**ULUSOY UN SANAYİ VE TİCARET A.Ş.**
**AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS OF**
**INTERIM ACCOUNTING PERIOD BETWEEN 1 JANUARY 2018 AND 31 MARCH 2018**

TABLE OF CONTENTS


| | Page |
|---|---|
| CONSOLIDATED FINANCIAL POSITION STATEMENT | 1-2 |
| CONSOLIDATED PROFIT OR LOSS STATEMENT | 3 |
| CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT | 4 |
| CONSOLIDATED EQUITY CHANGE STATEMENT | 5 |
| CONSOLIDATED CASH FLOW STATEMENT | 6 |
| CONSOLIDATED FINANCIAL STATEMENT FOOTNOTES | 7-68 |
| 1. COMPANY ORGANIZATION AND BUSINESS SEGMENT | 6 |
| 2. PRINCIPLES OF SUBMITTING FINANCIAL STATEMENTS | 9 |
| 3. COMPANY MERGERS | 20 |
| 4. SHARES IN OTHER COMPANIES | 20 |
| 5. REPORTING BASED ON DEPARTMENTS | 21 |
| 6. CASH AND CASH EQUIVALENTS | 23 |
| 7. FINANCIAL INVESTMENTS | 23 |
| 8. FINANCIAL LIABILITIES | 24 |
| 9. OTHER FINANCIAL LIABILITIES | 27 |
| 10. TRADE RECEIVABLES AND PAYABLES | 27 |
| 11. OTHER RECEIVABLES AND PAYABLES | 28 |
| 12. RECEIVABLES AND DEBTS FROM ACTIVITIES IN FINANCE SECTOR | 28 |
| 13. DERIVATIVE INSTRUMENTS | 28 |
| 14. STOCKS | 30 |
| 15. BIOLOGICAL ASSETS | 30 |
| 16. PREPAID EXPENSES AND DEFERRED INCOMES | 30 |
| 17. RECEIVABLES RELATED TO ONGOING CONSTRUCTION CONTRACTS | 31 |
| 18. INVESTMENTS VALUED BY EQUITY METHOD | 31 |
| 19. INVESTMENT RELATED REAL ESTATES | 33 |
| 20. ASSETS RELATED TO CURRENT PERIOD TAX | 34 |
| 21. TANGIBLE FIXED ASSETS | 35 |
| 22. INTANGIBLE FIXED ASSETS | 37 |
| 23. GOVERNMENT INCENTIVES AND SUBSIDIES | 39 |
| 24. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES | 39 |
| 25. COMMITMENTS | 41 |
| 26. EMPLOYEE BENEFITS | 41 |
| 27. PENSION PLANS | 42 |
| 28. OTHER ASSETS AND LIABILITIES | 43 |
| 29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS | 43 |
| 30. REVENUE AND SALES COST | 49 |
| 31. GENERAL ADMINISTRATION EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES | 50 |
| 32. OTHER REAL OPERATING INCOME AND EXPENSES | 53 |
| 33. PROFIT / LOSS SHARES ON INVESTMENT VALUED BY EQUITY METHOD | 54 |
| 34. FINANCIAL INCOMES AND EXPENSES | 54 |
| 35. FIXED ASSETS RETAINED TO BE SOLD AND SUSPENDED ACTIVITIES | 54 |
| 36. TAX ASSETS AND LIABILITIES | 55 |
| 37. EARNINGS PER SHARE | 58 |
| 38. RELATED PARTY STATEMENTS | 58 |
| 39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS | 60 |
| 40. FINANCIAL INSTRUMENTS (FAIR VALUE STATEMENTS AND STATEMENTS RELATED TO HEDGE ACCOUNTING) | 61 |
| 41. POST-REPORTING PERIOD EVENTS | 66 |
| 42. OTHER PARTICULARS THAT HAVE SIGNIFICANT IMPACT ON FINANCIAL STATEMENTS OR THAT SHOULD BE DISCLOSED FOR ASSURING FINANCIAL STATEMENTS ARE CLEAR, INTERPRETABLE AND COMPREHENSIBLE | 67 |

**ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**
CONSOLIDATED FINANCIAL POSITION STATEMENT DATED MARCH 31, 2018
(Unless stated otherwise, currency is Turkish Liras)

| | | Not externally audited | Externally audited |
|---|---|---|---|
| **ASSETS** | **Footnote References** | **31.03.2018** | **31.12.2017** |
| **Current Assets** | | **776.089.785** | **758.865.094** |
| Cash and cash equivalents | 6 | 151.403.029 | 140.562.922 |
| Financial Investments | 7 | 268.159 | 307.568 |
| Trade Receivables | 10 | 319.369.122 | 331.845.733 |
| Receivables from Finance Sector Activities | 12 | - | - |
| Other Receivables | 11 | 1.620.918 | 1.944.583 |
| Derivative Instruments | 13 | 8.351.743 | 5.569.834 |
| Inventories | 14 | 214.798.599 | 222.341.158 |
| Biological Assets | 15 | - | - |
| Prepaid Expenses | 16 | 66.442.170 | 47.006.216 |
| Assets Related to Current Period Tax | 20 | 1.113.792 | 720.097 |
| Other Current Assets | 28 | 12.722.253 | 8.566.983 |
| *(Sub Total)* | | *776.089.785* | *758.865.094* |
| Fixed Assets Classified for Sales | 35 | - | - |
| **Fixed Assets** | | **102.847.867** | **97.982.763** |
| Financial Investments | 7 | 15.000 | 15.000 |
| Trade Receivables | 10 | 8.787.903 | 8.772.802 |
| Receivables from Finance Sector Activities | 12 | - | - |
| Other Receivables | 11 | 169.558 | 169.558 |
| Derivative Instruments | 13 | - | - |
| Investments valued by equity method | 18 | 4.749.099 | 4.620.004 |
| Biological Assets | 15 | - | - |
| Investment Real Estates | 19 | 9.440.000 | 9.440.000 |
| Tangible Fixed Assets | 21 | 73.318.816 | 68.002.892 |
| Intangible Fixed Assets | 22 | 425.446 | 436.134 |
| *- Goodwill* | *22* | - | - |
| *- Other Intangible Fixed Assets* | *22* | *425.446* | *436.134* |
| Prepaid Expenses | 16 | 3.042.014 | 3.042.014 |
| Deferred Tax Asset | 36 | 2.900.031 | 3.484.359 |
| Other Fixed Assets | 28 | - | - |
| **TOTAL ASSETS** | | **878.937.652** | **856.847.857** |

The consolidated financial statements issued for the period between the dates of January 1 and March 31, 2018 are approved by virtue of the Board of Directors Resolution dated 10.05.2018 and the financial statements are undersigned by Eren Günhan Ulusoy, Kamil Adem, Salih Zeki Murzioğlu, Özdemir Erol and Kemal Kitaplı on behalf of the Board of Directors.

| | | Not externally audited | Externally audited |
|---|---|---|---|
| **LIABILITIES** | **Footnote References** | **31.03.2018** | **31.12.2017** |
| **Short Term Liabilities** | | **591.724.439** | **576.882.501** |
| Short Term Borrowings | 8 | 42.465.079 | 99.605.275 |
| Short Term Amounts of Long Term Borrowings | 8 | 43.551.934 | 40.334.032 |
| Other Financial Liabilities | 9 | - | - |
| Trade Payables | 10 | 497.724.220 | 406.112.570 |
| Payables from Finance Sector Activities | 12 | - | - |
| Payables Classified as Employee Benefits | 26 | 1.332.862 | 972.577 |
| Other Payables | 11 | 73.474 | 68.889 |
| Derivative Instruments | 13 | - | 1.330.043 |
| Government Incentives and Subsidies | 23 | - | - |
| Deferred Incomes | 16 | 6.136.734 | 28.060.972 |
| Tax Liabilities on Period Profit | 36 | - | - |
| Short Term Provisions | 24 | 51.135 | 9.697 |
| *- Short Term Provisions for Employee Benefits* | 26/24 | *51.135* | *9.697* |
| *- Other Short Term Provisions* | 24 | - | - |
| Other Short Term Liabilities | 28 | 389.001 | 388.446 |
| *(Subtotal)* | | *591.724.439* | *576.882.501* |
| Liabilities on Asset Groups classified for Sales | 35 | - | - |
| **Long Term Liabilities** | | **89.761.398** | **84.291.165** |
| Long Term Borrowings | 8 | 84.239.399 | 79.405.595 |
| Trade Payables | 10 | - | - |
| Other Payables | 11 | - | - |
| Derivative Instruments | 13 | - | - |
| Government Incentives and Subsidies | 23 | - | - |
| Deferred Incomes | 16 | 615.612 | 721.549 |
| Long Term Provisions | 24 | 1.291.061 | 1.232.972 |
| *- Long Term Provisions for Employee Benefits* | 26/24 | *1.291.061* | *1.232.972* |
| *- Other Long Term Provisions* | 24 | - | - |
| Payables for Current Period Tax | | - | - |
| Deferred Tax Liability | 36 | 3.615.326 | 2.931.049 |
| Other Long Term Liabilities | 28 | - | - |
| **Shareholders' equity** | **29** | **197.451.815** | **195.674.191** |
| **Equity holders of the parent** | | **197.451.815** | **195.674.191** |
| Paid-in capital | | 84.500.000 | 84.500.000 |
| Reacquired Stock (-) | | (3.445.108) | (3.445.108) |
| Share Premiums/Discounts | | 38.607.992 | 38.607.992 |
| Other Accumulated, Comprehensive Incomes or Expenses that cannot be reclassified as profit or loss | | 83.234 | 72.260 |
| *- Revaluation and Assessment Gains / Losses* | | *83.234* | 72.260 |
| *- Revaluation Increases/(Decreases)* | | *553.518* | *562.159* |
| *- Defined Benefit Plans Reassessment Earnings* | | *(470.284)* | *(489.899)* |
| Other Accumulated, Comprehensive Incomes or Expenses that can be reclassified as profit or loss | | 107.571 | - |
| *- Foreign Currency Conversion Adjustments* | | *107.571* | - |
| Reserves on Retained Earnings | | 7.444.207 | 7.444.207 |
| Previous Year Profits / (Losses) | | 68.505.640 | 51.899.755 |
| Net Period Profit / (Loss) | | 1.648.279 | 16.595.085 |
| **Non-controlling interests** | | **-** | **-** |
| **TOTAL LIABILITIES** | | **878.937.652** | **856.847.857** |



Enclosed footnotes are supplementary to the consolidated financial statements.

**ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

CONSOLIDATED PROFIT OR LOSS STATEMENT ISSUED FOR THE INTERIM PERIOD BETWEEN THE DATES OF JANUARY 1, 2018 AND MARCH 31, 2018

(Unless stated otherwise, currency is Turkish Liras)

| | | Not externally audited | Not externally audited |
|---|---|---|---|
| | **Footnote References** | **1 January – 31 March 2018** | **1 January – 31 March 2017** |
| **PROFIT OR LOSS ITEMS** | | | |
| Revenues | 30 | 607.250.532 | 380.351.908 |
| Cost of Sales (-) | 30 | (590.544.683) | (347.770.699) |
| **Gross Profit / (Loss) from Commercial Activities** | | **16.705.849** | **32.581.209** |
| Revenues from Finance Sector Activities | | - | - |
| Cost of Finance Sector Activities (-) | | - | - |
| **Gross Profit / (Loss) from Finance Sector Activities** | | - | - |
| **GROSS PROFIT / (LOSS)** | | **16.705.849** | **32.581.209** |
| General Administration Expenses (-) | 31 | (2.159.962) | (1.656.334) |
| Marketing Expenses (-) | 31 | (8.516.620) | (7.852.564) |
| Research and Development Expenses (-) | 31 | (31.036) | - |
| Other Real Operating Incomes | 32 | 30.280.933 | 26.383.211 |
| Other Real Operating Expenses (-) | 32 | (13.470.850) | (25.082.776) |
| **REAL OPERATING PROFIT / (LOSS)** | | **22.808.314** | **24.372.746** |
| Income from Investing Activities | 32 | 154.113 | 107.550 |
| Expenses from Investing Activities | 32 | - | - |
| Profit / Loss Shares of Investments Valued by Equity Method | 33 | 146.095 | 62.154 |
| **OPERATING PROFIT / LOSS BEFORE FINANCIAL EXPENSES** | | **23.108.522** | **24.542.450** |
| Financial Incomes | 34 | 14.749.878 | 39.564.449 |
| Financial Expenses (-) | 34 | (34.944.261) | (52.823.490) |
| **PRETAX PROFIT / (LOSS) FROM CONTINUING OPERATIONS** | | **2.914.139** | **11.283.409** |
| **Tax Expense / Income from Continuing Operations** | **36** | **(1.265.860)** | **(2.161.197)** |
| Period Tax Expense / Income | | - | (3.291.237) |
| Deferred Tax Expense / Income | | (1.265.860) | 1.130.040 |
| **PERIOD PROFIT / (LOSS) FROM CONTINUING OPERATIONS** | | **1.648.279** | **9.122.212** |
| **PERIOD PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS** | | - | - |
| Period Profit / (Loss) from Discontinuing Operations After Tax | | - | - |
| **PERIOD PROFIT / (LOSS)** | | **1.648.279** | **9.122.212** |
| **Distribution of Period Profit / (Loss)** | | - | - |
| Non-controlling Interest | | - | - |
| Equity holders of the parent | | 1.648.279 | 9.122.212 |
| **Earnings per share** | **37** | - | - |
| Earnings per share from continuing operations | | 0,0200 | 0,11 |
| Earnings per share from discontinuing operations | | - | - |
| **Diluted earnings per share** | | - | - |
| Diluted earnings per share from continuing operations | | - | - |
| Diluted earnings per share from discontinuing operations | | - | - |



Enclosed footnotes are supplementary to the consolidated financial statements.

**ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT ISSUED FOR PERIOD BETWEEN THE DATES OF JANUARY 1, 2018 AND MARCH 31, 2018

(Unless stated otherwise, currency is Turkish Liras)

| | | Not externally audited | Not externally audited |
|---|---|---|---|
| | **Footnote References** | **1 January – 31 March 2018** | **1 January – 31 March 2017** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items not to be reclassified on profit or loss** | 29 | **21.774** | **(93.632)** |
| Revaluation increases / decreases of tangible fixed assets | | | - |
| Revaluation increases / decreases of intangible fixed assets | | | - |
| Reassessment gains / losses of defined benefit plans | | 24.519 | (118.197) |
| Shares of Investments valued by equity method but not classified under profit / loss of other comprehensive incomes | | - | - |
| Other Comprehensive Income Items not reclassified as other profit or loss | | - | - |
| Tax of other comprehensive income not reclassified as profit or loss | | (2.745) | 24.565 |
| *Period Tax (Expense)/Income* | | - | - |
| *Deferred Tax (Expense) / Income* | | *(2.745)* | *24.565* |
| **Items to be reclassified as profit or loss** | | **107.571** | **-** |
| Foreign Currency conversion adjustments | | 107.571 | - |
| Revaluation and / or Reclassification Gains / Losses of Available for sale Financial Assets | | - | - |
| Gains / Loss of Cash Flow Hedging | | - | - |
| Gains / Losses of Investment Hedging related to the Foreign Business | | - | - |
| Shares of investments valued by equity method and classified under profit / loss of other comprehensive incomes | | - | - |
| Other Comprehensive Income Items to be Reclassified as other profit or loss | | - | - |
| Tax Incomes / Expenses of Other Comprehensive Income to be reclassified on profit or loss | | - | - |
| Period Tax (Expense) / Income | | - | - |
| Deferred Tax (Expense) / Income | | - | - |
| **OTHER COMPREHENSIVE INCOME** | | **129.345** | **(93.632)** |
| **TOTAL COMPREHENSIVE INCOME** | | **1.777.624** | **9.028.580** |
| Distribution of Total Comprehensive Income | | | |
| Non-controlling Interest | | - | - |
| Equity holders of the parent | | 1.777.624 | 9.028.580 |

Enclosed footnotes are supplementary to the consolidated financial statements.

**ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ISSUED FOR INTERIM PERIOD BETWEEN THE DATES OF JANUARY 1, 2018 AND MARCH 31, 2018

(Unless stated otherwise, currency is Turkish Liras)

| | | | | | Accumulated Other Comprehensive Incomes and Expenses not Reclassified in Profit or Loss | | Accumulated Other Comprehensive Incomes and Expenses not Reclassified in Profit or Loss | | | Accumulated Profits / (Losses) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Footnote** | **Paid-in Capital** | **Reacquired stocks** | **Share premiums/ discounts** | **TFA Revaluation Increases/Decreases** | **Defined Benefit Plans Reassessment Earnings** | **Foreign Currency Conversion Adjustments** | **Limited Reserves on Retained Earnings** | **Previous Years Profits / (Losses)** | **Net Period Profit / (Loss)** | **Total** |
| **Balance on December 31, 2016** | | **84.500.000** | **(3.072.969)** | **38.607.992** | **565.860** | **(468.794)** | **.** | **6.403.284** | **38.139.327** | **14.796.725** | **179.471.425** |
| Transfers | **29** | - | - | - | (4.626) | - | - | 668.784 | 14.132.567 | (14.796.725) | - |
| Increase (Decrease) due to stock reacquisition transactions) | | - | (372.139) | - | - | - | - | 372.139 | (372.139) | - | (372.139) |
| Profit Shares | 29 | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income | **29** | | | | 925 | (94.557) | | | | 9.122.212 | 9.028.580 |
| **Balance on March 31, 2017 (Not externally audited)** | | **84.500.000** | **(3.445.108)** | **38.607.992** | **562.159** | **(563.351)** | - | **7.444.207** | **51.899.755** | **9.122.212** | **188.127.866** |
| | | | | | | | | | | | |
| **Balance on December 31, 2017** | 29 | **84.500.000** | **(3.445.108)** | **38.607.992** | **562.159** | **(489.899)** | | **7.444.207** | **51.899.755** | **16.595.085** | **195.674.191** |
| Transfers | 29 | - | - | - | (10.800) | - | - | - | 16.605.885 | (16.595.085) | - |
| Increase (Decrease) due to stock reacquisition transactions) | *29* | - | - | - | - | - | - | - | - | | - |
| Total Comprehensive Income | *29* | - | - | - | 2.159 | 19.615 | 107.571 | - | - | 1.648.279 | 1.777.624 |
| **Balance on March 31, 2018 (Not externally audited)** | *29* | **84.500.000** | **(3.445.108)** | **38.607.992** | **553.518** | **(470.284)** | **107.571** | **7.444.207** | **68.505.640** | **1.648.279** | **197.451.815** |

Enclosed footnotes are supplementary to the consolidated financial statements.

**ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

CONSOLIDATED CASH FLOW STATEMENT ISSUED FOR INTERIM PERIOD BETWEEN THE DATES OF JANUARY 1, 2018 AND MARCH 31, 2018

(Unless stated otherwise, currency is Turkish Liras)

| | | Not externally audited | Not externally audited |
|---|---|---|---|
| | **Footnote References** | **1 January – 31 March 2018** | **1 January – 31 March 2017** |
| **A. Cash Flows from Operational Activities** | | **71.711.401** | **79.887.788** |
| **Period Profit / (Loss)** | 29 | **1.648.279** | **9.122.212** |
| **Adjustments related to Period Net Profit / (Loss) settlement** | | **3.773.407** | **(1.496.344)** |
| Adjustments related to amortization and redemption expenses | 31 | 855.601 | 791.633 |
| Adjustments related to interest income / expense | | 1.527.900 | (1.251.980) |
| Adjustments related to provisions | | 124.046 | 94.043 |
| Adjustments related to tax income / expense | | 1.265.860 | (1.130.040) |
| **Changes in working capital** | | **66.289.715** | **72.261.920** |
| Adjustments related to Inventory Increases (Decreases) | 14 | 7.542.559 | (31.465.978) |
| Adjustments related to Trade Receivables Increases (Decreases) | 10 | 12.461.510 | 18.367.713 |
| Adjustments related to Increases (Decreases) in Other Operational Receivables | 11 | 323.665 | (476.724) |
| Adjustments related to increases (decreases) in Trade Payables | 10 | 91.611.650 | 88.103.580 |
| Adjustments related to the increases (decreases) in Other Operational Payables | 11 | 4.585 | (4.336) |
| Adjustments related to other increases / (decreases) in Working Capital | | (45.654.254) | (2.262.335) |
| **Cash flow from operations** | | **71.711.401** | **79.887.788** |
| **B. Cash Flows from Investing Activities** | | **(10.362.475)** | **511.508** |
| Cash Outflows from Buying Tangible and Intangible Fixed Assets | 21/22 | (6.179.395) | (1.858.838) |
| Cash Inflows from Selling Tangible and Intangible Fixed Assets | 21/22 | 18.558 | 34.773 |
| Cash Outflows from Buying Other Business or Fund Shares or Debt Instruments | 7/18 | (89.686) | (115.855) |
| Cash Inflows from Selling Other Business or Fund Shares or Debt Instruments | 7/18 | - | - |
| Cash Inflows from Derivative Instruments | 13 | - | 2.451.428 |
| Cash Outflows from Derivative Instruments | 13 | (4.111.952) | - |
| **C. Cash Flows from Financing Activities** | | **(50.616.390)** | **30.863.133** |
| Capital increase | 29 | - | - |
| Cash outflow from repurchasing shares | | - | (372.139) |
| Cash inflows from borrowings | | 31.413.852 | 138.042.695 |
| Cash outflows for debt payments | | (77.186.766) | (103.434.733) |
| Interest Earned | 34 | 1.908.178 | 607.778 |
| Interest Paid | 34 | (6.751.654) | (3.980.468) |
| Dividends Paid | 29 | - | - |
| **Net Increase (Decrease) in Cash and Cash Equivalents before Foreign Currency Conversion Adjustments Impact (A+B+C)** | | **10.732.536** | **111.262.429** |
| **D. Impact of Foreign Currency Conversion Adjustments on Cash and Cash Equivalents** | | **107.571** | **-** |
| **Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C+D)** | | **10.840.107** | **111.262.429** |
| **E. Cash and Cash Equivalents at the beginning of period** | 6 | **140.562.922** | **32.323.233** |
| **Cash and Cash Equivalents on period end (A+B+C+D+E)** | 6 | **151.403.029** | **143.585.662** |

Enclosed footnotes are supplementary to the consolidated financial statements.

## 1. COMPANY ORGANIZATION AND AREA OF ACTIVITY

Ulusoy Un Sanayi ve Ticaret Anonim Şirketi ("the Company") was established in 1989 for producing, trading, importing and exporting all kinds of food items made up of grains and legumes such as flour, farina, pasta and biscuits.

The company's head office is located at the address of Hançerli Mahallesi Necipbey Caddesi No:107 İlkadım / Samsun. Address of Samsun production facilities of the company is Şabanoğlu Mahallesi Atatürk Bulvarı No:180/1 Tekkeköy / Samsun. Address of Çorlu production facilities is Hıdırağa Mahallesi İstasyon Caddesi No:20 Çorlu - Tekirdağ.

The company's upper limit of registered capital is TRY 250.000.000. The upper limit of registered capital permit granted by the Capital Market Board ("CMB") is valid for (5 years) between the years of 2018 and 2022.

The Capital Market Board's meeting dated November 7, 2014 and numbered 32/1095 allowed Ulusoy Un Sanayi ve Ticaret A.Ş. to go public by book-building on November 12, 13 and 14, 2014. Shares with total nominal value of TRY 23.500.000 were offered through capital increase and selling partnerships and all shares were sold. 27,81% of the shares of the company were traded at the İstanbul Stock Exchange as of November 20, 2014. The company's issued capital is equal to TRY 84.500.000 (eighty four million five hundred thousand Turkish Liras). This capital is divided into 9.750.000 Group A shares, 6.500.000 Group B shares and 68.250.000 Group C shares, in total 84.500.000 shares, each with a nominal value of TRY 1. Group A and B shares are registered shares, Group C shares that are traded at the İstanbul Stock Exchange are bearer shares and other Group C shares are registered shares. Group A shares have the privilege to select Board of Directors and Group A and B shares have privilege in voting at the General Meeting; excluding the independent members; if the Board of Directors is composed of five members, then minimum two members, if composed of six or seven members minimum three members, if composed of eight or nine members minimum four members, if composed of ten or eleven members, minimum five members should be elected among candidates to be nominated by majority of Group A shareholders. Group A shareholders or their proxies attending to the Ordinary and Extraordinary General Meetings shall have 15 (fifteen) voting rights per share; Group B shareholders or their proxies shall have 10 (ten) voting rights per share and Group C shareholders or proxies shall have 1 (one) voting right per share.

Capital distribution of the Company is as follows:

| Shareholders | Number of Shares | Group | Ratio (%) | Amount |
|---|---|---|---|---|
| Fahrettin Ulusoy | 4.550.000 | A | 5,38 | 4.550.000 |
| | 1.950.000 | B | 2,31 | 1.950.000 |
| | - | C | - | - |
| | **6.500.000** | | **7,69** | **6.500.000** |
| Nevin Ulusoy | 650.000 | A | 0,77 | 650.000 |
| | 1.300.000 | B | 1,54 | 1.300.000 |
| | 12.207.627 | C | 14,45 | 12.207.627 |
| | **14.157.627** | | **16,76** | **14.157.627** |
| Onur Erhan Ulusoy | 650.000 | A | 0,77 | 650.000 |
| | 1.950.000 | B | 2,31 | 1.950.000 |
| | 15.638.791 | C | 18,50 | 15.638.791 |
| | **18.238.791** | | **21,58** | **18.238.791** |
| Eren Günhan Ulusoy | 3.900.000 | A | 4,62 | 3.900.000 |
| | 1.300.000 | B | 1,54 | 1.300.000 |
| | 16.781.279 | C | 19,86 | 16.781.279 |
| | **21.981.279** | | **26,02** | **21.981.279** |
| Kamil Adem | 26.941 | C | 0,03 | 26.941 |
| | **26.941** | | **0,03** | **26.941** |
| Mithat Denizcigil | 95.362 | C | 0,11 | 95.362 |
| | **95.362** | | **0,11** | **95.362** |
| Public Shares | 23.500.000 | C | 27,81 | 23.500.000 |
| | **84.500.000** | | **100,00** | **84.500.000** |

As of March 31, 2018, the company has 235 employees (241 on December 31, 2017).

The company has two subsidiaries as of the date of reporting. The share ratio in these subsidiaries is as follows:

| Subsidiaries | 31 March 2018 (Ratio) | 31 December 2017 (Ratio) |
|---|---|---|
| Ulidas Tarım Ürünleri Lisanslı Depoculuk A.Ş. | % 100 | % 100 |
| Rolweg SA | % 100 | - |

**Ulidaş Tarım Ürünleri Lisanslı Depoculuk A.Ş. ("Ulidaş")**

Established on February 27, 2015, the company offers licensed warehousing activities for keeping agricultural products covered by its license under proper conditions and storing for commercial purposes.

Ulidaş head quarter is located at the address of Şabanoğlu Mahallesi Atatürk Bulvarı No: 180-1 Tekkeköy / Samsun. The company has 11 employees as of March 31, 2018. (31 December 2017: 11 persons)
The company capital is equal to TRY 5.000.000 as of March 31, 2018 and the company does not have any outstanding capital.

**Rolweg SA ("Rolweg")**

Rolweg SA is established with 1.000.000 Swiss Franc (CHF) capital on 15 March 2018. 100% of the capital of Rolweg is owned by Ulusoy Un Sanayi ve Ticaret A.Ş. The head office address of Rolweg SA is Rue du Nant6, 1207 Geneva, Switzerland.
The company, Ulidaş and Rolweg shall be jointly referred as the Group.

## 2. PRINCIPLES GOVERNING SUBMISSION OF FINANCIAL STATEMENTS

### 2.1 Basic Principles regarding submission

2.1.1 Compliance Statement

Legal records of the group are kept according to the Turkish Commercial Code and Turkish Tax Laws and thus the currency of legal financial statements is Turkish Lira ("TRY").

The enclosed consolidated financial statements are issued based on the Capital Market Board's "CMB" "Communiqué on Principles of Financial Reporting on Capital Market" ("Communiqué") Serial II and numbered 14.1 which was published on the Official Gazette dated June 13, 2013 and numbered 28676 and in accordance with the Turkish Accounting Standards ("TMS") / Turkish Financial Reporting Standards ("TFRS") that are published by the Public Oversight, Accounting and Auditing Standards Institute ("KGK") and entered into force.

The consolidated financial statements issued for the period between the dates of January 1 and March 31, 2018 are approved by virtue of the Board of Directors Resolution dated 10.05.2018 and the financial statements are undersigned by Eren Günhan Ulusoy, Kamil Adem, Salih Zeki Murzioğlu, Özdemir Erol and Kemal Kitaplı on behalf of the Board of Directors.

The Group's general assembly and / or legal authorities are entitled to amend the enclosed consolidated financial statements.

2.1.2 Principles of Preparing Financial Statements

The consolidated financial statements dated March 31, 2018 and their footnotes are issued based on CMB's "Communiqué on Principles of Financial Reporting on Capital Market" Serial II and numbered 14.1 published on the Official Gazette dated June 13, 2013 and numbered 28676.

Paid-in capital and limited reserves on retained earnings, which are items of shareholders equity, are shown based stated on the legal records.

The enclosed consolidated financial statements are prepared as a result of corrections and classifications made on the Group's legal records as per the communiqué published by CMB.

The group has presented the consolidated financial statements and footnotes in the format that is required under the communiqué and decisions published by CMB.

Consolidated financial statements of the Group are prepared according to the principle of Group's continuity and under the assumption that Group shall obtain benefit from its assets and fulfil its obligations in the one year ahead and in the natural course of its activities.

2.1.3. Currency

The enclosed consolidated financial statements are presented in Turkish Lira (TRY) and all financial data available is included by rounding up to the closest TRY amount.

2.1.4. Adjustment of Financial Statements on Periods of High Inflation

Turkish Accounting Standards 29 requires financial statements issued in currency of economies with hyperinflation to use the measurement unit valid on the date of reporting. The practice of adjusting financial statements according to inflation stopped on January 1, 2005 because the high inflation period ended and, also, majority of the indications related to dominance of high inflation period were relieved significantly according to the decision of CMB dated March 17, 2005 and numbered 11/367.

2.1.5. Principles of Consolidation

The financial statements dated March 31, 2018, December 31, 2017 and March 31, 2017 are presented in the form of **consolidated financial statements.**

Details of the Group's subsidiaries are as follows as of March 31, 2018 and December 31, 2017:

| Subsidiaries | 31 March 2018 (Ratio) | 31 December 2017 (Ratio) |
|---|---|---|
| Ulidas Tarım Ürünleri Lisanslı Depoculuk A.Ş. | % 100 | % 100 |
| Rolweg SA | % 100 | - |

The enclosed consolidated financial statements show the Company and subsidiary accounts as explained below on the "subsidiaries" article. Necessary adjustments and classifications are made while preparing financial statements of subsidiaries in order to assure compliance to legal records, reporting standards as well as accounting policies and presentation formats adopted by the Company.

2.1.5.1. Subsidiaries

The subsidiaries are companies directly or indirectly controlled by the Company. The Company receives shares from operations of the subsidiaries depending on its power of enforcing financial and operational policies adopted by the subsidiary companies. Existing and convertible voting rights are taken into consideration while determining the controlling power. Financial statements of the subsidiaries are included in the consolidated financial statements for the period between gaining and losing controlling power.

The company owns 100 % of Rolweg SA and Ulidaş as of March 31, 2018. Since the Company has absolute controlling power over the operations of Rolweg SA and Ulidaş, the financial statements of Rolweg SA and Ulidaş are included in the enclosed consolidated financial statements by means of full consolidation.

2.1.5.2. Elimination in Consolidation Process

Financial position statements and profit / loss statements of Rolweg SA and Ulidaş are consolidated by using full consolidation method and Rolweg SA's and Ulidaş's recorded assets shown on the Company's books as subsidiaries and shareholders' equity shown on Rolweg SA's and Ulidaş's books are mutually offset. Consolidated financial statements are free of all balances and transactions related to the operations between Rolweg SA, Ulidaş and the Company and of any unrealized incomes and expenses. If necessary, adjustments related to accounting policies are made on the financial statements of the subsidiaries in order to make sure that they comply with the accounting policies adopted by the Company. All in-group transactions, balances, incomes and expenses are eliminated on the consolidation process.

2.1.5.3. Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are separately shown in the Group's shareholders equity. Non-controlling interests include amount of shares arising from initial company mergers and amount of non-controlling interests arising from shareholders equity changes starting from the date of merger.

2.1.6. Comparative Information and Adjustment of Financial Statements issued on the Previous Period

The information presented on the consolidated financial statements is information compared with the previous period. In order to assure compliance with the current period consolidated financial statements, comparative information is reclassified, if necessary.

2.1.7. Netting

Financial assets and liabilities are included on the consolidated financial position statement with net values provided that there is a legal right of netting, net payment is made or collection of payment is possible or if acquisition of an asset and performance of the liability can be performed simultaneously.

2.1.8. Changes in Accounting Policies

Material changes made on the accounting policies are applied retrospectively and financial statements of the previous period are rearranged.

2.1.9. Changes and Errors in Accounting Forecasts

If the changes in accounting forecasts relate only to one period, the change shall be applied to the current period of change; if the changes related to the future periods, the change is applied both to the current period of change and future periods prospectively. Material accounting errors determined are examined retrospectively and financial statements of previous periods are rearranged.

Group management refers to accounting estimates on matters like determination of useful life of tangible and intangible fixed assets, determination of actuarial assumptions used in the calculation of severance pay, provisions to be reserved for litigation and execution proceedings pending in favour or against the Group, determination of decrease in value of inventories.

*Important Accounting Assessments, Estimates and Assumptions*

Company management must make assumptions and estimates during the preparation of financial statements to be affecting reported amount of assets and liabilities, determining possible obligations and undertakings as of reporting date, and income and expense amounts as of reporting period.

Assumptions made by the Group as of reporting period are as follows:

- Severance pay obligation is determined by using actuarial assumptions (rates of discount, coming salary increase rates, employee turnover rates).
- Tangible and intangible fixed assets are subjected to depreciation according to useful life with straight line depreciation method. Useful life is reviewed every year for potential effects of changes emerging in residual value and depreciation method estimates.
- If suspicion (uncertainty) arises on collection of receivables, Group makes provisions for these receivables, regardless of the status of the proceedings (whether a lawsuit being filed or not).
- Inventories are reflected on financial statements over lower of acquisition cost or the net realisable value.

2.1.10. Summary of Accounting Policies Applied

2.1.10.1. Revenue

Revenue is the gross economic benefit obtained from the Group's activities in the period and resulted with equity increase, excluding the shareholders' contribution to the capital. Revenue includes only the gross benefit flows obtained and to be obtained on behalf of the Group. Revenue will be a subject to recognition when future economic benefits will be probably Group inputs and the benefits in question can be measured in a reliable manner; the fair value of the amount received or to be received shall be used for measurement. Net sales are calculated by deducting returns on sales and sales discounts from gross sales.

The Group's revenues come from selling wheat, corn, flour, bran, razmol and glean.

