ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017

(ORIGINALLY ISSUED IN TURKISH)

CONTENTS **PAGE**

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

ASSETS	Notes	Unaudited Current Period 31 March 2017	Restated (*) Audited Previous Period 31 December 2016	Restated (*) Audited Previous Period 31 December 2015
Current Assets		**3.949.396.358**	**3.625.566.950**	**3.502.467.263**
Cash and Cash Equivalents	5	2.345.977.876	2.268.604.108	1.354.697.874
Financial Investments	6	716.831	754.935	704.437
Trade Receivables				
- Due from related parties	8-21	650.488.817	586.367.653	560.216.232
- Other trade receivables	8	205.385.543	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	27.424.460	20.190.356	36.142.643
Derivative Financial Assets		2.845.250	-	-
Inventories	10	489.528.915	392.730.342	331.183.102
Prepaid Expenses				
- Due to related parties		91.039.195	78.046.637	116.813.193
- Other prepaid expenses		78.462.168	37.498.281	53.568.367
Current Income Tax Assets		5.758.357	11.063.641	825.280
Other Current Assets		50.150.309	48.147.614	45.410.374
Non-Current Assets		**2.090.763.626**	**2.053.428.591**	**1.741.059.947**
Financial Investments	6	932.934.844	928.800.295	765.334.184
Other Receivables				
- Other receivables	9	187.769	185.292	176.911
Investment Properties	11	14.582.200	14.587.592	12.904.161
Tangible Assets	12	1.077.588.447	1.050.639.625	904.816.223
Intangible Assets	13	1.628.768	1.740.109	1.946.354
Prepaid Expenses		19.830.518	14.160.059	28.562.343
Deferred Tax Assets	19	44.011.080	43.315.619	27.271.681
Other Non-Current Assets		-	-	48.090
TOTAL ASSETS		**6.040.159.984**	**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.

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

	Notes	Unaudited Current Period 31 March 2017	Restated (*) Audited Previous Period 31 December 2016	Restated (*) Audited Previous Period 31 December 2015
LIABILITIES				
Current Liabilities		**3.471.757.942**	**3.181.139.103**	**1.874.047.456**
Short Term Financial Liabilities	7	559.455.897	544.791.623	1.011.718.472
Short Term Portion of Long Term Financial Liabilities	7	1.899.996.287	1.815.575.753	27.836.991
Trade Payables				
- Due to related parties	8-21	336.044.970	341.344.634	315.390.068
- Other trade payables	8	411.601.336	305.133.387	286.318.235
Employee Benefit Related Liabilities		28.291.292	31.381.281	27.927.868
Other Payables				
- Due to related parties	9-21	45.343.629	-	86.239.625
- Other payables	9	33.557.931	8.431.010	4.682.471
Deferred Revenue		37.689.651	48.439.307	39.964.444
Current Income Tax Liabilities	19	23.031.638	14.818.549	9.514.388
Short Term Provisions				
- Provisions for employee benefits		39.952.876	32.753.813	27.503.600
- Other short term provisions		41.744.912	24.095.936	24.011.257
Other Current Liabilities		15.047.523	14.373.810	12.940.037
Non-Current Liabilities		**712.076.062**	**687.316.199**	**1.807.699.719**
Long Term Financial Liabilities	7	590.032.861	569.609.803	1.735.335.344
Long Term Provisions				
- Provisions for employee benefits		75.701.528	72.356.363	37.439.725
Deferred Tax Liabilities	19	46.341.673	45.350.033	34.924.650
SHAREHOLDERS' EQUITY		**1.856.325.980**	**1.810.540.239**	**1.561.780.035**
Equity Attributable To Equity Holders' of the Parent		**1.642.081.037**	**1.605.150.110**	**1.352.057.775**
Share Capital		342.000.000	342.000.000	342.000.000
Inflation Adjustments to Share Capital		108.056.201	108.056.201	108.056.201
Effect of Business Combinations Under Common Control		(175.537.350)	(187.876.795)	(218.268.442)
Other Comprehensive Income/Expense not to be Reclassified in Profit or 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 obligation		(17.180.047)	(16.686.755)	(430.543)
Other Comprehensive Income/Expense to be Reclassified in Profit or Loss				
- Currency Translation Adjustments		(8.059.529)	(7.165.808)	494.874
- Gains on Revaluation Funds				
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		698.963.945	695.363.441	539.968.646
Restricted Reserves Appropriated from Profits		124.496.833	119.806.833	112.116.833
Retained Earnings		465.386.613	303.710.250	222.929.248
Net Profit for the Period		98.722.636	242.711.008	239.959.223
Non-Controlling Interest		**214.244.943**	**205.390.129**	**209.722.260**
TOTAL LIABILITIES AND EQUITY		**6.040.159.984**	**5.678.995.541**	**5.243.527.210**

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

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

	Notes	Unaudited Current Period 1 January- 31 March 2017	Restated (*) Unaudited Previous Period 1 January - 31 March 2016
Revenue	15	1.231.896.978	1.035.360.123
Cost of Sales (-)	15	(928.746.270)	(782.789.818)
GROSS PROFIT FROM OPERATIONS		**303.150.708**	**252.570.305**
General Administrative Expenses (-)	16	(27.469.455)	(28.241.258)
Marketing, Selling and Distribution Expenses (-)	16	(122.238.187)	(100.208.292)
Research and Development Expenses (-)	16	(2.926.137)	(2.082.777)
Other Operating Income		16.637.060	7.643.223
Other Operating Expenses (-)		(7.609.298)	(6.801.763)
OPERATING PROFIT FROM MAIN OPERATIONS		**159.544.691**	**122.879.438**
Income from Investment Activities		113.173.232	68.879.059
Expenses from Investment Activities (-)		(4.739.389)	(76.052.004)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		**267.978.534**	**115.706.493**
Financial Income	17	10.762.221	86.084.434
Financial Expenses (-)	18	(139.994.428)	(79.393.334)
PROFIT BEFORE TAX		**138.746.327**	**122.397.593**
Tax Expense	19	**(26.434.386)**	**(25.157.758)**
Corporate Income Tax Expense (-)		(25.231.321)	(21.359.276)
Deferred Tax Income		(1.203.065)	(3.798.482)
PROFIT FOR THE PERIOD		**112.311.941**	**97.239.835**
Distribution of the Profit for the Period			
Non-Controlling Interest		13.589.305	10.257.991
Equity Holders of the Parent		98.722.636	86.981.844
Earnings Per Share	20	0,29	0,25

(*) 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)

	Unaudited Current Period 1 January - 31 March 2017	Restated (*) Unaudited Previous Period 1 January - 31 March 2016
PROFIT FOR THE PERIOD	**112.311.941**	**97.239.835**
OTHER COMPREHENSIVE INCOME:		
Other Comprehensive Income that Will Not Be Reclassified in Profit or Loss	**(493.292)**	**(1.328.300)**
Actuarial Loss on Post-Employment Termination Benefit Obligation	(616.615)	(1.660.375)
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	123.323	332.075
Other Comprehensive Income That Will Be Reclassified in Profit or Loss	**5.890.761**	**(6.944.357)**
Exchange Differences on Translation	1.962.939	(12.551.464)
Other Comprehensive Income Related with Financial Assets Measured at Fair Value through Other Comprehensive Income	4.134.549	5.902.218
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, Deferred Tax Effect	(206.727)	(295.111)
OTHER COMPREHENSIVE INCOME/(EXPENSE)	**5.397.469**	**(8.272.657)**
TOTAL COMPREHENSIVE INCOME	**117.709.410**	**88.967.178**
Distribution of Total Comprehensive Income		
Non-Controlling Interest	16.773.283	3.910.719
Equity Holders of the Parent	100.936.127	85.056.459

