

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2014
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
(ORIGINALLY ISSUED IN TURKISH)**



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

**REPORT ON REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

Introduction

1. We have reviewed the accompanying condensed consolidated balance sheet of Ülker Bisküvi Sanayi A.Ş. and its subsidiaries (collectively referred to as the "Group") as at 30 June 2014 and the related condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

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

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Mert Tüten, SMMM
Partner

İstanbul, 14 August 2014

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2014**

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2014 AND 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

ASSETS	Notes	Reviewed Current Period 30 June 2014	Audited Previous Period 31 December 2013
Current Assets		1.289.586.340	2.128.504.531
Cash and Cash Equivalent	5	437.912.418	1.164.383.158
Financial Investments	6	744.566	611.476
Trade Receivables			
- Due From Related Parties	8-21	498.760.139	446.815.319
- Other Trade Receivables	8	37.700.795	201.954.749
Other Receivables			
- Due From Related Parties	9-21	298.115	3.417.357
- Other Receivables	9	6.721.818	16.860.567
Inventories	10	220.407.099	198.321.733
Prepaid Expenses		38.349.391	47.436.206
Current Income Tax Assets	19	122.510	1.879.695
Other Current Assets		48.569.489	46.824.271
Non-Current Assets		1.042.763.366	1.033.447.409
Financial Investments	6	467.884.658	464.661.239
Other Receivables			
- Other Receivables	9	161.334	161.464
Investment Properties	11	10.035.000	10.035.000
Tangible Assets	12	537.305.168	532.558.107
Intangible Assets	13	1.352.077	791.589
Prepaid Expenses		18.772.636	20.991.312
Deferred Tax Assets	19	7.248.307	4.244.512
Other Non-Current Assets		4.186	4.186
TOTAL ASSETS		2.332.349.706	3.161.951.940

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2014 AND 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

LIABILITIES	Notes	Reviewed Current Period 30 June 2014	Audited Previous Period 31 December 2013
Current Liabilities		1.209.719.421	1.826.580.192
Short Term Financial Liabilities	7	66.434.774	150.942.003
Short-Term Portion of Long-Term Financial Liabilities	7	706.563.140	1.098.791.211
Trade Payables			
- Trade Payables due to Related Parties	8-21	220.032.436	273.321.957
- Other Trade Payables	8	171.768.721	235.142.437
Obligations Related to Employee Benefits		17.814.603	17.716.822
Other Payables			
- Due to Related Parties	9-21	-	86.857
- Other Payables	9	1.208.591	344.940
Current Income Tax Liabilities	19	4.806.649	11.471.653
Short Term Provisions			
- Provisions for Employee Benefits		9.168.637	14.273.061
- Other Short Term Provisions		5.373.178	8.699.625
Other Current Liabilities		6.548.692	15.789.626
Non-Current Liabilities		56.918.081	67.203.301
Long Term Financial Liabilities	7	-	9.851.176
Long Term Provisions			
- Provisions for Employee Benefits		25.118.597	23.380.797
Deferred Tax Liabilities	19	31.587.555	33.935.757
Other Non-Current Liabilities		211.929	35.571
SHAREHOLDERS' EQUITY		1.065.712.204	1.268.168.447
Equity Attributable To Equity Holders' of the Parent		983.303.099	1.129.829.508
Share Capital		342.000.000	342.000.000
Inflation Adjustments to Share Capital		108.056.201	108.056.201
Other Comprehensive Income/Expense not to be Reclassified to Profit and Loss			
- Actuarial Losses		(1.353.642)	(1.307.850)
- Investment Property Valuation Funds		5.231.735	5.231.735
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss			
- Financial Assets Valuation Fund		257.514.884	254.670.905
Restricted Reserves Appropriated from Profits		150.366.889	126.205.350
Retained Earnings		1.880.973	106.324.722
Net Profit for the Period		119.606.059	188.648.445
Non-Controlling Interest		82.409.105	138.338.939
TOTAL LIABILITIES AND EQUITY		2.332.349.706	3.161.951.940

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE 2014 AND 2013

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Reviewed Current Period 1 January- 30 June 2014	Not Reviewed Current Period 1 April- 30 June 2014	Reclassified (*) Reviewed Previous Period 1 January- 30 June 2013	Reclassified (*) Not Reviewed Previous Period 1 April- 30 June 2013
Revenue	15	1.450.530.307	658.070.116	1.326.279.487	610.114.466
Cost of Sales (-)	15	(1.134.630.522)	(521.836.462)	(1.016.101.330)	(462.536.383)
GROSS PROFIT FROM OPERATIONS		315.899.785	136.233.654	310.178.157	147.578.083
Research Expenses (-)	16	(7.694.579)	(3.260.268)	(7.789.656)	(4.869.648)
Marketing Expenses (-)	16	(123.528.715)	(49.577.582)	(120.300.257)	(48.522.210)
General Administrative Expenses (-)	16	(48.993.579)	(22.138.975)	(49.705.561)	(26.227.964)
Other Income from Main Operations		105.415.689	12.375.318	75.693.553	41.689.192
Other Expenses from Main Operations (-)		(100.579.871)	(12.990.702)	(77.945.823)	(48.610.551)
OPERATING PROFIT FROM MAIN OPERATION		140.518.730	60.641.445	130.130.413	61.036.902
Income from Investment Activities		179.042.973	44.338.431	105.833.851	69.406.110
Expenses from Investment Activities (-)		(118.500.489)	(23.477.868)	(14.409.392)	(1.328.340)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		201.061.214	81.502.008	221.554.872	129.114.672
Financial Income	17	44.120.492	32.850.301	15.442.714	9.396.259
Financial Expenses (-)	18	(100.718.604)	(47.804.767)	(98.593.475)	(69.979.820)
PROFIT BEFORE TAX		144.463.102	66.547.542	138.404.111	68.531.111
Tax Expense	19	(14.306.979)	2.274.586	(27.419.825)	(13.253.361)
Tax on Income (-)		(22.189.192)	(2.708.434)	(30.287.580)	(11.296.307)
Deferred Tax Income / (Expense)		7.882.213	4.983.020	2.867.755	(1.957.054)
PROFIT FOR THE PERIOD		130.156.123	68.822.128	110.984.286	55.277.750
Distribution of the Profit for the Period					
Non-Controlling Interest		10.550.064	550.694	19.222.120	8.937.001
Equity Holders of the Parent		119.606.059	68.271.434	91.762.166	46.340.749
Earnings Per Share	20	0,35	0,20	0,27	0,14

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

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 30 JUNE 2014 AND 2013

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

	Reviewed Current Period 1 January- 30 June 2014	Not Reviewed Current Period 1 April- 30 June 2014	Reclassified (*) Reviewed Previous Period 1 January- 30 June 2013	Reclassified (*) Not Reviewed Previous Period 1 April- 30 June 2013
PROFIT FOR THE PERIOD	130.156.123	68.822.128	110.984.286	55.277.750
Other Comprehensive Income/(Loss):				
Items not to be Reclassified Under Profit and Loss	211.408	786.618	(295.919)	504.492
Actuarial Gain/(Loss)	264.260	983.273	(369.899)	647.390
Tax Income/(Expenses) Related to Other Comprehensive Income not to be Reclassified Under Profit and Loss (Note 19)	(52.852)	(196.655)	73.980	(142.898)
Items to be Reclassified Under Profit and Loss	3.102.410	255.935	(1.095.925)	(2.244.633)
Change in Revaluation Funds of Financial Assets	3.265.695	269.405	(1.167.758)	(2.376.924)
Tax (Expense)/Income Related to Other Comprehensive Income to be Reclassified Under Profit and Loss (Note 19)	(163.285)	(13.470)	71.833	132.291
OTHER COMPREHENSIVE INCOME/(LOSS)	3.313.818	1.042.553	(1.391.844)	(1.740.141)
TOTAL COMPREHENSIVE INCOME	133.469.941	69.864.681	109.592.442	53.537.609
Distribution of Total Comprehensive Income				
Non-Controlling Interest	11.065.695	829.214	19.133.382	8.773.336
Equity holders of the Parent	122.404.246	69.035.467	90.459.060	44.764.273

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

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIOD ENDED 30 JUNE 2014 AND 2013