2.1.10.2. Tangible Fixed Assets

The Group's underground and aboveground installations, fixtures, facilities, machines, devices and such other tangible fixed assets, including expenses incurred for operationalizing the assets, are shown by deducting accumulated amortization and accumulated loss of value from costs. Vehicles are included in the consolidated financial statements according to revaluation model as of March 31, 2018 and December 31, 2017, the difference of value is reported amongst shareholders equity under tangible fixed asset revaluation fund and on the comprehensive income statement of the related period. Land in the value of TRY 7.342.704 and buildings in the value of TRY 16.657.296 are obtained by sale and lease back method as of March 31, 2018 and December 31, 2017. If tangible fixed assets are sold, cost and accumulated amortizations related to those assets are deducted from related accounts and then profit or loss calculated is transferred to the statement of profit and loss. Assets, excluding lands, are subject to amortization and assets are subjected to amortization by taking into consideration the ratios given in proportion to the useful life.

| | Useful Life |
|---|---|
| Underground and aboveground facilities | 25-40-50 Years |
| Buildings | 25-50 Years |
| Fixtures | 3-4-5-6-9-10-15-16-50 Years |
| Vehicles | 2-4-5-10-15 Years |
| Facilities, Machines and Devices | 4-5-6-8-10-13-15-16<br>17-20-25-40-50 Years |

2.1.10.3. Intangible Fixed Assets

Intangible fixed assets are recorded based on cost of acquisition and subject to amortization by taking into consideration the ratios determined in proportion to the asset's useful life.

| | Useful Life |
|---|---|
| Rights | 3-4-5-10-15 Years |

2.1.10.4. Impairment of Assets

Each asset, excluding financial assets, are evaluated to determine whether or not there are indications suggesting loss of value regarding any asset on each reporting date. All assets, excluding financial assets but including long term assets, will have loss of value provisions if the asset's recorded value is below the market value (the amount to be recovered).

2.1.10.5. Borrowing costs:

All financing expenses are recorded on the statement of profit and loss in the period of accrual since there are no qualifying asset.

2.1.10.6. Inventories:

Inventories are evaluated based on either net realizable value or cost value, whichever is less. Inventory costs include all purchasing costs and other costs incurred for bringing the inventories to the current status and position. Net realizable value is the amount to be calculated by deducting total of estimated completion cost and estimated sales cost required for realizing the sales from estimated selling price associated with ordinary trading activity. As valuation method of inventory, weighted average cost method is used.

2.1.10.7. Financial Assets

2.1.10.7.1. Cash and cash equivalents

Cash and cash equivalent items are cash, demand deposit, time deposit (deposit with maturity date less than 3 months) and other short term liabilities which have a maturity date of 3 months or less than 3 months starting

from the date of purchasing and they should be cash equivalents which have high liquidity not subject to material risk of value change. The book values and fair values of these assets are not materially different.

2.1.10.7.2. Trade and Other Receivables

Trade and other receivables are subject to recognition based on fair values on the first day of recording. They are given based on amortized value on the reporting periods following the date of recording by using efficient interest method. If there are indications that the amounts to be paid cannot be collected, then provisions shall be retained for estimated amount of trade receivables that cannot be collected and the provisions shall be included on profit / loss account. It is considered that the values of trade receivables and other receivables on the consolidated financial position statement are estimated fair values.

2.1.10.7.3. Derivative Financial Instruments

Derivative financial instruments are retained for buying and selling the instruments or hedging. The Group holds all derivative financial instruments for buying and selling them. The difference between the cost of derivative financial instrument and fair value is associated with the profit / loss statement.

2.1.10.7.4. Available for Sale Financial Assets

“Available for Sale Financial Assets” are financial assets excluding loans and receivables, assets to be retained until a maturity date and excluding financial assets where the fair value difference is included in the profit or loss statement. If the available for sale financial assets based on equity do not have any fair value registered to stock exchange or other methods used for calculating the fair value are not available and thus the fair value cannot be measured in a reliable manner; the registered value of financial assets is calculated by deducting provision for losses, if any, from cost of acquisition.

2.1.10.8. Financial Liabilities

2.1.10.8.1. Financial Liabilities

Financial Liabilities at interest are recorded based on their fair value at the beginning and then appraised using effective rate of interest.

2.1.10.8.2. Trade and Other Payables

Trade and other payables are recorded based on their fair value at the beginning and then appraised based on amortized value using effective rate of interest. It is assumed that there are no significant differences between book values and fair values of trade and other payables.

Credit Risk:

The group's credit risk might actually arise from trade receivables. Trade receivables are evaluated by the Group management based on past experiences and current economic status and it is written as a net amount on the financial position statement after retaining sufficient amount of provisions for doubtful receivables.

Market Risk:

The market risk is the change of interest rates, exchange rates or value of securities or other financial contracts that might have impact on the Group.

Liquidity Risk:

The group creates funds by converting short term financial instruments into cash. Amounts gained from these instruments are recorded using their fair values.

2.1.10.9. Impacts of Exchange Rate Change

The transactions accounted on the group's legal records in foreign currency (currencies excluding TRY) are converted to Turkish Liras by using the exchange rates on the date of transaction. Foreign exchange based assets and debts included on the consolidated financial position statement are converted into Turkish Liras by using the exchange rates announced on the date of reporting. Foreign currency profits and losses resulting from this conversion and collection and settlement of the foreign exchange transactions are included on the profit and loss statement.

2.1.10.10. Earnings per share:

According to Turkish Accounting Standards 33, earnings per share is calculated by dividing the period profit by the weighted average of number of ordinary shares in circulation.

2.1.10.11. Post reporting period incidents:

This means any incident that took place between the date of reporting and date of approval for publishing the consolidated financial status statement which might be in favor or against the Group. If there are new evidences proving the existence of mentioned incidents as of the reporting date or if the incidents occur after the reporting date, the Group should clarify the matter on the footnotes section.

If incidents that require adjustments occur after the date of reporting, then the Group readjusts the consolidated financial statement amounts based on the new course of events.

2.1.10.12. Related parties:

The group shareholders, companies owned by them, their executives and other parties, institutions known to be related are defined as related parties on the enclosed consolidated financial statements. The related party expression used herein means direct or indirect control of a Group, having rights that will have material impact on the Group or the Group's subsidiaries, board of directors members and executives such as general manager.

2.1.10.13. Taxes calculated on the basis of the Company's Earnings:

Corporate tax rate in Turkey is 22% for the fiscal year of 2018 (31 December 2017: 20%). This rate is applied to the tax base to be calculated by adding non-deductible expenses to the company's earnings and deducting exemptions allowed under the tax laws (such as affiliation privilege) and discounts (investment discounts, R&D etc.). No other tax shall be paid unless the profit is distributed. Corporate tax rate is determined as 22% for 2018, 2019 and 2020 financial taxation periods according to 10$^{th}$ provisional article added to Law No.5520 with 91$^{st}$ article of Law No.7061.

The group calculates advance tax of 22 % over the quarterly financial profits and declares the amount until the 14$^{th}$ day of second month following that period and then pays until the end of office hours on 17$^{th}$ day. Advance tax paid in a year relates to that particular year and it is deducted from the corporate tax to be calculated on the corporate tax return to be submitted on the following year. According to the Turkish tax regulations, financial losses indicated on the tax return can be deducted from the company's earnings in a period provided that it does not exceed 5 years.

2.1.10.14. Employee Benefits / Severance Pay Provisions and Pension Plans

According to the law in force, the Group is obliged to pay a certain lump sum amount to the personnel leaving the company because of retirement and personnel dismissed due to the reasons not included in the Labor Act.
Severance Pay provision is included on the enclosed consolidated financial statements by estimating the today's value of total liability to be paid with the assumption that all employees entitled as of reporting date are dismissed and the calculation is based on Turkish Accounting Standard 19 "Employee Benefits."

2.1.10.15. Government Incentives and Subsidies

All government incentives, including the non-monetary government incentives that are monitored based on fair value, are not included in the financial statements unless there is reasonable assurance that following conditions shall be met.

a) Group complies with prerequisites of obtaining it and
b) Group receives the incentive.

Accounting of incentive does not depend on the form of government incentive. Accordingly, government incentives are accounted in the same manner even if they are received in cash or as a relief of liability to the government.

Loan granted by the government at an interest rate lower than the market interest rate is considered as government incentive. This loan is accounted and measured according to "Turkish Accounting Standards 39 Financial Instruments: Accounting and Measurement". The benefit of lower interest rate is measured as the difference between the initial book value of the loan determined as per the Turkish Accounting Standard 39 and gains received. The benefit in question is accounted according to this Standard. Conditions and liabilities to be met are taken into consideration while determining the costs planned to be covered with loan benefit offered.

There are two general approaches regarding accounting of government incentives: (1) "Capital Approach" which accounts incentive not under profit or loss and (2) "Income Approach" which accounts incentive under profit or loss in one or several periods.

When we take into consideration that income tax and other taxes are forms of expenditure, government incentives which are part of financial policies can be associated with profit or loss.

2.1.10.16 Investment Properties

As an accounting policy, the group has adopted fair value method or cost method and has been applying said method to all investment properties.

A company choosing cost method after the initial recognition procedure measures all of its investment properties using cost method within the scope of provisions in TMS (Turkish Accounting Standards) 16 for the said method.

Measuring its investment properties using the fair value method, the Group includes the revenue or loss derived from the changes in the fair value of the investment property into profit or loss in the corresponding period. Remarks about the investment properties of Group are listed in footnote 19.

As of March 31, 2018 land valued at TRY 5,610,000 and buildings valued at TRY 3,830,000 are those acquired via sell and lease back.

2.1.10.17 Sale and Lease Back Contract

The Group signed a Sale and Lease Back Contract with Deniz Finansal Kiralama A.Ş. on 31 March 2015 and with Finans Finansal Kiralama A.Ş. on 13 July 2016 . The Group considers these contracts as part of TMS 17 Lease Procedures. The amount corresponding to the fair values of the lands and buildings included in the said contracts and that was collected from the financial leasing company as part of the financial leasing contract has been recognised as "Short Term Borrowing" in the consolidated financial statements. The fixed asset sales profit has been recognised as Deferred Income according to TMS 17 standard and transferred to statement of profit and loss for each period according to due date of leasing payables.

## 2.2. Material Accounting Assessments, Estimations and Assumptions

In order to assure that consolidated financial statements are prepared according to the Turkish Financial Reporting Standards, the Group management should make some estimations and assumptions that will have impact on assets and liabilities reported and on explanations regarding possible assets and liabilities to be realized as of reporting date. Actual results might be different from current estimations. These estimations and assumptions are regularly revised and related readjustments, if any, are reported on the consolidated profit or loss statement issued on the period of occurrence.

## 2.3. New and Revised Turkish Financial Reporting Standards

The group has complied with all standards issued by KGK as compulsory standards as of March 31, 2018 and all remarks of KGK.

Changes valid as of 2018 are as follows.

TFRS 2 Share Based Payment Changes

It will be effective as of 1 January 2018 and in annual reporting periods starting after this date.

This change clarifies the standard on the matter of accounting of cash-settled share based payment transactions containing progress payment condition, classification of share based payment transactions having net payment characteristics and accounting of a change converting a share based payment transaction class from cash-settled share based payment to an equity-settled share based payment.

TFRS 9 Financial Instruments

TFRS 9 brings new provisions concerning classification, measurement, deduction from records of financial assets/liabilities and general protection accounting. TFRS 9 will be effective for annual fiscal periods starting on 1 January 2019 or afterwards. Earlier application of the standard is allowed.

TFRS 15 Revenue from Contracts with Customers

When TFRS 15 comes into force, standards and associated interpretations of Turkish Accounting Standard (TMS) 18 Revenue and TMS 11 Construction Contracts ensuring revenue to be included in the financial statements will be abrogated. Standard brings in new 5 step model for including revenue in financial statements.

1. Definition of contracts with customers
2. Definition of acquisition liabilities in the contract
3. Determination of transaction cost
4. Distribution of transaction cost in the contracts among acquisition liabilities
5. Inclusion of revenue in financial statements by way of company meeting acquisition liabilities

Also, TFRS 15 requires more comprehensive explanations in footnotes. TFRS 15 will be effective in periods as of 1 January 2018 and afterwards.

TFRS 16 Leasing Transactions

It will be effective as of 1 January 2019. This standard will replace TMS 17 standard, and brings in an extensive change specially in terms of lessors.

TMS 40 Transfer of Investment Properties

With the change made in the standard, it is clarified that intention of company management to change the use of asset does not constitute evidence by itself that the purpose of use of the asset will change. When a company decides to dispose investment property without making any improvement or development on it, property will be continued to be evaluated as investment property until the property is excluded from the financial statement, and this property will not be reclassified as inventory. Likewise, when the company starts to restructure the existing investment property in order to continue to use it in the same manner in the future, this property is continued to be classified as investment property, and during the restructuring process, the property cannot be classified as a property used by the owner. This change in the standard is effective for the fiscal years starting as of 1 January 2018 and afterwards, and any earlier implementation is allowed.

TFRS Interpretation 22 Foreign Currency Transactions and Advance Considerations

This interpretation clarifies the matter of accounting of transactions covering the advance payments received or made in foreign currency. It indicates the transaction date as the initial recognition date of non-monetary assets or non-monetary liabilities, arising from advance receipt or payment of the company, for the purpose of determining the exchange rate to be used in the initial recognition of the relevant asset, expense or revenue. Interpretation will be applied for the fiscal years starting as of 1 January 2018 and afterwards.

**3. MERGERS**
None

**4. SHARES IN OTHER COMPANIES**
None

## 5. REPORTING BASED ON DEPARTMENTS

| **31 March 2018** | **Wheat and Flour Trade** | **Licensed Warehousing** | **Elimination** | **Total** |
|---|---|---|---|---|
| Sales | 607.144.509 | 197.832 | (91.809) | 607.250.532 |
| Cost of sales | (590.433.560) | (201.509) | 90.386 | (590.544.683) |
| **Gross real operating profit** | **16.710.949** | **(3.677)** | **(1.423)** | **16.705.849** |
| General administration expenses (-) | (2.109.536) | (103.890) | 53.464 | (2.159.962) |
| Marketing, Sales and Distribution Expenses (-) | (8.516.620) | - | - | (8.516.620) |
| Research and Development Expenses (-) | (31.036) | - | - | (31.036) |
| Other real operating income | 30.088.908 | 244.066 | (52.041) | 30.280.933 |
| Other real operating expenses (-) | (13.435.872) | (34.978) | - | (13.470.850) |
| **Operating profit /(loss)** | **22.706.793** | **101.521** | **-** | **22.808.314** |
| Income from Investing Activities | 154.113 | - | - | 154.113 |
| Expenses from Investing Activities | - | – | - | - |
| Profit / loss shares of investments valued by equity method | 146.095 | - | - | 146.095 |
| **Operating Profit/Loss before Financial Expense** | **23.007.001** | **101.521** | **-** | **23.108.522** |
| Financial income | 14.944.109 | 3 | (194.234) | 14.749.878 |
| Financial expenses (-) | (34.936.394) | (202.101) | 194.234 | (34.944.261) |
| **Profit before tax** | **3.014.716** | **(100.577)** | **-** | **2.914.139** |
| Tax expense | (1.270.546) | 4.686 | - | (1.265.860) |
| **Net Period Profit/(Loss)** | **1.744.170** | **(95.891)** | **-** | **1.648.279** |

| **31 March 2017** | **Wheat and Flour Trade** | **Licensed Warehousing** | **Elimination** | **Total** |
|---|---|---|---|---|
| Sales | 380.297.393 | 122.475 | (67.960) | 380.351.908 |
| Cost of sales | (347.668.103) | (169.285) | 66.689 | (347.770.699) |
| **Gross real operating profit** | **32.629.290** | **(46.810)** | **(1.271)** | **32.581.209** |
| General administration expenses (-) | (1.567.719) | (89.886) | 1.271 | (1.656.334) |
| Marketing, Sale and Distribution Expenses (-) | (7.852.564) | - | - | (7.852.564) |
| Other real operating income | 26.294.517 | 88.694 | - | 26.383.211 |
| Other real operating expenses (-) | (25.011.492) | (71.284) | - | (25.082.776) |
| **Operating profit /(loss)** | **24.492.032** | **(119.286)** | **-** | **24.372.746** |
| Income from Investing Activities | 107.550 | - | - | 107.550 |
| Expenses from Investing Activities | - | – | - | - |
| Profit / loss shares of investments valued by equity method | 62.154 | | - | 62.154 |
| **Operating Profit/Loss before Financial Expense** | **24.661.736** | **(119.286)** | **-** | **24.542.450** |
| Financial income | 39.635.481 | - | (71.032) | 39.564.449 |
| Financial expenses (-) | (52.818.920) | (75.602) | 71.032 | (52.823.490) |
| **Profit before tax** | **11.478.297** | **(194.888)** | **-** | **11.283.409** |
| Tax expense | (2.160.307) | (890) | - | (2.161.197) |
| **Net Period Profit/(Loss)** | **9.317.990** | **(195.778)** | **-** | **9.122.212** |

| **31 March 2018** | **Wheat and Flour Trade** | **Licensed Warehousing** | **Elimination** | **Total** |
|---|---|---|---|---|
| Total Assets | 879.760.019 | 12.799.535 | (13.621.902) | 878.937.652 |
| Total Liabilities | 677.350.088 | 8.732.251 | (4.596.502) | 681.485.837 |
| Equity holders of the parent | 202.409.931 | 4.067.284 | (9.025.400) | 197.451.815 |
| Non-controlling interests | - | - | - | - |
| **31 December 2017** | **Wheat and Flour Trade** | **Licensed Warehousing** | **Elimination** | **Total** |
| Total Assets | 853.499.700 | 12.902.365 | (9.554.208) | 856.847.857 |
| Total Liabilities | 656.988.684 | 8.739.190 | (4.554.208) | 661.173.666 |
| Equity holders of the parent | 196.511.016 | 4.163.175 | (5.000.000) | 195.674.191 |
| Non-controlling interests | - | - | - | - |

| **31 March 2018** | **Wheat and Flour Trade** | **Licensed Warehousing** | **Total** |
|---|---|---|---|
| Investment expenditures* | 6.164.955 | 14.440 | 6.179.395 |
| Depreciation expense within the period | 767.930 | 87.671 | 855.601 |

| **31 December 2017** | **Wheat and Flour Trade** | **Licensed Warehousing** | **Total** |
|---|---|---|---|
| Investment expenditures* | 9.131.039 | 457.603 | 9.588.642 |
| Depreciation expense within the period | 2.877.210 | 343.694 | 3.220.904 |

* It includes purchases regarding tangible fixed assets and intangible fixed assets.

