

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2019**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2019**

CONTENTS	PAGE(S)
CONDENSED CONSOLIDATED BALANCE SHEET	1-2
CONDENSED CONSOLIDATED STATEMENTS OF INCOME	3
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME.....	4
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	5
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW	6-7
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	8-41
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	8-9
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	9-15
NOTE 3 SEGMENTAL INFORMATION	15
NOTE 4 CASH AND CASH EQUIVALENTS	16
NOTE 5 FINANCIAL INVESTMENTS.....	16
NOTE 6 FINANCIAL LIABILITIES.....	17-18
NOTE 7 TRADE RECEIVABLES AND PAYABLES	19
NOTE 8 OTHER RECEIVABLES AND PAYABLES	19-20
NOTE 9 DERIVATIVE INSTRUMENTS	20
NOTE 10 INVENTORIES	21
NOTE 11 INVESTMENT PROPERTIES	21
NOTE 12 TANGIBLE ASSETS	22-24
NOTE 13 GOODWILL	24
NOTE 14 INTANGIBLE ASSETS	25-26
NOTE 15 OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	26-27
NOTE 16 REVENUE AND COST OF SALES	27
NOTE 17 EXPENSES BY NATURE	28
NOTE 18 FINANCIAL INCOME	28
NOTE 19 FINANCIAL EXPENSES.....	28
NOTE 20 TAX ASSET AND LIABILITIES	29-32
NOTE 21 EARNINGS PER SHARE	32
NOTE 22 BALANCES AND TRANSACTIONS WITH RELATED PARTIES	33-37
NOTE 23 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	38-40
NOTE 24 FINANCIAL INSTRUMENTS	40-41
NOTE 25 EVENTS AFTER THE BALANCE SHEET DATE.....	41

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2019 AND 31 DECEMBER 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

ASSETS	Notes	Condensed Reviewed Current Period 30 June 2019	Audited Previous Period 31 December 2018
Current Assets		7.670.659	6.391.831
Cash and Cash Equivalents	4	4.118.275	3.378.761
Financial Investments	5	819	702
Trade Receivables			
- Due From Related Parties	7-22	1.886.371	1.564.689
- Other Trade Receivables	7	426.607	334.397
Other Receivables			
- Due From Related Parties	8-22	714	627
- Other Receivables	8	45.125	38.554
Derivatives Instruments	9	376.431	323.087
Inventories	10	661.139	604.554
Prepaid Expenses			
- Due To Related Parties	22	21.542	36.368
- Other Prepaid Expenses		63.056	39.690
Current Income Tax Assets		22.384	16.899
Other Current Assets		48.196	53.503
Non-Current Assets		4.797.626	4.278.041
Financial Investments	5	1.707.178	1.340.221
Other Receivables			
- Other Receivables	8	462	234
Investment Properties	11	21.036	21.036
Tangible Assets	12	2.363.467	2.276.366
Intangible Assets			
- Goodwill	13	363.546	331.975
- Other Intangible Assets	14	281.136	257.758
Prepaid Expenses		8.844	9.628
Deferred Tax Asset	20	51.957	40.823
TOTAL ASSETS		12.468.285	10.669.872

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2019 AND 31 DECEMBER 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Condensed Reviewed Current Period 30 June 2019	Audited Previous Period 31 December 2018
LIABILITIES	Notes		
Current Liabilities		4.401.985	1.844.865
Short Term Financial Liabilities	6	263.751	85.519
Short Term Portion of Long Term Financial Liabilities	6	2.618.159	369.129
Trade Payables			
- Due to related parties	7-22	565.960	520.308
- Other trade payables	7	515.941	593.789
Employee Benefit Related Liabilities		51.368	33.332
Other Payables			
- Due to Related Parties	8-22	356	1.177
- Other Payables	8	10.082	5.631
Deferred Revenue		19.217	37.351
Current Income Tax Liabilities	20	68.553	15.214
Short Term Provisions			
- Short Term Provisions for Employee Benefits		48.400	51.301
- Other Short Term Provisions		215.651	90.968
Other Current Liabilities		24.547	41.146
Non-Current Liabilities		3.475.464	5.145.275
Long Term Financial Liabilities	6	3.069.779	4.791.105
Long Term Provisions			
- Long Term Provisions for Employee Benefits		135.779	115.344
Deferred Tax Liabilities	20	269.906	238.826
SHAREHOLDERS' EQUITY		4.590.836	3.679.732
Equity Attributable To Equity Holders' of the Parent		4.125.676	3.296.237
Share Capital		342.000	342.000
Inflation Adjustments to Share Capital		108.056	108.056
Effect of Business Combinations Under Common Control		(498.670)	(498.670)
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Increases on Revaluation of Plant, Property and Equipment		647.779	647.779
- Actuarial Gains and Losses on Post-Employment Termination Benefit Obligation		(21.322)	(21.173)
- Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income		1.448.550	1.099.942
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Currency Translation Adjustments		(79.593)	(89.429)
- Cash Flow Hedges		36.416	52.481
Restricted Reserves		138.385	131.587
Retained Earnings		1.516.866	822.885
Net Profit for the Period		487.209	700.779
Non-Controlling Interest		465.160	383.495
TOTAL LIABILITIES AND EQUITY		12.468.285	10.669.872

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE INTERIM PERIOD ENDED 30 JUNE 2019 AND 2018
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Condensed Reviewed Current Period	Condensed Reviewed Current Period	Restated (*) Condensed Reviewed Previous Period	Restated (*) Condensed Reviewed Previous Period
	Notes	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Revenue	16	3.762.858	1.820.498	2.719.959	1.312.269
Cost of Sales (-)	16	(2.715.520)	(1.311.332)	(2.011.475)	(985.004)
GROSS PROFIT FROM OPERATIONS		1.047.338	509.166	708.484	327.265
General Administrative Expenses	17	(94.585)	(55.972)	(74.577)	(39.869)
Marketing, Sales and Distribution Expenses	17	(379.650)	(172.846)	(270.668)	(118.292)
Research and Development Expenses	17	(9.089)	(5.253)	(6.775)	(3.130)
Other Operating Income		48.155	16.379	49.057	26.499
Other Operating Expenses		(37.688)	(13.374)	(48.183)	(23.900)
OPERATING PROFIT FROM MAIN OPERATIONS		574.481	278.100	357.338	168.573
Income from Investment Activities		696.531	143.209	962.317	646.472
Expenses from Investment Activities		(10.261)	14.794	(8.084)	197
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		1.260.751	436.103	1.311.571	815.242
Financial Income	18	84.619	82.614	17.849	12.531
Financial Expenses	19	(680.303)	(357.923)	(830.474)	(524.765)
PROFIT BEFORE TAX		665.067	160.794	498.946	303.008
Tax Expense	20	(119.687)	(14.860)	(110.985)	(67.324)
Corporate Tax Expense		(115.593)	(6.824)	(71.414)	(38.206)
Deferred Tax Expense		(4.094)	(8.036)	(39.571)	(29.118)
PROFIT FOR THE PERIOD		545.380	145.934	387.961	235.684
Distribution of the Profit for the Period					
Non-Controlling Interest		58.171	24.201	36.738	17.638
Equity Holders of the Parent		487.209	121.733	351.223	218.046
Earning per Share	21	1,42	0,36	1,03	0,64

