KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
31 DECEMBER 2018
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

(CONVENIENCE TRANSLATION IN TO ENGLISH OF THE
INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Kerevitaş Gıda San. ve Tic. A.Ş.

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Kerevitaş Gıda San. ve Tic. A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter.

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Key audit matters	*How our audit addressed the key audit matter*
Fair value of land & buildings and investment properties. As disclosed in the Notes 2, 9 and 10, the Group accounts land & buildings and investment properties at their fair value as of 31 December 2018. The fair value of land & buildings in consolidated financial statements is TRY 642 million, and fair value of investment properties is TRY 212 million as of 31 December 2018. Total of TRY 324 million was recognised under equity as a change in fair value. Land & buildings and investment properties were valued at the fair value reflecting market conditions on the prior balance sheet date, in line with valuations reports obtained from licensed real estate valuation companies as per the provisions of capital markets legislation. During current period, it is assessed that there is no material change at fair values. Fair values were determined based on a method comparing the existing price of comparable real estate which was leased out or sold and located near the real estate in question. Reasons why we focused on this topic are, significance of fair values in the consolidated financial statements and; their values were determined via estimations (room for negotiation, location adjustment, etc.)	The technical competency and independence of the valuation company that conducted the work was assessed by checking the relevant licenses, agreements and statements. The valuation work prepared for each property was obtained, and audit work was performed related with no material change at fair values. The carrying value of relevant property were checked for the accuracy of the increases in fair value. The accuracy of the valuation method was checked against the usage purpose of relevant property. Square meter areas used in fair value calculations were checked against the real estate title deeds. Various values used in average comparable value calculations by the valuation company were selected using the sampling method and compared with market values. Sensitivities created using estimations such as room for negotiation and location adjustment to the total value were assessed. Fair values in the valuation report were compared with the notes to assess if the values in notes and accounting records are consistent with the valuation report and the disclosure notes are sufficient in terms of TFRS.

4. Other Matter

The consolidated financial statements of the Group as of 31 December 2017 and for the year then ended were audited by another audit firm whose audit report dated 8 March 2018 expressed an unqualified opinion.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2018 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 4 March 2019.

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

Mert Tüten, SMMM
Partner

İstanbul, 4 March 2019

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018 AND 2017

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

	Notes	Current Year 31 December 2018	Prior Year 31 December 2017
ASSETS			
Current Assets		**1.857.985.221**	**1.840.522.941**
Cash and cash equivalents	27	19.448.273	439.356.378
Trade receivables	5	509.398.900	573.697.313
- Trade receivables from related parties	*4*	*337.686.279*	*354.496.792*
- Trade receivables from third parties		*171.712.621*	*219.200.521*
Other receivables	6	920.776.371	438.350.302
- Other receivables from related parties	*4*	*915.584.104*	*433.440.457*
- Other receivables from third parties		*5.192.267*	*4.909.845*
Inventories	7	363.038.616	335.427.244
Prepaid expenses	8	20.397.419	18.608.057
Current income tax assets	23	4.867.349	6.530.927
Other current assets	16	20.058.293	28.552.720
Non-Current Assets		**1.181.848.860**	**1.555.646.653**
Other receivables	6	5.487.505	414.100.768
- Other receivables from related parties	4	-	*413.830.301*
- Other receivables from third parties		*5.487.505*	*270.467*
Financial investments	25	1.420.594	4.448.844
Investment properties	9	212.107.001	254.103.000
Property, plant and equipment	10	874.144.623	819.153.047
Intangible assets	11	11.167.324	6.276.331
Prepaid expenses	8	4.177.578	6.792.807
Deferred tax assets	23	59.951.124	33.279.349
Other non-current assets	16	13.393.111	17.492.507
TOTAL ASSETS		**3.039.834.081**	**3.396.169.594**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018 AND 2017
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Current Year 31 December 2018	Prior Year 31 December 2017
LIABILITIES			
Current Liabilities		**798.175.008**	**1.670.561.503**
Short-term borrowings	25	317.984.874	874.584.800
Short-term portion of long-term borrowings	25	-	119.849.469
Trade payables	5	430.067.335	447.963.684
- Trade payables to related parties	4	*108.878.796*	*64.106.593*
- Trade payables to third parties		*321.188.539*	*383.857.091*
Other payables	6	2.699.321	187.255.439
- Other payables to related parties	4	*2.351.507*	*187.255.439*
- Other payables to third parties		*347.814*	-
Payables related to employee benefits	15	11.559.769	11.871.050
Deferred income	8	2.928.650	2.043.075
Current tax liabilities	23	14.384.165	9.304.481
Short-term provisions		11.355.282	12.469.813
- Short-term provisions for employee benefits	15	*10.111.477*	*11.314.586*
- Other short-term provisions	13	*1.243.805*	*1.155.227*
Other current liabilities	16	7.195.612	5.219.692
Non-Current Liabilities		**1.459.677.628**	**965.619.985**
Long-term borrowings	25	-	400.102.168
Other payables	6	1.364.244.005	479.385.000
- Other payables to related parties	4	*1.364.244.005*	*479.385.000*
Long-term provisions		30.305.487	25.473.247
- Long-term provisions for employee benefits	15	*30.305.487*	*25.473.247*
Deferred tax liabilities	23	65.128.136	60.659.570
Total Liabilities		**2.257.852.636**	**2.636.181.488**
EQUITY		**781.981.445**	**759.988.106**
Paid in share capital	17	662.000.000	23.900.000
Share premium		702.050	886.860.880
Other comprehensive income or expenses not be reclassified to profit or loss		313.720.126	341.636.859
- Gains on revaluation of plant, property and equipment	17	*314.411.591*	*306.101.471*
- Actuarial loss on post employment termination benefit obligation	17	*(9.892.689)*	*(8.951.134)*
- Gains on revaluation of investment properties		*9.201.224*	*44.486.522*
Other comprehensive income or expenses to be reclassified to profit or loss		84.400.388	46.747.084
- Currency translation difference		*84.400.388*	*46.747.084*
Restricted reserves appropriated from profit	17	36.192.002	34.656.534
Effect of business combinations under common control		(895.717.515)	(909.376.861)
Prior years' profit		433.864.245	114.893.278
Net profit/loss for the year		(34.570.109)	53.861.653
Equity holders of the parent		600.591.187	593.179.427
Non-Controlling Interests		181.390.258	166.808.679
Total Equity		**781.981.445**	**759.988.106**
TOTAL LIABILITIES AND EQUITY		**3.039.834.081**	**3.396.169.594**

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018 AND 2017

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

	Notes	Current Year 1 January- 31 December 2018	Prior Year 1 January- 31 December 2017
Revenue	18	2.422.035.082	2.406.203.154
Cost of sales (-)	18	(1.859.089.302)	(1.992.515.999)
Gross profit		**562.945.780**	**413.687.155**
General administrative expenses (-)	19	(52.804.351)	(56.883.531)
Selling and marketing expenses (-)	19	(208.124.491)	(207.839.666)
Research and development expenses (-)	19	(3.137.542)	(2.117.344)
Other income from operating activities	20	72.452.994	34.062.247
Other expenses from operating activities (-)	20	(114.442.085)	(72.781.729)
OPERATING PROFIT		**256.890.305**	**108.127.132**
Income from investment activities	21	91.076.586	214.328.754
Expenses from investment activities (-)	21	(25.063.173)	(34.586.618)
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME / (EXPENSE)		**322.903.718**	**287.869.268**
Financial expenses (-)	22	(364.915.670)	(191.599.970)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(42.011.952)**	**96.269.298**
Tax expense/income from continuing operations		8.520.795	(29.590.373)
- Current tax expense	*23*	*(14.384.165)*	*(13.511.327)*
- Deferred tax income/expense	*23*	*22.904.960*	*(16.079.046)*
PROFIT/(LOSS) FOR THE YEAR		**(33.491.157)**	**66.678.925**
Profit/loss for the year attributable to:			
Equıty holders of the parent		1.078.952	12.817.272
Non-controlling interests		**(34.570.109)**	**53.861.653**
Earnings /(Losses) per share (Kr)	24	(0,05)	7,00
OTHER COMPREHENSIVE INCOME:			
Items to not be reclassified subsequently to profit or loss		**7.245.342**	**295.038.617**
- Gain on revaluation of property, plant and equipment	17	9.514.578	335.994.031
- Actuarial loss on post-employment termination benefit obligation	17	(1.330.973)	(2.454.578)
- Other comprehensive income not to be recllasfied to profit or (loss), tax effect		(938.263)	(38.500.836)
Items to be reclassified subsequently to profit or loss		**50.776.816**	**9.129.491**
- Currency translation differences		53.816.816	9.129.491
- Impairment of financial investments		(3.040.000)	-
Other Comprehensive Income		**58.022.158**	**304.168.108**
TOTAL COMPREHENSIVE INCOME		**24.531.001**	**370.847.033**
Total comprehensive income for the year attributable to:			
Non-controlling interests		17.119.241	57.316.024
Equity holders of the parent		**7.411.760**	**313.531.009**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018 AND 2017

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

		Accumulated other comprehensive income or expenses not to be reclassified to profit or lose			Accumulated other comprehensive income or expenses to be reclassified to profit or lose				Retained Earnings				
	Paid in Share capital	Gains / (losses) on revaluation of plant, property and equipment	Actuarial gain / (loss) on post employment termination benefit obligation	Gain/loss on revaluation of investment properties	Currency translation differences	Share premium	Restricted reserves appropriated from profit	Effect of business combination under common control	Prior years' profit / (loss)	Net profit / loss for the year	Equıty holders of the parent	Non-controlling interests	Total Equity
Balances as of 1 January 2017 (Opening)	**6.244.000**	**51.115.284**	**(7.243.604)**	**44.486.522**	**40.356.385**	**-**	**31.930.256**	**(4.876.861)**	**160.355.972**	**(33.356.373)**	**289.011.581**	**112.213.569**	**401.225.150**
Capital increase	17.656.000	-	-	-	-	886.860.880	-	-	-	-	904.516.880	-	904.516.880
Effect of business combinations under common control	-	-	-	-	-	-	-	(904.500.000)	-	-	(904.500.000)	-	(904.500.000)
Transfers	-	-	-	-	-	-	2.726.278	-	(36.082.651)	33.356.373	-	-	-
Dividends	-	-	-	-	-	-	-	-	(9.380.043)	-	(9.380.043)	(2.720.914)	(12.100.957)
Total comprehensive income	-	254.986.187	(1.707.530)	-	6.390.699	-	-	-	-	53.861.653	313.531.009	57.316.024	370.847.033
Balances as of 31 December 2017(Closing)	**23.900.000**	**306.101.471**	**(8.951.134)**	**44.486.522**	**46.747.084**	**886.860.880**	**34.656.534**	**(909.376.861)**	**114.893.278**	**53.861.653**	**593.179.427**	**166.808.679**	**759.988.106**
Balances as of 1 January 2018 (Opening)	**23.900.000**	**306.101.471**	**(8.951.134)**	**44.486.522**	**46.747.084**	**886.860.880**	**34.656.534**	**(909.376.861)**	**114.893.278**	**53.861.653**	**593.179.427**	**166.808.679**	**759.988.106**
Capital increase (*)	638.100.000	-	-	-	-	(886.158.830)	-	-	248.058.830	-	-	-	-
Transfers	-	-	-	(35.285.298)	-	-	1.535.468	-	87.611.483	(53.861.653)	-	-	-
Effect of business combinations under common control (**)	-	-	-	-	-	-	-	13.659.346	(13.659.346)	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	(2.537.662)	(2.537.662)
Total comprehensive income	-	8.310.120	(941.555)	-	37.653.304	-	-	-	(3.040.000)	(34.570.109)	7.411.760	17.119.241	24.531.001
Balances as of 31 December 2018(Closing)	**662.000.000**	**314.411.591**	**(9.892.689)**	**9.201.224**	**84.400.388**	**702.050**	**36.192.002**	**(895.717.515)**	**433.864.245**	**(34.570.109)**	**600.591.187**	**181.390.258**	**781.981.445**

(*) The group decided that increased the capital in the amount of 638.100.000 TL and the capital increased from 23.900.000 TL to 662.000.000 TL according to the board of directors' decision in 12 April 2018. The decision is that all of the increased capital will be covered by share premium accounts and applied to capital market board on 20 April 2018. Regarding to the application that is approved by the capital market board, the capital increasing decision was published on trade registry gazette which was published on 29 May 2018 with the 9588 gazette number.