## 6. CASH AND CASH EQUIVALENTS

| | **Interest Rate (31 March 2018)** | **31 March 2018** | **31 December 2017** |
|---|---|---|---|
| Cash | USD: 3,5%-4,35% Interest rate range TRY: 12,75%-14,10% Interest rate range | 83.921 | 190.608 |
| Demand deposits | | 28.104.250 | 35.194.924 |
| Time deposits | | 121.208.492 | 105.146.223 |
| POS accounts | | 4.550 | 31.167 |
| Investments and Fund Accounts | | 2.001.816 | - |
| | | **151.403.029** | **140.562.922** |

## 7. FINANCIAL INVESTMENTS

### Short Term Financial Investments

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Bonds | **268.159** | **307.568** |

**Long Term Financial Investments**

| **Available for Sale Financial Assets** | **%** | **31 March 2018** | **%** | **31 December 2017** |
|---|---|---|---|---|
| Samsun Teknolojik Geliştirme Bölgesi Yönetici A.Ş. | 0.5 | 15.000 | 0.5 | 15.000 |
| | | 15.000 | | 15.000 |
| **Unpaid Capital Commitments (-)** | | | | |
| Samsun Teknolojik Geliştirme Bölgesi Yönetici A.Ş. | | - | | - |
| | | - | | - |
| **Provision for Losses (-)** | | | | |
| Samsun Teknolojik Geliştirme | | - | | - |
| Bölgesi Yönetici A.Ş. | | - | | - |
| | | **15.000** | | **15.000** |

**8. FINANCIAL LIABILITIES**

**Short Term Financial Borrowings**

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Short Term Borrowings | 42.465.079 | 99.605.275 |
| Short Term Parts of Long Term Borrowings (net) | 43.551.934 | 40.334.032 |
| | **86.017.013** | **139.939.307** |

**Short Term Borrowings**

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Short Term Loans | **42.465.079** | **99.605.275** |

**Short Term Borrowings**

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Short Term Loans | 43.007.355 | 100.413.479 |
| Deferred Interests Expenses (-) | (542.276) | (808.204) |
| **Short Term Loans (net)** | **42.465.079** | **99.605.275** |

Details of short term loans (net) are as follows as of March 31, 2018:

| **Currency** | **Interest Rate Interval** | **Foreign Exchange Amount** | **TRY Amount** |
|---|---|---|---|
| US Dollars | 1,37%-3,43% Interest Rate Range | USD 10.238.338 | 40.430.174 |
| TRY | 6,54%-6,81% Interest Rate Range | | 2.034.905 |
| | | | **42.465.079** |

Details of short term loans (net) are as follows as of December 31, 2017:

| **Currency** | **Interest Rate** | **Foreign Exchange Amount** | **TRY Amount** |
|---|---|---|---|
| US Dollars | 1,37%-3,43% Interest Rate Range | USD 25.671.128 | 96.828.927 |
| TRY | | | 2.776.348 |
| | 6,54%-6,81% Interest Rate Range | - | **99.605.275** |

**Short Term Parts of Long Term Borrowings**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Short Term Parts of Long Term Loans (Net) | 40.084.216 | 37.048.862 |
| Short Term Parts of Long Term Leasing Payables (net) | 3.467.718 | 3.285.170 |
| | **43.551.934** | **40.334.032** |

**Short Term Parts of Long Term Loans**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Short Term Parts of Long Term Loans | 49.629.250 | 46.819.016 |
| Deferred Interest Expenses (-) | (9.545.034) | (9.770.154) |
| **Short Term Parts of Long Term Loans (net)** | **40.084.216** | **37.048.862** |

Details of short term parts of long term loans (net) are as follows as of March 31, 2018:

| Currency | Interest Rate Interval | Foreign Exchange Amount | TRY Amount |
|---|---|---|---|
| US Dollars | 4,12%-4,77% Interest Rate Range | USD 1.513.123 | 5.975.171 |
| Euro | 2,46%-3,28% Interest Rate Range | EUR 3.265.403 | 15.893.695 |
| TRY | 14,80%-17,77% Interest Rate Range | - | 18.215.350 |
| | | | **40.084.216** |

Details of short term parts of long term loans (net) are as follows as of December 31, 2017:

| Currency | Interest Rate Range | Foreign Exchange Amount | TRY Amount |
|---|---|---|---|
| US Dollars | 4,12% | USD 913.859 | 3.446.985 |
| Euro | 2,46%-3,28% Interest Rate Range | EUR 3.520.971 | 15.898.946 |
| TRY | 14,80%-17,77% Interest Rate Range | - | 17.702.931 |
| | | | **37.048.862** |

**Short Term Parts of Long Term Leasing Payables**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Short Term parts of long term leasing payables | 3.771.205 | 3.601.389 |
| Deferred Interests Expenses (-) | (303.487) | (316.219) |
| **Short term parts of long term financial leasing payables (net)** | **3.467.718** | **3.285.170** |

Details of short term parts of long term leasing payables (net) are as follows as of March 31, 2018:

| Currency | | Foreign Exchange Amount | TRY Amount |
|---|---|---|---|
| US Dollars | | USD 878.148 | 3.467.718 |
| Euro | | - | - |
| TRY | | - | - |
| | | | **3.467.718** |

Details of short term parts of long term leasing payables (net) are as follows as of December 31, 2017:

| **Currency** | | **Foreign Exchange Amount** | **TRY Amount** |
|---|---|---|---|
| US Dollars | | USD 870.959 | 3.285.170 |
| Euro | | - | - |
| TRY | | - | - |
| | | | **3.285.170** |

**Long Term Financial Borrowings**

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Long Term Loans (net) | 78.997.475 | 73.562.815 |
| Long Term Leasing Payables (net) | 5.241.924 | 5.842.780 |
| **Long Term Financial Borrowings (net)** | **84.239.399** | **79.405.595** |

**Long Term Loans**

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Long Term Loans | 90.567.186 | 85.669.168 |
| Deferred Interests Expenses (-) | (11.569.711) | (12.106.353 |
| **Long Term Loans (net)** | **78.997.475** | **73.562.815** |

Details of long term loans (net) are as follows as of March 31, 2018:

| **Currency** | **Interest Rate** | **Foreign Exchange Amount** | **TRY Amount** |
|---|---|---|---|
| US Dollars | 4,12%-4,77% Interest Rate Range | USD 5.050.476 | 19.943.825 |
| Euro | 2,46%-3,28% Interest Rate Range | - | - |
| TRY | 14,80%-17,77% Interest Rate Range | - | 59.053.650 |
| | | | **78.997.475** |

Details of long term loans (net) are as follows as of December 31, 2017:

| **Currency** | **Interest Rate** | **Foreign Exchange Amount** | **TRY Amount** |
|---|---|---|---|
| US Dollars | 4,12% | USD 1.793.333 | 6.764.274 |
| Euro | 2,46%-3,28% Interest Rate Range | EUR 750.000 | 3.386.625 |
| TRY | 14,80%-17,77% Interest Rate Range | - | 63.411.916 |
| | | | **73.562.815** |

**Long Term Leasing Payables**

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Long Term Leasing Payables | 5.426.215 | 6.079.809 |
| Deferred Interest Expenses (-) | (184.291) | (237.029) |
| **Long Term Leasing Payables (net)** | **5.241.924** | **5.842.780** |

Details of long term leasing payables (net) are as follows as of March 31, 2018:

| **Currency** | | **Foreign Exchange Amount** | **TRY Amount** |
|---|---|---|---|
| US Dollars | | USD 1.327.439 | 5.241.924 |
| Euro | | - | - |
| TRY | | - | - |
| | | | **5.241.924** |

Details of long term leasing payables (net) are as follows as of December 31, 2017:

| **Currency** | | **Foreign Exchange Amount** | **TRY Amount** |
|---|---|---|---|
| US Dollars | | USD 1.549.028 | 5.842.780 |
| Euro | | - | - |
| TRY | | - | - |
| | | | **5.842.780** |

## 9. OTHER FINANCIAL LIABILITIES

None

## 10. TRADE RECEIVABLES AND PAYABLES

**Short Term Trade Receivables**

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Trade receivables from affiliates | 4.109.860 | 98.629 |
| Trade receivables from non-affiliates | 283.852.423 | 298.280.879 |
| Notes receivables from affiliates | 3.996.327 | - |
| Notes receivables from non-affiliates | 29.005.759 | 35.469.611 |
| Deferred Late Interest Income (-) | (1.595.247) | (2.003.386) |
| Doubtful Trade Receivables | 5.433.306 | 5.427.384 |
| Provisions for Doubtful Trade Receivables (-) | (5.433.306) | (5.427.384) |
| **Short Term Trade Receivables (net)** | **319.369.122** | **331.845.733** |

Doubtful trade receivables change is as follows as of March 31, 2018 and December 31, 2017:

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Doubtful Trade Receivables at the beginning of period | 5.427.384 | 5.228.381 |
| Provision retained in the period | 66.615 | 552.822 |
| Waived receivables | - | - |
| Cancelled provision (-) * | (60.693) | (353.819) |
| **Doubtful Trade Receivables on period end** | **5.433.306** | **5.427.384** |

* It includes Collected Doubtful trade receivables

**Long Term Trade Receivables**

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Trade receivables from affiliates | - | - |
| Trade receivables from non-affiliates* | 8.787.903 | 8.772.802 |
| **Long Term Trade Receivables (net)** | **8.787.903** | **8.772.802** |

*see footnote 24

**Short Term Trade Payables**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Trade Payables to affiliates | 416.159 | 200.700 |
| Trade Payables to non- affiliates * | 500.439.353 | 397.733.919 |
| Notes Payables to affiliates | - | 12.283.559 |
| Notes Payables to non- affiliates | 661.797 | 596.403 |
| Deferred Late Interest Expense (-) | (3.793.089) | (4.702.011) |
| **Short Term Trade Payables (net)** | **497.724.220** | **406.112.570** |

* As of March 31, 2018 TRY 368.194.828 of the trade payables to non-affiliates are from letters of credit payables. (December 31, 2017 : TRY 366.841.220)

## 11. OTHER RECEIVABLES AND PAYABLES

**Other Short Term Receivables**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Deposits and Guarantees Given | - | 121.026 |
| Receivables from Public Institutions | 1.619.613 | 1.823.557 |
| Other receivables from affiliates | - | - |
| Other receivables from non-affiliates | - | - |
| Receivables from personnel | 1.305 | - |
| Doubtful Other Receivables | 710.802 | 678.942 |
| Provisions for Doubtful Other Receivables (-) | (710.802) | (678.942) |
| | **1.620.918** | **1.944.583** |

**Other Long Term Receivables**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Deposits and Guarantees Given | **169.558** | **169.558** |

**Other Short Term Payables**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Other Payables to Non-affiliates | **73.474** | **68.889** |

**Other Long Term Payables**
None

## 12. RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES
None

## 13. DERIVATIVE INSTRUMENTS

**Derivative Financial Assets**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Futures Market Guarantees | 5.275.846 | 5.569.834 |
| Derivative Financial Instruments | 3.075.897 | - |
| | **8.351.743** | **5.569.834** |

**Derivative Financial Liabilities**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Futures Market Guarantees | - | - |
| Derivative Financial Instruments | - | 1.330.043 |
| | - | **1.330.043** |

Guarantees given for transacting on futures market are classified as futures market guarantees, and fair values of forward contracts and option contracts are classified as derivate financial instruments. Profits or losses arising from transactions during the period are shown on profit or loss statement; financing incomes and expenses are shown as derivate financial instrument incomes and expenses whereas the fair value differences of open positions as of reporting date are reported on financial incomes section.

**Fair Values of Financial Instruments**

Group classifies its financial instruments reflected to consolidated financial statements with their fair values, using a three level hierarchy according to the source of valuation input of each class of financial instruments.

Level 1: Valuation techniques using the quotation prices in active markets of the identical assets or debts that the Group has access on the measurement date,

Level 2: Other valuation techniques that include input other than the quotation prices in Level 1, which are directly or indirectly observable in relation to assets or debts,

Level 3: Valuation techniques using the non-observable input in relation to assets or debts.

| **31 March 2018** | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Forward Exchange Contracts (For purchase and sale) | - | 8.351.743 | - |
| | - | **8.351.743** | - |
| | | | |
| **31 December 2017** | Level 1 | Level 2 | Level 3 |
| Forward Exchange Contracts (For purchase and sale) | - | 4.239.791 | - |
| | - | **4.239.791** | - |

Foreign currency forward transactions (Level 2) have been valued using the foreign currency exchange ratio in effect on the balance sheet date by discounting the fair value of the foreign currency futures contract to the current date.

**14. INVENTORIES**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Raw Materials and Supplies | 33.028.811 | 30.451.115 |
| Finished Products | 2.733.568 | 4.341.656 |
| Goods in transit* | 186.100 | 1.880.845 |
| Trade Goods** | 178.517.494 | 187.014.141 |
| Other Inventory | 424.356 | 321.405 |
| Allowance for Decrease in Value of Inventories (-) | (91.730) | (1.668.004) |
| | **214.798.599** | **222.341.158** |

There are no mortgages, securities and liens on the inventories, the inventories are insured.

* Goods in transit mean goods that are at the customs and that are under a sales contract but not shipped yet however the goods have not been discharged and they are under the control and responsibility of the company.

** TRY 116.738.830 portion of the commercial goods is composed of commercial goods purchased within the scope of transit trade.

**15. BIOLOGICAL ASSETS**
None

**16. PREPAID EXPENSES AND DEFERRED INCOMES**

**Short Term Prepaid Expenses**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Advances given to affiliates for purchase orders | - | - |
| Advances given to non-affiliates for purchase orders | 66.005.728 | 46.546.557 |
| Insurance Expenses and Other prepaid expenses | 436.442 | 459.659 |
| | **66.442.170** | **47.006.216** |

**Long Term Prepaid Expenses**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Insurance Expenses | - | - |
| Advances given to non-affiliates for purchase orders* | 3.042.014 | 3.042.014 |
| | **3.042.014** | **3.042.014** |

See footnote # 24

**Short Term Deferred Incomes**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Advances received from affiliates | - | - |
| Advances received from non-affiliates | 5.707.101 | 27.631.339 |
| Deferred incomes* | 429.633 | 429.633 |
| | **6.136.734** | **28.060.972** |

**See Footnote #19

**Long Term Deferred Incomes**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Deferred Incomes** | 615.612 | 721.549 |
| | **615.612** | **721.549** |

**See Footnote #21

## 17. RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS

None

## 18. INVESTMENTS VALUED BY EQUITY METHOD

| Name of Participation | % | 31 March 2018 | % | 31 December 2017 |
|---|---|---|---|---|
| Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. | 17 | 4.749.099 | 17 | 4.620.004 |

The Group acquired 17 % shares of Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. on March 28, 2013.

According to Article 5 of Turkish Accounting Standard 28 "Investments in Participations and Business Partnerships"; if a company holds 20 % or more of the voting rights of a firm that directly or indirectly invested in, this investment is considered as a material activity of the investor. If the Company holds less than 20 % of the voting right, then it shall be considered as a material activity under Article 6 if the investor is represented at the board of directors or similar management bodies of the company invested in; if the investor participates to the process of determining company policies including dividends or other distribution decisions; if the investor company and invested company conduct material business activities, if the companies exchange executive personnel or if know-how required by the company is provided. Hence, Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. is considered as a material activity although the Company owns only 17 % of Sasbaş because the Company meets the requirements listed on Article 6 of the mentioned standard.

| Participations | Goodwill* | Nominal Share Value | Acquisition Value |
|---|---|---|---|
| Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. | 3.910.000 | 340.000 | 4.250.000 |

* According to Article 32 of Turkish Accounting Standard 28 "Investments in Participations and Business Partnerships", a participation investment shall be only accounted according to equity method starting from the date when invested company becomes a "participation". Goodwill related to a participation is included in the book value of participation investment. Accordingly, goodwill amounting TRY 3.910.000 is included in participation investments book value, excluding an amount of TRY 340.000 that corresponds to participation shares related to Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş.

According to equity method, participation investment is recorded according to the initial acquisition cost. After the date of acquisition, the profit of loss share of the investor in the invested company is increased or reduced through book value of the investment in order to be shown on the consolidated financial statements. The investor's share in the profit or loss of the invested company is accounted as profit or loss of the investor.

As of March 31, 2018; book value of profit sharing amounting to TRY 146.095 (December 31, 2017 : TRY 303.026), which is the Group's share in participations' profit, has increased and investments valued with equity method are included on the profit and loss statement as shares in profit / loss.