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE 2019 AND 2018

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

	Condensed Reviewed Current Period 1 January - 30 June 2019	Condensed Reviewed Current Period 1 April - 30 June 2019	Restated (*) Condensed Reviewed Previous Period 1 January - 30 June 2018	Restated (*) Condensed Reviewed Previous Period 1 April - 30 June 2018
PROFIT FOR THE PERIOD	545.380	145.934	387.961	235.684
Other Comprehensive Income				
Not to be Reclassified To Profit and Loss	348.472	348.472	(7.180)	(7.178)
Actuarial Loss on Post-Employment Termination Benefit Obligation	(170)	(170)	(1.965)	(1.963)
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	366.956	366.956	(5.903)	(5.903)
Deferred Tax for the Items That Will not be Reclassified in Profit and Loss				
Actuarial Loss on Post-Employment Termination Loss Obligation, Deferred Tax Effect	34	34	393	393
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income, Tax Effect	(18.348)	(18.348)	295	295
Items to be Reclassified to Profit and Loss	17.252	(28.920)	51.979	28.597
Currency Translation Adjustments	33.317	(2.524)	14.093	(1.914)
Gains from Financial Assets Measured at Fair Value through other comprehensive income	-	-	-	3.564
Cash Flow Hedges	(20.596)	(33.841)	49.085	35.289
Deferred Tax For The Items That Will be Reclassified to Profit and Loss				
Gains from Financial Assets Measured at Fair Value, Deferred Tax Effect	-	-	-	(178)
Cash Flow Hedges, Deferred Tax Effect	4.531	7.445	(11.199)	(8.164)
OTHER COMPREHENSIVE INCOME	365.724	319.552	44.799	21.419
TOTAL COMPREHENSIVE INCOME	911.104	465.486	432.760	257.103
Distribution of Total Comprehensive Income				
Non-Controlling Interest	81.665	30.748	60.958	36.257
Equity Holders of the Parent	829.439	434.738	371.802	220.846

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Accumulated Other Comprehensive Income To Be Reclassified Under Profit And Loss			Accumulated Other Comprehensive Income Not To Be Reclassified To Profit And Loss					Accumulated Profit					
	Share Capital	Inflation Adjustments to Share Capital	Effect of Business Combinations Under Common Control	Currency Translation Adjustments	Cash Flow Hedges	Revaluation Plant, Property and Equipment	Actuarial Gains and (Losses) on Post-Employment Termination Benefit Obligation	Financial Assets Fair Value Through Other Comprehensive Income	Restricted Reserves Appropriated from Profits	Net Profit for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total
As of 1 January 2018 (Previously reported)	342.000	108.056	(413.214)	(74.303)	16.025	659.037	(15.401)	743.710	124.497	383.153	553.800	2.427.360	268.543	2.695.903
Restatement effect	-	-	-	-	-	-	-	-	-	-	(6.637)	(6.637)	-	(6.637)
Transactions under common control	-	-	(146.472)	6.637	-	-	-	-	-	14.106	-	(125.729)	-	(125.729)
Change in accounting policy (Note 2)														
Adjustments related to TFRS9 (net)	-	-	-	-	-	-	-	-	-	-	(10.652)	(10.652)	(288)	(10.940)
As of 1 January 2018 (Restated)	342.000	108.056	(559.686)	(67.666)	16.025	659.037	(15.401)	743.710	124.497	397.259	536.511	2.284.342	268.255	2.552.597
Transfer	-	-	61.016	-	-	(19.918)	-	(24.078)	-	(397.259)	380.239	-	-	-
Total comprehensive income	-	-	-	(10.648)	37.885	-	(1.517)	(5.141)	-	351.223	-	371.802	60.958	432.760
Dividend (*)	-	-	-	-	-	-	-	-	-	-	(88.000)	(88.000)	(13.877)	(101.877)
Gain on sale of tangible assets	-	-	-	-	-	-	-	-	-	-	(31)	(31)	(11)	(42)
As of 30 June 2018	342.000	108.056	(498.670)	(78.314)	53.910	639.119	(16.918)	714.491	124.497	351.223	828.719	2.568.113	315.325	2.883.438
As of 1 January 2019	342.000	108.056	(498.670)	(89.429)	52.481	647.779	(21.173)	1.099.942	131.587	700.779	822.885	3.296.237	383.495	3.679.732
Transfer	-	-	-	-	-	-	-	-	6.798	(700.779)	693.981	-	-	-
Total comprehensive income	-	-	-	9.836	(16.065)	-	(149)	348.608	-	487.209	-	829.439	81.665	911.104
As of 30 June 2019	342.000	108.056	(498.670)	(79.593)	36.416	647.779	(21.322)	1.448.550	138.385	487.209	1.516.866	4.125.676	465.160	4.590.836

(*) At the General Assembly Meeting for the year of 2017, it has been resolved to distribute TL 88.000 as cash and fully funded by the profit for the year in 2018 financial year.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
30 JUNE 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

		Condensed Reviewed Current Period 1 January - 30 June 2019	Restated Condensed Reviewed Previous Period 1 January - 30 June 2018
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		545.380	387.961
Adjustments to Reconcile Net Profit			
Adjustment for Depreciation and Amortization Expenses			
Depreciation expenses of tangible assets	11-12	82.148	67.189
Amortization expenses of intangible assets	14	2.616	1.663
Adjustment for Impairment Loss (Reversal)			
Provision for doubtful receivables	7	(1.204)	3.426
Adjustment for impairment loss of other financial investments Loss/(gain)			
(Increase)/Decrease in financial investments		(117)	20
Adjustment for impairment loss of inventories	10	9.158	2.502
Adjustment for Provisions			
Adjustments for Provisions Related with Employee Benefits			
Provision for employment benefits		24.613	17.764
Provision for unused vacation		5.945	8.241
Provision for premium		20.070	14.788
Provision for Lawsuits		722	39
Adjustments for Other Provisions			
Change in Other Provisions (net)		124.317	112.276
Adjustments for Dividend Income		(83)	(102)
Adjustments for Interest (Income)			
Adjustments for Interest Income			
Interest Income	18	(255.888)	(84.037)
Adjustments for Interest Expense			
Interest Expense		199.575	152.286
Discount Expense		1.448	8.694
Adjustment for Tax Expenses	20	119.687	110.985
Adjustments for Losses (Gains) on Disposals of Non-Current Assets			
Adjustments for Gains Arised from Sale of Tangible Assets		1.277	1.071
Adjustments for Losses (Gains) on Disposals of Other Adjustments for which Cash Effects are Investing of Financing Cash Flow			
Change in foreign currency of financial liabilities (net)	18-19	382.507	650.032
Change in foreign currency from investing activities (net)		(426.433)	(866.427)
Commission expenses and finance service income (net)		13.602	7.279
Income from derivative instruments (net)		-	(1.901)
Other Adjustments to Reconcile Profit/(Loss)			
Rent income		(5.143)	(4.738)
Net operating cash flows provided before changes in working capital		844.197	589.011

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
30 JUNE 2019 AND 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