(**) The business merger effect under the common control was transferred to past years profits regarding to Karma Tarımsal Üretim ve Ticaret A.Ş. that the group was purchased from ultimate parent partner merger with Kerevitaş Gıda Sanayi ve Tic A.Ş. in the current period

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 AND 2017

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

	Notes	Current Year 1 January- 31 December 2018	Prior Year 1 January- 31 December 2017
A. Cash flows from operating activities		**319.367.934**	**248.368.906**
Profit/loss for the year		(33.491.157)	66.678.925
Adjustments to reconcile profit/loss for the year		**352.025.064**	**96.049.486**
Adjustments related to depreciation and amortization expenses	10,11	44.703.930	38.682.247
Adjustments related to provision for/reversal of impairment loss		5.486.662	5.985.060
- Adjustments related to provisions for doubtful receivables	5	*5.148.022*	*5.615.360*
- Adjustments related to impairment of inventories	7	*338.640*	*369.700*
Adjustments related to provisions		17.501.050	12.673.539
- Adjustments related to provisions employee benefit		*17.448.314*	*11.673.539*
- Adjustments related to provisions of lawsuit	13	*52.736*	*1.000.000*
Derivative financial instruments		-	5.672.955
Adjustments related to interest income, expenses and commission expenses		118.670.385	97.182.384
- Adjustments related to interest expense and commission expenses	22	*198.203.467*	*132.110.512*
- Adjustments related to interest income	21	*(79.533.082)*	*(34.928.128)*
Adjustments related to unrealized currency translation differences	22	166.500.016	53.642.648
Income from sales of brands	21	-	(62.076.428)
Adjustments related to tax expense/income	23	(8.520.795)	29.590.373
Adjustments related to gain/loss on fair value	21	(11.322.568)	(84.684.300)
Adjustments related to gain/loss on disposal of non-current assets	21	19.006.384	(451.792)
Dividend income		-	(167.200)
Changes in working capital		**23.625.086**	**108.901.924**
Adjustments related to increase/decrease in trade receivables		58.617.347	(67.094.625)
- İncrease in trade receivables from third parties		*41.806.834*	*(32.208.641)*
- İncrease in trade receivables from related parties		*16.810.513*	*(34.885.984)*
Adjustments related to increase/decrease in inventories		(27.950.012)	(5.354.817)
Adjustments related to increase/decrease in other receivables		7.920.230	299.882
Adjustments related to increase/decrease in trade payables		(17.896.349)	180.155.843
- İncrease in trade payables to third parties		*(62.668.552)*	*172.176.903*
- İncrease in trade payables to related parties		*44.772.203*	*7.978.940*
Adjustments related to increase/decrease in other payables		2.933.870	895.641
Cash generated from operations		**342.158.993**	**271.630.335**
Cash outflow from paid in employee benefit provisions		(15.150.156)	(7.731.447)
Taxes paid		(7.640.903)	(15.529.982)
B. Cash flows from investing activities		**74.975.107**	**(366.364.013)**
Payments for purchase of property, plant and equipment and intangible assets		(39.151.571)	(86.803.268)
- Payments for purchase of property, plant and equipment	10	*(36.393.235)*	*(86.194.064)*
- Payments for purchase of intangible assets	11	*(2.758.336)*	*(609.204)*
Proceeds from sale of property, plant and equipment and intangible assets		281.413	1.453.577
Changes in advances given for property, plant and equipment and intangible assets		34.312.183	-
Interest income from investment activities	21	79.533.082	34.928.128
Brand sales income	21	-	62.076.428
Net changes in other receivables from related parties		-	46.928.922
Dividend income		-	167.200
Cash outflow from paid in employee benefit provisions		-	(425.115.000)
C. Cash flows from financing activities		**(812.150.981)**	**538.062.881**
Cash inflows from financial borrowings		423.567.788	1.686.985.179
Cash outflows from repayment of borrowings		(1.504.631.453)	(1.947.340.310)
Cash outflows from repayment of obligations under financial leases		(1.119.525)	(7.086.347)
Dividends paid		-	(12.100.957)
Interest paid		(359.071.856)	(108.722.178)
Capital increase and share premium	17	-	904.516.880
Changes in other payables to related parties		629.104.065	21.810.614
Net increase/(decrease) in cash and cash equivalents before the effect of exchange rate changes (A+B+C)		**(417.807.940)**	**420.067.774**
D. Effects of exchange rate changes on cash and cash equivalents		**(2.100.165)**	**3.527.460**
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)		**(419.908.105)**	**423.595.234**
E. Cash and cash equivalents at the beginning of the year	27	**439.356.378**	**15.761.144**
Cash and cash equivalents at the end of the year (A+B+C+D+E)	27	**19.448.273**	**439.356.378**

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

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

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Kerevitaş Gıda Sanayi ve Ticaret Anonim Şirketi ("Kerevitaş" or "the Company") and its subsidiaries ("Group") main operations are producing and trading frozen and canned vegetables and fruits, frozen and canned sea food, frozen pastry products, croquettes, canned tuna fish, oil and margarine. Group distributes frozen and canned products that are produced in Bursa and Afyon facilities throughout Turkey through its dealers and own direct distribution channels as well as exports its products. Kerevitaş was initially established in 1978, to export its sea food and has been one of the pioneer food companies since 1990 with "Superfresh" brand. The Company's registered office address is Üniversite Mahallesi Avcılar İstanbul.

There are six production lines in Bursa plant, which are frozen vegetables and fruits, canned tuna fish, frozen pastry products, canned vegetables and fruits and sea food. There are two main production lines in Afyon, which are frozen potato and vegetables.

Kerevitaş acquired Besler Gıda ve Kimya Sanayi ve Ticaret A.Ş. ("Besler") which is operating in margarine and oil businesses on 24 November 2017 for an amount of TL904.500.000.

Besler has two operative production plants of oil and margarine in Pendik / İstanbul and Adana. The third production plant of Besler was established in the end of 2017 in Sultanate of Brunei.

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul ("BIST") since 1994.

As of 31 December 2018 and 2017, the principal shareholders and their respective shareholding rates in the Company are as follows:

	31 December 2018 (%)	**31 December 2017 (%)**
Yıldız Holding A.Ş.	46,14	46,14
Ufuk Yatırım Yönetim ve Gayrimenkul A.Ş.	10,34	10,34
Murat Ülker	9,98	9,98
Ahsen Özokur	8,13	8,13
Trade Türk Gıda Yatırım A.Ş.	7,23	7,39
Other	18,18	18,02
	100	**100**

As of 31 December 2018, the number of employees of the Group is 2.224 (31 December 2017: 2.558).

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

The subsidiaries included in the consolidation scope of the Group as of 31 December 2018 and 2017 and respective effective ownership rates are as follows:

	Direct and Indirect Effective Ownership		
	31 December	**31 December**	
Subsidiaries	**2018**	**2017**	**Nature of business**
Besler Gıda ve Kimya San. Ve Tic. A.Ş.	100,00	100,00	Import and Export Food Products
Berk Enerji Üretimi A.Ş. (*)	88,07	88,07	Manufacturing and Marketing of frozen food products
Marsa Yağ Sanayi ve Tic. A.Ş. (*)	70,00	70,00	Manufacturing and Marketing of frozen food products
Western Foods and Packaging SDN BHD (*)	70,00	70,00	Marketing activities
Ekzimer Dış Ticaret Gıda San. A.Ş. (**)	-	100,00	Margarine and marketing of fast-moving consumer products
Ancoker Su Ürünleri San. Tic. A.Ş. (**)	-	100,00	Manufacturing electricity power
Mersu Su Ürünleri San. Tic. A.Ş. (**)	-	100,00	Margarine and marketing of fast-moving consumer products
Karma Tarımsal Üretim ve Tic. A.Ş. (**)	-	100,00	Manufacturing and storing agricultural products

(**) Indirect ownership through Besler.

Acquisition of Besler Shares

The Group acquired Besler Gıda ve Kimya San. ve Tic. A.Ş. on 24 November 2017 from its ultimate parent Yıldız Holding. Since both companies are controlled by the same parent before and after the acquisition, this transaction has been identified as business combinations under common control and accounted under "pooling of interests" method in the accompany financial statements, in accordance with the principles of Public Oversight Accounting and Auditing Standards Authority dated July 21, 2013.

(**) Legal Merger

Which is a member of group has %100 ownership of the shares of Ekzimer Dış Ticaret Gıda San. Tic. A.Ş., Mersu Su Ürünleri San. Tic.A.Ş., Ancoker Su Ürünleri San. Tic. A.Ş., Karma Tarımsal Üretim ve Tic A.Ş. ve Omni Satış ve Pazarlama Ltd. Şti, Article 13 of the Communiqué Nos. II-23.2 of the Capital Markets Board and Article 155 of the Turkish Commercial Code No. 6102. and Articles 17 to 20 of the Corporate Tax Law in according to with has decided to merge. The legal merger was registered by Istanbul Trade Registry Office on 21 December 2018.

Approval of the financial statements

The consolidated financial statements as of and for the year ended 31 December 2018 have been approved by the Board of Directors on 4 March 2019 and signed by Chief Executive Officer Zeynep Dilmen. General Assembly has authority to change the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 - Basis of Presentation

Statement of Compliance in TAS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The financial statements and disclosures have been prepared in accordance with the resolution of CMB dated 7 June 2013 about the "illustrations of financial statements and application guidance".

The consolidated financial statements have been prepared on the historical cost basis except for revaluation of property, plant and equipment. Historical cost is generally based on the nominal or original cost of assets when acquired by the Company.

Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

As of 31 December 2018 and 2017 The exchange rates

EUR 1 = TL 6,0280, USD 1 TL 5,2609 TL
(31 December 2017: EUR 1 = TL 4,5155, USD 1 TL 3,7719)

As of 31 December 2018 and 2017 average The exchange rates

EUR 1=TL 5,6789, USD 1=TL 4,8301

(1 January – 31 December 2017: EUR 1=TL 4,1159, USD 1=TL 3,6445)

Preparation of Financial Statements in Hyperinflationary Economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005 No:29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") wasn't applied.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 - Basis of Presentation

<u>Comparative Information and Restatement of Prior Period Consolidated Financial Statements</u>

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is recategorised and significant changes are disclosed if necessary.

The Group has restated its prior year financial statements regarding the changes in accounting policies. The effects of these restatements are as follows.

As per the principle related to "Accounting for business combinations under common control" of the Public Oversight, Accounting and Auditing Standards Authority issued in the Official Gazette dated 21 July 2013, business combinations under common control shall be accounted through restating previous period's financial statements via the pooling of interest method. Accordingly, the Group restated its consolidated balance sheet at 31 December 2016 and 2015, the consolidated statement of comprehensive income and cash flows for the year ended at 31 December 2016 as explained in detail in Note 1.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 - Basis of Presentation (Continued)

Going Concern

The consolidated financial statements of the Group are prepared on a going concern basis.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 - Basis of Presentation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recategorised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recategorised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2 - Changes in Accounting Policies

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

In order to allow the determination of financial position and performance, the Group's consolidated financial statements are prepared in comparison with the previous period. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented. The Group has made some reclassifications in order to conform to current period financial statements for prior periods.
If any significant accounting errors are found out, changes are applied retrospectively and prior year's financial statements are restated

Transition to IFRS 15, 'Revenue from contracts with customers'

Cost of customer activities amounting to TL 14.505.111 thousand which had been classified under marketing expenses account in the consolidated statement of financial position as of 31 December 2017 has been reclassified deductively under revenue account

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 - Changes in Accounting Policies(Continued)

Transition to TFRS 9 "Financial instruments"

Group has applied TFRS 9 "Financial instruments", which has replaced TMS 39 on the first application date, 1 January 2018. The amendments include the classification and measurement of financial assets and liabilities and the expected credit risk model which will replace incurred credit risk model. Effect of transition is accounted based on the simplified approach. In accordance with this method, Group recorded the cumulative effect related to the transition of TFRS 9 in retained earnings on the first application date.

