.815.575.753	27.836.991
Long Term Liabilities	1.630.532.571	569.609.803	1.735.335.344
	4.215.952.095	**2.929.977.179**	**2.774.890.807**

Short Term Liabilities	30 June 2017	31 December 2016	31 December 2015
Bank Loans	677.299.096	514.162.247	1.011.718.472
Non-Trade Payables to Related Parties (Note 21)	30.057.291	30.629.376	-
	707.356.387	**544.791.623**	**1.011.718.472**

Short Term Portion of Long Term Liabilities	30 June 2017	31 December 2016	31 December 2015
Bank Loans	1.878.063.137	1.815.569.289	27.410.569
Financial Lease Payables	-	6.464	426.422
	1.878.063.137	**1.815.575.753**	**27.836.991**

Long Term Liabilities	30 June 2017	31 December 2016	31 December 2015
Bank Loans	1.630.532.571	569.544.167	1.735.258.415
Financial Lease Payables	-	65.636	76.929
	1.630.532.571	**569.609.803**	**1.735.335.344**

The syndication loans have received as of 26 November 2014 and 20 April 2017. Details of Group's syndication loans are as follows:

Syndication loan received as of 26 November 2014 consists of two credit trenches which are USD 284.500.000 and EUR 211.823.840. 26 international banks joined to the syndication. Effective interest rate for both credit trenches is Euribor + 2.75% and the maturity date is November 2017. Principal payments of the loans are repaid at maturity with semi-annual interest payments.

The covenants which belong to syndication loan are as follows:

a) ***Leverage:*** The ratio of the consolidated net debt at balance sheet date to the last twelve months consolidated EBITDA (Earnings before interest, tax, depreciation and amortization) in the valid period should not be over 3 to 1.

b) Interest Coverage: Consolidated interest coverage ratio of the Group should be at least 3 to 1.

Syndication loan received on 20 April 2017 consists of two credit trenches which are USD 136.000.000 and EUR 225.144.922. 14 international banks joined to the syndication. Effective interest rate for both credit trenches are Euribor + 3.00% for EUR , Libor+ 3.10% for USD and the maturity date is April 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

7. FINANCIAL LIABILITIES (cont'd)

The covenants which belong to syndication loan are as follows:

b) ***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 3,5 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:

30 June 2017

Currency Type	Maturity	Effective Weighted Average Interest Rate (%)	Short Term	Long Term
TL	July 2017-December 2020	Spot-13,12%	310.584.494	12.000.000
EUR	August 2017-June 2020	2,85%	993.471.339	948.341.723
USD	August 2017-April 2020	3,98%	1.248.942.151	477.310.867
EGP	September 2017-September 2019	16,25%	11.443.628	1.588.586
SAR	July 2017	1,79%	18.269.700	-
KZT	July 2017-December 2023	9,50%	2.708.212	191.291.395
			2.585.419.524	**1.630.532.571**

31 December 2016

Currency Type	Maturity	Effective Weighted Average Interest Rate (%)	Short Term	Long Term
TL	January 2017-January 2021	Spot-10,59%	14.383.813	199.500.000
EUR	January 2017-December 2023	2,75%	809.483.182	268.745.770
USD	June 2017-June 2020	3,90%	1.522.762.304	7.978.500
EGP	January 2017-September 2019	17,00%	4.266.762	1.593.097
SAR	January 2017	1,53%	9.175.928	-
KZT	July 2017-December 2023	9,50%	288.923	91.726.800
			2.360.360.912	**569.544.167**

31 December 2015

Currency Type	Maturity	Effective Weighted Average Interest Rate (%)	Short Term	Long Term
TL	January 2016-July 2016	Spot	1.398.009	-
EUR	February 2016-June 2020	2,76%	164.435.311	750.213.250
USD	January 2016-November 2017	3,18%	855.399.919	978.876.603
EGP	November 2016-September 2019	14,00%	10.832.140	6.168.562
SAR	August 2016-January 2017	1,43%	7.063.662	-
			1.039.129.041	**1.735.258.415**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

7. FINANCIAL LIABILITIES (cont'd)

The maturity detail of the bank loans is as follows:

	30 June 2017	31 December 2016	31 December 2015
to be paid within 1 year	2.585.419.524	2.360.360.912	1.039.129.041
to be paid within 1-2 years	23.803.858	510.947.273	1.663.089.616
to be paid within 2-3 years	1.411.437.318	32.255.242	27.349.497
to be paid within 3-4 years	42.258.279	26.341.652	25.683.250
to be paid within 4-5 years	38.258.279	-	19.136.052
Above 5 years	114.774.837	-	-
	4.215.952.095	**2.929.905.079**	**2.774.387.456**

Financial Lease Payables:

Short-Term Financial Lease Payables	30 June 2017	31 December 2016	31 December 2015
Financial lease payables	-	6.464	426.422
Deferred financial lease payables (-)	-	-	-
	-	**6.464**	**426.422**

Long-Term Financial Lease Payables	30 June 2017	31 December 2016	31 December 2015
Financial lease payables	-	67.729	479.097
Deferred financial lease payables (-)	-	(2.093)	(402.168)
	-	**65.636**	**76.929**

The maturity detail of the financial lease payables is as follows:

	30 June 2017	31 December 2016	31 December 2015
to be paid within 1 year	-	6.464	426.422
to be paid within 1-5 years	-	65.636	76.929
	-	**72.100**	**503.351**

8. TRADE RECEIVABLES AND PAYABLES

	30 June 2017	31 December 2016	31 December 2015
Short Term Due from Related Parties			
Due from related parties (Note 21)	586.525.773	586.367.653	560.216.232
	586.525.773	**586.367.653**	**560.216.232**
Other Trade Receivables			
Trade receivables	207.587.596	183.554.934	200.003.448
Notes receivables	824.619	833.496	1.105.209
Provision for doubtful receivables (-)	(5.704.538)	(6.760.340)	(5.641.397)
	202.707.677	**177.628.090**	**195.467.260**
Total Short Term Trade Receivables	**789.233.450**	**763.995.743**	**755.683.492**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

8. TRADE RECEIVABLES AND PAYABLES (cont'd)

The provision for trade receivables is provided for based on the estimated irrecoverable amounts from sale of goods, determined by reference to past default experience.