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

			Accumulated Other Comprehensive Income To Be Reclassified Under Profit And Loss		Accumulated Other Comprehensive Income Not To Be Reclassified Under Profit And Loss			Accumulated Profit				
	Share Capital	Inflation Adjustments to Share Capital	Financial Assets Valuation Fund	Investment Property Valuation Fund	Actuarial Loss	Transaction Under Common Control Fund	Restricted Reserves Appropriated from Profits	Net Profit for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non- Controlling Interest	Total Equity
Balances as of 1 January 2013	342.000.000	108.056.201	123.114.916	20.637.311	(1.912.682)	(1.665.893)	73.181.956	166.968.003	127.071.476	957.451.288	122.302.124	1.079.753.412
Total comprehensive income	-	-	(1.004.599)	-	(298.507)	-	-	91.762.166	-	90.459.060	19.133.382	109.592.442
Dividend paid	-	-	-	-	-	-	-	-	(150.000.000)	(150.000.000)	(6.372.725)	(156.372.725)
Transactions under common control (*)	-	-	-	-	-	1.500.589	-	-	-	1.500.589	146.201	1.646.790
Transfers	-	-	-	-	-	-	51.003.682	(166.968.003)	115.964.321	-	-	-
Balances as of 30 June 2013	342.000.000	108.056.201	122.110.317	20.637.311	(2.211.189)	(165.304)	124.185.638	91.762.166	93.035.797	899.410.937	135.208.982	1.034.619.919
Balances as of 1 January 2014	342.000.000	108.056.201	254.670.905	5.231.735	(1.307.850)	-	126.205.350	188.648.445	106.324.722	1.129.829.508	138.338.939	1.268.168.447
Total comprehensive income	-	-	2.843.979	-	(45.792)	-	-	119.606.059	-	122.404.246	11.065.695	133.469.941
Transactions under common control (**)	-	-	-	-	-	-	-	-	4.153.364	4.153.364	(829.555)	3.323.809
Non-controlling interest and processes (***)	-	-	-	-	-	-	-	-	(140.084.019)	(140.084.019)	(59.915.981)	(200.000.000)
Dividend paid	-	-	-	-	-	-	-	-	(133.000.000)	(133.000.000)	(6.249.993)	(139.249.993)
Transfers	-	-	-	-	-	-	24.161.539	(188.648.445)	164.486.906	-	-	-
Balances as of 30 June 2014	342.000.000	108.056.201	257.514.884	5.231.735	(1.353.642)	-	150.366.889	119.606.059	1.880.973	983.303.099	82.409.105	1.065.712.204

(*) Reform Gıda Paz. San. ve Tic. A.Ş. acquisition (Note 3).

(**) Consist of İstanbul Gıda Dış Ticaret A.Ş., Birleşik Dış Ticaret A.Ş., and Rekor Gıda Pazarlama A.Ş.'s disposal (Note 25).

(***) The acquisition of 30 % shares of Biskot Bisküvi Gıda San. Ve Tic. A.Ş (Note 1).

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE INTERIM PERIOD ENDED 30 JUNE 2014 AND 2013

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

		Reviewed Current Period 1 January- 30 June 2014	Reviewed Previous Period 1 January- 30 June 2013
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		130.156.123	110.984.286
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities			
- Depreciation expenses of tangible assets	12	26.620.980	25.304.926
- Amortization expenses of intangible assets	13	170.810	114.546
- Allowance for doubtful receivables	8	475.245	40.982
- Reversal of allowance for doubtful receivables	8	(3.642.593)	(240.833)
- Provision for employment benefits		9.667.997	5.833.834
- Provision for unused vacation		495.982	2.520.133
- Performance premium provision		(982.902)	2.821.463
- Provision for lawsuits		177.329	498.876
- Provision for sales return		(2.568.884)	4.939.925
- Change in loan expense accrual		(3.200.665)	(4.734.208)
- Discount expense		1.000.360	1.921.322
- Change in foreign currency and interest expense of financial liabilities		10.819.389	125.835.143
- Gain on sale of derivative financial instruments		-	(409.549)
- Gain on sale of tangible and intangible assets (net)		1.191.097	(1.446.988)
- Reversal of provision for inventory allowance	10	(1.352.907)	(3.409.280)
- Rent income		(3.802.587)	(3.808.227)
- Dividend income		(671.067)	(434.427)
- Change in foreign currency from investment activity		(40.028.180)	(63.125.369)
- Interest income		(17.231.747)	(22.558.243)
- Tax provision	19	14.306.979	27.419.825
Net Operating cash flows provided before changes in working capital		121.600.759	208.068.137
- Increase in trade receivables		29.043.082	21.405.093
- Increase in trade receivables from related parties		26.509.425	(11.997.854)
- (Increase)/decrease in inventories		(25.345.526)	13.442.350
- (Decrease)/increase in other receivables and other current assets		16.783.117	(15.685.691)
- Decrease in trade payables		(50.669.347)	(47.797.315)
- Increase/(decrease) in trade payables to related parties		(30.558.528)	(33.615.471)
- Decrease in other payables and liabilities		7.031.366	1.664.241
Net cash generated from operations		94.394.348	135.483.490
- Taxes paid	19	(28.976.706)	(19.912.994)
- Employment termination benefit paid		(6.981.242)	(3.434.031)
- Unused vacation paid		(1.444.250)	(2.046.216)
- Performance premium paid		(3.173.254)	(4.963.236)
- Lawsuits provision paid		(314.347)	(3.569)
- Collections from doubtful trade receivables	8	4.971	106.152
Net cash generated from operating activities		53.509.520	105.229.596

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE INTERIM PERIOD ENDED 30 JUNE 2014 AND 2013

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

		Reviewed Current Period 1 January- 30 June 2014	Reviewed Previous Period 1 January- 30 June 2013
	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES			
- Acquisition of tangible assets	12	(34.523.287)	(34.652.247)
- Acquisition of intangible assets	13	(354.822)	(27.567)
- Proceeds from sales of tangible and intangible assets		981.743	4.187.022
- Proceeds from sales of subsidiaries	25	35.751.007	-
- Acquisitions of shares of subsidiary		(200.000.000)	-
- Change in non-trade receivables from related parties		60.874.203	51.655.125
- Rent income		3.802.587	3.808.227
- Dividend income		671.067	434.427
- Interest received		17.231.747	22.558.243
- Change in financial assets		(133.090)	(460.199)
Net cash (used)/generated from investing activities		(115.698.845)	47.503.031
CASH FLOWS FROM FINANCING ACTIVITIES			
- Loan repayment		(271.860.632)	(277.373.757)
- Loans acquired		115.034.947	10.859.132
- Change in leasing liabilities		(3.815.211)	(4.122.723)
- Dividend paid		(139.249.993)	(156.372.725)
- Interest paid		(17.905.358)	(38.551.478)
- Changes in non-trade payables to related parties		(9.607.416)	2.105.401
Net cash used in financing activities		(327.403.663)	(463.456.150)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(389.592.988)	(310.723.523)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1.164.383.158	1.267.728.071
Cash outflow due to subsidiary sales		(336.877.752)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	437.912.418	957.004.548

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Ülker Bisküvi Sanayi A.Ş. (“the Company”) and its subsidiaries (all together “the Group”), comprises of the parent Ülker Bisküvi Sanayi A.Ş. (“the Company”) and four subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2013: seven).

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

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

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

As of 30 June 2014, the total number of people employed by the Group is 8.704, which contains 538 employees who worked as subcontractors (31 December 2013: 9.218, subcontractor: 519).

The ultimate parent and the controlling party of the Group is Yıldız Holding A.Ş. The ultimate parent of Yıldız Holding A.Ş. is managed by Ülker Family.

As of 30 June 2014 and 31 December 2013, the names and percentages of the shareholders holding more than 10% of the Company’s share capital are as follows:

Name of the Shareholders	30 June 2014		31 December 2013	
	Share	Percentage	Share	Percentage
Yıldız Holding A.Ş.	167.122.180	48,87%	166.967.458	48,82%
Yıldız Holding A.Ş. Subsidiaries and Ülker Family	27.738.120	8,11%	38.888.808	11,37%
Other	147.139.700	43,02%	136.143.734	39,81%
	342.000.000	100,00%	342.000.000	100,00%

As of 30 June 2014 and 31 December 2013, the details of the subsidiaries in terms of direct and effective share of ownership and principal business activities are as follows:

Subsidiaries	30 June 2014		31 December 2013		Nature of Operations
	Ratio of Direct Ownership %	Ratio of Effective Ownership %	Ratio of Direct Ownership %	Ratio of Effective Ownership %	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. (*)	73,9%	73,9%	43,5%	43,9%	Manufacturing
Ülker Çikolata Sanayi A.Ş.	91,7%	91,7%	91,7%	91,7%	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	98,3%	98,3%	98,3%	98,3%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100,0%	100,0%	100,0%	100,0%	Trading
İstanbul Gıda Dış Ticaret A.Ş. (**)	-	-	83,8%	91,4%	Sales&Marketing
Birleşik Dış Ticaret A.Ş. (***)	-	-	70,0%	79,2%	Sales&Marketing
Rekor Gıda Pazarlama A.Ş. (****)	-	-	-	43,9%	Sales&Marketing

(*) The Company purchased 19.443.832 shares of Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. for an amount of TRY 200.000.000 from Tayyar Family as of 6 May 2014.