		Condensed Reviewed Current Period 1 January - 30 June 2019	Restated Condensed Reviewed Previous Period 1 January - 30 June 2018
	Notes		
Changes in Working Capital			
Increase in trade receivables increase		(60.857)	(59.741)
Increase in trade receivables from related parties		(321.682)	(557.703)
(Increase)/Decrease in inventories		(42.648)	73.957
Increase in other receivables and other current assets		(5.731)	(4.235)
Decrease in trade payables		(115.881)	(150.033)
Increase/(Decrease) in trade payables to related parties		45.652	(4.207)
(Decrease)/Increase in other payables and liabilities		(22.850)	19.157
Net cash generated/(used) from operations		320.200	(93.794)
Payments related with provisions for employee benefits			
Employment termination benefit paid		(7.737)	(10.843)
Unused vacation paid		(3.320)	(5.673)
Performance premium paid		(30.190)	(19.905)
Lawsuits provision paid		(225)	(80)
Taxes paid		(67.739)	(51.328)
Collections from doubtful trade receivables	7	367	38
Net cash generated/(used) from operating activities		211.356	(181.585)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible and intangible assets		6.693	27.906
Purchase of property, plant and equipment		(47.911)	(124.212)
Purchase of intangible assets	14	(1.670)	(3.384)
Changes in non-trade receivables from related parties		(87)	(64.609)
Cash generated from dividends		83	102
Interest received		255.888	84.037
Repayments from given other advances and payables		784	52.115
Rent Income		5.143	4.738
Proceeds from sales of other businesses or share of funds or debt instruments		-	40.746
Net cash generated from investing activities		218.923	17.439
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		206.719	246.580
Repayments of borrowings		(57.102)	(645.388)
Cash outflows of repayments of other financial liabilities			
Commission paid		(13.602)	(7.279)
Cash inflow from derivative instruments		-	1.901
Interest paid		(194.884)	(160.165)
Change in non-trade payables to related parties		(821)	(238.511)
Net cash used in financing activities		(59.690)	(802.862)
NET CHANGE IN CASH AND CASH EQUIVALENTS		370.589	(967.008)
THE EFFECT OF FOREIGN EXCHANGE RATE			
CHANGE ON CASH AND CASH EQUIVALENTS		368.925	866.427
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	3.378.761	3.189.865
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	4.118.275	3.089.284

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019**

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

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

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

As of 30 June 2019, the total number of people employed by the Group is 8.700, which contains 1.142 employees who worked as subcontractors (31 December 2018: 9.029, subcontractor: 1.180).

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

As of 30 June 2019 and 31 December 2018, the names and percentages of the shareholders holding more than 5% of the Company's share capital are as follows:

Name of the Shareholders	Share	30 June 2019	Share	31 December 2018
		Percentage		Percentage
pladis Foods Limited	174.420	51,00%	174.420	51,00%
Ülker Family Members and Yıldız Holding A.Ş.	25.580	7,48%	25.580	7,48%
Other	142.000	41,52%	142.000	41,52%
	342.000	100,00%	342.000	100,00%

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019**

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

As of 30 June 2019 and 31 December 2018, the details of the subsidiaries under consolidation in terms of direct and effective share of ownership and principal business activities are as follows:

Subsidiaries	30 June 2019		31 December 2018		Nature of Operation
	Ratio of Direct Ownership	Ratio of Effective Ownership	Ratio of Direct Ownership	Ratio of Effective Ownership	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.	73,9%	73,9%	73,9%	73,9%	Manufacturing
Ülker Çikolata Sanayi A.Ş.	91,7%	91,7%	91,7%	91,7%	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
İstanbul Gıda Dış Ticaret A.Ş.	100,0%	100,0%	100,0%	100,0%	Export
UI Egypt B.V.	51,0%	51,0%	51,0%	51,0%	Investing
Hi-Food for Advanced Food Industries	-	51,4%	-	51,4%	Manufacturing
Sabourne Investments Ltd	100,0%	100,0%	100,0%	100,0%	Investing
Food Manufacturers' Company	-	55,0%	-	55,0%	Manufacturing /Sales
Hamle Company Ltd LLP	100,0%	100,0%	100,0%	100,0%	Manufacturing /Sales
Ulker Star LLC	-	99,0%	-	99,0%	Sales
UI Mena BV	100,0%	100,0%	100,0%	100,0%	Investing
Amir Global Trading FZE	-	100,0%	-	100,0%	Sales
Ulker for Trading and Marketing	-	99,8%	-	99,8%	Sales
International Biscuits Company	100,0%	100,0%	100,0%	100,0%	Manufacturing /Sales

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 7 August 2019. The General Assembly has the authority to amend/modify the financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Principles for Preparation of Financial Statements and Significant Accounting Policies

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019**

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

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

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

The Company and Subsidiaries in Turkey maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for land, buildings, financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group preferred to present its interim condensed consolidated financial statements. The Group's interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2018 and 31 December 2017 year-end financial statements.

Functional and Presentation Currency

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

As of 30 June 2019, rates declared by Central Bank of Republic of Turkey are;

1 Euro = 6,5507 TL, 1 USD = 5,7551 TL, 1 EGP = 0,3450 TL, 1 SAR = 1,5345 TL, 1 KZT = 0,0151 TL,
1 AED = 1,5682 TL (31 December 2018: 1 Euro = 6,0280 TL, 1 USD = 5,2609 TL, 1 EGP = 0,2943 TL,
1 SAR = 1,4024 TL, 1 KZT = 0,0138 TL, 1 AED = 1,4336 TL).

For the period between 1 January 2019 and 30 June 2019, average rates declared by Central Bank of Republic of Turkey are;

1 Euro = 6,3456 TL, 1 USD = 5,6197 TL, 1 EGP = 0,3253 TL, 1 SAR = 1,4984 TL, 1 KZT = 0,0148 TL,
1 AED = 1,5313 TL (1 January – 30 June 2018: 1 Euro = 4,9416 TL, 1 USD = 4,0860 TL, 1 EGP = 0,2307 TL,
1 SAR = 1,0895 TL, 1 KZT = 0,0125 TL, 1 AED = 1,1134 TL)

2.2 Changes in the Accounting Policies

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

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

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

Cost of customer activities amounting to TL 37.637 thousand which had been classified under marketing expenses account in the consolidated statement of financial position as of 1 January 2019 - 30 June 2018 has been reclassified deductively under revenue account. These reclassifications performed in order to conform to changes in presentation in the current period consolidated financial statements are not material to the consolidated financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019**

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in the Accounting Policies (Continued)

As per the principle related to "Accounting for business combinations under common control" the Public Oversight Accounting and Auditing Standards Authority issued in the Official Gazette dated 21 July 2013, business combinations under common control shall be accounted through restating previous periods' financial statements via the pooling of interest method. The Group management restated only its consolidated statements of comprehensive income, consolidated statement of changes in shareholders' equity and cash flows for the period then ended at 30 June 2018 for the transactions made under common control (details explained in Note 1) to fulfil the economic decision-making needs of financial statement users, because of the impracticability, within the scope of TAS 8.

Transition to TFRS 9 "Financial instruments"

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

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

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in the Accounting Policies (Continued)

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in the Accounting Policies (Continued)

Effect of the restatements are shown below:

1 January-30 June 2018	Reported Previous Period 1 January- 30 June 2018	Effects of Restatement with Eliminations	Effects of Classifications from TFRS 9 and TFRS 15	Restated Previous Period 1 January- 30 June 2018
Profit or Loss				
Revenue	2.757.596	-	(37.637)	2.719.959
Cost of Sales (-)	(2.011.475)	-	-	(2.011.475)
GROSS PROFIT FROM OPERATIONS	746.121	-	(37.637)	708.484
General Administrative Expenses	(74.577)	-	-	(74.577)
Marketing, Sales and Distribution	(308.305)	-	37.637	(270.668)
Research Expenses	(6.775)	-	-	(6.775)
Other Operating Income	40.506	-	8.551	49.057
Other Operating Income	(45.333)	-	(2.850)	(48.183)
OPERATING PROFIT FROM MAIN OPERATION	351.637	-	5.701	357.338
Income from Investment Activities	962.317	-	-	962.317
Expenses from Investment Activities	(8.084)	-	-	(8.084)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	1.305.870	-	5.701	1.311.571
Financial Income	17.849	-	-	17.849
Financial Expenses	(830.474)	-	-	(830.474)
PROFIT BEFORE TAX	493.245	-	5.701	498.946
Tax Expense	(109.125)	-	(1.860)	(110.985)
Tax on Income	(71.414)	-	-	(71.414)
Deferred Tax Income	(37.711)	-	(1.860)	(39.571)
PROFIT FOR THE PERIOD	384.120	-	3.841	387.961
Other Comprehensive Income:				
Items not to be Reclassified Under Profit and Loss	(7.180)	-	-	(7.180)
Actuarial Loss on Post-Employment Termination Benefit Obligation	(1.965)	-	-	(1.965)
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income	(5.903)	-	-	(5.903)
Actuarial Loss on Post- Employment Termination Benefit Obligation, Deferred Tax Effect	393	-	-	393
Gains from Financial Assets Measured at Fair Value through Other Comprehensive Income, Deferred Tax Effect	295	-	-	295
Items to be Reclassified Under Profit and Loss	52.306	-	(327)	51.979
Currency Translation Adjustments	14.420	-	(327)	14.093
Cash Flow Hedges	49.085	-	-	49.085
Cash Flow Hedges, Deferred Tax Effect	(11.199)	-	-	(11.199)
OTHER COMPREHENSIVE INCOME	45.126	-	(327)	44.799
TOTAL COMPREHENSIVE INCOME	429.246	-	3.514	432.760