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

(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**
Transactions under common control	-	-	(56.395.683)	-	(585.330)	-	-	-	(52.170.152)	62.551.839	(46.599.326)	-	(46.599.326)
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	-	-	-	5.140.035	(5.761.224)	-	(1.304.196)	-	86.981.844	-	85.056.459	3.910.719	88.967.178
Dividend paid (*)	-	-	-	-	-	-	-	-	-	(94.000.000)	(94.000.000)	-	(94.000.000)
Transfers	-	-	-	-	-	-	-	7.690.000	(239.959.223)	232.269.223	-	-	-
As of 31 March 2016	**342.000.000**	**108.056.201**	**(218.268.442)**	**545.108.681**	**(5.266.350)**	**5.231.735**	**(1.734.739)**	**119.806.833**	**86.981.844**	**361.198.471**	**1.343.114.234**	**213.632.979**	**1.556.747.213**

(*) 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.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2017 AND 2016
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

				Accumulated Other Comprehensive Income to Be Reclassified in Profit and Loss		Other Comprehensive Income Not to Be Reclassified in Profit and 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 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**
Transactions under common control	-	-	(46.013.996)	-	(10.381.688)	-	-	-	12.339.445	-	(44.056.239)	-	(44.056.239)
As of 1 January 2017 (Restated)	**342.000.000**	**108.056.201**	**(187.876.795)**	**695.363.441**	**(7.165.808)**	**5.231.735**	**(16.686.755)**	**119.806.833**	**242.711.008**	**303.710.250**	**1.605.150.110**	**205.390.129**	**1.810.540.239**
Total comprehensive income	-	-	-	3.600.504	(893.721)	-	(493.292)	-	98.722.636	-	100.936.127	16.773.283	117.709.410
Dividend paid (*)	-	-	-	-	-	-	-	-	-	(64.000.000)	(64.000.000)	(7.916.635)	(71.916.635)
Gain on sale of real estate	-	-	-	-	-	-	-	-	-	(5.200)	(5.200)	(1.834)	(7.034)
Transfers	-	-	12.339.445	-	-	-	-	4.690.000	(242.711.008)	225.681.563	-	-	-
As of 31 March 2017	**342.000.000**	**108.056.201**	**(175.537.350)**	**698.963.945**	**(8.059.529)**	**5.231.735**	**(17.180.047)**	**124.496.833**	**98.722.636**	**465.386.613**	**1.642.081.037**	**214.244.943**	**1.856.325.980**

(*) At the General Assembly Meeting for the year of 2016 held on March 2017, it has been resolved to distribute TL 71.916.635 as cash and fully funded by the profit for the year and started to be distribute as of April 2017.

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

	Notes	**Unaudited Current Period 1 January-31 March 2017**	**Restated Unaudited Previous Period 1 January-31 March 2016**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		112.311.941	97.239.835
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	24.953.653	20.076.515
Amortization expenses of intangible assets	13	173.269	244.736
Adjustments for Impairment Loss (Reversal of Impairment Loss)			
Adjustments for Impairment Loss of (Reversal of) Other Other Financial Assets or Investments			
Adjustments for Impairment Loss of Other Financial Assets or Investments		38.104	84.214
Adjustments for Impairment Loss of Inventories	10	1.420.114	513.554
Adjustment for provisions			
Adjustments for (Reversal of) Provisions Related with Employee Benefits			
Provision for employment benefits		5.597.096	6.591.686
Provision for unused vacation rights		2.945.155	1.465.573
Performance premium provision		3.394.562	2.589.734
Adjustments for Lawsuit Provisions		465.891	634.750
Adjustments for (Reversal of) Other Provisions			
Reversal of Provision for sales return		-	(2.007.038)
Change in other provisions (net)		17.293.668	10.577.488
Adjustments for Dividend Income		-	(260.336)
Adjustments for Interest (Income)/Expenses			
Adjustments for Interest Income			
Discount income (net)		(3.529.008)	-
Interest income		(24.833.722)	(20.509.290)
Adjustments for Interest Expenses			
Discount expenses (net)		-	31.901
Interest expenses	18	25.847.327	22.394.110
Adjustments for Tax Expenses	19	26.434.386	25.157.758
Adjustment for Losses (Gains) on Disposal of Non-Current Assets			
Adjustments for Gains Arised From Sale of Tangible Assets		31.244	(110.346)
Other adjustments for which cash effects are investing or financing cash flow			
Change in foreign currency of financial liabilities (net)	17-18	105.566.767	(29.598.525)
Change in foreign currency from investing activities (net)		(81.814.818)	29.794.170
Commission expenses and finance service income (net)		(1.024.995)	513.315
Income from derivative instruments	17	(2.845.250)	-
Other adjustments to reconcile profit (loss)			
Rent income		(1.816.547)	(1.741.253)
Net Operating cash flows provided before changes in working capital		**210.608.837**	**163.682.551**

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

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

	Notes	Unaudited Current Period 1 January- 31 March 2017	Restated Unaudited Previous Period 1 January- 31 March 2016
Changes in Working Capital			
(Increase)/Decrease in trade receivables		(27.481.334)	35.864.589
(Increase)/Decrease in trade receivables from related parties		(59.545.180)	59.660.878
Increase in inventories		(98.218.687)	(4.249.914)
(Increase)/Decrease in other receivables and other current assets		(68.866.180)	19.965.344
Increase/(Decrease) in trade payables		106.817.008	(73.018.519)
Decrease in trade payables to related parties		(7.218.844)	(82.968.083)
Decrease in other payables and liabilities		(12.082.799)	(20.208.788)
Net cash generated from operations		**44.012.821**	**98.728.058**
Payments related with provisions for employee benefits			
Employment termination benefit paid		(3.177.662)	(4.628.687)
Unused vacation rights paid		(1.516.461)	(1.480.102)
Performance premium paid		(160.445)	(138.447)
Lawsuits provision paid		(110.583)	-
Taxes paid		(11.712.948)	(8.653.802)
Collections from doubtful trade receivables	8	1.773	1.479
Net cash generated from operating activities		**27.336.495**	**83.828.499**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of property, plant and equipment and intangible assets		558.736	1.857.866
Purchase of property, plant and equipment	12	(43.715.095)	(73.713.008)
Purchase of intangible assets	13	(56.258)	(57.996)
Changes in non-trade receivables from related parties		2.916.657	947.770.640
Dividend received		-	260.336
Interest received		24.833.722	20.509.290
Other inflows of cash			
Rent income		1.816.547	1.741.253
Net cash (used in)/received from investing activities		**(13.645.691)**	**898.368.381**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans acquired		112.000.290	130.059.020
Loan repayments		(128.503.523)	(180.142.067)
Change in leasing liabilities		(72.100)	(86.242)
Interest paid		(1.556.521)	(6.383.599)
Changes in non-trade payables to related parties		-	(14.341.801)
Net cash used in financing activities		**(18.131.854)**	**(70.894.689)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(4.441.050)**	**911.302.191**
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS		**81.814.818**	**(29.674.231)**
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	**2.345.977.876**	**2.236.325.834**

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 31 March 2017, the total number of people employed by the Group is 9.099, which contains 1.112 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 31 March 2017 and 31 December 2016, the names and percentages of the shareholders holding more than 10% of the Company's share capital are as follows:

Name of the Shareholders	Share	31 March 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%
Other	171.267.070	50,08%	171.267.070	50,08%
	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 31 March 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:

	31 March 2017		31 December 2015		
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%	-	-	Export
UI Egypt B.V.	51.0%	51.0%	-	-	Trading
Hi-Food for Advanced Food Industries	-	45.9%	-	-	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

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

(*) 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.