Details of value changes experienced by Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. as of March 31, 2018 are as follows:

| | **1 January – 31 March 2018** |
|---|---|
| Value as of December 31, 2017 | 4.620.004 |
| Profit Share of Ulusoy Un as of March 31, 2018 | 146.905 |
| Dividend Income Accrued | (17.000) |
| | **4.749.909** |

According to paragraphs B12(a) and (b) of the Turkish Financial Reporting Standard 12 " Explanations Regarding Shares in Other Companies"; the summarized information of Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. to be disclosed as of March 31, 2018 and December 31, 2017 are as follows:*

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Current Assets | 4.002.572 | 3.057.479 |
| Fixed Assets | 4.682.873 | 4.780.964 |
| Short Term Liabilities | 320.768 | 140.606 |
| Long Term Liabilities | 405.495 | 498.038 |
| Revenue | 1.458.374 | 4.407.564 |
| Period Profit / (Loss) from Continuing Operations | 859.383 | 1.782.507 |
| Period Profit / (Loss) from Discontinuing Operations after Tax | - | - |
| Other Comprehensive Income | 859.383 | 1.782.507 |
| Total Comprehensive Income | 859.383 | 1.782.507 |
| | | |

* According to paragraph B15 (b) of the Turkish Financial Reporting Standard 12 "Explanations regarding Shares in other Companies"; financial information is obtained from legal records of participations.

## 19. INVESTMENT REAL ESTATES

| **Fixed Asset Distribution** | **Lands and parcels** | **Buildings** | **Total** |
|---|---|---|---|
| Opening Balance on January 1, 2018 | 5.610.000 | 3.830.000 | 9.440.000 |
| Inputs | - | - | - |
| Outputs | - | - | - |
| Closing Balance on March 31, 2018 | **5.610.000** | **3.830.000** | **9.440.000** |
| | | | |
| **Fixed Asset Distribution** | **Lands and parcels** | **Buildings** | **Total** |
| Opening Balance on January 1, 2017 | 5.610.000 | 3.830.000 | 9.440.000 |
| Inputs | - | - | - |
| Outputs | - | - | - |
| Closing Balance on December 31, 2017 | **5.610.000** | **3.830.000** | **9.440.000** |
| | | | |
| **Accumulated Depreciation Distribution** | **Lands and parcels** | **Buildings** | **Total** |
| Opening Balance on January 1, 2017 | - | - | - |
| Period expenses | - | - | - |
| Outputs | - | - | - |
| Reclassification | - | - | - |
| Closing balance on December 31, 2017 | - | - | - |
| **Net Book Value on December 31, 2017** | **5.610.000** | **3.830.000** | **9.440.000** |

The Group acquired TRY 1,717,356 from fixed asset sale under Sell and Lease Back Contract. In accordance with Article 60 of Turkish Accounting Standard (TAS) 17 Leasing Contracts, in cases where sell and lease back transactions result in financial leasing, part of the sales income exceeding book values cannot be immediately accounted as income by the leaser. Instead, said income is deferred and amortized during the lease period. Therefore, as of 31 March 2018, period profit/loss of TRY 105.937 and fixed asset sale income of TRY 429.633 is reported in short term deferred income and fixed asset sale income of TRY 615.612 is reported in long term deferred income.

The zoning plan / expropriation details and encumbrance reviews regarding the investment properties (lands and buildings) included in Group assets as of March 31, 2018 are as follows:

**LOT 511; BLOCK 1 and BLOCK 10**

**Zoning Plan / Expropriation details:**

Lot 511; blocks 1 and 10 are in "Industrial Area".

Restrictions on Lot 511; block 1 are as follows:

6.47 m2 of this block is in road and 24.68 m2 is in lot 511, block 7.

There is a right of way granted on 360.34 m2 of the lot in favor of M. TEK General Directorate.

Restrictions on Lot 511; block 10 are as follows:

Lot 511, block 7 violates this block by 480.53 m2. This block violates lot 511, block 7 by 35.70 m2.

## 20. ASSETS RELATED TO CURRENT PERIOD TAX

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Prepaid Taxes and Funds | 1.113.792 | 720.097 |

## 21. TANGIBLE FIXED ASSETS

Details of tangible fixed assets are as follows as of March 31, 2018:

| **Fixed asset Distribution** | **Facilities, Machines and Devices** | **Underground and aboveground arrangements** | **Lands and parcels** | **Buildings** | **Fixtures** | **Vehicles** | **Special Costs** | **Ongoing Investments** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| Opening Balance on January 1, 2018 | 30.822.895 | 304.427 | 9.294.898 | 17.070.235 | 2.247.195 | 7.716.880 | 467.566 | 14.735.272 | 82.659.368 |
| Inputs | 81.672 | - | - | - | 81.149 | 701.833 | - | 5.300.198 | 6.164.852 |
| Outputs | - | - | - | - | - | (61.580) | - | - | (61.580) |
| Reclassification | - | - | - | - | - | - | - | - | - |
| Closing Balance on March 31, 2018 | **30.904.567** | **304.427** | **9.294.898** | **17.070.235** | **2.328.344** | **8.357.133** | **467.566** | **20.035.470** | **88.762.640** |

| **Accumulated Depreciation Distribution** | **Facilities, Machines and Devices** | **Underground and aboveground arrangements** | **Lands and parcels** | **Buildings** | **Fixtures** | **Vehicles** | **Special Costs** | **Ongoing Investments** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| Opening Balance on January 1, 2018 | 7.660.114 | 62.660 | - | 1.486.077 | 1.167.531 | 4.034.006 | 246.088 | - | 14.656.476 |
| Period expenses | 291.975 | 1.730 | - | 133.554 | 74.934 | 308.343 | 19.834 | - | 830.370 |
| Outputs | - | - | - | - | - | (43.022) | - | - | (43.022) |
| Reclassification* | - | - | - | - | - | - | - | - | - |
| Closing balance on March 31, 2018 | **7.952.089** | **64.390** | **-** | **1.619.631** | **1.242.465** | **4.299.327** | **265.922** | **-** | **15.443.824** |
| | | | | | | | | | |
| **Closing balance on March 31, 2018** | **22.952.478** | **240.037** | **9.294.898** | **15.450.604** | **1.085.879** | **4.057.806** | **201.644** | **20.035.470** | **73.318.816** |

Details of tangible fixed assets are as follows as of December 31, 2017:

| **Fixed Asset Distribution** | **Facilities, Machines and Devices** | **Underground and aboveground arrangements** | **Lands and parcels** | **Buildings** | **Fixtures** | **Vehicles** | **Special Costs** | **Ongoing Investments** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| Opening Balance on January 1, 2017 | 29.798.283 | 286.389 | 9.294.898 | 17.070.235 | 1.894.628 | 7.141.809 | 467.566 | 7.297.475 | 73.251.283 |
| Inputs | 468.485 | - | - | - | 331.930 | 653.995 | _ | 8.042.142 | 9.496.552 |
| Outputs | - | - | - | - | (2.075) | (86.392) | _ | _ | (88.467) |
| Reclassification | 556.127 | 18.038 | _ | _ | 22.712 | 7.468 | - | (604.345) | - |
| Closing Balance on December 31, 2017 | **30.822.895** | **304.427** | **9.294.898** | **17.070.235** | **2.247.195** | **7.716.880** | **467.566** | **14.735.272** | **82.659.368** |

| **Accumulated Depreciation Distribution** | **Facilities, Machines and Devices** | **Underground and aboveground arrangements** | **Lands and parcels** | **Buildings** | **Fixtures** | **Vehicles** | **Special Costs** | **Ongoing Investments** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| Opening Balance on January 1, 2017 | 6.509.932 | 55.675 | - | 944.442 | 904.356 | 3.002.751 | 165.651 | - | 11.582.807 |
| Period expenses | 1.150.182 | 6.985 | - | 541.635 | 263.863 | 1.083.038 | 80.437 | _ | 3.126.140 |
| Outputs | - | - | - | - | (688) | (51.783) | - | _ | (52.471) |
| Reclassification | _ | - | - | - | - | - | _ | _ | _ |
| Closing balance on December 31, 2017 | **7.660.114** | **62.660** | **-** | **1.486.077** | **1.167.531** | **4.034.006** | **246.088** | _ | **14.656.476** |
| | | | | | | | | | |
| **Closing balance on December 31, 2017** | **23.162.781** | **241.767** | **9.294.898** | **15.584.158** | **1.079.664** | **3.682.874** | **221.478** | **14.735.272** | **68.002.892** |

Zoning plan / expropriation details of real estates (lands and buildings) included in the group's assets on March 31, 2018 and investigation of restrictions are as follows:

**LOT 349; BLOCK 17**

**Zoning Plan / Expropriation details:**

Lot 349, Block 17 is in "Industrial Area" according to the zoning plan.

**LOT 496; BLOCK 6, LOT 499; BLOCK 6, BLOCK 14, BLOCK 15, BLOCK 16, BLOCK 17, BLOCK 18, BLOCK 19, BLOCK 20, BLOCK 22, BLOCK 27**

**Zoning Plan / Expropriation details:**

Lot 496; Block 6 is in "Residential Area".

Lot 499; Block 3 is in "Non-Residential Urban Works Area".

Lot 499; Blocks 14, 15, 16, 17, 18, 19, 20, 22 and 27 are in "Residential Area".

**LOT 681; BLOCK 33 and BLOCK 37**

Lot 681; Blocks 33 and 37 are in "Park and Geologically Restricted Area".

Since Lot 681; Blocks 33 and 37 are entirely in "Park and Geologically Restricted Area", the area might be expropriated as per the related articles of Expropriation Law numbered 2942.

## 22. INTANGIBLE FIXED ASSETS

**Goodwill**
None

**Other Intangible Fixed Assets**

Details of other intangible fixed assets are as follows as of March 31, 2018:

| **Distribution of Other Intangible Fixed Assets** | **Rights (Computer Programs)** | **Trademark and Royalty** | **Total** |
|---|---|---|---|
| Opening Balance on January 1, 2018 | 477.888 | 264.974 | 742.862 |
| Inputs | 9.005 | 5.538 | 14.543 |
| Outputs | - | - | - |
| Reclassification | - | - | - |
| Closing Balance on March 31, 2018 | **486.893** | **270.512** | **757.405** |

| **Distribution of accumulated depreciation** | **Rights (Computer Programs)** | **Trademark and Royalty** | **Total** |
|---|---|---|---|
| Opening Balance on January 1, 2018 | 251.484 | 55.244 | 306.728 |
| Period Expenses | 18.561 | 6.670 | 25.231 |
| Outputs | - | - | - |
| Reclassification | - | - | - |
| Closing balance on March 31, 2018 | **270.045** | **61.914** | **331.959** |
| | | | |
| **Net Book Value dated March 31, 2018** | **216.848** | **208.598** | **425.446** |

Details of other intangible fixed assets are as follows as of December 31, 2017:

| **Distribution of Other Intangible Fixed Assets** | **Rights (Computer Programs)** | **Trademark and Royalty** | **Total** |
|---|---|---|---|
| Opening Balance on January 1, 2017 | 385.798 | 264.974 | 650.772 |
| Inputs | 92.090 | - | 92.090 |
| Outputs | - | - | - |
| Reclassification | - | - | - |
| Closing Balance on December 31, 2017 | **477.888** | **264.974** | **742.862** |

| **Distribution of accumulated depreciation** | **Rights (Computer Programs)** | **Trademark and Royalty** | **Total** |
|---|---|---|---|
| Opening Balance on January 1, 2017 | 183.217 | 28.747 | 211.964 |
| Period Expenses | 68.267 | 26.497 | 94.764 |
| Outputs | - | - | - |
| Reclassification | - | - | - |
| Closing balance on December 31, 2017 | **251.484** | **55.244** | **306.728** |
| | | | |
| **Net Book Value dated December 31, 2017** | **226.404** | **209.730** | **436.134** |

## 23. GOVERNMENT INCENTIVES AND SUBSIDIES

The government incentives include Insurance Premium Supports granted under the Act numbered 5510 and fair supports.

Information about the investment incentive documents of the Group as of March 31, 2018 is as follows:

| Date and number of Investment incentive document | Type of investment | Subsidies to be offered | Investment Capacity | | Investment amount | Investment Finance |
|---|---|---|---|---|---|---|
| 26.04.2016 124045 / A | Licensed Warehousing | * Tax reduction at a ratio of 70 %<br>* Investment Contribution Rate of 30 %<br>* VAT Exemption<br>* Interest Support | 23.500 tons | Fixed investment | 6.100.200 TRY | 6.100.200 TRY Foreign assets<br><br>- TRY Equities |

## 24. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

### Short Term Provisions

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Accumulated Leave Provisions * | 51.135 | 9.697 |
| | **51.135** | **9.697** |

* (see Footnote #26)

### Long Term Provisions

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Long Term Provisions for Employee Benefits* | 1.291.061 | 1.232.972 |
| Other Long Term Provisions | - | - |
| | **1.291.061** | **1.232.972** |

* (see Footnote # 26)

### Litigations

No provision has been reserved for the current obligations of the Group related to past events because of the slight possibility of cash outflow.

**Guarantees, Mortgages and Liens (GML) granted by the Company**

| | **31 March 2018*** | **31 December 2017** |
|---|---|---|
| A. Total amount of GML granted on behalf of its legal entity | 27.267.311 | 40.819.884 |
| B. Total amount of GML granted in favor of partnerships included in complete consolidation | 5.917.000 | 5.917.000 |
| C. Total amount of GML granted for securing 3rd party debts for the purpose of conducting ordinary business operations | - | - |
| D. Total of other GML granted | 5.097.346 | - |
| i. Total amount of GML granted in favor of parent partner | - | - |
| ii. Total amount of GML granted in favor of other Group Companies not included under Item B and C | - | - |
| iii. Total amount of GML granted in favor of 3rd parties not included under Item C | 5.097.346 | - |
| **Total** | **38.281.657** | **46.736.884** |

* There is no mortgage on the fixed assets of the Company.

Below is the detailed information about the Company receivables as of 31.03.2018 from Samsun Yem Sanayi ve Ticaret A.Ş. ("Samsun Yem"), Yemsel Tavukçuluk Hayvancılık Yem Hammaddeleri Sanayi ve Ticaret A.Ş. ("Yemsel") and Çakıroğlu Gıda Tarım Ürünleri Hayvancılık ve Yem Tavukçuluk Nakliyat Ticaret ve Sanayi A.Ş. ("Çakıroğlu"):

| Company Title ** | Trade receivable | Advances Given for Purchases | Total | Mortgage Taken |
|---|---|---|---|---|
| Samsun Yem | 1.116.951 | - | 1.116.951 | 700.000 |
| Yemsel | - | 3.042.014 | 3.042.014 | 6.000.000 |
| Çakıroğlu | 7.670.952 | - | 7.670.952 | 10.000.000 |
| **Total** | **8.787.903** | **3.042.014** | **11.829.917** | **16.700.000** |

** Collectively referred to as Çakıroğlu Group.

Samsun Yem, Yemsel and Çakıroğlu have applied to T.R. Samsun Commercial Court of First Instance for suspension of bankruptcy. The court has made an interim decision stating that the proceeding will continue on 06.04.2016 and a trustee has been appointed for their management. The decision of T.R. Samsun Commercial Court of First Instance is published in the trade registry gazette dated 8 December 2015.

The company has placed mortgage on the real estates of Samsun Yem, Yemsel and Çakıroğlu for the above detailed receivables. The mortgage established by the Company makes it possible for all receivables to be demanded using any mortgaged real estate of Çakıroğlu Group.

The company holds the 1st rank in the mortgages for Samsun Yem and Çakıroğlu. And the company holds the 2nd rank in the mortgage for Yemsel's real estate. The 1st rank in Yemsel's real estate is for Akbank T.A.Ş. which has a total mortgage of TRY 6.000.000.

For the real estates, a real property valuation report was prepared by Standart Gayrimenkul Değerleme Uygulamaları A.Ş. on 28.06.2013. According to the valuation reports, the total fair value of the 3 mortgaged real estates is TRY 18.867.692.

A notification was delivered to Çakıroğlu Group, reminding the company to pay its debts. Appraisal has been requested for real estates on January, 8th, 2016. Survey visit is made together with the court board for appraisal on 29.12.2016. Experts submitted their reports to the court on 18.01.2017. The real estate put in pledge belonging to Çakıroğlu is appraised to be TRY 10.858.440,75 in total. The real estate put in pledge belonging to Yemsel is appraised to be TRY 11.527.728,25 in total. The real estate put in pledge belonging to Samsun Yem is appraised to be TRY 263.249,19 in total. Request is made for the sale of the real estates, but the request was rejected by the court as the companies are in the process of suspension of bankruptcy.

The trade receivables from Samsun Yem, Yemsel and Çakıroğlu and the advances given for purchases have been classified in the long-term because of the application being filed for suspension of bankruptcy.

Since the fair values stated in the valuation reports for the real estates and for the mortgages established for receivables are sufficient to meet the total amount of receivables, no provision has been made.

## 25. COMMITMENTS

None

## 26. EMPLOYEE BENEFITS

### Payables classified as Employee Benefits

Details of payables regarding employee benefits granted as of March 31, 2018 and December 31, 2017 are as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Social Security Institution Premiums Payable | 555.776 | 418.864 |
| Payables to personnel | 777.086 | 553.713 |
| | **1.332.862** | **972.577** |

### Short Term Employee Benefits

Short term benefits, which are considered as liabilities to employees, are accumulated leave provisions.

Details of accumulated leave provisions as of March 31, 2018 and December 31, 2017 are as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Accumulated Leave Provision | **51.135** | **9.697** |

### Long Term Benefits to Employees

Long term benefits, which are considered as liabilities to employees, are severance pay provisions.