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019**

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Adoption of New and Revised International Financial Reporting Standards

The Group has applied the standards which are relevant to its operations from the standards, amendments and interpretations applicable from 1 January 2019.

a) Standards, amendments and interpretations applicable as at 30 June 2019:

Amendment to TFRS 9, "Financial instruments"; effective from annual periods beginning on or after 1 January 2019.

Amendment to TAS 28, "Investments in associates and joint venture"; effective from annual periods beginning on or after 1 January 2019.

TFRS 16, "Leases"; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15 "Revenue from Contracts with Customers" is also applied.

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

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

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

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

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

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

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

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

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

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

3. SEGMENTAL INFORMATION

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

The Group, follows its operations with domestic (local operations of Turkish companies in Turkey) and international basis in accordance with TFRS 8. The information for 1 January – 30 June 2019 and 1 January – 30 June 2018.

	Domestic	Foreign	1 January-30 June 2019
Revenue	2.320.967	1.441.891	3.762.858
Gross Profit	509.664	537.674	1.047.338
Operating Profit (*)	307.019	256.995	564.014
EBITDA (**)	348.102	300.676	648.778
EBITDA/Revenue	% 15,0	% 20,9	% 17,2
Investment Expense	97.850	20.035	117.885
	Domestic	Foreign	1 January-30 June 2018
Revenue	1.807.140	912.819	2.719.959
Gross Profit	381.024	327.460	708.484
Operating Profit (*)	213.546	142.918	356.464
EBITDA (**)	252.088	173.228	425.316
EBITDA/Revenue	% 13,9	% 19,0	% 15,6
Investment Expense	54.216	73.380	127.596

(*) Profit before other income/expense.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

	30 June 2019	31 December 2018
Cash on hand	1.002	421
Demand deposits	297.990	714.195
Time deposits	3.823.265	2.666.312
Impairment provision	(3.982)	(2.167)
	4.118.275	3.378.761

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate	Maturity	30 June 2019
TL	23,09%	July 2019	170.545
EUR	1,25%	July 2019	98.376
USD	2,20%	July 2019	3.531.471
GBP	0,15%	July 2019	3.060
EGP	12,00%	July 2019	9.478
KZT	10,50%	July 2019	10.335
			3.823.265

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

5. FINANCIAL INVESTMENTS

Short Term Financial Investments:	30 June 2019	31 December 2018
Available for sale financial assets	819	702
	819	702

Long Term Financial Investments:	30 June 2019	31 December 2018
Available for sales financial assets	1.707.178	1.340.221
	1.707.178	1.340.221

Long Term Available for Sale Financial	30 June 2019	31 December 2018
G New, Inc	105.612	105.612
Godiva Belgium BVBA	1.601.366	1.234.409
Other	200	200
	1.707.178	1.340.221

Available for sale financial assets are presented at their fair values. Net changes in fair value of available for sale financial assets attributable to shareholders as at 30 June 2019 amounting to TL 1.448.550 (31 December 2018:1.099.942 TL) thousand have been directly presented in other comprehensive income under equity.

(*) Godiva Belgium BVBA's fair value amount is revised based on the valuation study performed by the Company's internal sources with the most accurate estimates.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

6. FINANCIAL LIABILITIES

	30 June 2019	31 December 2018
Short term liabilities	263.751	85.519
Short term portion of long term liabilities	2.618.159	369.129
Long term liabilities	3.069.779	4.791.105
	5.951.689	5.245.753
<u>Short Term Liabilities</u>	30 June 2019	31 December 2018
Bank loans	167.539	66.064
Non-trade payables to related parties (Note 22)	96.212	19.455
	263.751	85.519
<u>Short Term Portion of Long Term Liabilities</u>	30 June 2019	31 December 2018
Bank loans	2.608.307	369.129
Financial lease payables	9.852	-
	2.618.159	369.129
<u>Long Term Liabilities</u>	30 June 2019	31 December 2018
Bank Loans	3.011.327	4.791.105
Financial Lease Payables	58.452	-
	3.069.779	4.791.105

The syndication loans have received as of 20 April 2017 and 27 November 2017. Details of Group's syndication loans are as follows: Syndication loan consists of two credit trenches which are USD 136.000.000 and EUR 225.144.922. 14 international banks joined to the syndication. Effective interest rate for both credit trenches are Euribor + 3% for EUR, Libor+ 3.1% for USD and the maturity date is April 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments.

Syndication loan consists of two credit trenches which are USD 111.498.684 and EUR 290.559.069. 15 international banks joined to the syndication. Effective interest rate for both credit trenches are Euribor + 3.00% for EUR, Libor+ 2.90% for USD and the maturity date is November 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments

The covenants which belong to syndicated loan are as follows:

- a) **Leverage:** The ratio of the consolidated net debt at balance sheet date to the last twelve months consolidated EBITDA (Earnings before interest, tax, depreciation and amortization) in the valid period should not be over 3,50 to 1.
- b) **Interest Coverage:** Consolidated interest coverage ratio of the Group should be at least 2 to 1.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

6. FINANCIAL LIABILITIES (Continued)

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

30 June 2019

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted</u>	<u>Short Term</u>	<u>Long Term</u>
		<u>Average Interest Rate</u>		
TL	July 2019-April 2023	26,02%	106.064	58.452
EUR	August 2019-May 2023	2,96%	1.841.285	2.134.387
USD	October 2019-November 2020	5,52%	909.530	608.063
EGP	September 2019	17,75%	941	-
KZT	July 2019-January 2026	10,00%	6.698	264.273
SAR	July 2019-July 2020	4,16%	17.392	4.604
			<u>2.881.910</u>	<u>3.069.779</u>

31 December 2018

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

The maturity detail of the bank loans is as follows:

	<u>30 June 2019</u>	<u>31 December 2018</u>
to be paid within 1 year	2.872.058	454.648
to be paid within 1-2 years	2.549.985	4.336.860
to be paid within 2-3 years	158.695	145.670
to be paid within 3-4 years	158.345	145.332
to be paid within 4-5 years	78.234	102.776
Above 5 years	66.068	60.467
	<u>5.883.385</u>	<u>5.245.753</u>

Financial Lease Liabilities

Short Term Financial Lease Liabilities

	<u>30 June 2019</u>	<u>31 December 2018</u>
Financial lease liabilities	24.402	-
Future finance charges on finance leases (-)	(14.550)	-
	<u>9.852</u>	<u>-</u>