Dividend Paid:

The Company has decided to pay dividend amount of TL 64.000.000 (31 March 2016: TL 94.000.000) in the current period and paid on April 2017. Dividend per share is TL 0.19 (31 March 2016: TL 0.27).

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 9 May 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.

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 31 March 2017, rates declared by Central Bank of Republic of Turkey are 1 Euro = TL 3,9083, 1 USD = TL 3,6386 (31 December 2016: 1 Euro = TL 3,7099, 1 USD = TL 3,5192). For the period between January 1, 2017 and March 31, 2017, average rates declared by Central Bank of Republic of Turkey are 1 Euro = TL 3,9331, 1 USD = TL 3,6928. (January 1, 2016 and March 31, 2016: 1 Euro = TL 3,2420, 1 USD = TL2,9409).

(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 consolidated financial statements are prepared in comparison with the previous period. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented. The Group has made some reclassifications in order to conform to current period financial statements for prior periods. The nature of the classifications and amounts are as follows:

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 31 March 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 31 March 2016 has been reclassified. Group management, has preferred early adoption of TFRS 15 "Revenue from Contracts with Customers".

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**	**(44.056.239)**	**1.605.150.110**
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)	(46.013.996)	(187.876.795)
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	-	303.710.250
Net Profit for the Period	230.371.563	12.339.445	242.711.008
Non-Controlling Interest	**205.390.129**	**-**	**205.390.129**
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-31 March 2016 Income Statement	Reported Previous Period 1 January-31 March 2016	Effects of Restatement with Eliminations	Effects of classifications from IFRS 15	Restated Previous Period 1 January-31 March 2016
Revenue	936.893.258	84.382.917	(14.083.948)	1.035.360.123
Cost of Sales	(726.266.091)	(49.374.547)	(7.149.180)	(782.789.818)
GROSS PROFIT FROM OPERATIONS	**210.627.167**	**35.008.370**	**6.934.768**	**252.570.305**
General Administrative Expenses	(23.277.646)	(4.963.612)	-	(28.241.258)
Marketing, Sales and Distribution Expenses	(79.696.532)	(20.511.760)	-	(100.208.292)
Research and Developmet Expenses	(2.082.777)	-	-	(2.082.777)
Other Operating Income	20.572.171	1.155.000	(14.083.948)	7.643.223
Other Operating Expenses	(12.811.801)	(1.139.142)	7.149.180	(6.801.763)
OPERATING PROFIT FROM MAIN OPERATIONS	**113.330.582**	**9.548.856**	**-**	**122.879.438**
Income from Investment Activities	68.793.412	85.647	-	68.879.059
Expenses from Investment Activities	(76.052.004)	-	-	(76.052.004)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	**106.071.990**	**9.634.503**	**-**	**115.706.493**
Financial Income	81.577.665	4.506.769	-	86.084.434
Financial Expenses	(70.556.932)	(8.836.402)	-	(79.393.334)
PROFIT BEFORE TAX	**117.092.723**	**5.304.870**	**-**	**122.397.593**
Tax Expense	**(24.419.758)**	**(738.000)**	**-**	**(25.157.758)**
Tax on Income	(20.621.276)	(738.000)	-	(21.359.276)
Deferred Tax Income	(3.798.482)	-	-	(3.798.482)
PROFIT FOR THE YEAR	**92.672.965**	**4.566.870**	**-**	**97.239.835**
Other Comprehensive Income:				
Items not to be Reclassified to Profit or Loss	**(1.328.300)**	**-**	**-**	**(1.328.300)**
Actuarial Gain/(Loss) on Post-Employment Termination Benefit Obligation	(1.660.375)	-	-	(1.660.375)
Deferred Tax Effect	332.075	-	-	332.075
Items to be Reclassified to Profit or Loss	**(6.944.357)**	**-**	**-**	**(6.944.357)**
Currency Translation Adjustments	(12.551.464)	-	-	(12.551.464)
Other Comprehensive Income Related with Financial Assets Measured at Fair Value through Other Comprehensive Income	5.902.218	-	-	5.902.218
Deferred Tax Effect	(295.111)	-	-	(295.111)
OTHER COMPREHENSIVE INCOME	**(8.272.657)**	**-**	**-**	**(8.272.657)**
TOTAL COMPREHENSIVE INCOME	**84.400.308**	**4.566.870**	**-**	**88.967.178**

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

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

2.3 Adoption of New and Revised International Financial Reporting Standards:

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported and disclosures in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material impact on the financial statements are set out in further sections.

a. New standards, amendments and interpretations about the existing standards as of 31 March 2017

- IAS 16, "Property,plant and equipment", and IAS 41, "Agriculture"
- IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets"
- IAS 27, "Separate financial statements"
- IFRS 10 "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures"

b. Standards and amendments published but not effective as of 31 March 2017

- IAS 7 "Statement of cash flows"
- IAS 12 "Income Taxes"
- IFRS 2, "Share based payments"
- IFRS 9 "Financial instruments"
- IFRS 15 "Revenue from contracts with customers"
- Amendment to IFRS 15, "Revenue from contracts with customers"
- IFRS 16 "Leases"
- Amendments to IFRS 4, "Insurance contracts"
- Amendment to IAS 40, "Investment property"
- Annual improvements 2014–2016
- IFRIC 22, "Foreign currency transactions and advance consideration"

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)**

4. SEGMENTAL INFORMATION

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

The Group, follows its operations with domestic (local operations of Turkish companies in Turkey) and international basis in accordance with TFRS 8. The information for 1 January - 31 March 2017 and 1 January - 31 March 2016.