(**) The Company sold 12.570.003 shares of İstanbul Gıda Dış Ticaret A.Ş. for an amount of TRY 25.978.007 to Yıldız Holding A.Ş. and Ülker Çikolata sold 1.245.000 shares of İstanbul Gıda Dış Ticaret A.Ş. for an amount of TRY 2.573.000 to Yıldız Holding A.Ş. as of 6 May 2014.

(***) The Company sold 875.500 shares of Birleşik Dış Ticaret A.Ş. for an amount of TRY 2.801.600 to Yıldız Holding A.Ş. and Ülker Çikolata sold 124.500 shares of Birleşik Dış Ticaret A.Ş. for an amount of TRY 398.400 to Yıldız Holding A.Ş. as of 6 May 2014.

(****) Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. sold 10.000.000 shares of Rekor Gıda Pazarlama A.Ş., for an amount of TRY 4.000.000 to Yıldız Holding A.Ş. as of 6 May 2014.

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

Dividend Paid:

Group has decided to pay a dividend amount of TRY 133.000.000 (30 June 2013: TRY 150.000.000) in the current period. Dividend paid per share is TRY 0,39 (30 June 2013: TRY 0,44).

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 14 August 2014. The General Assembly has the authority to amend/modify the financial statements.

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of the presentation:

Principals for Preparation of Financial Statements and Significant Accounting Policies:

The Group companies, which operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted Accounting Principles in Turkey accepted by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and presented in TRY in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities included in business combinations application, financial statements are prepared on historical cost basis.

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after June 30, 2013, listed companies are required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (TAS/IFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In the scope of the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), the Group has prepared interim condensed consolidated financial statements in accordance with TAS 34, "Interim Financial Reporting". The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the condensed consolidated financial statement disclosures.

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

2.2 Changes in the Accounting Policies:

Comparative Information and Reclassification of Prior Period Financial Statements

30 June 2013 Consolidated Income Statement	Previously reported	Classification of Raw Material Incentives	Change in CMB Classification	Reclassified
Revenue	1.326.279.487	-	-	1.326.279.487
Cost of Sales (-)	(1.017.484.305)	1.382.975	-	(1.016.101.330)
GROSS PROFIT FROM OPERATIONS	308.795.182	1.382.975	-	310.178.157
Research expenses (-)	(7.789.656)	-	-	(7.789.656)
Marketing expenses (-)	(120.300.257)	-	-	(120.300.257)
General administrative expenses (-)	(49.705.561)	-	-	(49.705.561)
Other income from main operations	168.905.385	(1.382.975)	(91.828.857)	75.693.553
Other expenses from main operations (-)	(99.025.715)	-	21.079.892	(77.945.823)
OPERATING PROFIT	200.879.378	-	(70.748.965)	130.130.413
Income from investing activities	6.846.567	-	98.987.284	105.833.851
Expenses from investing activities (-)	-	-	(14.409.392)	(14.409.392)
PROFIT BEFORE FINANCIAL INCOME AND EXPENSE	207.725.945	-	13.828.927	221.554.872
Financial income	22.588.243	-	(7.145.529)	15.442.714
Financial expense	(91.910.077)	-	(6.683.398)	(98.593.475)
PROFIT BEFORE TAX	138.404.111	-	-	138.404.111
Tax Expense	(27.419.825)	-	-	(27.419.825)
Tax on Income	(30.287.580)	-	-	(30.287.580)
Deferred Tax Income	2.867.755	-	-	2.867.755
PROFIT FOR THE PERIOD	110.984.286	-	-	110.984.286

In accordance with CMB decision dated 7 June 2013 at the numbered 20/670 meeting, the reclassifications were made by Group in the condensed consolidated income statements for the period ended 30 June 2013 are as follow:

- In prior period, foreign exchange gain from other income and expense from main operations amounting to TRY 77.531.618 and TRY 15.442.715 in total of TRY 92.974.333 are respectively classified to income from investing activities and financial income, foreign exchange loss amounting to TRY 14.406.250 and TRY 6.683.398 in total of TRY 21.089.648 respectively classified to expenses from investing activities and financial expenses in current period.
- Subsidiary sales profits amounting to TRY 1.073.392 and other income amounting to TRY 59.185 that were presented under income / expense from investing activities in the previous period are classified to other income from main operations.
- Financial service income amounting to TRY 9.464.906 and interest income amounting to TRY 13.123.337 that were presented under financial income in the previous period are classified to income from investing activities.

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

2.3 Amendments in International Financial Reporting Standards

The new standards, amendments and interpretations which are effective for the financial statements as of 30 June 2014

- TAS 32 (amendment), “Financial instruments: Presentation”, on offsetting financial assets and financial liabilities, is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in TAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- TFRS 10, TFRS 12 and TAS 27 (amendments), “Consolidated financial statements”: ‘exceptions for the consolidation of subsidiaries’; is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an ‘investment entity’ definition and which display particular characteristics.

TAS 36 (amendments), “Impairment of assets” on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- TAS 39 (amendments) “Financial Instruments: Recognition and Measurement” - “Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.
- TFRIC 21 – TAS 37, “Levies” is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of TAS 37, ‘Provisions, contingent liabilities and contingent assets’. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The new standards, amendments and interpretations introduced to the prior Financial Statements as of 30 June 2014, however will be effective after 1 July 2014

- TAS 19 (amendment), “Defined benefit plans”, is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project that affect 7 standards:
 - TFRS 2, “Share Based Payment”
 - TFRS 3, “Business Combination”
 - TFRS 8, “Operating Segments”
 - TFRS 13, “Fair value measurement”
 - TAS 16, “Tangible Assets and TAS/ 38, Intangible Assets”
 - TFRS 9, “Financial Instruments: TAS 37, Provisions, Contingent Assets and Liability”
 - TFRS 39, “Financial Instruments-Recognition and Measurement”

Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from 2011-13 cycle of the annual improvements project that affect 4 standards:

- TFRS 1, “First Adoption of TFRS”
- TFRS 3, “Business Combinations”

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

2.3 Amendments in International Financial Reporting Standards (cont'd)

- TFRS 13, “Fair Value Measurement”
- TAS 40, “Investment Properties”
- TFRS 11 (amendments), “Joint Arrangements”, is effective for annual periods beginning on or after 1 July 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- TAS 16 and TAS 38 (amendments), “Tangible Assets”, “Intangible Assets”, is effective for annual periods beginning on or after 1 July 2016. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- TFRS 14, “Regulatory deferral accounts”, is effective for annual periods beginning on or after 1 July 2016. ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- TFRS 15, “Revenue from contracts with customers”, is effective for annual periods beginning on or after 1 July 2017. The International Accounting Standards Board (IASB) and the US national standard-setter, the Financial Accounting Standards Board (FASB), initiated a joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new model employs an asset and liability approach, rather than current revenue guidance focuses on an ‘earnings processes.
- TFRS 9 “Financial instruments” - classification and measurement; is effective for annual periods beginning on or after 1 January 2018. This standard on classification and measurement of financial assets and financial liabilities will replace TAS 39, “financial instruments: Recognition and measurement”. TFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the TAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions.
- Amendments to TFRS 9, “Financial instruments”, regarding general hedge, is effective for annual periods beginning on or after 1 January 2018. These amendments to TFRS 9, “Financial instruments”, bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

The Group assumed that the given amendments and interpretations has no material effect on the financial statements.

3. BUSINESS COMBINATIONS

Reform Gıda Paz. San. ve Tic. A.Ş. fully consolidated with scope of transaction under common controls in the condensed consolidated financial statements as of 1 January 2013; it was acquired from Yıldız Holding A.Ş. on 18 February 2013. Public Oversight Accounting and Auditing Standards Authority (“POAASA”) Turkish Accounting Standards Boards has published principal related with transaction under common control in official journal as of 21 July 2013. In accordance with the publication transaction under common controls has to perform in accordance with “Pooling of interest Method” by restating previous year financials. The Group has decided not to restate previous year financials by considering company size and monetary value of purchased company.

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4. SEGMENTAL INFORMATION

The Group's core business activities are manufacturing and marketing of biscuit, chocolate, chocolate coated biscuit, wafer, and cake. The reports reviewed routinely by the decision makers of the Group comprise consolidated amount and its results of Ülker Bisküvi Sanayi A.Ş. and its subsidiaries.

Since the Group has operations in only one production area and the decision makers use the consolidated financial statements, segmental reporting in accordance with TFRS 8 have not been provided in the accompanying condensed consolidated financial statements.

5. CASH AND CASH EQUIVALENTS

	30 June 2014	31 December 2013
Cash	20.281	25.443
Demand deposits	3.564.747	9.056.986
Time deposits (*)	434.327.390	1.154.745.091
Other liquid assets	-	555.638
	437.912.418	1.164.383.158

(*)Time deposits consist of overnight amounting to TRY 384.734.796 (31 December 2013: TRY 1.150.297.129).