Long Term Financial Lease Liabilities

	<u>30 June 2019</u>	<u>31 December 2018</u>
Financial lease liabilities	85.416	-
Future finance charges on finance leases (-)	(26.964)	-
	<u>58.452</u>	<u>-</u>

	<u>30 June 2019</u>	<u>31 December 2018</u>
to be paid within 1 year	9.852	-
to be paid within 1-2 years	15.126	-
to be paid within 2-3 years	19.813	-
to be paid within 3-4 years	23.513	-
	<u>68.304</u>	<u>-</u>

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019

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

7. TRADE RECEIVABLES AND PAYABLES

	30 June 2019	31 December 2018
Short Term Due from Related Parties		
Due from related parties (Note 22)	1.886.371	1.564.689
	1.886.371	1.564.689
Other Trade Receivables		
Trade receivables	444.612	352.982
Notes receivables	654	766
Provision for doubtful receivables (-)	(18.659)	(19.351)
	426.607	334.397
Total Short Term Trade Receivables	2.312.978	1.899.086

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

	1 January - 30 June 2019	1 January - 30 June 2018
In accordance with TAS 39 as of 1 January		
Accounting policy change for TFRS 9	(19.351)	(8.212)
	-	(3.633)
Restated as of 1 January	(19.351)	(11.845)
Current period expense	(1.268)	(3.477)
Canceled provision	2.472	51
Currency translation differences	(879)	(1.901)
Collection	367	38
Closing balance	(18.659)	(17.134)
	30 June 2019	31 December 2018
Short Term Trade Payables		
Due to related parties (Note 22)	565.960	520.308
Trade payables	515.941	593.789
	1.081.901	1.114.097

8. OTHER RECEIVABLES AND PAYABLES

	30 June 2019	31 December 2018
Other Receivables		
Due from related parties (Note 22)	714	627
Short term other receivables	45.125	38.554
	45.839	39.181
	30 June 2019	31 December 2018
Other Short Term Receivables		
VAT receivables	21.609	19.339
Deposits and guarantees given	15.554	13.440
Receivables from personnel	1.717	2.020
Other	6.245	3.755
	45.125	38.554
	30 June 2019	31 December 2018
Other Long Term Receivables		
Deposits and guarantees given	462	234
	462	234

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019

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

8. OTHER RECEIVABLES AND PAYABLES (Continued)

	30 June 2019	31 December 2018
Other Payables		
Due from related parties (Note 22)	356	1.177
Other short term payables	10.082	5.631
	10.438	6.808
	30 June 2019	31 December 2018
Other Short Term Payables		
Deposits and guarantees received	3.329	3.214
Other short term payables	6.753	2.417
	10.082	5.631

9. DERIVATIVE INSTRUMENTS

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

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

	30 June 2019		31 December 2018	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Derivative instruments held for hedge				
Cross Currency Fixed Interest Rate Swap	528.132	376.431	528.132	323.087
Total Asset	528.132	376.431	528.132	323.087

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2019**

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

10. INVENTORIES

Details of inventory are as follows;

	30 June 2019	31 December 2018
Raw materials	215.620	229.264
Work in progress	30.773	16.907
Finished goods	321.425	265.841
Trade goods	64.864	59.854
Other inventories	48.233	44.517
Allowance for impairment on inventory(-)	(19.776)	(11.829)
	661.139	604.554

Inventory is presented on cost value and allowance for impairment is booked for inventory valuing lower than cost.

The movement of allowance for impairment on inventory for the periods ended on 30 June 2019 and 2018 are below:

	1 January- 30 June 2019	1 January- 30 June 2018
Opening balance	(11.829)	(10.062)
Charge for the period	(9.158)	(2.502)
Reversal of provision	1.643	976
Currency translation differences	(432)	(315)
Closing balance	(19.776)	(11.903)

11. INVESTMENT PROPERTIES

	1 January- 30 June 2019	1 January- 30 June 2018
Opening balance	21.036	16.196
Charge for the period	-	(11)
Closing balance	21.036	16.185

The fair value of the Group's investment properties at 31 December 2018 has been calculated on the basis of a valuation carried out at that date by 31 December 2018, by independent valuers not related to the Group. NOVA Taşınmaz Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by Capital Markets Board of Turkey, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, based on market evidence of transaction prices for similar properties.

The rent income earned by the Group from its investment properties amounting to TL 758 thousand (30 June 2018: TL 279 thousand) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 57 thousand. (30 June 2018: TL 22 thousand).

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

12. TANGIBLE ASSETS

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

Cost	1 January 2019	Addition	Disposal	Transfers	Currency Translation Differences	30 June 2019
Land	714.750	-	-	-	3.559	718.309
Buildings	698.303	72.472	-	1.173	20.238	792.186
Machinery, plant and equipment	2.038.567	6.856	(13.644)	6.188	70.242	2.108.209
Vehicles	11.697	-	(328)	-	706	12.075
Furniture and fixture	95.810	3.211	(348)	44	3.190	101.907
Leasehold improvements	41.326	417	-	-	23	41.766
Other tangible assets	798	-	-	-	226	1.024
Construction in progress	44.470	33.259	-	(7.405)	3.422	73.746
	3.645.721	116.215	(14.320)	-	101.606	3.849.222
Accumulated Depreciation	1 January 2019	Charge for the Period	Disposal	Transfers	Currency Translation Differences	30 June 2019
Buildings	(346.062)	(10.651)	-	-	(7.632)	(364.345)
Machinery, plant and equipment	(925.608)	(64.844)	6.063	-	(30.211)	(1.014.600)
Vehicles	(7.054)	(698)	153	-	(504)	(8.103)
Furniture and fixture	(70.149)	(3.914)	134	-	(2.203)	(76.132)
Leasehold improvements	(19.545)	(2.000)	-	-	(6)	(21.551)
Other tangible assets	(937)	(41)	-	-	(46)	(1.024)
	(1.369.355)	(82.148)	6.350	-	(40.602)	(1.485.755)
Net Book Value	2.276.366					2.363.467

From depreciation and amortization expenses, TL 77.551 thousand (30 June 2018: TL 63.358 thousand) is included in cost of goods sold, TL 205 thousand (30 June 2018: TL 229 thousand) is included in research and development expenses, TL 1.596 thousand (30 June 2018: TL 1.207 thousand) is included in marketing and selling expenses, TL 5.412 thousand (30 June 2018: TL 4.058 thousand) is included in general and administrative expenses. There are TL 70.000 worth buildings acquired through financial leasing in the current period. There is not any mortgage or collateral on tangible assets in the current period. In 2019, the Group has no capitalized interest and foreign exchange losses with regards to borrowings and accounted for such borrowing costs under tangible assets. (30 June 2018: TL 532 thousand interest, TL 7.068 thousand foreign exchange difference).

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

12. TANGIBLE ASSETS (Continued)

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

Cost	1 January 2018	Addition	Disposal	Transfers (Note 14)	Currency Translation Differences	30 June 2018
Land	731.004	-	(14.810)	-	4.880	721.074
Buildings	753.909	2.996	(151.829)	26.703	21.902	653.681
Machinery, plant and equipment	1.566.324	17.058	(8.968)	54.036	85.777	1.714.227
Vehicles	10.787	109	(504)	206	1.188	11.786
Furniture and fixture	79.633	1.776	(107)	308	3.515	85.125
Leasehold improvements	37.362	294	-	-	-	37.656
Other tangible assets	556	-	-	-	116	672
Construction in progress	189.912	101.979	(77)	(83.341)	5.941	214.414
	3.369.487	124.212	(176.295)	(2.088)	123.319	3.438.635

Accumulated Depreciation	1 January 2018	Charge for the Period	Disposal	Transfers	Currency Translation Differences	30 June 2018
Buildings	(440.109)	(8.362)	142.701	-	(10.492)	(316.262)
Machinery, plant and equipment	(750.452)	(53.015)	4.249	-	(38.134)	(837.352)
Vehicles	(5.281)	(820)	304	-	(790)	(6.587)
Furniture and fixture	(58.599)	(3.233)	64	-	(2.578)	(64.346)
Leasehold improvements	(15.981)	(1.721)	-	-	(6)	(17.708)
Other tangible assets	(285)	(27)	-	-	(63)	(375)
	(1.270.707)	(67.178)	147.318	-	(52.063)	(1.242.630)

Net Book Value	2.098.780	2.196.005
-----------------------	------------------	------------------

There are not any fixed assets acquired through financial leasing as of 30 June 2018. There is not any mortgage or collateral on tangible assets in the current period.