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

4. SEGMENTAL INFORMATION (cont'd)

	Domestic	Foreign	1 January-31 March 2017
Revenue	818.917.054	412.979.924	1.231.896.978
Gross Profit	179.770.997	123.379.711	303.150.708
Operating Profit (*)	98.167.219	52.349.709	150.516.928
Capital Expenditures	36.683.077	7.032.018	43.715.095

(*) Operating profit before other operational income and expenses

	Domestic	Foreign	1 January-31 March 2016
Revenue	728.184.272	307.175.852	1.035.360.123
Gross Profit	171.587.082	80.983.223	252.570.305
Operating Profit (*)	90.624.048	31.413.930	122.037.978
Capital Expenditures	61.438.350	12.274.658	73.713.008

(*) Operating profit before other operational income and expenses

5. CASH AND CASH EQUIVALENTS

	31 March 2017	31 December 2016	31 December 2015
Cash on hand	3.146.117	1.692.690	431.464
Demand deposits	36.469.789	36.089.792	30.679.367
Time deposits (*)	2.306.361.970	2.230.821.626	1.323.587.043
	2.345.977.876	**2.268.604.108**	**1.354.697.874**

(*) All of the time deposits consist of overnights as of 31 March 2017 (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	31 March 2017
TL	10,94%	April 2017	366.637.038
EUR	1,28%	April 2017	819.571.166
USD	2,18%	April 2017	1.050.101.675
KZT	10,50%	April 2017	70.052.091
			2.306.361.970

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

Currency Type	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

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

6. FINANCIAL INVESTMENTS

Short Term Financial Investments:	**31 March 2017**	**31 December 2016**	**31 December 2015**
Available for sale financial assets	716.831	754.935	704.437
	716.831	**754.935**	**704.437**

Long Term Financial Investments:	**31 March 2017**	**31 December 2016**	**31 December 2015**
Available for sales financial assets	932.934.844	928.800.295	765.334.184
	932.934.844	**928.800.295**	**765.334.184**

Long Term Available for Sale Financial Investments	**Share %**	**31 March 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%	33.495.839	0,20%	29.361.290	0,20%	30.649.592
Other		200.118		200.118		200.118
		932.934.844		**928.800.295**		**765.334.184**

Available for sale financial assets are presented at their fair values. The after tax difference belonging to equity holder of TL 698.963.945 as of 31 March 2017 (31 March 2016: TL 545.108.681) 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

	31 March 2017	**31 December 2016**	**31 December 2015**
Short Term Liabilities	559.455.897	544.791.623	1.011.718.472
Short Term Portion of Long Term Liabilities	1.899.996.287	1.815.575.753	27.836.991
Long Term Liabilities	590.032.861	569.609.803	1.735.335.344
	3.049.485.045	**2.929.977.179**	**2.774.890.807**

Short Term Liabilities	**31 March 2017**	**31 December 2016**	**31 December 2015**
Bank Loans	521.125.084	514.162.247	1.011.718.472
Non-Trade Payables to Related Parties (Note 21)	38.330.813	30.629.376	-
	559.455.897	**544.791.623**	**1.011.718.472**

Short Term Portion of Long Term Liabilities	**31 March 2017**	**31 December 2016**	**31 December 2015**
Bank Loans	1.899.996.287	1.815.569.289	27.410.569
Financial Lease Payables	-	6.464	426.422
	1.899.996.287	**1.815.575.753**	**27.836.991**

Long Term Liabilities	**31 March 2017**	**31 December 2016**	**31 December 2015**
Bank Loans	590.032.861	569.544.167	1.735.258.415
Financial Lease Payables	-	65.636	76.929
	590.032.861	**569.609.803**	**1.735.335.344**

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

7. FINANCIAL LIABILITIES (cont'd)

The syndication loan has received as of 26 November 2014. Details of Group's syndication loans are as follows;

Syndication loan consists of two credit trenches which are USD 284.500.000 and EUR 211.823.840. T international banks joined to the syndication. Effective interest rate for both credit trenches is Libor + 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.

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

Bank Loans:

31 March 2017

Currency Type	Maturity	Effective Weighted Average Interest Rate (%)	Short Term	Long Term
TL	April 2017-January 2021	Spot-13,18%	91.980.872	199.500.000
EUR	June 2017-December 2023	2,70%	868.695.524	280.218.006
USD	April 2017-May 2019	3,89%	1.468.526.485	8.256.473
EGP	April 2017-September 2019	17,00%	9.080.329	1.645.330
SAR	July 2017	1,79%	18.794.460	-
KZT	April 2017-December 2023	9,50%	2.374.514	100.413.052
			2.459.452.184	**590.032.861**

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-September2019	17,00%	4.266.762	1.593.097
SAR	January 2017	1,53%	9.175.928	-
KZT	April 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:

	31 March 2017	31 December 2016	31 December 2015
to be paid within 1 year	2.459.452.184	2.360.360.912	1.039.129.041
to be paid within 1-2 years	320.550.224	510.947.273	1.663.089.616
to be paid within 2-3 years	55.674.244	32.255.242	27.349.497
to be paid within 3-4 years	55.341.598	26.341.652	25.683.250
to be paid within 4-5 years	39.616.698	-	19.136.052
Above 5 years	118.850.097	-	-
	3.049.485.045	**2.929.905.079**	**2.774.387.456**

Financial Lease Payables:

Short-Term Financial Lease Payables	31 March 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	31 March 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:

	31 March 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

	31 March 2017	31 December 2016	31 December 2015
Short Term Due from Related Parties			
Due from related parties (Note 21)	650.488.817	586.367.653	560.216.232
	650.488.817	**586.367.653**	**560.216.232**
Other Trade Receivables			
Trade receivables	210.692.203	183.554.934	200.003.448
Notes receivables	843.176	833.496	1.105.209
Provision for doubtful receivables	(6.149.836)	(6.760.340)	(5.641.397)
	205.385.543	**177.628.090**	**195.467.260**
Total Short Term Trade Receivables	**855.874.360**	**763.995.743**	**755.683.492**

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

8. TRADE RECEIVABLES AND PAYABLES (cont'd)

The movement of the allowance for doubtful receivables as of 31 March 2017 and 2016 is as follows:

	1 January – 31 March 2017	1 January – 31 March 2016
Opening balance	(6.760.340)	(5.641.397)
Provisions released	853.984	-
Currency translation adjustments	(245.253)	112.729
Collections	1.773	1.479
Closing balance	**(6.149.836)**	**(5.527.189)**

	31 March 2017	31 December 2016	31 December 2015
Short Term Trade Payables			
Due to related parties (Note 21)	336.044.970	341.344.634	315.390.068
Trade payables	411.601.336	305.133.387	286.318.235
	747.646.306	**646.478.021**	**601.708.303**

9. OTHER RECEIVABLES AND PAYABLES

	31 March 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	27.424.460	20.190.356	36.142.643
	29.043.097	**24.725.649**	**843.581.144**

	31 March 2017	31 December 2016	31 December 2015
Other Short Term Receivables			
VAT receivables	18.748.302	11.969.170	15.463.094
Deposits and guarantees given	2.473.110	502.473	31.374
Receivables from personnel	1.684.080	1.369.308	1.311.113
Insurance compensation receivable	-	-	13.319.191
Other	4.518.968	6.349.405	6.017.871
	27.424.460	**20.190.356**	**36.142.643**

	31 March 2017	31 December 2016	31 December 2015
Other Long Term Receivables			
Deposits and guarantees given	187.769	185.292	176.911
	187.769	**185.292**	**176.911**

	31 March 2017	31 December 2016	31 December 2015
Other Payables			
Due to related parties (Note 21) (*)	45.343.629	-	86.239.625
Other short-term payables	33.557.931	8.431.010	4.682.471
	78.901.560	**8.431.010**	**90.922.096**

	31 March 2017	31 December 2016	31 December 2015
Other Payables			
Other short-term payables (*)	30.998.488	5.560.898	2.524.647
Deposits and guarantees received	2.559.443	2.870.112	2.157.824
	33.557.931	**8.431.010**	**4.682.471**

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

9. OTHER RECEIVABLES AND PAYABLES (cont'd)

(*) Includes TL 71.916.635 dividend, which has been resolved at the General Assembly Meeting for the year of 2016 held on March 2017, and distributed starting from April 2017. TL 45.343.629 accounted in due to related parties present the dividend payables to Yıldız Holding A.Ş., Ülker family and pladis Foods Limited, which is 100% owned by Yıldız Holding A.Ş. whereas TL 26.573.006 under other short-term payables present the non-group dividend payables.