The movement of the allowance for doubtful receivables as of 30 June 2017 and 2016 is as follows:

	1 January-30 June 2017	**1 January-30 June 2016**
Opening balance	(6.760.340)	(5.641.397)
Charge for the period	-	(411.980)
Reversal of provision	1.107.157	-
Currency translation adjustments	(53.128)	25.501
Collections	1.773	1.479
Closing balance	**(5.704.538)**	**(6.026.397)**

	30 June 2017	**31 December 2016**	**31 December 2015**
Short Term Trade Payables			
Due to related parties (Note 21)	283.164.158	341.344.634	315.390.068
Trade payables	337.029.397	305.133.387	286.318.235
	620.193.555	**646.478.021**	**601.708.303**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

9. OTHER RECEIVABLES AND PAYABLES

	30 June 2017	31 December 2016	31 December 2015
Short Term Other Receivables			
Due from related parties (Note 21)	1.618.637	4.535.293	807.438.501
Short term other receivables	22.219.901	20.190.356	36.142.643
	23.838.538	**24.725.649**	**843.581.144**

	30 June 2017	31 December 2016	31 December 2015
Other Short Term Receivables			
VAT receivables	13.954.185	11.969.170	15.463.094
Deposits and guarantees given	2.358.644	502.473	31.374
Receivables from personnel	1.292.858	1.369.308	1.311.113
Insurance compensation receivable	-	-	13.319.191
Other	4.614.214	6.349.405	6.017.871
	22.219.901	**20.190.356**	**36.142.643**

	30 June 2017	31 December 2016	31 December 2015
Other Long Term Receivables			
Deposits and guarantees given	186.771	185.292	176.911
	186.771	**185.292**	**176.911**

	30 June 2017	31 December 2016	31 December 2015
Other Payables			
Due to related parties (Note 21)	-	-	86.239.625
Other short-term payables	8.167.100	8.431.010	4.682.471
	8.167.100	**8.431.010**	**90.922.096**

	30 June 2017	31 December 2016	31 December 2015
Other Payables			
Other short-term payables	6.986.139	5.560.898	2.524.647
Deposits and guarantees received	1.180.961	2.870.112	2.157.824
	8.167.100	**8.431.010**	**4.682.471**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

10. INVENTORIES

Inventory details are as follows:

	30 June 2017	31 December 2016	31 December 2015
Raw materials	218.828.735	196.373.898	144.952.181
Work in progress	18.491.901	10.532.864	11.270.572
Finished goods	178.220.806	163.426.472	153.748.990
Trade goods	12.460.417	8.180.515	5.553.918
Other inventories	31.325.613	24.615.181	24.922.622
Allowance for impairment on inventory (-)	(11.996.752)	(10.398.588)	(9.265.181)
	447.330.720	**392.730.342**	**331.183.102**

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 30 June 2017 and 2016 are below:

	1 January-30 June 2017	1 January-30 June 2016
Opening balance	(10.398.588)	(9.265.181)
Charge for the period	(1.875.032)	(2.783.431)
Provisions released	-	715.660
Written-off provision	458.584	1.353.693
Currency translation adjustments	(181.716)	(309.994)
Closing balance	**(11.996.752)**	**(10.289.253)**

11. INVESTMENT PROPERTIES

	1 January-30 June 2017	1 January-30 June 2016
Opening balance	14.587.592	12.904.161
Charge for the period	(10.784)	(10.784)
Closing balance	**14.576.808**	**12.893.377**

The fair value of the Group's investment properties at 31 December 2016 and 2015 has been calculated on the basis of a valuation carried out at that date by 31 December 2016 and 2015, 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 difference between book value and fair value of investment porperty outside of this valuation is assessed to be immaterial.

The rent income earned by the Group from its investment properties amounting to TL 422.296 (30 June 2016: TL 531.270) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 40.713 (30 June 2016: TL 37.441).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

12. PROPERTY, PLANT AND EQUIPMENT

Movements of tangible assets between 1 January 2017 - 30 June 2017 are as follows:

Cost	**1 January 2017**	**Addition**	**Disposal**	**Transfer (Note 13)**	**Currency translation differences**	**30 June 2017**
Land	14.497.372	-	-	-	121.868	14.619.240
Land improvements	8.062.789	3.969	-	78.000	-	8.144.758
Buildings	360.480.076	368.589	(111.605)	9.027.231	(81.399)	369.682.892
Machinery, plant and equipment	1.259.992.682	5.524.583	(25.707.446)	87.715.613	(1.081.296)	1.326.444.136
Vehicles	9.142.435	770.909	(636.922)	-	40.152	9.316.574
Furniture and fixture	64.593.486	3.048.482	(188.933)	1.156.974	(51.605)	68.558.404
Leasehold improvements	25.717.743	488.921	-	4.786.223	-	30.992.887
Other tangible assets	4.412.905	-	(2.141.451)	-	61.170	2.332.624
Construction in progress	161.032.573	72.287.163	(946.296)	(102.779.675)	1.252.619	130.846.384
	1.907.932.061	**82.492.616**	**(29.732.653)**	**(15.634)**	**261.509**	**1.960.937.899**

Accumulated Depreciation	**1 January 2017**	**Charge for the Period**	**Disposal**	**Transfer**	**Currency translation differences**	**30 June 2017**
Land	(3.639.332)	(196.354)	-	-	-	(3.835.686)
Land improvements	(119.744.700)	(5.905.067)	111.605	-	(317.383)	(125.855.545)
Buildings	(663.105.101)	(39.609.524)	24.608.162	-	(16.843)	(678.123.306)
Machinery, plant and equipment	(4.128.065)	(507.014)	564.089	-	(32.241)	(4.103.231)
Vehicles	(48.213.470)	(3.204.279)	178.801	-	511.584	(50.727.364)
Furniture and fixture	(14.047.689)	(1.260.599)	-	-	-	(15.308.288)
Leasehold improvements	(4.414.079)	(37.125)	1.681.346	-	(61.749)	(2.831.607)
	(857.292.436)	**(50.719.962)**	**27.144.003**	**-**	**83.368**	**(880.785.027)**
Net Book Value	**1.050.639.625**					**1.080.152.872**