According to the current laws in Turkey, personnel dismissed without any valid cause after a period of one year of service, personnel called to military, deceased personnel, personnel completed 25 years of service required for male employees and 20 years of service required for female employees or personnel at retirement age (58 for women and 60 for men) are entitled to receive severance pay.

Severance pay to be paid as of March 31, 2018 is subject to the upper limit of TRY 5.001,76 based on one month salary for each year of service (December 31, 2017: TRY 4.732,48). Severance pay liability is not legally subject to any funding.

Severance pay liability calculates liabilities to arise in the future if employees retire based on the net current value. Turkish Financial Reporting Standards require the Group to develop actuarial appraisal methods within the framework of salary based pension plan in order to estimate the company's severance pay liability. Accordingly, the following actuarial insights are used for calculating the total liability.

Severance pay provisions are calculated with 2.15 % discount rate which is based on 9.24 % annual inflation rate and 11.59 % interest rate. Dismissal rate of 95 % is taken as basis (December 31, 2017: Annual inflation rate 9.24 %, interest rate 11.59 % and discount rate 2.15 %, dismissal rate 95 %).

Details of severance pay provisions as of March 31, 2018 and December 31, 2017 are as follows :

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Severance Pay Provision | **1.291.061** | **1.232.972** |

Severance pay transactions in the period as of March 31, 2018 and December 31, 2017 are as follows:

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Severance Pay Provision at the beginning of period | 1.232.972 | 900.118 |
| Interest Cost | 18.017 | 103.059 |
| Service Cost | 149.498 | 478.050 |
| Payments in period | (84.907) | (274.637) |
| Actuarial Difference | (24.519) | 26.382 |
| End of period severance pay provision | **1.291.061** | **1.232.972** |

Changes in interest rates and other rates, and resigning of personnel to receive severance pay in case of retirement cause actuarial difference. The group classifies service cost under general administration expenses, interest costs under financial expenses and actuarial differences under shareholders equity.

**27. PENSION PLANS**
None

## 28. OTHER ASSETS AND LIABILITIES

**Other Current Assets**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Deferred VAT | 7.654.703 | 6.628.991 |
| Income Accruals* | 5.063.779 | 1.934.547 |
| Work Advances | 426 | 95 |
| Other VAT | 3.345 | 3.350 |
| | **12.722.253** | **8.566.983** |

* Revenue accruals are composed of freight incentive revenues arising from exports made in 2017.

**Other Short Term Liabilities**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Taxes and Funds payable | 279.836 | 388.446 |
| Expense Accruals | 109.165 | - |
| | **389.001** | **388.446** |

**Other Fixed Assets**
None

**Other Long Term Liabilities**
None

## 29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

**Capital and Reserves**

The Capital Market Board's meeting dated November 7, 2014 and numbered 32/1095 allowed Ulusoy Un Sanayi ve Ticaret A.Ş. to go public by book-building on November 12, 13 and 14, 2014. Shares with total nominal value of TRY 23.500.000 were offered through capital increase and selling partnerships and all shares were sold. 27,81% of the shares of the company were traded at the İstanbul Stock Exchange as of November 20, 2014. The company's issued capital is equal to TRY 84.500.000 (eighty four million five hundred thousand Turkish Liras). This capital is divided into 9.750.000 Group A shares, 6.500.000 Group B shares and 68.250.000 Group C shares, in total 84.500.000 shares, each with a nominal value of TRY 1. Group A and B shares are registered shares, Group C shares that are traded at the İstanbul Stock Exchange are bearer shares and other Group C shares are registered shares. Group A shares have the privilege to select Board of Directors and Group A and B shares have privilege in voting at the General Meeting; excluding the independent members; if the Board of Directors is composed of five members, then minimum two members, if composed of six or seven members minimum three members, if composed of eight or nine members minimum four members, if composed of ten or eleven members, minimum five members should be elected among candidates to be nominated by majority of Group A shareholders. Group A shareholders or their proxies attending to the Ordinary and Extraordinary General Meetings shall have 15 (fifteen) voting rights per share; Group B shareholders or their proxies shall have 10 (ten) voting rights per share and Group C shareholders or proxies shall have 1 (one) voting right per share.

The Company's partnership structure is as follows as of March 31, 2018:

| Shareholders | Number of Shares | Group | Ratio (%) | Amount |
|---|---|---|---|---|
| Fahrettin Ulusoy | 4.550.000 | A | 5,38 | 4.550.000 |
| | 1.950.000 | B | 2,31 | 1.950.000 |
| | - | C | - | - |
| | **6.500.000** | | **7,69** | **6.500.000** |
| Nevin Ulusoy | 650.000 | A | 0,77 | 650.000 |
| | 1.300.000 | B | 1,54 | 1.300.000 |
| | 12.207.627 | C | 14,45 | 12.207.627 |
| | **14.157.627** | | **16,76** | **14.157.627** |
| Onur Erhan Ulusoy | 650.000 | A | 0,77 | 650.000 |
| | 1.950.000 | B | 2,31 | 1.950.000 |
| | 15.638.791 | C | 18,50 | 15.638.791 |
| | **18.238.791** | | **21,58** | **18.238.791** |
| Eren Günhan Ulusoy | 3.900.000 | A | 4,62 | 3.900.000 |
| | 1.300.000 | B | 1,54 | 1.300.000 |
| | 16.781.279 | C | 19,86 | 16.781.279 |
| | **21.981.279** | | **26,02** | **21.981.279** |
| Kamil Adem | 26.941 | C | 0,03 | 26.941 |
| | **26.941** | | **0,03** | **26.941** |
| Mithat Denizcigil | 95.362 | C | 0,11 | 95.362 |
| | **95.362** | | **0,11** | **95.362** |
| Public Shares | 23.500.000 | C | 27,81 | 23.500.000 |
| | **84.500.000** | | **100,00** | **84.500.000** |

The Company's partnership structure is as follows as of December 31, 2017:

| Shareholders | Number of Shares | Group | Ratio (%) | Amount |
|---|---|---|---|---|
| Fahrettin Ulusoy | 4.550.000 | A | 5,38 | 4.550.000 |
| | 1.950.000 | B | 2,31 | 1.950.000 |
| | - | C | - | - |
| | **6.500.000** | | **7,69** | **6.500.000** |
| Nevin Ulusoy | 650.000 | A | 0,77 | 650.000 |
| | 1.300.000 | B | 1,54 | 1.300.000 |
| | 12.207.627 | C | 14,45 | 12.207.627 |
| | **14.157.627** | | **16,76** | **14.157.627** |
| Onur Erhan Ulusoy | 650.000 | A | 0,77 | 650.000 |
| | 1.950.000 | B | 2,31 | 1.950.000 |
| | 15.638.791 | C | 18,50 | 15.638.791 |
| | **18.238.791** | | **21,58** | **18.238.791** |
| Eren Günhan Ulusoy | 3.900.000 | A | 4,62 | 3.900.000 |
| | 1.300.000 | B | 1,54 | 1.300.000 |
| | 16.781.279 | C | 19,86 | 16.781.279 |
| | **21.981.279** | | **26,02** | **21.981.279** |
| Kamil Adem | 26.941 | C | 0,03 | 26.941 |
| | **26.941** | | **0,03** | **26.941** |
| Mithat Denizcigil | 95.362 | C | 0,11 | 95.362 |
| | **95.362** | | **0,11** | **95.362** |
| Public Shares | 23.500.000 | C | 27,81 | 23.500.000 |
| | **84.500.000** | | **100,00** | **84.500.000** |

With the resolution of board of directors made on 7 December 2017, Fahrettin Ulusoy transferred TRY 6.376.871 portion of his C group shares to Nevin Ulusoy, and TRY 8.215.107 portion to Onur Erhan Ulusoy and TRY 9.281.904 portion to Eren Günhan Ulusoy at stock exchange price.

Also, 1.126.118 pieces of C Group bearer share certificates open to public, trading at Borsa Istanbul A.Ş. and belonging to Fahrettin Ulusoy are carried forward from the account of Fahrettin Ulusoy to the account of Eren Günhan Ulusoy pursuant to the said share transfer agreement. TRY 2.52 is taken as a basis in the share transfers made pursuant to the said share transfer agreement, which is the closing price on 06.12.2017, and the total transfer is amounted to TRY 63.000.000.

According to the Turkish Commercial Code, legal reserves are divided into two categories; primary reserves and secondary reserves. According to the Turkish Commercial Code, the primary reserves are retained until the amount researches up to 20 % of the company's paid in capital and the amount retained shall be 5 % of the legal net profit. Secondary reserves are retained at a rate of 1/11 of all cash dividend payments exceeding 5 % of the company capital in case of dividend payment according to the Capital Market Board regulations and at a rate of 1/10 of all cash dividend payments exceeding 5 % of the company capital in case of dividend payment according to the legal records.

Public companies pay dividends according to the Dividend Communiqué Numbered II-19.1 of the Capital Market Board that is published on the Official Gazette dated January 23, 2014 and numbered 28891.

The partnerships pay dividends according to the dividend payment policies to be determined by the general meeting and related regulations and upon a resolution passed by the general meeting. According to the communiqué in question, there is no minimum distribution rate. The company pay dividends based on their articles of association or as stated on their dividend payment policies. Besides, dividends can be paid in equal installments or installments of different amounts, and cash dividend advance might be paid over the profit shown on the interim period financial statements.

Unless reserves to be retained under the Turkish Commercial Code and dividend determined for the beneficiaries as per the articles of association or dividend policy are retained, no other reserves shall be retained, profit shall not be transferred to the following year and the company cannot decide to pay dividends to dividend right certificate holders, board of directors members, partnership employees and parties, excluding shareholders, and, moreover, these parties shall not receive dividends unless dividends determined for shareholders are paid in cash.

**Premiums/Discounts related to Shares**

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Premiums on sale of share certificates | 41.925.000 | 41.925.000 |
| Share issue expenses (-) | (3.317.008) | (3.317.008) |
| | **38.607.992** | **38.607.992** |

According to Article 37 of the Turkish Accounting Standards 32 Financial Instruments Standard, the Company bears the cost of issuing or repurchasing financial instruments based on its equity. The costs might include registration and other legislative fees, legal, financial and other professional consulting fees, printing costs and stamp duties. Transaction costs arising from equity transactions are accounted by deducting from equity provided that they are additional costs that are paid directly due to these transactions, in other words additional costs that would not be incurred otherwise. Besides, costs related to waived equity transactions are also accounted as expenses.

Additional expenses directly (indirectly) associated with issuing new share certificates are deducted from equity capital after deducting taxes corresponding to these expenses. Expenses related to quotation authorization for stock exchange or expenses not directly associated with issuance of new share certificates are shown on the income statement as expense. Expenses related to both issuance of share certificate and quotation authorization are divided between both transactions proportionally.

**Reacquired shares (-)**

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Reacquired shares (-) | 3.445.108 | 3.445.108 |

Within the scope of paragraph 33 of TAS 32 in cases where a company reacquires its own shares, purchase value for these shares are deducted from shareholders' equity and listed under "Reacquired shares (-)" item.

Within the framework of the notice of Capital Markets Board dated 21.07.2016, a Board of Directors resolution dated 25.07.2016 and numbered 2016/014 was passed to reacquire company shares traded in the stock exchange. It is stated with material disclosure dated 27.07.2017 that repurchase of shares are concluded. TRY 3.445.108 resource is used in total for share repurchases at an average price of TRY 1.7207 per share. Details of shares repurchased are as follows:

| | |
|---|---|
| Maximum price paid per share | TRY 1,90 |
| Average repurchase price per share | TRY 1,7207 |
| Total repurchase price | TRY 3.445.108 |
| Number of repurchased shares | 2.002.152 |
| Ratio of repurchased shares in company capital | 2,3694% |
| | |

Details of the shares of our Company reacquired as of March 31, 2018 are listed below:

| Date | Number of Shares Owned | Nominal Value of shares Owned (TRY) | Total Value of Purchase Amounts of Shares Owned (TRY) |
|---|---|---|---|
| 31 March 2018 | 2.002.152 | 2.002.152 | 3.445.108 |

Details of the shares of our Company reacquired as of December 31, 2017 are listed below:

| Date | Number of Shares Owned | Nominal Value of shares Owned (TRY) | Total Value of Purchase Amounts of Shares Owned (TRY) |
|---|---|---|---|
| 31 December 2017 | 2.002.152 | 2.002.152 | 3.445.108 |

**Other shareholders equity Items**

Other comprehensive incomes and expenses that cannot be reclassified in profit / loss are as follows as of March 31, 2018 and December 31, 2017:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Revaluation Differences of Tangible Fixed Assets (net)** | 553.518 | 562.159 |
| Actuarial Gains / Losses related to employee benefits* | (470.284) | (489.899) |
| | **83.234** | **72.260** |

* Actuarial differences are classified under shareholders equity starting from January 1, 2013.

**In case a revaluated tangible fixed asset is disposed of, the part of revaluation fund related with the sold asset is directly transferred into the retained earnings.

Details of actuarial differences as of March 31, 2018 and December 31, 2017 are as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Actuarial Gains / (Losses) Related Employee Benefits | (587.855) | (612.374) |
| Deferred Tax*** | 117.571 | 122.475 |
| **Actuarial Gains / (Losses) Related Employee Benefits (net)** | **(470.284)** | **(489.899)** |

Details of tangible fixed asset revaluation fund as of March 31, 2018 and December 31, 2017 are as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Lands and Buildings Revaluation Differences (net) | 200.395 | 200.395 |
| Vehicles Revaluation Differences (net) | 353.123 | 361.764 |
| | **553.518** | **562.159** |

Details of land and building revaluation differences as of March 31, 2018 and December 31, 2017 are as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Total Lands and Buildings Revaluation Difference | 250.494 | 250.494 |
| Deferred Tax*** | (50.099) | (50.099) |
| **Lands and Buildings Revaluation Differences (net)** | **200.395** | **200.395** |

Details of vehicles revaluation fund as of March 31, 2018 and December 31, 2017 are as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Vehicles Revaluation Differences (net) | **353.123** | **361.764** |
| | | |
| | 31 March 2018 | 31 December 2017 |
| Total Vehicles Revaluation ** | 441.405 | 452.205 |
| Deferred Tax*** | (88.282) | (90.441) |
| | **353.123** | **361.764** |

*** According to Article 61-a of the Turkish Accounting Standard 12, period tax and deferred tax related to the items accounted with the exception of profit or loss are accounted in the same period or in different periods with the exception of profit or loss. Hence, period tax and deferred tax related to the items accounted on the same or different periods are accounted under other comprehensive income if related items are accounted under other comprehensive income. Accordingly, deferred tax is classified under shareholder's equity.

Other comprehensive income and expenses to be reclassified in profit/loss statement as of 31 March 2018 and 31 December 2017 are as follows:

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| Foreign Currency Conversion Adjustments | 107.571 | - |
| | 107.571 | - |

Limited reserves on retained earnings are as follows as of March 31, 2018 and December 31, 2017:

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Legal Reserves | 3.999.099 | 3.999.099 |
| Reserves Regarding Reacquired Shares | 3.445.108 | 3.445.108 |
| | **7.444.207** | **7.444.207** |

According to Article 520 of Law #6102, reserves are allocated to meet the acquisition value of reacquired shares. Since these reserves are released when such reacquired shares are transferred or cancelled, such reserves are listed under "Reserves on Retained earnings" item. Such reserves amounting to TRY 3,445,108 are reserved from prior years' profits and losses.

Previous years' profits / (losses) are as follows as of March 31, 2018 and December 31, 2017:

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Previous years' profits / (losses) | **68.505.640** | **51.899.755** |

Changes regarding previous years' profits / losses are as follows:

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Previous Year Profits / (Losses) | 51.899.755 | 38.139.327 |
| Transferring Profit of Previous Period to Profits / (Losses) in Previous Years | 16.595.085 | 14.796.725 |
| Capital Increase | - | - |
| Legal Reserves Transfer | - | (668.784) |
| Reserves Retained for Reacquired Shares | - | (372.139) |
| Profit Distribution | - | - |
| Revaluation Transfer of Tangible Fixed Assets ** | 10.800 | 4.626 |
| | **68.505.640** | **51.899.755** |

**In case a revaluated tangible fixed asset is disposed of, the part of revaluation fund related with the sold asset is directly transferred into the retained earnings.