10. INVENTORIES

Inventory details are as follows:

	31 March 2017	31 December 2016	31 December 2015
Raw materials	259.174.971	196.373.898	144.952.181
Work in progress	19.434.921	10.532.864	11.270.572
Finished goods	172.051.626	163.426.472	153.748.990
Trade goods	20.247.075	8.180.515	5.553.918
Other inventories	29.497.668	24.615.181	24.922.622
Allowance for impairment on inventory (-)	(10.877.346)	(10.398.588)	(9.265.181)
	489.528.915	**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 31 March 2017 and 2016 are below:

	1 January-31 March 2017	1 January-31 March 2016
Opening balance	(10.398.588)	(9.265.181)
Charge for the period	(1.420.114)	(513.554)
Provisions released	634.098	1.424.950
Currency translation adjustments	307.258	155.561
Closing balance	**(10.877.346)**	**(8.198.224)**

11. INVESTMENT PROPERTIES

	31 March 2016	31 March 2015
Opening balance	14.587.592	12.904.161
Charge for the year	(5.392)	(25.034)
Closing balance	**14.582.200**	**12.879.127**

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 95.666 (31 March 2016: TL 153.243) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 22.113 (31 March 2016: TL 20.097).

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

12. PROPERTY, PLANT AND EQUIPMENT

Movements of tangible assets between 1 January 2017 – 31 March 2017 are as follows:

Cost	**1 January 2017**	**Addition**	**Disposal**	**Transfers**	**Currency translation differences**	**31 March 2017**
Land	14.497.372	-	-	-	604.663	15.102.035
Land improvements	8.062.789	3.969	-	78.000	-	8.144.758
Buildings	360.480.076	31.395	-	9.254.899	2.659.856	372.426.226
Machinery, plant and equipment	1.259.992.682	4.244.699	(22.734.926)	46.307.926	8.498.812	1.296.309.193
Vehicles	9.142.435	638.206	-	-	246.333	10.026.974
Furniture and fixture	64.593.486	1.335.176	(124.614)	527.881	314.440	66.646.369
Leasehold improvements	25.717.743	320.302	-	4.786.223	-	30.824.268
Other tangible assets	4.412.905	-	-	-	150.507	4.563.412
Construction in progress	161.032.573	37.141.348	(1.004)	(60.954.929)	3.679.827	140.897.815
	1.907.932.061	**43.715.095**	**(22.860.544)**	**-**	**16.154.438**	**1.944.941.050**

Accumulated Depreciation	**1 January 2017**	**Charge for the Period**	**Disposal**	**Transfers**	**Currency translation differences**	**31 March 2017**
Land improvements	(3.639.332)	(98.142)	-	-	-	(3.737.474)
Buildings	(119.744.700)	(3.001.792)	-	-	(1.648.433)	(124.394.925)
Machinery, plant and equipment	(663.105.101)	(19.829.850)	22.228.317	-	(5.271.084)	(665.977.718)
Vehicles	(4.128.065)	(236.138)	-	-	(149.793)	(4.513.996)
Furniture and fixture	(48.213.470)	(1.165.535)	42.247	-	(162.653)	(49.499.411)
Leasehold improvements	(14.047.689)	(587.936)	-	-	-	(14.635.625)
Other tangible assets	(4.414.079)	(28.868)	-	-	(150.507)	(4.593.454)
	(857.292.436)	**(24.948.261)**	**22.270.564**	**-**	**(7.382.470)**	**(867.352.603)**
Net Book Value	**1.050.639.625**					**1.077.588.447**

From depreciation and amortization expenses, TL 22.559.105 (31 March 2016: TL 18.524.867) is included in cost of goods sold, TL 86.762 (31 March 2016: TL 75.850) is included in research and development expenses, TL 585.388 (31 March 2016: TL 425.939) is included in marketing and selling expenses and TL 1.895.667 (31 March 2016: TL 1.294.595) 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.

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

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

Movements of tangible assets between 1 January 2016 - 31 March 2016 are as follows:

Cost	**1 January 2016**	**Addition**	**Disposal**	**Transfers**	**Currency translation differences**	**31 March 2016**
Land	18.581.138	6	-	-	(1.883.537)	16.697.607
Land improvements	17.256.231	59.654	-	137.695	(329.755)	17.123.825
Buildings	291.432.723	2.380.541	-	198.382	(3.524.112)	290.487.534
Machinery, plant and equipment	1.100.536.762	1.733.946	(2.337.334)	920.944	(15.353.664)	1.085.500.655
Vehicles	5.159.405	374.858	(98.589)	-	(314.372)	5.121.302
Furniture and fixture	57.395.634	2.313.543	(96.882)	32.000	(344.699)	59.299.595
Leasehold improvements	19.930.469	123.195	-	1.516.090	-	21.569.754
Other tangible assets	5.622.567	202.160	(748.394)	-	(154.529)	4.921.803
Construction in progress	164.296.470	66.525.105	-	(2.805.111)	(5.780.877)	222.235.587
	1.680.211.399	**73.713.008**	**(3.281.199)**	**-**	**(27.685.545)**	**1.722.957.662**

Accumulated Depreciation	**1 January 2016**	**Charge for the Period**	**Disposal**	**Transfers**	**Currency translation differences**	**31 March 2016**
Land	(3.250.227)	(94.085)	-	-	-	(3.344.312)
Land improvements	(104.691.978)	(2.416.949)	-	-	972.734	(106.136.193)
Buildings	(604.587.248)	(14.812.099)	1.043.137	-	6.888.202	(611.468.009)
Machinery, plant and equipment	(3.565.737)	(77.771)	95.656	-	160.956	(3.386.896)
Vehicles	(44.063.893)	(2.203.517)	70.193	-	215.562	(45.981.655)
Furniture and fixture	(12.061.217)	(369.658)	-	-	-	(12.430.875)
Leasehold improvements	(3.174.876)	(77.402)	368.462	-	85.329	(2.798.487)
	(775.395.176)	**(20.051.481)**	**1.577.448**	**-**	**8.322.783**	**(785.546.426)**
Net Book Value	**904.816.223**					**937.411.236**

There is no fixed assets acquired through leasing in the related period.

There is no colleteral or mortgage on fixed assets.