From depreciation and amortization expenses TL 45.854.173 (30 June 2016: TL 37.104.370) is included in cost of goods sold, TL 175.878 (30 June 2016: TL 152.067) is included in research and development expenses, TL 1.126.206 (30 June 2016: TL 801.442) is included in marketing and selling expenses and TL 3.918.629 (30 June 2016: 2.573.116 TL) is included in general administrative expenses.There is no colleteral or mortgage on fixed assets. There is no fixed assets acquired through leasing in the current period.

The Group has capitalized TL 150.644 interest and TL 2.157.145 foreign exchange losses and accounted for such borrowing costs under construction in progress (30 June 2016: TL 331.437 interest and TL 1.030.867 foreign exchange losses) whereas TL 5.146.997 was transferred to the machinery, plant and equipment.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Movements of tangible assets between 1 January 2016 - 30 June 2016 are as follows:

Cost	**1 January 2016**	**Addition**	**Disposal**	**Transfer (Note 13)**	**Currency translation differences**	**30 June 2016**
Land	18.581.138	163.277	-	-	(1.662.987)	17.081.428
Land improvements	-	60.711	-	137.695	-	198.406
Buildings	308.688.954	2.743.479	-	198.382	(2.572.854)	309.057.961
Machinery, plant and equipment	1.100.536.762	2.827.014	(3.051.442)	30.842.420	(10.823.288)	1.120.331.466
Vehicles	5.159.405	1.298.985	(93.285)	-	(219.991)	6.145.114
Furniture and fixture	57.395.634	1.236.192	(119.038)	637.393	(248.562)	58.901.619
Leasehold improvements	19.930.469	195.713	-	2.168.410	-	22.294.592
Other tangible assets	5.622.567	1.245.534	-	-	(14.911)	6.853.190
Construction in progress	164.296.470	126.181.286	-	(34.049.336)	(4.878.651)	251.549.769
	1.680.211.399	**135.952.191**	**(3.263.765)**	**(65.036)**	**(20.421.244)**	**1.792.413.545**

Accumulated Depreciation	**1 January 2016**	**Charge for the Period**	**Disposal**	**Transfer**	**Currency translation differences**	**30 June 2016**
Land	(3.250.227)	(193.829)	-	-	-	(3.444.056)
Land improvements	(104.691.978)	(4.831.452)	-	-	415.756	(109.107.674)
Buildings	(604.587.248)	(30.972.020)	1.355.755	-	4.510.668	(629.692.845)
Machinery, plant and equipment	(3.565.737)	(220.897)	93.285	-	107.946	(3.585.403)
Vehicles	(44.063.893)	(2.149.030)	119.038	-	144.372	(45.949.513)
Furniture and fixture	(12.061.217)	(798.925)	-	-	-	(12.860.142)
Leasehold improvements	(3.174.876)	(956.578)	-	-	6.800	(4.124.654)
	(775.395.176)	**(40.122.731)**	**1.568.078**	**-**	**5.185.542**	**(808.764.287)**
Net Book Value	**904.816.223**					**983.649.258**

Vehicles with the carrying amount of TL 114.923 at 30 June 2016 were pledged as collateral under a finance lease.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The useful lives of tangible assets are as follows:

	Useful life
Buildings	25 – 50 yıl
Land improvements	10 – 50 yıl
Machinery and equipment	4 – 15 yıl
Vehicles	4 – 10 yıl
Other tangible assets	4 – 10 yıl
Furniture and fixtures	3 – 10 yıl
Leasehold improvements	During rent period

13. INTANGIBLE ASSETS

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

Cost	1 January 2017	Addition	Disposal	Transfer (Note 12)	Currency translation differences	30 June 2017
Rights	2.826.440	58.048	-	-	14.591	2.899.079
Development costs	675.004	-	-	-	-	675.004
Other intangible assets	3.031.217	51.038	-	15.634	-	3.097.889
	6.532.661	**109.086**	**-**	**15.634**	**14.591**	**6.671.972**

Accumulated Amortization	1 January 2017	Charge for the Period	Disposal	Transfer	Currency translation differences	30 June 2017
Rights	(2.330.491)	(84.616)	-	-	(22.980)	(2.438.087)
Development costs	(357.294)	(67.502)	-	-	-	(424.796)
Other intangible assets	(2.104.767)	(192.022)	-	-	-	(2.296.789)
	(4.792.552)	**(344.140)**	**-**	-	**(22.980)**	**(5.159.672)**
Net Book Value	**1.740.109**					**1.512.300**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

13. INTANGIBLE ASSETS (cont'd)

Movements of intangible assets between 1 January 2016 - 30 June 2016 are as follows:

Cost	1 January 2016	Addition	Disposal	Transfer (Note 12)	Currency translation differences	30 June 2016
Rights	2.613.137	81.533	-	65.036	(764)	2.758.942
Development costs	675.004	-	-	-	-	675.004
Other intangible assets	2.643.614	6.021	(60.842)	-	(101)	2.588.692
	5.931.755	**87.554**	**(60.842)**	**65.036**	**(865)**	**6.022.638**

Accumulated Amortization	1 January 2016	Charge for the Period	Disposal	Transfer	Currency translation differences	30 June 2016
Rights	(2.068.201)	(113.082)	-	-	166	(2.181.117)
Development costs	(222.292)	(67.502)	-	-	-	(289.794)
Other intangible assets	(1.694.908)	(316.896)	53.997	-	5	(1.957.802)
	(3.985.401)	**(497.480)**	**53.997**	**-**	**171**	**(4.428.713)**
Net Book Value	**1.946.354**					**1.593.925**

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

	Useful life
Rights	2 – 15 yıl
Development costs	5 yıl
Other intangible assets	2 – 12 yıl

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees given

(Foreign currency amounts are shown in original currencies.)