12. TANGIBLE ASSETS (Continued)

The estimated useful lives of tangible assets are as follow:

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

The Group decided to apply revaluation model to land and buildings in accordance with TMS 16. Land and buildings were revalued with "compare with similars" technique on 15 January 2018. The revaluation was performed by Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. authorized by Capital Markets Board. Properties were accounted on 31 December 2017 financial statements based on their fair values. The frequency of revaluations are related with the changes on the market values of the properties. If there is material change at the fair value, revaluation is performed. If not, properties are only subject to periodical revaluation.

13. GOODWILL

	30 June 2019	31 December 2018
1 January	331.975	253.507
Currency translation adjustments	31.571	78.468
Closing Balance	363.546	331.975

Goodwill details are as follow:

Company	30 June 2019	31 December 2018
UI Mena B.V.	349.704	319.335
IBC	13.842	12.640
	363.546	331.975

UI Mena B.V.

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

International Biscuits Company

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

14. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2019 – 30 June 2019 are as follows:

Cost	1 January 2019	Addition	Disposal	Transfers	Currency Translation Differences	30 June 2019
Rights (*)	263.730	1.494	-	-	24.976	290.200
Other intangible assets	3.251	176	-	-	-	3.427
	266.981	1.670	-	-	24.976	293.627

Accumulated Amortization	1 January 2019	Charge for the Period	Disposal	Transfers	Currency Translation Differences	30 June 2019
Rights	(6.382)	(2.372)	-	-	(652)	(9.406)
Other intangible assets	(2.841)	(244)	-	-	-	(3.085)
	(9.223)	(2.616)	-	-	(652)	(12.491)
Net Book Value	257.758					281.136

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

Cost	1 January 2018	Addition	Disposal	Transfers (Note 12)	Currency Translation Differences	30 June 2018
Rights (*)	185.326	3.330	-	2.038	37.040	227.734
Other intangible assets	3.120	54	-	50	-	3.224
	188.446	3.384	-	2.088	37.040	230.958

Accumulated Amortization	1 January 2018	Charge for the Period	Disposal	Transfers	Currency Translation Differences	30 June 2018
Rights	(2.608)	(1.503)	-	-	(34)	(4.145)
Other intangible assets	(2.959)	(160)	-	-	-	(3.119)
	(5.567)	(1.663)	-	-	(34)	(7.264)
Net Book Value	182.879					223.694

(*) As of 30 June 2019 Rights contain reacquired rights related with Saudi distribution agreements of Groups products in Saudi Arabia amounting to TL 228.984 thousand (30 June 2018: TL 181.461 thousand) The remaining amount TL 43.713 thousand (30 June 2018: TL 35.886 thousand) contains the right of Rana brand. Reacquired rights are not subject to depreciation and has indefinite useful life. Impairment test is applied every year of when there is any indicator that impairment may occur.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

14. INTANGIBLE ASSETS (Continued)

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

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

15. OTHER PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees Given

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

	30 June 2019			31 December 2018		
	TL	USD	EURO	TL	USD	EURO
A) CPM's given in the name of own legal personality (*)	373.712	49.252	-	374.039	57.302	-
B) CPM's given on behalf of the fully consolidated companies	-	-	87.922	226	-	87.922
C) CPM's given on behalf of third parties for ordinary course of business (**)	-	-	97.270	-	-	96.294
D) Total amount of other CPM's given						
i.Total amount of CPM's given on behalf of the majority shareholder (**)	-	-	-	-	-	-
ii.Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-	-	-
iii.Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
Total	373.712	49.252	185.192	374.265	57.302	184.216

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

(**) Includes the surety given for the group's raw material supplier in relation to the raw material purchases to be made on behalf of the group.

(***) The ratio of other collaterals, pledges and mortgages given by the group to the group's parent company's equities is 0% as of 30 June 2019 (31 December 2018: 0%).

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

Guarantees Given (Continued)

On February 2018, Yıldız Holding A.Ş. started to negotiate with the creditors in order to refinance the loan payables for which no guarantee was provided and the balances which are used by the holding and various Yıldız Holding group entities in connection with the miscellaneous loan agreements the holding company entered into with Turkish banks. The purpose of these negotiations is to move all loan payable balances to the level of Yıldız Holding A.Ş. within the framework of a single maturity, interest rate and payment plan.

The company's ultimate parent company Yıldız Holding A.Ş. and some Yıldız Holding Group entities including Ülker Bisküvi's subsidiaries entered into syndicated loan agreement with some of the "creditors" of Yıldız Holding A.Ş. and Yıldız Holding Group entities.

The bank loans of Ülker Bisküvi's subsidiaries which are totally TL 511,1 million and TL 72,4 million contingencies as of 8 June 2018, were increased to the level of Yıldız Holding A.Ş. through syndication. The company's total debt has not increased as a result of the syndicated loan. Related Ülker Bisküvi's subsidiaries became guarantors of Yıldız Holding A.Ş. as of the date of using the loan limited to the current total bank loan risk exposure.

16. REVENUE AND COST OF SALES

a) Revenue

The detail of operating income is as follows:

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Domestic sales(*)	4.107.532	1.934.010	3.066.299	1.472.894
Export sales	804.645	424.314	505.065	240.656
Sales returns and discounts (-)	(1.149.319)	(537.826)	(851.405)	(401.281)
Sales Income (net)	3.762.858	1.820.498	2.719.959	1.312.269
Cost of merchandises sold	(2.513.759)	(1.197.320)	(1.923.221)	(944.966)
Cost of trade goods sold	(201.761)	(114.012)	(88.254)	(40.038)
Cost of sales	(2.715.520)	(1.311.332)	(2.011.475)	(985.004)
Gross Profit	1.047.338	509.166	708.484	327.265

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

17. EXPENSES BY NATURE

The detail of operating expenses is as follow:

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
General Administrative Expenses				
Personnel expenses	(47.075)	(26.773)	(35.556)	(18.684)
Operating expenses (*)	(19.316)	(12.425)	(18.148)	(11.659)
Consultancy expenses	(7.089)	(4.287)	(5.349)	(1.888)
Depreciation and amortization expenses	(5.412)	(2.788)	(4.058)	(1.872)
Other	(15.693)	(9.699)	(11.466)	(5.766)
	(94.585)	(55.972)	(74.577)	(39.869)
Marketing Expenses				
Marketing operating expenses	(283.542)	(119.360)	(198.703)	(77.837)
Personnel expenses	(68.029)	(35.953)	(50.366)	(27.296)
Rent expenses	(7.276)	(5.966)	(5.451)	(4.058)
Depreciation and amortization expenses	(1.596)	(819)	(1.207)	(595)
Other	(19.207)	(10.748)	(14.941)	(8.506)
	(379.650)	(172.846)	(270.668)	(118.292)
Research Expenses				
Personnel expenses	(5.744)	(3.490)	(4.544)	(2.360)
Materials used	(722)	(421)	(532)	(29)
Depreciation and amortization expenses	(205)	(98)	(229)	(119)
Other	(2.418)	(1.244)	(1.470)	(622)
	(9.089)	(5.253)	(6.775)	(3.130)