(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 years
Land improvements	10 – 50 years
Machinery and equipment	4 – 15 years
Vehicles	4 – 10 years
Other tangible assets	4 – 10 years
Furniture and fixtures	3 – 10 years
Leasehold improvements	During rent period

13. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2017 - 31 March 2017 are as follows:

Cost	1 January 2017	Addition	Disposal	Currency translation differences	31 March 2017
Rights	2.826.440	8.171	-	20.936	2.855.547
Development costs	675.004	-	-	-	675.004
Other intangible assets	3.031.217	48.087	-	-	3.079.304
	6.532.661	**56.258**	**-**	**20.936**	**6.609.855**

Accumulated Amortization	1 January 2017	Charge for the Period	Disposal	Currency translation differences	31 March 2017
Rights	(2.330.491)	(42.565)	-	(15.266)	(2.388.322)
Development costs	(357.294)	(33.752)	-	-	(391.046)
Other intangible assets	(2.104.767)	(96.952)	-	-	(2.201.719)
	(4.792.552)	**(173.269)**	**-**	**(15.266)**	**(4.981.087)**
Net Book Value	**1.740.109**				**1.628.768**

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

13. INTANGIBLE ASSETS (cont'd)

Movements of intangible assets between 1 January 2016 - 31 March 2016 are as follows:

Cost	**1 January 2016**	**Addition**	**Disposal**	**Currency translation differences**	**31 March 2016**
Rights	2.613.137	53.625	-	(5.959)	2.660.803
Development costs	675.004	-	-	-	675.004
Other intangible assets	2.643.614	4.371	(53.625)	(256)	2.594.104
	5.931.755	**57.996**	**(53.625)**	**(6.215)**	**5.929.911**

Accumulated Amortization	**1 January 2016**	**Charge for the Period**	**Disposal**	**Currency translation differences**	**31 March 2016**
Rights	(2.068.201)	(57.246)	-	1.395	(2.124.052)
Development costs	(222.292)	(33.751)	-	-	(256.043)
Other intangible assets	(1.694.908)	(153.739)	9.856	13	(1.838.778)
	(3.985.401)	**(244.736)**	**9.856**	**1.408**	**(4.218.873)**
Net Book Value	**1.946.354**				**1.711.038**

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

	Useful Life
Rights	2 – 15 years
Development costs	5 years
Other intangible assets	2 – 12 years

(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.)

	2017			2016		
	TL	**USD**	**EUR**	**TL**	**USD**	**EUR**
A) CPM's given in the name of own legal personality	132.752.617	-	50.000	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 (*)	-	-	75.000.000	-	-	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	**134.668.617**	**-**	**80.172.171**	**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 31 March 2017 is zero (31 December 2016: 17.5%).

15. REVENUE AND COST OF SALES

The detail of the operational income is as follows:

	1 January-31 March 2017	**1 January-31 March 2016**
Domestic sales	1.338.152.389	1.129.314.323
Export sales	265.512.516	204.695.953
Sales returns and discounts	(371.767.927)	(298.650.153)
Revenue (net)	**1.231.896.978**	**1.035.360.123**
Cost of goods sold	(849.969.929)	(736.171.296)
Cost of trade goods sold	(78.776.341)	(46.618.522)
Cost of Sales	**(928.746.270)**	**(782.789.818)**
Gross Profit	**303.150.708**	**252.570.305**

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

16. EXPENSES BY NATURE

The detail of operating expenses is as follows:

	1 January-31 March 2017	**1 January-31 March 2016**
General Administration Expenses		
Personnel expenses	(13.403.637)	(12.490.206)
Operating expenses (*)	(7.767.021)	(8.483.085)
Depreciation and amortization expenses	(1.895.667)	(1.294.595)
Consultancy expenses	(1.419.448)	(1.790.434)
Other	(2.983.682)	(4.182.939)
	(27.469.455)	**(28.241.258)**
Marketing Expenses		
Marketing operating expenses	(95.727.623)	(76.823.215)
Personnel expenses	(20.053.763)	(17.922.963)
Rent expenses	(1.283.142)	(1.066.113)
Depreciation and amortization expenses	(585.388)	(425.939)
Other	(4.588.271)	(3.970.062)
	(122.238.187)	**(100.208.292)**
Research Expenses		
Personnel expenses	(2.084.543)	(969.026)
Materials used	(214.284)	(604.350)
Depreciation and amortization expenses	(86.762)	(75.850)
Other	(540.548)	(433.551)
	(2.926.137)	**(2.082.777)**
	(152.633.779)	**(130.532.327)**

(*) 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-31 March 2017	**1 January-31 March 2016**
Foreign exchange gain	5.623.899	84.916.828
Income from derivative instruments	2.845.250	-
Bail commission income	2.293.072	1.167.606
	10.762.221	**86.084.434**

18. FINANCIAL EXPENSES

	1 January-31 March 2017	**1 January-31 March 2016**
Foreign exchange losses from financing	(111.190.666)	(55.318.303)
Interest expenses	(25.847.327)	(22.394.110)
Other	(2.956.435)	(1.680.921)
	(139.994.428)	**(79.393.334)**

(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 20% (2016: 20%).

Deferred tax bases:

	31 March 2017	31 December 2016	31 December 2015	31 March 2017	31 December 2016	31 December 2015
Indexation and useful life differences of tangible and intangible assets	-	-	-	195.254.242	196.250.875	168.369.511
Investment properties valuation differences	-	-	-	13.047.032	13.036.359	11.284.955
Financial investments valuation differences	-	-	-	736.974.341	732.877.901	569.361.288
Profit margin elimination on inventories	(3.295.605)	(3.531.800)	(3.139.435)	-	-	-
Discount of trade receivables / payables (net)	-	-	(1.773.475)	4.995.400	1.319.445	-
Allowance of employee termination benefits	(65.536.820)	(62.985.130)	(29.412.870)	-	-	-
Provision of doubtful receivables	(1.487.903)	(1.324.187)	(953.210)	-	-	-
Previous year losses	(56.025.012)	(51.250.558)	(52.213.102)	-	-	-
Provision for lawsuits	(5.902.703)	(5.547.396)	(4.312.538)	-	-	-
Impairment on inventories	(7.401.449)	(7.018.553)	(5.312.140)	-	-	-
Performance premium provision	(579.000)	-	-	-	-	-
Provision for unused vacation	(13.288.651)	(11.882.574)	(10.024.015)	-	-	-
Other	(13.664.715)	(13.012.990)	(18.660.444)	11.625.626	4.105.474	14.216.628
	(167.181.858)	**(156.553.188)**	**(125.801.229)**	**961.896.641**	**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:

	31 March 2017	31 December 2016	31 December 2015	31 March 2017	31 December 2016	31 December 2015
Indexation and useful life differences of tangible and intangible assets	-	-	-	39.050.848	39.250.175	33.673.902
Investment properties valuation differences	-	-	-	652.352	651.818	564.248
Financial investments valuation differences	-	-	-	36.848.717	36.643.895	28.468.064
Profit margin elimination on inventories	(659.121)	(706.360)	(627.887)	-	-	-
Discount of trade receivables / payables (net)	-	-	(354.695)	999.080	263.889	-
Allowance of employee termination benefits	(13.107.364)	(12.597.026)	(5.882.574)	-	-	-
Provision of doubtful receivables	(297.581)	(264.837)	(190.642)	-	-	-
Previous year losses	(11.205.002)	(10.250.112)	(10.442.620)	-	-	-
Provision for lawsuits	(1.180.541)	(1.109.479)	(862.508)	-	-	-
Impairment on inventories	(1.480.290)	(1.403.711)	(1.062.428)	-	-	-
Performance premium provision	(115.800)	-	-	-	-	-
Investment allowance	(44.109.157)	(44.285.820)	(32.736.325)	-	-	-
Provision for unused vacation	(2.657.730)	(2.376.515)	(2.004.803)	-	-	-
Other	(2.732.943)	(2.602.598)	(3.732.089)	2.325.125	821.095	2.843.326
	(77.545.529)	**(75.596.458)**	**(57.896.571)**	**79.876.122**	**77.630.872**	**65.549.540**