	30 June 2017			31 December 2016		
	TL	**USD**	**EUR**	**TL**	**USD**	**EUR**
A) CPM's given in the name of own legal personality	128.482.752	-	-	70.285.091	-	50.000
B) CPM's given on behalf of the fully consolidated companies	1.916.000	-	5.122.171	1.916.000	-	5.622.171
C) CPM's given on behalf of third parties for ordinary course of business (*)	-	-	115.000.000	-	-	75.000.000
D) Total amount of other CPM's given				-	80.000.000	-
i. Total amount of CPM's given on behalf of the majority shareholder (**)	-	-	-	-	80.000.000	-
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	**130.398.752**	**-**	**120.122.171**	**72.201.091**	**80.000.000**	**80.672.171**

(*) The guarantee given for raw material supplier of the Group for raw material purchases.
(**)The ratio of other CPMs to the Group's equity as of 30 June 2017 is zero (31 December 2016: 17.5%).

15. REVENUE AND COST OF SALES

The detail of the operational income is as follow:

	1 January-30 June 2017	**1 April-30 June 2017**	**1 January-30 June 2016**	**1 April-30 June 2016**
Domestic sales	2.574.840.004	1.236.687.615	2.203.879.840	1.074.565.517
Export sales	462.276.224	196.763.708	417.061.997	212.366.044
Sales returns and discounts (-)	(691.458.726)	(319.690.799)	(583.058.583)	(284.408.430)
Revenue (net)	**2.345.657.502**	**1.113.760.524**	**2.037.883.254**	**1.002.523.131**
Cost of goods sold (-)	(1.631.866.267)	(781.896.338)	(1.434.939.348)	(698.768.052)
Cost of trade goods sold (-)	(143.533.775)	(64.757.434)	(104.537.531)	(57.919.009)
Cost of Sales	**(1.775.400.042)**	**(846.653.772)**	**(1.539.476.879)**	**(756.687.061)**
Gross Profit	**570.257.460**	**267.106.752**	**498.406.375**	**245.836.070**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

16. EXPENSES BY NATURE

The detail of operating expenses is as follows:

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
General Administration Expenses				
Personnel expenses	(30.737.915)	(17.334.278)	(28.067.320)	(15.577.114)
Operating expenses (*)	(18.279.455)	(10.512.434)	(21.041.294)	(12.558.209)
Depreciation and amortization expenses	(3.918.629)	(2.022.962)	(2.573.116)	(1.278.521)
Consultancy expenses	(2.769.716)	(1.350.268)	(3.243.668)	(1.453.234)
Other	(8.177.125)	(5.193.443)	(8.239.177)	(4.056.239)
	(63.882.840)	**(36.413.385)**	**(63.164.575)**	**(34.923.317)**
Marketing Expenses				
Marketing operating expenses	(166.126.551)	(70.398.928)	(145.077.098)	(68.253.884)
Personnel expenses	(38.706.344)	(18.652.581)	(30.460.106)	(12.537.143)
Rent expenses	(2.651.816)	(1.368.674)	(1.604.842)	(538.728)
Depreciation and amortization expenses	(1.126.206)	(540.818)	(801.442)	(375.503)
Other	(10.914.715)	(6.326.444)	(9.353.654)	(5.383.592)
	(219.525.632)	**(97.287.445)**	**(187.297.142)**	**(87.088.850)**
Research Expenses				
Personnel expenses	(3.910.040)	(1.825.497)	(1.914.143)	(945.117)
Materials used	(809.167)	(594.883)	(1.096.226)	(491.876)
Depreciation and amortization expenses	(175.878)	(89.116)	(152.067)	(76.217)
Other	(1.440.932)	(900.384)	(1.122.584)	(689.033)
	(6.336.017)	**(3.409.880)**	**(4.285.020)**	**(2.202.243)**

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

17. FINANCIAL INCOME

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Foreign exchange gain	11.336.537	5.712.638	101.996.705	17.079.877
Income from derivative instruments	6.909.007	2.225.377	-	-
Other	762.492	307.800	2.320.025	1.152.419
	19.008.036	**8.245.815**	**104.316.730**	**18.232.296**

18. FINANCIAL EXPENSES

	1 January- 30 June 2017	1 April- 30 June 2017	1 January- 30 June 2016	1 April- 30 June 2016
Foreign exchange losses	(103.435.747)	7.754.919	(106.740.518)	(51.422.215)
Interest expenses	(75.672.410)	(49.825.083)	(41.621.141)	(19.227.031)
Loss from derivative instruments	(1.446.781)	(1.446.781)	-	-
Other	(6.936.030)	(3.979.595)	(3.239.687)	(1.558.766)
	(187.490.968)	**(47.496.540)**	**(151.601.346)**	**(72.208.012)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

19. TAX ASSETS 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 IFRS. 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 IFRS. Aforementioned 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 rate applied in the calculation of deferred tax assets and liabilities for entities in Turkey, Saudi Arabia and Kazakhstan is 20% (2016: 20%), for entity in Egypt 25% (2016: 25%) and for entity in Kyrgyzstan is 10% (2016: 10%).