Details of time deposits are shown below;

Currency Type	Weighted Average Effective Interest Rate (%)	Maturity	30 June 2014
TRY	10,50%	July 2014	39.639.725
USD	3,02%	July 2014	290.853.995
EUR	2,00%	July 2014	103.833.670
			434.327.390

Currency Type	Weighted Average Effective Interest Rate (%)	Maturity	31 December 2013
TRY	8,94%	January-February 2014	145.138.421
USD	1,86%	January 2014	686.297.216
EUR	0,2%	January 2014	323.309.454
			1.154.745.091

6. FINANCIAL INVESTMENTS

<u>Short Term Financial Investments:</u>	30 June 2014	31 December 2013
Financial investments are classified at FVTPL	744.566	611.476
	744.566	611.476

The Company's short-term financial investments consist various securities.

<u>Long Term Financial Investments:</u>	30 June 2014	31 December 2013
Available for sales financial assets	467.884.658	464.661.239
	467.884.658	464.661.239

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6. FINANCIAL INVESTMENTS (cont'd)

Long Term Available for Sale Financial Investments	Share %	30 June 2014	Share %	31 December 2013
G New, Inc	19,23%	148.876.952	19,23%	148.876.952
Godiva Belgium BVBA	19,23%	289.715.942	19,23%	289.715.942
BİM Birleşik Mağazalar A.Ş.	0,20%	29.091.646	0,20%	25.825.951
Other		200.118		242.394
		467.884.658		464.661.239

Available for sale financial assets are presented at their fair values. As of 30 June 2014 the difference of TRY 257.514.884 (31 December 2013: TRY 254.670.905) in the fair values of such assets has directly been presented in other comprehensive income under equity.

As the expected value gaps for available for sale financial assets of TRY 200.118 (31 December 2013: TRY 242.394) that are not traded in an active market are high and expected values are not reliably measured, these have been presented at historical cost in accompanying condensed consolidated financial statements.

7. FINANCIAL LIABILITIES

	30 June 2014	31 December 2013
Short Term Borrowings	66.434.774	150.942.003
Short Term Portion of Long Term Borrowings	706.563.140	1.098.791.211
Long Term Borrowings	-	9.851.176
	772.997.914	1.259.584.390
Short Term Borrowings	30 June 2014	31 December 2013
Bank Loans	3.836.222	150.942.003
Due to Related Parties (Note 21)	62.598.552	-
	66.434.774	150.942.003
Short Term Portion of Long Term Borrowings	30 June 2014	31 December 2013
Bank Loans	705.059.073	1.093.534.286
Financial Lease Payables	1.504.067	5.256.925
	706.563.140	1.098.791.211
Long Term Borrowings	30 June 2014	31 December 2013
Bank Loans	-	9.788.823
Financial Lease Payables	-	62.353
	-	9.851.176

Details of Group's syndication loans are as follows;

Syndication loan consists of two credit trenches which are USD 138.280.000 and EUR 134.850.000 14 international banks joined the participation. Effective interest rate for both credit trenches is $\text{libor} + 3,4\%$ and the maturity date is November 2014. Principal payments of the loans are paid with interest, semi-annually at the end of the period.

The covenants which belong to participation credits are as follows;

- Leverage:** The ratio of the consolidated net loan at the end of the balance sheet date to the consolidated EBITDA in the valid period should not be over the ratio of 3 to 1.
- Interest Coverage:** Consolidated interest coverage ratio of the Group for the balance sheet date should be at least 3 to 1.

In current period, condensed consolidated financial statements of the Group comply with the covenants of the bank loan agreement.

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7. FINANCIAL LIABILITIES (cont'd)

30 June 2014

<u>Currency</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate</u> (%)	<u>Short Term</u>	<u>Long Term</u>
TRY	Spot	Spot	3.836.222	-
EUR	October 2014-April 2015	3,83%	410.586.996	-
USD	November 2014	3,71%	294.472.077	-
			708.895.295	-

31 December 2013

<u>Currency</u>	<u>Maturity</u>	<u>Effective Weighted Average Interest Rate</u> (%)	<u>Short Term</u>	<u>Long Term</u>
TRY	Spot	Spot	4.370.289	-
EUR	February 2014-November 2014	2,89%	783.805.171	-
USD	February 2014-April 2015	3,92%	456.300.829	9.788.823
			1.244.476.289	9.788.823

The maturity detail of the financial borrowings is as follows:

	30 June 2014	31 December 2013
To be paid within 1 year	708.895.295	1.244.476.289
To be paid within 1-2 years	-	9.788.823
	708.895.295	1.254.265.112

a) The detail of short term financial lease payables is as follows:

Short-Term Financial Lease Payables	30 June 2014	31 December 2013
Financial lease payables	1.530.776	5.376.313
Deferred financial lease payables (-)	(26.709)	(119.388)
	1.504.067	5.256.925

b) The detail of long term financial lease payables is as follows:

Long-Term Financial Lease Payables	30 June 2014	31 December 2013
Financial lease payables	-	69.587
Deferred financial lease payables (-)	-	(7.234)
	-	62.353

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

	30 June 2014	31 December 2013
To be paid within 1 year	1.504.067	5.256.925
To be paid within 1-5 years	-	62.353
	1.504.067	5.319.278

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8. TRADE RECEIVABLES AND PAYABLES

	30 June 2014	31 December 2013
Due from Related Parties		
Due from related parties (Note 21)	498.760.139	446.815.319
	498.760.139	446.815.319
Other Trade Receivables		
Trade receivables	36.882.674	175.211.204
Notes receivables	3.173.060	34.664.418
Provision for doubtful receivables	(1.532.442)	(6.222.135)
Discount of trade receivables (-)	(822.497)	(1.698.738)
	37.700.795	201.954.749
Total Short Term Trade Receivables	536.460.934	648.770.068

Trade receivables are disclosed at discounted net realizable value using the effective yield method. Net realizable value has been calculated over discount rate of 11% (31 December 2013: 8,0%) based on the Group's cash sales. The provision for trade receivables is provided for based on the estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

The movement of the allowance for doubtful receivables as of 30 June 2014 and 30 June 2013 is as follows:

	1 January- 30 June 2014	1 January- 30 June 2013
Opening balance	(6.222.135)	(6.494.812)
Charge for the period	(475.245)	(34.717)
Foreign exchange difference	-	(6.265)
Provision reversal	3.642.593	240.833
Disposal within scope of consolidation	1.517.374	-
Collections	4.971	106.152
Closing balance	(1.532.442)	(6.188.809)

	30 June 2014	31 December 2013
Short Term Trade Payables		
Due to related parties (Note 21)	220.032.436	273.321.957
Other Trade payables	171.768.721	235.142.437
	391.801.157	508.464.394

Trade payables are disclosed at discounted net realizable value using the effective yield method. Net realizable value has been calculated over discount rate of 11% (31 December 2013: 8,0%) based on the Group's cash sales.

9. OTHER RECEIVABLES AND PAYABLES

	30 June 2014	31 December 2013
Short Term Other Receivables		
Due from related parties (Note 21)	298.115	3.417.357
Short term other receivables	6.721.818	16.860.567
	7.019.933	20.277.924
Other Short Term Receivables		
VAT receivables	5.069.304	6.886.001
Receivables from employees	267.267	352.662
Deposits and guarantees given	20.019	318.056
Receivables from sales of tangible assets	-	8.872.318
Other	1.365.228	431.530
	6.721.818	16.860.567

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9. OTHER RECEIVABLES AND PAYABLES (cont'd)

	30 June 2014	31 December 2013
Other Long Term Receivables		
Deposits and guarantees given	161.334	161.464
	161.334	161.464
Other Payables		
Due from related parties (Note 21)	-	86.857
Other short-term payables	1.208.591	344.940
	1.208.591	431.797

10. INVENTORIES

Inventory details are as follows:

	30 June 2014	31 December 2013
Raw materials	78.208.772	79.436.010
Work in progress	9.273.834	8.341.511
Finished goods	123.223.310	101.979.209
Trade goods	462.113	2.771.255
Other inventories	12.676.696	10.584.281
Allowance for impairment on inventory (-)	(3.437.626)	(4.790.533)
	220.407.099	198.321.733

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

The movement of allowance for impairment on inventory for the periods ended 30 June 2014 and 30 June 2013 are below:

	1 January- 30 June 2014	1 January- 30 June 2013
Opening balance	(4.790.533)	(9.147.920)
Charge for the period	(581.652)	(105.723)
Used allowance	1.934.559	3.515.003
Closing balance	(3.437.626)	(5.738.640)

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11. INVESTMENT PROPERTIES

	1 January- 30 June 2014	1 January- 30 June 2013
Opening balance	10.035.000	30.460.000
Closing balance	10.035.000	30.460.000

The fair value of the Group's investment properties at 31 December 2013 has been calculated on the basis of a valuation carried out at 6 December 2013, by independent values not related to the Group. EVA Gayrimenkul Değerleme Danışmanlık A.Ş. is one of the accredited independent values by Capital Markets Board of Turkey, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The rent income earned by the Group from its investment properties amounting to TRY 440.671 (30 June 2013: TRY 282.140) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TRY 25.459 (30 June 2013: TRY 66.819).