As of 1 January 2018 (first application date of TFRS 9), the classification of financial assets is determined considering the entity's business model for managing the financial assets. Group management classifies its financial assets measured at fair value through other comprehensive income. As of 31 December 2017, cross currency fixed interest rate swap are characterized for hedge accounting within the scope of TFRS 9. The hedging strategy and documentation of the Group are applicable with TFRS 9, therefore the Group evaluate to recognise hedging accounting similar with prior period.

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

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

Financial Liabilities	**Original classification under TMS 39**	**New classification under TFRS 9**
Borrowings	Amortized cost	Amortized cost
Financial lease liabilities	Amortized cost	Amortized cost
Factoring liabilities	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost

2.3 - Changes in Accounting Estimates and Errors

If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current year, there are not any material errors and changes in accounting estimate methods of the Group.

If any significant accounting errors are found out, changes are applied retrospectively and prior year's financial statements are restated

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 - New and Revised Turkish Accounting Standards

a) ***Standards, amendments and interpretations applicable as at 31 December 2018:***

IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15, 'Revenue from contracts with customers'; effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

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

give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.

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

Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 - New and Revised Turkish Accounting Standards(Continued)

a) ***Standards, amendments and interpretations applicable as at 31 December 2018 (continued):***

Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

- IFRS 1, 'First time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,
- IAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.

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

b) ***Standards, amendments and interpretations that are issued but not effective as at 31 December 2018:***

Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

Amendment to IAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 - New and Revised Turkish Accounting Standards(Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2018 (continued):

IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

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

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

- IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

- use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
- recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 - New and Revised Turkish Accounting Standards(Continued)

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements',and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

2.5 - Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii)One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(ii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

The accounting policies applied in preparation of the accompanying financial statements are as follows. This accounting policy was applied in a consistent manner unless otherwise settled:

Revenue recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following five main principles: according to TFRS 15 "Revenue from Contracts with Customers":

(a) Identification of customer contracts
(b) Identification of performance obligations
(c) Determination of transaction price in the contract
(d) Allocation of price to performance obligations
(e) Recognition of revenue when the performance obligations are fulfilled

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

a) presence of Group's collection right of the consideration for the goods or services,
b) customer's ownership of the legal title on goods or services,
c) physical transfer of the goods or services,
d) customer's ownership of significant risks and rewards related to the goods or services,
e) customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Dividend and interest income:

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down. Inventories have been valued with weighted average cost method.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. Unless the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is not transferred to retained earnings. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)
An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Estimated useful life of property, plants and equipment's are shown below:

Useful Life (Year)

Buildings	10-50
Land improvements	8-50
Machinery and equipment's	3-25
Furniture and fixtures	3-50
Motor vehicles	4-10
Leasehold improvements	3-5

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases - the Group as lessee
Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term (the incentives that are received for lease contracts that are recognized in profit or loss on a straight-line basis). Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Intangible Assets

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Estimated useful life of intangible assets are between 2 and 15 years.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

Derecognition of intangible assets

An intangible asset is derecognized from statement of financial position on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

Financial Instruments

Financial assets

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. A regular way purchase or sale of financial assets shall be recognised using trade date accounting or settlement date accounting. When a financial asset is recognised initially, the Group measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at Fair value through profit or loss.

Financial assets at Fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group's cash and cash equivalents are classified under the category of 'Loans and Receivables'.

Recognition and derecognition of financial assets

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. An entity shall remove a financial liability from its statement of financial position when, and only, the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities

When a financial liability is recognised initially, the Group measures it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method.

Derivative financial instruments

The derivative instruments of the Group mainly consist of foreign exchange forward instruments. These derivative instruments, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognized in the consolidated financial statements.

If the fair value change of derivative financial instruments is positive or not, the change affected at assets or liabilities in the balance sheet.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other Financial Liabilities

Other financial liabilities, including borrowings, are immediately measured at fair value, net of transactions costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Effect of Exchange Differences

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Effect of Exchange Differences (Continued)

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Assets and liabilities of the Group's foreign operations, are presented in TL considering exchange rates valid at the reporting date. Income and expenses are translated by using the average rate calculated for the year when the transaction occurred, unless significant fluctuation has happened in exchange rates. In case of any significant fluctuation in exchange rates, the transaction is translated by using the exchange rate at the transaction date. The translation difference is accounted under comprehensive income as a component of equity.

Earnings Per Share

Earnings per share disclosed in the consolidated statement of comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Reporting of Financial Information According to Department

The Group's main operations are producing and trading frozen and canned vegetables and fruits, frozen and canned sea food, frozen pastry products, croquettes, canned tuna fish, oil and margarine. The Group management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Group's management has separated its operations two segments which are canned products and margarine. Segment reporting is disclosed in Note 3.

Government Grants and Incentives

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position (balance sheet) and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Fair value of investment property is determined by valuation companies which must have enough experience in valuation of investment property and must have CMB valuation certificate. Investment properties are shown in level 2 in hierarchy table.

Business Combinations

Business combinations under common control

The Group recognizes business combinations under common control by using pooling of interest method in the consolidated financial statements. Accordingly:

- No goodwill is recognized in the financial statements due to the recognition of business combinations under common control by using the pooling of interests method;
- In applying the pooling of interests method, financial statements are restated as if the business combination was effected and presented comparatively as of the beginning of the reporting period when the common control existed;
- As it would be appropriate for parent company to consider the inclusion of business combinations under common control to financial statements, for consolidation purposes, financial statements including combination accounting are restated in accordance with IAS as if the financial statements are prepared in accordance with IAS prior and subsequent to the date that Company's controlling party has common control over entities.
- In order to eliminate potential assets-liabilities difference arising from business combinations within the scope of under common control transactions, "Effect of business combination under common control" account has been used as an offset account.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Income Taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The management reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the management has determined that the 'sale' presumption set out in the amendments to TAS 12 is not rebutted. As a result, the Group has not recognized any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Employee Benefits

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) *Employee Benefits* ("TAS 19").

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with below):

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 - Summary of Significant Accounting Policies (continued)

Useful life of tangible and intangible assets

Group is calculated the depreciation and amortization the Group's accounting policies, which are described in Note 2.5.

Deferred taxes on investment property

It is concluded in the calculation of deferred tax liabilities and deferred tax assets generated from investment property owned by the Group that economic benefits from investment properties have not been held within the scope of a business model which pursue to use the whole rather than sell it. Gain on sales from investment property is subject to taxation of 10% rate. 10% of deferred tax liability is calculated from the difference between the fair value and the tax base of the investment property.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset.

Income taxes

The Group operates in various tax jurisdictions and is subject to the related tax regulations. Significant judgment is required to determine the Group provision for income taxes. The Group estimates its liabilities for tax obligations as well as the utilization of available loss carry forwards. When the final tax outcome is known, the actual positions may vary from these estimates and adjustments to deferred income tax positions may be required.

Provision for impairment of inventories

A provision has been provided for inventories that are not expected to be used and are slow moving. The Group has also provided provision for inventories with net realizable values lower than costs.

Provision for doubtful receivables

A provision has been provided for receivables that are not expected to be collectible and those that have not been collected for a long time

2.6 – Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

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

NOTE 3 – SEGMENT REPORTING

Kerevitaş Gıda Sanayi ve Ticaret Anonim Şirketi ("Kerevitaş" or "the Company") and its subsidiaries' ("Group") main operations are producing and distributing frozen and canned vegetables and fruits, frozen and canned sea food, frozen pastry products, croquettes, canned tuna fish and edible oil. Operating segments are determined and reported in a manner consistent with the reporting provided to the Board of Directors and their strategic decision making processes.

The Board of Directors and top management monitor the operations of the Group on the basis of the different business units, which are "frozen and canned food" and "edible oil".

The information for 1 January – 31 December 2018 and 2017 are as follows:

	31 December 2018			
	Frozen and Canned	**Edible Oil**	**Consolidation Adjustment**	**Total**
Revenue (Note 18)	708.234.188	1.713.800.894	-	2.422.035.082
Intersegment revenue	474.500	28.206.648	(28.681.148)	-
Revenue	**708.708.688**	**1.742.007.542**	**(28.681.148)**	**2.422.035.082**
Operating Profit (*)	**86.111.223**	**212.768.173**	**-**	**298.879.396**
Other income from operating activities (Note 20)	13.215.247	59.237.747	-	72.452.994
Other expenses from operating activities (-) (Note 20)	(13.176.061)	(101.266.024)	-	(114.442.085)
Operating Profit	**86.150.409**	**170.739.896**	**-**	**256.890.305**
Depreciation and amortization expense (Note 19)	23.619.168	21.084.762	-	44.703.930
EBITDA	**109.730.391**	**233.852.935**	**-**	**343.583.326**
Investment	7.299.182	31.852.391	-	39.151.573

	31 December 2017			
	Frozen and Canned	**Edible Oil**	**Consolidation Adjustment**	**Total**
Revenue	612.846.554	1.793.356.600	-	2.406.203.154
Intersegment revenue	-	24.808.298	(24.808.298)	-
Revenue	**612.846.554**	**1.818.164.898**	**(24.808.298)**	**2.406.203.154**
Operating Profit (*)	**13.972.349**	**132.976.237**	**(101.972)**	**146.846.614**
Other income from operating activities (Note 20)	6.920.265	27.040.010	101.972	34.062.247
Other expenses from operating activities (-) (Note 20)	(15.245.858)	(57.535.871)	-	(72.781.729)
Operating Profit	**5.646.756**	**102.480.376**	**-**	**108.127.132**
Depreciation and amortization expense (Note 19)	25.086.324	13.595.923	-	38.682.247
EBITDA	**39.058.673**	**146.572.160**	**(101.972)**	**185.528.861**
Investment	26.135.597	60.667.671	-	86.803.268

(*) Profit before other income / expense from operating activities. EBITDA has calculated by sum of profit before other income / expense from operating activities and depreciation and amortization expenses.

EBITDA is not a measurement instrument that is prescribed in TAS and it cannot be comparable other entities calculations.

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

NOTE 4 – RELATED PARTY DISCLOSURES

Due to related parties, due from related parties and summary of significant transactions with related parties as of 31 December 2018 and 2017 are as follows.

Trade receivables from related parties	**31 December 2018**	**31 December 2017**
Pasifik Tük.Ürün. San.ve Tic. A.Ş.	94.876.877	84.872.065
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	64.651.298	-
Ülker Bisküvi San. A.Ş.	47.865.941	43.220.779
Horizon Hızlı Tüketim Ürünleri Paz. ve Tic. A.Ş.	33.502.877	40.019.590
Biskot Bisküvi Gıda San. Tic. A.Ş.	33.281.340	27.594.234
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	23.095.225	52.859.908
Önem Gıda San. ve Tic. A.Ş.	19.990.789	10.752.854
Ülker Çikolata San. A.Ş.	9.261.519	6.954.673
PNS Pendik Nişasta San. A.Ş.	3.400.873	1.130.861
Kellog Med Gıda Tic. Ltd. Şti.	1.828.802	-
G2M Dağıtım Pazarlama A.Ş.	774.211	1.487.311
CCC Gıda San. ve Tic. A.Ş.	683.914	-
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	203.046	-
Duru G2M Gıda Tarım ve Tem. Ürün. Dağ. Paz. San. A.Ş.	88.024	-
Natura Gıda San. ve Tic. A.Ş.	-	1.528.937
Teközel Gıda Marka Hizm. San. ve Tic. A.Ş.	3.252	78.794.574
Other	4.178.291	5.281.006
	337.686.279	**354.496.792**

Trade payables to related parties	**31 December 2018**	**31 December 2017**
Yıldız Holding A.Ş.	102.886.212	59.570.972
Önem Gıda San. ve Tic. A.Ş.	2.409.791	2.565.265
Şok Marketler Ticaret A.Ş.	2.367.273	18.399
İzsal Gayrimenkul Geliştirme A.Ş.	382.088	105.205
Pame Danışmanlık ve Tic. A.Ş.	347.974	-
Dank Gıda San. ve Tic. A.Ş.	139.470	-
Bizim Toptan Satış Mağazaları A.Ş.	33.348	27.000
Unmaş Unlu Mamuller San. ve Tic. A.Ş.	7.784	38.580
Aytaç Gıda Yatırım A.Ş.	-	60.202
Penta Teknoloji Ürünleri Dağıtım Tic. A.Ş.	-	119.277
Other	304.856	1.601.693
	108.878.796	**64.106.593**

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

Due from related party and due to related party balances comprise purchasing and selling goods and services. Supply of goods comprise of mainly acquisition of raw material. Average maturity of trade payables to related parties is 90 days.