Deferred tax bases:

	30 June 2017	**31 December 2016**	**31 December 2015**	**30 June 2017**	**31 December 2016**	**31 December 2015**
Indexation and useful life differences of tangible and intangible assets	-	-	-	208.210.620	196.250.875	168.369.511
Investment properties valuation differences	-	-	-	13.172.080	13.036.359	11.284.955
Financial investments valuation differences	-	-	-	742.475.049	732.877.901	569.361.288
Derivative instruments	(13.188.811)	-	-	-	-	-
Profit margin elimination on inventories	(1.885.920)	(3.531.800)	(3.139.435)	-	-	-
Discount of trade receivables / payables (net)	-	-	(1.773.475)	4.558.350	1.319.445	-
Allowance of employee termination benefits	(68.432.615)	(62.985.130)	(29.412.870)	-	-	-
Provision of doubtful receivables	(1.518.715)	(1.324.187)	(953.210)	-	-	-
Carry forward tax losses	(53.157.785)	(51.250.558)	(52.213.102)	-	-	-
Provision for lawsuits	(5.891.570)	(5.547.396)	(4.312.538)	-	-	-
Impairment on inventories	(7.538.775)	(7.018.553)	(5.312.140)	-	-	-
Performance premium provision	(6.041.342)	-	-	-	-	-
Provision for unused vacation	(13.661.455)	(11.882.574)	(10.024.015)	-	-	-
Other	(20.247.931)	(13.012.990)	(18.660.444)	23.624.071	4.105.474	14.216.628
	(191.564.919)	**(156.553.188)**	**(125.801.229)**	**992.040.170**	**947.590.054**	**763.232.382**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

19. TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax (assets) / liabilities:

	30 June 2017	31 December 2016	31 December 2015	30 June 2017	31 December 2016	31 December 2015
Indexation and useful life differences of tangible and intangible assets	-	-	-	41.642.124	39.250.175	33.673.902
Investment properties valuation differences	-	-	-	658.604	651.818	564.248
Financial investments valuation differences	-	-	-	37.123.752	36.643.895	28.468.064
Derivative instruments	(2.637.762)	-	-	-	-	-
Profit margin elimination on inventories	(377.184)	(706.360)	(627.887)	-	-	-
Discount of trade receivables / payables (net)		-	(354.695)	911.670	263.889	-
Allowance of employee termination benefits	(13.686.523)	(12.597.026)	(5.882.574)	-	-	-
Provision of doubtful receivables	(303.743)	(264.837)	(190.642)	-	-	-
Carry forward tax losses	(10.631.557)	(10.250.112)	(10.442.620)	-	-	-
Provision for lawsuits	(1.178.314)	(1.109.479)	(862.508)	-	-	-
Impairment on inventories	(1.507.755)	(1.403.711)	(1.062.428)	-	-	-
Performance premium provision	(1.208.268)	-	-	-	-	-
Investment allowance	(43.968.886)	(44.285.820)	(32.736.325)	-	-	-
Provision for unused vacation	(2.732.291)	(2.376.515)	(2.004.803)	-	-	-
Other	(4.049.586)	(2.602.598)	(3.732.089)	4.724.814	821.095	2.843.326
	(82.281.869)	**(75.596.458)**	**(57.896.571)**	**85.060.964**	**77.630.872**	**65.549.540**

Movement of Deferred Tax Liabilities:	**1 January – 30 June 2017**	**1 January – 30 June 2016**
Opening balance	2.034.414	7.652.969
Taxes netted against funds recognised under equity	(93.126)	(120.585)
Currency translation differences	(574.365)	43.524
Deferred tax income	1.412.172	1.324.449
	2.779.095	**8.900.357**

As of 30 June 2017, the Group calculated deferred tax assets of TL 53.157.785 for deductible financial losses in the consolidated financial statements for the current year (31 December 2016: TL 51.250.558, 31 December 2015: TL 52.213.102). The maturities of these losses are as follows:

	30 June 2017	31 December 2016	31 December 2015
2016	-	-	2.258.375
2017	832.325	832.325	47.312
2018	-	-	-
2019	-	-	-
2025	52.325.460	50.418.233	49.907.415
Total	**53.157.785**	**51.250.558**	**52.213.102**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

19. TAX ASSETS AND LIABILITIES (cont'd)

Corporate tax

The Company and its Turkish subsidiaries are subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 30 June 2017 is 20% (2016: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2017 (2016: 20%).

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

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

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

Until December 2018, Hi Food for Advanced Food Industries, the Group's subsidiary, is exempt from corporate tax earnings gained from operating activities due to tax incentives made within the scope of foreign trade legislation.
The corporation tax rate in Saudi Arabia where Food Manufacturers' Company, a subsidiary of the Group is 20% (2016: 20%).
The corporation tax rate in Kazakhistan where Hamle Company Ltd LLP, a subsidiary of the Group is 20% (2016: 20%).
The corporation tax rate in Kyrgyzstan where Ülker Star LLC, a subsidiary of the Group is 10% (2016: 10%).

Income withholding tax

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

Provision for taxation as of 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017	**31 December 2016**
Corporate tax provision in the balance sheet	(42.920.927)	(59.588.634)
Prepaid taxes and funds	23.754.155	44.770.085
Taxation in the balance sheet	**(19.166.772)**	**(14.818.549)**

	1 January - 30 June 2017	**1 January - 30 June 2016**
Current year corporate tax provision	42.920.927	47.301.572
Deferred tax income	1.412.172	1.324.449
Taxation in the income statement	**44.333.099**	**48.626.021**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

20. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 30 June 2017 and 2016 and computation of earnings per share set out here as follows:

	1 January - 30 June 2017	1 January - 30 June 2016
Weighted average number of common stock outstanding	34.200.000.000	34.200.000.000
Net profit	182.862.567	179.991.069
Basic Earnings Per Share (TL 1 par value each)	**0,53**	**0,53**

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	30 June 2017	31 December 2016	31 December 2015
Trade receivables	586.525.773	586.367.653	560.216.232
Non-trade receivables	1.618.637	4.535.293	807.438.501
	588.144.410	**590.902.946**	**1.367.654.733**