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12. TANGIBLE ASSETS

Movement of tangible assets between 1 January - 30 June 2014 are as follows:

Cost	1 January 2014	Addition	Disposal	Transfers (Note 13)	Disposal from the scope of consolidation	30 June 2014
Land	3.376.659	10.000	-	-	-	3.386.659
Land improvements	6.484.021	263.437	-	99.215	-	6.846.673
Buildings	242.703.970	161.697	(2.323.680)	361.136	(222.589)	240.680.534
Machinery, plant and equipment	734.359.082	9.385.838	(206.033)	13.915.921	-	757.454.808
Vehicles	1.109.054	55.847	(36.401)	-	(230.970)	897.530
Furniture and fixtures	44.252.580	818.371	(19.465)	575.530	(2.159.201)	43.467.815
Leasehold improvements	16.013.470	288.502	-	-	(775.373)	15.526.599
Other tangible assets	1.396	-	-	-	-	1.396
Construction in progress	19.427.468	23.539.595	(76.173)	(15.457.852)	-	27.433.038
	1.067.727.700	34.523.287	(2.661.752)	(506.050)	(3.388.133)	1.095.695.052
Accumulated Depreciation	1 January 2014	Charge for the period	Disposal	Transfers (Note 13)	Disposal from the scope of consolidation	30 June 2014
Land improvements	(2.563.708)	(159.905)	-	-	-	(2.723.613)
Buildings	(67.163.827)	(3.574.713)	398.517	-	370	(70.339.653)
Machinery, plant and equipment	(416.809.998)	(21.578.738)	108.001	-	-	(438.280.735)
Vehicles	(1.051.259)	(25.328)	33.294	-	230.970	(812.323)
Furniture and fixtures	(37.275.765)	(851.737)	10.803	-	1.871.396	(36.245.303)
Leasehold improvements	(10.303.640)	(430.559)	-	-	747.338	(9.986.861)
Other tangible assets	(1.396)	-	-	-	-	(1.396)
	(535.169.593)	(26.620.980)	550.615	-	2.850.074	(558.389.884)
Net Book Value	532.558.107					537.305.168

From depreciation and amortization expenses, TRY 24.346.270 (30 June 2013: TRY 22.677.354) is included in cost of goods sold, TRY 151.412 (30 June 2013: TRY 98.544) is included in research expenses, TRY 1.030.404 (30 June 2013: TRY 1.186.975) is included in marketing expenses and TRY 1.263.704 (30 June 2013: TRY 1.456.599) is included in general administrative expenses.

Between 1 January-30 June 2014, there is no fixed assets acquired through financial leasing.
There is no collateral or mortgage on fixed assets.

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12. TANGIBLE ASSETS (cont'd)

Movement of tangible assets between 1 January - 30 June 2013 are as follows:

Cost	1 January 2013	Addition	Disposal	Addition to the scope of consolidation	Transfers	30 June 2013
Land	8.376.659	-	-	-	-	8.376.659
Land improvements	6.247.149	18.529	-	-	-	6.265.678
Buildings	251.413.316	11.160	(1.067.990)	-	3.347.784	253.704.270
Machinery, plant and equipment	680.430.113	13.130.078	(1.396.888)	3.201.591	6.049.161	701.414.055
Vehicles	1.134.736	-	(38.782)	-	-	1.095.954
Furniture and fixtures	43.157.448	938.840	(1.134.011)	-	52.926	43.015.203
Leasehold improvements	19.655.248	300.798	-	-	-	19.956.046
Other tangible assets	1.396	-	-	-	-	1.396
Construction in progress	12.654.101	20.252.842	(961.151)	-	(9.449.871)	22.495.921
	1.023.070.166	34.652.247	(4.598.822)	3.201.591	-	1.056.325.182
Accumulated Depreciation	1 January 2013	Charge for the period	Disposal	Addition to scope of consolidation	Transfers	30 June 2013
Land improvements	(2.254.779)	(153.923)	-	-	-	(2.408.702)
Buildings	(61.205.894)	(3.654.604)	135.279	-	-	(64.725.219)
Machinery, plant and equipment	(386.987.793)	(20.095.642)	621.329	(817.420)	-	(407.279.526)
Vehicles	(1.040.694)	(32.851)	38.782	-	-	(1.034.763)
Furniture and fixtures	(36.847.749)	(939.116)	1.080.884	-	-	(36.705.981)
Leasehold improvements	(10.428.953)	(428.790)	-	-	-	(10.857.743)
Other tangible assets	(1.396)	-	-	-	-	(1.396)
	(498.767.258)	(25.304.926)	1.876.274	(817.420)	-	(523.013.330)
Net Book Value	524.302.908					533.311.852

Between 1 January - 30 June 2013, there is no fixed assets acquired through financial leasing.

There is no collateral or mortgage on fixed assets.

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12. TANGIBLE ASSETS (cont'd)

The useful lives of tangible assets are as follows:

	Useful Life
Land improvements	10 - 50 years
Buildings	25 - 50 years
Machinery, plant and equipment	4 - 15 years
Vehicles	4 - 10 years
Furniture and fixtures	3 - 10 years
Other tangible assets	4 - 10 years
Leasehold improvements	During rent period

13. INTANGIBLE ASSETS

Movement of intangible assets between 1 January - 30 June 2014 are as follows:

Cost	1 January 2014	Addition	Disposal	Transfers (Note 12)	Disposal from the scope of consolidation	30 June 2014
Rights	2.157.120	315.805	(61.703)	506.050	(1.177.933)	1.739.339
Other intangible assets	1.141.475	39.017	-	-	(281.254)	899.238
	3.298.595	354.822	(61.703)	506.050	(1.459.187)	2.638.577
Accumulated amortization	1 January 2014	Charge for the period	Disposal	Transfers (Note 12)	Disposal from the scope of consolidation	30 June 2014
Rights	(1.668.333)	(108.124)	-	-	1.111.357	(665.100)
Other intangible assets	(838.673)	(62.686)	-	-	279.959	(621.400)
	(2.507.006)	(170.810)	-	-	1.391.316	(1.286.500)
Net Value	791.589					1.352.077

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13. INTANGIBLE ASSETS (cont'd)

Movement of intangible assets between 1 January - 30 June 2013 are as follows:

Cost	1 January 2013	Addition	Disposal	30 June 2013
Rights	1.895.364	2.108	-	1.897.472
Other intangible assets	1.047.549	25.459	(34.924)	1.038.084
	2.942.913	27.567	(34.924)	2.935.556
Accumulated amortization	1 January 2013	Charge for the period	Disposal	30 June 2013
Rights	(1.535.567)	(53.779)	-	(1.589.346)
Other intangible assets	(732.907)	(60.767)	17.438	(776.236)
	(2.268.474)	(114.546)	17.438	(2.365.582)
Net Book Value	674.439			569.974

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

	Useful Life
Rights	2 - 15 years
Other intangible assets	2 - 12 years

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14. CONTINGENT ASSETS AND LIABILITIES

Guarantees given:

(Foreign currency amounts are shown in original currencies)

	30 June 2014			31 December 2013		
	TOTAL	TRY	USD	TOTAL	TRY	USD
A) CPM's given in the name of own legal personality	52.032.234	51.894.426	64.900	60.142.454	60.003.938	64.900
B) CPM's given on behalf of the fully consolidated companies	-	-	-	-	-	-
C) CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-	-
D) Total amount of other GPMs	-	-	-	-	-	-
i. Total amount GPMs given on behalf of the majority shareholders	-	-	-	-	-	-
ii. Total amount of GPMs given to on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of GPMs given on behalf of third parties which are not in scope of consolidation	-	-	-	-	-	-
Total	52.032.234	51.894.426	64.900	60.142.454	60.003.938	64.900

15. REVENUE AND COST OF SALES

The detail of the operational income is as follows:

	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Domestic sales	1.603.612.575	763.012.775	1.503.615.081	704.626.767
Export sales	284.080.032	101.798.904	249.827.465	107.692.504
Sales returns and discounts (-)	(437.162.300)	(206.741.563)	(427.163.059)	(202.204.805)
Revenue (net)	1.450.530.307	658.070.116	1.326.279.487	610.114.466
Cost of goods sold (-)	(1.113.382.139)	(519.576.248)	(963.038.600)	(435.569.089)
Cost of trade goods sold (-)	(21.248.383)	(2.260.214)	(53.062.730)	(26.967.294)
Cost of Sales	(1.134.630.522)	(521.836.462)	(1.016.101.330)	(462.536.383)
Gross Profit	315.899.785	136.233.654	310.178.157	147.578.083