Other receivables from related parties	**31 December 2018**	**31 December 2017**
Yıldız Holding A.Ş.(*)	915.584.104	422.669.481
Şok Marketler Ticaret A.Ş.	-	10.770.976
	915.584.104	**433.440.457**

Other non-current receivables from related parties	**31 December 2018**	**31 December 2017**
Yıldız Holding A.Ş. (*)	-	413.830.301
	-	**413.830.301**

(*) The relevant amounts comprise loans granted to Yıldız Holding. The average interest rate is 25,03% for TL.

Other payables to related parties	**31 December 2018**	**31 December 2017**
Yıldız Holding A.Ş.	-	187.255.439
Other	2.351.507	-
	2.351.507	**187.255.439**

Other non-current payables to related parties	**31 December 2018**	**31 December 2017**
Yıldız Holding A.Ş. (*)	1.364.244.005	479.385.000
	1.364.244.005	**479.385.000**

(*) As of 12 April 2018 the ultimate parent company Yıldız Holding A.Ş and some Yıldız Holding Group entities including Group's, signed a syndicated loan agreement with creditors. Thus, the Group's borrowings to banks were transferred to Yıldız Holding. TL 839.925.341 of the long term liabilities of the Group to Yıldız Holding is composed of syndicated debts.

The amount of collateral received or given due to the transactions between the Group and related parties amounts to TL 2.094.677.023 (31 December 2017: None).

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

Sales of goods	**1 January- 31 December 2018**	**1 January - 31 December 2017**
Pasifik Tük. Ürün. San. ve Tic. A.Ş.	341.053.126	345.471.477
Horizon Hızlı Tüketim Ürünleri A.Ş.	231.243.789	365.871.476
Ülker Bisküvi San. A.Ş.	178.415.239	151.583.966
Yeni Teközel Markalı Ürünler Dağıtım Hizmetleri A.Ş.	140.469.573	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	121.997.003	155.854.793
Biskot Bisküvi Gıda San. Tic. A.Ş.	103.208.906	87.213.097
Teközel Gıda Hiz. San. ve Tic. A.Ş.	80.793.008	101.568.821
Önem Gıda San. ve Tic. A.Ş.	51.897.975	43.139.183
Ülker Çikolata San. A.Ş.	31.841.791	25.631.904
Bizim Toptan Satış Mağazaları A.Ş.	26.073.848	2.690.919
PNS Pendik Nişasta San. A.Ş.	7.260.937	10.085.310
CCC Gıda San. ve Tic. A.Ş.	1.930.195	-
G2M Dağıtım Pazarlama A.Ş.	1.902.477	2.985.155
Kellog Med Gıda Tic. Ltd. Şti.	1.529.750	1.716.915
Pame Danışmanlık ve Tic. A.Ş.	510.123	-
Duru G2M Gıda Tarım ve Tem. Ürün. Dağ. Paz. San. A.Ş.	256.737	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	148.049	-
İstanbul Gıda Dış Tic. A.Ş.	-	14.906.239
Natura Gıda San. ve Tic. A.Ş.	-	6.582.822
Other	7.297.278	8.980.284
	1.327.829.804	**1.324.282.361**

Purchase of goods and services	**1 January- 31 December 2018**	**1 January - 31 December 2017**
Önem Gıda San. ve Tic. A.Ş.	8.433.964	7.392.103
Şok Marketler Ticaret A.Ş.	4.917.796	-
Yıldız Holding A.Ş.	3.884.856	20.138.456
Pasifik Tük. Ürün. San. ve Tic. A.Ş.	948.731	-
Aytaç Gıda Yatırım San. Tic. A.Ş.	689.265	898.733
İzsal Gayrimenkul Geliştirme A.Ş.	581.615	338.607
Bizim Toptan Satış Mağazaları A.Ş.	338.389	469.646
G2M Dağıtım Pazarlama ve Tic A.Ş.	250.144	-
Örgen Gıda San. ve Tic. A.Ş.	103.366	271.653
PNS Pendik Nişasta San. A.Ş.	68.000	76.920
Penta Teknoloji Ürün. Dağ. Tic. A.Ş.	56.169	194.092
Horizon Hızlı Tük. Az. Sat. Tic. A.Ş.	16.821	13.797
Other	917.961	472.307
	21.207.077	**30.266.314**

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

NOTE 4 – RELATED PARTY DISCLOSURES (Continued)

Service, rent and other income	**1 January - 31 December 2018**	**1 January - 31 December 2017**
Kellog Med Gıda Tic. Ltd. Şti.	644.536	621.272
Sağlam İnşaat Taahhüt Tic. A.Ş.	181.126	-
PNS Pendik Nişasta San. A.Ş.	130.301	86.178
Pakyağ Endüstriyel Ürünler San. Tic. A.Ş.	120.581	115.693
Horizon Hızlı Tüketim Ürünleri A.Ş.	3.798	13.662
Pasifik Tük. Ürün. San. ve Tic. A.Ş.	2.966	113.613
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	1.066	28.362
Other	10.675	81.855
	1.095.049	**1.060.635**

Commission and financial expense	**1 January - 31 December 2018**	**1 January - 31 December 2017**
Yıldız Holding A.Ş.	123.907.331	57.716.067
Pervin Finansal Kiralama A.Ş.	11.931	401.993
Other	720.667	199.042
	124.639.929	**58.317.102**

Investment income	**1 January - 31 December 2018**	**1 January - 31 December 2017**
Yıldız Holding A.Ş.	67.412.688	29.286.550
Şok Marketler Ticaret A.Ş.	-	9.130.000
Other	141.152	231.503
	67.553.840	**38.648.053**

Key management compensation:

Key management personnel of the Company consist of the members of Board of Directors and members of Executive Board. The compensation of key management personnel comprises salaries, bonus, health insurance and transportation. The compensation of key management during the years are as follows:

	1 January - 31 December 2018	**1 January - 31 December 2017**
Salaries and other benefits	10.066.323	10.329.603
	10.066.323	**10.329.603**

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

NOTE 5 – TRADE RECEIVABLES AND PAYABLES

As of 31 December 2018 and 2017 trade receivables of the Group are as follows:

Current trade receivables	**31 December 2018**	**31 December 2017**
Trade receivables	178.566.631	191.831.868
Notes receivable	15.650.061	42.888.148
Income accruals	-	2.005.300
Provision for doubtful receivables (-)	(22.504.071)	(17.524.795)
Trade receivables, net	**171.712.621**	**219.200.521**
Trade receivables from related parties (Note 4) (*)	337.686.279	354.496.792
	509.398.900	**573.697.313**

(*) Trade receivables from related parties arise mainly from sales of goods.

Movements of provision for doubtful receivables as of 31 December 2018 and 2017 are as follows:

Movement of Provision for Doubtful Receivables	**2018**	**2017**
Opening balance	(17.524.795)	(11.705.873)
Charge for the year (Note 20)	(5.148.022)	(5.615.360)
Currency translation gain/loss	(533.044)	(510.850)
Collections (Note 20)	701.790	307.288
End of the period	**(22.504.071)**	**(17.524.795)**

Current trade payables	**31 December 2018**	**31 December 2017**
Trade payables	320.826.521	383.469.615
Expense accruals	362.018	387.476
Trade payables, net	**321.188.539**	**383.857.091**
Trade payables to related parties (Note 4) (*)	108.878.796	64.106.593
	430.067.335	**447.963.684**

(*) Trade payables to related parties arise mainly from supply of goods and services.

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

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other Current Receivables	**31 December 2018**	**31 December 2017**
Other receivables from related parties (Note 4)	915.584.104	433.440.457
Other miscellaneous receivables	5.192.267	4.909.845
	920.776.371	**438.350.302**

Other Non-Current Receivables	**31 December 2018**	**31 December 2017**
Other non-current receivables from related parties (Note 4)	-	413.830.301
Deposits and guarantees given	5.487.505	270.467
	5.487.505	**414.100.768**

Other Payables

Other Current Liabilities	**31 December 2018**	**31 December 2017**
Other payables to related parties (Note 4)	2.351.507	187.255.439
Other miscellaneous liabilities	347.814	-
	2.699.321	**187.255.439**

Other Non-Current Liabilities	**31 December 2018**	**31 December 2017**
Other non-current liabilities to related parties (Note 4)	1.364.244.005	479.385.000
	1.364.244.005	**479.385.000**

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

NOTE 7 – INVENTORIES

	31 December 2018	**31 December 2017**
Raw materials	159.508.188	148.620.492
Work in process	103.990.332	87.872.706
Finished goods	77.426.201	80.596.729
Trade goods	13.744.374	8.948.527
Other inventory	8.823.339	9.924.529
Provision for impairment of inventory (-)	(453.818)	(535.739)
	363.038.616	**335.427.244**

Movements of provision for impairment of inventories as of 31 December 2018 and 2017 are as follows:

	2018	**2017**
Opening balance	(535.739)	(880.376)
Charge for the year (Note 20)	(338.640)	(535.739)
Provisions no longer required (*) (Note 20)	420.561	714.337
Reversal of provisions (Note 20)	-	166.039
End of period	**(453.818)**	**(535.739)**

(*) The provisions reversed due to sales in the current period are recognized in cost of goods sold.

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

NOTE 8 – PREPAID EXPENSES AND DEFERRED REVENUE

Short-Term Prepaid Expenses	31 December 2018	31 December 2017
Advances given for inventory purchases	15.023.178	16.074.721
Prepaid expenses	5.374.241	2.504.921
Job advances	-	28.415
	20.397.419	**18.608.057**

Long-Term Prepaid Expenses	31 December 2018	31 December 2017
Advances given for fixed asset purchases	4.129.732	6.783.385
Prepaid expenses	47.846	9.422
	4.177.578	**6.792.807**

Short-Term Deferred Income	31 December 2018	31 December 2017
Advances received	1.801.805	1.005.774
Deferred income	1.126.845	1.037.301
	2.928.650	**2.043.075**

NOTE 9 – INVESTMENT PROPERTIES

Cost Value	1 January 2018	Disposals	Change in fair value	31 December 2018
Land, building machinery and equipment	254.103.000	(53.318.567)	11.322.568	212.107.001
	254.103.000	**(53.318.567)**	**11.322.568**	**212.107.001**

Cost Value	1 January 2017	Disposals	Change in fair value	31 December 2017
Land, building machinery and equipment	169.418.700	-	84.684.300	254.103.000
	169.418.700	**-**	**84.684.300**	**254.103.000**

The Group has earned rent income from its investment properties amounting to TL 6.287.415 in the current period. (31 December 2017: TL 6.279.199)

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

NOTE 9 – INVESTMENT PROPERTIES (Continued)

Fair value of investment properties

	31 December 2018		
	Level 1	**Level 2**	**Level 3**
Investment properties	-	212.107.001	-
Total	**-**	**212.107.001**	**-**

	31 December 2017		
	Level 1	**Level 2**	**Level 3**
Investment properties	-	254.103.000	-
Total	**-**	**254.103.000**	**-**

As of 31 December 2018 and 2017, fair value of investment properties have been determined by an independent valuation expert. Gain or loss on fair value changes of investment properties is included in the income statement. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly,

Level 3: Inputs for the asset or liability that are not based on observable market data

Valuation techniques used to derive level 2 fair values.