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

	30 June 2017		31 December 2016		31 December 2015	
	Trade	**Non-Trade**	**Trade**	**Non- Trade**	**Trade**	**Non- Trade**
Principle Shareholder						
Yıldız Holding A.Ş. (*)	321.389	-	327.442	2.916.656	-	567.533.361
Other Companies Controlled by the Principle Shareholder						
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	285.029.998	-	286.184.297	-	257.572.982	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	218.293.087	-	209.964.008	-	186.668.812	-
Teközel Gıda T. Sağ. Mrk. Hiz. San. Tic. A.Ş.	30.289.770	-	46.952.482	-	44.551.725	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	21.054.642	-	19.054.792	-	17.859.339	-
United Biscuits (UK) Ltd.	14.841.882	-	9.571.379	-	-	-
Rekor Gıda Paz. San. ve Tic. A.Ş.	-	-	-	-	41.768.628	-
Misbis Gıda San. Tic. A.Ş.	2.932.943	1.618.637	1.990.685	1.618.637	3.608.941	7.297.899
Natura Gıda San. ve Tic. A.Ş.	750.000	-	1.439.452	-	427.371	-
Önem Gıda San. ve Tic. A.Ş.	369.969	-	103.743	-	363.154	-
Besler Gıda ve Kimya San. ve Tic. A.Ş. (*)	-	-	8.863	-	-	232.607.241
Other	12.642.093	-	10.770.510	-	7.395.280	-
	586.525.773	**1.618.637**	**586.367.653**	**4.535.293**	**560.216.232**	**807.438.501**

(*) Non-trade receviables as of 31 December 2016 and 2015 consist of receivables of subsidiaries stem from effect of business combinations under common control realised in 2016.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

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

The Group's trade receivables from related parties mainly arise from sales to Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Ticaret A.Ş. those make the sale and distribution of products throughout Turkey.

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

	30 June 2017	31 December 2016	31 December 2015
Önem Gıda San. ve Tic. A.Ş.	94.124.658	78.046.637	116.813.193
	94.124.658	**78.046.637**	**116.813.193**

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

	30 June 2017	31 December 2016	31 December 2015
Trade payables	283.164.158	341.344.634	315.390.068
Non-trade payables	-	-	86.239.625
	283.164.158	**341.344.634**	**401.629.693**

The detail of payables to related parties is as follows:

	30 June 2017		31 December 2016		31 December 2015	
	Trade	**Non-Trade**	**Trade**	**Non- Trade**	**Trade**	**Non- Trade**
Principle Shareholder						
Yıldız Holding A.Ş.	19.136.390	-	12.885.684	-	25.147.433	-
Other Companies Controlled by the Principle Shareholder						
Önem Gıda San. ve Tic. A.Ş.	176.542.899	-	226.851.675	-	201.725.772	-
Besler Gıda ve Kimya San. Tic. A.Ş.	54.777.507	-	56.674.647	-	42.355.406	-
Marsa Yağ San. ve Tic. A.Ş.	15.844.781	-	15.411.320	-	15.197.181	-
CCC Gıda San. ve Tic. A.Ş.	4.755.423	-	10.409.333	-	10.295.813	-
Maia International B.V.	70.585	-	65.417	-	-	86.199.000
Northstar Innovation A.Ş.	628	-	927.435	-	1.774.659	-
Other	12.035.945	-	18.119.123	-	18.893.804	40.625
	283.164.158	**-**	**341.344.634**	**-**	**315.390.068**	**86.239.625**

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

	30 June 2017	31 December 2016	31 December 2015
Yıldız Holding A.Ş.	30.057.291	30.629.376	-
	30.057.291	**30.629.376**	**-**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

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

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

	1 January - 30 June 2017		1 April - 30 June 2017		1 January- 30 June 2016		1 April - 30 June 2016	
	Purchases	**Sales**	**Purchases**	**Sales**	**Purchases**	**Sales**	**Purchases**	**Sales**
Other Companies Controlled by the Principle Shareholder								
Önem Gıda San. ve Tic. A.Ş.	616.080.610	-	294.743.230	-	533.195.161	190.663	251.240.798	141.354
Besler Gıda ve Kimya San. ve Tic. A.Ş.	122.623.172	-	50.685.139	-	85.302.507	80.160	42.279.084	-
Marsa Yağ San. ve Tic. A.Ş.	31.707.394	82.122	14.552.668	-	27.678.875	232.547	13.408.598	126.918
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	787.275	984.652.851	10.247	479.998.285	195.124	858.752.484	195.124	432.290.795
Pendik Nişasta San. A.Ş.	26.240.893	-	12.073.632	-	23.790.207	-	10.552.092	-
CCC Gıda San. ve Tic. A.Ş.	11.571.686	-	5.002.050	-	11.674.671	60.672	4.773.131	-
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	15.778	51.565.066	4.645	16.949.815	85.281	82.194.171	521	36.640.865
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	145.760	509.663.022	-	252.347.854	-	430.609.352	-	206.790.949
Other	11.181.580	149.825.494	3.059.800	73.730.912	48.475.941	108.999.963	29.601.036	64.724.102
	820.354.148	**1.695.788.555**	**380.131.411**	**823.026.866**	**730.397.767**	**1.481.120.012**	**352.050.384**	**740.775.655**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

21 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

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

For the six month period ended on 30 June 2017;

	Rent Income	Rent Expense	Service Income	Service Expense	Interest Income and Foreign Exhange Gain	Interest Income and Foreign Exhange Losses
Principle Shareholder						
Yıldız Holding A.Ş.	33.518	(1.760)	900.278	(64.884.884)	146.827.454	(38.512.077)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	169.742	-	267.697	(284.911)
Hüner Pazarlama San. ve Tic. A.Ş.	228.142	(3.277)	175.200	(128.659)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	9.079	-	57.463	(4.865.390)	-	-
Önem Gıda San. ve Tic. A.Ş.	672.196	-	1.918.405	(21.044.621)	2.163.875	(1.152.786)
Marsa Yağ San. ve Tic. A.Ş.	3.867	-	29.098	-	34.781	(154.424)
Northstar Innovation A.Ş.	-	-	26.666	-	-	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	90.756	-	35.043	(4.082.066)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	16.482	(709.580)	6.922	(417.119)	-	-
United Biscuits (UK) Ltd.	19.101	-	115	(390.270)	1.324.835	(1.806.118)
Other	6.224	(84.886)	569.115	(210.146)	3.025.348	(2.086.649)
	1.079.365	**(799.503)**	**3.888.047**	**(96.023.155)**	**153.643.990**	**(43.996.965)**