Period net profit / (loss) as of March 31, 2018 and December 31, 2017 are as follows:

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Period Net Profit / (Loss) | **1.648.279** | **16.595.085** |

## 30. REVENUE AND COST OF SALES

Sales Revenues as of March 31, 2018 and March 31, 2017 are as follows:

| | 1 January – 31 March 2018 | 1 January- 31 March 2017 |
|---|---|---|
| Domestic Sales Revenues | 247.409.625 | 197.886.188 |
| Foreign Sales Revenues | 363.897.805 | 182.722.073 |
| Returns on Sales (-) | (3.993.602) | (157.177) |
| Sales Discounts (-) | (55.058) | (99.176) |
| Other discounts (-) | (8.238) | - |
| | **607.250.532** | **380.351.908** |

Cost of Sales as of March 31, 2018 and March 31, 2017 are as follows:

| | 1 January – 31 March 2018 | 1 January- 31 March 2017 |
|---|---|---|
| Cost of goods sold | 81.192.063 | 70.736.073 |
| Cost of commercial goods sold | 508.169.803 | 277.034.626 |
| Cost of services sold | 1.182.817 | - |
| | **590.544.683** | **347.770.699** |

Cost of services sold as of March 31, 2018 is as follows:

| | 1 January- 31 March 2018 |
|---|---|
| Depreciation expenses | 71.029 |
| Outsourced benefits and services | 651.003 |
| Other expenses | 12.258 |
| Personnel expenses | 351.718 |
| Insurance expenses | 46.379 |
| Transportation expenses | 33.385 |
| Taxes, duties and charges | 17.045 |
| **Cost of services sold** | **1.182.817** |

## 31. GENERAL ADMINISTRATION EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

Total operating expenses as of March 31, 2018 and March 31, 2017 are as follows:

| | 1 January – 31 March 2018 | 1 January- 31 March 2017 |
|---|---|---|
| General Administration Expenses | 2.159.962 | 1.656.334 |
| Marketing Expenses | 8.516.620 | 7.852.564 |
| Research and Development Expenses- | 31.036 | - |
| | **10.707.618** | **9.508.898** |

Details of general administration expenses as of March 31, 2018 and March 31, 2017 are as follows:

| | 1 January – 31 March 2018 | 1 January- 31 March 2017 |
|---|---|---|
| Depreciation Expenses | 106.888 | 83.899 |
| Donations and Aids | 49.891 | 3.747 |
| Maintenance and Repair Expenses | 25.896 | - |
| Bank Transfer and Collection Expenses | 25.249 | 38.206 |
| Consulting Expenses | 189.703 | - |
| Outsourced Benefits and Services | 331.577 | 481.004 |
| Other Expenses | 177.936 | 138.384 |
| Training and Publication Expenses | 52.300 | 73.401 |
| Exhibition Expenses | 23.704 | 280 |
| Default Interests and Fines | 5.959 | - |
| Rent Expenses | 62.263 | 52.760 |
| Commission Expenses | 30.243 | - |
| Accommodation expenses | 45.407 | 40.171 |
| Notary Expenses | 7.390 | 3.095 |
| Personnel Expenses | 859.529 | 654.022 |
| Advertising Expenses | 13.000 | 2.859 |
| Insurance Expenses | 29.458 | 41.109 |
| Registration and Announcement Expenses | - | 1.505 |
| Transportation Expenses | 63.465 | 33.669 |
| Tax, Duty and Levies | 60.104 | 8.223 |
| **General Administration Expenses** | **2.159.962** | **1.656.334** |

Details of marketing expenses as of March 31, 2018 and March 31, 2017 are as follows:

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Depreciation Expenses | 301.620 | 264.723 |
| Vehicle Expenses | 325.599 | 128.763 |
| Bank Transfer and Collection Expenses | 133.569 | 113.627 |
| Consulting Expenses | 18.229 | - |
| Outsourced Benefits and Services | 111.555 | 391.044 |
| Other Miscellaneous Expenses | 253.499 | 149.583 |
| Fair Expenses | 129.861 | - |
| Default Interests and Fines | 580 | - |
| Exportation Expenses | 929.854 | 1.402.993 |
| Rent Expenses | 149.111 | 420.477 |
| Commission Expenses | 119.407 | 7.192 |
| Accommodation expenses | - | 50.092 |
| Shipping Expenses | 4.931.645 | 4.244.111 |
| Personnel Expenses | 856.611 | 485.830 |
| Insurance Expenses | 76.854 | 52.107 |
| Transportation Expenses | 20.059 | 16.564 |
| Tax, Duties and Levies | 93.507 | 125.458 |
| Meal Expenses | 65.060 | - |
| **Marketing Expenses** | **8.516.620** | **7.852.564** |

Details of research and development expenses as of March 31, 2018 and March 31, 2017 are as follows:

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Vehicle Expenses | 8.731 | - |
| Outsourced Benefits and Services | 315 | - |
| Personnel Expenses | 14.700 | - |
| Insurance Expenses | 478 | - |
| Transportation Expenses | 6.656 | - |
| Tax, Duties and Levies | 156 | - |
| | **31.036** | - |

Distribution of expenses based on nature of expenses is as follows between the dates of January 1, 2018 and March 31, 2018:

| | **General Administration Expenses** | **Marketing Expenses** | **Research and Development Expenses** | **Cost of Goods Services Sold** |
|---|---|---|---|---|
| Personnel Expenses | 859.529 | 856.611 | 14.700 | 351.718 |
| Depreciation Expenses | 106.888 | 301.620 | - | 447.093 |

Distribution of expenses based on nature of expenses is as follows between the dates of January 1, 2017 and March 31, 2017:

| | General Administration Expenses | Marketing Expenses | Research and Development Expenses | Cost of Goods Sold |
|---|---|---|---|---|
| Personnel Expenses | 654.022 | 485.830 | - | 1.392.209 |
| Depreciation Expenses | 83.899 | 264.723 | - | 443.011 |

## 32. OTHER REAL OPERATING INCOMES AND EXPENSES

### Other Incomes

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Incomes earned from Law numbered 5510 and 6661 | 153.823 | 137.668 |
| Balance Allocation Incomes | 2.739 | 54.952 |
| Other incomes | 200.078 | 138.273 |
| Service reflection Incomes * | 2.343.738 | 1.153.465 |
| Late interest Incomes | 6.607.072 | 2.965.441 |
| Price difference Incomes | 941.685 | 419.380 |
| Compensation Incomes | 19.123 | 761.935 |
| Exchange difference | 14.468.794 | 20.210.921 |
| Licensed Warehouse Leasing Support | 229.786 | - |
| Income from incentives and supports ** | 4.868.438 | - |
| Provisions no longer required | 60.693 | 21.479 |
| Incomes from returned expenses | 384.964 | 519.697 |
| | **30.280.933** | **26.383.211** |

* Due to trusteeship, reflection incomes and service expenses are included in reflection incomes.

** TRY 4.833.993 of incentive and support income is composed of export freight support income.

### Other Expenses

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Other Expenses | 41.433 | 2.454 |
| Balance Allocation Expenses | 1.051 | 15.375 |
| Provision Expenses | 66.615 | 336.202 |
| Price difference Expenses | 1.282.014 | 559.045 |
| Exchange difference | 3.102.343 | 16.324.511 |
| Late interest Expenses | 8.526.523 | 7.443.230 |
| Returned Expenses | 450.871 | 401.959 |
| | **13.470.850** | **25.082.776** |

**Income from Investing Activities**

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Fixed Assets Sales Revenue | 48.176 | 1.613 |
| Sale and Lease Back Revenue | 105.937 | 105.937 |
| | **154.113** | **107.550** |

**Expenses from Investing Activities**
None

## 33. PROFIT / LOSS SHARES OF INVESTMENTS VALUED BY EQUITY METHOD

Details of profit / loss shares of investments valued by equity method as of March 31, 2018 and March 31, 2017 are as follows:

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Sasbaş Samsun Serbest Bölgesi Kurucu ve İşletici A.Ş.* | **146.095** | **62.154** |

* (See footnote 18)

## 34. FINANCIAL INCOMES AND EXPENSES

**Financial Incomes**

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Interest incomes | 1.908.178 | 607.818 |
| Foreign exchange profits | 6.124.955 | 36.310.756 |
| Derivative Financial Instrument Incomes | 3.591.707 | 2.631.724 |
| Profit on Sale of Marketable Securities | 49.141 | 14.151 |
| Derivative Financial Instrument Fair Value Differences | 3.075.897 | - |
| | **14.749.878** | **39.564.449** |

**Financial Expenses**

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Foreign exchange losses | 23.400.376 | 43.574.478 |
| Financial Expenses | 6.751.658 | 3.980.506 |
| Derivative Financial Instruments Expenses | 4.792.227 | - |
| Derivative Financial Instrument Fair Value Differences | - | 5.268.506 |
| | **34.944.261** | **52.823.490** |

## 35. FIXED ASSETS RETAINED TO BE SOLD AND DISCONTINUING ACTIVITIES
None

## 36. TAX ASSET AND LIABILITIES

Corporate tax to be accrued over the taxable company profit is calculated based on the tax base remaining after adding non-deductible expenses from tax base and written as expense on determining commercial earnings and deducting dividends received from companies located in the country and incomes not subject to tax.

Corporate tax rate applied in 2018 is 22 % (2017: 20 %). Corporate tax rate is determined as 22% for 2018, 2019 and 2020 financial taxation periods according to 10th provisional article added to Law No.5520 with 91st article of Law No.7061.

Advance tax in Turkey is calculated and accrued quarterly. Advance tax rate to be calculated over the company's earnings at the taxation stage of 2018 corporate earnings in advance tax periods is 22 % (2017: 20 %).

Losses can be carried over maximum 5 years to be deducted from taxable profit to be earned in the future years. However, losses cannot be deducted from profits of previous years retrospectively.

There is not any certain settlement procedure regarding tax assessment in Turkey. Companies issue tax returns from April 1 to April 25 of the year following the end of related fiscal year (from 1 to 25 of the fourth month following the end of period, if companies have special fiscal periods). The tax office is entitled to examine and amend these tax returns and accounting records that are the basis of these returns for a period of 5 years.

Income Tax Withholding:

In addition to corporate tax, income tax withholding should be calculated over the dividends excluding the dividends distributed, if any, to full taxpayers that include these dividends into corporate earnings and declare on tax returns and to Turkish branches of foreign companies. Income tax withholding rate is 10 % for all companies as of April 24, 2003. The rate was increased up to 15 %, effective as of June 21, 2006, as per Article 15 of the Act numbered 5520. However, the rate of 10 % was applied until it was amended by the new Cabinet Decision. According to the Cabinet Decision published on the Official Gazette dated July 23, 2006; Income Tax Withholding rate was increased from 10 % to 15 %, effective as of July 23, 2006. Dividends not distributed but added to capital shall not be subject to income tax withholding.

Deferred Tax Asset / Liability:

The Group accounts deferred tax receivables and liabilities for temporary timing differences arising from differences between the legal financial tables basis to tax and financial statements prepared under the Capital Market Board Serial: II, Numbered: 14.1 "Communiqué on Principles of Financial Reporting in Capital Market". Deferred tax asset

is calculated only if there are temporary timing differences deductible from taxable profit. Provisions are retained for deferred tax asset which probably will not be realized. Deferred tax rate is 22 % for all timing differences (31 December 2017: 20 %). Tax rate to be applied in 2018, 2019 and 2020 is increased to 22%.

Deferred tax liability is calculated for all taxable timing differences.

Revenues earned by the Group from investments subject to the incentive certificate are subject to the corporate tax over the discounted rates until it reaches up to investment contribution amount as of the accounting period when the investment partially or completely started. Accordingly, tax advantage has not been included on the consolidated financial statements as deferred tax asset as of March 31, 2018 since Ulidaş will not possibly benefit from this advantage in the foreseeable future.

Details of temporary differences and deferred tax impact are as follows as of March 31, 2018:

| **Deferred Tax Assets** | **Temporary differences** | **Deferred Tax Impact** |
|---|---|---|
| Doubtful receivables | 4.303.605 | 946.793 |
| Adjustment of Receivables from personnel | 68.895 | 15.157 |
| Adjustment of Advances Given | 79.330 | 17.453 |
| Expense from Decrease in Value of Inventories and Other Stock Adjustments | 2.084.685 | 434.639 |
| Amortized Cost Value Adjustment of Receivables | 1.595.247 | 350.954 |
| Sell and Lease Correction | 1.045.245 | 229.954 |
| TFA and IFA Value Adjustment | 2.962.586 | 637.931 |
| Adjustment of Credits | 628.637 | 138.300 |
| Accumulated Leave Provisions | 51.134 | 11.250 |
| Other adjustments | 125 | 29 |
| Severance Pay Actuarial Difference* | 587.855 | 117.571 |
| | **13.407.344** | **2.900.031** |

| **Deferred Tax Liabilities** | **Temporary differences** | **Deferred Tax Impact** |
|---|---|---|
| Impact transfer where TFA valuation is associated with Shareholders Equity (Vehicles) | 441.405 | 88.282 |
| Impact transfer where TFA valuation is associated with Shareholders Equity (Land and buildings) | 250.494 | 50.099 |
| Derivative Financial Instruments FV (fair value) Difference Adjustment | 3.075.897 | 676.697 |
| Letter of Credit Interest Adjustment | 18.805 | 4.137 |
| Other adjustments | 3.172 | 700 |
| Amortized Cost Value Adjustment of Payables | 3.793.089 | 834.480 |
| Amortization difference of tangible and intangible fixed assets | 6.424.181 | 1.413.320 |
| Severance Pay Provisions | 2.542.585 | 547.611 |
| | **16.549.628** | **3.615.326** |

Details of Temporary differences and Deferred Tax Impact as of December 31, 2017 are as follows:

| **Deferred Tax Assets** | **Temporary differences** | **Deferred Tax Impact** |
|---|---|---|
| Doubtful receivables | 4.292.832 | 858.566 |
| Adjustment of Receivables from personnel | 68.895 | 13.779 |
| Adjustment of Advances Given | 79.330 | 15.866 |
| Adjustment of Credits | 713.987 | 142.797 |
| Expense from Decrease in Value of Inventories and Adjustment of Other Inventories | 4.164.457 | 832.891 |
| Amortized Cost Value Adjustment of Receivables | 2.003.386 | 400.677 |
| Sale and Lease Back Adjustment | 1.151.182 | 230.236 |
| TFA and IFA Value Adjustment | 2.960.935 | 592.187 |
| Derivative Financial Instruments FV (fair value) Difference Adjustment | 1.330.043 | 266.009 |
| Accumulated Leave Provisions | 9.697 | 1.939 |
| Other Adjustments | 23.189 | 6.937 |
| Severance Pay Actuarial Difference* | 612.374 | 122.475 |
| | **17.410.307** | **3.484.359** |

| **Deferred Tax Liabilities** | **Temporary differences** | **Deferred Tax Impact** |
|---|---|---|
| Impact transfer where TFA valuation is associated with Shareholders Equity (Vehicles) | 452.205 | 90.441 |
| Impact transfer where TFA valuation is associated with Shareholders Equity (Land and buildings) | 250.494 | 50.099 |
| Adjustment of Bank interest revenue realization | 6.633 | 1.327 |
| Letter of Credit Interest Adjustment | 112.487 | 22.497 |
| Adjustment of Amortized Cost Value of Payables | 4.702.011 | 940.402 |
| Amortization difference of tangible and intangible fixed assets | 6.421.313 | 1.284.263 |
| Severance Pay Provisions | 2.710.100 | 542.020 |
| | **14.655.243** | **2.931.049** |

Change of deferred tax as of March 31, 2018 and December 31, 2017 are as follows:

| | **1 January – 31 March 2018** | **1 January – 31 December 2017** |
|---|---|---|
| Opening Balance | 571.375 | (3.508.765) |
| Current Period Deferred Tax (Expense) / Income | (1.265.860) | 4.080.140 |
| TFA Revaluation Fund and Actuarial Difference Deferred Tax Impact* | (20.810) | (18.065) |
| Closing Balance | **(715.295)** | **553.310** |

* According to Article 61-a of the Turkish Accounting Standard 12, period tax and deferred tax related to the items accounted with the exception of profit or loss are accounted in the same period or in different periods with the exception of profit or loss. Hence, period tax and deferred tax related to the items accounted on the same or different periods are accounted under other comprehensive income if the items in question are accounted under other comprehensive income. Tangible fixed asset revaluation differences and deferred tax liability calculated over the actuarial difference are accounted under other comprehensive income item.