Level 2 fair values of investment properties have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

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

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

Cost Value	1 January 2018	Additions	Disposals	Transfers	Changes in fair value	Currency translation differences	31 December 2018
Land	395.458.720	58.807	-	-	6.984.612	4.762	402.506.901
Land Improvements	15.475.128	-	-	246.304	-	-	15.721.432
Buildings	226.548.756	14.691.757	-	15.202.168	3.834.246	38.338.335	298.615.263
Machinery and Equipment	433.418.714	927.067	(238.150)	25.124.958	-	10.028.533	469.261.123
Motor Vehicles	13.703.846	279.310	(54.592)	164.076	-	77.058	14.169.698
Furniture and Fixtures	38.851.505	3.244.826	(440.149)	2.232.438	-	298.708	44.187.328
Leasehold Improvements	4.566.176	36.282	(1.229.946)	408.810	-	-	3.781.322
Other Tangible Fixed Assets	44.831.308	59.400	(3.958.082)	-	-	-	40.932.626
Construction in Progress	24.782.668	17.095.786	-	(48.657.255)	-	8.086.744	1.307.942
	1.197.636.821	**36.393.235**	**(5.920.919)**	**(5.278.501)**	**10.818.858**	**56.834.140**	**1.290.483.635**

Accumulated Depreciation	1 January 2018	Additions	Disposals	Transfers	Changes in fair value	Currency translation differences	31 December 2018
Land Improvements	(7.988.129)	(163.954)	-	-	-	(291)	(8.152.374)
Buildings	(51.209.672)	(5.790.972)	-	-	(1.304.280)	(298.232)	(58.603.156)
Machinery and Equipment	(248.851.909)	(26.198.455)	116.986	-	-	(247.458)	(275.180.836)
Motor Vehicles	(10.439.373)	(1.488.300)	32.983	-	-	(82.491)	(11.977.181)
Furniture and Fixtures	(25.771.869)	(2.898.523)	409.777	-	-	(39.787)	(28.300.402)
Leasehold Improvements	(3.083.690)	(613.690)	1.229.946	-	-	-	(2.467.434)
Other Tangible Fixed Assets	(31.139.132)	(4.368.310)	3.849.813	-	-	-	(31.657.629)
	(378.483.774)	**(41.522.204)**	**5.639.505**	**-**	**(1.304.280)**	**(668.259)**	**(416.339.012)**
Net Book Value	**819.153.047**						**874.144.623**

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

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost Value	1 January 2017	Additions	Disposals	Transfers	Changes in fair value	Currency translation differences	31 December 2017
Land	62.284.923	3.330	-	17.730.800	315.439.667	-	395.458.720
Land Improvements	4.871.528	110.000	-	149.222	10.344.378	-	15.475.128
Buildings	131.685.458	53.888	(37.740)	73.542.024	21.305.126	-	226.548.756
Machinery and Equipment	390.450.060	2.842.399	(854.334)	40.980.589	-	-	433.418.714
Motor Vehicles	11.810.709	144.348	(887.021)	2.617.204	-	18.606	13.703.846
Furniture and Fixtures	34.875.332	1.996.532	(378.365)	2.349.876	-	8.130	38.851.505
Leasehold Improvements	3.871.700	694.476	-	-	-	-	4.566.176
Other Tangible Fixed Assets	43.279.988	5.747.595	(4.168.475)	(27.800)	-	-	44.831.308
Construction in Progress	89.641.366	74.601.496	-	(145.549.029)	-	6.088.835	24.782.668
	772.771.064	**86.194.064**	**(6.325.935)**	**(8.207.114)**	**347.089.171**	**6.115.571**	**1.197.636.821**

Accumulated Depreciation	1 January 2017	Additions	Disposals	Transfers	Changes in fair value	Currency translation differences	31 December 2017
Land Improvements	(3.113.697)	(185.213)	-	-	(4.689.219)	-	(7.988.129)
Buildings	(46.271.790)	(2.415.862)	4.247	3.879.654	(6.405.921)	-	(51.209.672)
Machinery and Equipment	(227.313.193)	(22.189.964)	651.248	-	-	-	(248.851.909)
Motor Vehicles	(9.490.027)	(1.826.643)	878.955	-	-	(1.658)	(10.439.373)
Furniture and Fixtures	(23.100.662)	(2.997.525)	327.353	-	-	(1.035)	(25.771.869)
Leasehold Improvements	(2.339.914)	(743.776)	-	-	-	-	(3.083.690)
Other Tangible Fixed Assets	(28.567.353)	(6.327.838)	3.756.059	-	-	-	(31.139.132)
	(340.196.636)	**(36.686.821)**	**5.617.862**	**3.879.654**	**(11.095.140)**	**(2.693)**	**(378.483.774)**
Net Book Value	**432.574.428**						**819.153.047**

(Amounts expressed in Turkish Lira (“TL” unless otherwise stated.)

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group decided to apply “Fair value model” to land, land improvements and buildings in accordance with TAS 16 – Property, Plant and Equipment as of 31 December 2018. The revaluation was performed by Nova Gayrimenkul Değerleme A.Ş. authorized by Capital Markets Board.

The fair value of land, land improvements and buildings was based on market comparable approach and cost approach.

Revaluation of property, plant and equipment is amounting to TL314.411.591 after deferred tax under equity as of 31 December 2018 and 2017.

Land, land improvement and buildings have been accounted with revaluation method. If the Group recognized land, land improvements and buildings at historical cost, net book value of land, land improvement and building would be respectively TL23.340.530, TL1.641.410 and TL53.256.945.

The table below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly,

Level 3: Inputs for the asset or liability that are not based on observable market data.

Valuation techniques used to derive level 2 fair values

Level 2 fair values of investment properties have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

		31 December 2018	
	Level 1	**Level 2**	**Level 3**
Land	-	402.506.901	-
Land improvement	-	7.569.058	-
Buildings	-	240.012.107	-
Total	**-**	**650.088.066**	**-**

		31 December 2017	
	Level 1	**Level 2**	**Level 3**
Land	-	395.455.390	-
Land improvement	-	7.490.329	-
Buildings	-	175.339.084	-
Total	**-**	**578.284.803**	**-**

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

NOTE 11 – INTANGIBLE ASSETS

Cost Value	1 January 2018	Additions	Disposals	Transfers	foreign Currency Conversion Adjustments	31 December 2018
Rights	11.537.077	462.163	-	86.972	37.117	12.123.329
Development expenses	3.399.355	2.296.173	-	5.191.529	-	10.887.057
Other intangible assets	743.284	-	(48.322)	-	-	694.962
	15.679.716	**2.758.336**	**(48.322)**	**5.278.501**	**37.117**	**23.705.348**

Accumulated Amortization	1 January 2018	Additions	Disposals	Transfers	foreign Currency Conversion Adjustments	31 December 2018
Rights	(8.956.709)	(1.645.366)	-	-	(1.235)	(10.603.310)
Development expenses	(85.865)	(1.340.015)	-	-	-	(1.425.880)
Other intangible assets	(360.811)	(196.345)	48.322	-	-	(508.834)
	(9.403.385)	**(3.181.726)**	**48.322**	**-**	**(1.235)**	**(12.538.024)**
Net Book Value	**6.276.331**					**11.167.324**

Cost Value	1 January 2017	Additions	Disposals	Transfers	31 December 2017
Rights	10.437.534	465.150	-	634.393	11.537.077
Development expenses	-	-	(293.712)	3.693.067	3.399.355
Other intangible assets	599.230	144.054	-	-	743.284
	11.036.764	**609.204**	**(293.712)**	**4.327.460**	**15.679.716**

Accumulated Amortization	1 January 2017	Additions	Disposals	Transfers	31 December 2017
Rights	(7.232.601)	(1.724.108)	-	-	(8.956.709)
Development expenses	-	(85.865)	-	-	(85.865)
Other intangible assets	(175.358)	(185.453)	-	-	(360.811)
	(7.407.959)	**(1.995.426)**	**-**	**-**	**(9.403.385)**
Net Book Value	**3.628.805**				**6.276.331**

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

NOTE 11 – INTANGIBLE ASSETS (Continued)

Allocation of depreciation and amortization expenses as of 31 December 2018 and 2017 are as follows:

	31 December 2018	**31 December 2017**
Cost of sales (Note 18)	(34.412.784)	(28.544.074)
Selling and marketing expense (Note 19)	(6.700.079)	(7.794.775)
General administration expenses (Note 19)	(1.901.430)	(2.054.153)
Research and development expenses (Note 19)	(1.689.637)	(289.245)
	(44.703.930)	**(38.682.247)**

NOTE 12 - GOVERNMENT GRANTS AND INCENTIVES

On 31 August 2016, the Company received Investment Incentive Certificate no. 125488 from the General Directorate of Incentives and Foreign Investment. The certificate is valid until 28 June 2019. The support elements stipulated by the Investment Incentive Certificate were as follows: 100% customs exemption, value added tax exemption, 7 years support of employer's share of social security premium, 80% Investment Contribution Rate and 40% tax deduction. The total amount of investment stipulated in the Investment Incentive Certificate was TL 15.600.000. As of 31 December 2018, the investment amount realized under the incentive certificate was TL 5.043.736. (31 December 2017: TL 3.017.808)

On 1 November 2017, the Company received Investment Incentive Certificate no. 133479 from General Directorate of Incentive Implementation and Foreign Investments. The certificate is valid until 21 July 2020. The support elements stipulated by the Investment Incentive Certificate were as follows: 100% customs exemption, value added tax exemption, 2 years support of employer's share of social security premium, 50% tax deduction. The total amount of investment stipulated in the Investment Incentive Certificate was TL 10.500.000. As of 31 December 2018, the investment amount realized under the incentive certificate was TL 3.592.108. (31 December 2017: TL81.500)

On 19 September 2012, the Company received Investment Incentive Certificate no. 106867 from the General Directorate of Incentives and Foreign Investment. The initial validity period of the certificate was 3 years and the validity period of the aforementioned document was extended until 11 February 2017. The support elements stipulated by the Investment Incentive Certificate were as follows: 100% customs exemption, value added tax exemption, 2 years support of employer's share of social security premium and 50% tax deduction. The total amount of investment stipulated in the Investment Incentive Certificate was TL10.875.414. As of 31 December 2018, the investment amount realized under the incentive certificate closed. (31 December 2017: TL7.985.424).

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

NOTE 13 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Contingent Assets and Liabilities

Contingent assets and liabilities as of 31 December 2018 and 2017 are as follows:

Contingent assets	**31 December 2018**	**31 December 2017**
Letters of guarantee received	140.063.027	161.649.765
Pledges and mortgages received	6.875.670	7.515.670
	146.938.697	**169.165.435**

Contingent liabilities	**31 December 2018**	**31 December 2017**
Mortgages given	643.433.495	91.131.785
Commercial pledges given	-	70.000.000
Letters of guarantee given	100.627.377	92.178.759
Guarantee given	1.553.603.663	-
	2.297.664.535	**253.310.544**

In accordance with the financial restructuring agreement, the operating pledge granted to the banks on 08.07.2004 was canceled from the İstanbul trade registry office.

Lawsuit filed by the Group	**31 December 2018**	**31 December 2017**
Tax Litigation (*)	357.378	357.378
	357.378	**357.378**

(*) The lawsuit has been filed against the Foreign Trade Tax Office regarding the abandonment of VAT and Tax Penalties in the Istanbul 6th Tax Court was won and has been appealed by the relevant Tax Office and the file is expected to be returned from the appeal.

Other current provisions	**31 December 2018**	**31 December 2017**
Provisions for lawsuit	1.186.233	1.133.497
Provisions for sales premium	57.572	21.730
	1.243.805	**1.155.227**

Movement of provisions for lawsuit	**2018**	**2017**
Opening	1.133.497	133.497
Charge for the period (Note 20)	52.736	1.000.000
End of the period	**1.186.233**	**1.133.497**

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

NOTE 14 – COMMITMENT AND CONTINGENCIES

Guarantee, pledge and mortgages given by the Group

Guarantee, pledge and mortgages ("GPM") in respect of commitment and contingencies realized in the ordinary course of business given for the years ended 31 Decembers are as follows:

	31 December 2018			31 December 2017		
	Original Currency	**Amount**	**TL Equivalent**	**Original Currency**	**Amount**	**TL equivalent**
A. CPMs given for Company's own legal personality (*)	TL	1.620.995.223	1.620.995.223	TL	214.640.374	214.640.374
	US Dollar	128.582.203	676.458.112	US Dollar	10.150.000	38.284.785
B. CPMs given on behalf of fully consolidated companies	TL	211.200	211.200	TL	385.385	385.385
C. CPMs given in the normal course of business activities on behalf of third parties		-	-	-	-	-
D. Total amount of other CPMs		-	-	-	-	-
i. Total amount of CPMs given on behalf of the parent		-	-	-	-	-
ii. Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C		-	-	-	-	-
iii. Total amount of CPMs given on behalf of third parties which are not in scope of C		-	-	-	-	-
			2.297.664.535			**253.310.544**

As of 31 December 2018, the Group has export commitment USD 56.285.289 and EUR 3.500.000 (31.12.2017: USD:78.500.000 EUR 5.000.000). Fulfil of the export commitment period is two years.