For the three month period between April-June 2017:

	Rent Income	Rent Expense	Service Income	Service Expense	Interest Income and Foreign Exhange Gain	Interest Income and Foreign Exhange Losses
Principle Shareholder						
Yıldız Holding A.Ş.	16.759	(1.760)	313.165	(31.845.894)	23.753.608	(14.015.852)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	-	-	70.108	-
Hüner Pazarlama San. ve Tic. A.Ş.	53.383	-	26.875	(128.659)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	4.561	-	34.462	(2.510.764)	-	-
Önem Gıda San. ve Tic. A.Ş.	456.530	-	912.939	(11.544.763)	1.312.039	(180.574)
Marsa Yağ San. ve Tic. A.Ş.	1.967	-	19.956	-	-	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	45.072	-	11.659	(2.082.807)	-	-
Northstar Innovation A.Ş.	-	-	26.666	-	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	8.241	(377.732)	2.960	(224.500)	-	-
United Biscuits (UK) Ltd.	19.101	-	115	(229.197)	135.745	(814.723)
Other	3.112	(42.443)	381.102	-	-	(113.581)
	608.726	**(421.935)**	**1.729.899**	**(48.566.584)**	**25.271.500**	**(15.124.730)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

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

e) The details of income and expenses pertaining to interest, rent and services arising from transactions with related parties are as follows:

For the six-month period ended on 30 June 2016;

	Rent Income	Rent Expense	Service Income	Service Expense	Interest Income and Foreign Exhange Gain	Interest Expense and Foreign Exhange Losses
Principle Shareholder						
Yıldız Holding A.Ş.	29.728	(948)	13.695	(58.299.265)	113.476.468	(76.916.607)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	34.221	(400.554)	4.949.089	(6.213.164)
Hüner Pazarlama San. ve Tic. A.Ş.	337.392	-	253.724	(23.704)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	38.216	(83.671)	647.322	(6.729.927)	-	-
Önem Gıda San. ve Tic. A.Ş.	628.935	(12.619)	1.357.661	(17.335.451)	167.772	(1.167.404)
Marsa Yağ San. ve Tic. A.Ş.	3.488	-	20.086	-	125.733	(26.427)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	78.881	-	44.166	(1.363.595)	-	-
Northstar Innovation A.Ş.	-	-	15.917	(129.034)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	14.976	(599.858)	3.734	(299.790)	-	-
Rekor Gıda Paz. San. ve Tic. A.Ş.	14.111	-	-	(29.914)	-	-
United Biscuits (UK) Ltd.	-	-	568.646	-	-	(74.151)
Other	8.464	(209.895)	629.809	(518.483)	1.417.513	(892.835)
	1.154.191	**(906.991)**	**3.588.981**	**(85.129.717)**	**120.136.575**	**(85.290.588)**

For the three-month period between April-June 2016:

	Rent Income	Rent Expense	Service Income	Service Expense	Interest Income and Foreign Exhange Gain	Interest Expense and Foreign Exhange Losses
Principle Shareholder						
Yıldız Holding A.Ş.	14.864	(373)	4.317	(32.730.116)	54.163.124	(9.520.663)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	34.221	-	4.815.453	(2.266.744)
Hüner Pazarlama San. ve Tic. A.Ş.	164.674	-	116.232	-	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	4.190	(40.761)	82.869	(4.355.119)	-	-
Önem Gıda San. ve Tic. A.Ş.	475.692	(10.669)	61.642	(10.359.706)	-	(683.193)
Marsa Yağ San. ve Tic. A.Ş.	1.765	-	10.697	-	21.592	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	41.007	-	-	(735.160)	-	-
Northstar Innovation A.Ş.	-	-	15.917	(40.514)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	7.488	(289.982)	-	(146.335)	-	-
İstanbul Gıda Dış Tic. A.Ş.	-	-	-	-	-	-
Rekor Gıda Paz. San. ve Tic. A.Ş.	-	-	-	-	-	-
United Biscuits (UK) Ltd.	-	-	568.646	-	-	(74.151)
Other	2.362	(209.895)	197.003	(488.898)	477.127	(54.429)
	712.042	**(551.680)**	**1.091.544**	**(48.855.848)**	**59.477.296**	**(12.599.180)**

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

	30 June 2017	30 June 2016
Fees and other short term benefits	10.246.463	8.884.530
	10.246.463	**8.884.530**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

22. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT

Foreign currency risk management

As of balance sheet date, the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	30 June 2017					
	TL Equivalent	**USD**	**EUR**	**GBP**	**CHF**	**DKK**
1. Trade Receivables	116.405.918	22.473.555	8.564.462	727.847	-	-
2a. Monetary Financial Assets	3.122.287.597	422.591.068	409.024.346	628.020	9.216	15.477
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	14.784.115	3.286.190	811.642	1.950	345	-
4. CURRENT ASSETS	**3.253.477.630**	**448.350.813**	**418.400.450**	**1.357.817**	**9.561**	**15.477**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	95.453	27.217	-	-	-	-
6b. Non-Monetary Financial Assets	-			-	-	-
7. Other	78.588.600	1.219.644	18.546.712	-	18.809	-
8. NON-CURRENT ASSETS	**78.684.053**	**1.246.861**	**18.546.712**	**-**	**18.809**	**-**
9. TOTAL ASSETS	**3.332.161.683**	**449.597.674**	**436.947.162**	**1.357.817**	**28.370**	**15.477**
10. Trade Payables	73.414.166	12.090.632	7.413.760	276.400	21.524	-
11. Financial Liabilities	2.242.413.487	356.118.203	248.181.698		-	-
12a. Other Monetary Financial Liabilities	922.758	195.375	55.844	3.086	-	-
12b. Other Non-monetary Financial Liabilities	12.845.307	2.370.556	506.388	551.485	-	-
13. CURRENT LIABILITIES	**2.329.595.718**	**370.774.766**	**256.157.690**	**830.971**	**21.524**	**-**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	1.425.652.590	136.098.448	236.907.750	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**1.425.652.590**	**136.098.448**	**236.907.750**	**-**	**-**	**-**
18. TOTAL LIABILITIES	**3.755.248.308**	**506.873.214**	**493.065.440**	**830.971**	**21.524**	**-**
19. Net Assets of Off Statement of Financial Position (19a-19b)	**526.913.600**	**127.413.989**	**20.000.000**	**-**	**-**	**-**
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(526.913.600)	(127.413.989)	(20.000.000)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**103.826.975**	**70.138.449**	**(36.118.278)**	**526.846**	**6.846**	**15.477**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(503.614.033)**	**(59.410.818)**	**(74.970.244)**	**1.076.381**	**(12.308)**	**15.477**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	(13.188.811)	(4.033.056)	238.701	-	-	-