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16. EXPENSES BY NATURE

The detail of operating expenses is as follows;

	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Research Expenses				
Materials used	(4.393.233)	(2.484.573)	(4.191.815)	(2.716.939)
Personnel expenses	(963.296)	(443.457)	(1.334.120)	(762.806)
Depreciation and amortization expenses	(151.412)	(78.333)	(98.544)	(63.386)
Other	(2.186.638)	(253.905)	(2.165.177)	(1.326.517)
	(7.694.579)	(3.260.268)	(7.789.656)	(4.869.648)
Marketing Expenses				
Marketing operation expenses	(107.561.636)	(43.821.384)	(97.120.293)	(36.344.725)
Personnel expenses	(11.023.328)	(3.582.085)	(13.919.280)	(7.415.619)
Depreciation and amortization expenses	(1.030.404)	(503.171)	(1.186.975)	(618.851)
Rent expenses	(882.947)	(190.014)	(1.928.097)	(913.824)
Other	(3.030.400)	(1.480.928)	(6.145.612)	(3.229.191)
	(123.528.715)	(49.577.582)	(120.300.257)	(48.522.210)
General Administrative Expenses				
Personnel expenses	(21.498.009)	(9.116.802)	(20.061.679)	(10.269.290)
Operating expenses (*)	(20.400.684)	(9.670.603)	(20.516.765)	(11.072.706)
Depreciation and amortization expenses	(1.263.704)	(615.961)	(1.456.599)	(619.504)
Consultancy expenses	(214.898)	(77.411)	(251.201)	(107.206)
Other	(5.616.284)	(2.658.198)	(7.419.317)	(4.159.258)
	(48.993.579)	(22.138.975)	(49.705.561)	(26.227.964)

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

17. FINANCIAL INCOME

	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Foreign exchange gain from financing	44.120.492	32.850.301	15.442.714	9.396.259
	44.120.492	32.850.301	15.442.714	9.396.259

18. FINANCIAL EXPENSES

	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Foreign exchange and interest losses from Financing	(99.988.090)	(47.243.528)	(97.982.396)	(69.745.083)
Other	(730.514)	(561.239)	(611.079)	(234.737)
	(100.718.604)	(47.804.767)	(98.593.475)	(69.979.820)

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19. TAX ASSET AND LIABILITIES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES)

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

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

The rate applied in the calculation of deferred tax assets and liabilities is 20% (2013: 20%)

Deferred tax bases:

	Deferred tax (assets)		Deferred tax liabilities	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Useful life and valuation differences on tangible and intangible assets	-	-	141.607.718	143.786.202
Valuation differences of investment properties	-	-	9.377.104	9.349.692
Financial investments valuation differences	-	-	271.950.500	268.551.100
Profit margin elimination on inventory	(71.605)	(272.145)	-	-
Discount of trade receivables / payables (net)	(1.863.652)	(954.861)	-	-
Allowance of employee termination benefits	(25.118.597)	(23.380.797)	-	-
Allowance for doubtful receivables	(709.534)	(5.813.744)	-	-
Previous year losses	(9.867.050)	(14.867.955)	-	-
Provision for lawsuits	(3.635.668)	(3.772.686)	-	-
Other	(5.712.458)	(15.742.974)	-	-
	(46.978.564)	(64.805.162)	422.935.322	421.686.994

Deferred tax (assets) / liabilities:

	Deferred tax (assets)		Deferred tax liabilities	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Useful life and valuation differences on tangible and intangible assets	-	-	28.321.544	28.757.239
Valuation differences of investment properties	-	-	468.855	467.485
Financial investments valuation differences	-	-	13.597.525	13.427.555
Profit margin elimination on inventory	(14.321)	(54.429)	-	-
Discount of trade receivables / payables (net)	(372.730)	(190.973)	-	-
Allowance for employee termination benefits	(5.023.719)	(4.676.160)	-	-
Allowance for doubtful receivables	(141.907)	(1.162.749)	-	-
Previous year losses	(1.973.410)	(2.973.591)	-	-
Provision for lawsuits	(727.134)	(754.537)	-	-
Investment incentive	(8.652.964)	-	-	-
Other	(1.142.491)	(3.148.595)	-	-
	(18.048.676)	(12.961.034)	42.387.924	42.652.279

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19. TAX ASSET AND LIABILITIES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES)
(cont'd)

	1 January - 30 June 2014	1 January- 30 June 2013
<u>Movement of Deferred Tax Liabilities:</u>		
Opening balance	29.691.245	22.693.528
Amendment in accordance with consolidation	2.314.079	-
Taxes netted against funds recognized under equity	216.137	(145.813)
Deferred tax gain	(7.882.213)	(2.867.755)
	<u>24.339.248</u>	<u>19.679.960</u>

The Group calculated deferred tax assets of TRY 9.867.050 for deductible financial losses in the condensed consolidated financial statements for the current year (31 December 2013: TRY 14.867.955). The maturities of these losses are as follows:

	30 June 2014	31 December 2013
2015	60.661	-
2016	4.616.125	3.060.807
2017	5.190.264	6.616.884
2018	-	5.190.264
Total	<u>9.867.050</u>	<u>14.867.955</u>

Corporate Tax

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

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

The effective tax rate in 30 June 2014 is 20% (31 December 2013: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2014 (31 December 2013: 20%).

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

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

Income withholding tax

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

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19. TAX ASSET AND LIABILITIES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES) (cont'd)

Provision for taxation as of 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
Current year corporate tax provision	(22.189.192)	(51.860.071)
Prepaid tax and funds	17.505.053	40.388.418
Taxation in the balance sheet	(4.684.139)	(11.471.653)
	1 January - 30 June 2014	1 January - 30 June 2013
Current year corporate tax loss	22.189.192	30.287.580
Deferred tax income	(7.882.213)	(2.867.755)
Taxation in the statement of income	14.306.979	27.419.825

20. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 30 June 2014 and 30 June 2013 and computation of earnings per share set out here as follows:

	1 January - 30 June 2014	1 January - 30 June 2013
Weighted average number of common stock outstanding	34.200.000.000	34.200.000.000
Net profit	119.606.059	91.762.166
Earnings Per Share (TRY 1 par value each)	0,35	0,27

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	30 June 2014	31 December 2013
Trade receivables	498.760.139	446.815.319
Non-trade receivables	298.115	3.417.357
	499.058.254	450.232.676

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

The detail of receivables from related parties is as follows:

	30 June 2014		31 December 2013	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholders				
Yıldız Holding A.Ş.	-	-	-	905.012
Other Companies Controlled by the Principle Shareholders				
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	212.397.628	-	220.716.160	-
Pasifik Tük. Ürün. Satış Ve Ticaret A.Ş.	129.491.213	-	131.726.060	-
Teközel Gıda T.Sağ. Mrk. Hiz. San. Tic. A.Ş.	45.152.655	-	39.587.999	-
Rekor Gıda Paz. San. ve Tic. A.Ş. (*)	36.418.970	-	-	-
İstanbul Gıda Dış Tic. A.Ş. (*)	26.637.700	-	-	-
Eksper Gıda Paz. San. ve Tic. A.Ş.	9.057.341	-	8.902.164	-
Hamle Company Ltd. (Kazakhstan)	8.225.407	-	5.875.462	2.321.999
Birleşik Dış Ticaret A.Ş. (*)	7.681.827	-	-	-
Egal Gıda Mad.San. ve Tic.A.Ş.	7.783.858	-	-	-
Natura Gıda San. ve Tic. A.Ş.	3.655.895	298.115	3.923.095	-
Other	12.257.645	-	36.084.379	190.346
	498.760.139	298.115	446.815.319	3.417.357

(*) The Company has handed over all of the shares of İstanbul Gıda Dış Ticaret A.Ş., Rekor Gıda Paz. San. ve Tic. A.Ş. and Birleşik Dış Ticaret A.Ş. to Yıldız Holding A.Ş. as of 6 May 2014.