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

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

The bank loans of Group's subsidiaries which are totally TL 1.256,9 million and TL 236,54 million contingencies were increased to the level of Yıldız Holding A.Ş. through syndication. The company's total debt has not increased as a result of the syndicated loan. Related Group's subsidiaries became guarantors of Yıldız Holding A.Ş. as of the date of using the loan limited to the current total bank loan risk exposure.with Some real estates of the company which are 522.4 million TL have been put on mortgages and Financial investments with a fair value of TL 2.7 million were pledged to banks.

(*) The balance are related to non-cash risks of US $ 142.9 million and US $ 19.0 million.

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

NOTE 15 – PAYABLES RELATED TO EMPLOYEE BENEFITS

Payables related to employee benefits	31 December 2018	31 December 2017
Due to personnel	8.320.214	6.041.635
Social security premiums payable	3.239.555	5.829.415
	11.559.769	**11.871.050**

Current provisions for employee benefits	31 December 2018	31 December 2017
Provisions for performance premium	6.278.726	6.664.769
Provisions for unused vacations	3.832.751	4.649.817
	10.111.477	**11.314.586**

Non-current provisions for employee benefits	31 December 2018	31 December 2017
Provisions for employee termination benefits	30.305.487	25.473.247
	30.305.487	**25.473.247**

The movement of provisions for performance premium as of 31 December 2018 and 2017 are as follows:

	2018	2017
Opening balance	6.664.769	3.852.607
Charge for the year	6.278.726	6.664.769
Cash payments during the year	(6.664.769)	(3.852.607)
End of the period	**6.278.726**	**6.664.769**

The movement of provisions for unused vacations as of 31 December 2018 and 2017 are as follows:

	2018	2017
Opening balance	4.649.817	4.369.020
Charge for the year	1.722.745	900.327
Used	(2.539.811)	(619.530)
End of the period	**3.832.751**	**4.649.817**

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

NOTE 15 – PAYABLES RELATED TO EMPLOYEE BENEFITS (Continued)

Provision for Employee Termination Benefit

In accordance with the existing labour law in Turkey, the Group is required to make up lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire (age of 58 for women, age of 60 for men) or completed service years of 20 for women or 25 for men, are called up for military service or die.

Such payments are calculated on the basis of 30 days' pay maximum TL 5.434,42 as at 31 December 2018 (31 December 2017: TL 4.732,48) per year of employment at the of pay applicable at the date of retirement or termination.

Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of Group from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the Government. International Accounting Standard No. 19 ("IAS 19") "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated interim financial statements as at 31 December 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2018 has been calculated assuming an annual inflation rate of 9,69% and a discount rate of 14,81% resulting in a real discount rate of approximately 4,67% (31 December 2017: 4,5%). It is planned that retirement rights will be paid to employees at the end of concession periods. Accordingly, present value of the future probable obligation has been calculated based on the concession periods. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 7,73% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TL 6.017,60 which is in effect since 1 January 2019 is used in the calculation of Groups' provision for retirement pay liability (1 January 2018: TL 5.001,76).

The movement of provisions of employee termination benefit as of 31 December 2018 and 2017 are as follows:

	2018	**2017**
Opening balance	25.473.247	22.169.536
Service cost	8.510.885	2.294.287
Interest cost	935.958	1.814.156
Actuarial loss	1.330.973	2.454.578
Cash severance payments during the year	(5.945.576)	(3.259.310)
End of the period	**30.305.487**	**25.473.247**

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

NOTE 16 – OTHER ASSETS AND LIABILITIES

Other Current Assets	**31 December 2018**	**31 December 2017**
Deferred VAT	19.841.830	28.552.720
Other VAT	216.463	-
	20.058.293	**28.552.720**

Other Non-Current Assets	**31 December 2018**	**31 December 2017**
Deferred VAT	13.393.111	17.492.507
	13.393.111	**17.492.507**

Other Current Liabilities	**31 December 2018**	**31 December 2017**
Taxes and funds payables	7.144.976	5.066.713
Other current liabilities	50.636	152.979
	7.195.612	**5.219.692**

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

NOTE 17 – CAPITAL AND RESERVES

As of 31 December 2018, the Group's statutory nominal value of authorized and paid-in share capital is TL 662.000.000 (31 December 2017: TL 23.900.000) and consists of 66.200.000.000 registered shares (31 December 2017: 2.390.000.000) having par value of TL 0,01 (31 December 2017: TL 0,01) each.

The Group's shareholders and their share in the capital as of 31 December 2018 and 2017 are as follows:

	31 December 2018		**31 December 2017**	
Shareholders	**Share %**	**Amount**	**Share %**	**Amount**
Yıldız Holding A.Ş.	46,14	305.450.547	46,14	11.027.595
Ufuk Yatırım Yönetim ve Gayr. A.Ş.	10,34	68.429.804	10,34	2.470.502
Murat Ülker	9,98	66.079.898	9,98	2.385.664
Ahsen Özokur	8,13	53.795.394	8,13	1.942.160
Trade Türk Gıda Yatırım A.Ş.	7,23	47.834.418	7,39	1.765.600
Other	18,18	120.409.939	18,02	4.308.479
Total	**100**	**662.000.000**	**100**	**23.900.000**

In accordance with the issuance certificate approved by the Capital Markets Board with its decision no. 40/1366 dated 12 April 2018, the capital has increased from TL 23.900.000 to TL 662.000.000. The current shareholders' right to acquire new shares is completely restricted and capital increase was realized in Wholesale Market of Borsa İstanbul by Yıldız Holding A.Ş, the capital increase decision was published in the Trade Registry Gazette No.9588 dated May 29, 2018.

Restricted Reserves and Retained Earnings

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

As of 31 December 2018, restricted reverses are amounting to TL 36.192.002 (31 December 2017: TL 34.656.534). There are no remaining period profit and other sources subject to profit distribution after deducting previous year losses recorded in statutory records of the Company.

Restricted reserves	**31 December 2018**	**31 December 2017**
Legal reserves	36.192.002	34.656.534
	36.192.002	**34.656.534**

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

NOTE 17 – CAPITAL AND RESERVES (Continued)

Gains / losses on revaluation of property, plant and equipment	**2018**	**2017**
Opening balance	306.101.471	51.115.284
Gain on revaluation of property plant and equipment	9.514.578	335.994.031
Deferred tax expense of revaluation of property plant and equipment	(1.204.457)	(38.991.752)
Minority effect	-	(42.016.092)
End of the period	**314.411.591**	**306.101.471**

The Group decided to apply "Fair value model" to land, land improvements and buildings in accordance with "TAS 16 – Property, Plant and Equipment" as of 31 December 2018. The revaluation was performed by Nova Gayrimenkul Değerleme A.Ş. authorized by Capital Markets Board.

As of 31 December 2018 and 2017, revaluation fund under equity balance is amounting to TL 314.411.591 after deferred tax.

Actuarial loss on post-employment termination benefit obligation	**2018**	**2017**
Opening balances	(8.951.134)	(7.243.604)
Actuarial loss	(1.330.973)	(2.454.578)
Deferred tax on actuarial loss	266.195	490.916
Minority effect of actuarial loss	123.223	256.132
End of the period	**(9.892.689)**	**(8.951.134)**

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

NOTE 18 – REVENUE AND COST OF SALES

	1 January - 31 December 2018	**1 January - 31 December 2017**
Domestic Sales	2.418.693.782	2.422.509.795
Export Sales (*)	386.994.158	315.868.996
Other income	13.875.352	8.125.527
Gross sales	**2.819.563.292**	**2.746.504.318**
Sales returns and discounts (-)	(397.528.210)	(340.301.164)
Net sales	**2.422.035.082**	**2.406.203.154**
Cost of Sales (-)		
- Raw materials	(1.507.010.276)	(1.763.799.008)
- Labour costs	(73.600.279)	(90.447.563)
- Depreciation and Amortization Expense (Note 10-11)	(34.412.784)	(28.544.074)
- Manufacturing overhead costs	(244.065.963)	(109.725.354)
Cost of sales (-)	**(1.859.089.302)**	**(1.992.515.999)**
Gross profit	**562.945.780**	**413.687.155**

(*) The Group decided to retrospectively reclassify export registered sales in export sales

NOTE 19 – GENERAL ADMINISTRATIVE EXPENSES, SELLING AND MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

Selling and marketing expenses	**1 January 31 December 2018**	**1 January 31 December 2017**
Transportation expenses	(59.376.787)	(47.869.634)
Personnel expenses	(49.787.626)	(47.802.199)
Advertisement expenses	(37.136.466)	(54.168.400)
Outsourced benefits and services expenses	(17.198.170)	(17.273.964)
Rent expenses	(9.838.857)	(8.960.793)
Energy expenses	(9.591.568)	(7.357.498)
Depreciation and amortization expense (Note 10-11)	(6.700.079)	(7.794.775)
Maintenance and repair expenses	(3.852.905)	(4.810.380)
Export expenses	(2.221.550)	(1.488.530)
Travel expenses	(1.492.238)	(1.224.515)
Consultancy expenses	(536.301)	(560.224)
Other	(10.391.944)	(8.528.754)
	(208.124.491)	**(207.839.666)**

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

NOTE 19 – GENERAL ADMINISTRATIVE EXPENSES, SELLING AND MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Continued)

General administrative expense	1 January 31 December 2018	1 January 31 December 2017
Personnel expenses	(21.772.999)	(22.346.773)
Outsourced expenses	(13.850.064)	(19.160.213)
Consultancy expenses	(7.813.607)	(5.857.014)
Depreciation and amortization expense (Note 10-11)	(1.901.430)	(2.054.153)
Energy expenses	(1.894.510)	(1.180.290)
Rent expenses	(1.688.372)	(1.072.754)
Communication expenses	(642.039)	(600.736)
Other	(3.241.944)	(4.611.958)
	(52.804.351)	**(56.883.531)**

Research and development expenses	1 January 31 December 2018	1 January 31 December 2017
Depreciation and amortization expense (Note 10-11)	(1.689.637)	(289.245)
Personnel expenses	(1.211.457)	(1.270.356)
Consultancy expenses	(117.447)	(196.316)
Outsourced benefits and services expenses	(40.874)	(244.214)
Analysis expenses	(13.326)	(48.481)
Other	(64.801)	(68.732)
	(3.137.542)	**(2.117.344)**

Expense by nature	1 January 31 December 2018	1 January 31 December 2017
Personnel expenses	(146.372.361)	(161.866.891)
Depreciation and amortization expenses	(44.703.930)	(38.682.247)
	(191.076.291)	**(200.549.138)**

NOTE 20 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES

Other Income from Operating Activities	1 January 31 December 2018	1 January 31 December 2017
Foreign exchange gains from operating activities	54.647.475	18.277.459
Rent income	6.287.415	6.279.199
Service income	2.688.542	2.962.909
Released and reversed provisions for impairment of inventory (Note 7)	420.561	880.376
Provisions no longer required of doubtful receivables (Note 5)	701.790	307.288
Other	7.707.211	5.355.016
	72.452.994	**34.062.247**

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

NOTE 20 – OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES (Continued)

Other Expense from Operating Activities	**1 January 31 December 2018**	**1 January 31 December 2017**
Foreign exchange losses from operating activities	(84.169.183)	(40.942.310)
Donation and aid expense	(9.170.197)	(11.027.403)
Provision expenses for doubtful receivables (Note 5)	(5.148.022)	(5.615.360)
Finance charges on term sales	(4.786.348)	(2.557.048)
Official board fees for capital increase	(3.547.902)	(1.966.878)
Provision expenses for impairment of inventories (Note 7)	(338.640)	(535.739)
Provision expenses of lawsuits and penalties (Note 13)	(52.736)	(1.000.000)
Other	(7.229.057)	(9.136.991)
	(114.442.085)	**(72.781.729)**

NOTE 21 – INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

Income from Investment Activities	**1 January 31 December 2018**	**1 January 31 December 2017**
Interest income	79.533.082	34.928.128
Gain on fair value of investment property (Note 9)	11.322.568	84.684.300
Gain on sale of fixed assets	220.936	583.175
Income from sale of Brands (*)	-	62.076.428
Foreign exchange gains on investing activities	-	31.889.523
Dividend income	-	167.200
	91.076.586	**214.328.754**

(*) TL 50.846.428 of brand selling income comprises sales of Bizim Mutfak brand and its' intellectual property to Ajinomoto Co Inc. Since the brand is an internally generated brand, it was not recognised as intangible asset and so there is no disposal of intangible asset.