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

22. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT (cont'd)

Foreign currency risk management (cont'd)

	31 December 2016					
	TL Equivalent	**USD**	**EUR**	**GBP**	**CHF**	**DKK**
1. Trade Receivables	134.359.166	23.643.509	12.914.995	750.096	-	-
2a. Monetary Financial Assets	1.785.253.752	315.132.258	181.849.022	344.041	28.550	28.857
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	3.297.187	610.393	309.420	272	-	-
4. CURRENT ASSETS	**1.922.910.105**	**339.386.160**	**195.073.437**	**1.094.409**	**28.550**	**28.857**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	95.596	27.164	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	11.344.023	1.113.078	1.984.440	-	18.809	-
8. NON-CURRENT ASSETS	**11.439.619**	**1.140.242**	**1.984.440**	**-**	**18.809**	**-**
9. TOTAL ASSETS	**1.934.349.724**	**340.526.402**	**197.057.877**	**1.094.409**	**47.359**	**28.857**
10. Trade Payables	129.886.622	25.778.186	10.227.995	272.198	13.814	-
11. Financial Liabilities	2.332.245.484	432.701.268	218.195.418	-	-	-
12a. Other Monetary Financial Liabilities	8.092.785	755.756	610.766	733.346	-	-
12b. Other Non-monetary Financial Liabilities	16.035.548	3.730.275	782.109	1.486	-	-
13. CURRENT LIABILITIES	**2.486.260.439**	**462.965.485**	**229.816.288**	**1.007.030**	**13.814**	**-**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	276.724.270	2.267.135	72.440.165	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**276.724.270**	**2.267.135**	**72.440.165**	**-**	**-**	**-**
18. TOTAL LIABILITIES	**2.762.984.709**	**465.232.620**	**302.256.453**	**1.007.030**	**13.814**	**-**
19. Net Assets of Off Statement of Financial Position (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(828.634.985)**	**(124.706.218)**	**(105.198.576)**	**87.379**	**33.545**	**28.857**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(827.240.647)**	**(122.699.414)**	**(106.710.327)**	**88.593**	**14.736**	**28.857**
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	-	-	-	-	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-	-	-

The Group's export and import balances for six-month period are presented below:

	1 January – 30 June 2017	**1 January – 30 June 2016**
Total exports	462.276.224	417.061.997
Total imports	78.699.429	115.617.595

22. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT (cont'd)

Foreign currency risk sensitivity

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

	30 June 2017		**30 June 2016**	
	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	23.849.392	(23.849.392)	(24.932.515)	24.932.515
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	**23.849.392**	**(23.849.392)**	**(24.932.515)**	**24.932.515**
	In case of 10% appreciation of EUR against TL			
4 - Euro net asset / liability	(22.004.589)	22.004.589	(46.298.355)	46.298.355
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	**(22.004.589)**	**22.004.589**	**(46.298.355)**	**46.298.355**
Total (3 + 6)	**1.844.803**	**(1.844.803)**	**(71.230.870)**	**71.230.870**

23. 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)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

23. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Assets (cont'd)

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

		Fair value hierarchy as of reporting date		
	30 June	**Level 1**	**Level 2**	**Level 3**
Financial assets	**2017**	**TL**	**TL**	**TL**
Financial assets at fair value through profit and loss				
- Shares	644.863	644.863	-	-
Financial assets at fair value through comprehensive income statement				
- Shares (*)	938.307.379	39.068.492	899.238.887	-
Total	**938.952.242**	**39.713.355**	**899.238.887**	**-**

(*) As of 30 June 2017, the Group management has evaluated the difference between fair value calculated by independent valuation firm and fair value of financial instruments that do not have active market as insignificant for consolidated financial statements.

		Fair value hierarchy as of reporting date		
	30 June	**Level 1**	**Level 2**	**Level 3**
Financial liabilities	**2017**	**TL**	**TL**	**TL**
Financial assets at fair value through comprehensive income statement				
- Derivative financial instruments	13.188.811	-	13.188.811	-
Total	**13.188.811**	**-**	**13.188.811**	**-**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

23. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Assets (cont'd)

		Fair value hierarchy as of reporting date		
	31 December	**Level 1**	**Level 2**	**Level 3**
Financial assets	**2016**	**TL**	**TL**	**TL**
Financial assets at fair value through profit and loss				
- Shares	754.935	754.935	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	928.600.177	29.361.290	899.238.887	-
Total	**929.355.112**	**30.116.225**	**899.238.887**	**-**

		Fair value hierarchy as of reporting date		
	31 December	**Level 1**	**Level 2**	**Level 3**
Financial assets	**2015**	**TL**	**TL**	**TL**
Financial assets at fair value through profit and loss				
- Shares	704.437	704.437	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	765.134.066	30.649.592	734.484.474	-
Total	**765.838.503**	**31.354.029**	**734.484.474**	**-**

24. EVENTS AFTER THE BALANCE SHEET DATE

None.