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

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

	30 June 2014	31 December 2013
Trade payables	220.032.436	273.321.957
Non-trade payables	-	86.857
	220.032.436	273.408.814

	30 June 2014		31 December 2013	
	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholders				
Yıldız Holding A.Ş.	7.309.559	-	9.796.437	-
Other Companies Controlled by the Principle Shareholders				
Önem Gıda San. ve Tic. A.Ş.	150.757.143	-	166.622.151	-
Besler Gıda ve Kimya San. Tic. A.Ş.	30.926.697	-	51.189.561	-
Marsa Yağ San. ve Tic. A.Ş.	16.739.318	-	18.007.874	-
Ak Gıda San. ve Tic. A.Ş.	5.647.159	-	7.138.768	-
Northstar Innovation A.Ş.	2.594.436	-	4.645.202	-
Other	6.058.124	-	15.921.964	86.857
	220.032.436	-	273.321.957	86.857

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

b) The detail of payables to related parties is as follows (cont'd):

The details of due to related parties as loan payable is as follow:

	30 June 2014	31 December 2013
Birleşik Dış Ticaret A.Ş.	38.014.169	-
İstanbul Gıda Dış Tic. A.Ş.	21.234.000	-
Yıldız Holding A.Ş.	3.350.383	-
	62.598.552	-

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

	1 January - 30 June 2014		1 April - 30 June 2014		1 January - 30 June 2013		1 April - 30 June 2013	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
<i>Other Companies Controlled by the Principle Shareholders</i>								
Önem Gıda San. ve Tic. A.Ş.	398.559.924	631.486	178.187.956	614.384	324.371.759	455.707	148.814.358	31.764
Besler Gıda ve Kimya San. ve Tic. A.Ş.	69.606.729	15.485	25.887.630	-	84.704.949	11.763	41.925.031	-
Marsa Yağ San. ve Tic. A.Ş.	32.930.741	-	15.044.622	-	25.191.624	-	24.275.774	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	-	654.685.906	-	316.096.594	-	580.020.658	-	276.260.390
Ak Gıda San. ve Tic. A.Ş.	17.082.852	39.726	5.502.442	39.726	17.178.369	20.313	10.283.237	19.189
Pendik Nişasta San. A.Ş.	10.144.994	-	2.033.313	-	8.336.098	-	4.100.561	-
İstanbul Gıda Dış Tic. A.Ş.(*)	-	39.876.577	-	39.876.577	-	-	-	-
Hamle Company (Kazakhstan)	-	3.798.086	-	16.081	-	5.163.380	-	1.347.591
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	-	95.758.300	-	47.790.960	-	81.427.890	-	38.287.335
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	4.369	290.471.739	4.369	136.897.385	-	268.507.038	-	117.694.287
Other	17.656.264	112.317.478	1.768.902	85.938.626	32.743.199	34.652.327	16.626.745	15.445.982
	545.985.873	1.197.594.783	228.429.234	627.270.333	492.525.998	970.259.076	246.025.706	449.086.538

(*) The Company has handed over all of the shares of İstanbul Gıda Dış Ticaret A.Ş. to Yıldız Holding A.Ş. as of 6 May 2014.

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

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

For the six months interim period ended on 30 June 2014;

	Rent Income	Rent Expense	Service Income	Service Expense	Foreign Exchange and Interest Income	Foreign Exchange and Interest Expense
<i>Principle Shareholders</i>						
Yıldız Holding A.Ş.	65.602	(4.079)	288.813	(58.588.095)	43.443.252	(10.473.642)
<i>Other Companies</i>						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	(593)	500	(1.031.912)	-	(64.119)
Hüner Pazarlama San. ve Tic. A.Ş.	314.854	-	230.463	(84.988)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	15.732	(3.744)	52.689	(700.797)	-	(211.768)
Önem Gıda San. ve Tic. A.Ş.	391.335	(3.140)	2.244.189	(917.370)	95.104	(618.208)
Marsa Yağ San. ve Tic. A.Ş.	2.498	-	619	-	-	(815.845)
Northstar Innovation A.Ş.	48.002	-	48.437	(8.248.975)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	(347.711)	-	(121.389)	-	-
Natura Gıda San. ve Tic. A.Ş.	130.704	-	214.527	(415.958)	127.155	(9)
Other	483.906	(8.093)	1.665.174	(3.721.632)	3.889.739	(1.771.178)
	1.452.633	(367.360)	4.745.411	(73.831.116)	47.555.250	(13.954.769)

For the three months interim period between 1 April - 30 June 2014;

	Rent Income	Rent Expense	Service Income	Service Expense	Foreign Exchange and Interest Income	Foreign Exchange and Interest Expense
<i>Principle Shareholders</i>						
Yıldız Holding A.Ş.	33.394	(2.539)	132.987	(28.261.091)	6.414.949	(10.473.642)
<i>Other Companies</i>						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	500	(595.463)	-	(64.119)
Hüner Pazarlama San. ve Tic. A.Ş.	159.619	-	136.745	(18.748)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	6.678	(3.744)	15.403	(186.871)	-	-
Önem Gıda San. ve Tic. A.Ş.	366.350	(3.140)	1.768.336	(543.652)	-	(395.235)
Marsa Yağ San. ve Tic. A.Ş.	1.530	-	85	-	-	(815.845)
Northstar Innovation A.Ş.	24.107	-	1.192	(3.130.375)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	(121.749)	-	(50.379)	-	-
Natura Gıda San. ve Tic. A.Ş.	32.676	-	121.702	-	57.727	(9)
Other	359.460	-	1.134.566	(2.813.570)	2.922.119	(277.300)
	983.814	(131.172)	3.311.516	(35.600.149)	9.394.795	(12.026.150)

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

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

For the six months interim period ended on 30 June 2013;

	Rent Income	Rent Expense	Service Income	Service Expense	Foreign Exchange and Interest Income	Foreign Exchange and Interest Expense
<i>Principle Shareholders</i>						
Yıldız Holding A.Ş.	57.820	(5.066)	129.634	(50.789.123)	8.828.079	(921.784)
<i>Other Companies</i>						
Hero Gıda Sanayi ve Tic.A.Ş.	600	-	969.696	(192.214)	-	-
Hüner Pazarlama San. ve Tic. A.Ş.	287.322	(255)	221.711	(4.254)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	27.034	(27.572)	26.597	(494.103)	-	-
Önem Gıda San. ve Tic. A.Ş.	282.141	(3.000)	1.225.065	(82.014)	-	(256.948)
Northstar Innovation A.Ş.	54.622	-	40.245	(6.435.553)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	(479.566)	-	(169.102)	-	-
Other	461.745	(2.533)	666.400	(4.265.971)	669.763	(120.524)
	1.171.284	(517.992)	3.279.348	(62.432.334)	9.497.842	(1.299.256)

For the three months interim period between 1 April - 30 June 2013;

	Rent Income	Rent Expense	Service Income	Service Expense	Foreign Exchange and Interest Income	Foreign Exchange and Interest Expense
<i>Principle Shareholders</i>						
Yıldız Holding A.Ş.	30.456	(4.501)	74.392	(26.514.659)	893.620	(712.480)
<i>Other Companies</i>						
Hero Gıda Sanayi ve Tic.A.Ş.	600	-	528.590	(107.051)	-	-
Hüner Pazarlama San. ve Tic. A.Ş.	144.353	-	100.027	(2.418)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	13.533	(27.572)	15.335	(287.472)	-	-
Önem Gıda San. ve Tic. A.Ş.	185.886	(1.500)	678.949	(35.895)	-	(256.948)
Northstar Innovation A.Ş.	30.688	-	52	(4.708.754)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	-	(236.747)	-	(100.367)	-	-
Other	229.085	(1.155)	365.264	(2.486.281)	669.763	(50.086)
	634.601	(271.475)	1.762.609	(34.242.897)	1.563.383	(1.019.514)

e) Benefits provided to board members and key management personnel:

	30 June 2014	30 June 2013
Fees and other short term benefits	5.059.747	6.655.315
	5.059.747	6.655.315

f) There are not any guarantees, commitments and advances given in favor of related parties.

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22. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

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

	30 June 2014					
	TRY Equivalents	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	45.296.449	20.325.617	737.965	807	-	-
2a. Monetary Financial Assets	403.347.590	140.703.501	36.149.992	3.407	6.175	22.393
2b. Non-Monetary Financial Assets	743.266	350.036	-	-	-	-
3. Other	5.125.800	984.431	1.049.642	-	-	-
4. CURRENT ASSETS	454.513.105	162.363.585	37.937.599	4.214	6.175	22.393
5. Trade receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	25.268	11.900	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	3.907.356	25.618	1.319.147	10.560	-	-
8. NON-CURRENT ASSETS	3.932.624	37.518	1.319.147	10.560	-	-
9. TOTAL ASSETS	458.445.729	162.401.103	39.256.746	14.774	6.175	22.393
10. Trade Payables	12.669.964	3.171.367	1.932.709	13.529	3.016	750.801
11. Financial Liabilities	706.563.140	138.720.552	142.468.246	-	-	-
12a. Other Monetary Financial Liabilities	59.374.834	27.902.500	43.800	-	-	-
12b. Other Non-Monetary Financial Liabilities	90.154	42.457	-	-	-	-
13. SHORT-TERM LIABILITIES	778.698.092	169.836.876	144.444.755	13.529	3.016	750.801
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-	-
17. LONG-TERM LIABILITIES	-	-	-	-	-	-
18. TOTAL LIABILITIES	778.698.092	169.836.876	144.444.755	13.529	3.016	750.801
19. Net foreign currency asset/liability position	(320.252.363)	(7.435.773)	(105.188.009)	1.245	3.159	(728.408)
20. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(329.938.631)	(8.753.401)	(107.556.798)	(9.315)	3.159	(728.408)