Expense from Investment Activities	**1 January 31 December 2018**	**1 January 31 December 2017**
Loss on sale of fixed assets	(19.227.320)	(131.383)
Foreign exchange loss on investing activities	(5.835.853)	(34.455.235)
	(25.063.173)	**(34.586.618)**

NOTE 22 – FINANCIAL INCOME AND EXPENSE

Financial expense	**1 January 31 December 2018**	**1 January 31 December 2017**
Foreign exchange losses	(166.500.016)	(53.642.648)
Interest expense	(141.876.391)	(108.359.830)
Commission expenses	(56.327.076)	(23.750.682)
Financial expense on employee termination benefit	(212.187)	(173.855)
Losses on derivative instruments	-	(5.672.955)
	(364.915.670)	**(191.599.970)**

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

NOTE 23 - TAXATION

Currrent income tax liabilities	**31 December 2018**	**31 December 2017**
Current income tax expense	14.384.165	13.511.327
Less: prepaid taxes	(4.867.349)	(10.737.773)
	9.516.816	**2.773.554**

The breakdown of accumulated temporary differences and deferred tax asset and liabilities provided using principal tax rate as of 31 December 2018 and 2017 are as follows:

	Total temporary differences		**Deferred tax assets / (liabilities)**	
	31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
Provisions for employee termination benefits	30.305.487	25.473.246	6.061.098	5.094.649
Provisions for doubtful receivables	8.557.408	5.966.928	1.882.630	1.312.724
Provisions for lawsuit	1.186.233	1.133.497	260.971	249.369
Provision for ımpairment on inventories	453.818	535.739	90.763	117.863
Provision for unused vacation	3.832.751	4.649.817	806.922	980.023
Changes in inventory	-	966.645	-	193.329
Carry- forward tax losses (*)	248.462.700	166.851.540	50.518.674	33.781.405
Discount on financial liabilities	-	(218.860)	-	(48.149)
Deferred financing income	1.126.845	1.126.350	247.906	225.270
Impairment on investment accounted through equity method	-	2.500.000	-	500.000
Provision of performance premium	6.278.726	6.664.769	1.381.319	1.433.415
Foundation and organization expenses	927.144	927.144	185.429	185.429
Goverment grants and incentives	8.635.844	11.084.732	-	22.169
Net differences between the carrying values and tax bases of investment properties	(172.049.654)	(203.676.837)	(15.043.714)	(20.471.601)
Revaluation differences of fixed assets	(462.560.453)	(447.554.288)	(52.845.239)	(50.540.724)
Other	6.389.390	(1.982.476)	1.276.229	(415.392)
Net deferred tax assets	**(318.500.705)**	**(425.552.053)**	**(5.177.012)**	**(27.380.221)**

(*) As of 31 December 2018, based on projections and future estimations deferred tax asset is not recognized derived from unused tax losses amounting to TL 85.132.753. (31 December 2017: TL 136.717.837). Tax losses of TL 85.132.753 comprises of TL 18.358.283 for the year 2014, TL 62.814.236 for the year 2015, TL 3.960.234 for the year 2016 and expiration years is 2019, 2020, 2021 respectively.

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

NOTE 23 - TAXATION (Continued)

Movements in deferred tax assets as of 31 December 2018 and 2017 are as follows:

	2018	**2017**
Opening	(27.380.221)	27.199.695
Charged to profit or loss	22.904.960	(16.079.046)
Actuarial gain charged to equity	266.195	490.916
Difference of revaluation charged to equity	(1.204.457)	(38.991.786)
Foreign currency conversion adjustments	236.511	-
End of the period	**(5.177.012)**	**(27.380.221)**

Income tax expense for the years ended 31 December comprised the following items:

	31 December 2018	**31 December 2017**
Current income tax expense	(14.384.165)	(13.511.327)
Deferred tax income	22.904.960	(16.079.046)
Total tax income	**8.520.795**	**(29.590.373)**

The reconciliation of the current tax income and current profit before tax are as follows:

Total charge for the year can be reconciled to the accounting profit as follows:	**1 January 31 December 2018**	**1 January 31 December 2017**
Profit / (loss) from operations before tax	(42.011.952)	96.269.298
Domestic income tax rate	22%	20%
Tax income / (expense) at the domestic income tax rate	9.242.629	(19.253.860)
Expenses that are not deductible in determining taxable profit	(7.331.443)	(9.325.466)
Deferred tax provision	3.015.759	(20.951.656)
Unused tax losses not recognised as deferred tax assets	-	(182.754)
Revenue that is exempt from taxation	2.755.970	13.411.861
Other tax expenses	837.880	6.711.502
Income tax expense recognised in profit or loss	**8.520.795**	**(29.590.373)**

NOTE 23 - TAXATION (Continued)

Corporate Tax

The effective tax rate in 2018 is 22% (2017: 20%) for the Group.

The Group is 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 years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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.

In addition to corporate taxes, companies should also calculate income withholding taxes 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 Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2017: 20%).

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

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

NOTE 24 – EARNING PER SHARE / (LOSS)

	1 January 31 December 2018	1 January 31 December 2017
Net gain / (loss) for the year attributable to equity holders of the parent	(34.570.109)	53.861.653
Weighted average number of shares	638.765.556	7.695.178
Earning per share / (loss)	**(0,05)**	**7,00**

NOTE 25 – FINANCIAL INSTRUMENTS

Financial Investments

	31 December 2018	31 December 2017
Financial investments	4.460.594	6.948.844
Impairment on financial investments shares (-)	(3.040.000)	(2.500.000)
	1.420.594	**4.448.844**

Group's financial investment Pakyağ Endüstriyel Ürünler Sanayi ve Ticaret A.Ş. is accounted for cost method due to immateriality. Impairment recognized on the shares of Pakyağ Endüstriyel Ürünler Sanayi ve Ticaret A.Ş.

Movements of provisions for impairment of financial investment for the year ended at 31 December are as follows:

	2018	2017
Opening balance	(2.500.000)	(2.500.000)
Addition	(3.040.000)	-
Disposal	2.500.000	-
End of the period	**(3.040.000)**	**(2.500.000)**

Borrowings

Short term borrowings	31 December 2018	31 December 2017
Short term foreign currency loans	317.825.705	327.855.532
Short term ("TL") loans	57.002	545.609.744
Short term portion of long term foreign currency loans	-	63.993.448
Short term portion of long term ("TL") loans	-	55.856.021
Short term financial lease labilities - net (*)	102.167	1.119.524
	317.984.874	**994.434.269**

(*) As of 31 December 2018 short term financial lease liabilities are amounting to TL 102.167 (31 December 2017: USD 103.941 and TL 726.499).

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

NOTE 25 – FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2018 and 2017 short term portion of long term borrowings are as follows:

	31 December 2018			
Original Currency	**Maturity**	**Weighted average effective interest rate (%)**	**Original Amount**	**TL Equivalent**
USD	January 20019- October 2019	3,17	56.285.289	296.111.277
EUR	January 2019	3,75	3.602.261	21.714.428
TL	January 2019	19,01	57.002	57.002
				317.882.707

	31 December 2017			
Original Currency	**Maturity**	**Weighted average effective interest rate (%)**	**Original Amount**	**TL Equivalent**
USD	April 2018	1,01	39.960.065	150.725.369
EUR	March 2018- October 2018	2,84	53.399.094	241.123.611
TL	January 2018- November 2018	17,27	601.465.765	601.465.765
				993.314.745

Long term borrowings	**31 December 2018**	**31 December 2017**
Long term ("TL") loans	-	400.000.000
Long term financial lease liabilities - net (*)	-	102.168
	-	**400.102.168**

(*) As of 31 December 2018 long term financial lease liabilities None (31 December 2017: TL102.168).

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

NOTE 25 – FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2018 and 2017 long term borrowings are as follows:

	31 December 2017			
Original Currency	**Maturity**	**Weighted average effective interest rate (%)**	**Original Amount**	**TL Equivalent**
TL bank loans	January 2019-February 2019	15,28	400.000.000	400.000.000
			-	**400.000.000**

Short and long term loans payment schedule are as follows:

	31 December 2018	**31 December 2017**
2018	-	994.434.269
2019	317.984.874	400.102.168
	317.984.874	**1.394.536.437**

Short and long term financial lease liabilities payment schedule are as follows:

	2018		
	Payments	**Interest**	**Liability**
2019	104.419	2.252	102.167
	104.419	**2.252**	**102.167**

	2017		
	Payments	**Interest**	**Liability**
2018	1.197.710	78.186	1.119.524
2019	104.419	2.252	102.168
	1.302.129	**80.438**	**1.221.692**

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

NOTE 25 – FINANCIAL INSTRUMENTS (Continued)

Movement of borrowings	**2018**	**2017**
Opening	1.393.314.745	1.576.638.894
Foreign exchange differences	166.500.016	53.642.648
Increase in interest accrual	(160.868.389)	23.388.334
Addition	423.567.788	1.686.985.179
Disposal	(1.504.631.453)	(1.947.340.310)
End of the period	**317.882.707**	**1.393.314.745**

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

a) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The shareholders of the Company in order to maintain or modify capital structure, can change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and sell assets to decrease financing needs.

The Group monitors capital using net debt / capital ratio, which is net financial liabilities to related parties divided by total capital. The Group includes within net financial debt, borrowings, less cash and cash equivalents and financial receivables from related parties. Total capital is the sum of total equity and net financial debt.

For the years ended 31 December, net financial debt / total capital ratios are as follows:

	31 December 2018	**31 December 2017**
Total financial borrowings	1.684.580.386	2.061.176.876
Other receivables from related parties	915.584.104	847.270.758
Less: Cash and cash equivalents (Note 27)	19.448.273	439.356.378
Net financial debt	749.548.009	774.549.740
Total equity	781.981.445	759.988.106
Total capital	**1.531.529.454**	**1.534.537.846**
Net debt / total capital ratio	**0,49**	**0,50**

b) Financial Risk Overview

The Group has exposure to the credit risk, liquidity risk, market risk and operational risk from its use of financial instruments. The Group's risk management activities are focused minimizing the negative effect of uncertain market conditions on the Group's financial performance.

Risk management, Risk management activities are conducted by a realistic organizational structure and it is fully supported. The Group's finance department identifies and evaluates the financial risk and tries to reduce the risks with the Group's operation units.

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

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

b.1) Credit Risk

Credit Risks Exposed According to Types of Financial Instruments

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2018	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Deposits at Banks**
Maximum credit risk exposed as of balance sheet date (*)	337.686.279	171.712.621	915.584.104	10.679.772	17.701.180
- Secured portion of the maximum credit risk by guarantees (**)	-	79.977.636	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	329.536.958	155.913.189	915.584.104	10.679.772	17.701.180
B. Net book value of financial assets that are past due but not impaired	8.149.321	15.799.432	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	6.932.658	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	22.504.071	-	-	-
- Impairment	-	(22.504.071)	-	-	-
- Secured portion of the net book value by guarantees	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured portion of the net book value by guarantees	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

(*) When the amount is determined, factors that increase credit reliability, such as collateral received, are not considered.
(**) Guarantee letters consist of *guarantee letters from customers, collateral surety and mortgages.*

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

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

b.1) Credit Risk (Continued)

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2017	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Deposits at Banks**
Maximum credit risk exposed as of balance sheet date (*)	354.496.792	219.200.521	847.270.758	5.180.312	438.566.428
- Secured portion of the maximum credit risk by guarantees (**)	-	25.215.090	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	354.496.792	184.904.878	847.270.758	5.180.312	438.566.428
B. Net book value of financial assets that are past due but not impaired	-	34.295.643	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	9.877.457	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	17.524.795	-	-	-
- Impairment	-	(17.524.795)	-	-	-
- Secured portion of the net book value by guarantees	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured portion of the net book value by guarantees	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

(*) When the amount is determined, factors that increase credit reliability, such as collateral received, are not considered.
(**) Guarantee letters consist of *guarantee letters from customers, collateral surety and mortgages.*

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

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

b.1) Credit Risk (Continued)

As of 31 December 2018 and 2017, the aging of trade receivables that are past due but not impaired are as below:

	31 December 2018	31 December 2017
Past due up to 30 days	11.368.069	31.004.889
Past due 1 - 3 months	2.498.276	1.337.344
Past due 3 - 12 months	1.912.715	1.717.582
Past due 1 - 5 year	20.372	235.828
Total past due receivables	**15.799.432**	**34.295.643**
Secured portion of receivables by guarantees	**6.932.658**	**9.877.457**

b.2) Liquidity Risk

The Group has access to funding sources from banks and keeps certain level assets as cash and cash equivalents. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

The followings are carrying amounts, contractual cash flows and the contractual maturities of financial liabilities are as follows.