Tax expenses included in the gain and loss statement issued for the periods ended on March 31, 2018 and March 31, 2017 are summarized below:

| | **1 January – 31 March 2018** | **1 January – 31 March 2017** |
|---|---|---|
| Period Tax Expense /(Income) | - | 3.291.237 |
| Deferred Tax (Income)/ Expense | 1.265.860 | (1.130.040) |
| | **1.265.860** | **2.161.197** |

Tax provisions included in the income statement issued for the periods ended on March 31, 2018 and December 31, 2017 are summarized below:

| | **1 January – 31 March 2018** | **1 January – 31 December 2017** |
|---|---|---|
| Current Year Corporate Tax Provision | - | 6.819.069 |
| Prepaid Taxes and Funds | 1.113.792 | (7.539.166) |
| | **1.113.792** | **(720.097)** |

## 37. EARNINGS PER SHARE

Details of earnings per share are as follows as of March 31, 2018 and March 31, 2017:

| | **1 January – 31 March 2018** | **1 January – 31 March 2017** |
|---|---|---|
| Period Net Profit / (Loss) | 1.648.279 | 9.122.212 |
| Weighted Average Number of Total Ordinary Shares in Circulation | 82.497.848 | 82.497.848 |
| Proceeds per Share | **0,020** | **0,11** |

## 38. AFFILIATES STATEMENTS

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| GFC Denizcilik ve Ticaret A.Ş. | 13.533 | 17.357 |
| Unay Un San. ve Tic. A.Ş. | 4.096.327 | 81.272 |
| **Trade Receivables from Affiliates** | **4.109.860** | **98.629** |

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Unay Un San. ve Tic. A.Ş. | 3.996.327 | - |
| **Notes receivable from Affiliates** | **3.996.327** | **-** |

| | **31 March 2018** | **31 December 2017** |
|---|---|---|
| Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. | 611 | 94.298 |
| Unay Un San. ve Tic. A.Ş. | 2.181 | - |
| Ulusoy Petrol Ürünleri Tic. A.Ş. | 38.829 | 34.389 |
| Ulusoy Çay Gıda San. Ve Tic A.Ş. | 6.421 | 1.982 |
| GK Tarım Ürünleri Depoculuk A.Ş. | 368.117 | 70.031 |
| **Trade Payables to Affiliates** | **416.159** | **200.700** |

| | 31 March 2018 | 31 December 2017 |
|---|---|---|
| **Unay Un San. ve Tic. A.Ş.** | - | 12.283.559 |
| **Notes payable to Affiliates** | **-** | **12.283.559** |

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| **Unay Un San. ve Tic. A.Ş.** | 11.325.930 | 6.952.608 |
| **Sales Revenues from Affiliates** | **11.325.930** | **6.952.608** |

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| **Unay Un San. ve Tic. A.Ş.** | - | 40.874 |
| **Sales Returns from Affiliates** | **-** | **40.874** |

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| **Unay Un San. ve Tic. A.Ş.** | 1.388.006 | 4.827.383 |
| **Raw material and material purchase from Affiliates** | **1.388.006** | **4.827.383** |

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Ulusoy Çay Gıda San. ve Tic. A.Ş. | 7.276 | 1.781 |
| Unay Un San. ve Tic. A.Ş. | 15.387.923 | 40.148.221 |
| Sasbaş Samsun Serbest Bölgesi Kurucu ve İşleticisi A.Ş. | 199.635 | 349.681 |
| GK Tarım Ürünleri Depoculuk A.Ş. | 198.334 | 129.358 |
| GFC Denizcilik Ticaret A.Ş. | 1.454 | |
| **Commodity Purchases from Affiliates** | **15.794.622** | **40.629.041** |

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Unay Un San. ve Tic. A.Ş. | - | 185.131 |
| GFC Denizcilik ve Ticaret A.Ş. | 96.796 | 24.916 |
| **Other Incomes from Affiliates** | **96.796** | **210.047** |

| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
|---|---|---|
| Unay Un San. ve Tic. A.Ş. | 379.527 | 174.272 |
| Ulusoy Petrol Ürünleri Tic. A.Ş. | 12.040 | 12.290 |
| **General Production Expenses to Affiliates** | **391.567** | **186.562** |

| | 1 January- 31 March 2018 | 1 January-31 March 2017 |
|---|---|---|
| Unay Un San. ve Tic. A.Ş. | 52.622 | 15.642 |
| Ulusoy Petrol Ürünleri Tic. A.Ş | 113.739 | 71.813 |
| Sasbaş Samsun Serbest Bölgesi Kurucu ve Işleticisi A.Ş. | 8.703 | 18.226 |
| GK Tarım Ürünleri Depoculuk A.Ş. | - | 297 |
| **Marketing Expenses to Affiliates** | **175.064** | **105.978** |

| | 1 January- 31 March 2018 | 1 January- 31 March 2017 |
|---|---|---|
| Ulusoy Çay Gıda San. ve Tic. A.Ş. | - | 2.307 |
| Ulusoy Petrol Ürünleri Tic. A.Ş | 17.664 | 31.400 |
| Unay Un San. ve Tic. A.Ş. | - | 140 |
| Sasbaş Samsun Serbest Bölgesi Kurucu ve Işleticisi A.Ş. | - | 3.692 |
| **General Administration Expenses to Affiliates** | **17.664** | **37.539** |

| | **1 January – 31 March 2018** | **1 January – 31 March 2017** |
|---|---|---|
| Sasbaş Samsun Serbest Bölgesi Kurucu ve Işleticisi A.Ş | - | - |
| GFC Denizcilik Ticaret A.Ş. | 3.363 | |
| Unay Un San. ve Tic. A.Ş. | - | 362.224 |
| **Other Expenses from Affiliates** | **3.363** | **362.224** |

| | **1 January – 31 March 2018** | **1 January – 31 March 2017** |
|---|---|---|
| Unay Un San. ve Tic. A.Ş. | 685.898 | - |
| **Financial Income from Affiliates** | **685.898** | **-** |

The group's senior management includes board of directors members, general manager and department managers.

Benefits and wages offered to the Group's senior management amount to TRY 200.400- as of March 31, 2018. (December 31, 2017: TRY 616.845)

## 39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

Liquidity Risk Management:

The Group regularly monitors the cash flows and assures continuity of sufficient funds by matching maturity dates of financial assets and liabilities in order to manage liquidity risk. Prudent liquidity risk management means keeping sufficient amount of cash, availability of sufficient credit transactions and fund resources as well as capacity to close market positions.

Credit Risk:

The Group's credit risk actually arises from trade receivables. Trade Receivables are assessed by the Group management on the basis of past experiences and current economic situation and it is included on the consolidated financial position statement as net amount after retaining doubtful receivables provision at a suitable rate.

Market Risk:

Market risk is any change of interest rates, exchange rates or value of marketable securities or other financial contracts which might have impact on the Group.

## 40. FINANCIAL INSTRUMENTS (FAIR VALUE REMARKS AND REMARKS WITHIN THE FRAMEWORK OF HEDGING ACCOUNTING)

### Foreign Currency Position

| **Foreign Currency Position Statement** | **31 March 2018** | | | |
|---|---|---|---|---|
| | **TRY (Functional Currency)** | **US Dollar** | **Euro** | **CHF** |
| 1. Trade and Other Receivables | 221.104.071 | 54.825.289 | 946.005 | - |
| 2a. Monetary Financial Assets (Including Cash, Bank accounts) | 112.640.042 | 25.383.355 | 1.705.315 | 992.942 |
| 2b. Non-monetary financial assets | - | - | - | - |
| 3. Futures Market Transactions | 8.351.743 | 2.114.954 | - | - |
| 4. Advanced given | 15.579.218 | 3.944.958 | 200 | - |
| **5. Current assets (1+2+3+4)** | **357.675.074** | **86.268.556** | **2.651.520** | **992.942** |
| 6. Other Fixed assets | - | - | - | - |
| **7. Fixed assets (6)** | **357.675.074** | **86.268.556** | **2.651.520** | **992.942** |
| **8. Total assets** | **357.675.074** | **86.268.556** | **2.651.520** | **992.942** |
| **9. Short and Long Term Liabilities** | **577.001.687** | **140.150.563** | **4.840.698** | **-** |
| Credits | 82.242.865 | 16.801.937 | 3.265.403 | - |
| Leasing payables | 8.709.643 | 2.205.587 | - | - |
| Trade and Other Payables | 485.492.858 | 121.042.162 | 1.542.840 | - |
| Derivative Financial Liabilities | - | - | - | - |
| Advanced Received | 556.321 | 100.877 | 32.455 | |
| **10. Total Liabilities** | **577.001.687** | **140.150.563** | **4.840.698** | **-** |

| | **Foreign Currency Position Statement** | | |
|---|---|---|---|
| | **31 December 2017** | | |
| | **TRY (Functional Currency)** | **US Dollar** | **Euro** |
| 1. Trade and Other Receivables | 194.148.948 | 51.308.374 | 137.060 |
| 2a. Monetary Financial Assets (Including Cash, Bank accounts) | 94.009.515 | 24.704.575 | 182.998 |
| 2b. Non-monetary financial assets | | | |
| 3. Futures Market Transactions | 5.569.834 | 1.476.665 | - |
| 4. Advanced given | 20.046.801 | 5.314.775 | - |
| **5. Current assets (1+2+3+4)** | **313.775.098** | **82.804.389** | **320.058** |
| 6. Other Fixed assets | - | - | - |
| **7. Fixed assets (6)** | **-** | **-** | **-** |
| **8. Total assets** | **313.775.098** | **82.804.389** | **320.058** |
| **9. Short and Long Term Liabilities** | **551.271.918** | **140.992.849** | **4.309.820** |
| Credits | 126.325.757 | 28.378.320 | 4.270.971 |
| Leasing Payables | 9.127.950 | 2.419.987 | - |
| Trade and Other Payables | 391.447.366 | 103.772.236 | 6.394 |
| Derivative Financial Liabilities | 1.330.043 | 352.619 | - |
| Advanced Received | 23.040.802 | 6.069.687 | 32.455 |
| **10. Total Liabilities** | **551.271.918** | **140.992.849** | **4.309.820** |

| **Foreign Exchange Rate Sensitivity Analysis Table** | | | | |
|---|---|---|---|---|
| | **31 March 2018** | | | |
| | **Profit / (Loss)** | | **Shareholders' Equity** | |
| | Value increase in Foreign Currency | Value decrease in foreign currency | Value increase in Foreign Currency | Value decrease in foreign currency |
| | If US Dollar exchange rate changes by 10 % | | | |
| 1- US Dollar Net Asset / Liability | (21.277.466) | 21.277.466 | (21.277.466) | 21.277.466 |
| 2- Amount protected from US Dollar Risk (-) | - | - | - | - |
| **3- US Dollar Net Impact (1+2)** | **(21.277.466)** | **21.277.466** | **(21.277.466)** | **21.277.466** |
| | If Euro exchange rate changes by 10 % | | | |
| 4- Euro Net Asset / Liability | (1.065.539) | 1.065.539 | (1.065.539) | 1.065.539 |
| 5- Amount protected from Euro Risk (-) | - | - | - | - |
| **6- Euro Net Impact (4+5)** | **(1.065.539)** | **1.065.539** | **(1.065.539)** | **1.065.539** |
| | If CHF exchange rate changes by 10 % | | | |
| 7- CHF Net Asset / Liability | 410.343 | (410.343) | 410.343 | (410.343) |
| 8- Amount protected from CHF Risk (-) | - | - | - | - |
| **9- CHF Net Impact (7+8)** | **410.343** | **(410.343)** | **410.343** | **(410.343)** |

| **Foreign Exchange Rate Sensitivity Analysis Table** | | | | |
|---|---|---|---|---|
| | **31 December 2017** | | | |
| | **Profit / (Loss)** | | **Shareholders' Equity** | |
| | Value increase in Foreign Currency | Value decrease in foreign currency | Value increase in Foreign Currency | Value decrease in foreign currency |
| | If US Dollar exchange rate changes by 10 % | | | |
| 1- US Dollar Net Asset / Liability | (21.948.105) | 21.948.105 | (21.948.105) | 21.948.105 |
| 2- Amount protected from US Dollar Risk (-) | - | - | - | - |
| **3- US Dollar Net Impact (1+2)** | **(21.948.105)** | **21.948.105** | **(21.948.105)** | **21.948.105** |
| | If Euro exchange rate changes by 10 % | | | |
| 4- Euro Net Asset / Liability | (1.801.577) | 1.801.577 | (1.801.577) | 1.801.577 |
| 5- Amount protected from Euro Risk (-) | - | - | - | - |
| **6- Euro Net Impact (4+5)** | **(1.801.577)** | **1.801.577** | **(1.801.577)** | **1.801.577** |

## Credit Risk

| | **Receivables** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Trade Receivables** | | **Other Receivables** | | | | |
| **31 March 2018** | **Affiliate** | **Non- Affiliate** | **Affiliate** | **Non- Affiliate** | **Deposits at Banks** | **Derivative Instruments** | **Other** |
| **Maximum credit risk the company is exposed to as of reporting date (A+B+C+D+E)** | **8.106.187** | **320.050.838** | **-** | **1.790.476** | **149.312.742** | **8.351.743** | **76.086.366** |
| - Part of maximum risk covered by guarantees etc. | - | - | - | - | - | - | - |
| A. Net book value of undue financial assets or financials assets without loss of value | 8.106.187 | 320.050.838 | - | 1.790.476 | 149.312.742 | 8.351.743 | 76.086.366 |
| B. Book value of financial assets that are subject to renegotiated conditions but otherwise would be considered as overdue or exposed to loss of value | - | - | - | - | - | - | - |
| C. Net book value of overdue assets that are not subject to loss of value | - | - | - | - | - | - | - |
| - Amount guaranteed with security etc. | - | - | - | - | - | - | - |
| D. Net book values of assets with loss of value | - | - | - | - | - | - | - |
| - Overdue (gross book value) | - | 5.433.306 | - | 710.802 | - | - | - |
| - Loss of value (-) | - | (5.433.306) | - | (710.802) | - | - | - |
| - Amount of net value guaranteed with security etc. | - | - | - | - | - | - | - |
| - Undue (gross book value) | - | - | - | - | - | - | - |
| - Loss of value (-) | - | - | - | - | - | - | - |
| - Amount of net value guaranteed under security etc. | - | - | - | - | - | - | - |
| E. Off-balance sheet items involving credit risk | - | - | - | - | - | - | - |

| | Receivables | | | | | | |
|---|---|---|---|---|---|---|---|
| | Trade Receivables | | Other Receivables | | | | |
| **31 December 2016** | **Affiliate** | **Non- Affiliate** | **Affiliate** | **Non- Affiliate** | **Deposits at Banks** | **Derivative Instruments** | **Other** |
| **Maximum credit risk the company is exposed to as of reporting date (A+B+C+D+E)** | **98.629** | **340.519.906** | **-** | **2.114.141** | **140.341.147** | **5.569.834** | **54.562.310** |
| - Part of maximum risk covered by guarantees etc. | - | - | - | - | - | - | - |
| A. Net book value of undue financial assets or financials assets without loss of value | 98.629 | 340.519.906 | - | 2.114.141 | 140.341.147 | 5.569.834 | 54.562.310 |
| B. Book value of financial assets that are subject to renegotiated conditions but otherwise would be considered as overdue or exposed to loss of value | - | - | - | - | - | - | - |
| C. Net book value of overdue assets that are not subject to loss of value | - | - | - | - | - | - | - |
| - Amount guaranteed with security etc. | - | - | - | - | - | - | - |
| D. Net book values of assets with loss of value | - | - | - | - | - | - | - |
| - Overdue (gross book value) | - | 5.427.384 | - | 678.942 | - | - | - |
| - Loss of value (-) | - | (5.427.384) | - | (678.942) | - | - | - |
| - Amount of net value guaranteed with security etc. | - | - | - | - | - | - | - |
| - Undue (gross book value) | - | - | - | - | - | - | - |
| - Loss of value (-) | - | - | - | - | - | - | - |
| - Amount of net value guaranteed under security etc. | - | - | - | - | - | - | - |
| E. Off-balance sheet items involving credit risk | - | - | - | - | - | - | - |

## Liquidity Risk

| 31 March 2018<br>Contractual Terms<br><br>Non-derivative Financial liabilities | Book Value | Total Cash outflow under contracts | Less than 3 months | Between 3 to 12 months | Between 1 to 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| Financial Liabilities | 170.256.412 | 170.256.412 | 13.883.345 | 72.133.668 | 84.239.399 | - |
| Notes Payables Issued | - | - | - | - | - | - |
| Trade Payables | 497.724.220 | 497.724.220 | 72.852.667 | 424.871.553 | - | - |
| Other Payables | 73.474 | 73.474 | - | 73.474 | - | - |

| 31 December 2017<br>Contractual Terms<br><br>Non-derivative Financial liabilities | Book Value | Total Cash outflow under contracts | Less than 3 months | Between 3 to 12 months | Between 1 to 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| Financial Liabilities | 219.344.902 | 219.344.902 | 72.822.386 | 67.116.921 | 79.405.595 | - |
| Notes Payables Issued | - | - | - | - | - | - |
| Trade Payables | 406.112.570 | 406.112.570 | 136.133.097 | 269.979.473 | - | - |
| Other Payables | 68.889 | 68.889 | - | 68.889 | - | - |

| | Receivables | | | | |
|---|---|---|---|---|---|
| **31 March 2018** | **Trade Receivables** | **Other Receivables** | **Deposits at Banks** | **Derivative Instruments** | **Other** |
| Overdue 1 to 30 days | - | - | - | - | - |
| Overdue 1 to 3 months | - | - | - | - | - |
| Overdue 3 to 12 months | 66.615 | 710.802 | - | - | - |
| Overdue 1 to 5 years | 5.366.691 | - | - | - | - |
| Overdue more than 5 years | - | - | - | - | - |

| | Receivables | | | | |
|---|---|---|---|---|---|
| **31 December 2017** | **Trade Receivables** | **Other Receivables** | **Deposits at Banks** | **Derivative Instruments** | **Other** |
| Overdue 1 to 30 days | - | - | - | - | - |
| Overdue 1 to 3 months | - | - | - | - | - |
| Overdue 3 to 12 months | 199.003 | - | - | - | - |
| Overdue 1 to 5 years | 5.228.381 | 678.942 | - | - | - |
| Overdue more than 5 years | - | - | - | - | - |

Fair Value of Financial Instruments

Group classifies its financial instruments, reflected with fair values in consolidated financial statements, by using three-level hierarchy according to the sources of valuation inputs of each financial instrument class.

Level 1 : Valuation techniques using quotation prices of identical assets or liabilities in active markets that can be accessed by the Group on measurement date,

Level 2 : Other valuation techniques containing inputs concerning asset or liability other than quotation prices in Level 1, which can be observed directly or indirectly,

Level 3 : Valuation techniques using unobservable inputs concerning asset or liability.

| Financial Assets (31 March 2018) | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Derivative Assets | - | 8.351.743 | - |
| Short term financial investments | 268.159 | - | - |

| Financial Liabilities (31 March 2018) | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Derivative Liabilities | - | - | - |

| Financial Assets (31 December 2017) | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Derivative Assets | - | 5.569.834 | - |
| Short term financial investments | 307.568 | - | - |

| Financial Liabilities (31 December 2017) | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Derivative Liabilities | - | 1.330.043 | - |

**Interest Position and Relevant Sensitivity Analysis**

| Fixed Interest Financial Instruments | 1 January- 31 March 2018 | 1 January - 31 December 2017 |
|---|---|---|
| Cash and cash equivalents (Time Deposits) | 121.208.492 | 105.146.223 |
| Financial Liabilities | 170.256.412 | 219.344.902 |

Company has fixed interest bank deposits and fixed interest financial liabilities as of 31 March 2018 and 31 December 2017. As it has no variable interest financial asset and liability, it is not exposed to interest rate risk arising from the impact of interest rate change.

## 41. EVENTS AFTER THE REPORTING PERIOD

None

## 42. OTHER PARTICULARS THAT HAVE SIGNIFICANT IMPACT ON FINANCIAL STATEMENTS OR THAT SHOULD BE DISCLOSED FOR ASSURING FINANCIAL STATEMENTS ARE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

None