Movement of Deferred Tax Liabilities:	**1 January-31 March 2017**	**1 January-31 March 2016**
Opening balance	2.034.414	7.652.969
Taxes netted against funds recognised under equity	83.404	(36.964)
Currency translation differences	(990.290)	-
Deferred tax gain	1.203.065	3.798.482
Closing balance	**2.330.593**	**11.414.487**

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 31 March 2017 is 20% (2016: 20%). Hi Food for Advanced Food Industries is exempt from the corporate tax for the income earned from operating activities until 31 December 2018 due to the tax incentive provided by Egyptian legislation.

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

19. TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2017 (31 December 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.

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% (31 December 2016: 20%).
The corporation tax rate in Kazakhistan where Hamle Company Ltd LLP, a subsidiary of the Group is 20% (31 December 2016: 20%).

Income withholding tax

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

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

	31 March 2017	**31 December 2016**
Current year corporate tax provision	(84.947.490)	(59.588.634)
Prepaid taxes and funds	61.915.852	44.770.085
Taxation in the balance sheet	**(23.031.638)**	**(14.818.549)**

	1 January- 31 March 2017	**1 January – 31 March 2016**
Current year corporate tax provision	(25.231.321)	(21.359.276)
Deferred tax income	(1.203.065)	(3.798.482)
Taxation in the income statement	**(26.434.386)**	**(25.157.758)**

20. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 31 March 2017 and 31 March 2016 and computation of earnings per share set out here as follows:

	1 January- 31 March 2017	**1 January- 31 March 2016**
Weighted average number of common stock outstanding	34.200.000.000	34.200.000.000
Net profit	98.722.636	86.981.844
Basic Earnings Per Share (TL 1 par value each)	**0,29**	**0,25**

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

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	31 March 2017	31 December 2016	31 December 2015
Trade receivables	650.488.817	586.367.653	560.216.232
Non-trade receivables	1.618.637	4.535.293	807.438.501
	652.107.454	**590.902.946**	**1.367.654.733**

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

	31 March 2017		31 December 2016		31 December 2015	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**	**Trade**	**Non-Trade**
Ana Ortak						
Yıldız Holding A.Ş. (*)	-	-	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.	308.725.454	-	286.184.297	-	257.572.982	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	236.110.366	-	209.964.008	-	186.668.812	-
Teközel Gıda T.Sağ. Mrk. Hiz. San. Tic. A.Ş	45.299.261	-	46.952.482	-	44.551.725	-
United Biscuits (UK) Ltd.	18.292.353	-	9.571.379	-	-	-
Rekor Gıda Paz. San. ve Tic. A.Ş.	-	-	-	-	41.768.628	-
Misbis Gıda San. Tic. A.Ş.	2.230.244	1.618.637	1.990.685	1.618.637	3.608.941	7.297.899
Natura Gıda San. ve Tic. A.Ş.	1.762.781	-	1.439.452	-	427.371	-
Önem Gıda San. ve Tic. A.Ş.	1.957.913	-	103.743	-	363.154	-
Besler Gıda ve Kimya San. ve Tic. A.Ş. (*)	-	-	8.863	-	-	232.607.241
Other	36.110.445	-	29.825.302	-	25.254.619	-
	650.488.817	**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.

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:

	31 March 2017	31 December 2016	31 December 2015
Önem Gıda San. ve Tic. A.Ş.	91.039.195	78.046.637	112.601.084
	91.039.195	**78.046.637**	**112.601.084**

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

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

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

	31 March 2017	31 December 2016	31 December 2015
Trade payables	336.044.970	341.344.634	315.390.068
Non-trade payables	45.343.629	-	86.239.625
	381.388.599	**341.344.634**	**401.629.693**

The detail of payables to related parties is as follows:

	31 March 2017		31 December 2016		31 December 2015	
	Trade	**Non-Trade(*)**	**Trade**	**Non-Trade**	**Trade**	**Non-Trade**
Ana Ortak						
Yıldız Holding A.Ş.	25.089.925	18.510.022	12.885.684	-	25.147.433	-
Other Companies Controlled by the Principle Shareholder						
Ülker Family Members	-	13.393.607	-	-	-	-
Önem Gıda San. ve Tic. A.Ş.	207.234.174	-	226.851.675	-	201.725.772	-
Besler Gıda ve Kimya San. Tic. A.Ş.	60.852.094	-	56.674.647	-	42.355.406	-
Marsa Yağ San. ve Tic. A.Ş.	17.766.405	-	15.411.320	-	15.197.181	-
CCC Gıda San. ve Tic. A.Ş.	4.778.980	-	10.409.333	-	10.295.813	-
Maia International B.V.	68.915	-	65.417	-	-	86.199.000
Northstar Innovation A.Ş.	27.803	-	927.435	-	1.774.659	-
pladis Foods Limited	-	13.440.000	-	-	-	-
Other	20.226.674	-	18.119.123	-	18.893.804	40.625
	336.044.970	**45.343.629**	**341.344.634**	**-**	**315.390.068**	**86.239.625**

(*) Non-trade payables amounting to TL 45.343.629 as of 31 March 2017; presents the dividend payables, that is decided to be distributed at Ordinary General Assembly of 2016 held on March 2017, to Yıldız Holding A.Ş., Ülker family and pladis Foods Limited which is 100% owned by Yıldız Holding A.Ş.

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

	31 March 2017	31 December 2016	31 December 2015
Yıldız Holding A.Ş.	38.330.813	30.629.376	-
	38.330.813	**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 – 31 March 2017		1 January – 31 March 2016	
	Purchases	**Sales**	**Purchases**	**Sales**
Other Companies Controlled by the Principle Shareholder				
Önem Gıda San. ve Tic. A.Ş.	321.337.380	-	281.954.363	49.309
Besler Gıda ve Kimya San. ve Tic. A.Ş.	71.938.033	-	43.023.423	80.160
Marsa Yağ San. ve Tic. A.Ş.	17.154.726	82.122	14.270.277	105.629
Pendik Nişasta San. A.Ş.	14.167.261	-	13.238.115	-
CCC Gıda San. ve Tic. A.Ş.	6.569.636	-	6.901.540	-
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	11.133	34.615.251	84.760	45.553.306
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	777.028	504.654.566	-	426.461.689
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	145.760	257.315.168	-	223.818.403
Other	8.121.780	76.094.582	18.874.905	51.787.155
	440.222.737	**872.761.689**	**378.347.383**	**747.855.651**

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

For the three month period ended on 31 March 2017:

	Rent Income	**Rent Expense**	**Service Income**	**Service Expense**	**Interest Income and Foreign exchange gains**	**Interest Expense and Foreign exchange losses**
Principle Shareholder						
Yıldız Holding A.Ş.	16.759	-	587.113	(33.038.990)	123.073.846	(24.496.225)
Other Companies Controlled by the Principle Shareholde						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	169.742	-	197.589	(284.911)
Hüner Pazarlama San. ve Tic. A.Ş.	174.759	(3.277)	148.325	-	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	4.518	-	23.001	(2.354.626)	-	-
Önem Gıda San. ve Tic. A.Ş.	215.666	-	1.005.466	(9.499.858)	851.836	(972.212)
Marsa Yağ San. ve Tic. A.Ş.	1.900	-	9.142	-	34.781	(154.424)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	45.684	-	23.384	(1.999.259)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	8.241	(331.848)	3.962	(192.619)	-	-
United Biscuits (UK) Ltd.	-	-	-	(161.073)	1.189.090	(991.395)
Other	3.112	(42.443)	188.013	(210.146)	3.025.348	(1.973.068)
	470.639	**(377.568)**	**2.158.148**	**(47.456.571)**	**128.372.490**	**(28.872.235)**

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

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

For the three month period ended on 31 March 2016:

	Rent Income	Rent Expense	Service Income	Service Expense	Interest Income and Foreign exchange gains	Interest Expense and Foreign exchange losses
Principle Shareholder						
Yıldız Holding A.Ş.	14.864	(575)	9.378	(28.271.767)	59.313.344	(67.395.944)
Other Companies Controlled by th Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	-	(400.554)	133.636	(3.946.420)
Hüner Pazarlama San. ve Tic. A.Ş.	172.718	-	137.492	(23.704)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	34.026	(42.910)	564.453	(2.374.808)	-	-
Önem Gıda San. ve Tic. A.Ş.	153.243	(1.950)	1.296.019	(6.975.745)	167.772	(484.211)
Marsa Yağ San. ve Tic. A.Ş.	1.723	-	9.389	-	104.141	(26.427)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	37.874	-	44.166	(628.435)	-	-
Northstar Innovation A.Ş.	-	-	-	(88.520)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	7.488	(309.876)	3.734	(153.455)	-	-
Rekor Gıda Paz. San. ve Tic. A.Ş.	14.111	-	-	(29.914)	-	-
Other	6.102	-	432.806	(29.585)	940.386	(838.406)
	442.149	**(355.311)**	**2.497.437**	**(38.976.487)**	**60.659.279**	**(72.691.408)**

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

	31 March 2017	31 March 2016
Fees and other short term benefits	3.935.682	3.216.580
	3.935.682	**3.216.580**

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

22. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

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:

	31 March 2017					
	TL Equivalent	**USD**	**EUR**	**GBP**	**CHF**	**DKK**
1. Trade Receivables	134.636.948	22.580.046	12.331.077	991.837	-	-
2a. Monetary Financial Assets	1.878.883.852	289.954.594	209.893.116	788.783	27.489	57.032
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	6.681.450	1.531.587	280.994	2.410	-	-
4. CURRENT ASSETS	**2.020.202.250**	**314.066.227**	**222.505.187**	**1.783.030**	**27.489**	**57.032**
5. Trade receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	97.016	26.663	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	16.121.411	1.462.500	2.746.758	-	18.809	-
8. NON-CURRENT ASSETS	**16.218.427**	**1.489.163**	**2.746.758**	**-**	**18.809**	**-**
9. TOTAL ASSETS	**2.036.420.677**	**315.555.390**	**225.251.945**	**1.783.030**	**46.298**	**57.032**
10. Trade Payables	96.703.469	15.533.401	9.346.345	767.922	98.316	-
11. Financial Liabilities	2.337.222.007	403.596.571	222.269.407	-	-	-
12a. Other Monetary Financial Liabilities	2.323.184	400.258	217.338	4.025	-	-
12b. Other Non-Monetary Financial Liabilities	10.571.175	2.577.276	288.163	15.576	-	-
13. SHORT-TERM LIABILITIES	**2.446.819.835**	**422.107.506**	**232.121.253**	**787.523**	**98.316**	**-**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	288.474.479	2.269.135	71.698.182	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-	-
17. LONG-TERM LIABILITIES	**288.474.479**	**2.269.135**	**71.698.182**	**-**	**-**	**-**
18. TOTAL LIABILITIES	**2.735.294.314**	**424.376.641**	**303.819.435**	**787.523**	**98.316**	**-**
19. Net foreign currency asset/liability position	(698.873.637)	(108.821.251)	(78.567.490)	995.507	(52.018)	57.032
20. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**(711.105.323)**	**(109.238.062)**	**(81.307.079)**	**1.008.673**	**(70.827)**	**57.032**

(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 foreign currency asset/ liability position	(828.634.985)	(124.706.218)	(105.198.576)	87.379	33.545	28.857
20. Net foreign currency asset/ Liability position of monetary items (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**

The Group's export and import balances for the three months period are presented below:

	1 January – 31 March 2017	**1 January – 31 March 2016**
Total exports	265.512.516	204.695.953
Total imports	54.483.053	64.254.223

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. 10% is the rate used when reporting to senior management of the Company. This rate is the anticipated rate change of the Company's senior management. Sensitivity analysis includes only the monetary items in foreign currency at year end and shows the effect of 10% increase in USD and in EUR foreign currency rates. Negative value implies the effect of 10% increase in USD and in EUR foreign currency rates against TL on the decrease in the net profit.

	31 March 2017		**31 March 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	(39.747.361)	39.747.361	(26.860.667)	26.860.667
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	**(39.747.361)**	**39.747.361**	**(26.860.667)**	**26.860.667**
	In case of 10% appreciation of EUR against TL			
4 - Euro net asset / liability	(31.777.246)	31.777.246	(7.690.111)	7.690.111
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	**(31.777.246)**	**31.777.246**	**(7.690.111)**	**7.690.111**
Total (3 + 6)	**(71.524.607)**	**71.524.607**	**(34.550.778)**	**34.550.778**

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 (unadjusted) 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:

		Level of fair value as of reporting date		
Financial assets	**31 March 2017**	**Level 1 TL**	**Level 2 TL**	**Level 3 TL**
Financial assets for which fair value differences reflected through profit and loss				
- Shares	716.831	716.831	-	-
Financial assets for which fair value differences reflected through comprehensive income statement				
- Shares	932.734.726	33.495.839	899.238.887	-
Total	**933.451.557**	**34.212.670**	**899.238.887**	**-**

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

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

23. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Assets (cont'd)

		Level of fair value as of reporting date		
	31 December	**Level 1**	**Level 2**	**Level 3**
Financial assets	**2015**	**TL**	**TL**	**TL**
Financial assets for which fair value differences reflected through profit and loss				
- Shares	704.437	704.437	-	-
Financial assets for which fair value differences reflected 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

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 distributed as of 12th April, 2017.

Under the leadership of Bank of America Merrill Lynch, Group has signed a syndicated loan agreement with 14 international banks amounting to USD 375.000.000, broken down as USD 136.000.000 and EUR 225.144.921,73. The syndication loan has a maturity of three-years with interest payments to be made every six months.