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

18. FINANCIAL INCOME

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Foreign exchange gain	83.456	82.021	15.807	12.390
Income from derivative instruments	-	-	1.901	-
Other	1.163	593	141	141
	84.619	82.614	17.849	12.531

19. FINANCIAL EXPENSES

	1 January - 30 June 2019	1 April - 30 June 2019	1 January - 30 June 2018	1 April - 30 June 2018
Foreign exchange losses from financing	(465.963)	(244.195)	(665.839)	(434.073)
Interest expenses	(199.575)	(106.583)	(152.286)	(84.910)
Other	(14.765)	(7.145)	(12.349)	(5.782)
	(680.303)	(357.923)	(830.474)	(524.765)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

20. TAX ASSET AND LIABILITIES

The Group accounts deferred tax assets and liabilities for temporary timing differences rooted from differences between legal financial statements and financial statements prepared in accordance with TFRS. The differences in question are caused generally by the fact that some profit and loss accounts come up in different periods in legal financial statements and financial statements prepared in accordance with TFRS. These differences are specified below.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, deferred tax positions of the firms with deferred tax assets is netted against those with deferred tax liabilities and reflected on a separate-entity basis.

The Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020. Therefore, deferred tax assets and liabilities shall be measured in accordance with materiality at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences will be measured by 20%. The exemption to be applied on the capital gains obtained from the sales of the real estates held by the corporate tax payers for at least two years has been reduced from 75% to 50% with the regulation published in the Official Gazette dated 5 December 2017.

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

Deferred tax bases:

	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Indexation and useful life differences of tangible and intangible assets	-	-	1.097.144	1.099.723
Investment properties valuation differences	-	-	19.785	19.785
Marketable securities valuation differences	-	-	1.574.790	1.157.372
Derivative instruments	-	-	376.431	323.087
Profit margin elimination on inventories	(20.366)	(6.515)	-	-
Discount of trade receivables / payables (net)	-	-	4.327	5.804
Allowance of employee termination benefits	(102.523)	(87.259)	-	-
Provision of doubtful receivables	(11.173)	(8.463)	-	-
Previous year losses	(72.653)	(66.494)	-	-
Provision for lawsuits	(6.124)	(5.758)	-	-
Impairment on inventories	(18.385)	(11.670)	-	-
Turnover premium provision	(28.723)	-	-	-
Provision for unused vacation	(18.863)	(15.340)	-	-
Other	(64.910)	(26.697)	11.661	16.721
	(343.720)	(228.196)	3.034.138	2.622.492

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

20. TAX ASSET AND LIABILITIES (Continued)

Deferred tax assets / liabilities (continued):

	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Indexation and useful life differences of tangible and intangible assets	-	-	149.196	146.846
Investment properties valuation differences	-	-	1.979	1.979
Marketable securities valuation differences	-	-	76.239	57.869
Derivative instruments	-	-	82.815	71.079
Profit margin elimination on inventories	(4.481)	(1.433)	-	-
Discount of trade receivables / payables (net)	-	-	952	1.277
Allowance of employee termination benefits	(20.505)	(17.452)	-	-
Provision of doubtful receivables	(2.458)	(1.862)	-	-
Previous year losses	(14.531)	(13.299)	-	-
Provision for lawsuits	(1.347)	(1.267)	-	-
Impairment on inventories	(4.045)	(2.567)	-	-
Turnover premium provision	(6.319)	-	-	-
Investment incentive	(23.683)	(37.596)	-	-
Provision for unused vacation	(4.150)	(3.375)	-	-
Other	(14.277)	(5.874)	2.564	3.678
	(95.796)	(84.725)	313.745	282.728

Movement of Deferred Tax Liabilities:

	1 January - 30 June 2019	1 January - 30 June 2018
1 January – reported	198.003	99.626
TFRS 9 implementation tax effect	-	(3.088)
1 January – restated	198.003	96.538
Taxes netted from funds recognised under equity	13.783	10.511
Currency translation differences	2.069	1.361
Deferred tax expense	4.094	39.571
	217.949	147.981

As of 30 June 2019, the Group calculated deferred tax assets of TL 72.653 thousand for deductible financial losses in the consolidated financial statements for the current year (31 December 2018: TL 66.494 thousand). The maturities of these losses are as follows:

	30 June 2019	31 December 2018
2025	72.653	66.494
Total	72.653	66.494

20. TAX ASSET AND LIABILITIES (Continued)

Corporate tax

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

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

The tax rate in 30 June 2019 is 22% (2018: 22%).

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

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

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

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

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

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

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

20. TAX ASSET AND LIABILITIES (Continued)

Income withholding tax

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

Provision for taxation as of 30 June 2019 and 31 December 2018 is as follows:

	30 June 2019	31 December 2018
Total corporate tax provision	(115.593)	(118.197)
Prepaid taxes and funds	47.040	102.983
Taxation in the balance sheet	(68.553)	(15.214)
	30 June 2019	30 June 2018
Current period corporate tax expense	115.593	71.414
Deferred tax income	4.094	39.571
Tax expense in the income statement	119.687	110.985

21. EARNINGS PER SHARE

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

	1 January - 30 June 2019	1 January - 30 June 2018
Weighted average number of common stock outstanding	34.200.000	34.200.000
Net profit	487.209	351.223
Basic Earnings per Share	1,42	1,03

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The detail of receivables from related parties is as follows:

	30 June 2019	31 December 2018
Trade receivables	1.886.371	1.564.689
Non-trade receivables	714	627
	1.887.085	1.565.316

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

	30 June 2019		31 December 2018	
	Trade	Non-Trade	Trade	Non-Trade
<i>Other Companies Controlled by the Principle Shareholder</i>				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	982.937	-	764.899	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	581.635	-	472.546	-
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	110.875	-	107.634	-
g2mEksper Satış ve Dağıtım Hizmetleri A.Ş. (*)	79.370	-	54.316	-
United Biscuits (UK) Ltd.	25.722	-	38.137	-
Other	105.832	714	127.157	627
	1.886.371	714	1.564.689	627

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

	30 June 2019	31 December 2018
Önem Gıda San. ve Tic. A.Ş.	21.542	36.368
	21.542	36.368

The detail of payables to related parties is as follows:

	30 June 2019	31 December 2018
Trade payables	565.960	520.308
Non-trade payables	356	1.177
	566.316	521.485

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

	30 June 2019		31 June 2018	
	Trade	Non-Trade	Trade	Non-Trade
<i>Principle Shareholder</i>				
Yıldız Holding A.Ş.	85.981	-	61.240	-
<i>Other Companies Controlled by the Principle Shareholder</i>				
Önem Gıda San. ve Tic. A.Ş.	360.292	23	244.060	6
Adapazarı Şeker Fabrikası A.Ş.	44.467	-	38.251	-
United Biscuits (UK) Ltd.	33.755	333	42.619	922
CCC Gıda San. ve Tic. A.Ş.	13.810	-	14.660	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	9.694	-	65.178	-
Marsa Yağ San. ve Tic. A.Ş.	1.087	-	25.298	-
Other	16.874	-	29.002	249
	565.960	356	520.308	1.177