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

Foreign currency risk management (cont'd)

	31 December 2013					
	TRY Equivalents	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	153.318.398	58.327.991	9.328.182	-	409.170	-
2a. Monetary Financial Assets	1.018.500.873	324.964.420	110.617.650	6.289	23.450	8.167
2b. Non-Monetary Financial Assets	610.376	285.984	-	-	-	-
3. Other	2.436.185	757.657	277.050	-	-	14.147
4. CURRENT ASSETS	1.174.865.832	384.336.052	120.222.882	6.289	432.620	22.314
5. Trade receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	25.398	11.900	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	5.358.025	-	1.814.527	-	8.448	-
8. NON-CURRENT ASSETS	5.383.423	11.900	1.814.527	-	8.448	-
9. TOTAL ASSETS	1.180.249.255	384.347.952	122.037.409	6.289	441.068	22.314
10. Trade Payables	30.731.446	12.063.339	1.652.674	6.543	33.020	-
11. Financial Liabilities	1.245.362.925	367.526.290	156.973.119	-	-	-
12a. Other Monetary Financial Liabilities	522.895	-	171.939	7.530	-	-
12b. Other Non-Monetary Financial Liabilities	7.574.597	3.187.260	261.131	-	1.485	-
13. SHORT-TERM LIABILITIES	1.284.191.863	382.776.889	159.058.863	14.073	34.505	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	9.851.176	-	3.354.734	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-	-
17. LONG-TERM LIABILITIES	9.851.176	-	3.354.734	-	-	-
18. TOTAL LIABILITIES	1.294.043.039	382.776.889	162.413.597	14.073	34.505	-
19. Net foreign currency asset/liability position	(113.793.784)	1.571.063	(40.376.188)	(7.784)	406.563	22.314
20. Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(114.623.773)	3.714.682	(42.206.634)	(7.784)	399.600	8.167

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

	1 January - 30 June 2014	1 January - 30 June 2013
Total exports	284.080.032	249.827.465
Total imports	46.352.725	23.677.401

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

Foreign currency risk sensitivity

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

	30 June 2014		30 June 2013	
	Income / Expense		Income / Expense	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY				
1 - US Dollar net asset / liability	(1.858.697)	1.858.697	(12.811.302)	12.811.302
2- Part of hedged from US Dollar risk (-)				
3- US Dollar net effect (1+2)	(1.858.697)	1.858.697	(12.811.302)	12.811.302
In case of 10% appreciation of EUR against TRY				
4 - Euro net asset / liability	(31.104.350)	31.104.350	(7.453.583)	7.453.583
5 - Part of hedged from Euro risk (-)				
6- Euro net effect (4+5)	(31.104.350)	31.104.350	(7.453.583)	7.453.583
Total (3+6)	(32.963.047)	32.963.047	(20.264.885)	20.264.885

23. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- First level: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices.
- Second level: Other than market prices specified at first level, the fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market.
- Third level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market.

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23. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments (cont'd)

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

Financial Assets	30 June 2014	Fair Value Level of Financial Assets as of Reporting Date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Financial assets for which fair value differences reflected through profit and loss				
- Held for trading	744.566	744.566	-	-
- Shares	-	-	-	-
Financial assets for which fair value differences reflected through profit and loss				
- Shares	467.684.540	29.091.646	-	438.592.894
Total	468.429.106	29.836.212	-	438.592.894

Financial Assets	31 December 2013	Fair Value Level of Financial Assets as of Reporting Date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Financial assets for which fair value differences reflected through profit and loss				
- Held for trading	611.476	611.476	-	-
- Shares	-	-	-	-
Financial assets for which fair value differences reflected through profit and loss				
- Shares	464.418.845	25.825.951	-	438.592.894
Total	465.030.321	26.437.427	-	438.592.894

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23. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments (cont'd)

Reconciliation of level 3 financial assets or liabilities as of beginning and ending period is as follows;

	1 January - 30 June 2014	1 January- 30 June 2013
Opening Balance	438.592.894	299.824.640
Total Gain/Loss		379.732
- Classified under other comprehensive income	-	
Closing Balance	438.592.894	300.204.372

24. EVENTS AFTER THE BALANCE SHEET DATE

None.

25. SALES OF SUBSIDIARIES

- a) İstanbul Gıda Dış Ticaret A.Ş. Sales: The Company has sold out its subsidiary with 91,41% İstanbul Gıda Dış.Tic.A.Ş. for an amount of TRY 28.551.007 to its parent Yıldız Holding A.Ş. as of 6 May 2014. Due to the sales has occurred to parent Yıldız Holding A.Ş, subsidiary's sale loss has evaluated as "Transaction between under common control" and accounted under Shareholder's Equity.

Disposal net asset due to transaction and the effect of the transaction in equity is as follows;

Assets without Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and Cash Equivalents	365.447.910
Trade Receivables	96.515.222
Other Receivables	21.936.350
Other Current Assets	4.798.416
Non-Current Assets	
Tangible and Intangible Assets (Net)	247.514
Deferred Tax Assets	489.728
Other Non-Current Assets	3
Current Liabilities	
Financial Liabilities	(293.472.058)
Trade Payables	(43.211.397)
Other Payables	(2.347.901)
Other Current Liabilities	(14.112.566)
Non-Current Liabilities	
Other Non-Current Liabilities	(109.824.529)
Net Asset without Scope of Consolidation	26.466.692
Net Cash Generated from Subsidiaries Sales	28.551.007
Net Equity Impact from Sales of Subsidiaries	2.084.315

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

25. SALES OF SUBSIDIARIES (cont'd)

- b) Birleşik Dış Ticaret A.Ş. Sales: The Company has sold out its subsidiary with 79,17% Birleşik Dış Tic.A.Ş. for an amount of TRY 3.200.000 to its parent Yıldız Holding A.Ş. as of 6 May 2014. Due to the sales has occurred to parent Yıldız Holding A.Ş, subsidiary's sale gain has evaluated as "Transaction between under common control" and accounted under Shareholder's Equity.

Disposal net asset due to transaction and the effect of the transaction in equity is as follows;

Assets without Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and Cash Equivalents	3.946.034
Trade Receivables	18.653.426
Other Receivables	50.610.795
Other Current Assets	178.961
Non-Current Assets	
Tangible and Intangible Assets (Net)	1.055.898
Deferred Tax Assets	18.106
Other Non-Current Assets	42.274
Current Liabilities	
Financial Liabilities	(50.280.566)
Trade Payables	(19.478.341)
Other Payables	-
Other Current Liabilities	(1.826.253)
Non-Current Liabilities	
Other Non-Current Liabilities	(742.284)
Net Asset without Scope of Consolidation	2.178.050
Net Cash Generated from Subsidiaries Sales	3.200.000
Net Equity Impact from Sales of Subsidiaries	1.021.950

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

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2014

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated.)

25. SALES OF SUBSIDIARIES (cont'd)

- c) Rekor Gıda Pazarlama A.Ş. Sales: One of Ülker Bisküvi San.A.Ş.'s subsidiary Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş. has sold out its 100% subsidiary Rekor Gıda Pazarlama A.Ş. (Ülker Bisküvi has 43,92% share indirectly) for an amount of TRY 4.000.000 to its parent Yıldız Holding A.Ş. as of 6 May 2014. Due to the sales has occurred to parent Yıldız Holding A.Ş. subsidiary's sale loss has evaluated as "Transaction between under common control" and accounted under Shareholder's Equity.

Disposal net asset due to transaction and the effect of the transaction in equity is as follows;

Assets without Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and Cash Equivalents	8.743.686
Trade Receivables	50.508.869
Other Receivables	211.034
Other Current Assets	2.994.698
Non-Current Assets	
Tangible and Intangible Assets (Net)	239.940
Deferred Tax Assets	1.806.245
Other Non-Current Assets	-
Current Liabilities	
Financial Liabilities	-
Trade Payables	(55.573.735)
Other Payables	-
Other Current Liabilities	(4.946.117)
Non-Current Liabilities	
Other Non-Current Liabilities	(202.164)
Net Asset without Scope of Consolidation	3.782.456
Net Cash Generated from Subsidiaries Sales	4.000.000
Net Equity Impact from Sales of Subsidiaries	217.544

Breakdown of non-controlling interest and equity holders of the parent related to the subsidiary disposals are as follows;

	Non-Controlling Interest	Equity Holders of the Parent
İstanbul Gıda Dış Ticaret A.Ş.	179.076	1.905.239
Birleşik Dış Ticaret A.Ş.	212.872	809.078
Rekor Gıda Pazarlama A.Ş.	122.007	95.537
Total	513.955	2.809.854