Contractual Maturities

	Non-Derivative Financial Liabilities				
31 December 2018	**Carrying value**	**Total Contractual Cash Outflows (I+II+III)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**
Financial liabilities	317.984.874	317.984.874	184.757.548	133.227.326	-
Trade payables	321.188.539	321.188.539	270.994.858	50.193.681	-
Trade payables to related parties	108.878.796	108.878.796	108.878.796	-	-
Other payables	347.814	347.814	347.814	-	-
Other payables to related parties	1.366.595.512	1.366.595.512	2.351.507	-	1.364.244.005
Payables to employees	11.559.769	11.559.769	11.559.769	-	-
Total Liabilities	**2.126.555.304**	**2.126.555.304**	**578.890.292**	**183.421.007**	**1.364.244.005**

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

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

b.2) Liquidity Risk (Continued)

Contractual Maturities

	Non-Derivative Financial Liabilities				
31 December 2017	**Carrying value**	**Total Contractual Cash Outflows (I+II+III)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**
Financial liabilities	1.394.536.437	1.519.153.812	208.685.195	895.714.576	414.754.041
Trade payables	383.857.091	383.857.091	242.286.860	141.570.231	-
Trade payables to related parties	64.106.593	64.106.593	64.106.593	-	-
Other payables to related parties	666.640.439	666.640.439	187.255.439	-	479.385.000
Payables to employees	11.871.050	11.871.050	11.871.050	-	-
Total Liabilities	**2.521.011.610**	**2.645.628.985**	**714.205.137**	**1.037.284.807**	**894.139.041**

Expected maturities are same as the contractual maturities.

b.3) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group evaluates the market risk with sensitivity analysis

The Group's market risk management policies have no change during the period.

b.3.1) Currency Risk

The Group is exposed to currency risk on its operations that are denominated in other currencies.

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

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

b.3) Market Risk (Continued)

As of 31 December 2018 and 2017, the currency risk exposures of the Group in TL equivalents are as follows:

31 December 2018	**TL Amount**	**US Dollar**	**Euro**	**Other**
1. Trade Receivables	70.840.960	10.637.608	2.392.750	68.309
2a. Monetary Finacial Assets	11.607.897	2.020.094	162.264	420
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	16.507.576	2.762.519	306.207	24.071
4.CURRENT ASSETS (1+2+3)	98.956.433	15.420.221	2.861.221	92.800
5. Trade Receivables	-	-	-	-
6a. Monetary Finacial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS (5+6+7)	-	-	-	-
9. TOTAL ASSETS (4+8)	**98.956.433**	**15.420.221**	**2.861.221**	**92.800**
10. Trade Payable	290.077.586	35.616.281	16.859.559	171.808
11. Financial Liabilities	317.849.858	56.285.289	3.606.269	-
12a. Monetary Other Liabilities	170.592	30.286	1.868	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	608.098.036	91.931.856	20.467.696	171.808
14. Trade Payable	-	-	-	-
15. Financial Liabilties	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	-	-	-	-
18. TOTAL LIABILITIES (13+17)	**608.098.036**	**91.931.856**	**20.467.696**	**171.808**
19 Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a - 19b)	-	-	-	-
19.a Amount of active foreign derivative currency off-balance sheet	-	-	-	-
19.b. Amount of passive foreign derivative currency off-balance sheet	-	-	-	-
20.Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	**(509.141.603)**	**(76.511.635)**	**(17.606.475)**	**(79.008)**
21.Monetary Items Net Foreign Currency Assets / (Liabilities)(1+2a+3+5+6a-10-11-12a-14-15-16a)	**(509.141.603)**	**(76.511.635)**	**(17.606.475)**	**(79.008)**
22. Fair value of financial instruments used for currency hedge	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	358.094.717	72.029.557	5.870.123	151.012
24. Import	84.466.985	16.055.615	-	-

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

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

b.3) Market Risk (Continued)

31 December 2017	TL Amount	US Dollar	Euro	Other
1. Trade Receivables	56.924.664	12.403.638	2.286.102	17.866
2a. Monetary Finacial Assets	288.897.798	76.287.214	252.637	2.099
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	198.852.597	27.765.158	20.844.911	-
4.CURRENT ASSETS (1+2+3)	544.675.059	116.456.010	23.383.650	19.965
5. Trade Receivables	-	-	-	-
6a. Monetary Finacial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS (5+6+7)	-	-	-	-
9. TOTAL ASSETS (4+8)	**544.675.059**	**116.456.010**	**23.383.650**	**19.965**
10. Trade Payable	195.078.657	4.427.600	39.481.098	23.985
11. Financial Liabilities	392.230.354	40.064.006	53.399.094	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-Monetary Other Liabilities	211.722	53.896	1.868	-
13. CURRENT LIABILITIES (10+11+12)	587.520.733	44.545.502	92.882.060	23.985
14. Trade Payable	-	-	-	-
15. Financial Liabilties	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	-	-	-	-
18. TOTAL LIABILITIES (13+17)	**587.520.733**	**44.545.502**	**92.882.060**	**23.985**
19 Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a-19b)	-	-	-	-
19.a Amount of active foreign derivative currency off-balance sheet	-	-	-	-
19.b. Amount of passive foreign derivative currency off-balance sheet	-	-	-	-
20.Net Foreign Currency Assets / (Liabilities) Position (9-18+19)	**(42.845.674)**	**71.910.508**	**(69.498.410)**	**(4.020)**
21.Monetary Items Net Foreign Currency Assets / (Liabilities) (1+2a+3+5+6a-10-11-12a-14-15-16a)	**(42.633.952)**	**71.964.404**	**(69.496.542)**	**(4.020)**
22. Fair value of financial instruments used for currency hedge	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Export	91.574.251	15.270.720	7.524.000	-
24. Import	97.586.718	25.872.032	-	-

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

Sensitivity Analysis

The Group is mainly exposed to foreign currency risks in US Dollars and Euro. The following table shows the Group's sensitivity to a 10% increase and decrease in USD and Euro 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis comprises the borrowings used for foreign operations within the Group outside the functional currency. A positive number indicates an increase in profit / loss and other equity.

	Profit/Loss	
31 December 2018	**Appreciation foreign currency**	**Depreciation foreign currency**
In case of US Dolar increases in 10% against TL		
1- US Dolar net asset/liability	(40.252.006)	40.252.006
2- US Dolar hedges (-)	-	-
3- Net effect of US Dollar (1 +2)	(40.252.006)	40.252.006
In case of Euro increases in 10% against TL		
4- Euro net asset/liability	(10.613.183)	10.613.183
5- Euro hedges (-)	-	-
6- Net effect of Euro (4+5)	(10.613.183)	10.613.183
TOTAL (3+6)	**(50.865.189)**	**50.865.189**

	Profit/Loss	
31 December 2017	**Appreciation foreign currency**	**Depreciation foreign currency**
In case of US Dolar increases in 10% against TL		
1- US Dolar net asset/liability	27.144.253	(27.144.253)
2- US Dolar hedges (-)	-	-
3- Net effect of US Dollar (1 +2)	27.144.253	(27.144.253)
In case of Euro increases in 10% against TL		
4- Euro net asset/liability	(31.381.164)	31.381.164
5- Euro hedges (-)	-	-
6- Net effect of Euro (4+5)	(31.381.164)	31.381.164
TOTAL (3+6)	**(4.236.911)**	**4.236.911**

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

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

b.3.1) Interest Rate Risk

The Group's borrowings with fixed and variable interest rate expose the Group to interest rate risk. The Group's financial liabilities with the Financial Restructuring Agreement have variable interest rate.

As at 31 December, the interest rate profile of the Group's interest-bearing financial instruments are as follows:

Interest Position	31 December 2018	31 December 2017
Fixed interest rate instruments		
Financial liabilities	317.984.874	1.394.536.437
Variable interest rate instruments		
Financial liabilities	-	-

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would increase/decrease None (2017: None). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

b.4) Categories of financial instruments and fair values

31 December 2018	Loans and receivables (including cash and cash equivalents)	Financial liabilities at amortized cost	Carrying value	Fair value	Note
Financial assets					
Cash and cash equivalents	19.448.273	-	19.448.273	19.448.273	27
Trade receivables	171.712.621	-	171.712.621	171.712.621	5
Trade receivables from related parties	337.686.279	-	337.686.279	337.686.279	4
Other receivables	10.679.772	-	10.679.772	10.679.772	6
Other receivables from related parties	915.584.104	-	915.584.104	915.584.104	4
Other financial assets	1.420.594	-	1.420.594	1.420.594	25
Financial liabilities					
Borrowings	-	317.984.874	317.984.874	317.984.874	25
Trade payables	-	321.188.539	321.188.539	321.188.539	5
Trade payables to related parties	-	108.878.796	108.878.796	108.878.796	4
Other payables	-	347.814	347.814	347.814	6
Other payables to related parties	-	1.366.595.512	1.366.595.512	1.366.595.512	4

The management of the Group considers that the carry value of the financial assets reflect their fair value.

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

NOTE 26 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (Continued)

b.4) Categories of financial instruments and fair values (Continued)

31 December 2017	Financial assets at amortized cost	Loans and receivables (including cash and cash equivalents)	Financial liabilities at amortized cost	Carrying value	Fair value	Note
Financial assets						
Cash and cash equivalents	-	439.356.378	-	439.356.378	439.356.378	27
Trade receivables	-	219.200.521	-	219.200.521	219.200.521	5
Trade receivables from related parties	-	354.496.792	-	354.496.792	354.496.792	4
Other receivables	-	5.180.312	-	5.180.312	5.180.312	6
Other receivables from related parties	-	847.270.758	-	847.270.758	847.270.758	4
Derivative financial instruments	-	-	-	-	-	
Other financial assets	-	4.448.844	-	4.448.844	4.448.844	25
Financial liabilities						
Borrowings	-	-	1.394.536.437	1.394.536.437	1.394.536.437	25
Trade payables	-	-	383.857.091	383.857.091	383.857.091	5
Trade payables to related parties	-	-	64.106.593	64.106.593	64.106.593	4
Other payables to related parties			666.640.439	666.640.439	666.640.439	

The management of the Group considers that the carry value of the financial assets reflect their fair value.

NOTE 27 – CASH AND CASH EQUIVALENT

	31 December 2018	31 December 2017
Cash on hand	75.478	165.250
Checks received without maturity	-	181.785
Cash at banks	17.701.180	438.566.428
- Demand deposits	13.492.460	6.027.377
- Time deposits (*)	4.208.720	432.539.051
Other cash equivalents	1.671.615	442.915
	19.448.273	**439.356.378**

The maturity of time deposit balances at banks is January 2, 2019 and average interest rates is 3,10 for USD.

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

NOTE 28 – INTERESTS IN OTHER ENTITIES

Condensed financial information for the subsidiaries that the Company has material interest as of 31 December 2018 and 2017 are as follows:

Marsa Yağ Sanayi ve Tic. A.Ş.	**31 December 2018**	**31 December 2017**
Total assets	1.144.793.602	877.116.817
Total liabilities	541.085.370	322.148.664
Net assets	**603.708.232**	**554.968.153**

	1 January - 31 December 2018	**1 January - 31 December 2017**
Revenue	851.819.793	895.151.012
Profit for the year	3.730.444	42.414.316
Cash flows from operating activities	18.666.667	56.064.024
Cash flows from investing activities	(18.770.229)	(39.803.271)
Cash flows from financing activities	13.074.927	(28.470.103)
Effects of foreign currency translation	(2.375.855)	3.016.619

NOTE 29 – SUBSEQUENT EVENTS

None.