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

	30 June 2019	31 December 2018
Yıldız Holding A.Ş.	96.212	19.455
	96.212	19.455

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

	30 June 2019	31 December 2018
Pervin Finansal Kiralama A.Ş.	68.304	-
	68.304	-

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

	1 January - 30 June 2019		1 April - 30 June 2019		1 January - 30 June 2018		1 April - 30 June 2018	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
<i>Other Companies Controlled by the Principle Shareholder</i>								
Önem Gıda San. ve Tic. A.Ş.	954.862	558	463.079	246	599.107	14	274.189	14
Besler Gıda ve Kimya San. ve Tic. A.Ş.	120.818	89	55.326	89	106.308	-	49.399	-
United Biscuits (UK) Ltd.	54.081	53.127	26.789	22.047	31.936	30.183	14.414	16.959
Marsa Yağ San. ve Tic. A.Ş.	31.547	-	13.581	-	32.104	-	14.465	-
Pendik Nişasta San. A.Ş.	24.641	-	11.245	-	29.380	-	13.109	-
CCC Gıda San. ve Tic. A.Ş.	27.049	47	15.213	17	9.157	-	4.553	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	91	1.426.713	-	689.228	1.162	1.161.442	-	556.447
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	-	-	-	-	173	37.019	-	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	-	696.113	-	346.750	-	506.237	-	251.440
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	-	127.035	-	53.383	-	39.227	-	36.256
Other	10.459	158.902	5.348	76.118	9.623	87.830	5.553	42.030
	1.223.548	2.462.584	590.581	1.187.878	818.950	1.861.952	375.682	903.146

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

For the six months period ended 30 June 2019:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
<i>Principle Shareholder</i>			
Yıldız Holding A.Ş.	(114)	(97.028)	(13.507)
<i>Other Companies Controlled by the Principle Shareholder</i>			
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	16	(11.666)	58.406
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	53	(9.862)	29.240
Önem Gıda San. ve Tic. A.Ş.	1.447	(6.117)	2.518
İzsal Gayrimenkul Geliştirme A.Ş.	(993)	(1.034)	-
United Biscuits (UK) Ltd.	9	(1.004)	1.079
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	(179)	(1.116)
CCC Gıda San. ve Tic. A.Ş.	(376)	1.277	(894)
Other	872	(2.905)	7.037
	914	(128.518)	82.763

For the 3 months period between 1 April and 30 June 2019:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
<i>Principle Shareholder</i>			
Yıldız Holding A.Ş.	(23)	(47.235)	(18.653)
<i>Other Companies Controlled by the Principle Shareholder</i>			
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	8	(8.270)	38.655
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	17	(5.865)	18.185
Önem Gıda San. ve Tic. A.Ş.	807	(1.360)	1.664
İzsal Gayrimenkul Geliştirme A.Ş.	(501)	(573)	-
United Biscuits (UK) Ltd.	-	(946)	(924)
CCC Gıda San. ve Tic. A.Ş.	(189)	864	(246)
Other	461	(2.841)	1.568
	580	(66.226)	40.249

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH
 ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
 ENDED 30 JUNE 2019
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

For the six month period ended 30 June 2018:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(548)	(74.541)	271.752
Other Companies Controlled by the Principle Shareholder			
Önem Gıda San. ve Tic. A.Ş.	1.563	(17.118)	1.759
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	3	(7.703)	11.051
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	54	(6.825)	1.759
United Biscuits (UK) Ltd.	-	(1.098)	(90)
İzsal Gayrimenkul Geliştirme A.Ş.	(893)	(968)	-
CCC Gıda San. ve Tic. A.Ş.	-	(20)	(3.101)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	32	(1.532)
Other	157	(742)	11.086
	336	(108.983)	292.684

For the 3 months period between 1 April and 30 June 2018:

	Rent Income/(Expense) Net	Service Income/(Expense) Net	Interest and Foreign Exchange Income/(Expense) Net
Principle Shareholder			
Yıldız Holding A.Ş.	(175)	(37.059)	29.803
Other Companies Controlled by the Principle Shareholder			
Önem Gıda San. ve Tic. A.Ş.	863	(9.550)	1.061
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	(3.719)	9.574
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	26	(3.391)	1.023
United Biscuits (UK) Ltd.	-	(653)	(492)
İzsal Gayrimenkul Geliştirme A.Ş.	(464)	(482)	-
CCC Gıda San. ve Tic. A.Ş.	-	(51)	(3.101)
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	64	(1.243)
Other	138	(201)	10.434
	388	(55.042)	47.059

Benefits provided to members of BOD and key management personnel:

	30 June 2019	31 December 2018
Fees and other short term benefits	19.816	15.289
	19.816	15.289

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT

Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk.

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Group manages this risk with a method of netting foreign currency denominated assets and liabilities. The management reviews the foreign currency open position and provides measures when needed.

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

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

	30 June 2019				
	TL	USD	EURO	GBP	CHF
1. Trade Receivables	288.204	37.274	10.506	668	-
2a. Monetary Financial Assets	4.604.728	781.363	15.971	450	1
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	13.125	933	1.153	27	1
4. CURRENT ASSETS	4.906.057	819.570	27.630	1.145	2
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7. Other	144	9	14	-	-
8. NON-CURRENT ASSETS	144	9	14	-	-
9. TOTAL ASSETS	4.906.201	819.579	27.644	1.145	2
10. Trade Payables	123.349	11.851	7.368	882	77
11. Financial Liabilities	2.750.814	158.039	281.082	-	-
12a. Other Monetary Financial Liabilities	838	-	128	-	-
12b. Other Non-monetary Financial Liabilities	13.205	2.021	228	11	-
13. CURRENT LIABILITIES	2.888.206	171.911	288.806	893	77
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	2.742.450	105.656	325.826	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	2.742.450	105.656	325.826	-	-
18. TOTAL LIABILITIES	5.630.656	277.567	614.632	893	77
19. Net Assets of Off Statement of Financial Position (19a-19b)	864.113	116.000	30.000	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(864.113)	(116.000)	(30.000)	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	139.658	658.012	(556.988)	252	(75)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(724.519)	543.091	(587.927)	236	(76)
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	376.431	49.918	13.609	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)**

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

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

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

	1 January – 30 June 2019	1 January – 30 June 2018
Total exports	804.645	505.065
Total imports	198.387	208.909

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

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

Foreign currency risk sensitivity

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

	30 June 2019		30 June 2018	
	Income / Expense		Income / Expense	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of % 10 appreciation of USD against TL				
1 - US Dollar net asset/liability	379.314	(379.314)	283.798	(283.798)
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1 +2)	379.314	(379.314)	283.798	(283.798)
In case of % 10 appreciation of EUR against TL				
4 - Euro net asset/liability	(365.481)	365.481	(301.482)	301.482
5 - Part of hedged from Euro risk (-)				
6- Euro net effect (4+5)	(365.481)	365.481	(301.482)	301.482
Total (3 + 6)	13.833	(13.833)	(17.684)	17.684

24. FINANCIAL INSTRUMENTS

Fair Value of Financial Assets

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

24. FINANCIAL INSTRUMENTS (Continued)

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

	30 June 2019	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Shares	819	819	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	1.706.978	-	1.706.978	-
- Derivative instruments	376.431	-	376.431	-
Total	2.084.228	819	2.083.409	-

	31 December 2018	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Shares	702	702	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	1.340.021	-	1.340.021	-
- Derivative instruments	323.087	-	323.087	-
Total	1.663.810	702	1.663.108	-

25. EVENTS AFTER THE BALANCE SHEET DATE

According to the board resolution dated 2 June 2019, the Company started to negotiate with Yıldız Holding A.Ş. regarding the capital increase in G.New Inc. which the Company has 12,2% shares and it has also been decided to provide up to USD 60.000 thousand as capital advance to be used for the investment of the new business model in G.New.Inc.